

POLICY NOTE

THE CHARITIES ACCOUNTS (SCOTLAND) AMENDMENT REGULATIONS 2019

SSI 2019/393

1. The above instrument was made in exercise of the powers conferred by sections 44(4) and (5) and 103(2) of the Charities and Trustee Investment (Scotland) Act 2005 (“the 2005 Act”) and all other powers enabling them to do so. The instrument is subject to negative procedure.

Purpose of the instrument:

The purpose of the instrument is to update the regulations governing Scottish charity accounts so that they reflect the publication of a consolidated second edition of the Statement of Recommended Practice for charities. That document sets out the methods and principles which some charities must follow in the preparation of their financial accounts.

Policy Objectives

2. Section 44 of the 2005 Act sets out the duty on charities to keep proper accounting records and prepare statements of accounts. It allows Scottish Ministers (through Regulations) to make provision for how these are to be kept and prepared. This has been done through the Charities Accounts (Scotland) Regulations 2006 (as amended) (“the 2006 Regulations”).
3. Certain charities are required to prepare fully accrued accounts in accordance with the Statement of Recommended Practice for charities. A second edition of the Charities SORP FRS 102 has been published which consolidates the requirements of the Charities SORP FRS 102 and the Charities SORP FRS 102 Update Bulletin 1 and 2 to provide a single point of reference for charities preparing fully accrued accounts.
4. The second edition of the Charities SORP will apply to accounts covering financial years which begin on or after 1 January 2019 as the requirements which it consolidates have applied since that date.
5. Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (second edition - October 2019) (ISBN 978 1 84508 528 5) is published by the Chartered Institute of Public Finance and Accountancy and available to download from www.charitySORP.org.

Consultation

6. The second edition of the Charities SORP FRS 102 does not introduce any material changes to the accounting requirements for charities which are required to prepare

fully accrued accounts in accordance with the Charities SORP, therefore no consultation has been undertaken.

Impact Assessments

7. This is a consolidation of existing accountancy requirements, and accordingly a Business and Regulatory Impact Assessment has not been undertaken.

Financial Effects

8. The Cabinet Secretary for Communities and Local Government confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

**Scottish Government
Local Government and Communities Directorate
November 2019**