

Roles And Responsibilities of Directors in Singapore

By satish Bakhda

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Duties And Responsibilities Of Directors

DIRECTORS must comply with the common law and specifically with the Companies Act of Singapore. As most of the company's powers are vested in the board of directors, they actually control its affairs and are thus answerable to the company's shareholders collectively.

FIDUCIARY DUTIES

Directors have a fiduciary duty to their company. This means that they must be loyal to the company and must act honestly and in good faith when exercising their powers. Where a director has a personal interest that may conflict with his fiduciary duties to the company, he should make disclosure to the company and obtain the approval of the company.

STATUTORY BOOKS

Every company shall keep a register of its members and the various statutory books at the company's registered office or some other appropriate place where notice of the place has been lodged with the Accounting and Corporate Regulatory Authority (ACRA). In addition, minutes of directors and shareholders' meeting must be maintained. Only the minutes of the shareholders' meeting can be inspected by the members.

STATUTORY FILINGS

Changes in certain statutory information (e.g. notification of a change of registered office address, appointment or resignation of directors, secretaries, or auditors, allotment of shares) must be lodged with the ACRA on the prescribed forms within specified time limits as stipulated by the Companies Act.

In addition, an annual return must be filed with the ACRA together with a copy of the audited accounts of the company within one month from the date of the annual general meeting of the company unless it is an exempt private company (a private company whereby its shares are not held directly or indirectly by any corporation and which has not more than twenty members). An exempt private company has to file an exempt private company certificate which states that the company is in a position to meet its liabilities as and when they fall due and that a set of audited accounts has been laid before the company at the annual general meeting.

ACCOUNTING RECORDS

The directors and managers of every company are required to keep proper accounting records to

sufficiently explain the transactions and financial position of the company. The records usually contain entries of all receipts and payments, details of sales and purchases of goods, record of the company's assets and liabilities and a records of annual stocktaking if the company deals in goods.

The accounting records must be kept at the company's registered office or at such other place as the directors think fit. The Companies Act requires the accounting records to be kept for seven years.

ANNUAL ACCOUNTS

The directors must prepare a profit and loss accounts and balance sheet together with notes to the accounts giving a true and fair view of the state of affairs of the company at the end of the financial year.

The director's report attached to the accounts must be approved by the board and signed by two directors.

APPOINTMENT OF AUDITORS

The directors of a company must appoint an auditor within three months of the company's incorporation who will hold office until the conclusion of the first annual general meeting where they may be reappointed.

DIRECTORS' MEETING

Adequate notice should be given to allow full attendance of the directors. The relevant papers should be circulated together with the notice so that the directors are well prepared when attending the meeting. The directors should ensure tat there are regular meetings to review the company's financial and trading position properly. The frequency of the meetings depend upon the nature and scale of the company's operation.

SHAREHOLDERS' MEETING

There are very specific rules laid down both by the Companies Act and the company's articles on meeting of shareholders. Meetings may be convened by the directors or in certain circumstances by the shareholders themselves. The shareholders are required to meet with each other and vote on certain issues which require their agreement. The Companies Act lays down various types of resolutions with the period of notice required and the majority need to approve each issue. Minutes must be kept of all shareholders' meeting and signed by the chairman, recording the resolutions passed at the meetings. A copy of the special resolution passed at the shareholders' meeting must be lodged with the ACRA.

Usually a company has at least one meeting in a year which is known as the annual general meeting (AGM). The directors must ensure that the first AGM is held within 18 months of the incorporation of the company and, following that, in every calendar year at not more than 15 months interval. The Companies Act also requires that all AGMs must be held within six months from the financial year end of the company.

The directors themselves or on the requisition of members may convene any shareholders' meeting to vote on certain issues that require the agreement by the members. These are generally known as extraordinary general meetings.

CONCLUSION

In recent years, there has been increasing legislation dealing with the duties and responsibilities of directors in Singapore and you may feel overwhelmed by all the requirements. The legal responsibilities cannot be lessened, except by a statute, but the anxiety caused can be alleviated by taking appropriate professional advice and by effectively monitoring the affairs of the company.

For more information, please visit <http://www.rikvin.com/Duties-And-Responsibilities-Of-Directors.html>

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