

The Scout Association

Guidance on the Accounting and Audit Requirements for Group, Districts, Counties/Areas and Scottish Regions

1. Background

This guidance has been updated in April 2010 to deal with the affect of changes brought in by the Charities Act 2006. This document reflects the Charity Commission Statement of Recommended Practice (SORP) (revised in 2005) and other guidance, and Scout Association Rules at 1st January 2010.

For financial years ending before 1st April 2009 please refer to factsheet LT700000. Historically the Association's Rules differed from and were less closely aligned to Charity Commission rules.

The SORP determines how Charities' accounts are presented. This includes such areas as the layout of the Statement of Financial Activities and of the Balance Sheet, how to account for charitable activities undertaken, support costs and governance costs. They also determine the contents of the Trustees' Report for the year.

The Association's guidance has been revised to be more consistent with the Charity Commission. However, the Association has a few additional rules which apply to Scout Groups, Districts and Counties/Areas/Regions. These are set out in Appendix 1 and relate to the External Examination of accounts.

The regulatory and legislative background is different in Scotland and Northern Ireland. Information for Scout Groups, Districts and Counties/Areas/Regions in those Countries on how to find the relevant legislation and guidance is given in Appendix 4.

In addition to this guidance and related specimen reports and accounts, further information will be made available on www.scouts.org.uk and in factsheets.

Any feedback on this guidance and related specimen reports and accounts (that should be addressed to the Director of Finance of The Scout Association) is valued. It will be used to improve future versions so that they meet the needs of the users.

Type of Accounts

Subject to the Rules in POR, the Trustees of each Group, District or County/Area/Region will also have to decide whether they prepare accounts on the Receipts and Payments or the Accruals basis. The relevant rules are included in Appendix 1B (Appendix

4 for Scotland and Northern Ireland) and summarised in Appendix 2.

It is important to understand that the law requires accounts to be produced for a charity as a whole and this will be the entire Group, District or County/Area/Region, not individual Sections. The accounts must consolidate all the activities carried on in the name of the Group, District or County/Area/Region. Ensuring that this is done is the responsibility of the Group, District or County/Area/Region Treasurer who may have to obtain information from other people who may keep financial records for individual Sections. POR requires all bank accounts to be in the name of the Group, District or County/Area/Region and that the Treasurer should be a signatory to the bank/other accounts held (**POR and the Charity Commissioners require that a minimum of two persons must sign all cheques**). Failure to comply with these requirements could prejudice the position of all Trustees as they have a joint responsibility.

a) Receipts and Payments Accounts

It is expected that most Districts and Groups with gross income in the year below £250,000 (before April 2009 £100,000) will choose the Receipts and Payments basis, as explained in Section 4.

If a Group or District had straightforward activities, e.g. it does not operate a Campsite, a Scout Shop or hold regular Gang Shows, it should consider using one of the specimen accounts in producing their annual accounts.

If the accounts of the Group or District are more complex, the specimen accounts may need to be amplified. One way of doing this, without rewriting the whole specimen accounts, would be to insert additional narrative in the Specimen Trustee's Annual Report and additional sheets in the spreadsheet where these are necessary to include all the information required.

If the Group or District has a subsidiary company or charity or if it has any arrangement under which it shares the running of an activity with another organisation, this must be explained in the accounts. The notes to the accounts should include the terms of the agreement, a summary of the accounts of the joint activity and a note if the auditor or examiner's report has been qualified. It is considered that the specimen Receipts and Payments Accounts formats should be suitable for use by joint Scout/Guide Groups.

b) Accruals Accounts

Based on historic experience most Counties/Areas/Regions are compelled, or choose, to follow the Accruals Accounts basis. In addition, Districts and Groups with high levels of income or particularly complex operations may opt for the Accruals Accounts basis.

If the Group, District or County/Area/Region has a subsidiary company or charity or if it has any arrangement under which it shares the running of an activity with another organisation, this must be explained in the accounts. An activity would include, e.g. running a building or a campsite. The SORP explains how this should be shown in Accruals Accounts. It is considered that the specimen Accruals Accounts formats are broadly suitable for use by joint Scout/Guide Groups.

2. Audit and examination

External Examination

Detailed information is set out in Appendix 1 (Appendix 4 for Scotland and Northern Ireland) and summarised in Appendix 2, along with an explanation of the relevant income thresholds. The Trustees will need to consider the rules in POR as well as in the Charities Acts. They have to decide whether to arrange for: -

- a scrutiny by an independent person with relevant practical experience and knowledge. (If income is below £25,000).
- an independent examination by a person whose experience complies with Charity Commission guidance ;

This guidance can be found at: <http://www.charity-commission.gov.uk/publications/cc31.asp> section D

- an independent examination by a qualified accountant;
- a full audit by a Registered Auditor;

This guidance covers both Receipts and Payments and Accruals Accounts.

A specimen Scrutineer's Report and a specimen Independent Examiner's Report are available in hard copy format, online and as Word files from the Information Centre at info.centre@scouts.org.uk

If the Independent Examiner has any difficulty with the wording of the specimen report and the work required, they will need to discuss this matter with the District or Group Treasurer.

So long as neither the gross income nor total expenditure exceeds £25,000, a Scrutineer may be appointed in accordance with the requirements of POR. The specimen Scrutineer's Report must not be changed unless a qualification of the report is considered necessary.

The Scrutineer must be suitably independent from the District or Group on which the report is to be made. For an explanation of suitably independent see CC31 Section D2.

POR includes a list of minimum tests that a Scrutineer is required to carry out and also requires an Independent Examiner to ensure these tests are performed as part of their work. *Details are given in Appendix 3.*

If a full audit is chosen or required, the registered auditor will provide a report that they have drafted.

3. The Trustees' Annual Report

These comments cover both Receipts and Payments and Accruals Accounts.

Overview

The trustees are required to produce a report to accompany each set of accounts. The information to be given is outlined in the Specimen Trustees' Annual Report.

One of the key areas in SORP 2005 is the Trustee's Annual report. In the past there has been significant variety in the level and type of information included within this report. SORP 2005 seeks to address this by prescribing standard headings to be included in the trustee's report. These are:

- Reference and administration details
- Structure, governance and management
- Objectives and activities
- Achievements and performance
- Financial review
- Plans for future period and other optional information

The Specimen Trustees' Annual Report uses these headings and it is recommended that these are used by all Scout Group, Districts and Counties/Areas/Regions.

The Specimen Trustees' Annual Report also includes specimen policies, paragraphs and notes e.g. reserves policy, public benefit statement. Some of these are likely to be common to nearly all Groups, Districts and Counties/Areas/Regions. So long as they are consistent with local circumstance they are considered best practice e.g. trustee selection methods. However, where local circumstances and policies differ from these specimens, the specimens will need to be replaced by more appropriate policies,

paragraphs and notes. (In some instances e.g. Investment Policy, more than one specimen has been drafted. If one of the specimens is suitable to your local circumstance please delete the other.) Please remember to delete the word specimen from your report!!

Section A – Reference and administration details

Your Registration Number with The Scout Association should always be shown alongside the charity name. If the charity is registered with the Charity Commission, its **charity registration number** must be shown as well. The charity's **principal address** should be given; often this will be the Secretary's address.

The names of the various **Trustees** must be shown and where they have not served throughout the year the **date of their appointment or resignation** should be given. If any trustees are members of sub-committees this should be noted by their names.

Other advisers are people like bankers, scrutineers/external examiners/auditors, surveyors, solicitors.

Section B – Structure, governance and management

Many of the paragraphs in this section will be common to nearly all Groups, Districts and Counties/Areas/Regions.

The statement about risk and internal control is only a requirement for charities with gross income exceeding £250,000 in the year. The two specimens are included as examples of best practice.

Section C – Objectives and activities

The paragraph on objects and the public benefit statement should be common to all Groups, Districts and Counties/Areas/Regions.

Many of the activities undertaken to achieve these objects will also be common although the focus might change from Group to Group, District to District etc and an example of how this may be described is found in Section C of the Specimen Trustees' Annual Report.

The SORP is asking you to provide summary information on your main activities, including fundraising activities, not on every activity undertaken. Similarly, the SORP expects there to be some correlation between the narrative in this section and the analysis of your receipts and payments or income and expenditure i.e. If you include narrative on bag packing at your local supermarket as one of your main fundraising activities it would be logical to include this as one of the analysis headings in the fundraising section of your receipts and payments account.

If the Group, District or County/Area/Region makes grants, the policy that determines how they are chosen should be set out.

Section D – Achievements and Performance

How successful or otherwise were the activities that you have detailed above and why did they succeed or fail i.e. if you had a plan to open a new Beaver Colony and in Section C you have commented on some of the activities in relation to this plan, then in Section D state whether the plan was successful or otherwise and why it succeeded or failed.

Section E – Financial Review

The Charity Commission requires every charity to have a Reserves Policy. A specimen policy has been drafted. This will need to be adapted to meet your local circumstance.

If the Group, District or County/Area/Region holds investments, the policy that determines how the investments are chosen should be set out.

Section F – Plans for future period and other optional information

The plans for the future year are the start of the trustees' reporting cycle and have a strong link with the information you will report in Sections C and D in a years time i.e. if in the coming year you plan to open a new Cub Pack you should include such plans in Section F. Next year in your Trustees' Annual Report you should include in Section C and Section D the activities you conducted in relation to this plan and how successful or otherwise you were.

Section G – Declaration

In all cases the report must be **dated and signed** by one or more (preferably two) of the charity Trustees, who must have been authorised to do so by a majority of the Trustees.

4. Receipts & Payments Accounts

Receipts and Payments Accounts cannot be prepared if your income exceeds £250,000.

The following comments relate to the specimen Receipts and Payments Accounts. They cover both the single fund version and the multi fund version – this is where the charity has Restricted Funds and/or Endowment Funds as well as Unrestricted Funds (also known as general fund). If only unrestricted funds exists, the single fund version should be used and some of the following comments do not apply.

Specimen Receipts and Payments Accounts for both single funds and multi funds accompany this

guidance. These specimens are available in hard copy format, online and as Excel files from the Information Centre at info.centre@scouts.org.uk for those Treasurers who wish to use the specimen in the preparation of their annual accounts.

The specimens are based on those issued by the Charity Commission. They cover the receipts and payments, assets and liabilities that occur in most Scout Groups and Districts.

The Charity Commission's own specimens are issued in both an Excel and PDF format and can be obtained from:

<http://www.charity-commission.gov.uk/publications/cc16.asp>

<http://www.charity-commission.gov.uk/library/publications/pdfs/cc16atext.pdf>

They are accompanied by guidance notes that can be obtained from:

<http://www.charity-commission.gov.uk/library/publications/pdfs/cc16btext.pdf>

Receipts and Payments Accounts

There are up to four columns (in the multi fund version) in which figures can be entered.

Unrestricted (or General) Funds: These are funds that the charity trustees may spend in accordance with its constitution.

There is another type of Fund known as a **Designated Fund**. This type of Fund arises when the trustees decide to set some of the Unrestricted Funds aside for a special purpose. It continues to be part of Unrestricted Funds and so no separate column is provided.

If a Group, District or County/Area/Region has a Designated Fund and wishes to give details in the accounts, this can be done: -

- by description given in the Trustees' Report
- by a note attached to the accounts

Restricted Funds: These are not Endowment Funds but are Funds where the trustees are bound by conditions that have either been imposed by donors, or by the terms of an appeal. Therefore the fund can only be spent in line with the restriction. It is important that these funds are kept separate from both the Unrestricted Funds and the Endowment Funds and therefore a separate column is provided.

Endowment Funds: These are funds that the trustees are unable to currently spend. Often the

funds can only be spent once specified conditions have been met and in many instances they have to be held indefinitely. It is important that these funds are kept separate from both the Unrestricted Funds and the Restricted Funds and therefore a separate column is provided.

The **Total** column adds Unrestricted, Restricted and Endowment Funds together.

The **previous year's** figures are only shown in total.

Membership subscriptions that are "paid on", i.e. those collected on behalf of the District, County/Area/Region or Headquarters, should be deducted from membership subscriptions collected and these should be shown net in the Receipts details. This is because these subscriptions paid out are in effect held as agents before being passed on.

Where the specimen has the term 'Detail' e.g. Detail 2, please replace this with a very brief description of the activity you have undertaken. For example, under Fundraising (gross), instead of Detail 2, describe one of your main fundraising activities e.g. bag packing.

SORP 2005 asks charities to develop their own classifications that best describe their principal charitable activities. The Finance Sub-Committee of The Scout Association has discussed suitable headings and recommends that Counties, Areas and Districts use some or all (as appropriate) of the following four headings:

- Youth Programme and Activities
- Adult Support and Training
- Development of Scouting
- Support and Services to the Movement

This SORP requirement does not need to be followed when preparing Receipts and Payments Accounts. However, the Finance Sub-Committee still recommends that where appropriate these headings should be followed for Receipts and Payments Accounts. (The specimen Receipts and Payments Accounts only include 'Youth Programme and Activities' and 'Adult Support and Training' since for most Groups these are the two that historically are appropriate).

The line "**transfers between funds**" will only be used if the trustees have decided it is proper to make a transfer. This could happen, e.g. if the restriction on a restricted fund ends and the fund becomes available for general purposes.

The amount(s) of **Cash funds this year end** should agree with the Sub Total(s) of Cash funds shown on the Statement of Assets & Liabilities.

Statement of Assets & Liabilities

The values of monetary assets and liabilities have to be shown but some **non-monetary assets** may just be described. In this case, as well as a description of

the assets, information about their age, original cost and current value should be given. It will be helpful to indicate the value of all assets and the Trustees' view of the estimated market or insured value may be a helpful guide.

Contingent liabilities and future obligations should be described. These would include any disputed legal claims against the charity and future rent payments, which are not yet due. An example of this might be "Rent payable in the future £500 pa for remainder of lease – 5 years".

Notes to the Accounts

It is often not necessary to provide notes with Receipts and Payments Accounts and no space is included for these. However, they should be provided if they increase the reader's understanding of the accounts. If there are related party transactions, Trustee's remuneration or significant non-monetary resources, these should always be explained.

Approving the Accounts

The accounts should be **approved by the trustees and signed on their behalf**; each should receive a copy even if they cannot attend the meeting where the accounts are approved.

5. Accruals Accounts

The following comments relate to the specimen Accruals Accounts. They cover the multi fund situation – this is where the charity has Restricted Funds and/or Endowment Funds as well as a Unrestricted Funds (also known as general fund). If only unrestricted funds exist, the multi fund version will need adapting and some of the following comments do not apply.

Specimen Accruals Accounts that are based on those issued by the Charity Commission accompany this guidance. These specimens are available online and as an Excel file from the Information Centre at info.centre@scouts.org.uk for those Treasurers who wish to use the specimen in the preparation of their annual accounts.

The specimen Accruals Accounts do not attempt to cover all situations which could arise but they should be regarded as a suitable standard in most cases. The full SORP should be consulted if more complicated issues arise. Where the specimen contains notes that are not applicable e.g. Note 7 if you do not employ staff, these notes should be deleted and the others renumbered accordingly.

The Charity Commission's own specimens are issued in both an Excel and PDF format and can be obtained from:

<http://www.charity-commission.gov.uk/publications/cc17.asp>

<http://www.charity-commission.gov.uk/library/publications/pdfs/cc17atext.pdf>

They are accompanied by guidance notes that can be obtained from:

<http://www.charity-commission.gov.uk/library/publications/pdfs/cc17bttext.pdf>

Statement of financial activities

The Statement of Financial Activities (SOFA) is primarily a summary of the detail given in Notes 3 & 4. The SOFA is a charity's equivalent of a traditional income and expenditure account although there are a few differences. All investment assets have to be revalued each year and the revaluation change is shown in the SOFA.

The line 'gross transfers between funds' will only be used if the trustees have decided it is proper to make a transfer. This could happen, e.g. if the restriction on a restricted fund ends and the fund becomes available for unrestricted purposes.

There are up to four columns in which figures can be entered.

Unrestricted (or General) Funds: These are funds that the charity trustees may spend in accordance with its constitution.

There is another type of Fund known as a **Designated Fund**. This type of Fund arises when the trustees decide to set some of the Unrestricted Funds aside for a special purpose. It continues to be part of Unrestricted Funds and so no separate column is provided.

If a Group, District or County/Area/Region has a Designated Fund and wishes to give details in the accounts, this can be done: -

- by description given in the Trustees' Report
- by a note attached to the accounts

Restricted Funds: These are not Endowment Funds but are Funds where the trustees are bound by conditions that have either been imposed by donors, or by the terms of an appeal. Therefore the fund can only be spent in line with the restriction. It is important that these funds are kept separate from both the Unrestricted Funds and the Endowment Funds and therefore a separate column is provided.

Endowment Funds: These are funds that the trustees are unable to currently spend. Often the funds can only be spent once specified conditions

have been met and in many instances they have to be held indefinitely. It is important that these funds are kept separate from both the Unrestricted Funds and the Restricted Funds and therefore a separate column is provided.

The **Total** column adds Unrestricted, Restricted and Endowment Funds together.

The **previous year's** figures are only shown in total.

Note 3 – Analysis of incoming resources

Membership subscriptions that are "paid on", i.e. those collected on behalf of the District, County/Area/Region or Headquarters, should be deducted from membership subscriptions collected and these should be shown net in the voluntary income analysis. This is because these subscriptions paid out are in effect held as agents before being passed on.

Note 4 – Analysis of resources expended

SORP 2005 asks charities to develop their own classifications that best describe their principal charitable activities. The Finance Sub-Committee of The Scout Association has discussed suitable headings and recommends that Districts and Counties/Areas/Regions use some or all (as appropriate) of the following four headings:

- Youth Programme and Activities
- Adult Support and Training
- Development of Scouting
- Support and Services to the Movement

Balance sheet

The adoption of the accruals basis of accounting means double entry accounting records will be required to provide details of assets and liabilities and these will be entered in the balance sheet. The balance sheet is also a summary of the detail given in Notes 9 – 15.

Investment assets must be shown at market value.

Fixed assets used for charitable purposes will normally be shown at cost, unless in the view of the Trustees there has been a permanent fall in their value. If the market value has risen significantly, the value should be revised and details provided in Note 9.

Where fixed assets have been donated in the year an amount equal to a reasonable estimate of their gross value to the Group, District or County/Area/Region should be shown as a donation (incoming resources – Note 3) and as the cost of the assets.

All fixed assets apart from freehold land should normally be depreciated over a period not exceeding 50 years. (i.e. A minibus costing £15,000 is

depreciated at £3,000pa so that the cost is fully depreciated after 5 years.) If this is not done the SORP should be consulted for detailed guidance. Details of the rates and basis of depreciation should be given in Note 9.

The balances on the different types of funds must be shown and must agree with the respective totals for each fund in the SOFA.

Space is provided on the balance sheet to indicate the trustees' approval of the accounts as required by the regulations.

Notes to the accounts

Depending on the complexity of the accounts, when the accruals basis is adopted a considerable number of notes will have to be included in the accounts. Specimens for many of the typical notes that will be required are included in the Specimen Accruals Accounts. These cover:

- Accounting policies
- Analysis of incoming resources
- Analysis of resources expended
- Support costs
- Details of trustees' reimbursed expenses
- Details of fees to auditors/examiners
- Details of employee remuneration, numbers and pension cost
- Details of grant-making activities
- Fixed asset notes including a division between assets
- Details of investments held
- Analysis of debtors
- Analysis of short term investments
- Analysis of cash at bank and in hand
- Analysis of creditors
- Analysis of restricted and endowment funds and reconciliation of movement on fund balances
- Details of transactions with related parties

Approving the Accounts

The accounts should be **approved by the trustees and signed on their behalf**; each should receive a copy even if they cannot attend the meeting where the accounts are approved.

CONCLUSION

This is a brief description of the requirements for charity accounting. If you require further help you can approach the District or County/Area/Region Treasurer. In cases of difficulty the County/Area/Region Treasurer can approach Headquarters who will be pleased to advise on specific points.

As well as The Charity Commission specimen accounts mentioned above, The Charity Commission issues a number of helpful publications. These can be obtained in hard copy from the Charity Commission or can be viewed or downloaded from their web site at www.charitycommission.gov.uk. The Charity Commission also has a help line but The Scout Association would prefer that any approaches to the Charity Commission should be co-ordinated by Headquarters.

Appendix 1

Part A applies in England and Wales only. See Appendix 4 for the rules applying in Scotland and Northern Ireland.

A. ELIGIBILITY FOR APPOINTMENT AS AUDITOR, INDEPENDENT EXAMINER OR SCRUTINEER

1. Where gross income does not exceed £25,000

The Trustees may appoint a Scrutineer, i.e. an independent person who is reasonably believed by the Trustees to have the requisite knowledge and practical experience to carry out the work programme for Scrutineers. The terms of engagement should be specified in writing, referring to the Work Programme in Appendix 3. Alternatively they may, if they wish, appoint an Independent Examiner or a Registered Auditor.

2. Where gross income is more than £25,000 but does not exceed £100,000

The Trustees will normally appoint an Independent Examiner who is an independent person they reasonably believe to have the requisite ability and practical experience to carry out a competent examination of the accounts. The Charity Commission suggest a person such as a bank or building society manager or retired accountant.

They may not appoint a Scrutineer but they may, if they wish, appoint a Registered Auditor.

3. Where gross income is more than £100,000 but does not exceed £250,000

The Trustees will normally appoint an Independent Examiner who must have a recognised accounting qualification that the Trustees believe is appropriate in the circumstances. (In cases of doubt in relation to the qualification the Trustees should seek guidance from the District/County/Area/Region Treasurer). They may not appoint a Scrutineer or Independent Examiner who does not hold a recognised accounting qualification but they may, if they wish, appoint a Registered Auditor.

4. Where the gross income exceeds £250,000 but does not exceed £500,000 in the year, and gross assets are less than £3.26m

The requirements are as in 3 above but the qualification must be membership of :-

- The Institute of Chartered Accountants in England and Wales;
- The Institute of Chartered Accountants of Scotland;
- The Institute of Chartered Accountants in Ireland;

- The Association of Chartered Certified Accountants;
- The Association of Authorised Public Accountants;
- The Association of Accounting Technicians;
- The Association of International Accountants;
- The Chartered Institute of Management Accountants;
- The Institute of Chartered Secretaries and Administrators
- The Chartered Institute of Public Finance and Accountancy;
- Fellow of the Association of Charity Independent Examiners.

5. Where the gross income exceeds £500,000 in the year, or gross income exceeds £250,000 and gross assets exceed £3.26m.

The Trustees must appoint a Registered Auditor to carry out an audit.

The annual limits in 1 to 3 above and the lower limit in 4 above refer to the year under review.

The appointee cannot hold any other position in the County, Area, Group or District, as appropriate.

B. TYPES OF ACCOUNTS

1. Gross income in the year for Groups, Districts and Counties/Areas/Regions (excluding membership fees paid to Headquarters), does not exceed £250,000

Either Receipts and Payments Accounts together with a Statement of Assets and Liabilities may be adopted or, if the Trustees wish, they may produce Accruals Accounts.

If the Receipts and Payments basis is chosen the accounts must comply with CC16 - Receipts and Payments Accounts Pack which is guidance based on the Statement of Recommended Practice (SORP). <http://www.charity-commission.gov.uk/publications/cc16.asp>

Scotland:

If Accruals Accounts are chosen they must comply with the full requirements of the SORP and with CC17 - Accruals Accounts Pack which is guidance based on the SORP. <http://www.charity-commission.gov.uk/publications/cc17.asp>

2. Gross income in the year for Groups, Districts and Counties/Areas/Regions (excluding membership fees paid to Headquarters) exceeding £250,000

Accruals Accounts must be produced. They must comply with the full requirements of the SORP and with CC17 - Accruals Accounts Pack which is guidance based on the SORP.

<http://www.charity-commission.gov.uk/publications/cc17.asp>

Appendix 2 – Summary of Type of Accounts and Type of Audit/Examination

Type/Format of Accounts

	Gross Income	Minimum Acceptable Level
England and Wales (and elsewhere besides Scotland and Northern Ireland)	Gross income is less than £250,000	Receipts and Payments + Statement of Assets and Liabilities
	Gross income is more than £250,000	Accruals Accounts
Scotland and Northern Ireland	Gross income is less than £100,000	Receipts and Payments + Statement of Assets and Liabilities
	Gross income is more than £100,000	Accruals Accounts

Scotland – Note that for periods of account beginning on or after 1st April 2011 it is expected that these thresholds will become the same as for England and Wales
(The above does not apply to either charitable companies or where the charity's governing document states something different)

Type of Audit/Examination

	Gross Income	Minimum Acceptable level
England and Wales (and elsewhere besides Scotland and Northern Ireland)	Gross income is less than £25,000	Work Programme by a Scrutineer
	Gross income is more than £25,000 but less than £100,000	Independent Examination by an Independent Examiner with requisite skills and experience
	Gross income is more than £100,000 but less than £250,000	Independent Examination by an Independent Examiner holding a recognised accounting qualification
	Gross income is more than £250,000 but less than £500,000, and gross assets are less than £3.26m	Independent Examiner holding specific (see list in Appendix 1) accounting qualification
	Gross income is more than £500,000 or gross income is more than £250,000 and gross assets exceed £3.26m	Audit by a Registered Auditor
Scotland and Northern Ireland	Gross income is less than £100,000	Independent Examination by an Independent Examiner with requisite skills and experience
	Gross income is more than £100,000 but less than £500,000	Independent Examination by a Qualified Person
	Gross income is more than £500,000	Audit
Scotland – Note that for periods of account beginning on or after 1 st April 2011 it is expected that some of these thresholds will be increased		

(The above does not apply to either charitable companies or where the charity's governing document states something different)

Appendix 3

WORK PROGRAMME FOR A SCRUTINEER OR ADDITIONAL WORK FOR AN INDEPENDENT EXAMINER

Check cash book(s) balance at the start of the year agrees with previous accounts.

Vouch a selection of payments including reimbursement of expenses.

Vouch a selection of receipts.

Test entries with bank statements.

Obtain a copy of bank reconciliation(s), check and agree with bank statement(s).

Test additions in cash book(s) and other accounting records.

Check figures entered on accounts from cash book(s)/day books via summaries or ledgers if necessary.

Ensure all activities (including all Sections) have been accounted for and included in the above tests. If not, ensure notes to the accounts disclose this or state it in the scrutineer's/external examiner's report to the Trustees.

Obtain written confirmation of cash balances held by officers (i.e. any floats etc).

Inspect vehicle log books.

Obtain confirmation that deeds, share certificates etc. are held securely by the holders, such as The Scout Association Trust Corporation, bankers, solicitors, etc.

Review liabilities for reasonableness and test documentation.

Review assets for reasonableness.

Confirm that a stock count has been made of major items of equipment, badge stocks, etc.

Read relevant Minutes.

Confirm no income or receipts were subject to special restrictions which need to be shown in the accounts.

Appendix 4

INFORMATION FOR GROUPS BASED IN SCOTLAND OR NORTHERN IRELAND

SCOTLAND

The Office of the Scottish Charity Regulator sets out the rules which apply to charities operating within Scotland.

A ACCOUNTING

The accounting regulations are set out at <http://www.oscr.org.uk/ScottishCharityAccounting.stm>

This guidance is set out in 3 parts. An overview of the regulations is set out in Part 1.

Part 2 deals with Receipts and Payments Accounts. This type of accounts may be used if income is less than £100,000.

Part 3 deals with accruals accounts.

Accounting guidance notes, specimen and pro-forma accounts for Scottish Scout Charities can be found in the Library section of the Scouts Scotland website <http://www.scouts-scotland.org.uk>

B INDEPENDENT EXAMINATION

The rules and guidance concerning external scrutiny of accounts for charities operating in Scotland are set out at <http://www.oscr.org.uk/ExternalScrutiny.stm>

NORTHERN IRELAND

The Charity Commission for Northern Ireland has been established very recently. Registration of charities will commence in May 2010. Information is available at <http://www.dsdni.gov.uk/ccni.htm>

No guidance documents equivalent to those issued by the Scottish Regulator are available yet. The legislation relating to accounting, reporting and examination of charity accounts is in Charities Act (Northern Ireland) 2008, Part 8 Sections 63 to 72. http://www.opsi.gov.uk/legislation/northernireland/acts/acts2008/nia_20080012_en_1

Schedule 6 of that Act contains further legislation applying to “parent charities”, i.e. charities which have subsidiary undertakings, for example those that own a trading company.

Receipts and Payments Accounts may be used if income is less than £100,000. (Section 64).

The rules on examination or annual audit of charity accounts are in Section 65.