



## CONFERENCE DEBATES FUTURE OF THE PUBLIC ACCOUNTANCY SECTOR [read more...](#)

### FEATURES



#### ACRA meets the Top 10 Filers

Public consultation in action! ACRA officers literally walked the talk when they visited the offices of the top ten filers to get their feedback on the current and upcoming New Generation BizFile system as well as ACRA's customer services. [>> read more](#)



#### A Closer Look at Limited Partnerships (LPs)

The Limited Partnerships Act (LPA) came into force on 4 May 2009. As at 31 July 2012, there were 161 limited partnerships (LPs) registered with ACRA. This article looks at some considerations behind enacting the LPA and highlights some key features of LPs. [>> read more](#)



#### ACRA Launches New All-In-One Business and Financial Profiling Product - Corporate Compliance and Financial Profile

Introducing a new business information product from ACRA - an all-in-one electronic report to gauge the compliance status and financial health of a company. [>> read more](#)



#### Getting it right from the start

Public accountants need to "get it right from the start" to enhance the quality of audit work and raise productivity. This was the key message of the Sixth Practice Monitoring Programme Public Report (PMP Report) issued at ACRA's Public Accountants Conference held on 16 August 2012.

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#### Achieving better quality control for audit firms

ACRA has recently issued the first and second of a four part series of Audit Practice Bulletins (APB). This is to help audit firms in the implementation of the system of quality control in each of the six overlapping Singapore Standard on Quality Control (SSQC) 1 elements. This article lists the key points of the APB and explains the link between this series of APBs and the on-going review of the Accountants Act. [>> read more](#)



#### Taking Stock of Stakeholder and Customer Expectations.

Of late, public engagement seems to be the latest buzzword. Here at ACRA, seeking feedback from our stakeholders and customers has been part and parcel of our efforts to continually improve on our services and products.

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### A word from our Chief Executive

#### ANNOUNCEMENTS

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#### Into the ACRA Vaults

Find out what are the oldest incorporated companies in Singapore

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#### About ACRAConnect

The name of this e-newsletter is ACRAConnect. The name epitomises the e-newsletter as a platform connecting ACRA and the professional firms. ACRAConnect will be issued once every 6 months and it is targeted at the professional firms. The contents of the e-newsletter include changes in policy and procedures, case studies and announcements about new initiatives and upcoming events. We hope you find this newsletter useful and informative.



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## Dear Reader,

The past few years have seen some breathtaking changes take place on the global economic landscape. As the impact of these developments continue to unfold, the need for robust governance and legal frameworks are ever more apparent. Closer to home, ACRA and other agencies, continue to strengthen Singapore's reputation as a trusted and best place for doing business.

For ACRA, this means ensuring our regulatory regime retains high standards and is transparent, effective and efficient. And we can only achieve this by working closely with stakeholders, and partners such as yourself. Regular dialogue sessions, briefings and seminars are some of the key engagement platforms for us to provide updates on key developments in the regulatory landscape. In turn, our stakeholders and partners share their views and experiences. Such inputs help ACRA stay attuned to new trends and challenges in the local and global business landscapes. It has also ensured that our regulatory and programmes remain relevant and responsive to the needs of the business community.

Indeed, it was feedback for more detailed information on ACRA's regulatory and business facilitation work that led to the development of this e-newsletter. Entitled "ACRA Connect", this half yearly e-newsletter is tailored specifically for a key audience segment - our professional stakeholders and partners. There will be articles to provide useful in-depth information specifically tailored for the business needs of you, the professional. This includes insights into key policies and legislative changes. This e-newsletter will also provide opportunities for our community of stakeholders and partners to network and exchange information. A dedicated section will share best practices, precedent cases and case studies.

As with any new initiative, there is always room for further improvement. We welcome feedback from you, our reader on how this e-newsletter can better serve your needs.

I hope you will enjoy reading this newsletter.

**Ms Juthika Ramanathan**  
**Chief Executive**  
**ACRA**

# CONFERENCE DEBATES FUTURE OF THE PUBLIC ACCOUNTANCY SECTOR



Last month, over 800 public accountants, audit staff and other stakeholders in the public accountancy sector gathered to take a long hard look at the key challenges facing the sector. They also discussed ways to boost productivity, raise audit quality and add further value to the accounting services sector of Singapore.

The event was ACRA's seventh annual Public Accountants Conference (PAC). The conference theme was "Enhancing Productivity and Quality in the Accounting Profession". Held on 16 August, the conference saw a record 815 delegates taking part.

Two key reports were also released at the conference, namely, a survey report on Talent Attraction and Retention in Singapore audit firms and ACRA's Sixth Practice Monitoring Programme (PMP) Public Report.

## The Challenge of Attracting and Retaining Talents

One of the key challenges discussed at the conference was the talent crunch issue. Earlier this year, ACRA commissioned the Association of Chartered Certified Accountants (ACCA) to perform an in-depth survey on "Talent Attraction and Retention in Larger Accounting Firms", which solicited views from over 1200 audit staff on what gives them job satisfaction and what will make them stay – or go.

The survey showed that 65% of respondents intended to leave external audit in their current firm within 3 years. Respondents indicated that much of the dissatisfaction in a career of external audit relates to the imbalance in workload and rewards, which they attribute to unsatisfactory financial reports prepared by clients and clients paying fees that do not appropriately reflect the true value of an audit.

## The Need for More Engaged Leadership

Audit staff surveyed also wanted more open and transparent communication with partners, as well as greater involvement of partners throughout the audits. This resonates with the findings of ACRA's Practice Monitoring Programme (PMP), an audit inspection programme seeking to provide quality assurance to the market through ascertaining whether public accountants have complied with the prescribed requirements. The PMP identified a need for audit engagement partners to increase the time and quality of their supervision so that audit engagement teams may focus their efforts on significant audit risk areas earlier in the audit process. This reduces the need for unnecessary rework prior to the completion of audits.

Sharing the Australian experience in his keynote address, CEO of CPA Australia, Mr. Alex Malley stressed on the need for leaders to instill a culture of productivity and that productivity will be more easily achieved if a holistic leadership view is adopted through, among others, greater engagement with staff.

## Audit Firms Urged to Raise Audit Quality

The Guest of Honour was Mrs. Josephine Teo, the Minister of State for Finance and Transport. In her opening address, she urged audit firms to raise audit quality and productivity



and noted that ACRA's PMP report's finding on lack of partner involvement was a "cause for concern". Minister Teo also highlighted the importance of maintaining high standards of audit quality as it helps Singapore to upkeep our standing as an international financial and business hub.

## Overcoming the Challenges

So how can these challenges be met? Various distinguished speakers from the accounting profession including practitioners from the Big-Four audit firms and Small and Medium Practices (SMP), professional bodies and other industry experts shared their views on how to address these fundamental issues. This ranged from putting in place talent management policies, implementing Singapore Standard on Quality Control 1 controls and productivity initiatives that could help audit firms improve their work processes and thus audit quality.

There was common agreement that every player in the value chain of the financial reporting process had to play their part in raising the quality of financial information. Preparers for example, should provide good quality financial statements. This helps free up the time that their auditors would otherwise have to spend to address gaps in the financial statements. Auditors can thus instead concentrate on delivering quality audits that provides greater value to their clients.

It was also pointed out that auditors had to do their part as well by ensuring a high standard of quality audits. This would in turn ensure their clients understood and appreciated the value of an audit. In her welcome address at the conference, Ms. Lim Soo Hoon, Chairman of ACRA, noted that, "The ability of the profession to convince stakeholders that your work is of value to them will ultimately resolve the issue of low fees and talent retention."

Also launched at the conference was a book jointly produced by CPA Australia and the SMU School of Accountancy. Entitled "Accounting & Productivity", the book shares practical and workable solutions that accounting firms can employ to address productivity challenges.

# A Closer Look at Limited Partnerships (LPs)

## Why The Need for LPs?

When the proposal for an LP structure was first surfaced in 2002 by the Company Legislation and Regulatory Framework Committee, a key consideration was the need to increase the options available to businesses and investments. Back then, the LP had become a popular vehicle overseas for investment funds. In Germany, the LP structure, otherwise known as Kommanditgesellschaft, was being used for ship financing, whereby the general partner is a limited liability company with several hundred investors as the limited partners. In the UK, LPs were being used increasingly for property investments. Singapore took reference from the US Delaware model, the Jersey model as well as the UK model.

When coming up with the Singapore LP structure, Singapore legislators were also mindful of the need to be both pro-business and to safeguard the interests of potential creditors and partners. The LP structure should therefore offer benefits for its potential users (namely potential investors or owners of the business), and at the same time, offer a certain level of protection to those who will have dealings with it.

The Limited Partnerships Act (LPA) was enacted together with the following subsidiary legislation:

- Limited Partnerships Regulations 2009 (LP Regulations), and
- Limited Partnerships (Restriction on Registration of Name) Notification 2009.

### Some Key Features of LPs

#### General Partners, Limited Partners and Local Managers

LPs must have at least (i) one general partner, and (ii) one limited partner. General partners and limited partners can be individuals, companies, LLPs or foreign companies (registered under section 368 of the Companies Act). Unregistered foreign companies cannot be registered as general partners.

An LP is not a separate legal entity from its partners (ie. it cannot sue or be sued or own property in its own name). The general partners are personally liable for all the LP's debts and obligations.

By contrast, limited partners are not personally liable for the LP's debts and obligations above their agreed contribution to the LP if they do not take part in the management of the LP (the unique feature of LPs). If they do, limited partners will be treated as general partners – and consequently liable for the LP's debts and obligations. The First Schedule to the LPA gives a non-exhaustive list of what acts do not constitute taking part in the management of an LP. These include contracting with the LP; acting as an agent or employee of the LP or a general partner; and attending LP meetings.

Limited partners also have no power to bind the LP. In effect, limited partners are like shareholders of a company.

Finally, a local manager must be appointed if all general partners are ordinarily resident outside Singapore. He has the same duties and liabilities as a general partner. He is also personally liable to the same penalties as a general partner.

### Registration and Compliance

Applicants must provide the following information when applying to register an LP:

- Name of proposed LP;
- Statement that partnership is limited;
- General nature of the LP's business;
- LP's principal place of business (and other places where business is carried on);
- Name, identification (if any), nationality and usual place of residence of every partner (both general and limited partners). If a partner is a body corporate, provide its name, place of incorporation, registration



number and registered office;

- Whether each partner is a general partner or limited partner;
- Name, identification (if any), nationality and usual place of residence of the local manager (if any); and
- Duration of LP and date of commencement.

Registering an LP costs \$65/- (\$15/- to reserve a name, \$50/- for registration). Registration lasts one year. Each annual renewal costs \$20/-. Changes in registered particulars must be reported to ACRA within 14 days. If lodged on time, each notification costs \$10/-.

Once an LP has no limited partner for any reason, the following occurs:

- the LP's registration is suspended;
- the LP's general partner(s) and the LP's name will be deemed registered under the Business Registration (BR) Act (if the LP's general partner(s) were required to be registered under the BR Act to carry on business under the resultant firm).

If a limited partner is subsequently registered under the LPA, the Registrar will restore the LP's registration under the LPA. Simultaneously, registration of the general partner(s) under the BR Act will cease.

The public cannot purchase or obtain the limited partners' particulars of one category of LPs (see Regulation 12 of the LP Regulations). These are LPs:

- established primarily for the purpose of establishing a fund for investment, and
- the fund is managed by an MAS licensed fund manager.

### Conclusion

LPs have similarities with ordinary partnerships, companies and LLPs. But there are important differences too. For example, LPs are not separate entities (unlike companies and LLPs). Also, unlike ordinary partnerships, some partners of an LP (ie. limited partners) have limited liability.

Before registering an LP, please ensure it suits your clients' business needs. LPs overseas are often used for investment funds. LPs may also attract investors who do not wish to take an active role in management (preferring to entrust the LP's management to others). To-date, the more popular registered business activities of LPs in Singapore are investment as well as business and management consultancy services.



# ACHIEVING BETTER QUALITY CONTROL FOR AUDIT FIRMS

## The Need for Good Quality Control Frameworks for Audit

Our public accountancy profession, as auditors of financial statements must continue to engender a high degree of confidence from investors and businesses. Audit firms therefore need to ensure good quality control frameworks are in place for the audit and review of entities.

This is in line with a key proposed amendment to the Accountants Act, Cap. 2, where audit firms that plan to audit or review public interest entities (PIEs), are to first meet certain pre-conditions. For example, having in place a quality control framework in line with the expectations of the existing Singapore Standard on Quality Control (SSQC) 1.

## Audit Practice Bulletins on SSQC 1 to Help Audit Firms

To help audit firms in the implementation of the system of quality control in each of the six overlapping SSQC 1 elements, ACRA issued the first and second of a four-part thematic series of Audit Practice Bulletins (APBs) to all public accountants on 13 August 2012 and 18 September 2012 respectively.

Each APB will discuss some of the observations based on ACRA's inspections of firms which audit PIEs. The APBs will also highlight areas for improvement in line with best practices. Whilst the findings are based on the inspections of firms which audit PIEs, the principles behind such findings would apply to all firms. Firms can make use of the information to perform self assessment and address any gaps in their system of quality control as they prepare to take on PIE engagements in future.

### APB No.1 and 2 of 2012

This first APB focuses on the first element of SSQC 1 - Leadership Responsibilities for Quality within the Firm also referred to as "tone at the top", which is an important element of a strong quality control system within a firm.

The second APB focuses on the second and third element of SSQC 1 - Relevant Ethical Requirements and Acceptance and Continuance of Client Relationships and Specific Engagements respectively. This APB emphasizes audit independence as a critical foundation of audit quality and public confidence in audit reports, and the assessment of the risks of accepting or retaining clients as an important element of a strong quality assurance framework.

ACRA encourages firms to continuously demonstrate their commitment to quality by putting in place the necessary policies and procedures to support audit quality.

## Achieving Better Audit Quality Control

Firms that have a system of quality control in place will not need to depend on any single individual to maintain the level of audit quality. Instead the system provides a sustainable structure for ensuring consistency in audit quality. These firms will also be better positioned to maintain audit quality even when faced with ongoing recruitment and retention challenges. They will also be able to respond better to significant audit risks associated with increased complexity in financial reporting and a changing economic environment.

### About SSQC 1

Singapore Standard on Quality Control (SSQC) 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements establishes basic principles and essential procedures and provides guidance regarding a firm's responsibilities for its system of quality control.

The six quality control elements set out in SSQC 1 are leadership responsibilities for quality within the firm, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources, engagement performance and monitoring.

SSQC 1 is applicable to **all** firms. Firms are required to "establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partners are appropriate in the circumstances"

SSQC 1, which is issued by the Institute of Certified Public Accountants of Singapore (ICPAS), is based on the equivalent of the International Standard on Quality Control 1 issued by the International Federation of Accountants, with amendments as were considered appropriate for local adoption.

Click [here](#) to download SSQC 1.

# Getting it Right from the Start

Public accountants need to “get it right from the start” to enhance the quality of audit work and raise productivity. This was the key message of the Sixth Practice Monitoring Programme Public Report (PMP Report) issued at the Accounting and Corporate Regulatory Authority’s (ACRA) Public Accountants Conference held on 16 August 2012.

Picture this: It is 7:30 pm in the office, and a young auditor is messaging his friends, who are all waiting for him at a reunion dinner, to say that he will arrive soon. But just before he logs off, his heart sinks when he gets an email from his audit partner with a long list of review points on an audit file he submitted to the partner a month ago, all of which he has to address by tomorrow, the audit sign-off date. Yet again, the auditor feels the familiar disappointment that he will miss another special occasion with his friends.

## Raising Productivity and Audit Quality

At the conference, ACRA used this familiar story to illustrate the point that “getting it right from the start” is about how effective, timely supervision and good quality controls can prevent unnecessary last-minute rework, and so save resources and lead to better quality audits.

This view stemmed from the findings reported in the PMP Report, which highlighted that one root cause of poor quality auditing is a lack of emphasis on “getting it right from the start”. ACRA’s audit inspections found deficiencies that could have been prevented if there was more:

- timely and upfront partner supervision and review of audit work;
- sufficient training for staff that is relevant to their audit work; and
- timely and effective internal quality reviews to check on audit quality.

On partner supervision, the PMP Report revealed that out of the 97 PIE audit engagements inspected from 1 April 2011 to 31 March 2012, only an insignificant portion (5 engagements) had recorded engagement partner time of more than 10% of the total engagement time on the audit. Majority of the engagements (71 engagements) recorded engagement partner time of less than 5% of the total engagement time. This is a cause for concern as being the most senior and experienced person on the audit, the engagement partner’s involvement gives an indication on the extent of supervision and as well as the quality of audit.

The report further highlighted that by getting an audit right from the start, audit quality will permeate throughout the process and have a multiplier effect on client satisfaction, staff engagement, cost management and will raise overall productivity.

## Practical Pointers to Facilitate the Profession

At the Public Accountants conference, practical solutions to address those issues were discussed. Two senior practitioners from a Big-Four audit firm and a Small and Medium Practice (SMP) shared their practical experiences in implementing quality controls in their firms. This included positive impact of more partner involvement on staff morale and motivation as well as examples of the redesigning of work processes and tapping on technology in order to enhance productivity. The Guest-of-Honour, Mrs Josephine Teo (Minister of State for Finance and Transport) also announced that ACRA would be publishing a series of Audit Practice Bulletins that discuss the practical implementation challenges and best practices in each of the six overlapping elements of quality controls set out in the Singapore Standard on Quality Controls 1, which all audit firms must adhere to.

## Engagement Inspections

The PMP report also shared ACRA’s observations from the inspections on individual audit engagements:

- In audits of public interest entities (PIE) - Two important audit risk areas were noted in relation to ‘Audit of Accounting Estimates’ and ‘Group Audit Considerations’; and
- In audits of Non-PIEs – Deficiencies were noted in the areas of the ‘Valuation and Existence of Inventories’; ‘Existence and Recoverability of Trade Receivables’; and ‘Existence and Accuracy of Revenue and Other Significant Profit and Loss Items’. Additionally, the report also discussed deficiencies noted in the audits of construction companies, particularly the application of Singapore Financial Reporting Standard 11 Construction Contracts as well as audit procedures to determine the stage of completion; contract revenue and costs; and provision for foreseeable losses.

The Public Accountants conference featured a session dedicated to the practical aspects and challenges in implementing auditing standards by fleshing out the considerations the profession has to make at each audit stage (i.e. planning, gathering evidence/execution and completion) in order to achieve higher quality audits. This session also covered various existing initiatives the Institute of Certified Public Accountants of Singapore has in place, such as training courses and an audit manual for small companies.

# ACRA Launches New All-In-One Business and Financial Profiling Product

## Corporate Compliance and Financial Profile



As the national business registry, ACRA collates lodged information from over 400,000 business entities registered with ACRA. Professional firms can tap on this wealth of business information to assist their clients to make informed decisions. Through the iShop@ACRA portal, users can request for off-the-shelf and customised business data for their usage.

### Corporate Compliance and Financial Profile (CCFP)

To make it increasingly easier for the professional bodies or any interested parties to access relevant business information, ACRA has developed a new information product known as the Corporate Compliance and Financial Profile (CCFP).

The CCFP provides comprehensive blocks of business information on any company that has registered with ACRA and lodged its Annual Return (AR) with financial statement in Extensible Business Reporting Language (XBRL) format. Leveraging on the CCFP, users can gauge the financial health of a company at a quick glance. Professional firms can obtain a quick overview of key companies (listed, non-listed companies and SMEs). Its contents include updated information of the business profile, compliance rating as well as financial profile based on three latest years of comparative data including financial ratios as well as audit and directors' opinion.

### CCFP – Multiple Benefits and Uses for Businesses

- **Transparency & Corporate Compliance**

The CCFP incorporates ACRA's compliance rating status which indicates if a company has adhered to three statutory requirements (refer to diagram below). This provides transparency to users who can make informed decisions on the dealing with the concerned company.

Date of A/C Laid at Last AGM	: 31/12/2011
Date of Lodgment of AR, A/C	: 05/07/2012
Compliance Rating	:
<b>Financial Information</b>	
Financial Period	01/01/2011 to 31/12/2011

  

Compliance Rating	
	: Annual General Meeting, Annual Return and Accounts Up-to-date
	: Annual General Meeting, Annual Return or Accounts Late
-	: Not applicable/Company status is not "Live"

- **Cost and time savings**

Its comprehensive all-in-one display consolidates key information needed thus saving time and cost. If purchased in separate components i.e. a business profile, a certificate of compliance and three extracts with financial information, the total cost would be almost SGD100 compared to SGD 50 per copy of CCFP. Apart from cost savings, data accessibility is made easier since there is no need to get separate reports on specific categories of data.

- **Value added information – checking financial track records**

The CCFP also features audit opinion in auditors' report and statement by Directors on whether the Directors are of the opinion that the accounts are drawn up to exhibit a true and fair view.

### How to Purchase the CCFP

1. Go to the ACRA homepage ([www.acra.gov.sg](http://www.acra.gov.sg))
2. Click
3. Select the 'Corporate Compliance and Financial Profile' option under the product menu in iShop. The product costs SGD50, inclusive of GST.

### Useful information that can give your business the competitive edge

#### Business Profile

Data on overall status of company such as:

- Name of company, incorporation date
- Principal activities, address
- Capital amount, issued and paid-up share capital
- Annual General Meeting (AGM) information
- Annual Return (AR) date of lodgment
- Officers, shareholders, liquidators and audit firm

#### Compliance Rating

Indicates if a company adheres to three statutory requirements in the Companies Act

- Timely holding of AGM
- Laying of up to date financial statements at AGM
- Timely filing of AR

#### Financial Profile

Key highlights of financial statement such as:

- Balance Sheet
- Profit and Loss
- Cashflow Statement

#### Financial Ratios

Shows financial health of a company in terms of:

- Liquidity
- Profitability
- Operating Efficiency
- Solvency

#### Audit and Directors' Opinion

Gives insight on:

- Audit opinion: What is the auditors' opinion of financial statements.
- Directors' opinion: Whether the company's directors see the accounts drawn up to show a true and fair view.



# Taking Stock of Stakeholder and Customer Expectations

ACRA has always valued feedback from stakeholders and customers. This helps ensure our regulatory frameworks and programmes are not only effective from a regulatory standpoint but also remain relevant and responsive to the needs of the business community. Key feedback channels include regular dialogue sessions with professional bodies, conferences and seminars. Hot on the heels in this issue of our newsletter is the latest results of the annual government wide Pro-Enterprise Ranking survey that measures the pro-enterprise orientation of regulatory agencies.

ACRA has attained the **8<sup>th</sup> position** in the latest Pro-Enterprise Ranking (PER) 2012. We have **leaped 14 places** from our 22<sup>nd</sup> position last year.

The Pro-Enterprise Ranking (PER), led by the Ministry of Trade and Industry (MTI), is an annual exercise aimed at measuring and improving the effectiveness of current government initiatives to build a pro-enterprise regulatory environment in Singapore. The PER survey is administered across 26 government agencies, and helps agencies identify areas where the quality of their regulations and processes can be enhanced. It also provides a quantitative benchmark for agencies through cross-agency ranking in the form of an overall Pro-Enterprise Index.

Four different customer groups were surveyed in the assessment of ACRA's policies, processes and initiatives. The survey respondents included businesses, companies and limited liability partnerships (LLPs), company secretaries, certified public accountants (CPAs), and law firms. This year, ACRA was named as the most improved agency for PER 2012, as well as a big gainer for all the 5 benchmarking variables (compliance cost, review of rules and regulations, transparency, customer responsiveness, and pro-enterprise orientation).

While we have done well in the overall PER rating, we noticed that some of the observations were similar to the ones that were raised in the Stakeholder Needs Study (SNS) that we have administered last year. The SNS surveyed our stakeholders on their perceptions of ACRA in 6 focus areas: regulations and policies, key processes, accounting and auditing profession, partner engagement, public perception, and customer service. The fact that we had common findings across both

studies reinforced the need to go in-depth and find out the reasons behind certain perceptions, and come up with new solutions to address these gaps.

Some of the identified weaknesses in our current processes included (a) difficulty in finding information on the ACRA website, (b) lack of user guides, (c) slow loading time of services, (d) long waiting time to reach Helpdesk and ACRA officers, (e) complexity of XBRL, and (f) inconvenience caused by the lock-out mechanism (for e.g. login time too short). There were some other findings that were inconclusive, for e.g. the degree of clarity in our rules and regulations, and the ease of navigation on ACRA website and BizFile.



Both the Pro-Enterprise Ranking and Stakeholder Needs Study have given us useful key takeaways and insights into our current processes. They have further reaffirmed our organisational commitment in delivering service excellence, and meeting our customer needs and expectations. Leveraging on the study's findings ACRA will further build on current strengths and improve on key areas identified.

We welcome your feedback on how we can provide you with better service. If you think we are already doing good, tell us too. We would be delighted to hear from you.



# ACRA Meets the Top 10 Filers

It was close encounters of a pleasant kind when ACRA officers went out in Jan and Feb this year to meet the top 10 filers to get their feedback on the current BizFile system, ACRA's customer responsiveness and the upcoming New Generation BizFile. These top 10 filers are professional firms which submitted the most transactions on behalf of their clients over the past 3 years. Usually we invite the representatives from the professional firms to come to ACRA for focus group discussions. This time we decided to do it a little differently and go out to the professional firms. This gave us an opportunity to meet the professional firms on their own turf and also for us to get out of our office!

Our heartfelt thanks to the management and staff of the professional firms for making us feel welcome and for being



prepared with a long list of feedback items. The sessions were very useful. Not only were we able to put a face to many a name but the sessions also gave us an understanding on how the professional firms work. We received almost 200 ideas on how we can do things better. Most of the feedback regarding the improvements to the current BizFile system and e-forms will be implemented in the New Generation BizFile. We also received some feedback about the services provided by the ACRA HelpDesk. We have met representatives from the HelpDesk and conveyed your feedback. The HelpDesk has its own challenges and we will work together with the HelpDesk to see how we can overcome some of these challenges and provide better service to customers who call the HelpDesk.

One common request from the professional firm was for ACRA to come up with an online newsletter targeted at the professional firms. We heard you and you are now reading the first issue of ACRAConnect. We hope you find the articles interesting and useful. Please feel free to provide us with your feedback on the e-newsletter. This is our first issue and I am confident that we will improve as we publish more issues.

## Into the ACRA Vaults What are the oldest incorporated companies in Singapore

The earliest official records ACRA has in its possession come from the period under the Companies Ordinance (the precedent of the modern day Companies Act) when Singapore became a crown colony. According to these records, one of the earliest companies officially incorporated under the Companies Ordinance was The Singapore Slipway and Engineering Company (Pte) Limited. It was incorporated more than a century ago on 13th July 1887. Albeit with a couple of name amendments and ownership changes, the grand dame can still be located in the official register with the word 'live' gleaming proudly next to it under the status column. This year, the grand dame will be celebrating its 125th anniversary! But what about business entities like Guthrie GTS and Boustead & Co which are widely ascertained to have been established back in the years 1821 and 1828 respectively? These companies were incorporated under separate laws under the former legislations (when Singapore was part of the Straits Settlements). Guthrie and Boustead were incorporated under the Companies Ordinance only in the 1900s.

Not many know that ACRA maintains and stores all the manual records of companies registered in Singapore since its days as a colonial outpost. Long before information technology enabled all business information to be digitised and filed away in 'soft copies', company registration was a manual process and 'hard copy' records had to be stored carefully. Today, these records have been captured as microfilms and they are kept by ACRA in a climate controlled environment. A sneak peek into ACRA's records room reveals some interesting historical nuggets of information.

## Striking Off Lists Now Available on ACRA Website

With effect from 31 Aug 2012, you will be able to refer to the striking off lists (First and Final Gazette) for companies and limited liability partnerships on the ACRA Homepage.

These listings can be found on the ACRA Homepage where you also find information on Striking Off a Local Company or a Limited Liability Partnership. The new listings will be available each month end and will be available for viewing up to one year from the published date.

We hope this service will make it easier for professional firms to track the status of the striking off application which you have submitted on behalf of your clients and you will also be able to check if your client has decided to close the company by applying for striking off.

If you would like to view earlier listings, please contact e-Gazette for assistance.

## A new platform for ACRAConnect

Dear Reader

You may find it a bit cumbersome to access the first edition of this e-newsletter. This is a temporary setup. We plan to move to a new platform for subsequent issues of ACRAConnect with a more intuitive interface and easier access for our readers.

ACRAConnect is a work in progress. We are constantly on the lookout for ideas and suggestions on how we can add new features so that the e-newsletter will meet your needs. We welcome feedback from readers on the e-newsletter, its contents and format. Please send your feedback to AskACRA.

**Happy Reading!**

**Yours sincerely  
The Editorial Team**

## Are patent agent firms required to be registered with ACRA under the Business Registration (BR) Act?

ACRA is of the view that patent agent firms (whether sole proprietors or partnerships) need **not** register with ACRA under the BR Act by virtue of s4(1)(g) of the Act. This reads as follows:

“any person carrying on any business consisting solely of the exercise of any profession which under the provisions of any written law can be exercised only by those who possess certain qualifications prescribed by the written law and whose names are registered or otherwise recorded in the manner prescribed by any written law” (emphasis bold).

S2(1) of the BR Act defines “*person*” very broadly:

““*person*” includes a corporation, firm, foreign firm and individual” (emphasis bold).

It also defines “*firm*” to mean:

“an unincorporated body of 2 or more individuals, or one or more individuals and one or more corporations, or 2 or more corporations, who have entered into partnership with one another with a view to carrying on business for profit” (emphasis bold).

Hence, the BR Act does not apply to a sole proprietor or partnership which satisfies the conditions under s4(1)(g), namely:

- (a) The business is solely exercising a profession,
- (b) Only persons with certain qualifications (under a written law) can exercise the profession, and
- (c) These persons’ names are registered in accordance with the written law.

S105 of the Patents Act forbids an individual/partnership/body corporate from carrying on business as a patent agent unless he etc is registered as such (or is an advocate and solicitor) and has a practising certificate.

S105(1) and (2) states:

“105(1) An individual shall not carry on a business, practise or act as a patent agent unless he is a registered patent agent, or an advocate and solicitor, who has in force a practising certificate.

(2) A partnership shall not carry on a business, practise or act as patent agents unless at least one partner is a registered patent agent, or an advocate and solicitor, who has in force a practising certificate.”

Moreover, the Patents (Patent Agents) Rules 2001 prescribe the following matters (amongst other things):

- (a) Who qualifies to register as a patent agent,
- (b) How one must apply to register and to obtain a practising certificate, and
- (c) Disciplinary proceedings against patent agents.

## Does a company need to file the Notice of Resolution when its non-voting convertible preference shares and the non-voting redeemable convertible preference shares are converted into ordinary shares?

### Background

Shareholders of the company approved converting the company’s non-voting convertible preference shares and the non-voting redeemable convertible preference shares into ordinary shares. Solicitors acting on behalf of the company requested ACRA to accept a General Lodgement (GL) form without filing the Notice of Resolution on the conversion.

In this case, the company’s Articles of Association did not require a special resolution. The Articles only required the holder of the preference shares to give a conversion notice to the company to convert the shares. Therefore we could waive the requirement for a special resolution and processed the GL form based on the documents provided by solicitors:

- 1) A covering letter;
- 2) A previous Notice of Resolution specifying the power of company officers to convert classes of shares; and
- 3) A business profile that states the share capital after conversion of the shares (in the case of a private company, the company also needs to provide the changes in the shareholding).

### The Law

Converting preference shares into ordinary shares is not expressly governed by the Companies Act. Neither does the Act require a company to notify ACRA about such conversion at

the point of conversion. However, a company must report such updated share information in its annual return.

### ACRA Filing Requirements

If companies want to lodge such information with ACRA at the time of conversion, the company has to ensure that the conversion is done according to the company’s Articles of Association and there is no prejudice to the shareholders. In future, ACRA would require the following for the GL:

- a) A covering letter giving details of the conversion, such as the ratio of conversion (it should be one for one), whether the ordinary shareholders’ rights are in any way prejudiced and the priorities of the converted shares (*pari passu* or otherwise);
- b) Extracts from the Articles of Association which allow the conversion;
- c) A copy of the special resolution approving the conversion and/or such other document the Articles require for the conversion (e.g. Conversion Notice). If the company has already lodged the special resolution separately, the special resolution should still be included as part of this “package”;
- d) A copy of the business profile showing the proposed changes to the share capital; and
- e) Any other relevant documents.

Going forward, we will consider reforms to introduce reporting of conversion of shares at the point of conversion.