



57

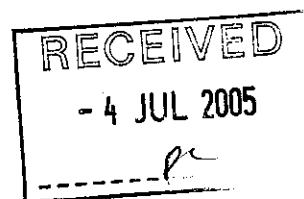
HENDERSON LOGGIE

Chartered Accountants

1 July 2005

Our ref: jms/jb
Your ref:

Attn of Richard Arnott
Head of Charity Law
Voluntary Issues Unit
Development Department
Social Justice Group
Victoria Quay
EDINBURGH EH6 6QU



Dear Sir

Consultation on the Charity Accounting Regulations

Thank you for your letter of 11 April inviting us to respond to the Consultation on the Charity Accounting Regulations.

Our responses to the questions you pose are as follows:

1. Thresholds

The requirement for audit or independent examination of accounts does depend in part on the Constitution of the charity and in part on the regulations. We think that the threshold of £250,000 for charities using the receipts and payments account is acceptable although we are not clear how many charities which have a £250,000 might actually avail themselves of this as their Constitutions or grant givers may well require an audit.

In so far as the smaller charities are concerned, we think the discipline of submitting accounts for independent examination, even where income is less than £10,000, is a protection which should remain.

2. UK charities

We believe that where the charity has a separate legal entity operating in Scotland that it should prepare accounts for the Scottish operation and file them with OSCR where it will also be registered. For those charities who prepare only UK accounts and which are already subject to regulation by the Charity Commission should not also be required to lodge accounts with OSCR but only to Register with them.

partners: Terry Allison CA, Chris Beaton CA, Ian Cameron FCCA, Steve Cartwright CA,
Paul Daly CA, David Dewar CA, TEP, George Hay CA, Ian Johnston FCCA,
Barbara McQuillan CA, Ian Mitchell CA, Ian Robbie CA, Greig Rowand CA, David Smith CA,
Bob Steel CA, Jandy Stevenson FCA,
consultants: David Macpherson CA, Joyce McDonald CA, ATII,
directors: Fiona Bullions CA, Angela Haig CA, ATII, Andy Niblock CA, Graeme Smith CA,
Cathie Wyllie CA

10 Great Stuart Street Edinburgh EH3 7TN

tel: 0131 226 0200 fax: 0131 220 3269
LP: 56 Edinburgh 2web: www.hendersonloggie.co.uk

Also at Royal Exchange Panmure Street Dundee DD1 1DZ LP: 34

3. Exemptions

We believe it is the right approach to exempt from the Regulations those charities who otherwise have to conform with other Statements of Recommended Practice, such as RSLs and higher and further education institutions.

We also agree that OSCR should have the discretionary power to grant specific variations from the Regulations where there is a complete requirement placed by a statutory authority.

4. Designated Religious Charities

We agreed that DRCs should follow the same Accounting Regulations as other charities in Scotland.

5. Charitable companies

Whilst we would have expected the audit threshold for charity companies to be the same in England and Wales as it is in Scotland and therefore the audit threshold should rise in line with the Companies Bill currently going through Westminster we accept the logic of keeping the Scottish threshold for audit constant for all Scottish charitable entities.

6. Accounting periods

We agree that the period for submitting annual report and accounts should be reduced from 10 months to 7 months in line with the Companies Bill which is currently going through Westminster. It is beneficial for accounts to be produced timeously so that the public can see the accounting for donations.

7. Accounts in Gaelic

We have no view on this question.

8. The Charities SORP

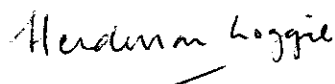
We consider it would be simpler if the accounts which are produced on an accruals basis have to follow the recommendations of the Statement of Recommended Practice.

9. The Draft Regulatory Impact Assessment

We have no comments on the RIA.

We also enclose the respondent information form duly completed.

Yours faithfully



Henderson Loggie