

## **Annual Filings, Accounts & Audit**

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## 1. Appointment of Auditor

The directors must appoint an Auditor (who must be a public accountant registered under the Accountants Act 2004) within 3 months from the date of incorporation of the company. However, with effect from 01 April 2004, a company will be exempt from appointing auditors if it is dormant or is an exempt private company with a turnover of less than S\$5 million.

## 2. Dormant Companies

2.1 Section 205B of the Companies Act (the “Act”) exempts a company from the audit requirement if:

- (a) the company has been dormant from the time of its formation; or
- (b) the company has been dormant since the end of the previous financial year.

2.2 A company is dormant during a period in which no accounting transaction<sup>1</sup> occurs and ceases to be dormant on the occurrence of such a transaction. However, for the purpose of determining whether a company is dormant or not, the following will be considered disregarded transactions of a company:

- (a) the taking of shares in the company by a subscriber to the memorandum in pursuance of an undertaking of his in the memorandum;
- (b) the appointment of a secretary of the company;
- (c) the appointment of an auditor;
- (d) the maintenance of a registered office;
- (e) the keeping of registers and books;
- (f) the payment of any fee, fine or default penalty to the Registrar; or
- (g) such other matters as may be prescribed.

## 3. Exempt Private Company

3.1 An “exempt private company” means:

- (a) a private company in the shares of which no beneficial interest is held directly or indirectly by any corporation and which has not more than 20 members; or
- (b) any private company, being a private company that is wholly owned by the Government, which the Minister, in the national interest, declares by notification in the Gazette to be an exempt private company.

3.2 An exempt private company is exempt from audit requirements in respect of a financial year if its revenue in that year does not exceed S\$5 million.

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<sup>1</sup> i.e. a transaction which requires accounting and other records to be kept in order to sufficiently explain the transactions and financial position of the company and enable true and fair profit and loss accounts and balance sheets to be prepared from time to time



#### 4. Requirement to Lodge Annual Return

4.1 Every company must lodge an annual return with the Registrar within a month of its annual general meeting which, in turn, must be held no later than 18 months from the date of incorporation (in respect of the company's first annual general meeting), or 15 months from the date of the last annual general meeting. The accounts laid at the annual general meeting must further be not more than six months old.

The Registrar may, upon application, extend the 18 months, 15 months and/or six months referred to above.

4.2 A dormant or exempt private company may lodge:

- (a) its unaudited profit and loss accounts and balance-sheet, or consolidated accounts and balance-sheet (***please note that these unaudited financial statements must comply with the Accounting Standards or Financial Reporting Standards, as prescribed by the Companies Act***); and
- (b) a statement by the directors:
  - (i) that the company is a company that is referred to in paragraph 2.1(a) or (b) as at the end of the financial year;
  - (ii) that no notice has been received under section 205B(6) of the Act requiring the company to obtain an audit of its accounts for that year; and
  - (iii) as to whether the accounting and other records required by the Act to be kept by the company have been kept in accordance with section 199 of the Act.