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3<sup>rd</sup> June 2005

Dear Ms Warne,

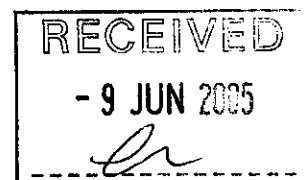
***Consultation on the Charity Accounting Regulations***

I refer to the communication dated 11<sup>th</sup> April 2005 from Richard Arnott, inviting comments on the Charity Accounting Regulations currently open for consultation. I am writing on behalf of the University of Edinburgh, and attach a completed Respondee Information Form to that effect. Comments which follow refer to the relevant documentation as it appears on the Scottish Executive web site for consultations.

As Director of Finance of a major UK university, it is of primary concern to me that the Higher Education sector is left in no doubt about the intentions of the proposed Regulations. With that in mind, I am encouraged by the text contained in Background section of the consultation document, which states:

“The way in which UK accounting standards apply to the accounts of charities is set out in Statements of Recommended Practice (SORPs) endorsed by the Accounting Standards Board. SORPs supplement the accounting standards and legal requirements and conform to the Accounting Standards Board's (ASB) code of practice. They are developed for specialist sectors and provide recommendations on accounting practices. SORPs have been issued which cover the special accounting needs of institutions of Higher and Further education and registered social landlords. Outside these specialist needs, the SORP "Accounting and Reporting by Charities" (the Charities SORP) is the relevant embodiment of UK accounting standards for charities.”

This appears to recognise conclusively the respective positions of the Charities SORP and the HE/FE SORP. However, the following text, taken from a later section of the document, entitled “Partial Regulatory Impact Assessment” under the heading “Business sectors Affected” is much less clear:



“Charitable RSLs and Higher and Further education institutions will be required to provide accounts to OSCR but will be allowed to follow their more specialist SORPs where these conflict with the charities SORP.”

This text appears to contain the idea that HE institutions will be required to undertake comparisons between the HE/FE SORP and the Charities SORP, and only to use the HE/FE SORP where a conflict between the two arises. This would not, in practice, be a tenable position for universities, as it will lead to a situation where the comparability of published accounts across the sector will be compromised, reducing their usefulness and validity to stakeholders.

It is essential that a single regime apply to all HE/FE institutions, and that that regime be that which is set out in HE/FE SORP itself. This is, I believe, what the Bill intends (for example, at clause 45, where subsection 5 of that clause states: "Regulations under subsection [4] may make different provision in relation to different types of charity, including provision exempting charities of a particular type from some or all of the requirements of this section").

The theme is also specifically picked up in both the Charities SORP and the HE/FE SORP themselves. For example, the HE/FE SORP, at paragraph 44, states that where a separate Statement of Recommended Accounting Practice exists for a particular class of charities, that separate SORP should be used in preparing the Financial Statements of such charities. The further and higher education sector has special financial and reporting issues that are different from other organisations that have charitable status, and therefore the requirements of the SORP "Accounting for Further and Higher Education" should take precedence over the SORP "Accounting and Reporting for Charities".

The text in the SORPS is absolutely clear. The Bill itself, and accompanying explanatory notes must, surely, be equally clear. I suggest that this may be achieved by deleting the words “where these conflict with the charities SORP” in the relevant quotation above.

Yours sincerely,

A handwritten signature in black ink that reads "Jon Gorringe". The signature is written in a cursive style with a large, sweeping 'J' and 'G'.

**Jon P Gorringe**  
**Director of Finance**