

JOINT PRESS RELEASE BY ACCOUNTING STANDARDS COUNCIL AND OFFICE OF THE COMMISSIONER OF CHARITIES

Issuance of Charities Accounting Standard and Prescription of Financial Reporting Framework for Charities

The Accounting Standards Council (ASC) had issued today the Charities Accounting Standard (CAS), which is tailored to meet the needs of the charity sector and its stakeholders. The new standard will make financial reporting simpler and more relevant for charities while enhancing disclosures for greater transparency. This latest initiative is also part of a larger effort by the Office of the Commissioner of Charities to improve governance and enhance public confidence in the charity sector.

2. The ASC had also set out today the financial reporting framework for charities, which will apply to charities when they prepare their financial statements for financial periods beginning on or after 1 July 2011. Most charities can choose to adopt the Singapore Financial Reporting Standards (FRS)¹ or the CAS based on their own needs and operations. For charities that hold significant investments in any subsidiary, associate or joint venture that is not a charity, the FRS will apply.

Statement of Applicability

3. With the issuance of the CAS and the formulation of the financial reporting framework for charities by the ASC, the Office of the Commissioner of Charities (COC) issued a statement today (at Annex) that sets out the following implementation dates for charities to adopt the financial reporting framework. The statement does not apply to charities that are Statutory Bodies² and educational institutions³.

(a) Phase 1: For financial periods beginning on or after 1 July 2011: Charities or Institutions of a Public Character (IPCs) that are companies⁴, and large IPCs⁵ that are not companies, are required to comply with either the FRS or the CAS. However, charities that hold significant investments in any subsidiary, associate or joint venture that is not a charity are required to comply with the FRS.

¹ The Singapore Financial Reporting Standards (FRS) is the set of accounting standards prescribed by the Accounting Standards Council.

² As listed in the Schedule of the Accounting Standards Act (Cap. 2B).

³ As listed in the Third Schedule of the Charities (Accounts and Annual Report) Regulations 2011.

⁴ As registered under the Companies Act (Cap. 50).

⁵ As defined under Rule 20(6) of the Charities (Institutions of a Public Character) Regulations ie those with gross receipts of not less than \$10m each year in both its 2 immediately preceding financial years.

- (b) Phase 2: For financial periods beginning on or after 1 January 2015: All other charities that are required to have their financial statements audited⁶ are required to comply with either the FRS or the CAS. However, charities that hold significant investments in any subsidiary, associate or joint venture that is not a charity are required to comply with the FRS.

4. Charities that adopt the FRS are required to comply with the additional regulatory requirement specified under the Charities (Accounts and Annual Report) Regulations 2011 to provide specific disclosures in their financial statements on loans extended to any parties. These specific disclosures are set out under Paragraph 280 of the CAS. Charities that adopt the FRS may elect to present the statement of comprehensive income based on the presentation format of a statement of financial activities as required by the CAS.

Public Consultation on CAS

5. To develop the financial reporting framework for charities, the ASC had consulted the public from August to September 2008 and from December 2009 to March 2010. It held various focus group discussions and a pre-launch session with relevant stakeholders to seek their views before issuing the CAS. The ASC has considered the feedback received in formulating the CAS. The response to the key feedback is available on the charity portal (www.charities.gov.sg) and the ASC website (www.asc.gov.sg).

Training for Charities

6. To help charities to leverage on the CAS, training courses will be conducted at the Social Service Training Institute (SSTI) from mid 2011. Charities can tap on the VWOs-Charities Capability Fund (VCF) to defray the cost of the training and consultancy services.

“While the FRS is relevant and applicable to the charities, we have taken much effort to develop the CAS for the local charities, as it will simplify their reporting needs and increase their level of transparency and accountability to stakeholders. This will not be a one-time exercise as continual reviews will be conducted to ensure the CAS remains relevant to the local charity sector with appropriate benchmarking against international standards,” said Ms Euleen Goh, Chairman of the ASC.

Jointly issued by: The Accounting Standards Council and the Office of the Commissioner of Charities, MCYS

Enclosed: Annex – Statement of Applicability issued by the Office of the COC

⁶ As specified under the Charities (Accounts and Annual Report) Regulations 2011

About ASC

The ASC was established in November 2007 to take over the task to make or formulate accounting standards for companies from the Council on Corporate Disclosure and Governance (CCDG). The ASC is also responsible for making or formulating accounting standards for charities, co-operatives and societies. A Committee for Charities was set up under the ASC to make or formulate accounting standards for charities. This committee is chaired by the COC and supported by 10 representatives from various stakeholder groups, e.g. accounting professionals, charities, donors, and the regulators.

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