

Sec 143(1) Duty to Inquire on certain matters

a) Loans & Advances → made on security
have been properly secured $\neq$ whether terms prejudicial to Co's Intt. (against)

b) Transⁿ represented merely by book entries prejudicial to Co's Intt.

c) whether the Co. (not Investment / Banking Co.)
sold assets (shares, debentures or other securities)
at (loss) price < purchase price.

d) whether Loans & Advances shown as Deposits.

Co. $\xrightarrow{\text{Loan}}$ Mr. Chalak secured $\downarrow$
 $\xrightarrow{\text{Deposit (to)}}$ Mr. Bhode Pe secured $\uparrow$ (kental)

e) whether personal expenses charged to Reserve A/c. Co. → Director → Paris Trip Expense → Contract Business Exp. (BE)

f) where shares of Co. allotted for cash whether
cash recd. $\neq$ if not, BS position is C R N
(Correct, Regular & Not misleading)

• ABCDEF
• AEIOU
• 501 A CABA

Note: Auditor → Not reqd. to report on above matters

unless spl. comments / adverse remarks.

Sec 143(3): Reporting

- a) ^{A/E} Sought & obtained ^{mgt/owners} → all info. & explⁿ necessary & if not Details effect on FS.
- Auditⁿ?
- b) Proper Books of A/c kept by Co. & returns recd. from Branches not visited by Auditor.
- c) whether Report on branch A/c audited u/s 143(8) by person other than Co's auditor → sent to him & how he dealt with it.
- d) whether Co's BS & P/L agree with Books.
- e) whether FS comply with A/c Stds.
- f) observation / comments on financial transⁿ / matters

which have adverse effect on Co's functioning.

Ex. Jf Co. failed to deduct TDS on major payment to a Non-Resident [M/s. Shakira].
→ 100% of expense is disallowed.

g) whether any director disqualified u/s 164(2).

Co.
 → x filed FS / Annual Return → 3 yrs. [consecutively].
 → x Repay D/D/D (Deposits, Debentures, Dividend) & intt [continued > 1yr] } 5 yrs disqualified.

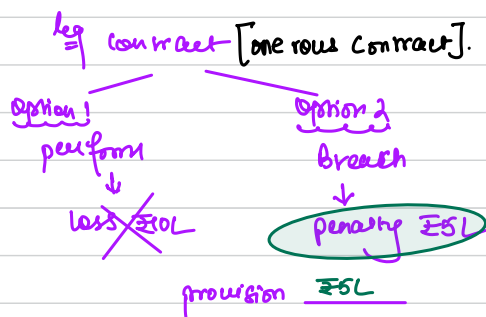
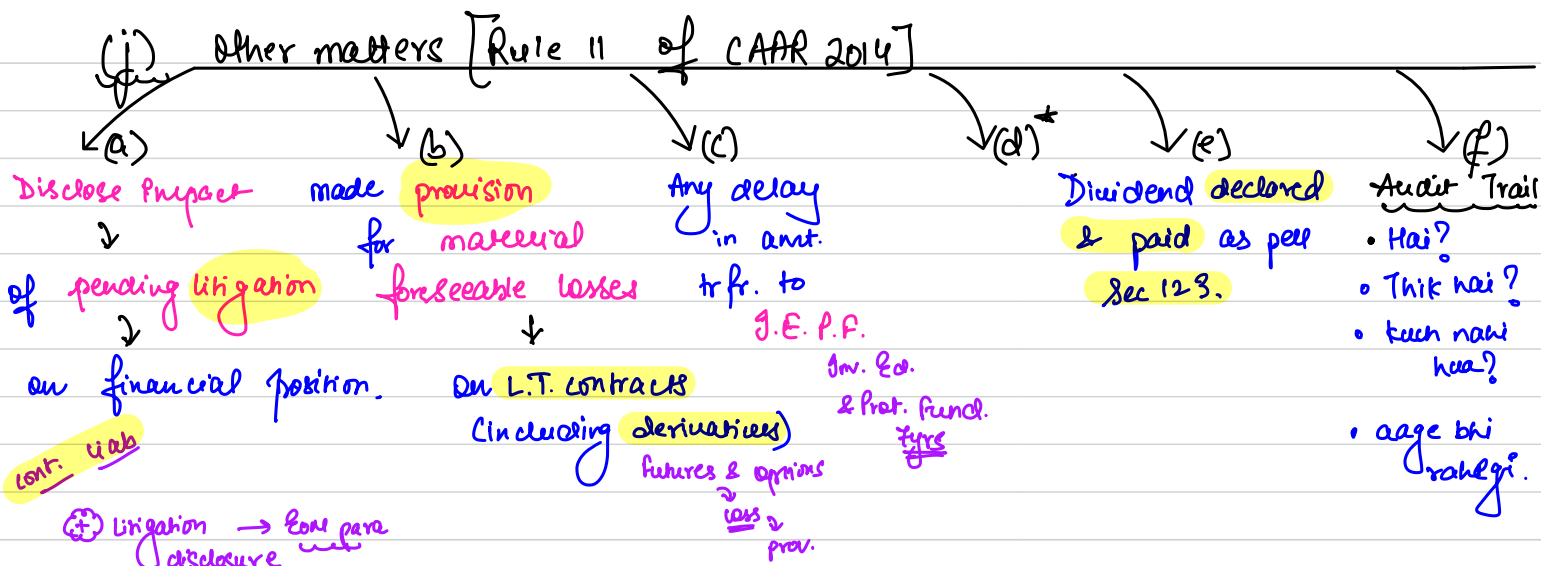
h) any Qualification, Reservation or Adverse Remark related to A/c's. (given)

i) Co. has maintained adequate I.F.Cs. [Internal Financial Controls] w.r.t FS & operating efficiencies of I.Cs.

Exemption (IFC Reporting) ⇒ N.A. to Pvt. Co. → OPC / Small Co.

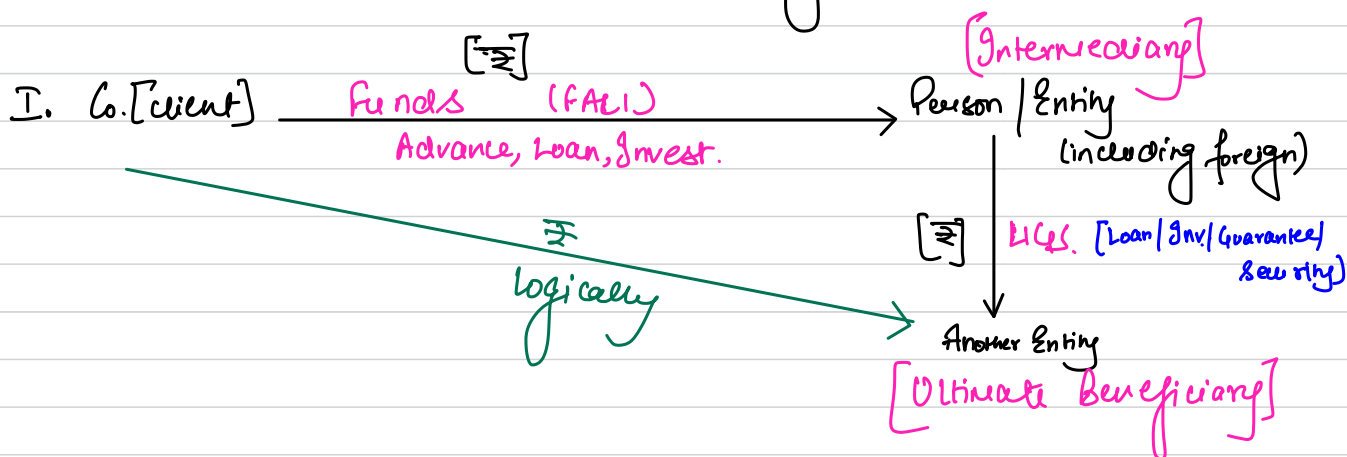
→ T/O < 50 cr (last audited FS)

& Borrowing (Banks / FI) < 25 cr [during FY].

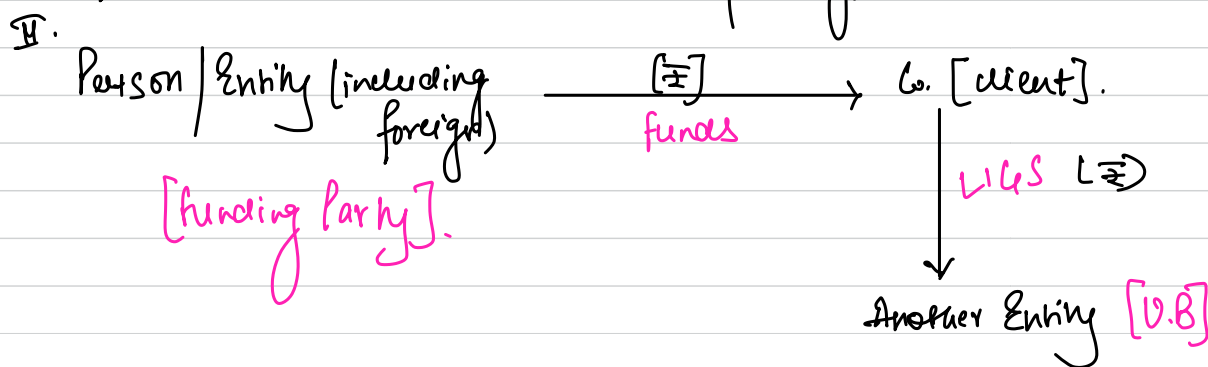


Concept

Sched. III. Disclosed Notes to A/c → mgt "w.R." → Apart from Notes → no trans



Sched III → Notes → w.R. → apart from Notes → no Transⁿ



Rule 11
* [a] i) whether not represented [best of knowledge & belief].
Other than disclosed in Notes,

- No FALI [Funds Advanced, Loaned or Invested] by Co.,
- In any person/entity (including foreign) that immediately
- will further LGS (lend/invest/provide guarantee/security)
to another Entity [Ultimate Beneficiary].

ii) whether not represented [Best of knowledge & belief]
Other than disclosed in Notes,

- No funds sold by Co.
- From any person/entity (including foreign) [Funding Party].
- That Co. will LGS in another Entity [U.B].

iii) Auditor → found any M.M. in above works.