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ACCOUNTING AND CORPORATE REGULATORY AUTHORITY ACT 2004

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (PRESCRIBED ACCOUNTING SERVICES AND CONDITIONS) REGULATIONS 2023

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In exercise of the powers conferred by section 35M of the Accounting and Corporate Regulatory Authority Act 2004, the Accounting and Corporate Regulatory Authority, with the approval of the Minister for Finance, makes the following Regulations:

Citation and commencement

1. These Regulations are the Accounting and Corporate Regulatory Authority (Prescribed Accounting Services and Conditions) Regulations 2023 and come into operation on 1 April 2023.

Prescribed accounting services

2.—(1) For the purpose of section 35C(2)(a) of the Act, the accounting services are any 2 or more of the following types of services:

- (a) financial accounting services;
- (b) financial management services;
- (c) insolvency and recovery services;
- (d) internal audit services;

- (e) management accounting services;
- (f) taxation services.

(2) The expressions in paragraph (1)(a) to (f) have the meanings given to them in the Schedule.

Prescribed conditions

3.—(1) For the purpose of section 35C(2)(c) of the Act, the conditions are —

- (a) the application must be accompanied by a fee of \$400; and
- (b) one of the following conditions (whichever is applicable) is met:
 - (i) if the entity is a corporation, it is covered by professional indemnity insurance for an amount that is not less than the highest of the following:
 - (A) \$1 million;
 - (B) the product of \$500,000 and the total number of directors of the corporation;
 - (C) a sum equal to two and a half times the gross income of the corporation in the last completed financial year of the corporation (if applicable), subject to a maximum sum of \$50 million;
 - (ii) if the entity is a proposed corporation, the promoter of the proposed corporation satisfies the Authority that the proposed corporation will, at its incorporation, be covered by professional indemnity insurance for an amount that is not less than the higher of the following:
 - (A) \$1 million;
 - (B) the product of \$500,000 and the total number of directors of the proposed corporation;
 - (iii) if the entity is a limited liability partnership, it is covered by professional indemnity insurance for an

amount that is not less than the highest of the following:

- (A) \$1 million;
 - (B) the product of \$500,000 and the total number of partners of the limited liability partnership;
 - (C) a sum equal to two and a half times the gross income of the limited liability partnership in the last completed financial year of the limited liability partnership (if applicable), subject to a maximum sum of \$50 million;
- (iv) if the entity is a proposed limited liability partnership, all the persons who are to be partners of the proposed limited liability partnership satisfy the Authority that the proposed limited liability partnership will, at its formation, be covered by professional indemnity insurance for an amount that is not less than the higher of the following:
- (A) \$1 million;
 - (B) the product of \$500,000 and the total number of partners of the proposed limited liability partnership;
- (v) if the entity is a firm, it is covered by professional indemnity insurance for an amount that is not less than the highest of the following:
- (A) \$1 million;
 - (B) the product of \$500,000 and the total number of partners of the firm;
 - (C) a sum equal to two and a half times the gross income of the firm in the last completed financial year of the firm (if applicable), subject to a maximum sum of \$50 million;

(vi) if the entity is a proposed firm, all the persons who are to be partners of the proposed firm satisfy the Authority that the proposed firm will, at its formation, be covered by professional indemnity insurance for an amount that is not less than the higher of the following:

(A) \$1 million;

(B) the product of \$500,000 and the total number of partners of the proposed firm.

(2) In this regulation —

“financial year” —

(a) in relation to a corporation or limited liability partnership, means the period in respect of which the financial statements of the corporation or limited liability partnership are made up, whether the period is a year or not; and

(b) in relation to a firm, means the period in respect of which the statements of accounts of the firm are made up, whether the period is a year or not;

“professional indemnity insurance” includes insurance indemnifying a corporation, a firm or a limited liability partnership against liability to compensate a third party who has sustained financial loss or other damage or injury due to a breach of professional duty or to any professional negligence on the part of such corporation, firm or limited liability partnership, as the case may be (including any such negligence by any director of such corporation, any partner of such firm or any partner of such limited liability partnership), or fraud or dishonesty.

THE SCHEDULE

Regulation 2(2)

MEANING OF ACCOUNTING SERVICES

Definitions

1. In this Schedule —

“entity” means —

- (a) a company or association or body of persons, corporate or unincorporate;
- (b) a variable capital company or an umbrella VCC in respect of a sub-fund;
- (c) a sole proprietor; or
- (d) a trust or its trustee (when acting in that capacity), as the case may be;

“general purpose financial statements” has the same meaning as in the part entitled “Glossary” in the Singapore Standards on Auditing;

“Singapore Standards on Auditing” means the standards by that name issued by the Institute of Singapore Chartered Accountants as published on its website;

“special purpose financial statements” has the same meaning as in the part entitled “Glossary” in the Singapore Standards on Auditing;

“sub-fund”, “umbrella VCC” and “variable capital company” have the meanings given by section 2(1) of the Variable Capital Companies Act 2018;

“summary financial statements” has the same meaning as in the part entitled “Glossary” in the Singapore Standards on Auditing.

Performance of service must require accounting skills to be accounting service

2. In these Regulations, a service is not a financial accounting service, a financial management service, an insolvency and recovery service, an internal audit service, a management accounting service or a taxation service, unless its performance requires the application of an accounting or related skill.

Financial accounting services

3. In these Regulations and subject to paragraph 2, “financial accounting services” means either or both of the following:

THE SCHEDULE — *continued*

- (a) preparing and maintaining accounting and other records of an entity which will sufficiently explain the transactions and financial position of the entity and enable true and fair profit and loss accounts and balance sheets (and any documents attached to the profit and loss accounts and balance sheets) to be prepared from time to time;
- (b) preparing the general purpose financial statements, special purpose financial statements or summary financial statements of an entity or any part of those statements.

Financial management services

4. In these Regulations and subject to paragraph 2, “financial management services” means one or more of the following:

- (a) measuring, evaluating or reporting on the flow of the monetary resources of an entity;
- (b) drawing and expressing a conclusion or providing any advice in relation to the measurement or evaluation of, or reporting on, the flow of the monetary resources of an entity;
- (c) drawing and expressing a conclusion or providing any advice in relation to an arrangement, reconstruction or take-over of an entity or any of its assets or liabilities;
- (d) ensuring compliance by an entity with any written law or regulatory requirement in relation to the raising of funds by the entity;
- (e) drawing and expressing a conclusion or providing any advice in relation to ensuring compliance by an entity with any written law or regulatory requirement mentioned in sub-paragraph (d);
- (f) estimating, evaluating or reporting on the economic value of an entity or part of an entity;
- (g) drawing and expressing a conclusion or providing any advice in relation to the economic value of an entity or part of an entity;
- (h) measuring, evaluating or reporting on any factor or circumstance that may pose a risk to an entity;
- (i) drawing and expressing a conclusion or providing any advice on any factor or circumstance that may pose a risk to an entity;
- (j) formulating and proposing a plan to develop or transform the financial position or financial function of an entity;
- (k) the financial analysis of the manner in which an entity conducts its business.

THE SCHEDULE — *continued*

Insolvency and recovery services

5.—(1) In these Regulations and subject to paragraph 2, “insolvency and recovery services” means one or more of the following:

- (a) providing any of the following services in relation to any of the matters mentioned in sub-paragraph (2):
 - (i) financial accounting services;
 - (ii) financial management services;
 - (iii) insolvency and recovery services;
 - (iv) internal audit services;
 - (v) management accounting services;
 - (vi) taxation services;
 - (b) providing any service mentioned in sub-paragraph (a)(i) to (vi) to an entity in relation to —
 - (i) the judicial management, receivership or administration of the entity; or
 - (ii) a scheme of arrangement which the entity is subject to;
 - (c) using accounting skills to investigate any fraud or embezzlement and to analyse financial information for use in legal proceedings concerning the fraud or embezzlement.
- (2) For the purposes of sub-paragraph (1), the matters are —
- (a) the winding up of a company;
 - (b) the winding up of a variable capital company or a sub-fund;
 - (c) the dissolution of a partnership or limited partnership;
 - (d) the winding up of a limited liability partnership;
 - (e) the restructuring of the business operations of an entity;
 - (f) the restructuring of an entity; and
 - (g) acting as a trustee for any trust.

Internal audit services

6. In these Regulations and subject to paragraph 2, “internal audit services” means either or both of the following:

THE SCHEDULE — *continued*

- (a) evaluating the effectiveness of an entity’s processes relating to its governance, risk management or internal control;
- (b) improving an entity’s processes relating to its governance, risk management or internal control.

Management accounting services

7. In these Regulations and subject to paragraph 2, “management accounting services” means either or both of the following:

- (a) measuring, evaluating or reporting on any information relating to the economic performance of an entity;
- (b) drawing and expressing a conclusion relating to the measurement or evaluation of, or reporting on, any information relating to the economic performance of an entity.

Taxation services

8. In these Regulations and subject to paragraph 2, “taxation services” means one or more of the following:

- (a) ensuring compliance by an entity with any written law relating to taxation in the course of preparing any tax return for an entity;
- (b) making tax calculations for the purpose of preparing accounting entries in the entity’s financial statements;
- (c) providing advice relating to taxation and tax planning;
- (d) providing assistance in resolving any dispute relating to taxation.

Made on 24 March 2023.

ONG CHONG TEE
*Chairperson,
Accounting and Corporate
Regulatory Authority,
Singapore.*