

SINGAPORE ACCOUNTING

A night-time photograph of Singapore's skyline. The Marina Bay Sands hotel is prominent on the left, with its three towers and skybridge illuminated. In the foreground on the right, the Merlion statue is lit up, with water spraying from its mouth. The sky is a deep blue with some clouds, and the water in the bay reflects the lights.

An Accounting Overview for
Companies Incorporated in
Singapore.

1. Preface

In today's globalized world, comparable, transparent, and unswerving financial information is vital for the smooth functioning of global capital markets. Therefore, the need for comparable standards of financial reporting has become principal because of the dramatic growth in the number, influence, and magnitude of multinational corporations, foreign direct investments, cross-border purchases and sales of securities.

The Ministry of Finance of the Singapore Government heads the Accounting and Corporate Regulatory Authority (ACRA) formed under the accounting and regulatory act. Business entities, public accountants and corporate service providers fall under the purview of ACRA, which acts as a facilitator. It also plays the role of facilitator to provide guidance to business entities and accounting professionals.

2. What are the Compliances required?

2.1 Accounting Compliance

- It is Mandatory for all companies to prepare year-end Financial Statements that contains a summary of all the financial activities during the accounting year.
- In Singapore, all accounting functions should comply with Singapore Financial Reporting Standards (SFRS). The International Financial Reporting Standards (IFRS) act as the foundation for SFRS.
- However, it only mandates larger companies to submit audited financial statements as part of their Annual Return submission.
- ACRA offers flexibility to Small Entities or new businesses as they have the option to follow SFRS SE which provides ease to smaller businesses from the applicability of the entire SFRS.

2.2 AGM Compliance

An AGM is a mandatory annual meeting where the financial statements of the company are presented before the shareholders to give a clear report on the financial position of the business.

The following are the Rules of AGM that apply to Private listed companies:

- Companies must hold the first AGM within the first 18 months after incorporation
- No more than 15 months can elapse between AGMs

2. What are the Compliances Conti...

- All accounts must be updated no more than 6 months before an AGM
- AGMs can be held outside of Singapore.

3. Applicability & Eligibility for SFRS

3.1. Applicability of SFRS for Small Entities

An entity is eligible to use SFRS for Small Entities if:

- It is not Publicly Accountable
- It publishes General Purpose Financial Statements for external users; and
- It is a small entity

3.2. Applicability of SFRS (International)

SFRS(I)s shall be applicable to Singapore-Incorporated companies that meets one of the following criteria:

- Its debt or equity instruments are traded in a public market in Singapore; or
- It is in the process of listing its debt or equity instruments for trading in a public market in Singapore.



4. Non-Compliance

Annual Return Filing Breaches

The company director integrated under the Companies Act must abide with the statutory requirements under the Act. The statutory requirements directors must comply with are as under:

Section 175, it calls for the company to have an Annual General Meeting (AGM). Once the financial year ends, a listed company must hold its Annual General Meeting within the 4 months of the FYE. For other companies the AGM is to be held within 6 months after the financial year. Private companies need not hold an AGM if they abide by the criteria based on section 175A.

As per Section 197, a company is required to file its annual returns (AR) within 5 months after the financial year-end (FYE). A 7 month time period is provided for all other companies. Annual Returns (AR) are required to be filed 6 months prior to the FYE for a listed company or within 8 months after the FYE if the company is not in the list.

Non-Compliance can lead to the following repercussions:

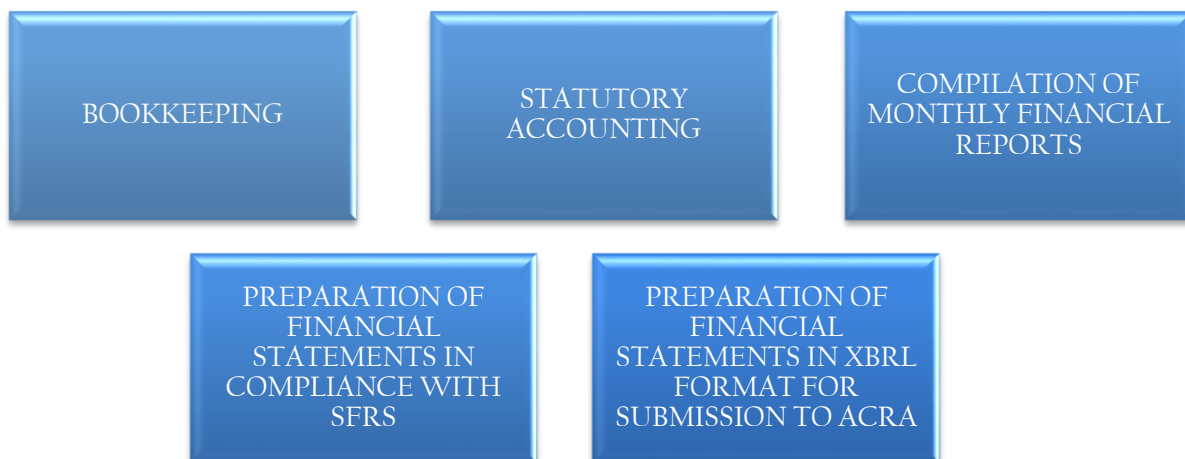
- **Mandated by law** – All registered companies must abide by the law in following statutory regulations and follow them.
- **Audits** – Non-compliance also attracts unnecessary inspection and audits that lead to waste of money and time.
- **Financial penalties** – Not adhering to statutory compliance leads to the imposition of fines and the indirect losses of organizations.
- **Market reputation** – If the company has to pay fines and be imprisoned, it can ruin a company's brand name in the market.
- **Imprisonment** – A bad case of non-compliance could lead to the imprisonment of the CEO/Board members/Directors.
- **Company will be forced to shut down** – If the company shows severe non-compliance, authorities can ask the company to shut down and stop operations.

5. Who are the Users of the Financial Reports?

- The statements provide financial information regarding cash flow, financial position and performance to a range of users.
- They use financial statements to make informed decisions as per their requirements.
- The users of such financial statements are mainly present and potential investors, government and their agencies, lenders, customers, suppliers, trade creditors, etc.

6. Accounting Functions Required

There are a few accounting functions and services that you may require which are unique to Singapore, some of which includes Conversion of financial statements to Extensible Business Language (XBRL) format and GST computation. The other such functions and services are as follows:





Our team of Professionals would gladly assist you with in-depth information for the aforementioned functions and services.

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