

Charity Reporting and Accounting: Taking Stock and Future Reform

Presentation to SORP Committee
Directory of Social Change, London
Tuesday 22nd September 2009

TERMS OF REFERENCE

- Review the spreadsheet analysis of the structured questionnaires, the notes of the roundtables, the notes from the initial forum and the additional suggestions via feedback sheets and e-mails to provide a comprehensive overview of the available data (as provided by the Charity Commission);
- Provide a full research report with a comprehensive analysis for the SORP Committee; and
- Provide a short report of key findings.

QUESTIONS TO BE ANSWERED

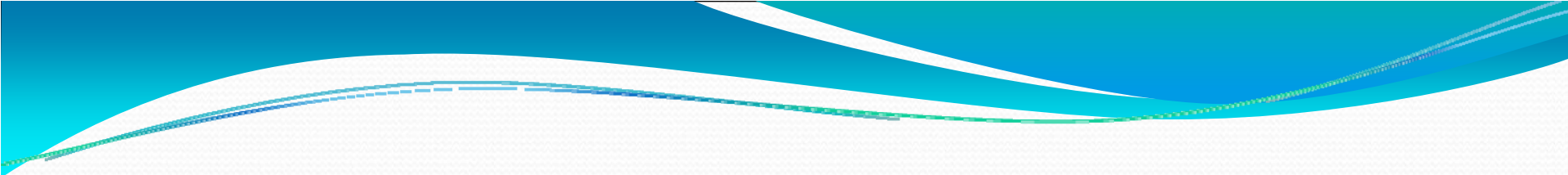
- What are the key suggestions for changes to the existing SORP in terms of the annual report (additions, amendments, subtractions)?
- What are the key suggestions for change to the existing SORP in terms of the annual accounts, accounting policies and notes to the accounts (additions, amendments, subtractions)?
- What were the suggestions for simplifying the framework for smaller charities (incomes below £500,000)?
- Is the SoFA supported or is an income and expenditure account preferred?
- Is a SORP product supported or is it not seen as required?

APPROACH OF THE ANALYSIS

- Analysis sheet of main themes developed
- Data categorised by stakeholder group (academics, auditors, beneficiaries, funders and preparers) under three main headings:
 1. Important general themes;
 2. Trustees' annual report; and
 3. Financial statements.

DATA

- 28 roundtable events (approximately 1,000 individuals)
- Contact with funders and intermediaries
- 685 questionnaires
- Direct comments from 2 beneficiaries
- E-mail and letter input



	Academics	Auditors	Funders	Preparers	Total
Completed questionnaires	9	364	40	272	685

Table 1.2
Completed Questionnaires – By Stakeholder Group

APPROACH OF THE ANALYSIS

- In analysing the qualitative data the objective was to identify the dominant view (or views) of each stakeholder group with respect to the issues in the framework.
- The questionnaire contained 20 statements that the participants were asked to either 'agree' with (scored 2), 'neither agree nor disagree' (scored 1) or 'disagree' with (scored 0).

APPROACH OF THE ANALYSIS

- The responses were analysed in total and by stakeholder group (funders, auditors, preparers and academics) by individual statement to ascertain the dominant view.
- Only when a statement was responded to was it scored
- Score above 1 for a statement denotes agreement with that statement; an average at or above 1.5 is perhaps indicative of fairly widespread agreement.
- Score of lower than 1 denotes disagreement; with an average at or below 0.5 extent indicative of fairly widespread disagreement.

APPROACH OF THE ANALYSIS

- In the results section, the analysis of individual statements within the questionnaire is integrated (at the appropriate point) into the more discursive presentation of the results of the analysis of the qualitative data.

SECTION 2: RESULTS

- Important General Themes
- Trustees' Annual Report
- Financial Statements

2.1 IMPORTANT GENERAL THEMES

a) Stakeholders

- i. Who are the key stakeholders/users of charity annual reports and financial statements?
- ii. What information matters/is important to these different groups?

2.1 IMPORTANT GENERAL THEMES

b) The SORP

- i. Is the SORP useful/a force for good?
- ii. Should the SORP influence/stipulate practice?
- iii. Is the SORP too long and complex, especially for smaller charities?

2.1 IMPORTANT GENERAL THEMES

- c) Discharging Charity Accountability**
 - i.** What is/should be the role of charity annual reports and financial statements?
i.e. stewardship/backward looking v future information
 - ii.** Does the 'story' approach work?
 - iii.** What is the role of the annual review?

2.2 TRUSTEES' ANNUAL REPORT

- a) What works well and should be retained? Why?
- b) What should be removed? Why?
- c) What should be added? Why?
- d) What should be amended/revised? Why?

2.3 FINANCIAL STATEMENTS

- a) SOFA
- b) Income classification/recognition
- c) Grants
- d) Restricted/unrestricted/designated funds

SECTION 3: CONCLUSIONS

- Is a SORP product supported or is it not seen as required?
- What are the key suggestions for changes to the existing SORP in terms of the annual report?
- What were the suggestions for simplifying the framework for smaller charities?
- Is the SOFA supported or is an income and expenditure account preferred?
- What are the key suggestions for change to the existing SORP in terms of the annual accounts, accounting policies and notes to the accounts?