
STATUTORY BOARD FINANCIAL REPORTING STANDARD GUIDANCE NOTE 1

Accounting and Disclosure for Funds, Grants, Contributions to Consolidated Fund, Accumulated Surplus and Reserves

SB-FRS Guidance Note 1 *Accounting and Disclosure for Funds, Grants, Contributions to Consolidated Fund, Accumulated Surplus and Reserves* applies to Statutory Boards for annual periods beginning on or after 1 January 2027. Earlier application is permitted.

Comments to be received by 5 June 2025

This exposure draft on SB-FRS Guidance Note 1 *Accounting and Disclosure for Funds, Grants, Contributions to Consolidated Fund, Accumulated Surplus and Reserves* is issued by the Accountant-General's Department Technical Directorate for comments only and does not necessarily represent the views of the Directorate. The proposals may be modified in the light of the comments received before being issued as a Statutory Board Financial Reporting Standard Guidance Note.

Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, clearly explaining the problem and providing a suggestion for alternative wording with supporting reasoning.

Comments should be submitted in writing, so as to be received by **5 June 2025** preferably by email to AGD_ASSB_Feedback@agd.gov.sg or addressed to:

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Statutory Board Financial Reporting Standard Guidance Note 1 *Accounting and Disclosure for Funds, Grants, Contributions to Consolidated Fund, Accumulated Surplus and Reserves* is set out in paragraphs 1-25. All the paragraphs have equal authority. SB-FRS Guidance Notes are issued to standardise the accounting and disclosure requirements of Statutory Boards in specific areas and are to be complied with by Statutory Boards. These Guidance Notes rank behind SB-FRS and INT SB-FRS in terms of importance.

Statutory Board Financial Reporting Standard (SB-FRS) Guidance Note 1

Accounting and Disclosure for Funds, Grants, Contributions to Consolidated Fund, Accumulated Surplus and Reserves

Objective

1. The objective of this Guidance Note is to prescribe the additional accounting and disclosure requirements for funds, grants, contributions to Consolidated Fund, accumulated surplus and reserves.

Scope

2. **This Guidance Note shall be applied to all general purpose financial statements prepared and presented in accordance with Statutory Board Financial Reporting Standards (SB-FRS).**

Funds

Presentation of Funds

3. **To make the Statement of Comprehensive Income representative of the total results of the activities undertaken by the Statutory Board (SB), the operating results of all funds, of which the SB exercises control¹ over, are to be taken to the Statement of Comprehensive Income.**
4. The incomes and expenditures of all funds under the control of the SB are to be taken to the Statement of Comprehensive Income. This means that the surpluses/deficits of these funds would be merged with the surplus/deficit from the main activities of the SB to give an overall surplus/deficit. The accumulation of this overall surplus/deficit will form the accumulated surplus of the SB.
5. The accounting and disclosures for trust funds are dealt with in accordance with the requirements for trust funds as specified in Guidance Note 3 *Accounting and Disclosures for Trust Funds*. Annex A of SB-FRS Guidance Note 3 explains via a flowchart the differences between trust funds, designated funds and restricted funds.
6. Generally, all the activities of the SB should be reported in the Statement of Comprehensive Income.
7. However, a SB may have some funds which need to be separately disclosed:
 - (a) Funds created by law which specifically requires the results of the operations of the funds be separately accounted for e.g. Home Protection Fund of the CPF Board.

¹ SBs can refer to Paragraphs 4.22 – 4.28 of SB-FRS *Conceptual Framework* for further guidance on determining control

- (b) Funds received for specific purposes and for which separate disclosure is necessary as these funds are material² and there are legal or other restrictions on the ability of the SB to distribute or otherwise apply its funds.
8. Some examples of restrictions on the ability of the SB to distribute or otherwise apply its funds are, but not limited to:
 - (a) The SB is not able to use the funds for another project, but has to seek permission from the relevant authority prior to using the funds (typically the giver of the funds); or
 - (b) The SB is not able to use any excess funds remaining from one project for another project without seeking permission.
 9. A limitation placed on the type of recipient who can receive a fund / grant, by itself, should not affect the assessment of whether the fund / grant is a restricted fund.
 10. For funds which satisfy the criteria for separate disclosure, a SB shall determine whether to aggregate such funds together with one or more other restricted funds as a single group of funds based on the nature of the fund. A restricted fund can be combined with other restricted funds as a single group of funds only if they are similar in nature, i.e. fulfilling a similar purpose.
 11. In the Statement of Financial Position, the assets and liabilities of the various funds should be combined with other assets and liabilities supporting the accumulated surplus.
 12. For funds which satisfy the criteria for separate disclosure and aggregation, the incomes and expenditures of these funds shall be presented in the Statement of Comprehensive Income as a separate column with further details of their assets and liabilities in the notes to the accounts.
 13. As for the fund balances, the method of presentation will depend on whether the fund satisfies the criteria for separate disclosure.
 - a. If the criteria for separate disclosure are not satisfied, the balances in the various funds should be presented in the Statement of Financial Position as **ACCUMULATED SURPLUS**.
 - b. If the criteria for separate disclosure are satisfied, the presentation in the Statement of Financial Position should be as follows:

ACCUMULATED SURPLUS

General Funds
Restricted Funds

Other Guidelines on Funds

14. Purposes of and restrictions on the fund, sources of the fund and the basis of accounting for the fund should be disclosed in the notes to the accounts.

Grants and Capital Account

15. **SBs should follow SB-FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, when accounting for and disclosing grants from the Government. In addition, paragraphs 16 to 18 should also be complied with.** In particular, paragraph 18 removes the option permitted under paragraph 29 to 31 of SB-FRS 20 to present grant related to income net of the related expense.

² SBs shall refer to Paragraphs B1 – B5 of SB-FRS 118 *Presentation and Disclosure in Financial Statements* and SB-FRS Practice Statement 2 *Making Materiality Judgement* for guidance on materiality assessment.

16. **Government grants for the establishment of the SB should be taken to the Capital Account.**
17. **Capital grants for the purchase of non-depreciable assets that does not require the fulfilment of certain obligations described in Paragraph 18 of SB-FRS 20, including non-monetary grants at fair-value, e.g. freehold land should also be taken to the Capital Account.**
18. In the Statement of Comprehensive Income, government grant income shall be classified under the operating category, unless the grant is specifically identified by the grantor to defray expenses in other categories e.g. government grant for external bond interest repayment shall be classified under financing category. Government grant income shall be reflected as a separate item under the operating category after operating expenses to give a better indication of the extent to which the SB's operations are financed by Government grants.
19. The assets and liabilities, including those of a restricted nature (i.e. restricted funds), transferred from a dissolved SB to a newly formed SB should be taken to the Capital Account of the newly formed SB.

Contributions to Consolidated Fund

20. Under Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act 1989, SBs that are included in the Schedule are required to pay cash contributions to the Consolidated Fund if they generate accounting surpluses.
21. As these contributions to Consolidated Fund are made in lieu of income taxes, SBs shall classify such contributions under the income taxes category in the Statement of Comprehensive Income.

Accumulated Surplus and Reserves

22. In order to show clearly the exact nature and amount of the accumulated surplus and reserves held by a SB, the term 'accumulated surplus' should be used to denote unappropriated surplus (both restricted and unrestricted) built over the years.
23. Besides accumulated surpluses which are not designated for specific purposes, SBs can present the following types of funds or reserves in their Statement of Financial Position:
 - a. Reserves created in accordance with the SB-FRS, such as revaluation reserves when assets are revalued.
 - b. Restricted funds (refer to Paragraph 7).
 - c. Designated funds, which are funds earmarked by SBs within their general funds for specific purpose. The SBs have the power to re-designate such funds within their general funds. This is distinct from restricted funds which the SBs do not have the power to re-designate their use. Designated funds are not considered restricted funds (i.e. they are unrestricted funds).
24. SBs should not create funds or reserves unnecessarily in their financial statements. SBs also should not set aside provisions of liabilities unnecessarily, except in accordance with the SB-FRS.

Effective Date

25. This Guidance Note is operative for financial statements covering periods beginning on or after 1 January 2027. Earlier application is permitted. If a SB applies this Guidance Note for an earlier period, it shall disclose that fact.