

**CGA Accounting Research Centre and the AFI Section
DISTINGUISHED SPEAKER SERIES**

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Noel is Professor of Management Accounting and Director of Research in Accounting in Queen's University Management School, Queen's University Belfast, N. Ireland, UK. A Fellow of the Chartered Institute of Management Accountants (UK), he was awarded a PhD by the Queen's University of Belfast for his research in not-for-profit organizations. His main research interests centre on performance measurement, performance reporting and management accounting in not-for-profit organizations (public sector organizations, charities and credit unions have provided a particular focus for his research). He is joint editor of the *Irish Accounting Review*, the official journal of the Irish Accounting and Finance Association, and a member of the editorial boards of *Financial Accountability & Management*, *The International Journal of Public Policy* and *Accounting, Auditing & Accountability Journal*.

Topic: «Towards charity accountability: Narrowing the gap between provision and needs? »

Abstract:

The Charity Sector in the United Kingdom continues to grow. There are constantly 19.000 charities working there. With this growth has come increasing demands for more visibility and greater scrutiny. These involve more voluntary and statutory requirements. The latter includes the Charities Act of 2006 and a series of Standards of Reporting Practices (SORP) between 1998 and 2005.

The objectives of this study are to identify the key stakeholders for charities and the importance of communications. The study aims to identify any gaps between the information needs of the stakeholders and that which is disclosed by the charities.

The stakeholders in the Charity Sector are those who can affect the actions of the organization or be affected by those activities. Accordingly, the disclosure by that organization must be able to build the legitimacy and reputation of that organization to its stakeholders.

The Research methodology followed by this study was to analyse the disclosure actions of some 100 UK charities and also to perform an on-line questionnaire to representative stakeholders. These results were then compared to similar results obtained in 1990. A total of 14 classes of information were considered.

The results of the review of charity organizations' annual reports and annual reviews showed much better disclosure than in 1990. The answers to the questions posed to the stakeholders showed support for disclosure in annual reports and more formal communications with respect to annual reviews.

The conclusions of the study were as follows:

- Donors were viewed as the key stakeholders but there is a question as to how much power they really have
- The annual report of a charity was the most important channel of communication
- Charities need to focus more on performance
- Accountability to donors, even though improved, is still weak
- Disclosure is still dominated by the audited financial statements
- Annual reviews are becoming more meaningful means of communication but the consequences of this are still unclear
- The information needs gap has narrowed but much still has to be done