

16. Presentation and disclosure of grant-making activities

Introduction

- 16.1. This module applies to all charities where grant-making is a material component of their charitable activities. FRS 102 does not contain any specific requirements and this SORP sets out the specific disclosure requirements for grant-making charities.
- 16.2. For the purposes of this module, a grant is a voluntary payment made by a charity to further the purposes of the grant-making charity to either a person or an institution. Grant payments may be made to fund the general purposes of, or for a specific purpose of, the recipient, for example funding a particular activity or service.
- 16.3. A grant payment may be unconditional, or subject to conditions which must be met before the recipient is entitled to the payment. Refer to the SORP module 'Recognition of expenditure', for the basis on which any liability for grant commitments and obligations are recognised in a charity's accounts.
- 16.4. This module sets out for all charities:
- how charities must present grant-making activities in their accounts;
 - how to present grant-making and support costs;
 - accounting for activities partly undertaken through grant-making;
 - the treatment of grants to individuals;
 - the disclosure of grant-making activities in the notes to the accounts;
 - the exemptions to disclosure;
 - information required in cases of serious prejudice; and
 - the statutory exemption applicable in England and Wales.

How charities must present grant-making activities in their accounts

- 16.5. Grants made by a charity must be included under the heading of 'expenditure on charitable activities' in the statement of financial activities (SoFA).
- 16.6. The information provided in the notes to the accounts should help the user to understand how grants made by a charity relate to its purposes and the policies adopted by the trustees in pursuing them.
- 16.7. The SORP module '[Trustees' annual report](#)' provides further details of the narrative reporting of the grant-making activities and policies that must be provided in the trustees' annual report.

Accounting and reporting by charities

16.8. The notes to the accounts should provide the user of the accounts with an understanding of the activities or projects that are being funded and whether the financial support is provided directly to individuals or to assist an institution to undertake activities or projects. In the case of institutional grants, information as to the recipient(s) of the funding must be provided so that the user can appreciate the type and range of institutions supported. This information must be disclosed in the notes or in the trustees' annual report to the accounts unless the charity is eligible to (and chooses to) take advantage of certain exemptions to disclosure, or the charity has elected to provide this information via the charity's webpage.

How to present grant-making and support costs

16.9. When reporting on the cost of grant-making activities, charities preparing their SoFA on an activity basis must include related support costs. Support costs related to grant-making activities will include:

- costs incurred as part of the grant application and decision-making processes prior to the award of a grant;
- monitoring costs incurred following the award of a grant; and
- support costs incurred relating to grant-making activities (refer to the SORP module '[Allocating costs by activity in the statement of financial activities](#)' for guidance on the allocation of support costs to activities).

Accounting for activities partly undertaken through grant-making

16.10. Charities may carry out their activities through a combination of direct service provision and grants to third party institutions. In such cases, the total cost of the activity is the combined expenditure incurred directly by the charity and the funding provided to third party individuals or institutions through its grant-making activities.

The treatment of grants to individuals

16.11. A grant to an individual is one that is made for the direct benefit of the individual who receives it, for example to relieve financial hardship or as an educational bursary. Charities are not required to name the recipients of individual grants (except where the recipient is a related party).

16.12. All other grants should be regarded as institutional. For example, a grant which is made to an individual to carry out a research project should be regarded as a grant to the institution to which the individual is connected rather than as a grant to the individual undertaking the research.

The disclosure of grant-making activities in the notes to the accounts

16.13. This SORP requires that the notes to the accounts must provide the following details which reconcile with the total of grants payable:

- the total amount of grants paid analysed between grants to individuals and grants to institutions;

Accounting and reporting by charities

- an analysis of the total amount of grants paid by nature or type of activity or project being supported; and
- the amount of support costs allocated to grant-making activities.

16.14. This analysis of grants should provide the user of the accounts with an understanding of the nature of the activities or projects being funded by the grant-maker.

16.15. For example, in the case of activity funded exclusively through grant-making, this analysis may be set out as shown in Table 12.

Table 12: Analysis of grants

Analysis	Grants to institutions	Grants to individuals	Support cost	Total
	£	£	£	£
Activity or Project 1				
Activity or Project 2				
Activity or Project 3				
Total				

16.16. The analysis should relate to the grant-making charity's purposes. In the case of a general grant-maker, its grants may be analysed under project or activity headings such as social welfare, medical research, the performing arts, welfare of people in financial need, or help to people seeking to further their education. Alternatively, the analysis may be based on projects or programmes undertaken or by type of activity or geographical location of the project being funded.

16.17. Charities that make grants to institutions must also disclose details of a sufficient number of these institutional grants so that the user of the accounts can develop an understanding of the range of institutions the charity has supported. This disclosure must include all grants made to each institution when these are material in the context of the charity's total charitable expenditure. This information must be provided in the notes to the accounts, or by providing details of the charity's webpage URL at which this information can be accessed, or this information may be set out within the trustees' annual report.

16.18. This analysis, whether provided as a note to the accounts or made available on the charity's website or included within the trustees' annual report, must provide:

- the name of the institution(s) in receipt of material grants;
- the total value of grants made to each institution in receipt of material grants in the reporting period; and
- a reconciliation of the amount of material institutional grants disclosed to the total amount of institutional grants made in the reporting period.

16.19. Charities that provide a number of different grants to a single institution to undertake different activities or projects must disclose the total value of the grants to that institution. For example, a charity may have made grants to different officers or departments of a particular university for different projects. Such grants must be treated as made to the same institution.

16.20. When activities are carried out through a combination of direct service or programme activity and grant funding of third parties, the notes to the accounts must differentiate between activities undertaken directly by the charity and grant-funded activities. The disclosures required may be presented in a format such as that shown in Table 13.

Table 13: Analysis of charitable activities

Activity or programme	Activities undertaken directly	Grant funding of activities	Support costs	Total
	£	£	£	£
Activity 1				
Activity 2				
Activity 3				
Total				

The exemptions to disclosure

16.21. Information provided in relation to grant-making need not be disclosed where:

- grants are made to individuals – in which case details of the recipient are not required (except those grants made to related parties);
- the grant-making activities in total are not material in the context of a charity's overall charitable activities – in which case no disclosures are required;
- total grants to a particular institution are not material in the context of institutional grants – in which case the name of the recipient institution need not be disclosed; or
- disclosure could result in serious prejudice to the grant maker and/or the recipient institution or individual working for the recipient institution.

16.22. In exceptional cases, it is possible that the disclosure of the details of one or more of those grants could seriously prejudice the furtherance of the purposes either of the recipient institution or of the charity itself. Situations where serious prejudice is clearly indicated include those where disclosure could result in serious personal injury.

Information required in cases of serious prejudice

16.23. This SORP requires that where the circumstances amount to serious prejudice, a charity may withhold details of the recipient of any institutional grant but must, in such circumstances, state as part of its disclosure of material grants made to institutions:

- the total number, value and general purpose of those grants where these details have not been disclosed; and
- that an exemption applies to disclosure on the grounds of serious prejudice.

16.24. It is very unlikely that all the material institutional grants of a charity would fall within this exemption.

The statutory exemption applicable in England and Wales

16.25. Charity law provides an exemption to charitable trusts registered in England and Wales from providing the names of grant recipients and the amounts of such grants during the lifetime of the settlor who donated the funds from which the grants are paid or during the lifetime of any spouse or civil partner of the settlor. A charitable trust that opts to use this disclosure exemption is required by this SORP to state that this exemption has been taken in the notes to the accounts. This disclosure exemption does not apply to charities registered in Scotland, Northern Ireland or the Republic of Ireland.