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**No. S 352**

CHARITIES ACT  
(CHAPTER 37)

CHARITIES  
(ACCOUNTS AND ANNUAL REPORT)  
REGULATIONS 2011

ARRANGEMENT OF REGULATIONS

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In exercise of the powers conferred by sections 13(1), 14(1) and 48 of the Charities Act, MG (NS) Chan Chun Sing, Minister of State, charged with the responsibility of the Minister for Community Development, Youth and Sports, hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Charities (Accounts and Annual Report) Regulations 2011 and shall come into operation on 1st July 2011.

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**Definitions**

2.—(1) In these Regulations, unless the contrary intention appears —

“Charities Accounting Standard” means the accounting standards referred to by that name that are made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B);

“company” means a company registered under the Companies Act (Cap. 50);

“Financial Reporting Standards” means the accounting standards referred to by that name that are made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act;

“institution of a public character” has the same meaning as in section 40A of the Act;

“large institution of a public character” has the same meaning as in regulation 20(6) of the Charities (Institutions of a Public Character) Regulations (Rg 5);

“public accountant” has the same meaning as in the Accountants Act (Cap. 2);

“relevant office” —

(a) in relation to a society registered under the Societies Act (Cap. 311), means the President, the Treasurer or the Secretary of the society, or their equivalents; or

(b) in relation to a company, means a member of the board of directors of the company.

(2) For the purposes of the Act and any regulations made thereunder, “financial year”, in relation to a charity which is not a company, means a period of 12 months or, as a transitional measure to change the starting date of the next financial year of the charity, such other period not exceeding 18 months as the charity may adopt.

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**Statement of accounts**

3.—(1) The governing board members shall, in respect of each financial year of the charity, cause to be prepared a statement of accounts containing —

- (a) an income and expenditure account showing the income and the expenditure of the charity during the financial year;
- (b) a balance-sheet showing the assets, liabilities and funds of the charity at the end of the financial year;
- (c) an explanation of the accounting policies used to prepare the accounts;
- (d) the details of transactions relating to, and the state of, the various funds of the charity;
- (e) notes on —
  - (i) how the funds reflected in the balance-sheet must or may be utilised because of restrictions imposed by donors; and
  - (ii) the relationships between, and analyses of, the information contained in the income and expenditure account and balance-sheet; and
- (f) notes which explain, expand on or provide the circumstances relating to, or other useful information on, the information contained in the income and expenditure account and balance-sheet.

(2) For each sum disclosed in the statement of accounts or in the notes to the statement of accounts, the corresponding sum for the previous financial year shall be stated.

(3) The dates covered by the current and previous statements of accounts shall be stated.

(4) Where the gross income in any financial year of a charity does not exceed \$50,000, the governing board members may, in respect of that year, elect to prepare a receipts and payments account and a statement of assets and liabilities, instead of a statement of accounts under paragraph (1).

(5) Unless a waiver has been obtained from the Commissioner, the statement of accounts prepared under paragraph (1) or the account and statement prepared under paragraph (4) shall be signed on behalf of the governing board members by 2 or more governing board members, at least one of whom shall be the holder of a relevant office at the time of signing.

(6) Paragraph (4) shall not apply to a charity that is a company.

### **Accounting Standards**

4.—(1) Subject to paragraph (2), the governing board members of any charity of a class specified in the first column of the First Schedule shall, in respect of each financial year of the charity beginning on or after the corresponding date specified in the second column of that Schedule, prepare a statement of accounts that —

(a) complies with —

(i) the Charities Accounting Standard; or

(ii) the Financial Reporting Standards, subject to any requirements or modifications stated in the Second Schedule; and

(b) gives a true and fair view of the financial transactions and the state of affairs of the charity as at the end of the period to which they relate.

(2) Notwithstanding paragraph (1), the governing board members of any charity of a class specified in the first column of the First Schedule that holds significant investments in any subsidiary, associate or joint venture of the charity that is not a charity shall, in respect of each financial year of the charity beginning on or after the corresponding date specified in the second column of that Schedule, prepare a statement of accounts that —

(a) complies with the Financial Reporting Standards, subject to any requirements or modifications stated in the Second Schedule; and

(b) gives a true and fair view of the financial transactions and the state of affairs of the charity as at the end of the period to which they relate.

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(3) Where the statement of accounts prepared in accordance with the requirements under paragraph (1)(a) or (2)(a), as the case may be, would not give a true and fair view of the financial transactions and the state of affairs of the charity as at the end of the period to which they relate, the statement of accounts need not comply with those requirements to the extent that the non-compliance is necessary for the statement of accounts to give a true and fair view of the financial transactions and the state of affairs of the charity.

(4) In the event that any statement of accounts does not comply with any of the requirements under paragraph (1)(a) or (2)(a), as the case may be, the auditor of the charity shall include in his report on his audit of the accounts of the charity —

- (a) a statement that he agrees that such non-compliance is necessary for the statement of accounts to give a true and fair view of the financial transactions and the state of affairs of the charity;
- (b) particulars of the non-compliance, the reasons therefor and the effect, if any, of the non-compliance; and
- (c) such further information and explanations as will give a true and fair view of the financial transactions and the state of affairs of the charity.

(5) The statement of accounts of a charity need not comply with any requirement under paragraph (1)(a) or (2)(a), as the case may be, if —

- (a) the Commissioner has given his approval for such non-compliance; and
- (b) the statement of accounts complies with any other requirements that the Commissioner may specify.

(6) The relevant requirements under these Regulations shall apply to the statements of accounts of a charity which is a company in place of any requirement in section 201 of the Companies Act (Cap. 50) for the accounts or consolidated accounts of a company to be in compliance with the Financial Reporting Standards if —

- (a) the statements of accounts are for a financial year beginning on or after 1st July 2011; or

(b) notwithstanding that the statements of accounts are for a financial year beginning before 1st July 2011, the statements of accounts of the charity in fact comply with the relevant requirements under these Regulations.

(7) For the purposes of paragraph (6), “relevant requirements under these Regulations” —

(a) in relation to a company to which paragraph (1) applies, means the requirements of paragraph (1)(a); or

(b) in relation to a company to which paragraph (2) applies, means the requirements of paragraph (2)(a).

(8) Subject to paragraph (9), if the requirements under paragraph (1) would apply to a charity during any part of the financial year of the charity, those requirements shall apply to the charity in respect of the whole of that financial year.

(9) If the requirements under paragraph (2) would apply to a charity during any part of the financial year of the charity, those requirements shall apply to the charity in respect of the whole of that financial year.

(10) This regulation shall not apply to —

(a) statutory bodies listed in the Schedule to the Accounting Standards Act (Cap. 2B); or

(b) educational institutions specified in the Third Schedule.

(11) The reference to a charity with significant investments in any subsidiary, associate or joint venture in paragraph (2) shall be construed to have the same meaning as in the Charities Accounting Standard.

## **Penalties**

5.—(1) Any person who, in relation to a charity which is not a company, fails to comply with regulation 4(1) or (2), as the case may be, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

(2) Any person who, in relation to a charity which is a company, fails to comply with regulation 4(1) or (2), as the case may be, shall be guilty of an offence and shall be liable on conviction —

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- (a) to the same penalty as that provided under section 204(1) of the Companies Act (Cap. 50); or
  - (b) if the offence is committed with intent to defraud creditors of the charity, or creditors of any other person or for a fraudulent purpose, to the same penalty as that provided under section 204(3)(a) of that Act.

(3) In any proceedings against a person for an offence under this regulation relating to any omission from the accounts, it is a defence to prove that the omission was not intentional and that the information omitted was immaterial and did not affect the giving of a true and fair view of the financial transactions and the state of affairs of the charity.

### **Annual audit or examination of accounts**

6.—(1) The audit or examination of the accounts of any charity of a class specified in the first column of the Fourth Schedule for a financial year (referred to in this regulation and in the Fourth Schedule as the relevant year) shall comply with the requirements set out in the third column of the Fourth Schedule corresponding to the amount stated in the second column of the Fourth Schedule for that class of charity.

(2) The amount referred to in paragraph (1) shall be the amount of the gross income or total expenditure of the charity in —

- (a) the relevant year;
- (b) the financial year of the charity immediately preceding the relevant year, if any; or
- (c) the financial year of the charity immediately preceding the year specified in sub-paragraph (b), if any,

whichever is the highest.

### **Annual report**

7. An annual report required under section 16 of the Act in respect of a financial year ending on or after 1st July 2011 shall contain —

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- (a) the following particulars:
- (i) a description of the governing instruments of the charity;
  - (ii) the Singapore unique entity number of the charity;
  - (iii) the registered address of the charity;
  - (iv) the name, designation and date of appointment of each governing board member and each member of the management committee, advisory council or any other similar body, if any; and
  - (v) the names of the bankers, lawyers, auditors, investment advisers and other advisers of the charity;  
*[S 489/2011]*
- (b) a report by the governing board members containing —
- (i) an explanation of the objectives of the charity and a description of the way in which the charity is organised, and the policies adopted during the financial year in pursuance of its objectives;
  - (ii) a review of the activities during the financial year;
  - (iii) a review of the financial state of the charity and an explanation of all major financial transactions and salient features of the statement of accounts prepared under section 13(1) of the Act or the receipts and payments account and statement of assets and liabilities prepared under regulation 3(4); and
  - (iv) an explanation of the purposes for which the assets of the charity are held and an indication of the future plans and commitments of the charity, with particular regard to on-going items of expenditure, projects yet to be completed and obligations yet to be met; and
- (c) a statement of accounts prepared under section 13(1) of the Act, or, if allowed under regulation 3(4), a receipts and payments account and a statement of assets and liabilities.



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**Annual report requirements for larger charities**

**8.—(1)** This regulation shall apply to an annual report of a charity required under section 16 of the Act in respect of a financial year of the charity ending on or after 1st July 2011 where the gross income or total expenditure of the charity exceeds \$500,000 in —

- (a) that financial year of the charity;
- (b) the financial year of the charity immediately preceding that financial year, if any; or
- (c) the financial year of the charity immediately preceding the year specified in sub-paragraph (b), if any.

(2) Where this regulation applies, the annual report required under section 16 of the Act shall, in addition to the matters required by regulation 7, contain —

- (a) the name and date of appointment of the chief executive officer, or the equivalent, of the charity;
- (b) the occupation of each of the current holders of the relevant offices;
- (c) where the current holder of any of the relevant offices has prior to his current term held any of the relevant offices in the charity, the date of his first appointment in each of the relevant offices;
- (d) a listing of the related entities of the charity and, if any of the governing board members of the charity are also persons having the general control and management of the administration of the related entity, the name of each of those members and their designations in the charity and in the related entity;
- (e) the reserves policy of the charity;
- (f) a list of the funds of the charity which are in deficit, if any, with the following details:
  - (i) the purposes of the funds;
  - (ii) the reasons for the deficit;

- (iii) how the charity plans to address the deficit in the fund; and
  - (iv) any other details which the Sector Administrator may require; and
- (g) the principal funding sources of the charity.

(3) In this regulation —

“current” means during the financial year to which the annual report relates;

“endowment funds” means funds that are held on trust to be retained for the benefit of the charity;

“related entities”, in relation to a charity, means subsidiaries, associates or joint ventures of the charity;

“reserves” means that part of the income of the charity that is freely available to be used or applied for the furtherance of the objects of the charity and is not subject to the commitments, planned expenditure and spending limits of the charity, and excludes endowment funds and donations collected for a specific purpose;

“reserves policy” means the policy of the charity on the use and retention of the reserves of the charity, including statements on —

- (a) the level and purposes of reserves held; and
- (b) the purposes and amounts of funds held for specific purposes and when those funds are likely to be used.

### **Application to institutions of a public character and large charities**

**8A.** These Regulations shall apply —

- (a) in the case of institutions of a public character, in addition to the provisions of the Charities (Institutions of a Public Character) Regulations (Rg 5); and

- (b) in the case of large charities as defined in the Charities (Large Charities) Regulations (Rg 9), in addition to the provisions of those Regulations.

[S 489/2011]

## **Revocation**

9. The Charities (Accounts and Audit) Regulations 2011 (G.N. No. S 89/2011) and the Charities (Annual Report) Regulations (Rg 4, 1995 Ed.) are revoked.

## **Transitional and savings provisions**

10.—(1) The Charities (Accounts and Audit) Regulations 2011 (G.N. No. S 89/2011) in force immediately before 1st July 2011 shall continue to apply to a charity in respect of its accounts for any financial year of the charity beginning before the corresponding date in the First Schedule.

(2) The Charities (Annual Report) Regulations (Rg 4, 1995 Ed.) in force immediately before 1st July 2011 shall continue to apply to a charity in respect of its annual reports for any financial year of the charity ending before 1st July 2011.

(3) Notwithstanding paragraphs (1) and (2), a charity that complies with the requirements (insofar as they are relevant to the class of the charity) in —

- (a) regulations 3, 4 and 6 of these Regulations in respect of its accounts for any financial year of the charity beginning before the corresponding date in the First Schedule shall be deemed to have complied with the requirements of the Charities (Accounts and Audit) Regulations 2011 in respect of those accounts; and
- (b) regulations 7 and 8 of these Regulations in respect of its annual report for any financial year of the charity ending before 1st July 2011 shall be deemed to have complied with the requirements of the Charities (Annual Report) Regulations in respect of the annual report.

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## FIRST SCHEDULE

Regulations 4(1) and (2) and 10

### TRANSITION DATES FOR APPLICATION OF REQUIREMENTS RELATING TO ACCOUNTING STANDARDS FOR CERTAIN CLASSES OF CHARITIES

<i>First column</i>	<i>Second column</i>
<i>Class of charity</i>	<i>Date</i>
1. Charities or institutions of a public character that are companies	1st July 2011
2. Large institutions of a public character that are not companies	1st July 2011
3. Charities or institutions of a public character, other than those specified in paragraph 1 or 2, the accounts of which must, under regulation 6, be audited by a public accountant	1st January 2015.

## SECOND SCHEDULE

Regulation 4(1)(a) and (2)(a)

### MODIFICATIONS TO COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

1. The statement of accounts of a charity shall, in addition to the requirements of the Financial Reporting Standards, comply with the requirements on the disclosure of loans given by charities as required by the Charities Accounting Standard.
2. In lieu of a statement of comprehensive income in compliance with the Financial Reporting Standards, a charity may elect to follow the presentation format of a statement of financial activities as required by the Charities Accounting Standard.

## THIRD SCHEDULE

Regulation 4(10)

### EDUCATIONAL INSTITUTIONS SPECIFIED FOR THE PURPOSES OF REGULATION 4(10)

1. Government schools within the meaning of the Education Act (Cap. 87).
2. Schools registered under the Education Act (Cap. 87) that are in receipt of grant-in-aid under the Education (Grant-in-Aid) Regulations (Cap. 87, Rg 3) and are exempt charities within the meaning of the Charities Act (Cap. 37) under the supervision of the Ministry of Education as Sector Administrator.

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 THIRD SCHEDULE — *continued*

3. Independent schools within the meaning of the Education Service Incentive Payment Act (Cap. 87B) that are charities registered under the Charities Act (Cap. 37) or exempt charities within the meaning of the Charities Act under the supervision of the Ministry of Education as Sector Administrator.

4. The following educational institutions:

- (a) Nanyang Technological University;
- (b) National University of Singapore;
- (c) Singapore Management University;
- (d) Singapore University of Technology and Design;
- (e) Singapore Institute of Technology.

## FOURTH SCHEDULE

Regulation 6

 REQUIREMENTS RELATING TO AUDIT AND EXAMINATION OF  
 STATEMENTS OF ACCOUNTS OF CERTAIN CLASSES OF CHARITIES

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Class of charity</i>	<i>Gross income or total expenditure</i>	<i>Requirements</i>
1. Charities, which are not institutions of a public character or companies	(a) Exceeding \$500,000	The accounts of the charity for the relevant year shall be audited by a public accountant.
	(b) Exceeding \$250,000 and less than or equal to \$500,000	The accounts of the charity for the relevant year shall, at the election of the governing board members, be — <ul style="list-style-type: none"> <li>(i) examined by an independent person who is a member of the Institute of Certified Public</li> </ul>

FOURTH SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Class of charity</i>	<i>Gross income or total expenditure</i>	<i>Requirements</i>
		Accountants of Singapore or who possesses the necessary qualifications to be a member of the Institute of Certified Public Accountants of Singapore; or
		(ii) audited by a public accountant.
	(c) \$250,000 or less	The accounts of the charity for the relevant year shall, at the election of the governing board members, be —
		(i) examined by an independent person who is reasonably believed by the governing board members to have the requisite ability and practical experience to carry out a competent examination of the accounts;
		(ii) examined by an independent person who is a

FOURTH SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Class of charity</i>	<i>Gross income or total expenditure</i>	<i>Requirements</i>
		<p>member of the Institute of Certified Public Accountants of Singapore or who possesses the necessary qualifications to be a member of the Institute of Certified Public Accountants of Singapore; or</p> <p>(iii) audited by a public accountant.</p>

*[S 489/2011]*

Made this 22nd day of June 2011.

CHAN HENG KEE  
*Permanent Secretary,*  
*Ministry of Community Development,*  
*Youth and Sports,*  
*Singapore.*

[MCYS 19-01-05V5; AG/LLRD/SL/37/2010/4 Vol. 1]

(To be presented to Parliament under section 48(4) of the Charities Act).