

Finance Section

From the Director of Finance

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Peter Godsall,
Accounting Standards Board
5th Floor, Aldwych House
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London
WC2B 4HN

Dear Mr Godsall,

The Future of UK GAAP

The University wishes to make the following comments on the ASBs consultation paper on the future of UK GAAP.

Terminology

While admirably attempting to deal with the 'profit' and 'not for profit sectors' in one document, the implied classification of public benefit entities, including universities, as 'non publicly accountable' is confusing. Public benefit entities, by and large, have public accountability running through their core. It seems bizarre for an accounting framework to classify them as non-publically accountable. The consultation paper is a valiant start at looking at all entities in economy without value judgement as to their role, position or status. It is unfortunate therefore that the definition of public accountability places the role of shareholders, investors and funders above that of the taxpayer or charitable beneficiaries.

Form of IFRS for Public Benefit Entities and SORPs

The University supports the view that public benefit entities adopt IFRS for SMEs.

Our preferred form would be a new 'IFRS for Public Benefit Entities' standard, sitting alongside its 'IFRS for SME' sister with equal status, reflecting the fact that, in ASB terminology, non- publically accountable entities (eg universities) are not inferior to publically accountable ones (eg PLCs), they are just different.

The University also believes that a SORP for the higher and further education sector will continue to be required, supplementing 'IFRS for PBE'. There is no homogeneous framework for the various public benefit sectors. The University is a charity but it also operates for private benefit. The University's funding comes is 45% from the public purse and 65% from private sources. This HE sector model is different from that of registered landlords and the wider charity sector. This requires different external reporting across public benefit sectors in order to make a meaningful assessment of stewardship and financial performance.

Timetable

We believe the proposed timescale is very optimistic. Implementation of IFRS will be especially complex for public benefit entities. Assimilating and implementing IFRS, a new PBE standard and a new SORP is triple the work. Yet those of us in the charity and higher education sector operate on thin central resources, including the finance function. This extra implementation burden must be reflected in the timescale and we ask that the ASB give this careful consideration.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Connolly', with a long, sweeping tail that extends to the right.

Andrew Connolly