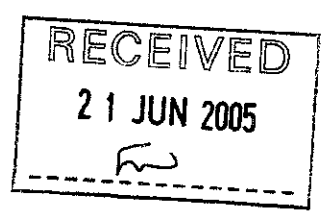


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Sunday, 12 June 2005

Dear Madam,

I wish to firstly thank the Scottish Executive for providing me with this opportunity to provide my comments, regarding the regulations for the Charities and Trustee Investment (Scotland) Bill. I propose to discuss each of the points raised in the consultation paper and provide my opinion on what I feel would be the best option for the charity sector in Scotland.

In the consultation paper, the first question raised relates to the thresholds and whether there should be a third category for those charities whose independent examination will be optional. Reviewing table 1, provided in the consultation document, it would seem sensible to have a threshold level of £250,000, although the information used to generate this table is comprised from approximately 27% of Scotland, which I feel makes this a rather difficult decision, due to the limited sample size used. Also this table does not show any regional variations between metropolitan charities and local rural societies. The second point raised relating to whether a third category for optional independent examination seems a little silly. As treasurer for Glasgow Orchestral Society, I am more than willing to have our two independent examiners examine our accounts for the year. Having an independent examination also brings trust into the Society, as any members are more willing to trust the treasurer. Having an optional independent examination may allow fraud and other serious of problems to arise with the organisations. It also raises the question, what will be the threshold levels for having an optional independent examination. I feel that

this third category should be avoided and to ensure consistency throughout the whole charities sector that all charities should be required to have their accounts either audited or independent examined depending on the governing document and income.

UK charities - I feel that the proposals recommended in the consultation paper are feasible and would be ample to protect any UK charity from breaches of the Charities and Trustee Investment (Scotland) Bill. As stated in the proposed regulations, there would be minimal effect and in addition many charities should be able to provide this information if their management structure is effective and the information easily accessible.

Exemptions – the proposal given for the OSCR to have discretionary power for specific variations seems reasonable in principle, provided there are some guidelines provided to the OSCR stating what these conflicts may be. I would recommend that the Accounting Standards Board, look into the regulations comparing them against the current Statements of Recommended Practice, thus resulting in a series of guidelines for the OSCR, enabling them to determine if exemptions can be permitted.

Designated Religious Charities (DRCs) – all charities in Scotland should be required to conform to the new Bill and although this may seem harsh, it will ensure the consistency that the Scottish Executive wants to provide to the public over charity accounting and reporting. Since DRCs have been consulted and believe that they are not going to be unduly affected by the removal of the exemptions then I believe the proposal to make DRCs follow the rest of the charities sector looks to be a very sensible suggestion.

Charitable Companies – it would seem only sensible to ensure consistency throughout the whole charity sector. Ensuring that Scottish charities are subject to audits outwith the control of the Companies Act will prove that the charity sector can be seen as believable and should bring public confidence to the whole sector. I would like to see the threshold of £250,000, thus ensuring the consistency that is needed and hopefully future public confidence.

Accounting Periods – I feel that it is a necessity for charities to specify their own accounting end periods as circumstances may arise, where longer accounting periods are required. Permission should be sourced from the OSCR, as this would allow the OSCR to understand reasons why the charity felt it necessary to change its accounting period, while also ensuring confidence within the charity sector can

remain. The timeframe of seven months for submitting the annual report and accounts ensures that the charity is not failing or continuing to fail while also providing the OSCR a five month period prior to the end of the next financial year. I agree with the proposal for the accounting periods and timeframe for annual report and accounts submission.

Accounts in Gaelic – Some charities in Scotland may wish to use Gaelic as their first and natural language, these proposal force charities to use English which seems unfair, to those charities. This approach may also have an effect on the number of Gaelic speakers in Scotland. I feel, if a charity wishes to submit their annual report and accounts in Gaelic, then the OSCR should make appropriate provisions to accommodate this request. A literal translation could be provided although this should be subsidised, as the charity would have produced translated version of the annual report and accounts in addition to their original Gaelic version. If the OSCR wishes to pursue an English only based system then the OSCR should help some of the cost of interpreting the annual report and accounts.


The Charities SORP – The second option would be most feasible for accruals based accounting. I believe it would be beneficial for the OSCR to provide guidance notes for receipts and payments accounts, as the SORP does not provide any great detail of the requirements. Any differences from the SORP relating to the format and disclosure would have to be set out clearly in the regulations of the Bill.

Regulatory Impact Assessment (RIA) – I feel that the RIA does provide a reasonably accurate picture of the impact of the new regulations. There may be some charities or organisations that are unfortunately not complying with the 1992 regulations and these bodies will obviously suffer more from this new impact. I would like to see the OSCR helping and assisting charities, for a period of 12 months, to ensure that they are now able to comply with the new Charities and Trustee Investment (Scotland) Act and all regulations made under the bill rather than imposing fines or restrictions on the charity concerned. There may be a very small number of charities that fall into that category and many of these will possibly small local community charities.

Summary and recommendation – I am in full agreement with the proposal to accept the third option, which will set out clear requirements in regulations that would refer to the methods and principles of the OSCR. While also providing training and benefits to both the charities sector and public confidence.

I would again like to thank the Scottish Executive for providing me with the opportunity to comment on these proposed regulations and would finally recommend, as treasurer of a charity that uses the receipts and payment method of accounting, that adequate guidance is produced for small charities using this method. As the SORP does not provide comprehensive guidance as to what is required for the receipts and payment method of accountancy.

Yours truly,

A handwritten signature in black ink that reads "P. G. Windsor". The signature is written in a cursive style with a large, prominent 'P' and 'W'.

Paul Graham Windsor BSc (Hons), MSc