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MEDIA RELEASE

ACRA STEPS UP ENFORCEMENT AGAINST ERRANT COMPANIES

- *Doubling of fines imposed on persistent offenders*

Singapore, 14 April 2014 – New deterrent fines were meted out by the State Courts today against three errant company directors who were charged and convicted of the failure to meet the two basic statutory requirements of holding annual general meeting (AGM) and filing annual return (AR) under the Companies Act (Cap. 50). These were for either multiple or repeat breaches of the two said requirements and involved companies with share capital of at least \$250,000. The fines are twice the amount that a typical errant director would otherwise be expected to receive. The total court fines for the three directors amounted to \$17,800.

2 In its submission to the State Courts, the Accounting and Corporate Regulatory Authority's (ACRA) legal officers who prosecuted the cases successfully argued for the imposition of higher fines as a deterrence measure for large companies with public interest that were persistently non-compliant with the two basic statutory requirements to hold AGM and file AR on time. Two of the directors are from Indigoz ICHQS (Asia) Holdings Limited and the third director is from Rebecca Pte. Ltd.

3 There are currently more than 260,000 'live' companies on ACRA's register. Corporate compliance is crucial in helping to promote transparency of dealings between companies and their stakeholders. Every year, ACRA issues about 10,000 summonses to offenders, 40% of which are repeat offenders. While the large majority involves small companies, a small proportion involves larger companies which may be of public interest.

4 On stepping up of its enforcement efforts, ACRA's Chief Executive Mr Kenneth Yap said, "Transparency is the lifeblood of the market. Directors need to take their statutory duties on annual reporting seriously. ACRA will spare no effort to ensure that the business information on our register is accurate and reliable, for the benefit of all market players."

5 Moving forward, ACRA plans to take stern action against errant directors who have similar multiple or repeat breaches of the Companies Act. Mr Andy Sim, Senior Director of ACRA's Legal Services and Prosecution Division elaborated, "ACRA will continue to press for high fines for repeat offenders, especially those involving large companies with multiple breaches. Errant companies can also expect the amount of composition offered by ACRA in lieu of prosecution to go up across the board."

6 Other enforcement and public education measures undertaken by ACRA include issuing reminders to non-complaint companies and making freely available to the public, companies' compliance records. To raise the corporate compliance competency of directors, ACRA introduced the Directors' Handbook titled "ACRA & I: Being an Effective Director" and the Directors Proficiency Programme in September 2012. Earlier this month, ACRA had announced the rolling out of a new training programme for first time offending directors which will start in June 2014 and aims to train 10,000 directors each year in lieu of prosecution.

7 ACRA is also exploring other enforcement measures to raise compliance amongst directors, such as debarment for directors who fail to comply with statutory requirements. More information on ACRA's initiatives to promote corporate compliance is appended at [Annex A](#).

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About ACRA

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. As at 31 March 2014, 433,165 business

entities and 997 public accountants practising in public accounting firms, accounting limited liability partnerships and accounting corporations are registered with ACRA.

For more information, please visit **www.acra.gov.sg**

ACRA's Initiatives to Promote Corporate Compliance

Since 2010, ACRA has launched a number of initiatives aimed at inculcating a culture of voluntary compliance among companies, these include:

- Directors Proficiency Programme (DPP) to raise the competency of directors in complying with corporate regulatory requirements and promote a culture of voluntary compliance. The programme is conducted quarterly in partnership with the Institute of Certified Public Accountants of Singapore (ICPAS), the Singapore Institute of Directors (SID), and the Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA). The one day course has trainers from ACRA, ICPAS, SID and SAICSA teaching company directors essential statutory requirements under the Companies Act and providing e-filing guidance.
- Colour-coded Compliance Rating and Certificate of Compliance to recognise companies with a good record for holding its AGM on time, tabling and filing up-to-date financial statements and AR for the year in question. Companies which are compliant in their filing will receive a positive compliance rating (in the form of a green tick) which makes them eligible for a Certificate of Compliance; while those which were non-compliant in their filing would be given a negative rating (in the form of a red cross).
- End of Financial Year (FY) Reminder Letters are issued to private and non-listed public companies to remind them of the actions required to meet the regulatory requirements. The FY reminder was introduced in addition to the existing reminders sent one month before the deadline for AGM and after the deadline has passed. This is sent immediately after the closing of the company's FY and therefore acts as an early reminder for companies to prepare their financial statements early and thus comply with the necessary requirements.
- In 2011, ACRA launched an iPhone app which includes an offline AGM calculator that helps companies plan when to hold their AGMs.
- The Directors' Handbook titled "ACRA & I: Being an Effective Director" was launched in 2011 to serve as a guide to help new directors better understand and perform their statutory duties and thus meet the legal and statutory requirements. Specifically tailored to help new or aspiring directors who may not be able to afford professional advice on compliance matters, it is freely available online at ACRA's website while hard copy versions are available for sale at local bookstore.

- The Directors Compliance Programme targets errant directors who fail to comply with key basic statutory requirements under the Companies Act (Cap. 50). Currently there are more than 260,000 'live' companies on ACRA's register. Corporate compliance is crucial in helping to promote transparency of dealings between companies and their stakeholders. Key corporate compliance responsibilities include holding the annual general meeting (AGM) and the timely filing of annual return. However, some companies view these statutory requirements as an administrative burden and often fail to comply. An internal study by ACRA found that many first time errant directors are also ignorant of statutory requirements and lack awareness of their duties and responsibilities. The programme, to start in June 2014, targets to train 10,000 directors each year.