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FINANCE AND HOUSING DEPARTMENT
FINANCE DIVISION

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OUR REF:

YOUR REF:

22 June 2005

Fiona Warne
Charity Bill Accounts Regulations Consultation
Voluntary Issues Unit
Scottish Executive Development Department
2-G Victoria Quay
EDINBURGH
EH6 6QQ

Dear Fiona

Consultation on the Charity Accounting Regulations

With regard to the above consultation document issued on 11 April 2005 I have been asked to prepare a submission on behalf of the Council. It has not however been possible in the time available to obtain the Council's approval to this response and it is therefore submitted as an individual response.

I also enclose the "respondent information form" duly completed.

We would like your views on whether the proposed thresholds are the right ones and whether there should be a third category of charity for which independent examination is optional.

We feel that the principle proposed is correct but would suggest that the thresholds be set at the Companies act audit threshold for consistency and to prevent confusion.

We feel that all bodies with charitable status should be required to have an independent examination of their accounts, or if they have sufficient turnover, an audit.

Do you think the approach taken to UK wide charities in the proposals is the right one?

We are comfortable with the proposed approach. Our concern would be to ensure that all charities operating in Scotland are subject to some regulation.

We seek your views on whether this is the right approach and whether the right charities are given exemptions.

We are not familiar with specific examples given and what the conflicts with other SORPs would be that would impose an unnecessary burden on these charities. It seems improbable that there would be a significant additional burden and rather than grant block exemptions we would be content for the OSCR to utilise discretionary powers in specific cases.

Do you agree with the proposal that Designated Religious Charities follow the same accounting regulations as other charities in Scotland?

Yes

Do you agree with the proposals that the audit threshold for charitable companies remains at £250,000, providing a consistent accounting regime for all charities in Scotland?

No – There would appear to be an inconsistency between the Companies Act threshold and the proposed charitable company threshold. We would suggest that the charitable company audit thresholds are consistent with the companies act audit threshold.

Do you agree with the proposals on the accounting periods, the timeframe for submitting accounts and the actions available to OSCR if a charity fails to do so?

No – again we feel that the requirement for submission of accounts should mirror the requirements for company accounts and the time limits that apply. Private Limited Companies have 10 months to file accounts with the Registrar of Companies but non PLC charitable companies would have only 7 months to file with the OSCR.

Is this the right approach? Should all accounts and reports be in English? Should OSCR be prepared to accept the annual report and accounts in Gaelic?

We feel that all accounts and reports should be submitted in English. We would have no objection to supplementary accounts being made available or filed in Gaelic as long as the English version is readily available.

Do you agree that the regulations take the right approach to adopting the SORP?

We believe there would be merit in recommending option 2, which would have the benefit of not requiring a redraft the regulations if there are minor changes to the SORP.

Does the RIA provide an accurate picture of the impact of the new regulations? Do you have any comments on the RIA?

We are content that the RIA presents a balanced assessment of the likely impact of the regulations.

Yours faithfully



Director of Finance and Housing

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