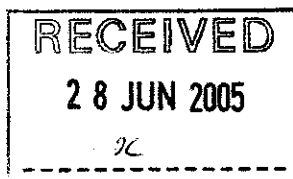


The Head of Charity Law  
Voluntary Issues Unit  
Social Justice Group  
Victoria Quay  
EDINBURGH  
EH6 6QQ



24 June 2005

Dear Mr Arnott

## CONSULTATION ON THE CHARITY ACCOUNTING REGULATIONS

Thank you for the opportunity of commenting on the consultation paper. My replies are below.

### Thresholds

I am replying primarily as treasurer of a Church of Scotland parish church with an income in 2004 of £214,000 and a balance sheet showing debtors of £18,000 and creditors of £8,000. The accounts showed a surplus of £26,000. Changing to receipts and payments would give a surplus of £16,000 which is a material difference.

Since the Church of Scotland uses congregational accounts to apportion ministry and other central expenditure it is important that at least the accounts of the larger churches should include accruals. So either the Church of Scotland should be authorised to produce its own accounting regulations after consultation with OSCR or the threshold should be reduced to £100,000.

I do not agree that there should be a third category of an exempt charity. Most charities depend on donations from the general public; it is entitled to know that the charity is properly run,

### UK charities

Approach agreed.

### Exemptions

Agree for Registered Social Landlords and High and Further education institutions, See also my comments on DRCs.

### Designated Religious Charities

For the purpose of the calculation of congregational contributions to the Church of Scotland it is important that parish church accounts distinguish between restricted and unrestricted accounts. I am not convinced that it is necessary to include unrealised gains in the final balance, since most churches will look to their investments for income rather than capital gains. This is another reason for suggesting that the Church of Scotland be permitted to produce its own accounting regulations. This would also enable the Church of Scotland to amend the provisions anent the annual

report to include items which would Presbytery and the relevant Church of Scotland department to assess the health of the congregation.

Accounts in Gaelic

As with road signs, annual reports and accounts in Gaelic should be accompanied by an English version.

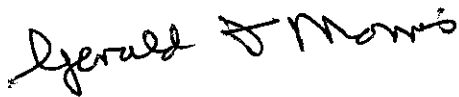
The Charities SORP

I agree with Option 2 on page 17 (Option 3 on new page 42).

The Draft Regulatory Impact Assessment

I have no comments.

Yours faithfully

A handwritten signature in black ink that reads "Gerald F Morris". The signature is written in a cursive style with a large initial 'G' and 'M'.

Gerald F Morris