

Benefits of adoption of Charities Accounting Standard (CAS)

A charity should adopt a financial reporting framework that is most suitable to its needs and operations. On an annual recurring basis, adoption of the CAS reporting framework will be simpler and yet provide better information to stakeholders. **The CAS provides a number of concessions as follows:**

- 1. CAS includes only provisions in the FRS that are relevant to charities.** As a result, governing board members and accounting personnel in charities would find CAS easier to understand and simpler to comply with.
- 2. CAS would have fewer revisions and additions of new requirements** as compared to the FRS which is continually revised and amended with new standards issued.
- 3. CAS has guidance to meet the accounting needs of charities.** E.g. It incorporates guidance on accounting for donations and account for separate funds. These provisions are helpful to assist charities to determine how such donations, as well as restricted and other funds, should be recorded and reported.
- 4. CAS also incorporates guidance on loans made by charities to other parties.** CAS requires disclosures of relevant information to enable stakeholders to understand the terms of these loans. To make it simpler for charities, loans do not need to be recorded at amortised cost using the effective interest method as required by FRS.
- 5. CAS increases transparency and accountability in financial reporting by requiring the presentation of the SOFA.** This provides a complete and summarised picture of a charity's incoming resources and how it applied its resources in all its various funds.
- 6. There are provisions in CAS on disclosures and presentation of restricted funds which would provide greater transparency and accountability in the financial statements.**