

I set out below my response to a number of questions raised in the BIS consultation on the implementation of the EU Accounting Directive:

Question 15

Do you agree that small companies should have the choice of preparing an abbreviated balance sheet and profit and loss account if they wish?

Disagree. This proposal is completely unacceptable in the context of charities and would undermine sector accountability and prevent public access to information about charities. It would also weaken charity regulation as abbreviated accounts could then be filed with UK charity regulators.

Question 42

Do you agree that there would be merit in specifically stating in regulations made under company law that the information provided in the notes to the financial statements of a company charity is not limited to the information required by the Accounting Directive?

Agreed. This approach will provide transparency in relation to the application of the Accounting Directive and reflect the fact it was not designed to apply to charities that have wider accountability than private companies that are often owner managed.

Question 43

Do you agree that the current flexibility in presentation of financial statements of charities, in particular the requirement for an income and expenditure account and to adapt the arrangement, headings and sub-heading of financial statements to reflect the special nature of the company's activities, should be retained?

Agreed. It is important that charities report on the nature their activities and costs and report within a framework that present relevant information about their sources of income, charitable expenditure and fundraising costs to donors, beneficiaries and the public.

Question 44

Do you agree that a threshold based on gross income is more appropriate than its turnover for company charities?

Agreed. Charities often receive a significant part of their income from donations, legacies and grants which would not be included in turnover as defined by company law. Gross income is a more relevant criterion of size in the context of non-contractual funding sources.

Ray Jones FCA