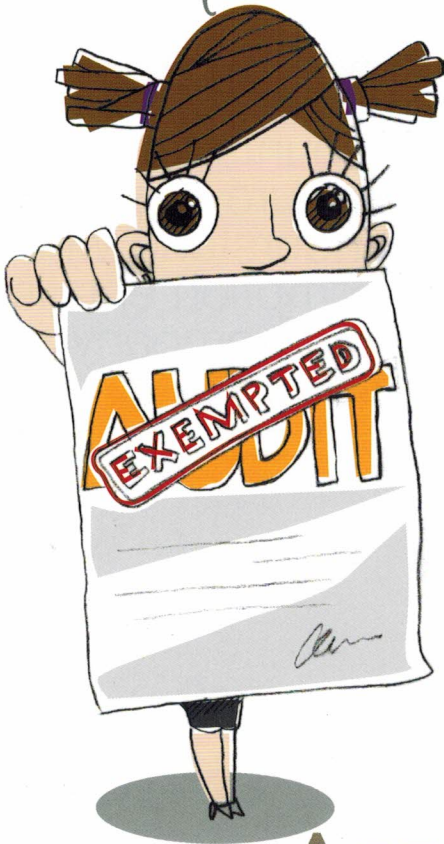


AUDIT EXEMPTION

for Small
Companies
and Dormant
Companies



ACRA

ACCOUNTING AND CORPORATE
REGULATORY AUTHORITY

Small exempt private companies (EPC) and dormant companies are exempted from having their accounts audited. This brochure helps you better understand what audit exemption entails and if your company is eligible for it.

What does audit exemption mean?

If your company meets the criteria for audit exemption, it does not need to:

- Have its profit and loss accounts, or consolidated accounts and balance sheet, audited by an approved company auditor.
- Provide members of the company with copies of the auditor's report. However, the law under Section 203 of the Companies Act relating to the right of members to be furnished with the accounts continues to apply.
- Present copies of the auditor's report at the Annual General Meeting.

Which companies are exempted from having their accounts audited?

Your company qualifies for the exemption if it is:

- An Exempt Private Company (EPC) with revenue not more than S\$5 million for the financial year starting on or after 1 June 2004.
- An EPC with revenue not more than S\$2.5 million for the financial year starting on or after 15 May 2003 but before 1 June 2004.
- Any company, including an EPC, which is dormant for the financial year starting on or after 15 May 2003.

Important Note

Small EPC and dormant companies are still required to lodge their Annual Return (AR) with ACRA within the period prescribed under Section 197 of the Companies Act. For more information on filing Annual Returns, please refer to the relevant brochure or visit the ACRA website at www.acra.gov.sg and click on "Filing Annual Returns of a Local Company".

What is an Exempt Private Company (EPC)?

An Exempt Private Company (EPC) has 20 or fewer shareholders and its shares are not held by any corporation as defined under Section 4(1) of the Companies Act. The Minister can also gazette a company as an EPC.

When is a company considered dormant?

A company is considered dormant during a period in which no accounting transaction occurs.

Its status is NOT affected by the following transactions:

- The appointment of a secretary.
- The appointment of an auditor.
- The maintenance of a registered office.
- The keeping of registers and books.
- The payment of fees, fines or default penalties of any amount to the Registrar (ACRA).
- The taking of shares in the company by a subscriber to the memorandum in pursuance of an undertaking of his in the memorandum.

Am I required to file Annual Return for an EPC?

An EPC is required to file its Annual Return. If the EPC is insolvent (ie. unable to meet its debts when they fall due), you have to lodge its financial statements with the Registrar. In the case of a solvent (ie. able to meet its debts when they fall due) EPC, you have to complete an online declaration of solvency.

Do note that:

- You need not attach the PDF formats of the EPC certificate or the Statement by EPC when making the transactions. The relevant declarations will be displayed in the Annual Return e-form once you select your company type correctly.
- Professional firms filing Annual Returns on behalf of their clients may continue to require the hardcopy certificates from directors as evidence of compliance, and keep these for their own record purposes.

Am I required to file Annual Return if my company is dormant?

You are required to file Annual Return for a dormant company, but need not attach the Statement by Dormant Companies (in PDF format). The appropriate online declarations will be displayed in the Annual Return e-form once you select your company type correctly.

Frequently Asked Questions

Q: Are there instances when I am required to have my accounts audited even if my company fulfills the criteria for audit exemption?

A: The Registrar may require you to submit audited accounts and the auditor's report to ACRA if:

- There is a suspected breach of Section 199 (relating to accounting records and system of control) and Section 201 (relating to the accounts and director's reports) of the Companies Act.
- It is in the public interest to do so.

Q: Does the audit exemption ruling apply to a foreign company?

A: No, only Singapore-incorporated private companies may be exempted.

Related Brochures

- Filing Annual Returns of A Local Company
- How to Do Online Filing