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Your Ref:  
Our Ref: RTJ/ND/SORP  
Date: 26<sup>th</sup> April 2011

Dear Michelle,

**Consultation - The Future of Financial Reporting**

The Charity Commission and the Office of the Scottish Charity Regulator act together as the joint SORP-making body for UK charities and this response to your consultation is made in that capacity. Your consultation and exposure drafts on 'The Future of Financial Reporting in the UK and the Republic of Ireland' was considered by our SORP Committee at its last meeting and our response incorporates the views and advice we have received from that Committee.

We welcome the proposal that charities will generally be excluded from tier 1 reporting except where they have traded debt. We also welcome the acknowledgement that charities that hold funds in a fiduciary capacity on charitable trusts falls outside the definition of entities which have public accountability.

However, we do think that is important for the FRSPBE and the Charities SORP, to apply equally to charities in all tiers of reporting to ensure sector specific transactions are addressed consistently and to ensure the information needs of charity stakeholders are met. We recognise that particular issues arise in the context of tier 1 reporting, EU-adopted IFRS, and whilst we welcome the application of the FRSPBE as best practice, we are concerned that a standard which is relevant to the charity sector cannot, it appears, be applied as mandatory in tier 1. In our view accountability to both markets and charity stakeholders are both relevant to charities falling within tier 1.

Our response to the specific questions raised in your consultation is attached as an appendix to this letter. If particular issues arise from our response, we would welcome the opportunity to discuss these further with you.

Yours sincerely,

Sam Younger  
Joint Chair of Charities SORP Committee  
Chief Executive, Charity Commission

Jane Ryder  
Chief Executive, OSCr

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