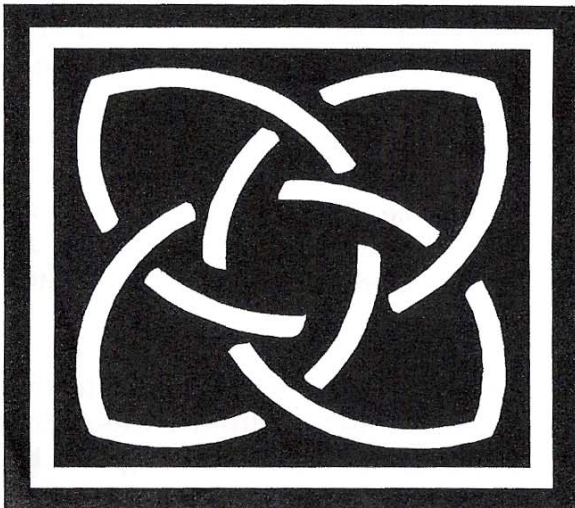




OFFICE OF THE
REGISTRAR OF COMPANIES

ANNUAL MEETINGS,
FINANCIAL STATEMENTS &
ANNUAL RETURNS

*The requirements under the
Companies Act 1997.*



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An "exempt company" is defined in Section 171 as a company that did not at any time have:-

- total assets exceeding K5,000,000; or
 - more than 25 shareholders; or
 - more than 100 employees; or
- a company that has one or two of the above only, and all the shareholders have resolved not to appoint an auditor. A subsidiary of an exempt company is also exempt.

A company that is not exempt is referred to as a "reporting company".

Subsidiaries of an overseas company or a reporting company are **not** exempt.

The financial reporting requirements for an overseas company vary slightly from those for a locally incorporated company. Consult your professional advisers for further information.

ANNUAL RETURN - SECTION 215

As under the old Companies Act a company is required to prepare an annual return. It must be lodged with the Registrar each calendar year within 14 days after the annual meeting of the company. The annual return must be made up to the date of the annual meeting or to a date not later than 14 days after the annual meeting.

Since the balance date of most companies incorporated in Papua New Guinea is at the

end of the calendar year, i.e. 31 December, the last possible date for the lodgement of the annual return without late fees, will be on 15 July. The lodgement fee for an annual return is K50. The lodgement fee for an annual return of an overseas company is K100.

Reporting companies must attach the certified audited financial statements for the company to their annual returns.

Where a company fails to lodge its annual return and, where applicable, its financial statements, every director of the company commits an offence and is liable on conviction to pay the following:-

- K10,000 for not lodging an annual return; and
- K100,000 for not lodging the financial statements.

For further information contact:-
The Registrar of Companies
Business Registration Office
PO Box 1281
PORT MORESBY NCD
Telephone: (675) 321 3900
Facsimile: (675) 321 3049



This pamphlet is intended as a summary only of the provisions of the Companies Act 1997 relating to annual meetings, financial statements and annual returns. If you require further assistance please contact your professional advisers.

ANNUAL MEETINGS, FINANCIAL STATEMENTS & ANNUAL RETURNS

Companies Act 1997

ANNUAL MEETINGS

The board of every company must ensure that an annual meeting of shareholders is held:-

- at least once every calendar year;
- not more than six months after the balance date of the company; and
- not more than 15 months between one annual meeting and the next.

However, a company is not required to hold its first annual meeting in the calendar year of its incorporation, but must hold that meeting within 18 months of incorporation.

Most companies registered in Papua New Guinea have a balance date at the end of the calendar year i.e., 31 December. The annual meeting of the company must therefore be held no later than 30 June of the following year.

A company may apply in writing to the Registrar, under Section 101(3) to extend the period in which its annual meeting is to be held. A fee of K100 is payable.

RESOLUTION IN LIEU OF A MEETING

The Act enables resolutions to be passed without the need for a formal meeting of shareholders - Section 103. An annual meeting need not be held where everything required to be done at that meeting is done:-

- by resolution(s) in writing, signed by not less than 75% of the shareholders who would be entitled to vote on that resolution at a meeting of shareholders; and
- together, they hold not less than 75% of the votes entitled to be cast on that resolution.

A resolution passed in accordance with the above is as valid as if it had been passed at a meeting of the shareholders. Within 5 days a copy of every resolution passed in accordance with Section 103 must be sent to every shareholder that did not sign it.

FINANCIAL STATEMENTS

All companies are required to complete financial statements. These financial statements must be made up within 5 months after the balance date of the company, or such shorter period as may be required by any other Act.

A company may apply in writing to the Registrar under Section 179(2) to extend the period within which to complete its financial statements. A fee of K50 is payable to the Registrar for the application.

Financial statements are defined as:-

- a balance sheet;
- a profit and loss or income and expenditure statement;
- a statement of cash flows, if required by an applicable financial reporting standard; and
- any related notes or documents.

Financial statements must:-

- comply with "generally accepted accounting practice", being the financial reporting standards approved by the Accounting Standards Board, and if there are none, then authoritative and appropriate accounting policies; and
- give a true and fair view of the matters to which they relate.

LODGEMENT OF FINANCIAL STATEMENTS

A company that is required to be audited must within 14 days after its annual meeting submit copies of its financial statements and the auditor's report to the Registrar. If a company has subsidiaries, group financial statements as defined in Section 178 must also be lodged.

A company is required to be audited unless it is:-

- an exempt company; or
- a company, or in class of company exempted by the Registrar.