19. Accounts of companies

Obligation of company

↓

Prepare BOA / Books / F/S

↓

For every F.Y.

Preparation of BOA & Books

- True & fair veiw
- Explain the statement
- Accrual Basis
- Double entry system

Preservation

- 8 years
- If CG ordered for longer Period during investigation → such longer period

Preservation place

- Registered office
- Any place in india declared by BOD → intimate it to ROC within 7days (ROCs) of board

Preservation places for branches (Alternatives)

- Indian branch → BOA & Books can be kept at branch it self
- Foreign branch → BOA & Books can be kept at branch itself

+ Must send summerized Returns Periodically	+ Must send summerised Returns Quaterly

Inspection of BOA & Books

↓

Director only

- During business hrs
- Registered office (or) Any Place where BOA & Books are kept
- Verify
  - ✓ BOA & Books kept at that place
  - ✓ summerised returns from banch
- Request to get any extra information ⇓ Info must be provided within 15d

Note: Directors (If authorised by BOD) can inspect BOA & Books of Subsidiaries.

Persons responsiable for maintaining proper BOA & Books

- Managing director
- whole time director (charge of Finance)
- CEO
- Any person (Authoris. by BOD)

Preparation of F/S

- True & fair view
- Follow applicable Accing standards.
- items as per standards
- Schedule III formats.

Note Above rules not applicable → Banking co, Insurance co, Electricity co, Similar co.

F/S → B/S + P&L + Cashflow statement + SOCIE + Notes to A/c's

Cashflow statement is → OPC / small co / Dormant co / Pvt co + startups no filing default
Optional

Inspection of F/S

Company $\xrightarrow{\text{F/S + Audit report + Board report}}$ members & Debenture trustee

Note:

Listed co →
- Shall forward all documents atleast 21 C.D before ACM
(or)
- Shall forward a statement containing silent features of all documents atleast 21 CD before ACM
(+)
Shall make all documents available for inspection

CD → clear days
starting & ending days must be ignored

Consolidated Financial statements

1. When applicable : If a company has → Subsidiary (or) Associate (or) Joint venture

2) If applicable : a) The co shall prepare - SFS & CFS.
b) Auditor shall Audit - SFS & CFS
c) Shareholders shall Approve - SFS & CFS
d) company shall file with ROC - SFS & CFS

3) Exemption : a) The company must be subsidiary (either wholeowned / partly) E
b) its holding co shall file CFS with ROC E
c) All its members shall agree for not to prepare CFS. E
d) it shall be unlisted co.

Periodical Financial Results

↓

For unlisted co

↓

Within 30d of closure of prescribed period

↓↓

Prepare F/S + Audit / limited Review of F/S + file these F/S with ROC

Reopening & Recasting of F/S ~~with~~ which are already filed with ROC

Procedure:

a) certain authorities shall make a request to NCLT
b) NCLT shall consider the recommendation of all authorities
c) NCLT shall order for reopening & recasting

Which period F/S Any F.Y during ← Last 8 FY / last longer period directed by CG

Note: Revision once made is final

Voluntary Revision of F/S (or) Board Report

Issue: ✓ F/S are not prepared as per CA 2013
✓ B/R is not prepared as per CA 2013

Solution
✓ co shall apply to NCLT for voluntary Revision
✓ NCLT may pass an order for revision

Related to. Any of the last 3 FY
Note: maximum revisions allowed in a FY - only once

Directors Responsibility Statement.
↓
Included in Board Report

- To prepare BOA
- To follow A/cing policies & estimates
- Going concern Assumption
- Internal Financial controls
  - ✓ properly implemented
  - ✓ Adequate &
  - ✓ Effective.
- Compliance System

Q 19. Documents to be circulated

1) Documents : FS + AR + BR
If CFS is applicable
Provide
- CFS (whole)
- SFS (own)
- SFS (ASSO / JV) sub)
  ↓
  insted of sending it, company may send a statement containing silent features

2) To whom : members + Debenture trustee
3) Timing : Atleast 21 day before AGM
Exception

Exception
(shorter (communication))

- Co-shares ✓
  - ≥ 50% of members (V)
  - And
  - 95% of PUC (V)
- Co-shares ×
  - ≥ 95% of TVP.

4) Mode :

Companies

- Spacified co
  - ✓ listed co
  - ✓ unlisted pub co
    - N/W > 1cr
    - T/O > 10cr
  - Shares are in Dmat → E mode only
  - Physical shares → +ve consent for e mode
    - yes → E mode
    - No → G mode
- Other co → Any mode

5) website placing : FS + AR + BR

If CFS is applicable

Include
- Sub/AS/JV (india) - Audited SFS
- Sub/AS/JV (O/S india) (outside) - ⇓ Audited SFS
  (unaudited) (FFS) As per foreign rule

Note: Include - certified transaction (when F/s are not in English

Date / /

Q19. **Fileing of financial statements:**

1) Form : ① AOC 4 , AOC 4 CFS
AOC 4 NBFC (IND-AS) , AOC CFS NBFC (Ind AS)
AOC 4 XBRL
② CSR - 2 (IF CSR applicable)

2) Time limit : ① OPC - when 180d from end of FY.
② other co - within 30d :

AGM

- conducted within due date
  - F/S adopted in first meeting
    - File adopted F/S with ROC within 30d of AGM date
  - F/S adopted in adjourned meeting
    - File unadopted F/S with ROC within 30d of first GM
      \+
      File adopted F/S with ROC within 30d of adjourned meeting.
- not conducted within due date
  - File F/S with ROC within 30d of AGM Due date
    \+
    provide Reasons for not conducting AGM within due date.

3) Documents to be filed : FS + AR + BR

IF CFS is applicable
✓ CFS (whole)
✓ SFS (Sub/AS/JV) → Audited + SFS+ English.

Note For foreign Sub/AS/JV - If audit is not possible ↓ provide unaudited SFS.

For foreign Sub/AS/JV - If SFS is not Applicable - provide CFS only
only CFS is Applicable

Corporate Social Responsibility (CSR).

1. **Applicability:** Indian co : / Foreign co : } → N/W : ≥ 500 cr (or)
T/O : ≥ 1000 cr or
NP : ≥ 5 cr.

Note: calculation of Networth:

PUC + All reserves Except Revaluation Reserve	–	miscleneous Exp not yet written off.

2. **CSR commitee:**

a. Applicability: – [CSR Exp ≥ 50 lakhs – Mandatory
Otherwise – Optional

b. composition:

- General case – 2 directors + 1 independent director.
- If company not required to appoint independent director : 2 ~~independent~~ directors
- If co having only 2 directors : 2 directors.
- Foreign co : 2 Indian Representatives.

c) Role:

→ Frame CSR Policy
→ Implement CSR Policy after BOD's approval.

3. **Amount to be spent for CSR:**

CSR obligation = $\boxed{\text{2\% of Avg Net Profit of past 3 F.Ys}}$ + $\boxed{\text{100\% of CSR Profi[t]}}$

= Business profit ≠ Business Pro[fit]

4) Time limit for spending CSR Amt: 31st march of current Fy.

5. Amount not spent within Time limit:

Unspent Amount

- Related to Ongoing project (>1yr but ≤3yrs)
  - Deposit the unspent Amt in a separate BANK A/C (within 30d of end of Fy)
  - If not spent within 3 years
  - Transfer to sch VII funds (within 30d of end of 3rd year)
- Otherwise
  - Transfer to sch VII funds (within 6m of end of Fy)

6. Consequences of Excess Spending

Carry forward & setoff for 3Fy's

7. Administrative overheads:

≤ 5% of CSR Obligation

8. Which are not covered under CSR Activities

a) anything done in ordinary course of Business [exception: covid 19 vaccine]

b) Anything done outside india

[exception: ...

Date / /

c) Anything done for employees
d) Any sponsorship with Marketing benefits.
e) Political donations.
f) Anything done under statutory obligation.

9. How to carry CSR Activities :
a) By company itself
b) By collaborating with others
c) By giving money to → charitable activities (Registered under CSR)
→ Beneficiarys
→ Public Authority.

10) Impact assessment :
a) applicability :
- co with avg CSR Exp of 10 crores during last 3 FY (And)
- Projects carried by such co with min outlay of 1cr.

b) By whom : Independent agency.
c) Time : After 1yr from completion of Project
d) Expenditure for assesment (maximum) : 2% of CSR obligation (or) RS 50 lakhs ↑

11. Reporting : CSR Annual report shall be annexed with Board report.