Section 128
Books of Accounts

Electronic mode
- BOA can maintain in e mode → accessible in india → main server in india
- audit trail वाला software
- legible, inform IP address to ROC

Penalty (50000 - 500000

Every company
↓
Every financial year

Maintenance
↓
- True and fair
- Explaination
- Accrual
- Double Entry

Definition Sec. 2(13)
- B/S : assets and liabilities
- Trading and P and L : Sales and Purchase
- Cash flow statement : Receipts and Payments

Period of maintenance
- = 8 yrs
- > 8 yrs (if ordered by CG)
- < 8 yrs (if company incorporated is less than 8 yrs)

Place of Business
- Registered office

OR

- any other place in India as the BOD may decide
↓
Decisions के 7 days के अंदर ROC को notice देना

BOA of Branch
↓
Kept at branch
↓
Summarised returns sent periodically to R.O.

Inspection
- BOA kept @ RO or any other place in India
↓
any director
↓
business hrs.
- BOA of subsidiary can be inspected by any person authorised by BOD of holding co.
↓
Officers/employees of subsidiary should give full assistance to the authorised person.
- Financial information maintained outside India → summarised ~~Act~~ returns sent quaterly to India → any director can inspect this summary → Other FI can be requested by the director HIMSELF → Company will have to provide FI within 15 days.

liability
↓
managing Director, WTD (finance), CFO, other authorised person liable for Books of accounts

classmate
Date
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Section 129
Requirements of a financial Statements

Section 2(40)

- Balance Sheet (as on end of year)
- Profit and loss A/C (Income and Expenditure A/c). → Section 8 company
- Cash flow Statement → Receipts and Payments (Section 8 co.)
  Small co., OPC, Dormant co. X
- Statement of changes in equity, if applicable
- Notes to Accounts (integral part of financial statement)

Section 129

- True and fair view, AS under Sec. 133, Schedule III
- Non applicability: special act companies (Ex - Banking, insurance, electricity)
- lay down FS at every AGM
- If co. has subsidiary/associates, prepare CFS also. Rules for CFS as mutadis - mutandis with FS
- If deviating from AS under Sec. 133
  - specify the deviation
  - reasons for deviation
  - financial effect of deviation

* Exemptions to B Ltd. from preparation of CFS –

$$A\ Ltd \xrightarrow[\text{partially owned}]{\text{wholly/}} B\ Ltd \longrightarrow C\ Ltd.$$

B Ltd need not prepare CFS if B Ltd is an unlisted company, A Ltd has already prepared and filed CFS, B Ltd other members does not have objection.

Other members को company ने written intimation देना and proof of delivery of these is with company.

including preference shareholders (otherwise not entitled to vote)

⇒ **Section 130**
Re-opening of Accounts on Court's or Tribunal Orders

* CG / ITA / SEBI, Statutory body, other person concerned —application→ Court/NCLT

A B

* $\boxed{B}$ —notice asking for representations→ $\boxed{A}$.

* Order of Court
  - → relevant earlier accounts were prepared in fraudulent manner
  - → affairs of the company are mismanaged casting a doubt on reliability of FS.

* Max. 8 years books of account can be represented

* Revision accounts shall be final

⇒ **Section 131**
Voluntary Revision of Financial Statements or Board's Report

- PY. 3 years FS/Board's report can be revised
- Reason for Revision
  - operation of law ✓ (Sec. 129/134)
  - fraud ✗
- Board of Directors' decision to Revision

↓ 14 days

$\boxed{\text{Company}}$ —application NCLT-I→ $\boxed{\text{NCLT}}$

↓

NCLT $\xrightarrow[\text{for representations}]{\text{notice asking}}$ CG/ITA

- Revision can be done once in a FY.
- Board's report में revision का full detailed reasons

⟹ **Section 136**
Rights of members to receive copies of audited financial statement.

* Company $\xrightarrow[\text{+ Board's report}]{\text{FS + CFS + auditor's report}}$ members, Debenture trustees, Sec 101 R

↓

atleast 21 days before the meeting

↓

14 days (Sec. 8 company)

↓

Shorter days possible [if agreed by (Sec. 101 EGM shorter notice point)]

↓

If meeting called at shorter notice, then उतने ही shorter days मे notice भेजो।

* Listed Company
  - full FS ✗
  - summarised ✓

Conditions

- 21 days के लिए RO मे business hours के दौरान inspection चालू ~~करे~~ रखो
- AOC 3 मे Documents का salient features members को भेज दिया है।
- uploaded the documents on websites

But if Shareholders asks for full information, Company will have to provide

* Listed company and unlisted companies (networth less than 1 crore and upto 10 crore) — may send documents ELECTRONICALLY.

* Subsidiaries company का FS तब ही देना है जब member ने explicitly माँगा हो।

↓

Foreign subsidiary का FS translate करके देना है।

↓

Foreign subsidiary का FS audit होगा या नहीं वो उस country के law पे depend करेगा।

* Constitution of CSR committee

↓

≥ 3 directors (≥ 1 independent)

↓

If no independent director, ≥ 2 directors

↓

In case of private company ≥ 2 directors

Section 135 Corporate Social Responsibility

↓

Statutory obligation (optional)

* Company + holding + subsidiary + foreign co. (place of business in India)

(All will do different CSR)

5 cr Net Profit. OR 500 cr net worth OR 1000 cr Turnover

in the Immediate Previous year.

↓

Then in current year CSR committee ~~will~~ should formed

↓

not required if CSR expenditure ≤ 50 lakhs

↓

in these case, BOD will carry out the functions

* ~~Duties~~

Duties

CSR Committee
- Formulate and recommend CSR policy to BOD
- Recommend CSR expenditure to BOD
- Monitor the compliance

BOD
- Approve the CSR policy
- Disclosures in Board's report and website
- Oversee implementation

* Amount of CSR Expenditure

↓

Average of Previous 3 yrs profit × 2%

↓

If expenditure done is more, then it can be set off in ~~next~~ immediate succeeding 3 years

↓

In 2% expenditure, 5% administrative overheads charge can be done.

* CGR Project

- Normal Project
- Multiyear Project
  - * Ongoing project (≤ 3 years)
  - year of commencement of project not counted

(जो initially ongoing नहीं था, it can become ongoing afterwards.
BOD will give reasonable justification)

* Amount unspent on CGR

- Normal Project
  - Transfer the unspent amount to schedule VII fund within 6 months from end of year.
- ~~Multi ye~~ Ongoing project
  - Transfer the unspent amount to UNSPENT CGR A/c with 30 days of end of year
  - utilise these amount within 3 years from date of transfer
  - If not transfer the amt to Schedule VII fund within 30 days from end of 3rd year

(जो initially ongoing नहीं था, जो बाद में ongoing बन सकता है, no problem
BOD reasonable rectification दे देगा।)

* Activities not CSR

(a) Normal course of business से भिन्न activities
(b) Statutory objections
(c) amount contributed to political party
(d) Sponsorship basis - marketing benefits
(e) Ad. Activities benefiting only employees
(f) activities done outside India

↓

Exception :
Training of sport personnel outside India who will represent at national / International level को माना जाएगा

* Net Profit calculation for CSR

↓

~~Exceptions~~ Excluding

(a) Overseas Branch से कमाया हुआ पैसा

Dividend received from company जो already CSR follow करती है

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* IMPACT ASSESSMENT

↓

If in previous 3 years there was obligation of >10 crore CSR

↓

तो current year मे ≥1 crore outlay वाले CSR projects जो last 1 year मे complete हुए है, उसका एक independent agency assessment करेगा।