

## ***New Provisions for Resignation of Auditors of Singapore Companies***

In this issue of the newsletter, we look at another area of change brought about by the Companies (Amendment) Act 2014 (the “CAA”) specifically, the statutory provisions relating to the resignation of auditors of a company.

Prior to the CAA, an auditor of a company could resign only:

- if he was not the sole auditor of the company; or
- At a general meeting where a replacement auditor is appointed.

### **Resignation of Auditors of Non-Public Interest Companies**

Following the CAA, the new Section 205AA of the Companies Act, Cap. 50 (the “CA”) provides that an auditor of a non-public interest company (other than a subsidiary of a public interest company) may resign before the end of his term of office by providing a written notice of resignation to the company. This will make it easier for auditors of such companies to resign in a situation where a company refuses to hold a general meeting or appoint a new auditor.

Where a notice of resignation is given above, the auditor’s term of office expires:

- at the day on which notice is given to the company; or
- if the notice specifies a time on a later day for the purpose, at that time.

### **Resignation of Auditors of Public Interest Companies (“PICs”)**

For auditors of PICs or their subsidiaries, they will be required to give written notice to the company and to obtain ACRA’s consent to resign before the end of the term of their appointment. The notice and application for consent must provide a written statement of the auditor’s reason for resignation.

This requirement will allow ACRA to prevent the resignation in the public interest where such resignation is not appropriate. However, the approval from ACRA for auditors of PICs or their subsidiaries to resign is subject to ACRA’s discretion and will only be granted in exceptional circumstances, such as where the auditor is no longer capable of performing a competent audit or where the auditor’s continued appointment is impractical or inappropriate. Examples include the failing health of an auditor practising as a sole proprietor; loss of independence of the auditor; or a change in auditor stipulated by the company’s parent entity which is audited by another auditor.

The resignation of an auditor of a PIC or its subsidiary takes effect:

- on the date, if any, specified in the notice of resignation;
- on the date on which ACRA notifies the auditor and the company of his consent for the resignation; or
- on the date, if any, fixed by ACRA for the purpose, whichever occurs last.

PIC refers to a company which is listed or in the process of issuing its debt or equity instruments for trading on a securities exchange in Singapore, or such other company as may be prescribed.

ACRA has issued Practice Direction No. 4 of 2015 and guidelines for details on the procedural requirements relating to resignation of auditors of PICs and their subsidiaries.

In addition to the above requirements, a company must also hold a general meeting for the purpose of appointing a replacement auditor, and lodge the relevant statutory notifications with ACRA in respect of the resignation and appointment of auditors within the prescribed timeline.

For more information and guidance on how to effect the resignation or appointment of auditors in your company in accordance with the CA, please [click here to contact us](#). We have a team of experienced and qualified company secretarial professionals who are dedicated to helping your company meet its compliance obligations in Singapore.

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