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Guide to Continuing Obligations of a Private Limited Company in Singapore

A company, once after registration with ACRA, has to comply with the filing requirements set forth by the Singapore Companies Act (Singapore laws chapter 50) and Income Tax Act (Singapore laws chapter 134). These requirements include holding of Annual General Meeting, appointment of directors and company secretary, filing of annual return and filing of tax return etc.

We set out below some brief notes on the continuing obligations of a Singapore company for your information.

1. First Board Resolutions

The first meeting of the board of directors should preferably be held within one month from the date of incorporation. At this meeting, the appointment of the first directors and company secretary of the Company will be confirmed and the common seal, share certificates and statutory books adopted.

The agent who helps you register your Singaporean company will normally prepare the minutes of first board meeting or a written resolution confirming above for you. If the documents handed over to you by your agent do not include that document, you should request your agent to prepare that for you.

2. Changes in Particulars of Officers of the Company

Any appointment, resignation or dismissal of any director, principal manager or secretary of the Company, or change in their residential addresses or identity card or passport numbers has to be notified to ACRA within one month from the date of the change. As such, we will be grateful if you could let us know of any changes as soon as possible in order that we may proceed to lodge the relevant forms with the ACRA within the statutory time frame.

3. Accounting Records

Every company, its directors and managers must keep sufficient accounting and other records to explain the transactions and financial position of the company and to enable accurate profit and loss account and balance sheet to be prepared from time to time. These records must be kept in such manner as to enable them to be conveniently and properly audited each year.

4. Appointment of Auditor

The directors must appoint an Auditor (who must be a public accountant registered under the Accountants Act 2004) within 3 months from the date of incorporation of the company. However, with effect from 1 April 2004, a company will be exempt from appointing auditors if it is dormant or is an exempt private company with a turnover of less than SGD5 million.

5. Audited Accounts

(1) General Requirements

The Directors must also fix the financial year of the Company. Directors' Resolutions in Writing must be passed once the auditors and financial year-end have been confirmed. Please note that the audited statements of the accounts of the Company (not more than 6 months old) and the directors' report must be presented at the Company's Annual General Meeting (unless it is dormant or is a private exempt company with a turnover of less than \$5 million).

(2) Dormant Companies

Section 205B of the Companies Act (the "Act") exempts a company from the audit requirement if:

- (i) the company has been dormant from the time of its formation; or
- (ii) the company has been dormant since the end of the previous financial year.

A company is dormant during a period in which no accounting transaction occurs and ceases to be dormant on the occurrence of such a transaction. However, for the purpose of determining whether a company is dormant or not, the following will be considered disregarded transactions of a company:

- ❖ the taking of shares in the company by a subscriber to the memorandum in pursuance of an undertaking of his in the memorandum;
- ❖ the appointment of a secretary of the company;
- ❖ the appointment of an auditor;
- ❖ the maintenance of a registered office;
- ❖ the keeping of registers and books;
- ❖ the payment of any fee, fine or default penalty to the Registrar; or
- ❖ such other matters as may be prescribed.

(3) Exempt Private Company

An “exempt private company” means:

- (i) a private company in the shares of which no beneficial interest is held directly or indirectly by any corporation and which has not more than 20 members; or
- (ii) any private company, being a private company that is wholly owned by the Government, which the Minister, in the national interest, declares by notification in the Gazette to be an exempt private company.

An exempt private company is exempt from audit requirements in respect of a financial year if its revenue in that year does not exceed S\$5 million.

6. Requirement to Lodge Annual Return

- (1) Every company must lodge an annual return with the Registrar within a month of its annual general meeting which, in turn, must be held no later than 18 months from the date of incorporation (in respect of the company’s first annual general meeting), or 15 months from the date of the last annual general meeting. The accounts laid at the annual general meeting must further be not more than six months old.

- (2) The Registrar may, upon application, extend the 18 months, 15 months and/or six months referred to above.
- (3) A dormant or exempt private company may lodge:
 - (i) its unaudited profit and loss accounts and balance-sheet, or consolidated accounts and balance-sheet (please note that these unaudited financial statements must comply with the Accounting Standards or Financial Reporting Standards, as prescribed by the Companies Act); and
 - (ii) a statement by the directors:
 - (a) that the company is a company that is referred to in Section 205B as at the end of the financial year;
 - (b) that no notice has been received under section 205B(6) of the Act requiring the company to obtain an audit of its accounts for that year; and
 - (c) as to whether the accounting and other records required by the Act to be kept by the company have been kept in accordance with section 199 of the Act.

7. Annual General Meeting

A general meeting of every company must, in addition to any other meeting, be held once in every calendar year at which the audited accounts are to be tabled. There should not be a period of more than 15 months between Annual General Meetings. The Company's first Annual General Meeting must be held within 18 months of its incorporation (subject always however to the rule that the audited statement of accounts of the Company and the directors' report presented at the Annual General Meeting must not be more than 6 months old).

Please note that an Annual General Meeting must be a physical meeting of the Shareholders, to which meeting, the Company's auditors must also be invited. However, a private company may, by a unanimous resolution of members, dispense with the holding of an Annual General Meeting.

8. Register of Charges

Every company must keep, at its registered office, a register of charges/mortgages together with the instrument creating the registrable charge or a copy thereof. This however does not exclude any charges which are not subject to registration under Section 131 of the Companies Act as the information will be needed for the preparation of the annual return for submission to ACRA. A fine not exceeding SGD2,000 and a default penalty will be imposed on the company and every officer in default of complying with the provision.

9. Opening of Bank Account

A bank should be appointed and signatures to cheques designated as soon as possible. Kaizen can assist you by procuring the necessary application forms for the opening of a corporate current account and preparing the relevant resolutions once you have decided on the bank which you wish to appoint.

Please note that it is not a compulsory requirement that the bank account has to open in Singapore. It is the sole discretion of the director or board of directors to decide where to open the bank account and the number of bank accounts to be opened.

The matters set out above are not exhaustive. Should you have any questions regarding above or if we can be of any services, please call us or send email to us at enquiries@bycpa.com.