

NEW MEASURES TO ENCOURAGE PROMPT HOLDING OF ANNUAL GENERAL MEETING, TABLING OF CURRENT FINANCIAL STATEMENTS AND TIMELY FILING OF ANNUAL RETURNS

As the regulator of companies and custodian of the corporate registers, the Accounting and Corporate Regulatory Authority (ACRA) plays a crucial role in ensuring that the relevant and essential corporate and financial information required to be disclosed are disclosed promptly and accurately. Amongst other things, ACRA diligently enforces the requirements relating to the holding of the Annual General Meeting (AGM), the tabling of up-to-date financial statements and the filing of the Annual Return (AR) due to the importance these processes play in corporate governance.

The AGM offers the shareholders or members the opportunity to review the performance of the company and its directors, and plays an important role in ensuring disclosure, accountability and transparency in the company. Similarly with the AR, which requires the companies to validate the accuracy of pertinent information on the company and its officers, which is in turn made available publicly by ACRA, together with the financials if filed, for the benefit of other stakeholders. Such prompt public disclosures will ultimately support the drive to make Singapore the trusted and best place for business.

In our dialogue session with Professional Bodies¹ on 28 October 2009, we announced the introduction of several new measures to further strengthen our regulatory regime. ACRA is pleased to announce the following three initiatives which will be launched shortly:

- a) “Colour-coded Compliance Rating” and “Certificate of Compliance” to reward locally incorporated companies with good practices by publicly acknowledging their promptness through the directory search and the issuance of a Certificate of Compliance;
- b) Issuance of “End of Financial Year Reminder” to provide an earlier alert to companies of the requirement to table up-to-date financial statements and to hold AGM timely with our new End of Financial Year (FY) Reminder, and
- c) “Shortening of the Extension of Time” which will reduce the maximum allowable period for extension of time to hold AGM from 3 months to 2 months.

1. *Professional Bodies in attendance:*

Association of Banks in Singapore (ABS), Association of Chartered Certified Accountants (ACCA), Association of Small and Medium Enterprise (ASME), Chartered Institute of Management Accountants, Singapore Branch (CIMA), CPA Australia, Institute of Certified Public Accountants of Singapore (ICPAS), Institute of Company Accountants Singapore (ICOMA), Investment Management Association of Singapore (IMAS), Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA), Singapore Business Federation (SBF), The Association of International Accountants, Singapore Branch (AIA), The Law Society of Singapore (LawSoc)

Compliance Rating and Certificate of Compliance

ACRA's online Business Directory Search has been enhanced to include a colour-coded compliance rating for locally incorporated companies to denote whether a company is in compliance with the AGM (including the tabling of up-to-date financial statements) and AR requirements. Compliant companies will be given a green tick, while non-compliant ones will have a red cross rating. Companies with a green tick will also be conferred a Certificate of Compliance. A fee of \$15 is payable for the Certificate. However for a period of 6 months, we will waive the fee payable for the Certificate. To prevent fraud, validation of the Certificate of Compliance will be made available online free of charge.

End of FY Reminder

This new reminder notice will be sent to all private limited and non-listed public companies immediately after the close of the company's financial year end, to reinforce the requirement to hold its AGM and to lay its financial statements which must not be more than 6 months old, a requirement under section 201 of the Companies Act. The reminder will be sent based on the last financial year end disclosed to ACRA in its filings. This new reminder will gradually replace our current reminder notice which is sent to remind directors to hold AGM one month before the due date for holding the company's AGM under section 175. Section 175 of the Act requires every company to hold an AGM within 18 months from the date of its incorporation, and thereafter, in every calendar year, and not more than 15 months from the date of its preceding AGM.

Shorter Extension of Time for holding AGM and laying of financial statements at AGM

ACRA will reduce the maximum period for application for extension of time from 3 months to 2 months. This is to achieve a more timely filing and for the financial statements to be of value when tabled at AGM or filed with ACRA. Granting a maximum of 3 months would mean that the financial statements would be outdated by 9 months when presented at AGM (for private limited and a non-listed public company) or 10 months by the time the AR is filed.

The initiatives on Colour-coded Compliance Ratings and Certificate of Compliance are targeted to be launched on 24 April 2010. Ahead of our targeted official launch, we would like to take this opportunity to invite all our professional partners to assist us in disseminating the information on our new initiatives to their members to enable them to advise their clients accordingly.


The initiatives on issuance of "End of Financial Year Reminder" will roll out on 3 May 2010 whilst the "Shortening of the Extension of Time" will be implemented on 1 July 2010.

Please refer to Annex A for details on each of the initiatives and Annex B for a list of frequently asked questions on Colour-coded Compliance Rating and Certificate of Compliance.

For enquiries or feedback, please visit ACRA's interactive web service at <http://www.acra.gov.sg/askacra> and select the category "Compliance". Alternatively, you may contact our ACRA Helpdesk at Tel: 6248 6028.

Ms Juthika Ramanathan

Chief Executive, Accounting and Corporate Regulatory Authority (ACRA)

Colour-coded Compliance Rating and Certificate of Compliance																																			
Purpose	<p>To provide recognition to companies that are in compliance and to enable them to use their good track record for brand equity purposes – prompt disclosure and good compliance translate to good corporate governance.</p> <p>To serve as an incentive for those not in compliance to strive to do better and be on time in their next Annual General Meeting (AGM) and Annual Return (AR) filing.</p> <p>To provide <u>for better transparency</u> to the relevant companies' stakeholders such as shareholders, creditors, financial institutions by publicising the filing records of the company. This could also assist them in making better informed decisions when dealing with the company concerned.</p>																																		
How it works	<p>ACRA's Directory of Registered Entities search service has been enhanced to incorporate a new colour-coded compliance rating, to indicate if a company has been in compliance with the requirements.</p> <p>Companies which are in compliance will be given a green tick (✓) rating while companies which are non-compliant will be given a red cross (✗) rating.</p> <div data-bbox="354 1050 1442 1638" style="border: 1px solid #ccc; padding: 10px;">  <p>Directory of Registered Entities</p> <p>Search Result</p> <p>Entity Information</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Search By</td> <td>Entity Name</td> </tr> <tr> <td>Search Details :</td> <td>123ABC (Starting-with)</td> </tr> </table> <p>Search found <19> matches Displaying Page <1> of <1></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 5%;">S/No.</th> <th style="width: 15%;">Registration No. <small>Click below hyperlink to buy entity information.</small></th> <th style="width: 25%;">Entity Name</th> <th style="width: 15%;">Partial Address</th> <th style="width: 10%;">Status [?]</th> <th style="width: 30%;">Compliance [?] Rating for Annual Filing <small>Click on flag for details of compliance record</small></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>200711234A</td> <td>12345ABCDEF PTE. LTD.</td> <td>TEMASEK BOULEVARD</td> <td>Live</td> <td>✗</td> </tr> <tr> <td>2</td> <td>200711234H</td> <td>GHIJKLMNOP PTE. LTD.</td> <td>CECIL STREET</td> <td>Live</td> <td>✗</td> </tr> <tr> <td>3</td> <td>200811234B</td> <td>1234567890 PTE. LTD.</td> <td>TEMASEK BOULEVARD</td> <td>Live</td> <td>✓</td> </tr> <tr> <td>4</td> <td>200511234R</td> <td>STUVWXYZ PTE. LTD.</td> <td>TEMASEK BOULEVARD</td> <td>In liquidation - Creditors' voluntary winding up</td> <td>-</td> </tr> </tbody> </table> </div> <p>Companies which are given a green tick will be issued with a Certificate of Compliance. A fee of \$15 is payable for the Certificate. However for a period of 6 months, we will waive the fee payable for the Certificate. Validation of the Certificate of Compliance, to prevent forgery, will also be made available online free of charge.</p>	Search By	Entity Name	Search Details :	123ABC (Starting-with)	S/No.	Registration No. <small>Click below hyperlink to buy entity information.</small>	Entity Name	Partial Address	Status [?]	Compliance [?] Rating for Annual Filing <small>Click on flag for details of compliance record</small>	1	200711234A	12345ABCDEF PTE. LTD.	TEMASEK BOULEVARD	Live	✗	2	200711234H	GHIJKLMNOP PTE. LTD.	CECIL STREET	Live	✗	3	200811234B	1234567890 PTE. LTD.	TEMASEK BOULEVARD	Live	✓	4	200511234R	STUVWXYZ PTE. LTD.	TEMASEK BOULEVARD	In liquidation - Creditors' voluntary winding up	-
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End of Financial Year (FY) Reminder	
Purpose	Starting from 3 May 2010, a new reminder notice will be sent to all private limited and non-listed public companies immediately after the close of the company's FY.
Improvements made	<p>Currently a reminder notice is sent after the close of the company's FY but one month before the due date for holding the AGM. As such companies are statutorily required to prepare their financial statements and table them no later than 6 months after the close of the FY. Some companies tend to overlook having their financial statements prepared early and breached the above statutory requirement when they table outdated financial statements at the AGM.</p> <p>This new notice, send immediately after the closing of the company's FY, will remind the company of the need to prepare the financial statements early to enable it to comply with the above requirements.</p>

Shorter Extension of Time for holding AGM and laying of Financial Statements at AGM	
Purpose	To reduce the maximum period for application for extension of time from three months to two months, to ensure that financial statements lodged are not outdated.
Improvements made	<p>Currently, companies can apply for extension of time of up to three months to hold their AGM. Such extension will result in the financial statements being tabled between 7 to 9 months after the end of the financial year and when filed with the AR, between 8 to 10 months old and of little or no value to stakeholders.</p> <p>With effect from 1 July 2010, ACRA would allow an extension of up to two months only to enable up-to-date financial statements to be tabled at the AGM and made available to stakeholders upon them being filed.</p>

FAQs on Colour-coded Compliance Rating

1) Where can I check the compliance rating for my company?

You can do so at ACRA's Directory of Registered Entities search service at www.acra.gov.sg under "Quick Links", "Directory Search" and "Registered Business Entities".

2) What is the purpose of providing colour-coded compliance rating?

The rating immediately tells the reader whether a company is up-to-date with the holding of its Annual General Meeting (AGM) with up-to-date financial statements and filing of its Annual Return (AR).

As an added service, with the ratings, ACRA will also provide the date by which the company must hold its next AGM to table up-to-date financial statements to be in compliance.

3) Why is the colour-coded compliance rating introduced?

- To provide recognition to companies that are in compliance and to enable them to use their good track record for brand equity purposes – prompt disclosure and good compliance translate to good corporate governance.
- To serve as an incentive for those not in compliance to strive to do better and be on time in their next AGM and annual filing.
- To provide for better transparency to the relevant companies' stakeholders such as shareholders, creditors, financial institutions by publicising the filing records of the company. This could also assist them in making better informed decisions when dealing with the company concerned.

4) What are the factors that ACRA considers in assessing the compliance of a company?

The factors for assessing the compliance are based on 3 statutory requirements (under the Companies Act) namely the (1) timely holding of AGM, (2) laying of up to date financial statements at AGM and (3) timely filing of AR.

The specific requirement which is not in compliance will be highlighted in red. For example, if the AGM was held late, the date of the last AGM will be reflected in red.

5) Why is the rating on AGM and filing of AR important?

Holding of AGM is important as it is the platform in which members / shareholders can gauge the management's performance, review the financials and appoint management team for the next financial year. Through this rating, stakeholders will also be put on notice and spur them to do more due diligence checks in appropriate cases. Prompt AR filing ensures disclosure of company's performance to stakeholders.

6) How is the compliance status tracked?

Tracking of compliance status is based on real-time information, at the point of request. The status is updated within 1 hour of filing of the AR.

7) What are the types of entities involved in the compliance rating?

"Live" locally incorporated companies are involved in the rating exercise. Thus, entities under the categories listed below are not involved. Their compliance status will be indicated as a "-":


- Limited Partnerships
- Limited Liability Partnerships
- Business Entities ie sole proprietors and partnerships
- Foreign Companies
- Public Accounting Firms


Local companies with the following statuses listed below will not be given a compliance rating. Their compliance rating will be displayed as a "-":

- Companies In The Process Of Being Struck Off
- Struck Off
- In Liquidation - Members' Voluntary Winding Up
- In Liquidation - Creditors' Voluntary Winding Up
- In Liquidation - Compulsory Winding Up (Insolvency)
- In Liquidation - Compulsory Winding Up
- Dissolved - Members' Voluntary Winding Up
- Dissolved - Creditors' Voluntary Winding Up
- Dissolved - Compulsory Winding Up (Insolvency)
- Dissolved - Compulsory Winding Up
- Dissolved - Pursuant To Section 212(1)(D) Of The Companies Act
- Converted To LLP
- Amalgamated

8) The compliance rating for Company X was  last week. Why is it  now?

The system is continuously tracking the compliance status of companies. At the time of accessing the information, if the company is in breach of any of the provisions under section 175, 197 or 201 of the Companies Act, Cap. 50 or the company's status has changed, the colour coding will change accordingly to reflect the correct compliance status of the company.


For example, as at 20 August 2009, ABC Company Private Limited is due to hold its AGM by 25 August 2009 and to lay its financial statements made up to 30 June 2009. The company is still in compliance and the rating is .


However, if a check is made on ABC Company Private Limited on 27 September 2009 and if the company then held its AGM on 24 August 2009 but has not filed its AR by then, the company would have breached the provision under section 197 of the Companies Act and the company's compliance rating is a .

9) If the compliance rating for my company is now , what can I do to bring the compliance rating to  ?

The director(s) of the company should ensure that the company complies with the following requirements:

- to hold its AGM once in every calendar year and not more than 15 months after the last preceding AGM (section 175). For a new company, the period is 18 months after date of incorporation.
- to lay before the members/shareholders the financial statements that is not more than 6 months old at the date of the meeting (section 201). For a public listed company the financial statements must not be more than 4 months old at the date of the meeting.
- to file its AR within 1 month from the date of the AGM (section 197).

For example, ABC Company Private Limited only held its AGM on 1 September 2009 when the AGM was due on 25 August 2009 (section 175). Even though the company may have presented an up-to-date financial statements at the AGM and filed the AR on time, the company had in fact breached section 175 of the Companies Act and its compliance rating is a .

In order to achieve a compliance rating of , the company must hold its AGM on or before the next due date, present an up-to-date financial statements at the AGM and file the AR within one month after holding its AGM in the following year.

10) Where do I get more information on these initiatives?

For detailed information, you may visit our website at www.acra.gov.sg/compliance. For enquiries, you may use our interactive web service, Ask ACRA, at www.acra.gov.sg/askacra (select the category “Compliance”) or call our Helpdesk at 6248 6028.

FAQs on Certificate of Compliance

1) What is the purpose of awarding the Certificate of Compliance?

As with the Colour-coded Compliance Rating:

- To provide recognition to companies that are in compliance and to enable them to use their good track record for brand equity purposes – prompt disclosure and good compliance translate to good corporate governance.
- To serve as an incentive for those not in compliance to strive to do better and be on time in their next AGM and annual filing.

2) Who is eligible for the Certificate of Compliance?

Entities involved in the Colour-coded Compliance Rating and that had received a green tick are eligible for the Certificate.

3) Where can I obtain the Certificate of Compliance?

You will need to perform a directory search via ACRA's Directory of Registered Entities search service at www.acra.gov.sg under "Quick Links", "Directory Search" and "Registered Business Entities".

From the directory search result, you will be able to know whether the company is in compliance through the green tick or red cross marked against the company's name. If a green tick is shown, click on it and you will be directed to the compliance record of the company where an icon is displayed under the heading "Certificate of Compliance".

Upon clicking on the icon, you will be prompted to provide your particulars to request for the certificate. A system-generated email with a link to the certificate will be sent to you within 30 minutes from the point of request.

4) How do I know if a Certificate of Compliance presented by a third party is valid?

You can do a validation of the Certificate presented to you via our Certificate of Compliance Validation Service, available at www.acra.gov.sg under “Quick Links”, “Directory Search” and “Certificate of Compliance Validation Service”.

You will be required to enter the company’s registration number and certificate number in the mandatory fields indicated. If the certificate is valid, a message will be displayed to confirm that the certificate is still valid. You can also request for a copy of the Certificate, if needed.

5) What can I do to confirm that the validation result is correct?

You can do a fresh search on the entity via our Directory of Registered Entities search service to confirm the latest compliance status of the company.

6) Is the Certificate of Compliance awarded based on the compliance status of the company’s last financial year or the company’s compliance status over a period of time (e.g. compliance with Annual filing over the past 3 years)?

The Certificate is awarded based on the company’s compliance status for the last financial year and it is only valid for the particular financial year that the company is compliant.

7) Does ACRA check through the lodgment records to ensure that the documents submitted by the “compliant” companies, are correct & complete? If not, what will happen to the compliance rating of the company if a member of the public reports to ACRA that information provided in the company’s AR is incomplete / inaccurate?

The compliance rating is displayed on the assumption that all filings and declarations made to ACRA are true and accurate.

The issuance of the Certificate is based on the dates as stated in the AR lodged. If ACRA receives notification from the public that information provided in a company’s AR is incomplete / inaccurate, we will conduct investigations, and take the necessary action. We will also amend the rating if necessary.

8) Where do I get more information on these initiatives?

For detailed information, you may visit our website at www.acra.gov.sg/compliance. For enquiries, you may use our interactive web service, Ask ACRA, at www.acra.gov.sg/askacra (select the category “Compliance”) or call our Helpdesk at 6248 6028.