

Implementation of Section 121 of Companies (Amendment) Act 2014

Section 121 of the Companies (Amendment) Act 2014 which introduces new sections 202A and 202B of the Companies Act (the "Act") took effect on 20 April 2018. Concurrently, the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018 (the "Regulations") has been issued to operationalise sections 202A and 202B. The Regulations took effect on 20 April 2018.

Key requirements of sections 202A and 202B of the Companies Act

- Directors are able to revise the company's financial statements in respect of any financial year of the company.
- The revision is confined to those aspects in which the financial statements did not comply with the requirements of the Act (including compliance with Accounting Standards) and any necessary consequential revisions.
- The revised financial statements are taken as having been prepared on the date of the original financial statements and accordingly, do not deal with events occurring after the date of the original financial statements.
- The requirements of the Accounting Standards that were applied in the original financial statements will continue to be applied in the revised financial statements.
- Relief from requirements granted by the Registrar on the original financial statements do not automatically apply to the revised financial statements and new directors' statement. New applications must be made.
- A new directors' statement and amended auditor's report must be attached to the revised financial statements.
- Directors shall take reasonable steps to ensure that the revised financial statements, together with the new directors' statement and the amended auditor's report, are sent within 30 days after the date of revision, to:
 - all persons who had received the original financial statements; and
 - all persons entitled to receive the notice of general meeting as at the date of revision.
- The revised financial statements must be filed with the Registrar within 30 days after the date of revision.

- The revised financial statements must be laid at the next general meeting held after the date of revision.

Frequently Asked Questions

Q: What is section 202A?

A: Section 202A allows directors to voluntarily revise financial statements for those areas that do not comply with the requirements of the Act (including compliance with the Accounting Standards), and any consequential revisions.

Q: Why is section 202A introduced?

A: Section 202A is introduced to allow directors to revise the defective financial statements on their own accord. Directors may voluntarily revise financial statements in respect of any financial year of the company. Before section 202A was introduced, directors had to obtain a court order before they could file revised financial statements under section 12B, which could be time-consuming and costly.

Q: When can a company voluntarily revise its financial statements under section 202A?

A: A company can voluntarily revise its financial statements under section 202A, when it appears to the directors that the financial statements do not comply with the requirements of the Act (including compliance with the Accounting Standards).

Q: What is section 202B?

A: Section 202B provides for the Registrar to apply to the Court for a declaration that the financial statements do not comply with the requirements of the Act (including compliance with the Accounting Standards), and for an order requiring the directors to revise the financial statements. The Court will then decide whether the financial statements comply with the requirements of the Act (including compliance with the Accounting Standards), and the Court may then give directions on the manner of revision.

Q: Why is section 202B introduced?

A: Section 202B provides for a complementary enforcement action to allow the Registrar to apply to court to require a company to revise its defective financial statements where such defects had been detected.

Help Resources

- [Companies \(Amendment\) Act 2014 \(Commencement\) Notification 2018](#) (PDF, 76KB)

- [Companies \(Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet\) Regulations 2018 \(PDF, 124KB\)](#)
- [Guidance for Companies – Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet under sections 202A and 202B of the Companies Act \(PDF, 684KB\)](#)