

Accounts of Company

I. Books of Accounts to be kept by co [Sec - 128]

1. Every co shall maintain for every financial year

Books of Accounts 2(13)	Books (or) paper 2(12)	Financial Statement 2(40)
includes records maintained in respect of	It includes	It includes
- All amt received & expended	- Statutory Registers	Balance Sheet
- Assets & liability of co	- Minutes	P/L a/c
- Sales & purchases of g/s	- Books of accounts	Income & expenditure a/c [in case of NPS]
- items of cost (as per 148)	- Deeds, Vouchers	CFS
	- writings, documents in paper/electronic form	statement of changes in equity
		Explanatory Note

2. General Requirements in preparation of Books of Accounts

- > It should give True & fair view
- > Shall be prepared every financial year
- > Explain transaction of registered & branch office
- > Accounts must be kept in accrual basis & double entry system.

3. Place of maintenance of Books of Accounts, Books & Paper, FS

(i) At the registered office of the co

(ii) Any other place in india after passing Board resolution

(+) Intimate ROC about new address in AOC - S in 7 days

Note: Books of Branch office

whether in india (or) outside, the books shall be kept at branch office itself, provided summarised returns shall be sent to registered office at quarterly intervals

4. Inspection by Directors

- > Any director can inspect the books during Biz hours
- > He can inspect Books of Subsidiary only after authorisation by BOD
- > Financial info maintained outside india, can be requested by director to co & it shall be provided in 15 days

↓
He shall seek info directly & not through any agent.

5. Period of Reservation

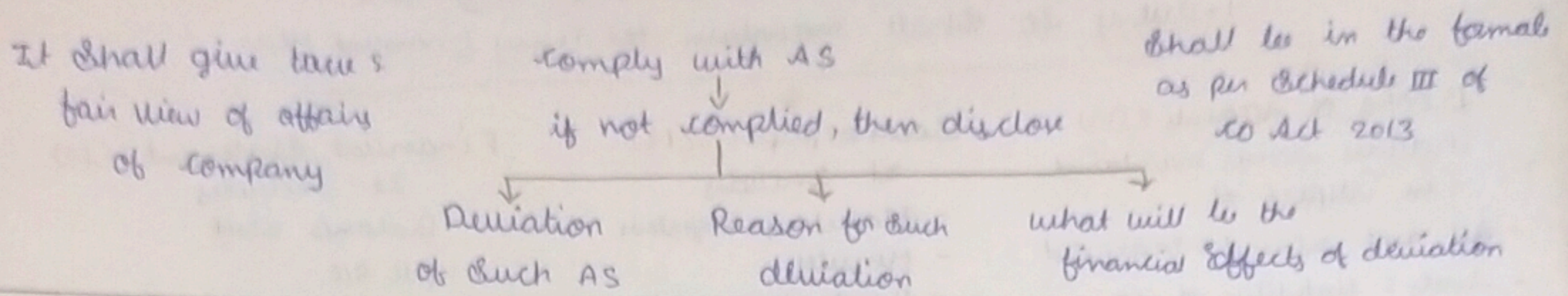
Books of Accounts (+) Vouchers = minimum 8 years preceding FY
if co incorporated newly, than such period of existence

6. Person responsible to maintain Books of Accounts

- > Managing director
- > whole time director in charge of finance
- > chief financial officer
- > Any other person authorised by BOD

II. Financial Statement [Sec - 129]

1. How to maintain financial statement



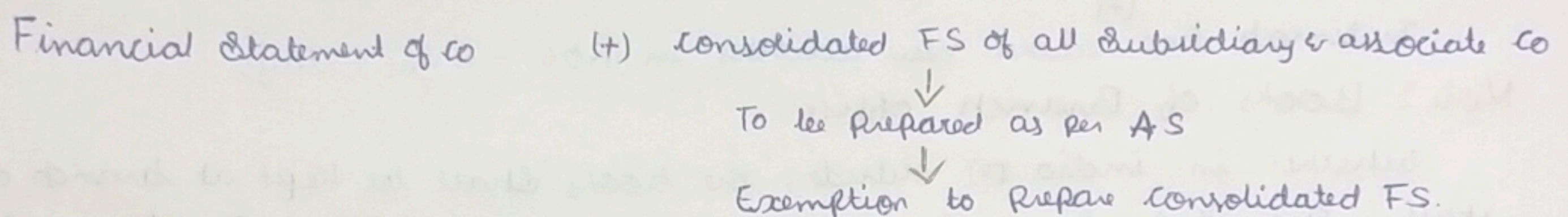
2. Non-Applicability

- * Insurance Co
- * Banking Co
- * Co engages in supply of electricity
- * Any other Co for which FS are specified

3. Exemption by Co to comply with Sec - 129.

- Quo moto (or)
- On application by Co & involves public interest

4. Board shall lay full documents in AEM



It is unlisted Co & not in process of listing in (or) outside India

Its ultimate (or) intermediary holding Co files CFS with ROC

It is a wholly (or) partly owned subsidiary of another Co & all its members have not given no objection on non presentation of CFS

III. Re-opening of Accounts [Sec - 130]

To Re-open & Re-cast its Financial Statement

Application to be made to - competent court / tribunal Before passing order it shall give notice to

- Central govt
- SEBI
- Income tax authority
- Statutory authority
- Any person concerned

for any representation

Only Reasons for re-opening

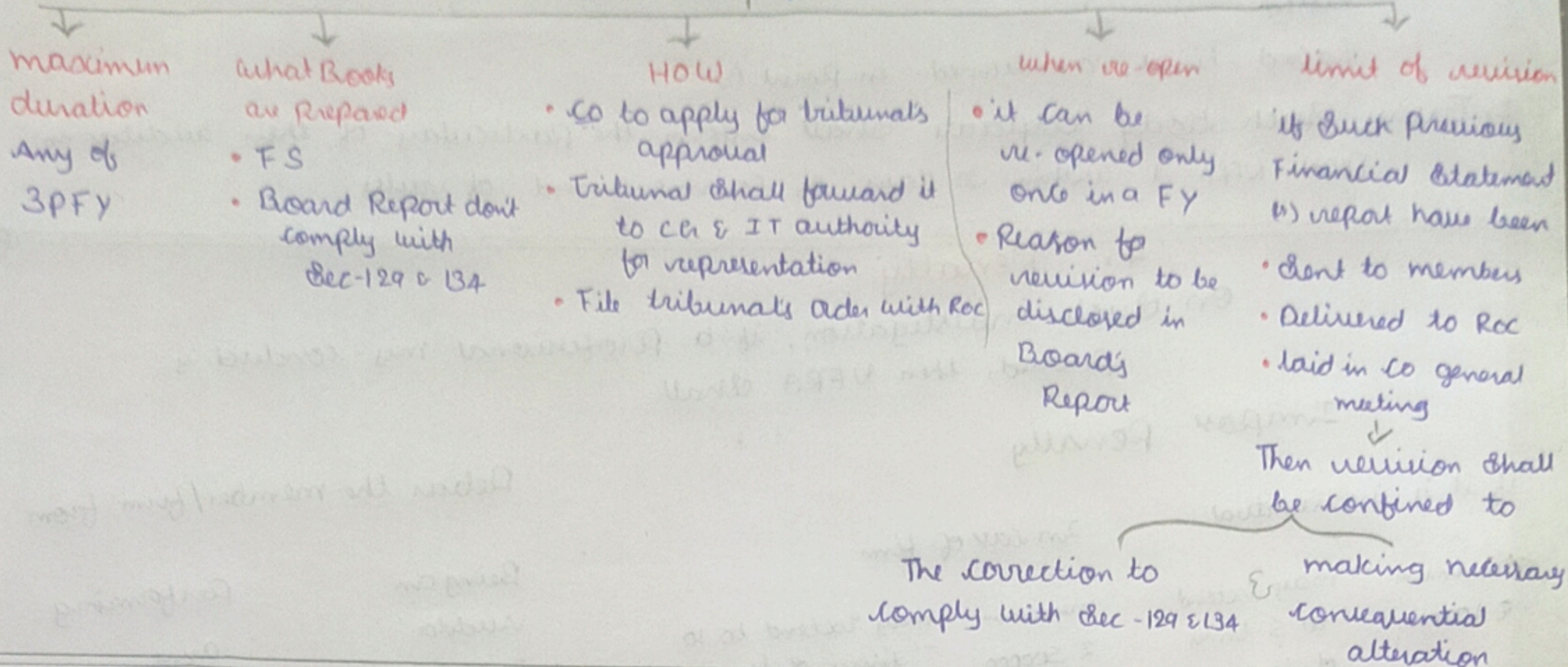
* Accounts were prepared in fraudulent manner

* Affairs of Co were mis-managed & there is doubt on reliability of FS

Note:

- Books can't be re-opened for a period earlier than 8 FY preceding current FY
- It can be re-opened if there is direction issued by Co that books shall be maintained for more than 8 years
- The accounts once revised shall be final

IV. Voluntary Revision of financial Statement (or) Board Report [Sec-131]



V. Constitution of National Financial Reporting Authority [Sec-132]

1. Composition

- > Chair person [who is eminent person having experience in accounts, audit, finance, law]
- > Such part-time & full-time, members not exceeding 15 members

NOTE

Chair person & members shall declare to CEr regarding no lack of conflict of int/ independence in their appointment

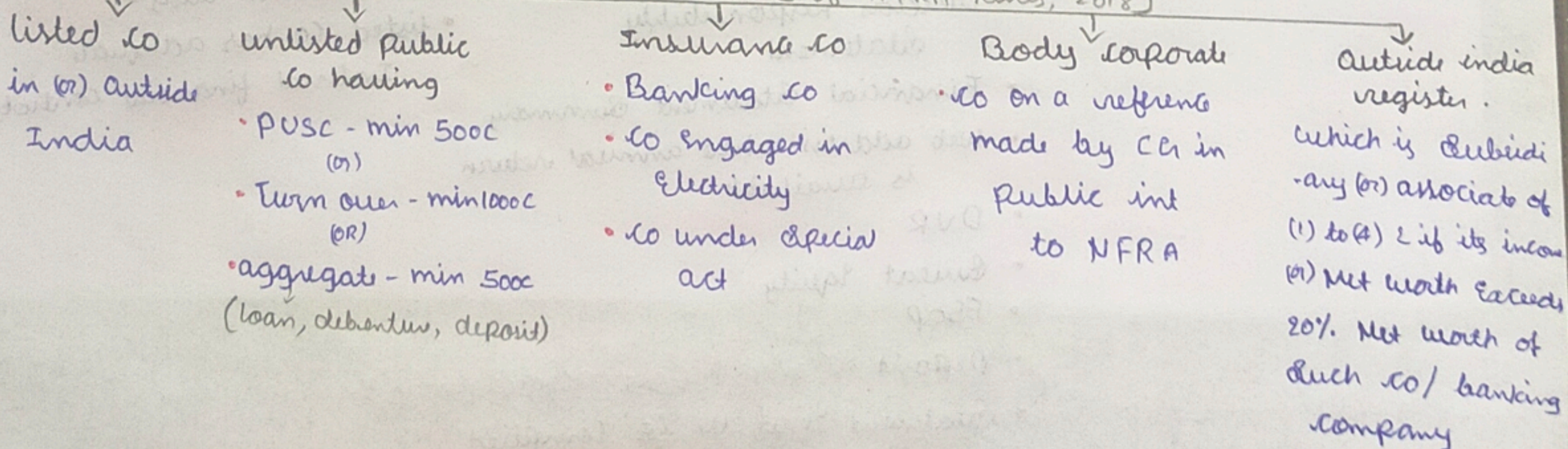
Chair person & members in full-time employment, shall not be associated with any audit firm during their tenure & 2 years after such ceasing to be members & chairperson

2. Functions of NFRA

- > Make recommendation to CEr on formulation of accounting & auditing policies & standards
- > Monitor & enforce compliance of accounting & auditing standards
- > Oversee the quality of service of professional with respect to such standards & suggest change to improve quality.
- > Perform such other functions as may be prescribed

3. Power to investigate service of auditors of companies & Body corporates governed by NFRA.

(class of Co given under Rule-3 of NFRA Rules, 2018)



NOTE: (2) NFRA Rules shall continue to apply for 3 years after it ceases to be listed

Exceed limit mentioned in Point (2)

2. Every such body corporate shall inform the particulars of their auditors in FORM - NFRA - 1 within 30 days of commencement of rules

4. Penalty

On such investigation, if a professional mis-conduct is proved, then NFRA shall

Impose Penalty

if it is individual

minimum ₹ 100000
may extend to 5 times of fees received

In case of firm

minimum ₹ 500000
may extend to 10 times of fees received

Aggrieved person can appeal to appellate tribunal

Debar the member/firm from

Being an Auditor
Internal auditor
Undertaking Audit
Performing any valuation

minimum = 6 months
maximum = 10 years

5. Audit & Annual Report

- * Audit of NFRA is conducted by comptroller & Audit general
- * Annual report specifies activities done during the year
- * Both reports shall be submitted to CA, which will again be laid in both the houses of parliament

VII. Financial Statement, Board's Report [Sec - 134]

Authentication of FS by.

- Chairperson, if authorized by BoD
- 2 directors (1 shall be MD, if any)
- CEO, CFO & CS if appointed
- OPC - 1 director

contents of Board Report

- No. of Board meetings
- Frauds reported by auditor (15143)
- Amt of dividend recommended
- Amt proposed to carry to reserves
- CSR initiatives
- Particulars of contracts/arrangements with related parties
- Directors Responsibility Statement
- Financial Statement Summary
- Web address where annual return is available
- DVR
- Sweat equity
- ESOP
- Deposits [Accepted, Repaid, default during the year if any]
- Statement that the Co. complied with PoSH

Directors Responsibility Statement

- In preparing Annual a/c applicable AS are follo [Reasons + deviation stated]
- Directors have selected a/cing policies that are reasonable to give true & fair view
- Maintenance of adequate accounting records
- Accounts prepared on going concern basis
- listed Co has adequate internal financial controls

VII. Corporate Social Responsibility [Sec - 135]

1. Applicability

Net worth - 500 cr (or) more

Turn over - 1000 cr (or) more

Net Profit - 5 cr (or) more

during previous FY shall constitute CSR committee

shall consist 3 (or) more directors in which 1 shall be independent

* Private Co can have with only 2 directors

2. Non-applicability

if a Co fails to meet the requirement of 3 consecutive FY, not be required to constitute CSR committee

3. CSR Expenditure

2% of avg Net Profit of Co made during 3 preceding FY

4. CSR Committee

- At least 3 directors (or) more should be there (including 1 independent director)
- if it is foreign Co, at least one resident director

5. Schedule VII

- Eradicating hunger
- Promoting education
- Promoting gender equality
- Protection of national heritage
- Contribution to PM care fund
- Slum area development

6. Exception of CSR

if any spend outside India

Any thing spend to or employees

if 2% of Annual Net Profit is not exceeds 50 cr, CSR is not necessary

7. Implementation of CSR

Sec-8 / Trust / Society established by Co

Sec-8 / Trust / Society established by CG / SC

Sec-8 / Trust / Society shall have established track record of 3 years

VIII. Rights of members to receive audited financial Statement [Sec-136]

IX. Copy of financial Statement to be filed with Roc [Sec-137]