



Mr Peter Godsall
Accounting Standards Board
5th Floor, Aldwych House
71-91 Aldwych
London
WC2B 4HN

1st Floor, 30 Millbank
London, SW1P 4DU

t: 020 7674 2330
f: 020 7674 2380

Your Ref:

Our Ref:

Date: 28 January 2010

Dear Mr Godsall,

Policy Proposal: The Future of UK GAAP

The Charity Commission for England and Wales is established by law as the regulator and registrar of charities in England and Wales. Our aim is to provide the best possible regulation of these charities in order to increase charities' efficiency and effectiveness and public confidence and trust in them.

Our Board has given consideration to your 'Policy Proposal: The Future of UK GAAP' and we welcome the opportunity given by your consultation to give our views on these proposals. We support the development of a 'Public Benefit Entity' standard within 'Tier 2' of your proposal but believe this standard should be developed as a 'high-level' standard or framework, given the breadth of the constituency and range of issues to be addressed. In our liaison with the charity sector, it has become very clear that the Charity SORP plays a pivotal role in helping our sector apply accounting standards and we believe this role needs to be preserved within the context of these proposals.

A Charities SORP will, in our view, be central to the successful transition to an IFRS-based standard. It will enable sector specific issues to be addressed and ensure that guidance on issues such as narrative reporting can continue to be provided to our sector. A Charities SORP can also address the legislative aspects of charity reporting across the separate legal jurisdictions of the UK and help minimize the cost impact on our sector of this proposed transition to an IFRS-based standard.

We do, however, have a significant reservation about the description of the proposed standard as a 'public benefit entity' standard. Public benefit is the primary test of charitable status and to apply this term to the wider not-for-profit sector, which may even include entities with some distribution powers, is potentially misleading. We would therefore ask the ASB to either reconsider the remit of the proposed standard or to consider alternative terminology that more closely describes the proposed constituency, recognising the conflict of the current terminology with the legislative framework for charities in England and Wales. If the proposed constituency is to remain, then a

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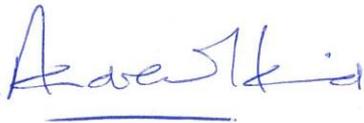
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more accurate description of the broad constituency you are seeking to address might be 'Charity, Community, and Social Enterprise entities'.

Our response to the specific questions raised in your consultation document is attached as an Annex to this letter. If particular issues arise from this response, we would welcome the opportunity to discuss these further with you.

Yours sincerely

A handwritten signature in blue ink that reads "Andrew Hind". The signature is written in a cursive style with a horizontal line underneath the name.

Andrew Hind
Chief Executive

Cc: Andrew Lennard
Alan O'Connor