



NEW FRAMEWORK UNDER COMPANIES (AMENDMENT) ACT FOR THE REVISION OF DEFECTIVE FINANCIAL STATEMENTS EFFECTIVE FROM 20 APRIL 2018

Section 121 of the Companies (Amendment) Act 2014 which introduces new sections 202A and 202B of the Companies Act took effect on 20 April 2018. Concurrently, the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance Sheet) Regulations 2018 has been issued to operationalise sections 202A and 202B on the same date.

Under section 202A and 202B of the Companies Act:

- Directors of a company may voluntarily revise the company's financial statements in respect of any financial year of the company without the need to obtain a court order. This allows the directors to correct errors at an earlier opportunity than otherwise discovered at a later stage.
- Any revision carried out must be confined to those aspects in which the financial statements did not comply with the requirements of the Companies Act (including compliance with Accounting Standards) and any necessary consequential revisions.
- Under such circumstances:
 - a. The revised financial statements are to be taken as having been prepared on the date of the original financial statements and accordingly, do not deal with events occurring after the date of the original financial statements.
 - b. The requirements of the Accounting Standards that were applied in the original financial statements will continue to be applied in the revised financial statements.

- c. Relief from requirements granted by the Registrar on the original financial statements do not automatically apply to the revised financial statements and new directors' statements. New application must therefore be made.
- d. A new directors' statement and amended auditor's report must be attached to the revised financial statements and are sent to all persons who had received the original financial statements and all persons entitled to receive the notice of general meeting as at the date of revision, within 30 days after the date of revision.
- e. The revised financial statements must be filed with the Registrar within 30 days after the date of revision and must be laid at the next general meeting held after the date of revision.

These changes would provide more impact to the Financial Reporting Surveillance Programme administered by ACRA where selected financial statements of Singapore incorporated companies are reviewed for compliance with the Accounting Standards and Companies Act requirements. When non-compliance is found, directors are requested to remedy it on a timely basis. This facilitates giving investors and other stakeholders a timely and accurate picture of a company's financial position.

If you wish to understand more on the above, please feel free to approach:

Ms. Lim Soh Yen - Email: sohyen.lim@acutus-ca.com

Ms Yan Yun Ha - Email: yunha.yan@acutus-ca.com

DISCLAIMER: This article is issued exclusively for the general information of clients and staff of Acutus. The material should not be relied upon without appropriate professional advice. Acutus will not be liable for any loss or damage arising out of or in connection with the material contained in this publication.

© May 2018. This article is contributed by Acutus LLP. All rights reserved.