

The background image shows a modern urban environment. On the left, a large glass-fronted building reflects the sky and surrounding structures. To the right, several tall, blue-tinted glass skyscrapers rise into the sky. In the foreground, a paved public plaza features several young trees planted in dark planters. People are seen walking and sitting on the plaza, adding a sense of life and activity to the scene.

BUILDING MARKET CONFIDENCE

SUPPORTING BUSINESSES

ANNUAL
REPORT
2017

ACRA
ACCOUNTING AND CORPORATE
REGULATORY AUTHORITY

FOR MORE DETAILS ON
OUR WORK FOR FY2016/17,
PLEASE VISIT
[WWW.ACRA.GOV.SG/
ANNUALREPORTS/2016-2017](http://WWW.ACRA.GOV.SG/ANNUALREPORTS/2016-2017)



CONTENTS

03	————	FY2016 At A Glance
04	————	Chairman's Message
06	————	Chief Executive's Message
08	————	Board and Committees
09	————	Board Members
10	————	Management
11	————	Divisions and Departments
13	————	Promoting a Trusted Regulatory Environment
22	————	Staying Responsive to Business Needs
26	————	Gearing Up for the Future
31	————	Key Statistical Highlights
35	————	Financial Highlights

ABOUT ACRA

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities, public accountants and corporate service providers in Singapore. ACRA also facilitates the development of business entities and the public accountancy profession. As a regulator and facilitator, ACRA constantly strives to provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers and make Singapore the best and trusted place for doing business. ACRA's role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit. ACRA's goal is to make good corporate governance, quality corporate financial reporting and high quality audit the hallmarks of our financial and corporate sectors.

FY 2016 AT A GLANCE

3

2016/2017 saw ACRA roll out several regulatory and business facilitation initiatives. We continue to strive to make good corporate governance, high quality financial reporting and high quality audit the hallmarks of Singapore's financial and corporate sectors. Our achievements for the year include:

PROMOTING A TRUSTED REGULATORY ENVIRONMENT



Established new requirements for companies to maintain **registers of beneficial owners**



Commenced **Compliance Review inspections** of corporate service providers



Organised inaugural **Corporate Service Providers Conference** to raise professional standards of corporate service providers



Adopted international **target to reduce number of audit inspections with at least one finding** for listed company audits, by 25% over a four-year period (2015-2019)



Introduced **Six Audit Quality Indicator targets** as audit quality benchmarks



Released the **10th Practice Monitoring Programme report** on ACRA audit inspections and the **2nd report by the Financial Reporting Surveillance Programme** on reviews of companies' financial statements for FY2015



Hosting the 2016 **International Forum of Independent Audit Regulators** interim meeting

STAYING RESPONSIVE TO BUSINESS NEEDS



Removed the requirement for a **common seal**



Introduced **exemption** from the requirement to hold **AGMs for private companies**



Simplified the timelines for companies to hold AGMs and file annual returns



Introduced a framework for **foreign corporate entities to re-domicile in Singapore**



Issued the first set of **Registrar's Interpretations** of specific provisions under the Companies Act to provide practical guidance and certainty to practitioners



Set up the **Institute of Corporate Law Journal** to encourage active discussion on the practice of corporate law in Singapore



Established the **ACRA Academy** to train and raise compliance levels of key stakeholder groups

GEARING UP FOR THE FUTURE



Acquired new capabilities in **user experience design** and restructured customer engagement programmes



Established the **Usability Lab** and the **iHear Programme** to attain better customer insights



Streamlined processes and redesigned services and operations to make it easier for businesses to set-up and comply with obligations



Raised productivity with digital solutions

CHAIRMAN'S MESSAGE



“
**LOOKING AHEAD,
ACRA WILL BE
TAKING STEPS
TO MAKE BETTER
USE OF THE VAST
AMOUNTS OF
BUSINESS DATA
FILED WITH US
FOR THE BENEFIT
OF THE CORPORATE
SECTOR AND THE
GENERAL PUBLIC.**
”

As Singapore undergoes economic restructuring to adapt to changing conditions, it is crucial that Singapore continues to stand out globally as an attractive place for business and investment. We must continue to have a sound regulatory framework that inspires trust and confidence in investors and other market stakeholders.

Taking Corporate Regulation Forward

Last year, the Ministry of Finance and ACRA undertook a review of the Companies Act to ensure our regulatory regime remains robust, relevant and in line with international norms. As with previous reviews, views of stakeholders from the industry, professional bodies, societies and academia were actively sought to ensure that our corporate regulatory framework retains a fair balance between the needs of business and those of investors, and engenders trust in the business environment. This culminated in the enactment of the Companies (Amendment) Act 2017. The legislative amendments seek to reduce regulatory burden on companies, improve the ease of doing business in Singapore and improve corporate transparency.

One key set of legislative amendments which took effect from 31 March 2017 requires locally incorporated companies and foreign companies registered in Singapore to maintain registers of their beneficial owners. This information must be made available to public agencies upon request. With growing international attention over possible abuse of financial systems and services for illicit purposes like tax evasion, money laundering and terrorism financing, this will further boost Singapore's on-going efforts to maintain our standing as a trusted and transparent financial hub.

Facilitating Business

To keep Singapore business friendly and competitive, later this year, foreign companies can choose to re-domicile to Singapore besides the current options of setting up a subsidiary or branch in Singapore. In 2018, private companies in Singapore will be exempted from holding annual general meetings subject to specified safeguards. The statutory requirements for filing of annual returns will also be simplified.

Raising Audit and Financial Reporting Quality

On the financial reporting front, we have stepped up efforts to give investors and other stakeholders continued assurance in the reliability and integrity of business and financial information they receive. With support from the Big-Four audit firms, Singapore has adopted a key audit quality target set by the International Forum of Independent Audit Regulators. The target is for the Big-Four audit firms to achieve a 25% reduction in the percentage of inspected audit engagements with at least one finding over a four-year period (2015-2019). Six Audit Quality Indicator targets were also set to provide audit firms and audit committees with a common yardstick to compare audit quality.

Harnessing Data for Public Benefit

Looking ahead, ACRA will be taking steps to make better use of the vast amounts of business data filed with us for the benefit of the corporate sector and the general public. We will be progressively sharing our data with the public and also tap on advances in digital technology and data analytics, to see how we can create better business solutions with the public and private sectors. We believe that facilitating such open information flows will also enhance corporate transparency.

In Appreciation

I would like to acknowledge the contributions of our key stakeholders and partners. We value their feedback and support which have allowed us to make policy changes for the benefit of all our stakeholders.

My deepest appreciation also goes to our board members for their invaluable contributions to ACRA. I would like to express our gratitude to Mr Yap Chee Keong and Professor Ho Yew Kee, who have stepped down from the Board after serving with us for many years, for their insightful advice and dedicated service. I also warmly welcome ACRA's new board members: Ms Ameera Ashraf and Mr Lee Wai Fai.

I would like to take this opportunity to express our deep appreciation to Mr Kenneth Yap who served as Chief Executive of ACRA from February 2013 to April 2017. Under Kenneth's leadership, ACRA raised corporate compliance levels, strengthened the financial reporting value chain and enhanced audit quality but in a collaborative way with the industry. I also warmly welcome on board, Mr Ong Khiaw Hong, the new Chief Executive.

On behalf of the Board, I would also like to extend our heartfelt appreciation to the staff of ACRA for their commitment and hard work as we continue to uphold Singapore's standing as a trusted marketplace where business can remain competitive and grow.

MS LIM SOO HOON
Chairman

CHIEF EXECUTIVE'S MESSAGE

“
OUR AIM IS TO
KEEP THE SINGAPORE
BUSINESS ENVIRONMENT
TRANSPARENT AND
TRUSTED SO THAT
INVESTORS HAVE
CONFIDENCE IN
OUR MARKETS, AND
BUSINESSES CAN
BE SET UP EASILY
AND GROW.
”



Financial Year 2016 was a busy year for ACRA. We continued to evolve our corporate and audit regulatory framework in line with the rapidly changing business environment. Legislation and policies were reviewed and where necessary, amended. Our aim is to keep the Singapore business environment transparent and trusted so that investors have confidence in our markets, and businesses can be set up easily and grow.

Enhancing Corporate Governance in Companies

To improve corporate governance, in March 2017, we introduced regulatory requirements to instil greater transparency in the ownership and control of corporate entities. To further boost investors' confidence in the quality of audits and financial reporting in Singapore, we announced in August 2016, that we would publish the names of public accountants who failed a second or revisit inspection and were issued a hot review or restriction order. In March 2017, together with the Securities Investors Association of Singapore and the Institute of Singapore Chartered Accountants (ISCA), we also produced a guide to help investors identify significant risk areas in listed companies' financial statements and understand audit opinions.

Simplifying Regulations and Improving Service

We continued to update our policies, regulations and processes so that they remain relevant and meet the needs of the business community. To reduce the regulatory burden for companies, we removed the need for a common seal. We made changes to our regulations to allow foreign corporate entities to transfer their registration to Singapore instead of setting up subsidiaries. We continued to simplify our processes and improve our services. We are very proud of our initiative that enabled the delivery, authentication and certification of selected business information products to be done completely online via QR codes. The initiative led to a significant improvement in service delivery time. ACRA was recognised by the Pro-Enterprise Panel for the initiative with 2016 Public Sector Pro-Enterprise Initiative Gold Award.

Staying Attuned to Business Needs

To stay responsive to business needs, we continued to engage our key stakeholders and the wider public to seek their feedback and share our plans to improve the regulatory regime. In May 2016, we organised the inaugural Corporate Service Providers (CSP) Conference with the Chartered Secretaries Institute of Singapore. Over 450 CSPs attended and heard lively discussions on the latest Anti-Money Laundering and Counter Financing of Terrorism developments, challenges and issues relevant to the sector. In August 2016, ACRA partnered ISCA to organise the Singapore Accountancy Convention. More than 900 accountants and auditors participated in discussions on key issues affecting the auditing and financial reporting landscape in Singapore. We established the ACRA Academy in October 2016 to train and help various stakeholders in the business community better understand the regulations and encourage good corporate compliance. We continued to reach out to aspiring and new business owners through our ACRA@The Heartlands public talks where we partner government agencies to provide information on statutory obligations and various assistance schemes that businesses can tap on.

Acknowledgement

I would like to thank the ACRA Board and our stakeholders for their support and all our staff for their dedication and contributions to ACRA.

ONG KHIAW HONG
Chief Executive

BOARD MEMBERS

as at 1 April 2017

Ms Lim Soo Hoon **(Chairman)**
 Mr Ong Khiaw Hong **(Chief Executive)**
 Mr Sajjad Akhtar
 Ms Ameera Ashraf
 Mr Adrian Chan
 Mr Ho Meng Kit
 Ms Melissa Khoo
 Mr Lee Boon Ngiap
 Mr Lee Wai Fai

Mr Max Loh
 Ms Chandra Mallika
 Mr Alan Rupert Nisbet
 Mr Ow Fook Chuen
 Mr Muthukrishnan Ramaswami
 Prof Tan Cheng Han
 Mr Tham Sai Choy

BOARD COMMITTEES

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Adrian Chan **(Chairman)**
 Ms Ameera Ashraf
 Ms Melissa Khoo
 Mr Alan Rupert Nisbet
 Mr Muthukrishnan Ramaswami

HUMAN RESOURCE AND FINANCE COMMITTEE

Ms Lim Soo Hoon **(Chairman)**
 Mr Ho Meng Kit
 Mr Lee Boon Ngiap
 Ms Chandra Mallika
 Mr Ong Khiaw Hong

PUBLIC ACCOUNTANTS OVERSIGHT COMMITTEE

Prof Tan Cheng Han **(Chairman)**
 Mr Sajjad Akhtar
 Mr Lee Wai Fai
 Mr Max Loh
 Mr Alan Rupert Nisbet
 Mr Ow Fook Chuen
 Mr Tham Sai Choy

BOARD MEMBERS

9

AS AT 1 APRIL 2017



CHAIRMAN
MS LIM SOO HOON

CHIEF EXECUTIVE
MR ONG KHAIAW HONG



MR SAJJAD AKHTAR

MS AMEERA ASHRAF

MR ADRIAN CHAN

MR HO MENG KIT



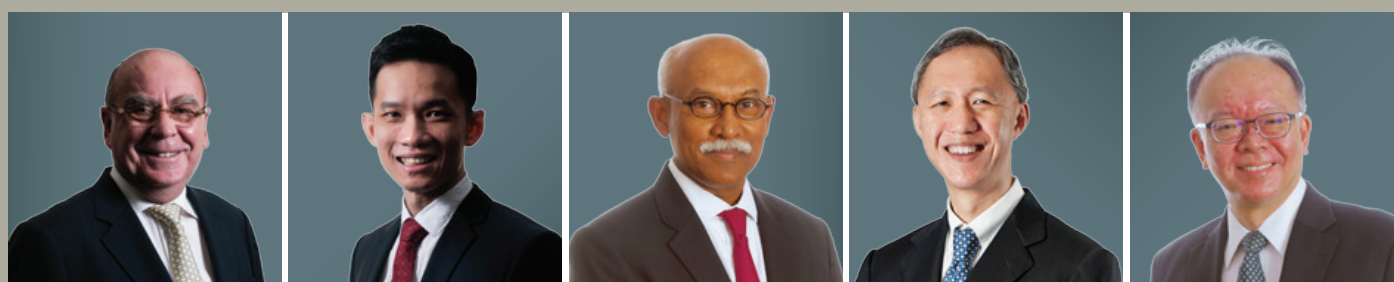
MS MELISSA KHOO

MR LEE BOON NGAP

MR LEE WAI FAI

MR MAX LOH

MS CHANDRA MALLIKA



MR ALAN RUPERT
NISBET

MR OW FOOK CHUEN

MR MUTHUKRISHNAN
RAMASWAMI

PROF TAN CHENG HAN

MR THAM SAI CHOY

ACRA MANAGEMENT

AS AT 1 APRIL 2017



CHIEF EXECUTIVE
MR ONG KHIAW HONG

ASSISTANT CHIEF EXECUTIVE
LEGAL SERVICES AND
PROSECUTION DIVISION
MR ANDY SIM

SENIOR DIRECTOR,
BUSINESS INFORMATION
AND TECHNOLOGY DIVISION
MS BERNICE QUEK



SENIOR DIRECTOR,
FINANCIAL REPORTING
AND STRATEGY DIVISION
MS BONG YAP KIM

SENIOR DIRECTOR, PUBLIC
ACCOUNTANCY DIVISION
MR LEE TZE SHIONG

DIRECTOR, CORPORATE
SERVICES DIVISION
MS TAY BEE SIN

DIRECTOR, CORPORATE
COMMUNICATIONS DEPARTMENT
MS ANG SIOK HUI

OUR VISION

Singapore: The trusted and best place for business

OUR MISSION

To provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers.

OUR CORPORATE VALUES

We believe in upholding the following corporate values in our daily work. We are guided by ACRA's corporate values known as "I-ACRA".

Integrity

We are honest, upright and impartial in everything we do as individuals and as an organisation

Alert & Agile

We are vigilant and responsive to the needs of our stakeholders

Collaborative

We work with our stakeholders to achieve common goals

Respect

We value and respect our stakeholders

Add Value

We make a positive difference for our stakeholders

CUSTOMER EXPERIENCE AND ENGAGEMENT DIVISION

Drives ACRA's service excellence and innovation efforts and oversees ACRA's service delivery standards and policies.

ACRA Academy

Conducts training and outreach sessions for company directors, corporate service providers, international partners, aspiring business owners and ACRA staff.

Business Innovation Department

Reviews and enhances ACRA's business processes and service quality standards. Manages key customer service-related projects.

Business Registration Department

Oversees the registration processes for business entities in Singapore and supports ACRA's public education business outreach efforts.

Customer Relations Department

Manages key customer touch points for ACRA including the ACRA Helpdesk, service counters and online assistance services.

ACCOUNTANCY AND FINANCE DIVISION

Finance Department

Responsible for all aspects of ACRA's budgetary decisions, accounting processes and financial reporting and ensures optimal allocation of monetary resources.

Financial Information Department

Oversees the eXtensible Business Reporting Language (XBRL) Financial Reporting framework including development and management of the online XBRL filing system, BizFin^x.

Financial Reporting Surveillance Department

Reviews audited financial statements of listed and non-listed companies and takes enforcement action against directors who breach the Financial Reporting Standards.

Practice Monitoring Department

Conducts practice reviews of statutory audits carried out by public accountants in Singapore to help audit firms identify key performance gaps and systemic audit quality issues.

Professional Oversight Department

Oversees the registration and disciplinary of public accountants and accounting entities and reviews the adoption of ethical standards for public accountants in Singapore.

Strategy and External Relations Department

Drives ACRA's research and engagement plans to promote audit quality on a local and global level.

LEGAL SERVICES AND PROSECUTION DIVISION

Oversees the provision of legal and prosecutorial support to the ACRA Board, and of ACRA's regulatory approach and enforcement strategy.

Civil Advisory Department

Provides legislative and civil advisory support to the ACRA Board, Public Accountants Oversight Committee and other ACRA divisions and departments.

Compliance Department

Oversees ACRA's enforcement actions against non-compliance of ACRA administered laws and promotes voluntary corporate compliance through public education initiatives.

Corporate Service Providers

Enforcement and Regulation Department

Regulates the corporate service providers (CSPs) sector including conducting compliance inspections and investigations for breaches and imposing sanctions on errant CSPs.

Investigation Department

Oversees compliance and governance matters of registered business entities and investigates into alleged breaches of the various laws under ACRA's purview.

Law Reform Department

Oversees ACRA's law reform work. This includes formulating and reviewing legal policies and legislation under ACRA's purview.

Institute of Corporate Law

Develops corporate law literature, fosters scholarly and professional discussions on corporate law issues and manages educational efforts on corporate law.

Prosecution Department

Renders prosecution advisories, applies to court for summonses and undertakes prosecution of some of the offences under ACRA-administered legislation.

BUSINESS INFORMATION AND TECHNOLOGY DIVISION

Oversees the development and maintenance of ACRA's IT systems. Drives ACRA's IT roadmap strategy and oversees the provision of trusted business data and solutions to the public.

Information Resource Department

Preserves and protects the integrity of all business data filed with ACRA and facilitates public access to trusted and reliable data to meet the public's information needs.

Information Services Department

Delivers value added information services to the public. Partners stakeholders including the private sector to develop practical data driven business solutions.

Information Technology Strategy Department

Develops and manages application systems for ACRA, ICT Governance, and technical services.

eServices Department

Manages projects and end-to-end system testing for ACRA's IT systems. Reviews new IT developments to enhance ACRA's service delivery channels.

CORPORATE SERVICES DIVISION

Oversees the provision of human resource and corporate administrative support to the organisation.

Human Resource Department

Develops and implements ACRA's human resource management framework. Provides manpower management and review, recruitment and staff deployment services.

Management Services Department

Provides architecture support to the organisation with procurement, records and registry services and manages ACRA's tangible assets and facilities.

CORPORATE COMMUNICATIONS DEPARTMENT

Oversees ACRA's public communications efforts. Also responsible for ACRA's international engagement efforts and manages ACRA's stakeholders relations and public outreach efforts.

STRATEGY POLICY AND CORPORATE PLANNING DEPARTMENT

Oversees strategic planning and corporate performance in ACRA and coordinates ACRA's statistical research, enterprise risk management and business continuity planning efforts.



Back row from the left, clockwise: Mr Dennis Ngo, Mr Mohd Ruhul Islam, Mr Wong Kee Wei and Ms Loh Hui En. They were members of ACRA project teams that have won awards from the Ministry of Finance for innovation.

CHAPTER 01

PROMOTING A TRUSTED REGULATORY ENVIRONMENT

WE STRIVE TO UPHOLD SINGAPORE'S STANDING AS A TRUSTED
MARKETPLACE WHERE BUSINESSES CAN REMAIN COMPETITIVE
AND GROW, AND THERE IS STRONG MARKET CONFIDENCE.



Outreach session for corporate service providers, in partnership with the Chartered Secretaries Institute of Singapore on upcoming key legislative amendments (12 January 2017)

ENHANCING CORPORATE TRANSPARENCY

To provide greater transparency on the ownership and control of corporate entities, ACRA implemented a key legislative amendment effective from 31 March 2017. It requires all companies, foreign companies and limited liability partnerships (LLPs) (unless exempted by legislation, such as listed companies and Singapore financial institutions) to each maintain a register of beneficial owners. Companies are also required to maintain a register of nominee directors. The registers must be made available to the Registrar and public agencies upon request.

To help the business community prepare for the change, several steps were taken. Detailed information on how to set up and maintain the register was disseminated. ACRA also partnered with various professional bodies, including the Association of Small and Medium Enterprises, the Chartered Secretaries Institute of Singapore and CPA

Australia, to organise six outreach sessions. Close to 1,200 stakeholders attended the sessions to gain a better understanding of the key legislative amendments and to provide feedback.



Outreach to company directors on upcoming key legislative amendments, in partnership with CPA Australia and the Singapore Accountancy Alliance (4 January 2017)

PUTTING A LID ON ILLICIT CORPORATE ACTIVITIES

Corporate Service Providers (CSPs) play a key role in the global fight against the abuse of financial systems and services for illicit purposes such as tax evasion and money-laundering. In May 2015, an enhanced regulatory framework for CSPs was introduced. Under the framework, CSPs are required to register with ACRA as Registered Filing Agents (RFAs) and Qualified Individuals (QIs).

To help CSPs better perform their professional duties as well as apprise themselves of latest Anti-Money Laundering and Counter Financing of Terrorism

developments in the sector, ACRA and the Chartered Secretaries Institute of Singapore jointly organised the inaugural CSPs Conference on 31 May 2016 attended by over 450 CSPs.

2016 also saw the commencement of the Compliance Review Programme for CSPs which monitors CSPs' compliance with the new CSP regulatory regime. More than 800 compliance reviews and inspections of RFAs were conducted in 2016.



Inaugural Corporate Service Providers Conference jointly organised by ACRA and the Chartered Secretaries Institute of Singapore (31 May 2016)



Senior Minister of State for Law and Finance, Ms Indranee Rajah, announced new regulatory initiatives at the Singapore Accountancy Convention (25 August 2016)

KEEPING THE AUDIT OVERSIGHT FRAMEWORK RELEVANT AND EFFECTIVE

In August 2016, we released our 10th Practice Monitoring Programme (PMP) annual report on audit inspections. Audits of listed entities continued to show improvements. However, the non-listed company segment continued to display a high incidence of recurring audit deficiencies. To deter this and spur audit quality improvements, it was announced that ACRA will publish online the names of public accountants who fail a second or revisit inspection and who are issued a hot review or restriction order. This is applicable to inspections commencing on or after 1 April 2017.

This practice will give credence to the vast majority of public accountants who maintain high audit quality. It will also allow market stakeholders, such as audit committees, to be better informed when engaging the services of an auditor.

Senior Minister of State for Law and Finance, Ms Indranee Rajah announced these new regulatory initiatives at the Singapore Accountancy Convention on 25 August 2016. The event was attended by 900 representatives from the accountancy sector.

RAISING THE BAR FOR AUDIT QUALITY

Singapore's efforts to raise the bar for audit quality have not gone unnoticed. The Corporate Governance Watch 2016 report released by the Asian Corporate Governance Association on 29 September 2016 noted that ACRA's Practice Monitoring Programme "continue(s) to be among the best in the region". To ensure that public accountants in Singapore continue to hold themselves to high audit quality standards, the following measures were also implemented:

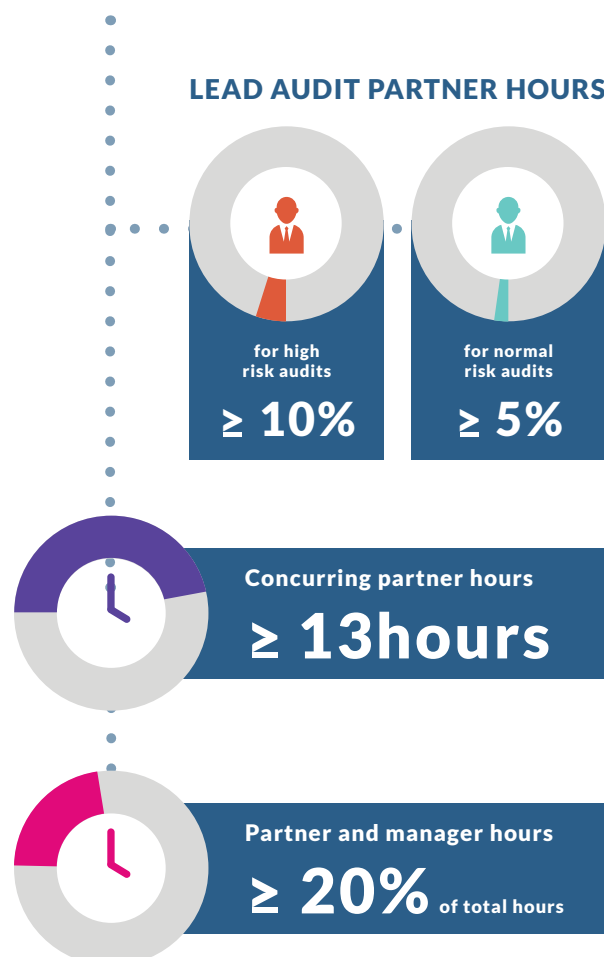
- (a) A target was set for the six largest international networks of audit firms that perform listed company audits, to reduce the number of inspected engagements with at least one finding by at least 25% over a four-year period (from 2015 to 2019); and
- (b) Six Audit Quality Indicator targets were introduced to provide firms and audit committees with a common yardstick to benchmark audit quality.

Six targets on Audit Quality Indicators for Audit Committees to kick-start discussions on audit quality for 2016/2017 audits

FIRM-LEVEL TARGETS



ENGAGEMENT-LEVEL TARGETS





Over 500 directors attended the Audit Committee Seminar organised by ACRA, Singapore Exchange and Singapore Institute of Directors (13 January 2017)

SAFEGUARDING THE RELIABILITY AND INTEGRITY OF FINANCIAL INFORMATION

In September 2016, ACRA's Financial Reporting Surveillance Programme (FRSP) issued its second annual report on its review of companies' financial statements for FY2015. Encouragingly, there were fewer warning letters issued for non-compliance with accounting standards. Companies also proactively took steps to rectify and close financial reporting gaps identified by ACRA.

Awareness on the importance of quality financial reporting is also growing. The 3rd annual Audit Committee Seminar jointly organised by ACRA, the Singapore Exchange and the Singapore Institute of Directors had a record attendance of over 500 directors and senior management of listed companies. Held on 13 January 2017, the seminar also saw ACRA announcing the adoption of a "restatement first" approach under FRSP. This is a change from the previous approach where the first course of action was to sanction directors for financial reporting gaps.

Effective from 1 April 2017, where financial statements reviewed are found to contain material findings or findings of significance, ACRA will work with the company to restate the financial statements. In situations where

a company refuses to remediate within the prescribed timeline or in egregious cases, ACRA will consider enforcing directors' duties under the Companies Act and where necessary, issue notices to inform the public as well.



PROTECTING INVESTORS' INTERESTS

In 2016, more than 200 retail and institutional investors were surveyed on their views and needs on financial reporting, audit and corporate governance. The study showed that investors place a premium on audited financial statements and want more engagement with board and management. The study was commissioned by ACRA and the Institute of Singapore Chartered Accountants (ISCA) and conducted by the National University of Singapore (NUS) Business School.

In March 2017, a new guide was launched to help retail investors better understand audit reports, so that they could pose more insightful questions relating to financial reporting to company directors and management during annual general meetings. The guide was jointly produced by ACRA, ISCA and the Securities Investors Association (Singapore).



Into the Minds of Investors

*Investors' Views of Financial Reporting,
Audit and Corporate Governance*



Securities Investors Association (Singapore)

ENHANCED AUDITOR'S REPORT

A Guide to Prepare Retail Investors for
Annual General Meetings

A joint production by ACRA, ISCA and SIA



ACRA presented at the Securities Investors Association Singapore Investors' Forum (28 March 2017)



Meeting between audit firms and audit regulators in the ASEAN region (26 August 2016)

STRENGTHENING REGIONAL EFFORTS TO RAISE AUDIT QUALITY AND TO FACILITATE CROSS-BORDER BUSINESS

ACRA is a member of the newly formed ASEAN Task Force on “Starting a Business” which focuses on regional efforts to streamline business registration. At the 48th ASEAN Economic Ministers Meeting on 3 August 2016, ASEAN economic ministers endorsed the taskforce as part of on-going efforts to strengthen ASEAN economic integration.

On 26 August 2016, ACRA hosted a meeting between audit firms and audit regulators from the ASEAN region. More than 100 participants attended the meeting, including other regulators from Hong Kong and China

as well as leaders of the Global Public Policy Committee audit firms. The World Bank participated in the meeting for the first time to discuss collaborations that will further raise the standard of audit quality in ASEAN.

Four ASEAN members also affirmed their commitment to audit quality in February 2017. Audit regulators and the Big Four audit firms (PwC, Deloitte, EY and KPMG) from Indonesia, Malaysia, Singapore and Thailand agreed to work towards reducing the number of listed companies’ audits with inspection findings by at least 25%.



Corporate Registers Forum (6-10 March 2017)

SUPPORTING INTERNATIONAL AUDIT REGULATORY EFFORTS

From 31 October to 4 November 2016, ACRA hosted over 70 audit regulators from 10 jurisdictions as well as the Global Public Policy Committee audit firms in Singapore for the International Forum of Independent Audit Regulators (IFIAR) Interim Meeting and Global Audit Quality Working Group under IFIAR. They met to discuss initiatives to further raise the quality of audits worldwide.



ACRA Chairman Ms Lim Soo Hoon giving the welcome address at the IFIAR 10th Anniversary Dinner hosted by ACRA (1 November 2016)



International Forum of Independent Audit Regulators (IFIAR) Interim Meeting (31 October to 1 November 2016)



Back row, clockwise: Ms Ong Melin, Mr Tan Yong Tat, Ms Queenie Chang and Ms Kartika Liaw from the Information Services Department. They were part of the team that won Gold at the 2016 Public Sector Pro-Enterprise Initiative Awards.

CHAPTER 02

STAYING RESPONSIVE TO BUSINESS NEEDS

WE CONSTANTLY ENGAGE BUSINESSES, SEEKING THEIR FEEDBACK AND WORKING WITH PROFESSIONAL PARTNERS AND BUSINESS ASSOCIATIONS TO ENSURE OUR REGULATORY REGIME REMAINS ROBUST AND RELEVANT TO THE REALITIES OF OUR BUSINESS ENVIRONMENT.



REDUCING BUSINESS COMPLIANCE COSTS

In October and December 2016, ACRA and the Ministry of Finance conducted two rounds of public consultations seeking feedback on proposed legislative changes. Some of these changes sought to reduce the regulatory burden on companies and limited liability partnerships (LLPs). On 10 March 2017 Parliament passed the Companies (Amendment) Bill and Limited Liability Partnerships (Amendment) Bill.

Effective 31 March 2017, companies and LLPs are no longer required to use common seals for the execution of documents, such as deeds and share certificates.

In 2018, another set of amendments will be brought into force. All private companies will be exempted from holding AGMs subject to specified safeguards. The timelines for holding Annual General Meetings (AGMs) and the filing of annual returns will be aligned with the company's financial year end. This provides better clarity and certainty for companies as previously, the deadline for holding AGMs and filing annual returns could change every year.



Removed
the requirement
for a **common seal**



Introduced **exemption**
from the requirement
to hold **AGMs for**
private companies



Simplified the timelines
for companies to hold
AGMs and file
annual returns

ADDRESSING THE PRACTICAL NEEDS OF BUSINESSES

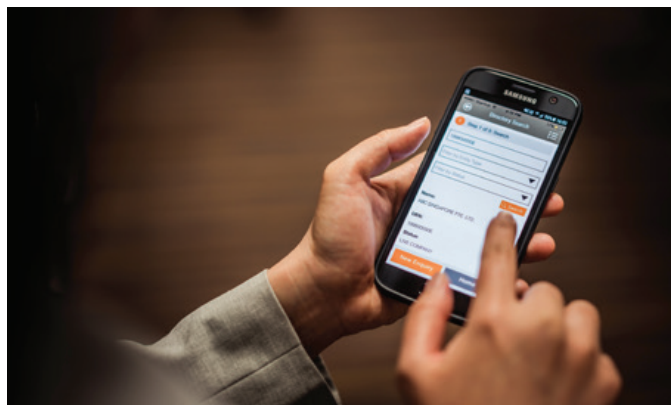
In June 2016, ACRA issued its first set of Registrar's Interpretations (RIs). The aim is to provide practical guidance and certainty to practitioners on non-contentious matters relating to provisions under the Companies Act and other business legislation, without the need to clarify the law through litigation. To ensure that these RIs provide real practical benefits to the business community, they were developed with inputs from the panel members of ACRA's Institute of Corporate Law (ICL), which comprises experienced legal and business professionals, academics and representatives from the private and public sectors.

Under the guidance of the ICL Panel, the Institute of Corporate Law Journal was launched online on 31 March 2017. The web journal carries articles on corporate law and practice written by academics, practitioners and regulators. The aim is to encourage active discussion and debate leading to enhancements in the practice of corporate law in Singapore.

From February and April 2017, Registered Filing Agents (RFAs) and Registered Qualified Individuals (RQIs) respectively can choose to renew their registration for two years instead of just one year. This regulatory change benefits some 5,000 renewals a year.

By the fourth quarter of 2017, a new legislative change will enable foreign companies to transfer their registration to Singapore, instead of setting up subsidiaries, and still retain their corporate identity and history.

New mobile filing and information services were added to the revamped ACRA-On-The-Go mobile app in November 2016. These included the renewal of business registration, filing of annual declarations, changing business address, purchase of information and checking the status of applications.



ACRA added new mobile filing and information services to the revamped ACRA-On-The-Go mobile app in November 2016

**INSTITUTE OF
CORPORATE LAW
JOURNAL**



Another "ACRA@The Heartlands" public outreach talk at Tampines North Community Club (16 July 2016)

DEEPENING INDUSTRY ENGAGEMENT

Stepping up our engagement with the business community, an inaugural dialogue-cum-feedback session was organised with members from the Association of Small and Medium Enterprises on 16 February 2017. More than 40 directors of small and medium enterprises participated in the discussion. We now also hold regular sharing and feedback sessions with corporate service providers. The first session was held on 10 March 2017 with a group of 34 corporate service providers.

In 2016, we organised five ACRA@The Heartlands and ACRA@NACLI public talks for about 1,500 entrepreneurs, new business owners and grassroots leaders.

In October 2016, the ACRA Academy was set up to conduct training and outreach sessions for company directors, corporate service providers, international partners and aspiring business owners.

Working with our professional partners, ACRA officers participate in dialogue sessions and speak at seminars and other events to provide updates as well as seek feedback on current and upcoming regulatory initiatives.



A dialogue session with members of the Association of Small and Medium Enterprises to gather feedback on proposed legislative amendments (16 February 2017)



ACRA shared about the latest findings from our Financial Reporting Surveillance Programme at the CPA Australia and Institute of Singapore Chartered Accountants Dinner Talk (7 February 2017)



From left: Mr Elan Arunasalam, Head (Information Technology Strategy Department); Ms Irene Lim, Manager (Business Registration Department); and Ms Geraldine Tay, Deputy Head (Client Relations Department). They were our PS21 Star Service Award 2017 winners.

CHAPTER 03

GEARING UP FOR THE FUTURE

WE CONSTANTLY SEEK TO DEEPEN AND WIDEN THE CAPABILITIES OF OUR OFFICERS SO THAT THEY ARE EQUIPPED TO MEET THE CHALLENGES AHEAD.

WE ALSO CONTINUE TO FOSTER A SERVICE CULTURE THAT KEEPS PACE WITH THE NEEDS OF OUR CUSTOMERS.



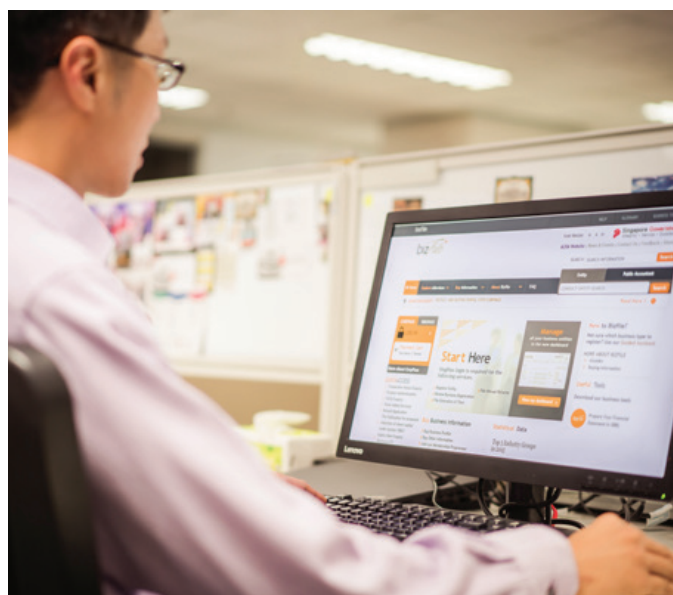
Members of our Customer Experience and Engagement Division brainstorming on new initiatives to enhance our service delivery.

ENHANCING OUR SERVICE DELIVERY

We continue to strive for service excellence and in January 2016, a service delivery blueprint was drawn up to chart our service journey. We have invested in new capabilities such as user experience design. Our customer engagement programmes were restructured in order to attain better customer insights and streamline processes so as to deliver even better service to our customers.

The *iHear* programme was implemented in the third quarter of 2016. Officers from the operations departments undergo stints at our call centre to better understand operational issues faced by customers who call the ACRA Helpdesk. Processes are then streamlined and service enhanced. We set up a usability laboratory in February 2017. Industry practitioners and users of ACRA's systems participate in system enhancement tests and test out prototypes of new mobile apps and information products.

More service delivery initiatives are being launched progressively. A virtual assistant for the BizFile⁺ system and website will be rolled out in the third quarter of



2017 to better address customer queries round the clock. We continue to review key ACRA correspondences and redesign them for better clarity and to offer more insightful information to our customers.



The Information Services Department won the Gold award at the 2016 Public Sector Pro-Enterprise Initiative Awards for a new initiative to reduce service delivery time for business information products (10 November 2016)

STREAMLINING PROCESSES FOR OUR CUSTOMERS

In April 2016, ACRA embarked on a review of our operations to streamline processes. Some initiatives are aimed at enhancing work productivity while others seek to make the delivery of our services to the public more efficient.

One such initiative which taps on digital technology has drastically reduced the service delivery time for business information products to the public. The public can now purchase and instantly receive certified electronic copies of information products that can also be authenticated online with ACRA instantly via QR codes. This initiative won a Gold Award at the 2016 Public Sector Pro-Enterprise Initiative Award.



Staff from the Legal Services and Prosecution Division which won the MOF Most Innovative Project for "Calibrated, Sustainable and Pragmatic Regulation over CSPs" (11 November 2016)



Staff from the Strategy and External Relations Department and Strategy Policy and Corporate Planning Department which won the MOF Most Innovative Project for "Audit Quality Indicators Disclosure Framework" (11 November 2016)

Our drive to keep improving work processes was also recognised at the Ministry of Finance Productivity Day Awards Ceremony held in November 2016. Officers from the accountancy, enforcement and legal departments clinched two Most Innovative Projects Awards – one for developing the Audit Quality Indicators Disclosure Framework to help audit committees better evaluate



Staff from the Business Registration Department which won the MOF Best Suggestion award for "Late Penalty Calculator" (11 November 2016)

auditors' quality and skills, and the other for designing a calibrated approach to conduct compliance checks on corporate service provider firms.

In 2016, ACRA attained the Business Excellence Re-certification (SQC STAR, PD and S-Class certifications) as well as renewed the ISO 9001:2008 certification.



ACRA officers raised \$4,350 to sponsor 150 children from needy families, and distributed the bags to them on 18 February 2017

LENDING A HAND TO THE LOCAL COMMUNITY

ACRA officers continue to actively contribute to the local community. On 17 March 2017, our staff visited elderly residents at ACRA's adopted charity, Geylang East Home for the Aged. ACRA also sponsored a list of daily necessities that went towards running the activities enjoyed by the residents.

ACRA staff raised \$4,350 to sponsor 150 children from needy families, under the "Bless a Child" project initiated by Care Community Social Service and Singapore Corporation of Rehabilitative Enterprises. Our staff also took time off their busy schedules to pack and hand deliver schoolbags and stationery to the four project centres.

In recognition of our officers' efforts to cultivate environmentally-friendly habits, ACRA received our first ever Eco-Office Certification from the Singapore Environment Council in October 2016.



Staff visited the Geylang East Home for the Aged on 17 March 2017 and delivered necessities sponsored by ACRA



KEY STATISTICAL & FINANCIAL HIGHLIGHTS

KEY STATISTICAL & FINANCIAL HIGHLIGHTS

65,112

New business entities were formed in FY2016/17

475,490

Business entities as at 31 March 2017

1,096

Public accountants in the Register as at 31 March 2017

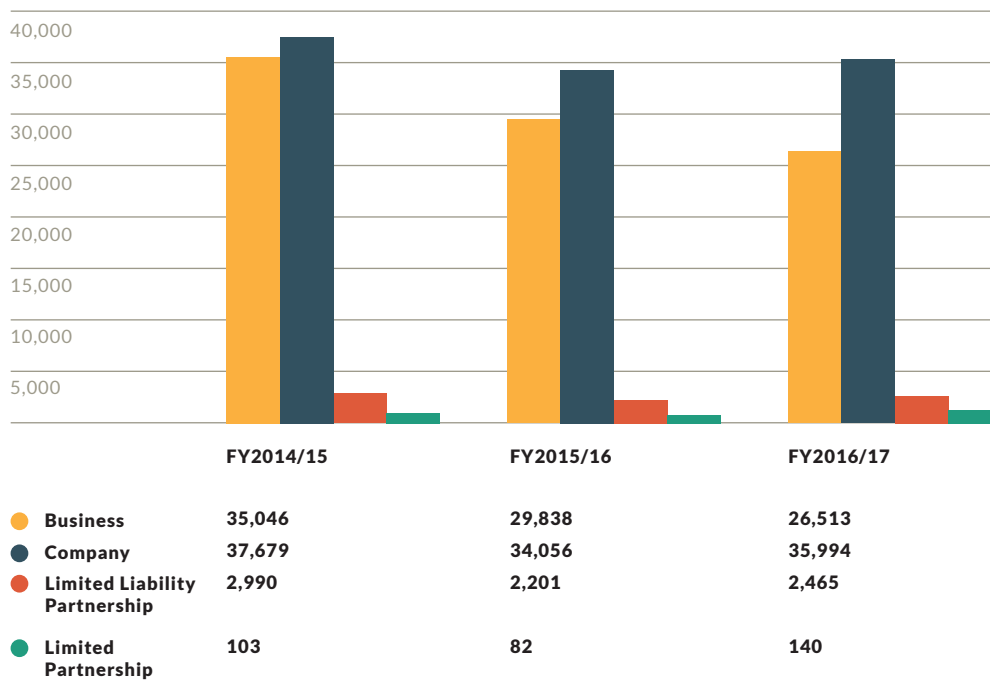
2,292

Registered Filing Agents as at 31 March 2017

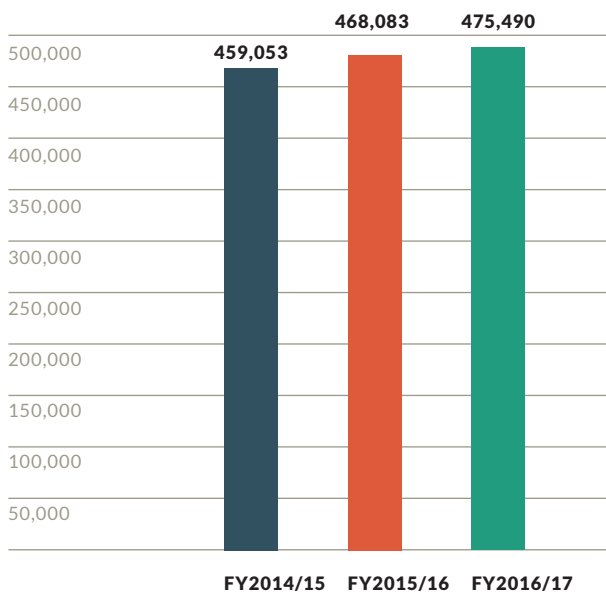
2,607

Registered Qualified Individuals as at 31 March 2017

NEW ENTITIES REGISTERED/INCORPORATED

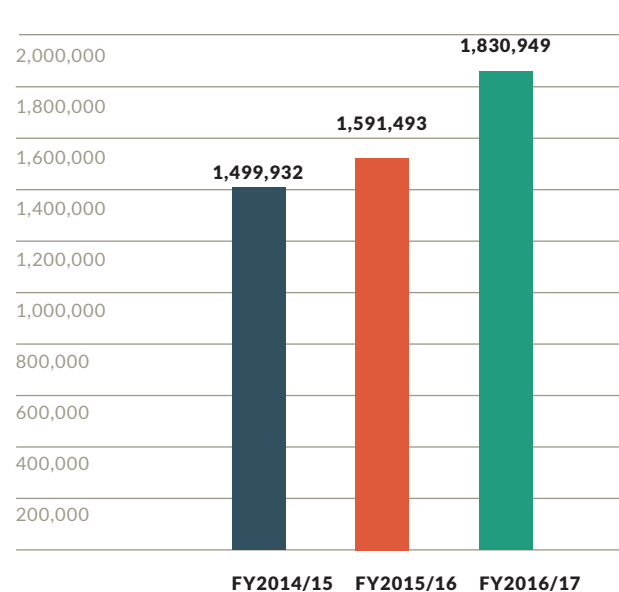


ENTITY COUNT



Entity count has grown about 3.6% annually since FY2008/09.

BIZFILE+ TRANSACTION VOLUME

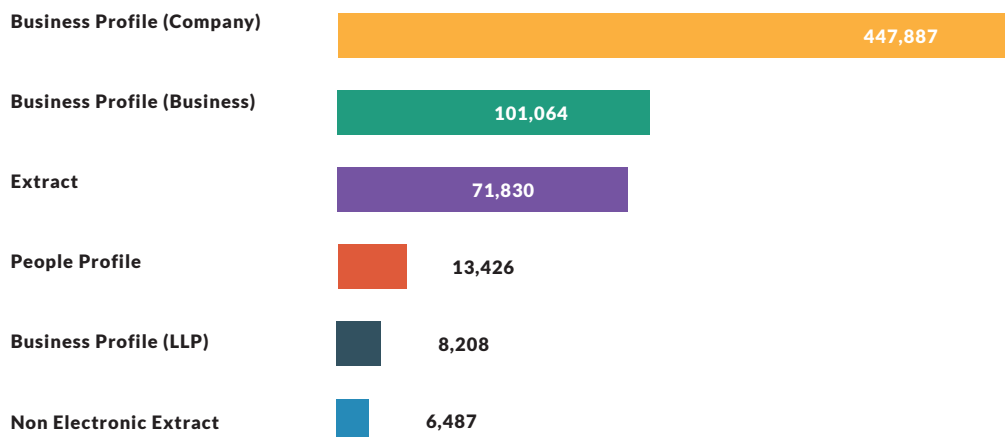


Over a million transactions were done each year since FY2005/06 and there has been a general upward trend.

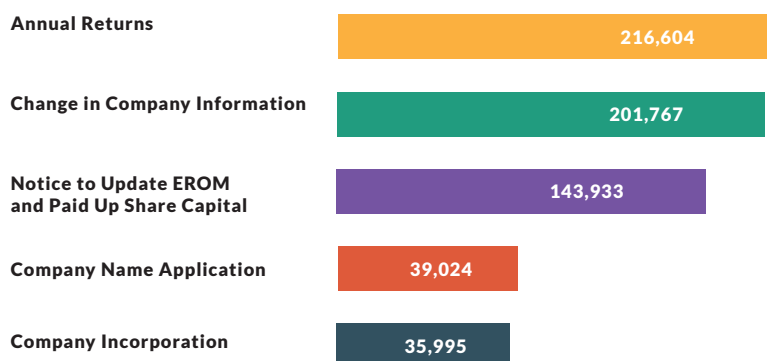
COMMON BIZFILE+ TRANSACTIONS

In FY2016/17, there were 1,830,949 online transactions.

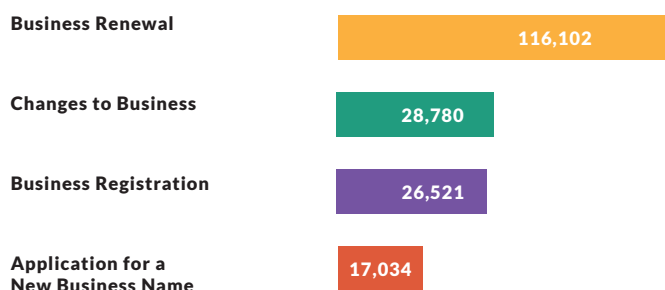
INFORMATION PURCHASE



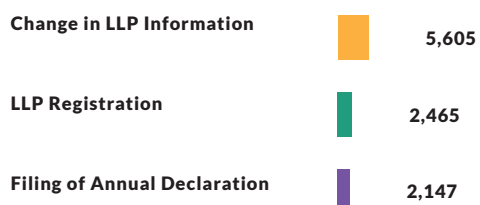
LOCAL COMPANY



SOLE-PROPRIETORSHIP & PARTNERSHIP

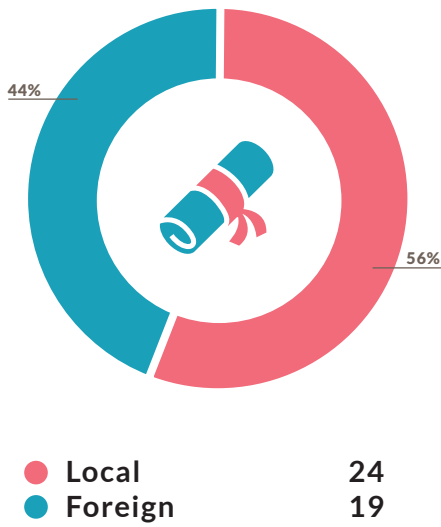


LIMITED LIABILITY PARTNERSHIP

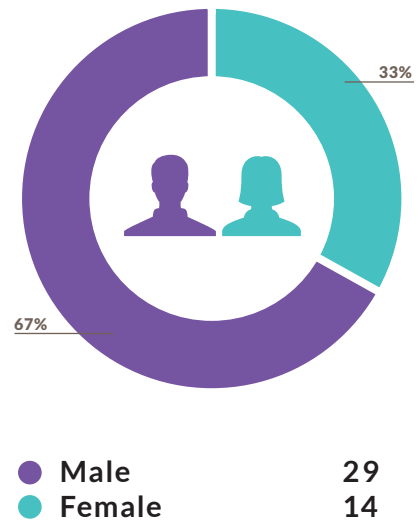


PROFILE OF NEW REGISTERED PUBLIC ACCOUNTANTS (FY2016)

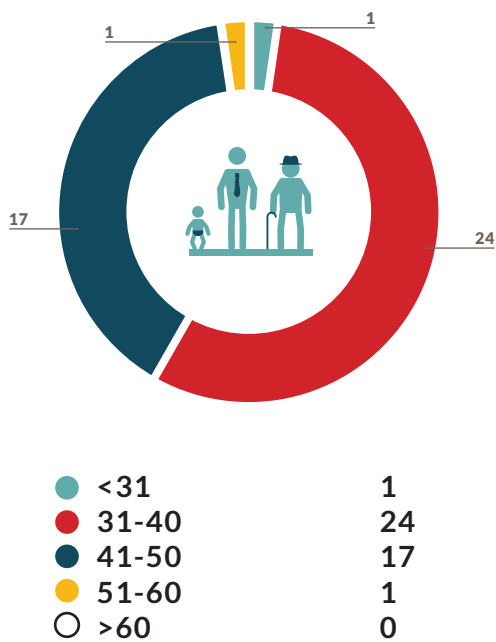
QUALIFICATION PROFILE



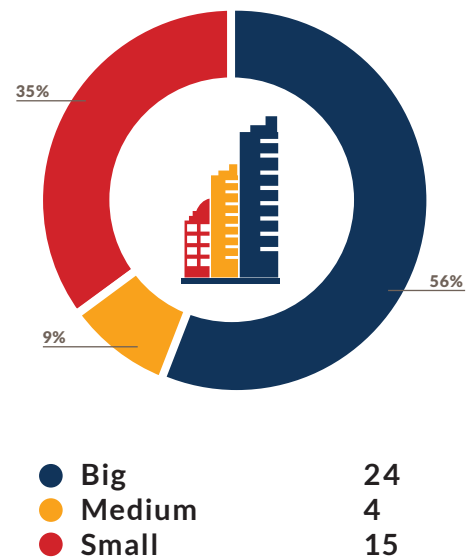
GENDER



AGE



INTENDED PRACTICE



43

Total no. of new registered PAs from 1 April 2016 to 31 March 2017

1,096

Total no. of PAs registered as at 31 March 2017

No. of accounting entities as at 31 March 2017

Big (audited 30 or more listed corporations) **8**

Medium-sized (audited 5 or more listed corporations but less than 30) **5**

Small (audited less than 5 listed corporations) **671**

Total 684

INCOME AND EXPENDITURE SUMMARY

INCOME

Our income for FY2016/17 is S\$77.7 million, or S\$11.3 million more than FY2015/16. The increase is due to:

(1) Company registration and related fees

This has increased by S\$6.9 million to S\$30.7 million due to the full year effect from company annual filing fees revised on 3 January 2016 (FY2015/16: 3 months' effect). This is offset by other filings previously chargeable and made free of charge (effective 3 January 2016) such as change in particulars, shareholdings and registered office.

(2) Business registration and related fees

This has increased by S\$1.2 million to S\$7.3 million due to the full year effect from business registration fees and renewal fees revised on 3 January 2016 (FY2015/16: 3 months' effect).

(3) Information service fees

This has increased by S\$1.2 million to S\$14.4 million. The demand for business information remains strong, even as the first phase of an initiative to provide more free business information was rolled out on 3 January 2016 in which businesses were given free access to view their own business profiles data.

EXPENDITURE

Our expenditure for FY2016/17 is S\$55.4 million, or S\$6.2 million lower than FY2015/16. This is due to:

(1) Service costs

This has decreased by S\$8.9 million to S\$15.3 million due to one-time cost of S\$9.0 million incurred in FY2015/16 to extend the use of the old BizFile system by one year.

(2) This is offset by **Other costs** that has increased by S\$2.0 million to S\$17.7 million due mainly to:

(a) Depreciation and amortisation

This has increased by S\$3.4 million to S\$6.5 million due mainly to the full year effect from depreciating or amortising Phase 1 of the new BizFile+ system that was commissioned on 3 January 2016.

(b) Rental, maintenance & supplies

This has decreased by S\$2.1 million to S\$4.0 million as the new BizFile+ system is under warranty in FY2016/17 and hence, no maintenance cost is incurred.

FY 2016 / 2017 FINANCIAL HIGHLIGHTS

INCOME AND EXPENDITURE SUMMARY (ALL IN S\$ MILLION)

	FY2016/17	FY2015/16
Income	77.7	66.4
Less: Expenditure	55.4	61.6
Staff Costs	22.4	21.7
Services	15.3	24.2
Other costs	17.7	15.7
Surplus	22.3	4.8
Less: Contribution to Government Consolidated Fund	3.8	0.8
Net Surplus	18.5	4.0

Our net surplus for FY2016/17 is S\$18.5 million, or S\$14.5 million more than FY2015/16. This is due mainly to increase in income and decrease in expenditure.

BALANCE SHEET SUMMARY (ALL IN S\$ MILLION)

	31 Mar 2017	31 Mar 2016
Fixed and intangible assets	23.8	27.3
Cash and cash equivalents	186.5	174.2
Other current assets	7.4	6.5
Total assets	217.7	208.0
Less:		
Current Liabilities	56.5	28.1
Non-current liabilities	3.1	2.4
Net assets	158.1	177.5
Share capital	8.6	8.6
Accumulated surplus	149.5	168.9
Capital and reserves	158.1	177.5

ASSETS

Our **total assets** has increased by S\$9.7 million to S\$217.7 million as at 31 March 2017.

(1) Fixed and intangible assets

This has decreased by S\$3.5 million to S\$23.8 million due to:

(a) Completed assets

This has decreased by S\$6.5 million to S\$20.8 million due mainly to the full-year depreciation and amortisation for Phase 1 of the new BizFile+ system. This is offset by:

(b) Development projects-in-progress

This has increased by S\$3.0 million to S\$3.0 million due mainly to work completed under Phase 2 of the new BizFile+ system.

(2) Cash and cash equivalents

This has increased by S\$12.3 million to S\$186.5 million as at 31 March 2017. The increase is due to net cash generated from operating activities of S\$25.7 million, offset by net cash used in investing activities and dividends payment of S\$9.5 million and S\$3.9 million, respectively.

FY 2016 / 2017 FINANCIAL HIGHLIGHTS

LIABILITIES

Our **current liabilities** has increased by S\$28.4 million to S\$56.5 million as at 31 March 2017 due mainly to the provision of ring-fenced composition sums and penalties of S\$33.9 million¹ collected from 1 April 2010 to 30 April 2015 due for return to the Government Consolidated Fund. The amount has been reclassified from accumulated surplus and paid on 24 May 2017.

CAPITAL AND RESERVES

As at 31 March 2017, our **capital and reserves** are made up of accumulated surplus of S\$149.5 million and share capital of S\$8.6 million. During the year, we paid dividends of S\$3.9 million to the Government Consolidated Fund.

Since the inception of Statutory Board Approved Scheme in FY2011/12, we have invested our accumulated surplus to develop the industry in areas such as building capability and competency. As at 31 March 2017, we have further committed an additional S\$12 million to be invested by 31 March 2018:

	<u>Investments since FY2011/12</u>
IT Capability Development Fund	S\$19.6 million
Caters to the development of IT infrastructure and capabilities to uphold a trusted regulatory environment for all stakeholders in the market.	
Accountancy Development Fund	S\$9.0 million
Supports areas relating to the Singapore Chartered Accountants Qualification Programme as well as promoting high quality financial reporting, audit quality and corporate governance.	
Business Competency Fund	S\$1.9 million
Aims to boost the regulatory knowledge base and competency of the business community and raise the level of corporate compliance in Singapore.	
ACRA XBRL Facilitation Fund	S\$0.6 million
Supports the use of technology to facilitate adoption of eXtensible Business Reporting Language (XBRL) financial statements and enhance XBRL data exchanges so as to provide value-added business information to the business community.	
Total	<u>S\$31.1 million</u>

¹On 25 April 2017, the Minister for Finance issued a notice under Section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act 3(b) for ACRA to return the ring-fenced composition sums and penalties of S\$33.9 million collected from 1 April 2010 to 30 April 2015.