

19. Accounts of companies

Obligation of company

Prepare BOA / BOOKS / FIS

for every F.Y.

Preparation of BOA & BOOKS

True & fair view

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 7 days (ROCs) of board

Preservation places for branches (Alternatives)

Indian branch

BOA & Books can be kept at branch itself

foreign branch

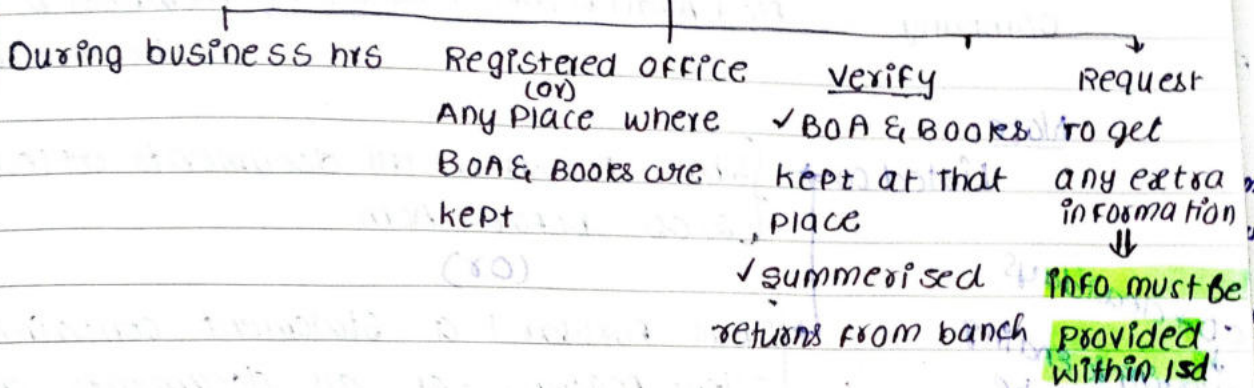
BOA & Books can be kept at branch itself

+
Must send Summearised Returns Periodically

+
Must send Summearised Returns Quarterly

Inspection of BOA & BOOKS

Director only

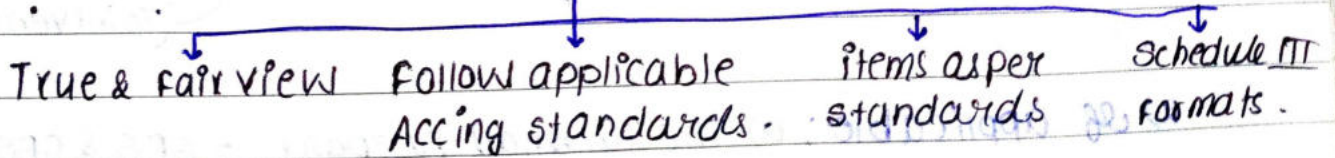


Note: Directors (if authorised by BOB) can inspect BOA & BOOKS of Subsidiaries.

Persons responsible for maintainng proper BOA & BOOKS

- Managing director
- Whole time director (charge of finance)
- CEO
- Any person (Authoris. by BOB)

Preparation of F/S



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

f/s → B/s + P&I + Cashflow statement + SOCIE + NOTES TO A/c's

Cashflow statement is optional → OPC / small CO / Domat CO / Pvt CO + startups / no filing default

Inspection of f/s

Company → f/s + Audit report + Board Report → members & debenture trustee

Note:

Listed co → { Shall forward all documents at least 21 CD before ACM (or)

CO + clear days starting & ending days must be ignored

{ Shall forward a statement containing salient features of all documents at least 21 CD before ACM (+) Shall make all documents available for inspection

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 wholly owned or partly owned) of a company which is a public company.
 - b) Its holding co shall file CFS with ROC.
 - c) All its members shall agree for not to prepare CFS.
 - d) It shall be unlisted co.

Periodical Financial Results

↓ For unlisted co

↓ Within 30d of closure of prescribed period

↓ Prepare + Audit / limited review of FIS + file these FIS with ROC

Reopening & Recasting of FIS which are already filed with ROC

Procedure:

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

Which period FIS

Any FY during

← Last 8 FY

last longer period decided by CG

Note: Revision once made is final

Voluntary Revision of FIS (or) Board Report

- Issue:
- ✓ FIS are not prepared as per CA 2013
 - ✓ B/R is not prepared as per CA 2013

Solution

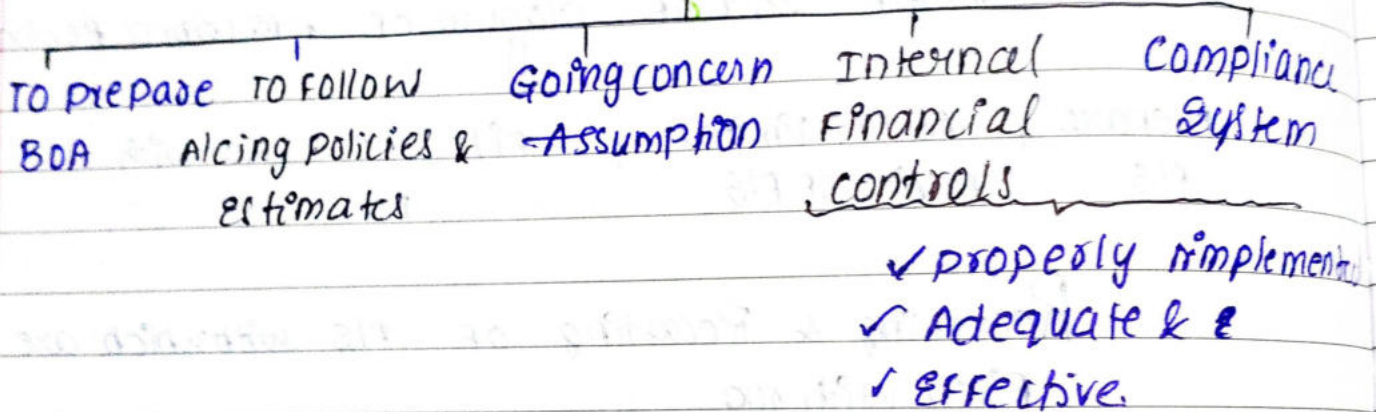
- ✓ co shall apply to NCIT for Voluntary Revision
- ✓ NCIT may pass an order for revision

Related to: Any of the last 3 FY

Note: maximum revisions allowed in a FY - only once

Directors Responsibility Statement.

↓
Included in Board Report



Q 19.

Documents to be circulated

1) Documents : FS + AR + BR

If CFS is applicable

Provide

CFS (whole)

SFS (OWN)

SFS (ASSO/JV) sub)

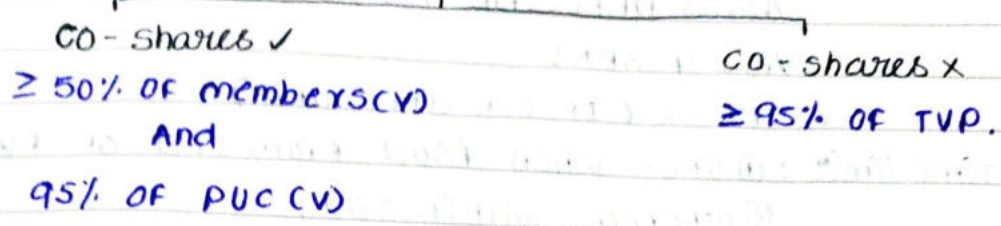
↓
instead of sending it, company may send a statement containing silent features

2) To whom: members + Debenture trustee

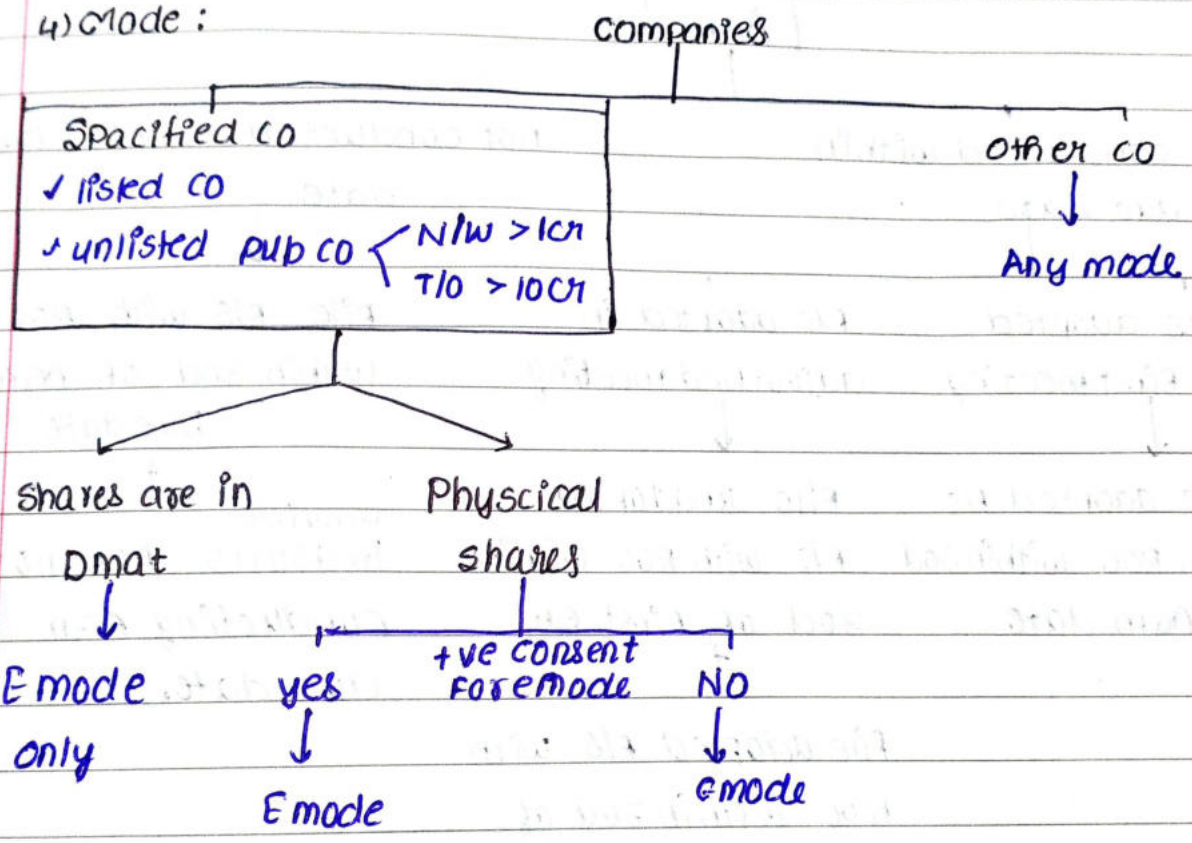
3) Timing: At least 21 day before AGM

Exception

Exception (shorter communication)

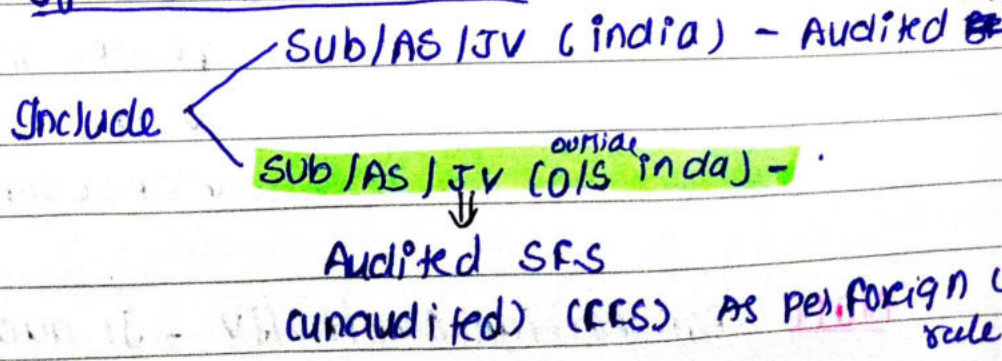


4) Mode :



5) website placing: PS + AR + BR

if CFS is applicable

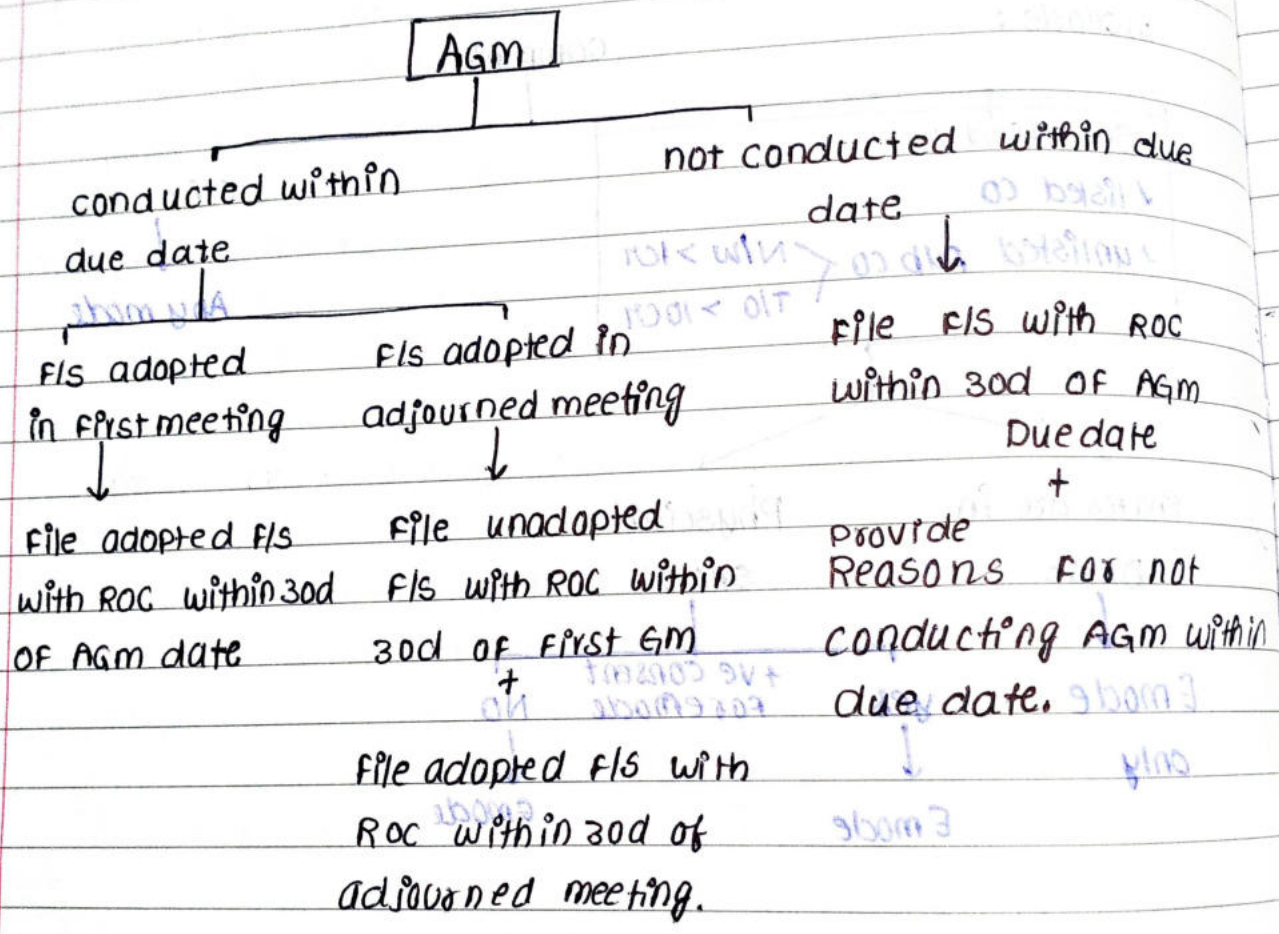


Note:

include - Certified transaction covered. FIs are not in English

Q19. Filing of financial statements:

- 1) Form : DAOC 4, AOC 4 CFS
 AOC 4 NBFC(IND-AS), AOC CFS NBFC(Ind AS)
 AOC 4 XBRL
- 2) CBR-2 (IF CSR applicable)
- 2) Time limit : ① OPC - when 180d from end of FY.
 ② other CO - within 30d.



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 ↓

For foreign sub/AS/JV - If SFS is not applicable - provide un-audited SFS. only CFS is applicable

Corporate Social Responsibility (CSR)

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

Note: calculation of Networth:

PUC + All reserves Except Revaluation Reserve	-	Miscellaneous EXP not yet written off.
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2. CSR committee:

- 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 : 2 directors
Only 2 directors
- Foreign co : 2 Indian Representatives.

c) Role:

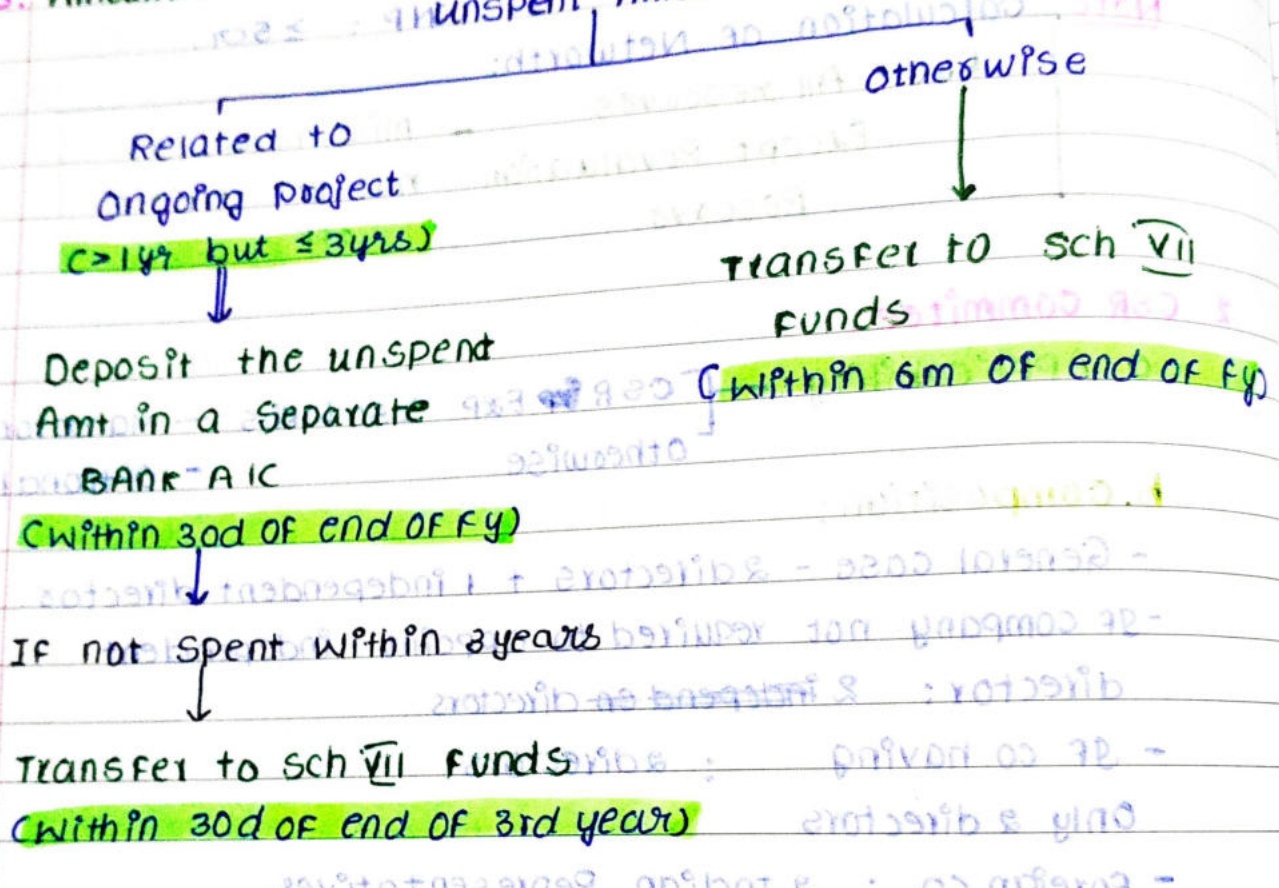
- Frame CSR Policy
- Implement CSR Policy after BOD'S approval.

3. Amount to be spent for CSR:

$$\text{CSR obligation} = \boxed{2\% \text{ OF AVG NET Profit OF PAST 3 F.YS}} + \boxed{100\% \text{ OF CSR Profit}} = \text{Business Profit} \neq \text{Business Profit}$$

4) Time limit for spending CSR Amt: 31st March of current FY.

5. Amount not spent within time limit:



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: ...)

- 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 (Registered under CSR) activities
 - ↳ Beneficiaries
 - ↳ 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 assessment : 2% of CSR obligation (or) RS 50 Lakhs

(maximum) ↑

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