

MEDIA RELEASE

ACCOUNTING STANDARDS COUNCIL SEEKS VIEWS ON DRAFT ACCOUNTING PROPOSALS AND REPORTING REQUIREMENTS PERTAINING TO CHARITIES AND INSTITUTIONS OF A PUBLIC CHARACTER

The Accounting Standards Council (ASC) is seeking views from the public and the charity sector on the draft accounting proposals and reporting requirements pertaining to charities and Institutions of a Public Character (IPCs).

2 The ASC is established in November 2007 to take over the task of prescribing accounting standards for companies from the Council on Corporate Disclosure and Governance (CCDG). The ASC is also responsible for prescribing accounting standards for charities, co-operatives and societies. A Committee for Charities is set up under the ASC to prescribe accounting standards for charities and IPCs. Moving forward, all registered charities and IPCs, regardless of whether they are legally constituted as Companies Limited by Guarantee under the Companies Act or as societies under the Societies Act, or trusts under the Trustees Act, will only have to comply with the accounting standards for charities and IPCs issued by ASC.

3 In drawing up these proposals, the ASC Committee for Charities is guided by the following principles:

- a) The accounting standards should provide transparent and accountable financial reporting. This means that there is a need for greater disclosure to help increase the level of transparency and accountability to the donating public, and enhance public confidence in the charity sector.
- b) The accounting standards should not be "one-size-fits-all", but be stratified, with larger charities and IPCs, and those that raise funds from the public (typically IPCs) subjected to more stringent reporting requirements.

4 The key proposals include using income or expenditure (whichever is higher) as a basis to determine the size of the charity; defining the basis for classifying large and non-large charities/IPCs; specifying the accounting standards and reporting format to be complied by large and non-large charities/IPCs; raising the threshold for statutory audit for charities from the current income or expenditure of \$250,000 to \$500,000; mandating all charities and IPCs to prepare accounts using accrual basis; and imposing additional information to be disclosed in the annual report of charities/IPCs. In addition, the ASC Committee for Charities also proposed a building depreciation policy to provide guidance to charities/IPCs and their auditors.

5 Mr Low Puk Yeong, Commissioner of Charities, who is also the Chairman of the ASC Committee for Charities said that, "The ASC Committee for Charities has taken into

consideration feedback given by charity sector, auditors and donating public when drafting these proposals. These draft proposals reflect our aspirations to promote greater transparency and accountability of the charity sector by improving the standards of financial accounting and reporting, while at the same time also ease the burden on smaller charities/IPC's, particularly in the area of statutory audits."

6 The ASC Committee for Charities will be holding focus group discussions with charities and IPCs to seek their views. The public can also comment on the draft proposals from 4 August 2008 till 7 September 2008 via the following portals:

- a) ASC Portal at <http://www.asc.gov.sg>
- b) Charity Portal at <http://www.charities.gov.sg>
- c) REACH Portal at <http://www.reach.gov.sg>

Accounting Standards Council
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Attachment:
Consultation Paper on Draft Proposals of ASC Committee for Charities

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