
SCOTTISH STATUTORY INSTRUMENTS

2006 No. 218

The Charities Accounts (Scotland) Regulations 2006

Annual audit of statement of account

10.—(1) This regulation applies where a charity has—

- (a) prepared a statement of account in accordance with regulation 8 and has gross income in a financial year of £500,000 or more;
- (b) prepared a statement of account in accordance with regulation 8 and the aggregate value of its assets (before deduction of liabilities) in a financial year exceeds £2.8 million;
- (c) prepared a statement of account in accordance with regulation 8 and has gross income in a financial year of less than £500,000 and one of the following requires the charity to have its statement of account audited—
 - (i) the constitution of the charity;
 - (ii) any other enactment; or
 - (iii) a decision of the charity trustees; or
- (d) prepared a statement of account in accordance with regulation 9 and has gross income in a financial year of less than £100,000, and one of the following requires the charity to have its statement of account audited—
 - (i) the constitution of the charity;
 - (ii) any other enactment; or
 - (iii) a decision of the charity trustees.

(2) The statement of account must be audited by an auditor who is eligible to act as an auditor in terms of section 25 of the Companies Act 1989⁽¹⁾ or by the Auditor General for Scotland.

(3) The duties of an auditor carrying out an audit of the statement of account of a charity under section 44(1)(c) of the 2005 Act shall be those specified in the following provisions of this regulation.

- (4) The auditor shall make a report on the statement of account to the charity trustees which—
- (a) states the name and address of the auditor and the name of the charity concerned;
 - (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf and states that the auditor is a person who is eligible to act as an auditor in terms of section 25 of the Companies Act 1989;
 - (c) states the date of the report and specifies the financial year in respect of which the accounts to which it relates have been prepared;
 - (d) specifies that it is a report in respect of an audit carried out under section 44(1)(c) of the 2005 Act;
 - (e) states whether in the opinion of the auditor—

- (i) where regulation 8 applies, the statement of account complies with the requirements of regulation 8, gives a true and fair view of the state of affairs of the charity at the end of the financial year in question and of the incoming resources and application of the resources of the charity in that financial year;
 - (ii) where regulation 9 applies (other than regulation 9(4)), the statement of account complies with the requirements of regulation 9(1), (2) and (3) and properly presents the receipts and payments of the charity for the financial year in question, and its statement of balances at the end of that financial year;
- (f) where the auditor has formed the opinion–
- (i) that accounting records have not been kept in respect of the charity in accordance with section 44(1)(a) of the 2005 Act and regulation 4 above;
 - (ii) that the statement of account does not accord with those records;
 - (iii) that any information contained in the statement of account is inconsistent in any material respect with any report of the charity trustees prepared under section 44(1) (b) of the 2005 in respect of the financial year in question; or
 - (iv) that any information or explanation to which he is entitled under regulation 13 below has not been afforded to them,
- contains a statement of that opinion and of their grounds for forming it.
- (5) The auditor shall, in preparing the auditor’s report for the purposes of paragraph (4), carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub-paragraph (e) and (f) of that paragraph.
- (6) Where an auditor appointed by charity trustees ceases for any reason to hold office the auditor shall send to the charity trustees a statement of any circumstances connected with the auditor ceasing to hold office which the auditor considers should be brought to the charity trustees' attention or, if the auditor considers that there are no such circumstances, a statement that there are none.
- (7) The auditor shall send a copy of any statement sent to the charity trustees under paragraph (6) (except a statement that there are no such circumstances) to OSCR.