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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Charities Accounts (Scotland) Regulations 2006 (“the principal Regulations”). The principal Regulations, amongst other things, require certain charities to prepare fully accrued accounts in accordance with the methods and principles of the Statement of Recommended Practice for charities or, for special case charities, the Statement of Recommended Practice for further and higher education or the Statement of Recommended Practice for registered social housing providers as appropriate.

The Statement of Recommended Practice to provide guidance to charities on how to apply the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (ISBN 978-1-84508-421-9), as read with the Charities SORP FRS 102 Update Bulletin, has been updated by the Charities SORP FRS 102 Update Bulletin 2 (“Update Bulletin 2”). In 2018 the Charities SORP FRS 102 Update Bulletin was renamed “Charities SORP FRS 102 Update Bulletin 1” in order to distinguish it from Update Bulletin 2, but that first update has not otherwise been changed.

Section 3 of Update Bulletin 2 makes clarifying amendments to the Charities SORP (FRS 102). Update Bulletin 2 provides for these clarifying amendments to be applicable to accounts beginning on or after the date of its publication, which was 5 October 2018. Regulation 3(2) updates the definition of “the SORP” in the principal Regulations to take into account the publication of Update Bulletin 2 for the limited purpose of giving effect to those clarifying amendments. Regulation 2(1) provides this change to be applicable to accounts covering financial years beginning on or after 5 October 2018 but before 1 January 2019.

Regulation 3(3) updates the definition of “the SORP” in the principal Regulations to take into account the publication of Update Bulletin 2 for all other purposes. Regulation 2(2) provides for this change to be applicable to accounts covering financial years beginning on or after 1 January 2019.

Regulation 3(4) updates references to two further Statements of Recommended Practice in the principal Regulations – one in relation to further and higher education institutions (ISBN 978-1-84036-406-4) and the other in relation to registered social housing providers (ISBN 978 0 86297 596 8). This regulation is applicable to accounts for such charities covering financial years beginning on or after 1 January 2019.

The Charities SORP FRS 102 Update Bulletin 2 is published by, and available from, the Chartered Institute of Public Finance and Accountancy. It can also be downloaded from [www.charitySORP.org](http://www.charitySORP.org).

The Statement of Recommended Practice: Accounting for further and higher education is published by and available to download from Universities UK ([www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)). The Statement of Recommended Practice for registered social housing providers is published by and available to download from the National Housing Federation ([www.housing.org.uk](http://www.housing.org.uk)).