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Statement by the Financial Reporting Council on the Charities SORP (FRS 102) (second edition – October 2019)

The aim of the Financial Reporting Council (FRC) is to promote transparency and integrity in business. In relation to accounting standards applicable in the UK and Republic of Ireland, the FRC's overriding objective is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs. In particular industries or sectors, clarification of aspects of those standards may be needed in order for the standards to be applied in a manner that is relevant and provides useful information to users of financial statements in that industry or sector.

Such clarification in connection with accounting standards is issued in the form of Statements of Recommended Practice (SORPs) by bodies recognised for this purpose by the FRC. The Charity Commission for England and Wales, the Charity Commission for Northern Ireland (CCNI) and the Office of the Scottish Charity Regulator (OSCR), in their role as the joint SORP-making body have confirmed that they share the FRC's aim of high-quality financial reporting and have been recognised by the FRC for the purpose of issuing SORPs for charities.

In accordance with the FRC's *Policy on Developing Statements of Recommended Practice (SORPs)* the FRC carried out a review of the *Charities SORP (FRS 102)* (second edition – October 2019) focusing on those aspects relevant to the financial statements but also including aspects relevant to the FRC's broader responsibilities when appropriate.

On the basis of its review, the FRC has concluded that the SORP has been developed in accordance with the FRC's *Policy on Developing SORPs* and does not appear to:

(a) contain any fundamental points of principle that are unacceptable in the context of present financial reporting practices;

(b) conflict with an accounting standard; or

(c) undermine the FRC's broader objectives.

2 October 2019