

Press release: Regulators seek views on amendments to the SORP

The Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, who together are the SORP-making body, are inviting comments on amendments to the Charities Statement of Recommended Practice (SORP) following changes in UK-Irish accounting standards.

The consultation launched today will run for 6 weeks and focuses on 21 proposed amendments to the SORP which are considered necessary as a result of the changes made in December 2017 to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. These changes are to be made via a second Update Bulletin and include:

- the introduction of an accounting policy choice for entities that rent investment property to another group entity
- the clarification of the accounting treatment for payments by subsidiaries to their charitable parents that qualify for gift aid
- the clarification of the requirement for comparatives for disclosures required by the SORP
- the introduction of a requirement for a net debt reconciliation to be prepared as a note to the statement of cash flows

The consultation is inviting comments on the draft Update Bulletin with 2 questions:

1. Do you agree with how the amendments to FRS 102 have been reflected in the proposed amendments to the Charities SORP (FRS 102) in draft Update Bulletin 2? If not, which of the proposed changes do you not agree with, and why?
2. Are there any other amendments to the Charities SORP (FRS 102) that you consider to be necessary based on the recent amendments to FRS 102? If so, please state the amendment to FRS 102 and the relevant SORP paragraph(s)

Nigel Davies, Head of Accountancy Services at the Charity Commission for England and Wales and Joint Chair of the SORP Committee said:

One of the principal roles of the SORP is to provide charity specific guidance on applying UK-Irish accounting standards when preparing a charity's accounts, and so it's important that any changes made to an accounting standard are reflected accurately and clearly in the SORP.

Laura Anderson, Scottish Charity Regulator and Joint Chair of the SORP Committee, said:

This is an important opportunity to help ensure that the Charities SORP continues to provide helpful guidance on charity accounting and reporting and we encourage those that prepare charity accounts to share their views on how the changes to the reporting standard are being applied to the SORP for charities. We would also like to hear views from users of charity accounts on the changes made and the impact on how useful charity reports and accounts are.

The consultation will close on Wednesday 4 April 2018. For more information, including the draft SORP Update Bulletin, and detail on how to respond refer to the [dedicated SORP site](#). Details of consultation events are also available on the site. The changes will come into effect for accounting periods beginning on or after 1 January 2019.

The consultation is not seeking views on the amendments to the underlying accounting standard as this is led by the Financial Reporting Council and the amendments have been finalised.

Ends

Notes to editors

1. All charitable companies and charities that are not companies with gross annual incomes of £250,000 or more must prepare accruals accounts that are compliant with the Statement of Recommended Practice.