

# assistance in preparation of unaudited financial statements

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Hiring professional staff on a full-time basis is an expensive solution that is exacerbated if their time is not fully utilised. For some tasks, however, expert help is the only option, such as in the preparation of unaudited financial statements. It is thus often advisable to outsource such projects in order to reduce overall costs and comply with all legal requirements.

## **Consider the following:**

Under the Companies Act, dormant and private exempt companies with an annual revenue below S\$2.5 million are not required to have their accounts audited for the financial year beginning on or after 15 May 2003. The revenue threshold has been raised to S\$5 million for the financial year beginning on or after 1 June 2004.

Companies exempted from statutory audits must continue to maintain proper accounting records and prepare "true and fair" financial statements in accordance with the Financial Reporting Standards (FRS). The unaudited financial statements, along with the Directors' Report and Statement by the Directors, must be filed with the Accounting & Corporate Regulatory Authority (ACRA) and the Inland Revenue Authority of Singapore (IRAS).

In addition, the Act imposes penalties on directors for the failure to meet the accounting, record-keeping and filing requirements. For example, the failure to maintain proper accounting records and to prepare true and fair financial statements could result in the directors being fined up to S\$2,000 or imprisoned for a term not exceeding 3 months in addition to a default penalty. Further, the directors could also be fined up to S\$50,000 if the financial statements do not comply with the FRS. If the non-compliance is committed with the intent to defraud creditors or for a fraudulent purpose, there could be an additional fine of up to S\$100,000. If convicted, the directors could also be imprisoned for up to 3 years.

It is not in any company's interests to cut corners with financial statements. Handing such projects to under-trained resources is not a favourable solution and may very well result in additional and unexpected costs.

BSL Management Services prides itself on providing timely and accurate financial statements that are in full compliance with the statutory requirements at a competitive cost. Speak to one of our representatives to learn how we can help your organisation.