

MEDIA RELEASE

ACCOUNTING STANDARDS COUNCIL AND COMMISSIONER OF CHARITIES TO SEEK PUBLIC VIEWS ON EXPOSURE DRAFT OF CHARITIES ACCOUNTING STANDARD

The Accounting Standards Council (ASC) and the office of the Commissioner of Charities (COC) will be seeking views from the charity sector, accounting professionals and the public on the Exposure Draft of Charities Accounting Standard (CAS) and its application.

Exposure Draft of Charities Accounting Standard

2. Currently, charities in Singapore follow either the Singapore Financial Reporting Standards (SFRS) or the Recommended Accounting Practice 6 (RAP 6) for their general purpose financial reporting. In a public consultation exercise conducted by the ASC and the COC in August 2008 on the accounting needs of the charity sector in Singapore, it was acknowledged that whilst the SFRS continues to be a relevant and applicable set of accounting standards for bigger charities with significant public interest considerations, developing an alternative set of accounting standards specifically tailored for the charity sector would also be beneficial. Such a standard will simplify the accounting needs of smaller charities.

3. The ASC has thus prepared the draft Charities Accounting Standard (CAS) that models closely after the SFRS and RAP 6 as an alternative set of accounting standards for the charity sector in Singapore. In formulating the draft CAS, the ASC took into consideration the feedback gathered during the public consultation exercise. For example, more guidance on the accounting for “Preservation for Monuments” assets, endowment and restricted income funds which are unique to charities, has been incorporated into the draft CAS. To facilitate ease of use, there is also an accounting glossary that helps to explain and provide clarity on the common terms used in the CAS.

4. The proposed CAS is in essence a simplified version of the SFRS tailored to the reporting needs of the charity sector. Ms Euleen Goh, Chairman of the ASC says: “The adoption of the CAS as an alternative set of accounting standards to the SFRS will make it easier for smaller charities to comply with financial reporting. At the same time, it will increase the level of transparency, comparability and accountability in the financial reporting of charities in Singapore. This will enhance public confidence in the charity sector”.

Proposed Application of CAS to the charity sector

5. Once the draft CAS is finalised, the COC's office is proposing that charities set up as Companies Limited by Guarantees (CLG) and all large IPCs with income or expenditure \$10m and above would be mandated to adopt either the CAS or the SFRS, in their preparation of their accounts with effect from the financial year commencing on or after 1 January 2011. Today, this group of charities and large IPCs (about 440 of them) are already legally required to comply with the SFRS under the Companies Act and Charities (Institutions of a Public Character) Regulations respectively.

6. While the application of the CAS will not be mandatory for the remaining charities and IPCs for now, those which are subject to statutory audit are encouraged to also apply the CAS in the preparation of their financial statements. This will facilitate the development of a common accounting standard for the charity sector over time.

7. The CAS will however not apply to charities which are statutory boards. They will continue to prepare their financial statements in accordance with the accounting standards established by the Accountant-General as per current practice.

8. Mr Low Puk Yeong, Commissioner of Charities, notes that the proposed move to adopt CAS would not cause additional burden to the charity sector as the majority of the charities and IPCs are already complying with SFRS or RAP6 today. He says, "Such sector-specific accounting standard is more relevant and provides greater clarity in the financial reporting requirements for the charity sector. This would ultimately benefit the charities and IPCs as well as their stakeholders."

Public Consultation

9. The public consultation on the Exposure Draft of the Charities Accounting Standard will be from 23 December 2009 to 3 March 2010 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>>

10. Focus group discussions with the charities, IPCs and professional bodies will also be conducted in January 2010.

Jointly issued by:

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About the Accounting Standards Council

The Accounting Standards Council (ASC) was 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 responsible for prescribing accounting standards for charities, co-operatives and societies.

A Committee for Charities was set up under the ASC to prescribe accounting standards for charities and Institutions of a Public Character (IPC). This committee is chaired by the Commissioner of Charities (COC) and supported by 10 representatives from various stakeholders, e.g. accounting professionals, charities, donors, and the regulators. The list of the members of the Committee is at the [Annex](#).

Attachment:

Exposure Draft of Charities Accounting Standard

Accounting Standards Council (ASC) - Committee for Charities

Chairman

Mr Low Puk Yeong
Commissioner of Charities
Ministry of Community Development, Youth and Sports, MCYS

Members

Mr Sajjad Akhtar
Managing Partner, PKF-CAP LLP

Mr Gerard Ee
Chairman, National Kidney Foundation

Mr Foong Daw Ching
Managing partner, Baker Tilly TFWLCL (also known as TeoFoongWongLCLoong)

Ms Clara Goh
Chief Financial Officer, The Esplanade Co Ltd

Ms Goh Poh Gek
Financial Controller, Financial Management Branch
Ministry of Education

Mr Eugene Heng
Head, Registry of Societies
Ministry of Home Affairs

Ms Bernadette Lau
Director, Corporate Services and Membership Division
National Council of Social Service

Mrs Boon-Ngee Sebastian
Director (Grant Management), Singapore Totalisator Board

Ms Lynda Soong
Director, Community Partnership Development Division
Ministry of Health