

Change of Year End Date

Section 371 of the new Hong Kong Companies Ordinance imposes certain requirements on a company that wants to change the financial year/period end date (termed as “accounting reference date” in the Ordinance). This update summarises these requirements as follows:

Notice to Registrar of Companies

If a public company or a company limited by guarantee wants to adopt a new accounting reference date, the company must, within 15 days after the date of the directors’ resolution specifying the new accounting reference date, deliver a notice, in the specified form, of that new date to the Registrar of Companies for registration. As a result, a public company or a company limited by guarantee needs to have a directors’ resolution in order to adopt a new accounting reference date. However, Section 371 does not state clearly whether a private company also needs to have a directors’ resolution for adopting a new accounting reference date.

The notice to the Registrar of Companies must state whether the financial year/period is to be shortened or extended.

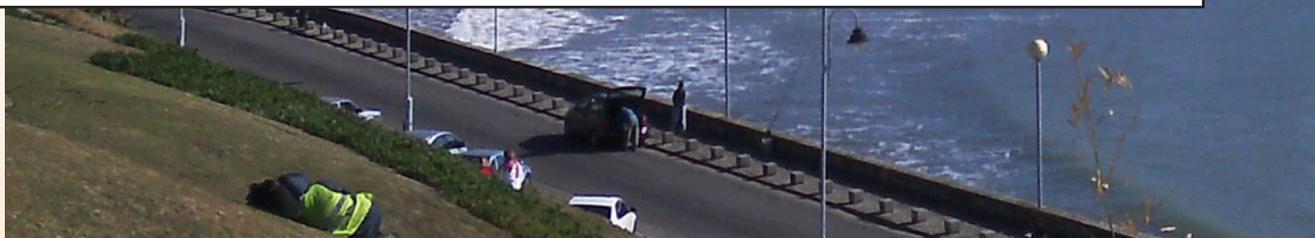
Time Limit for Change

The directors of a company must not specify a new accounting reference date in relation to a financial year/period if the time limit for laying the financial statements before the company’s annual general meeting or the time limit for sending the financial statements to the members when no annual general meeting will be held, has expired. The time limit is normally 9 months after the financial year/period end for a private company or a company limited by guarantee, and 6 months after the financial year/period end for other companies.

Therefore, the directors cannot avoid complying with the time limit for presenting the financial statements to members through extending the financial year/period end date.

Financial Statements not Over 18 Months

The directors of a company must not specify a new accounting reference date in relation to a financial year/period so as to extend the period to longer than 18 months.



No Frequent Extension

The directors of a company must not extend the financial year/period if those directors have extended a financial year/period within 5 years before the new accounting reference date. This restriction does not apply if the new accounting reference date is to coincide with the accounting reference date of a holding company of the company or the change is approved by a members' resolution.

Therefore, the restriction does not apply if the change is or the previous change was to shorten the financial year/period. In addition, the restriction does not apply if the previous extension of the financial year/period was done by previous directors who are different from the existing directors.

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