

Dear Mr. Arnott,

Consultation on the Charity Accounting Regulations

I wish to express concern about the proposed shortening from 10 to 7 months of the period after a year end within which a charity is, in terms of the draft Regulations, required to lodge a copy of its Accounts with OSCR.

For all but the smaller charities, there is usually quite a tight timetable after the year end date (Accounting Reference Date if a Guarantee Company), as follows:

1. The charity has to finalise its accounting records, in some cases preparing a draft Income and Expenditure Statement.
2. The charity sends these records to its independent financial examiner or auditor.
3. The independent financial examiner or auditor will schedule this work amongst all other work in order to revert with queries, or requests for further information, and, thereafter, to provide the charity with draft Accounts.
4. The draft Accounts are then considered by the Board at its next scheduled meeting.
5. The draft Accounts are finalised by the independent financial examiner or auditor.
6. The Accounts are returned to the charity so that it can circulate these timeously with the Notice calling its AGM.
7. After approval by the members at the AGM, subject to any questions or amendments thereat, the Accounts are signed on behalf of the Board (and, where a Guarantee Company, signed also by the Company Secretaries) and then be submitted to the independent financial examiner or auditor for signature.
8. A set of the Accounts are returned to the charity to lodge with OSCR.

My concerns are for the following reasons:

1. Although I am aware that it is intended to shorten the return period for Company Accounts also from 10 to 7 months, I believe that a number of charities will find it difficult to comply with the shorter 7 month period, particularly where any charity has an established routine with a specific date each year when it holds its AGM. Most charities, particularly community charities, have relatively set dates each year for their AGM, which are suitable for them, do not clash with other events and are known to and anticipated by members. It is not necessarily easy to change these AGM dates, yet this proposed change may cause many charities to bring forward their AGM dates by up to three months.
2. If the charity is a Guarantee Company and has perhaps changed its Accounting Reference Date within the previous 5 years, it will be precluded from making a further change until that 5 year

period has elapsed – unless there is to be a dispensation to enable a further change within the 5 year period specifically to address any change in annual timetable which might be required in order to meet the shortened 7 month deadline.

3. There will be additional pressure upon accountants to turn round at least three months sooner a set of draft Accounts which, in terms of the Regulations, may for some charities become significantly more complex.

I believe that the 10 month period works well in practice, that a shorter 7 month period would cause problems for a number of charities and that there does not seem to be any particular merit in shortening the period.

I consent to publication of this response.

Colin Liddell

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