

27 January 2010
Mr Peter Godsall
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Dear Mr Godsall

Policy proposal: The future of UK GAAP

I am writing in response to the ASB's policy proposal on the future of UK GAAP.


HEFCE is the main funder of higher education institutions (HEIs) in England and is responsible for their accountability for public money. We will shortly become the 'principal regulator' of those English HEIs (110 of 129) that are exempt charities. Both roles mean that we have a particular concern about the quality, transparency and comparability of HEIs' annual reports and financial statements. We are represented on the FE/HE SORP Board and work with HE representatives and others to develop technical accounting compliance in the sector.

We have seen the detailed responses from both the FE/HE SORP Board and from the British University Finance Directors Group (BUFDG) to the questions in your policy proposal. We fully endorse both responses but wish to emphasise to you that it will be particularly unhelpful to our accountability role if size becomes a determinant, requiring some HEIs to adopt full IFRS (Tier 1) with the others using an alternative (Tier 2).

As to that alternative, we consider that an accounting standard should be developed for public benefit entities, based on IFRS for SMEs but also covering the topics noted in your proposal which are specific to non-profit distributing, publicly-funded or charitable organisations. In turn, and for the reasons set out by BUFDG, this should be underpinned by SORPs providing detailed sector-specific guidance where that is appropriate.

We also believe that the adoption of IFRS, in whatever form, will need adequate time not just for the preparers of accounts but also for bodies such as HEFCE that will need to adapt monitoring systems and databases. We doubt very much that the timescale suggested in your proposal is sufficient.

If you wish to follow up any of these points please contact Andrew Malin in the first instance: email a.malin@hefce.ac.uk telephone 0117 931 7332.

A handwritten signature in black ink, appearing to read 'Steve Egan', with a stylized flourish at the end.

Steve Egan
Deputy Chief Executive