

Accounting & Corporate Regulatory Authority
10 Anson Road # 05-01/15 (079903)
Internet - www.acra.gov.sg
Fax – 62251676



ACRA Legal Digest *May 2004, Issue No 4.*

Welcome to the fourth issue of our Digest and the first from the Accounting and Corporate Regulatory Authority ("ACRA").

The Registry of Companies and Business has merged with the Public Accountants' Board to form ACRA on 1st April 2004. ACRA is a statutory body formed under the Accounting and Corporate Regulatory Authority Act, Cap 3 of 2004. With the formation of ACRA, there are many changes to the Accountants Act and Companies Act. This issue will bring you through the subsidiary legislation issued pursuant to these changes. The new registration requirements for public accountants are also outlined in this issue. We hope this issue is of help to you.

Juthika Ramanathan (Ms)
Chief Executive, ACRA

I. HIGHLIGHTS OF SUBSIDIARY LEGISLATIONS UNDER THE ACRA ACT, ACCOUNTANTS ACT 2004 AND COMPANIES ACT

Accounting and Corporate Regulatory Authority (Commencement) Notification 2004

This notification effects the operation of ACRA with effect from 1 April 2004 and the commencement of the ACRA Act.

Accounting and Corporate Regulatory Authority (Composition of Offences) Rules 2004

The rules in this subsidiary legislation empower the Chief Executive of ACRA to compound any offences under sections 30(2), 31(2) and 34(4) of, and paragraph 10 of the Third Schedule to, the ACRA Act.

Accountants Act (Commencement) Notification 2004

This notification effects the coming into force of the Accountants Act 2004 with effect from 1 April 2004 and the repeal of the old Accountants Act (Cap 2).

Accounting & Corporate Regulatory Authority

10 Anson Road # 05-01/15 (079903)

Internet - www.acra.gov.sg

Fax – 62251676

Accountants (Public Accountants) Rules 2004

These rules replace the Public Accountants Board Rules.

Accountants (Accounting Corporations) (Amendment) Rules 2004

These rules amend the Accounting Corporations Rules to cater for the accounting firms.

Accountants (Designation of Successor Company and Successor Society of Institute of Chartered Public Accountants of Singapore) Notification 2004

As a result of the removal of the Institute of Certified Public Accountants of Singapore ("ICPAS") from the Accountants Act 2004 and the formation of ICPAS as a society, this notification sets out the name of the designated successor company and successor society of ICPAS to preserve the membership status of its members and to transfer its assets and liabilities.

Institute of Certified Public Accountants of Singapore (Revocation) Rules 2004

Institute of Certified Public Accountants of Singapore (Membership and Fees) (Revocation) Rules 2004

Institute of Certified Public Accountants of Singapore (Proceedings of Council) (Revocation) Rules 2004

The ICPAS Rules are revoked by these rules.

Companies (Amendment) Act (Commencement) Notification 2004

This notification effects the coming into force of the amendments to the Companies Act with effect from 1 April 2004, except for the amendments to introduce section 144(1A), which comes into effect on 1 October 2004.

Companies (Approved Company Auditors) (Transitional and Savings Provisions) Regulations 2004

This regulation preserves the position of a person who is an approved company auditor before 1 April 2004. Such a person shall continue to be qualified to act as an approved company auditor until his term would have otherwise have lapsed or sooner revoked by the Minister.

Companies (Approved Liquidators) (Transitional and Savings Provisions) Regulations 2004

This regulation preserves the position of a person approved by the Minister as a liquidator before 1 April 2004. Such a person shall be deemed to be approved by the Minister as a liquidator. This approval shall be subject to the same limitations and conditions imposed by the Minister in respect of the original approval and shall expire on the date on which the original approval would have expired.

Companies (Amendment) Regulations 2004

This regulation requires that a review should be made of auditor's remuneration for the non-audit services rendered. It also restates the professional associations for the purposes of the appointment of secretaries. Further, this regulation also deletes the former and substitutes new versions of forms 45 and 45A which attempt to bring to

Accounting & Corporate Regulatory Authority

10 Anson Road # 05-01/15 (079903)

Internet - www.acra.gov.sg

Fax – 62251676

the attention of the directors of their obligations and responsibilities under the Companies Act.

Companies (Exemption from Notification of Substantial Shareholding) Order 2004

This order states that certain persons are exempted from reporting requirements relating to substantial shareholders.

A person, who is a holder of a capital markets services license or an exempt person who acts as a securities lending intermediary in a securities lending transaction, where the securities are transferred to and out of the person's securities account within 2 days, is exempted from the reporting requirements set out in Division 4 of Part IV of the Companies Act (i.e. Substantial Shareholdings).

Similarly, a substantial shareholder, who is not a person referred to in the above paragraph, who lends his securities to any borrower pursuant to a securities lending arrangement, is also exempted from the same provisions. This is provided that the substantial shareholder retains all beneficial interests in the securities and is in a position to exercise any of his rights as a shareholder of the securities.

The main statutes, Companies Act and Accountants Act 2004 can be found on our homepage at www.acra.gov.sg. They can also be found at www.statutes.agc.gov.sg. All the subsidiary legislations are available from SNP Corporation. More information and purchasing details can be found at www.snpcorp.com and www.myepb.com.

II. NEW REGISTRATION REQUIREMENTS FOR PUBLIC ACCOUNTANTS

The Accountants (Public Accountants) Rules 2004 came into operation on 1 April 2004, replacing the earlier Public Accountants Board (PAB) Rules. Under the new Rules, the registration requirement for public accountants contains some refinements and includes additional requirements as follows:

- a) Professional examination – The new Rules includes the Singapore Management University's (SMU) Bachelor of Accountancy Programme as one of the recognised professional examinations with effect from 1 April 2004. *Additionally*, the earlier requirement under the PAB Rules for PAB to determine additional qualifying examinations for applicants holding the Nanyang Technological University of Singapore's Bachelor of Commerce (Accountancy) [prior to 1969] qualification has been removed in the new Rules.
- b) Practical Experience – Previously, applicants can obtain either structured (i.e. experience gained under an approved principal as defined in the Rules) or unstructured practical experience (USPE) for registration as public accountants. Moving forward, structured practical experience (SPE) will be compulsory for post-qualifying experience (i.e. after passing the final qualifying examinations). Please refer to the table below that summarises the legal requirements in relation to the time period required for each type of practical experience.

Accounting & Corporate Regulatory Authority

10 Anson Road # 05-01/15 (079903)

Internet - www.acra.gov.sg

Fax – 62251676

Duration of Practical Experience required before registration as a Public Accountant

<u>Structured Practical Experience obtained before passing the final examinations</u>	<u>Structured Practical Experience obtained after passing the final examinations</u>	<u>Additional Practical Experience to be obtained after passing the final examinations</u>	<u>Total duration of practical experience to be obtained after passing the final examinations</u>
At least 1 year	At least 1 year	At least 1 year of structured or unstructured practical experience	At least 2 years
Nil	At least 2 years	At least 1 year of structured or unstructured practical experience	At least 3 years

The new requirements are in line with international practice where there is strong emphasis on SPE for public accountants. Additionally, to ensure that experience acquired by applicants is relevant and up to date, the new Rules have included the following requirements with respect to post-qualifying practical experience:

- (i) SPE must be of sufficient depth and breadth and the level of responsibility assigned must commensurate with the applicant's abilities and subjected to the requirements as specified by the Public Accountants Oversight Committee (PAOC) from time to time;
- (ii) Applicants must obtain the necessary post-qualifying SPE within three years in aggregate and within a period of seven years prior to application;
- (iii) Applicants relying on USPE in their applications must acquire not less than 12 continuous months of USPE in the same public accountant's office and within a period of seven years prior to application;
- (iv) Applicants must obtain at least one year of their post-qualifying SPE or USPE within three years prior to application; and
- (v) For SPE, an 'approved principal' must not be an immediate family member (as defined in the Rules on Independence to include spouse, child, adopted child, step-child, brother, sister or parent) of the applicant.

Accounting & Corporate Regulatory Authority

10 Anson Road # 05-01/15 (079903)

Internet - www.acra.gov.sg

Fax – 62251676

The new requirements will apply to applicants who have passed their final qualifying examinations on or after 1 April 2004. For applicants who have already passed their final qualifying examinations before 1 April 2004, the old law in relation to practical experience applies.

- c) Continuing Professional Education (CPE) – To ensure that applicants maintain an adequate level of relevant and up to date technical knowledge to work competency before they are registered as public accountants, the new Rules include a new requirement for applicants to satisfy at least 40 hours of pre-registration CPE during the year prior to their application for registration, starting from 1 April 2005. Additionally, at least 30 hours of the pre-registration CPE obtained must comprise structured learning, as provided under the CPE Programme as may be issued by the PAOC.

- d) Membership in the Institute of Certified Public Accountants of Singapore (ICPAS) – The new Rules require applicants for registration as public accountants to be members of ICPAS.

Finally, feedback and comments:

We welcome your comments about any issues raised in this newsletter. Feedback or suggestions for future articles may also be forwarded to The Editors at ACRA_DPD_Feedback@acra.gov.sg.

All information contained herein is correct at the time of publication, 5 May 2004.