

THE MACROBERT TRUST

Administrator: Air Commodore R.W. Joseph, CBE, BSc, RAF (Retd)

The MacRobert Trust is recognised as a Scottish charity by the Inland Revenue under the reference :SC031346

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1st July 2005

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

Dear Ms. Warne,

Charity Accounting Regulations – Consultation Paper

Thank you for the opportunity to comment on the Charity Accounting Regulations Consultation Paper (April 2005). I am content for the following comments to be made public and will forward the necessary Respondent Information Form by mail in due course.

The MacRobert Trust Accountant is a member of the Scottish Charity Finance Directors Group (SCFDG), and I have, therefore, seen the recent draft SCFDG response to the Consultation Paper. I largely support the comments contained therein and really have little to add. I entirely agree that there should be consistency with UK Accounting Standards, so I believe it is correct that the Accounting Regulations adopt the principles of openness and accountability enshrined in the new SORP adopted by the Accounting Standards Board (ASB). Two small areas outlined below do give me some cause for concern.

Trustees Annual Reports and Accounts.

First, I believe that third parties wishing to receive copies of charities' Annual Reports and Accounts should be required to pay a reasonable charge for this service in order to cover reproduction, postage and other costs. This would be particularly important for the smaller charities; thus, the Accounting Regulations should include a statement on charges. Enquirers could even be encouraged to obtain such copies from OSCR wherever possible, and the latter could introduce a small charge for this service, thereby generating an income stream to offset other OSCR operating costs.

Accounting Periods

The Accounting Regulations do not make it clear whether charities with an annual income of less than £250,000 will be required to provide a copy of their audited, or independently examined, Statement of Accounts to OSCR. Assuming that they will be required to do this, the shortening of the period for submitting reports from ten months to seven months has the potential to cause some difficulties. The MacRobert Trust provides charitable support to registered charities and we ask to see copies of relevant audited Annual Reports and Accounts, or other financial papers, as part of our assessment of applications process. From experience, I know that many charities, small and large, already take far longer than ten months to produce their reports and accounts. I can see the shortening of the submission period causing real problems for these organizations. Our own financial year

ends on 5th April and my Trustees consider the draft Annual Report and Financial Statements at their October Trustees' Meeting. Thus, even The MacRobert Trust may, on occasions find the new schedule tight, particularly when Trustees wish to incorporate changes to the draft placed before them - such changes then require to be seen and agreed by the auditors. My Trustees are all extremely busy volunteers; thus, there is little/no scope to change the current biannual schedule of Trustees' Meetings. In any case, these meetings already accommodate the timing of many other important milestones in the Trust's annual business activity. On balance, although I am entirely content for OSCR to approve changes to accounting period end dates, I would have preferred the period for submitting reports to have remained at ten months. At the very least, I would recommend a two-tier system that allowed smaller charities to adopt a longer submission period as standard.

These small comments aside, I am content with the summary of proposals contained in the Charity Accounting Regulations Consultation Paper and I am most grateful for the opportunity to comment.

Signed:

R. W. Joseph
Administrator