ACCOUNTS OF COMPANIES [128-138]

BOA - BOOKS OF ACCOUNT

FS - Financial Statement → BALANCE SHEET / STATEMENT OF PROFIT/LOSS / CASH FLOW STATEMENT / Statement of Changes in Equity / EXPLANATORY NOTE

B&P - BOOKS & PAPERS → (WARM-DVD)

W A R M D V D → Deeds

- W → WRITINGS
- A → ACCOUNTS
- R → Register
- M → minutes
- D → DOCS
- V → vouchers
- D → Deeds

Exemption of CASH FLOW STATEMENT
- Small Company
- OPC
- Dormant company
- START-UP company

BOA
- SALE & PURCHASE
- ASSETS & LIABILITIES
- MONEY RECEIVED & SPENT
- COST RECORD - U/S 148

128 BOOKS OF ACCOUNTS

- BOA/FS Prepared & Kept at Registered office
- True & FAIR view - Affairs of Company
- Accrual + DOUBLE entry system
- Other place other than R.O ☑
  BUT only in india (MANADTORY)
  &
  Decided By BOD $\xrightarrow[\text{WITHIN 7 DAYS OF SHIFT}]{\text{ADC-5}}$ ROC

E-MODE

- It can be kept - electronically - ACCESSIBLE 24/7
  SOFTWARE FEATURES REQUIRED
  - AUDIT TRAIL
  - AUDIT TRAIL CANT BE DISABLED
  - EDIT LOG + DATE

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- IT SHALL RETAINED IN ORIGINAL FORM
- LEGIBLE FORM
- SYSTEM — STORAGE, RETREIVAL, DISPLAY, PRINTOUT
- DISPOSE $\boxed{X}$
- BACK-UP – DAILY BASIS
- Server Details – Report (Annually) → ROC

= BRANCH ACCOUNTS < BOA, FS

↓

CAN BE KEPT AT (with them)

- Branch in india
- Branch outside india
  ↓
  QUARTERLY (PERIODIC SUMMARIZED REPORT) → HEAD OFFICE (in INDIA) (R.O)
  $\boxed{\text{Mentioned in RULES}}$ → Companies, Rules 2013

INSPECTION – Employees SHALL PROVIDE ASSISTANCE TO DIRECTOR

INDIA
↓
DIRECTOR (HIMSELF ONLY CAN INSPECT BOA)
↓
IN BUSINESS HOURS
↓
"NO POWER OF ATTORNEY"

OUTSIDE INDIA
↓
DIRECTORS MAY Request the company
↓
Company should provide information WITHIN 15DAYS FROM DATE OF request
↓
"NO POWER OF ATTORNEY"

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→ HOLDING COMPANY → SUBSIDARY COMPANY

DIRECTOR → inspection → SUBSIDARY COMPANY BOA

SHALL AUTHORIZE

inspection → Requires BOARD RESOLUTION OF HOLDING COMPANY

- BOA → SHALL BE PRESERVED IN GOOD CONDITION FOR MIN 8 YEARS FROM DATE OF ENTRY

- IF CENTRAL GOVERNMENT – in CASE OF INVESTIGATION – PRESERVATION
  MAY ORDER TO PRESERVE FOR LONGER PERIOD

- RESPONSIBLITY OF BOA

(a) MAnaging DIRector
(b) CFO
(c) WTD (Finance)
(d) OTHER person (AUTHOrized BY BOD)

} OID FINE = ₹50000 - ₹500000

$\boxed{129}$ FINANCIAL STATements

- True & FAIR view – AFFAIR
- AS u/s 133 ☑
- SCHEDULE – III

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CFS = CONSOLIDATED FINANCIAL STATEMENT

FS + CFS ⟶ AGM

- ≥ 1 ASSOCIATE (includes Joint venture)
- ≥ 1 Subsidiary

SHALL INCLUDE AOC-1 — SALIENT FEATURES ⟵ ASSOCIATE / SUBSIDIARY / Joint venture

Comply with U/S 133 & SCHEDULE-III ☑

CONDITIONS — SHOULD NOT PREPARE CFS (All CONDITIONS MUST BE SATISFIED)

1) WHOLLY / PARTLY owned subsidiary
(+) + other members (READY TO VOTE) ⟶ (IN WRITING) NO OBJECTION ⟶ ON NOT PREPARING CFS

2) NOT listed / NOT in the process of listing
(+)

3) Ultimate PARENT COMPANY ⟶ CFS has been filed with ROC

FS — Compliance U/S 133 — IF Deviation

- Reason for Deviation
- NATURE of Deviation
- Financial impact of such Deviation

Responsibility

(a) MAnaging DIRECTOR

(b) CFO

(c) WTD (Finance)

(d) OTHER person (AUTHORIZED BY BOD)

IF ANY CONTRAVENTION — JAIL UPTO 1 YEAR (IMPRISONED) (OR) FINE 50000 – 500000 (OR) BOTH

129 A Periodical Financial Results

↓

Applicable To Unlisted Companies – Prescribed

– Periodical Financial Statements

BOD Approval → Auditor & Limited Review → File with ROC

Step ① | Step ② | Step ③

130 Re-Opening of BOA + Recasting of FS

Central government, Income tax Department, SEBI, Others } May Complain that → Tribunal/Court

- Account prepared fraudulently
- Affairs of company mismanaged

Tribunal/Court

↓

If satisfied that → Account prepared fraudulently / Affairs of company mismanaged → F/S Reliable ☒

Shall give chance of representation To remaining [other than – who complained) (C/W IT/SEBI)

May order to Re-open the BOA & Re-casting F/S

↓

That shall be final

↓

☒ Again cannot altered/re-opened

131 VOLUNTARY Revision of Financial Statements

Directors suspect that
- Financial statements not as per u/s 129
- BOD Report not as per u/s 134

OF PAST 3 YEARS CAN BE REVISED

↓

BY making application to TRIBUNAL (WITHIN 14 DAYS from date when director suspects) → In form NCLT-1

↓

REPRESENTATION OF CG/SEBI

↓

ORDER

↓

(THAT CAN BE REVISED)

↓

COPY OF ORDER

↓ WITHIN 30 DAYS

SHALL BE FILED WITH ROC

DIRECTORS → TRIBUNAL ...... HEARING

ADVERTISEMENT ← 14 DAYS PRIOR

- F.Y ?
- MD/CFO/CS/DIRECTOR IN CHARGE ?
- AUDITOR ?
- BR-COPY
- GROUNDS/REASON FOR REVISE ?

TRIBUNAL → NOTICE - AUDITOR [COBH]

TRIBUNAL → ORDER

↓

TAKE APPROVAL OF SH IN GM OF REVISED F/S

↓

COPY OF APPROVAL OF SH IN GM → 30 DAYS → FILE WITH ROC

CHANGES
- CONFINED TO CORRECTION
- CONSEQUENTIAL CHANGES ← IMPACT

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BASIC - DIFFERENCE

130	131
BOA & F/S	F/S & BOARD REPORT
COURT/ TRIBUNAL	TRIBUNAL
CG SEBI IT DEPARTMENT OTHER	DIRECTOR
BR ☒	BR ☑
8 YEARS - CAN BE Revised	3 YEARS - CAN BE REVISED
FRAUD	CORRECTION

133 ACCOUNTING STANDARDS

ICAI + NRFA $\xrightarrow[\text{RECOMMEND}]{}$ CG

134 Financial statement & BOARD REPORT

BOARD REPORT ↓

- SIGNED BY CHAIRMAN (if authorized by BOD)
  ↓ if not
- SIGNED BY BOD (Atleast 2 directors include 1 MD)
- IN CASE OF OPC - SIGNED BY 1 DIRECTOR

FS
↓
- APPROVAL OF BOD
- SIGNED BY CHAIRMAN (if authorized by BOD)
  ↓ if not
- SIGNED BY BOD (Atleast 2 directors include 1 MD)
- SIGNED BY CEO + CFO + CS
- IN CASE OF OPC - SIGNED BY 1 DIRECTOR

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CONTENTS OF BOARD REPORT

- ANNUAL RETURN
- NO. OF BOARD MEETING
- FRAUD
- DECLARATION BY INDEPENDENT Director
- Company affairs
- Related party transactions/Contracts/Agreements
- Amount to be transferred to Reserve
- Dividend (Recommended Amount)
- Other matters

NOTE: 1) DISCLOSURES MADE IN F/S, NOT REQURIED TO DISCLOSURE AGAIN IN BOARD REPORT

2) IN case of OPC & SMALL company, Abridged BOARD report is enough.

DIRECTOR'S RESPONSIBILITY STATEMENT [DRS]

a) BOA $\xrightarrow[\text{AS PER}]{}$ AS U/S 133

AS PER ↓ without any "material Departure"

b) Accounting policies — Judgement — PRUDENTLY; consistent

c) CARE — ACCOUNTS, ASSETS — NO FRAUD

BOD REPORT
AUDITOR'S REPORT
FS
CFS
Explanatory Statement
} To SHAREHOLDERS AT GM

d) BOA — Going Concern BASIS

e) IFC - internal Financial Control
f) Law — Compliance — System
} ADEQUATE, OPERATING Effectively

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135 CORPORATE SOCIAL RESPONSIBILITY

COMPANY → AOC-4 + CSR 2 → ROC

CSR Commitee
↓
- Company Having
  - N/W - ≥ 500 CR
  - T/o - ≥ 1000 CR
  - NP - ≥ 5 CR (Before TAX) - Excludes: Overseas Profit; Dividend from Indian Co. ↓ if (involved in CSR)

  P.F.Y

P.F.Y - IN PRECEEDING FINANCIAL YEAR

Constitution:
- 3 DIRECTOR (1 INDEPENDENT DIRECTOR)
- Private Company
  ↓
  2 Director

NON-APPLICABILITY
CSR Amount ≤ 50 LAKHS
↓
CSR Commitee Not Required

Admin overheads
↓
CAN BE UP TO 5% OF CSR Amount

CSR amount
↓
2% of Avg NP (last 3 F.Y)
↓
Preference
↓
Local Areas

DEFAULT IN CSR SPEND
- Company: [2 x CSR Amount (OR) 1 CRORE]
- OID: [1/10th of CSR Amount (OR) 2 LAKH]

WHICHEVER IS LOWER

ACTIVITIES NOT ALLOWED
- STATUTORY OBLIGATION
- SPONSORSHIP
- EMPLOYEES
- POLITICAL
- OCOB
- OUTSIDE INDIA
  EXCEPT: SPORTS TRAINING (INTERNATIONAL)

EXCESS
↓
CARRY FORWARD

SHORT-OFF
↓
- NORMAL: DISCLOSED IN U/S 134 BOARD REPORT (+) T/R To SCHEDULE VII ↓ (within 6 months)
- ONGOING (< 3 YEARS): END OF FY — 30 DAYS — 3 YRS
  - 30 DAYS ↓ UNSPENT CSR ACCOUNT
  - 30 DAYS ↑ T/R To SCHEDULE VII

(EXCESS EXCLUDES SURPLUS) [+] [INCOME ON CSR Expense]

BOARD RESOLUTION REQUIRED FOR SET-OFF

[NON-BUSINESS INCOME] SURPLUS UTILIZATION
- UNSPENT CSR ACCOUNT (WANT TO SPEND IN CSR)
- SCHEDULE VII (IF NOT)

IMPLEMENTATION OF CSR
- ITSELF
- SEC 8
- PUBLIC TRUST
- SOCIETY
  ↓
  FORM CSR-1 To ROC $\xrightarrow{\text{PROVIDES}}$ UNIQUE CSR REG. NO.

NOTE :- CAPITAL expenditure can be done in CSR only by the name of Sec 8, Trust, Society Registered

ANNUAL REPORT ON CSR (+) [Impact Assessment]
↓
CSR OBLIGATION ≥ 1 CRORE
+
min ↳ (completed > 1 YEAR (CSR PROJECT))

IMPACT ASSESSMENT EXPENSE
↓
DEEMED TO BE CSR EXPENSES
↓
TO THE EXTENT
- a) CSR Amount (OF THAT YEAR) x 2%
- b) 50 LAKH

WEH

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Right to member:

Member
Debenture Trustee
Entitled person

→ INSPECTION ☑
- BUSINESS HOURS [R.O]
- AOA CAN RESTRICT UPTO 2 HOURS

- FS
- CFS
- AUDITOR'S REPORT
- OTHER DOCS

→ GENERAL MEETING

Sent to → BUT WHEN? → 21 DAYS BEFORE/PRIOR TO GENERAL MEETING

↓

CAN BE SENT IN SHORTER PERIOD NOTICE

↓

APPROVAL OF

- IF SHARE CAPITAL IS THERE → MAJORITY (+) 95% OF PUSC
- IF SHARE CAPITAL NOT THERE → 95% OF VP

Similar Approval NEEDED for EGM

IN CASE OF LISTED COMPANY

↓

ALL DOCS — INSPECTION AT R.O → BEFORE 21 DAYS OF GM

(+)

↓

SALIENT FEATURES [FORM AOC-3]

↓

SHARE WITH SHAREHOLDERS (UNLESS THEY DID'NT ASK FULL DETAILS)

↓

12 DAYS PRIOR TO GM

If Company follows IND-AS instead of AS
FORM AOC-3 ☒, FORM AOC-3A ☑

FS & CFS
↓
SHALL UPLOADED IN WEBSITE

SUBSIDARIES [EACH] → SEPARATELY (INDEPENDENT) AUDITED F/S (STANDLONE) → SHALL BE UPLOADED IN WEBSITE

IF ANY SUBSIDARY → OUTSIDE INDIA → IF THEY ARE NOT REQUIRED TO GET AUDITED (AS PER FOREIGN LAW)

↓

UNAUDITED F/S SHALL BE UPLOAD

↓

IF THEY PREPARED CFS

↓

UPLOAD THE CFS ☑ IN WEBSITE
(TRANSLATE TO — ENGLISH)

- FS = (AOC-4)
- CFS = (AOC-4 CFS)
- NBFC (Ind AS) = (AOC-4 NBFC (Ind AS)
- NBFC (Ind AS) (CFS) = (AOC-4 CFS NBFC (Ind AS)

→ ROC

AGM
- ADAPT $\xrightarrow[\text{30 DAYS}]{\text{WITHIN}}$ ROC
- NOT ADAPT $\xrightarrow[\text{30 DAYS}]{\text{WITHIN}}$ ROC
  PROVISIONAL
- ADAPT $\xrightarrow[\text{30 DAYS}]{\text{WITHIN}}$ ROC
  FINAL

AOC-4 XBRL - N/A ← NBFC, HFC, INSURANCE CO.

- listed Companies or Subsidiary of listed Company IN INDIA
- PUSC = ≥ 5 CRORE
- T/O = ≥ 100 CRORE
- F/S AS PER IND-AS

FAILURE TO FILE F/S

(a) MAnaging DIRector (if not)
(b) CFO (if not)
(c) DIRECTOR IN CHARGE (if not) (Authorized BY BOD)
(d) All DIRECTORS

₹10000 [+] 100/DAY TO THE EXTENT OF 50000

(+)

Company WILL BE LIABLE FOR - ₹10000 [+] 100/DAY TO THE EXTENT OF 2 LAKHS

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138

INTERNAL AUDIT → PRIVATE → THRESHOLD LIMITS

TURNOVER = ≥ 200 CR [At End of F.Y]

(OR)

OUTSTANDING LOAN (BANK/PFI) = $\boxed{>}$ 100 CRORE (Anytime)

PUBLIC COMPANY

THRESHOLD LIMITS

OUTSTANDING DEPOSIT = ≥ 25 CRORE (Anytime)

(OR)

PAIDUP SHARE CAPITAL = ≥ 50 CRORE (At the End of F.Y)

(OR)

OUTSTANDING LOAN (BANK/PFI) = $\boxed{>}$ 100 CRORE (Anytime)

(OR)

TURNOVER = ≥ 200 CRORE (At the End of F.Y)

every listed company

$\boxed{\#}$ WHO CAN BE INTERNAL AUDITOR?

- INDIVIDUAL
- FIRM
- BODY CORPORATE
- LLP
- Employee