



# Snapshot

by Capital Markets & Accounting Advisory Services

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## Companies (Amendment) Bill 2019: 4 key amendments relevant to financial reporting

Issue date	Passed at the Dewan Rakyat on 10 July 2019, and the Dewan Negara on 31 July 2019
Effective date	To be gazetted



### Key amendments

#### 1. Section 72: Redemption of preference shares out of capital

Presently, under Section 72(5), where shares are redeemed otherwise than out of the proceeds of a fresh issue of shares (ie. either out of profits or out of capital), a sum equal to the amount of shares redeemed shall be transferred from retained earnings to share capital.

Under the Bill, Section 72(5) was amended to make it clear that the transfer from retained earnings to share capital is only required where redemption of preference shares is out of profits. For redemption of preference shares out of capital, no transfer from retained earnings is necessary and only a solvency statement by the Directors is required to meet the requirements of Section 72(6).

#### 2. Section 84: Power to alter share capital

Presently, under Section 84(1), a company can only alter its share capital via share consolidation or share split by passing a special resolution.

Under the Bill, a resolution will suffice.

### 3. Section 247: Application for non-coterminous accounting period of group companies

Presently, the Directors of a holding company may apply in writing to the Registrar for an order authorizing any subsidiary to continue to have or to adopt, as the case requires, a financial year which does not coincide with that of the holding company.

Under the Bill, the application must be made not less than 30 days before the circulation of the financial statement of the holding company. The time-frame is introduced to provide the Registrar with sufficient time to process applications and to avoid deliberate non-compliance by the applicant.

### 4. Section 340: Appointment and fixing of external auditors' remuneration at the Annual General Meeting ("AGM") of public companies

Presently, Section 340 is silent on the need for the appointment and fixing of remuneration of external auditors to be tabled at the AGM of a public company even-though there was a similar requirement imposed under Sections 172 (2) and (16) of the previous Companies Act 1965.

Under the Bill, it is now clear that the appointment and remuneration of auditors must be tabled at the AGM for shareholders' approval.

