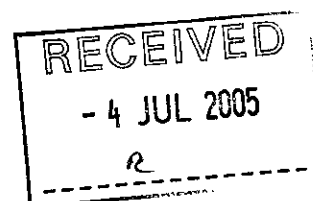




**Falkirk Council**  
Corporate & Commercial Services

Enquiries to: Lesley MacArthur  
Direct Dial: 01324 506260  
Date: 28 June 2005

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



Dear Ms Warne

**Consultation on Charity Accounting Regulations**

In response to the Consultation on the Charity Accounting Regulations, dated 11 April 2005, please find below Falkirk Council's comments for your consideration.

**Page 14**

**Q:** *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.*

**A:** Robustness of regime below threshold wherever it is set. We are concerned that the regime below the proposed £250k threshold may not be robust enough. If improvements can be made then raising the threshold would be possible. Increased risk may arise from the proposals as they stand. We would suggest the accounts of all charities below the threshold should have an independent examination irrespective of size.

**Page 15**

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

**A:** We do agree that the approach taken to UK wide charities in the proposals is appropriate.

**Page 16**

**Q:** *Do you agree with the proposal the DRCs follow the same accounting regulations as other charities*

**A:** We agree with the proposal that DRCs follow the same accounting regulations as other charities in Scotland.

**Q /**

*Director: Stuart Ritchie*

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**Q:** *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?*

**A:** We agree that there should be a consistent threshold tempered with the comments made in response to proposals made on page 14. Whilst a national regime will be brought about by the Charity Accounting Regulations all charitable organisations receiving funding from Falkirk Council will also be subject to local funding requirements. It is essential that the status quo between national and local requirements be respected.

**Page 17**

**Q:** *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?*

**A:** A period of seven months is considered adequate. The sanctions outlined are supported.

**Q:** *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?*

**A:** Accounts and reports should be in English.

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**Q:** *Does the RLA provide an accurate picture of the impact of the new regulations? Do you have any comments on the RLA?*

**A:** No comment.

Our Education Service has also made some specific comments as follows:

- As a result of the changes in the regulations it is likely that the fee for independent schools will rise if their charitable status is removed as they may be subject to taxation, etc. In this regard Education Services have a positive and a negative comment to make.
- Education Services support in principle the comprehensive education system and we have no problem with the fees for private schools going up and we would hope that the increase in taxation revenue to the Exchequer could be diverted into Education Services across the Council.
- However, on the downside, it is quite possible that the payments which we make to independent schools particularly in the area of Additional Support for Learning, could also increase which could put further pressure on this very sensitive area of our budget. In this regard it would be hoped that any increased costs would be matched by an increase in the level of grant support from the Scottish Executive.

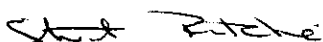
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Please do not hesitate to contact me should you require any further information in relation to this.

I would be interested to find out the findings from the consultation and look forward to receiving information on this when it becomes available.

Yours sincerely,



**DIRECTOR OF CORPORATE AND COMMERCIAL SERVICES.**

c.c. Acting Director of Law & Administration

Our Ref: CFJA0605LM

Your Ref: CLD/004/008