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1 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,

Consultation on the Charity Accounting Regulations

I refer to Richard Arnott's letter of 11 April regarding the Scottish Executive's proposals for the accounting regulations to follow the implementation of the Charities and Trustee Investment (Scotland) Bill.

The Association of Scottish Colleges (ASC) is the policy and representative voice of colleges across Scotland. The college sector is the largest provider of post school education and training in Scotland. All incorporated colleges of further and higher education in Scotland are registered as charities. ASC is also a registered Scottish charity.

Background

Colleges raise income from a variety of sources, including the Scottish Executive, European Structural Funds, and other commercially generated income. Colleges are encouraged to maximise their income from sources other than public funds.

The majority of funding is received through the Scottish Further Education Funding Council (SFEFC) and is subject to stringent financial regulation. SFEFC issues accounts direction to all SFEFC-funded higher education institutions. This requires compliance with SFEFC's Financial Memorandum.

SFEFC directs that institutions comply with the *Statement of Recommended Practice (SORP): Accounting for Further and Higher Education* in preparing their financial statements which have to be returned to them.

Under the terms of the Public Finance and Accountability (Scotland) Act 2000 the Auditor General for Scotland is responsible for securing the audit of each incorporated college.

Exemptions

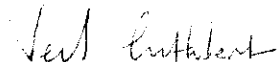
ASC agrees that Colleges should be allowed to file the same accounts with the Office of the Scottish Charities Regulator (OSCR) as currently produced for SFEFC.

We note that the consultation proposes that charities that are subject to other SORPs are exempted from the charities regulations in so far as they conflict with the other SORP. The phrase *in so far as they conflict with the other SORP* suggests that Colleges will need to take account of two separate sets of accounting regulations in preparing their financial statements. ASC considers that Colleges should continue to use the FE/HE SORP for their accounts, but this could be aligned to take into account the spirit of the Charities SORP.

Further Information

If you require further information on any of the points made above or have any queries, I would be happy to be of assistance. I am content for this consultation response to be made available to the public through the Scottish Executive publications website.

Yours sincerely,



NEIL CUTHBERT
Policy Adviser



Fax

To: Richard Arnott **From: Neil Cuthbert**

Fax: 0131 244 5508 **Pages: 2**

Phone: 0131 244 4023 **Date: 05/07/05**

RE: Respondee Information Form – Charity Accounting Regulation Consultation

Richard,

Reference Number – CTISB 56

Please find attached ASC's confirmation that we are happy for our response to the above consultation to be in the public domain.

If you have any queries please do not hesitate to contact me.

Regards

A handwritten signature in cursive script that reads "Lindsay Johnston".

Lindsay Johnston

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