

Chapter-9

(4-9m)

128

accounts of companies

129

130

Ques-1 Internal audit - section 138

131

Ans Internal audit

132

133

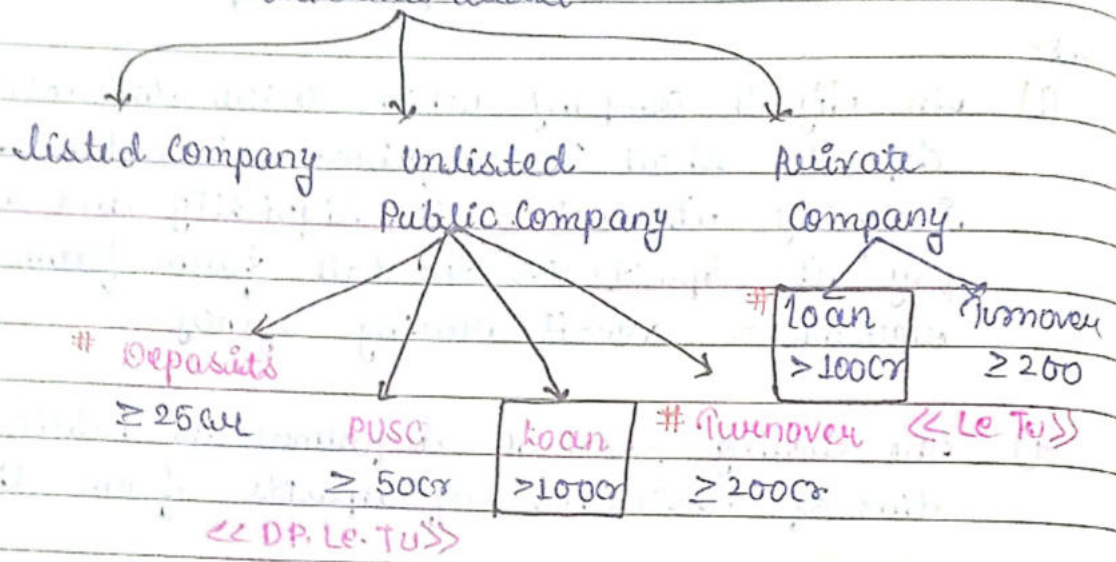
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135

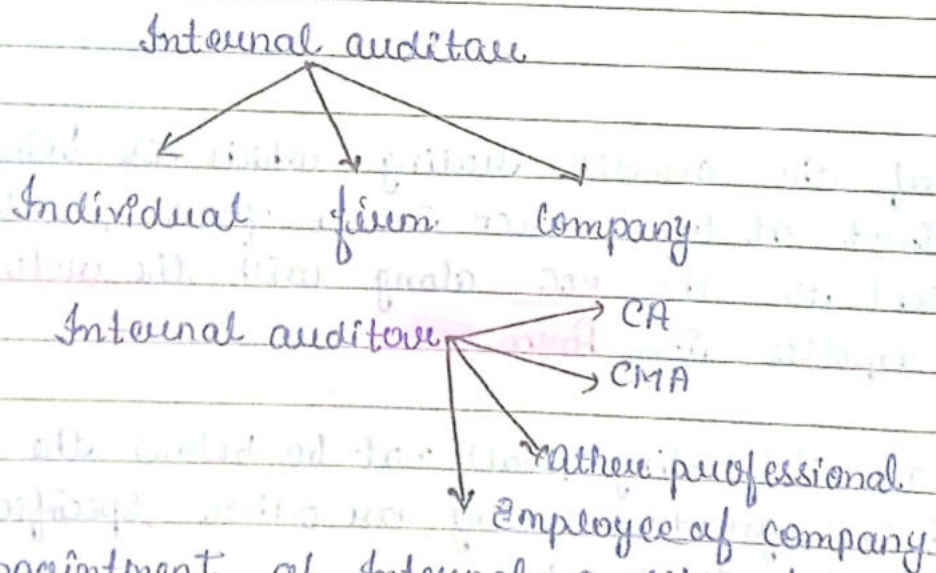
136

137

138



Deposits loan → at any point of time.



- appointment of Internal auditor by BOP at Board meeting through board resolution.

- manner of & interval of Internal audit = prescribed by the.

Ques-2 Accounting standards Section 130
Ans- Cb = prescribe → AS + addendum as recommended by ICAI in consultation with national financial reporting Authority. (NERA)

Ques-3 Re-opening of A/C Section 130

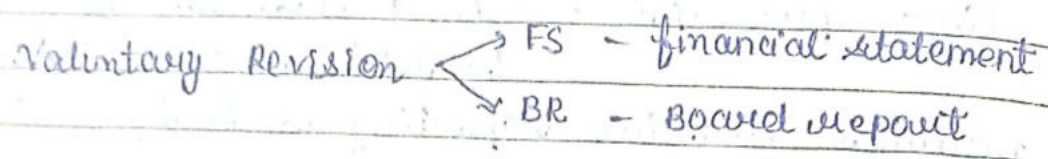
Ans- 1. Person eligible
→ Cb
→ SEBI
→ IT (Income Tax)
→ any other regulatory body
→ any other person concerned
approved by court / Tribunal

2. Grounds
↳ Earlier A/C = prepared in a fraudulent manner
↳ affair of Co: is mismanaged there by casting a doubt on reliability of F.S.

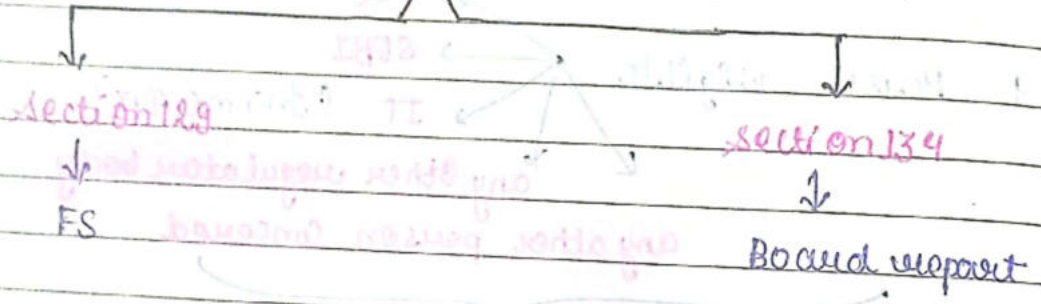
3. Period. (Sec 128)
- Any of the last 9 years
- But if Cb = prescribed longer during, the BOA = reopened for such longer period.

Ques-4 Voluntary Revision - Sec-131

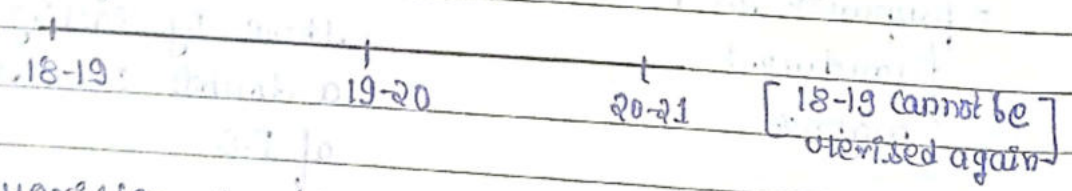
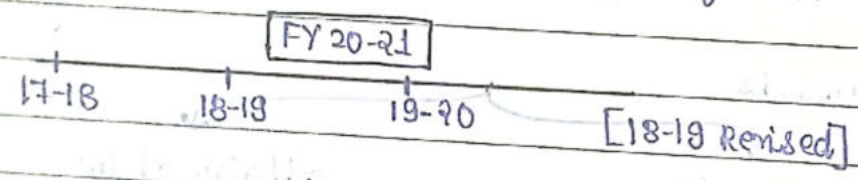
Ans.



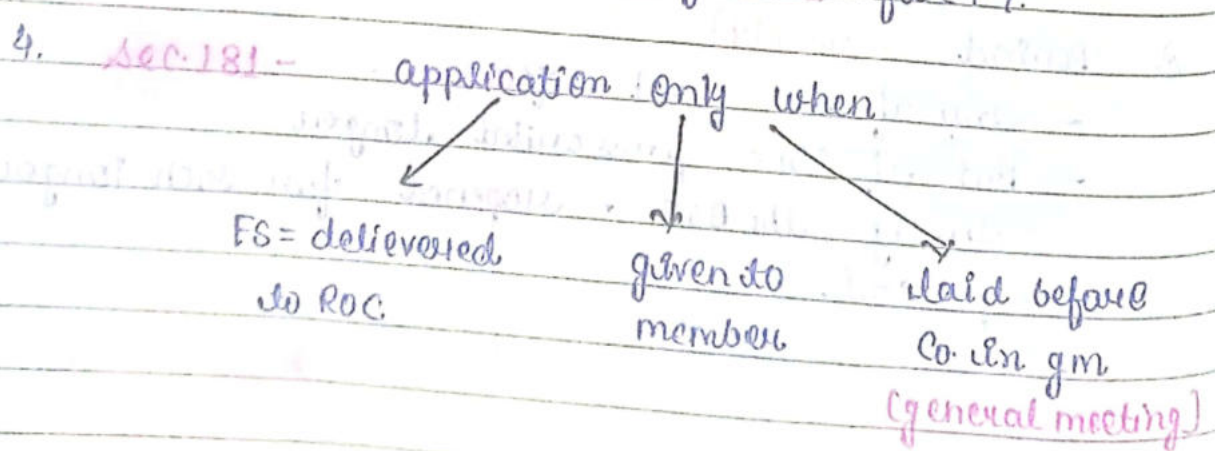
1. 131 : Voluntary revision ✓ Non compliance



2. Revision can be done in any of the last 3 years



3. revision can be done only once for FY.



5. Co. = disclose that it is a "Revised FS" or "Revised BR"

G. Procedure:-

(i) Co. \rightarrow apply \rightarrow Tribunal \rightarrow Cb/IT
 (representation)

(ii) T \rightarrow pass order

(iii) T's order copy filed to ROC

Lecture-16

Ques National Financial Reporting Authority (NFRA)

- Section 132

Ans-1) The Cb will constitute NAFRA. It shall consist of Chairperson & 15 other members being part time and full time member as may be prescribed.

2) The chairperson & the member who are in full time employment with NAFRA shall not be associated any of the firm include related consultancy firm During the course of appointment and 2 year after ceasing to hold such appointment.

3) If the professional or other misconduct is proved. NAFRA will levy penalty as follows-

Individual

min 1L-

max 5 times

Remuneration

Firm

min 5L-

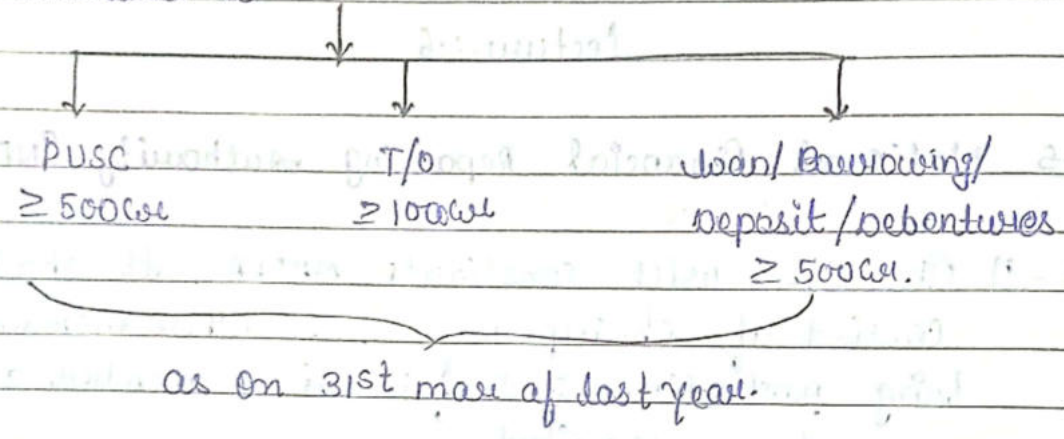
max 10 times

Remuneration

4) Debar the $\left\{ \begin{array}{l} \text{member} \\ \text{firm} \end{array} \right\}$ for min 6 months - max 10 yrs to be statutory / internal / tax / any auditor / registered chartered

NAFRA has the power to investigate the auditor of following companies.

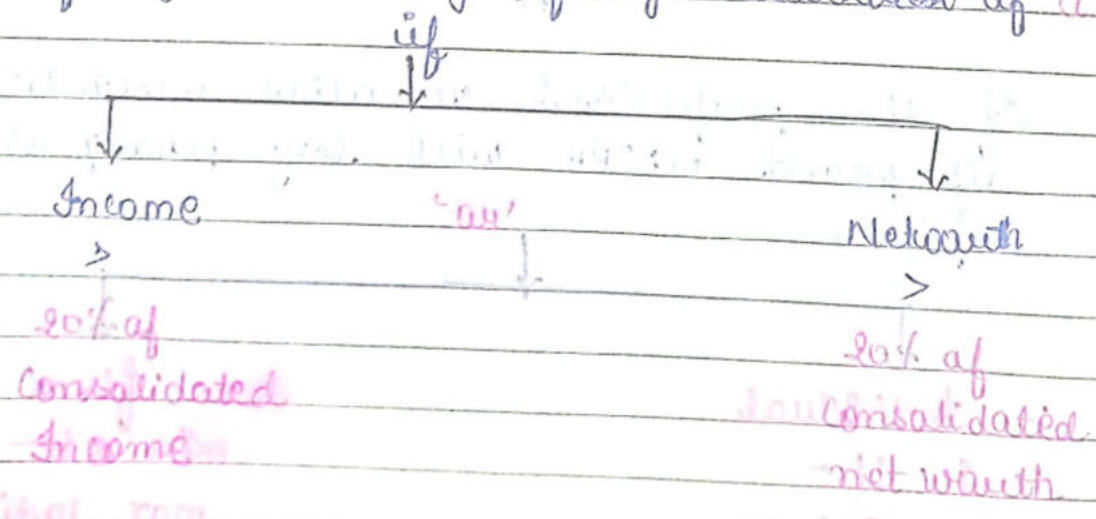
- a) listed co. in India / outside India
- b) Unlisted Co.



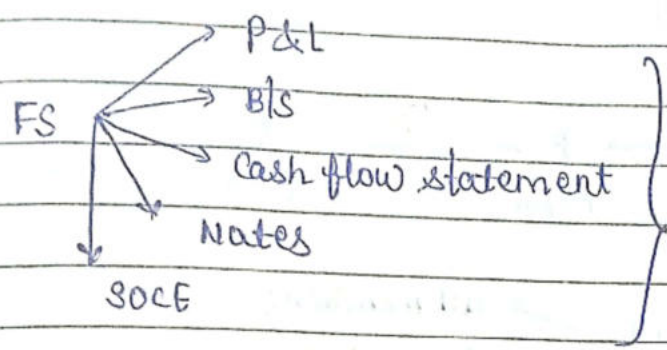
(c) Banking, Insurance, Electricity Co governed by special act.

(d) Any other body corporate or company prescribed by CbI in public interest.

(e) foreign subsidiary / foreign association of a to c

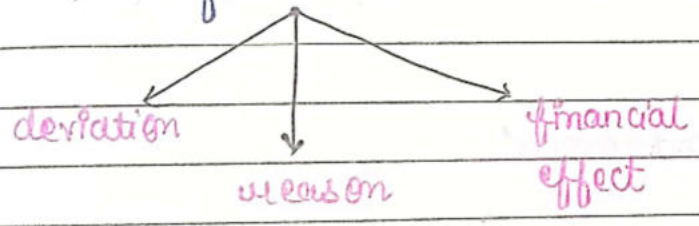


Ques-6
Ans-1. financial statement section 129



Prepared through

AS
AS ≠ followed
then only the
fact disclosed



* Schedule M
Schedule M is
applicable to
all companies
except

- Banking
- Insurance
- Electricity
- any other prescribed by CB.

OPC, small co., Dormant Co., startup, Pvt Co., is not required to prepare cash flow statement.

2. FS = True and fair view presented at GM to members.

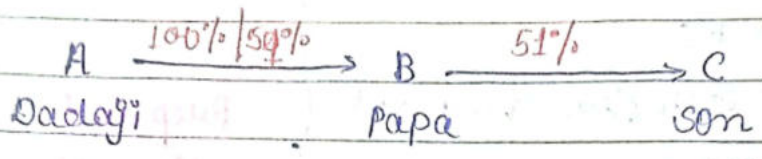
3. If a Co. has

- subsidiary
- associate
- joint venture

mandatorily prepared consolidated financial statement.

Date

Exemption from preparing consolidated financial statement:



(I) (i) NOC from
 → all members
 → 1 member

(and)

(ii) Not a listed company / not wanting to get listed.

(and)

(iii) Its ultimate holding company prepare consolidated FS. Then B ltd. not require to prepare FS.

Imp* 4

If sec 129 = contravened.

(a) Imprisonment upto 7 years
 fine = 50,000 - 500,000
 'OR' Both

(b) Person responsible

- MD, whole time Director (finance), CEO
- any person authorised by BOP
- all directors in case of absence of any of the above.

Sheet
Date _____
Books of accounts - Section 129

1. Proper BOA?

- True and fair
- Accrual basis
- Double Entry system

2. BOA Includes

- Assets & Liabilities
- Purchase & sale
- Income & sales
- Closing account u/c 129

3. BOA should be kept at

Registered office

any other place

India

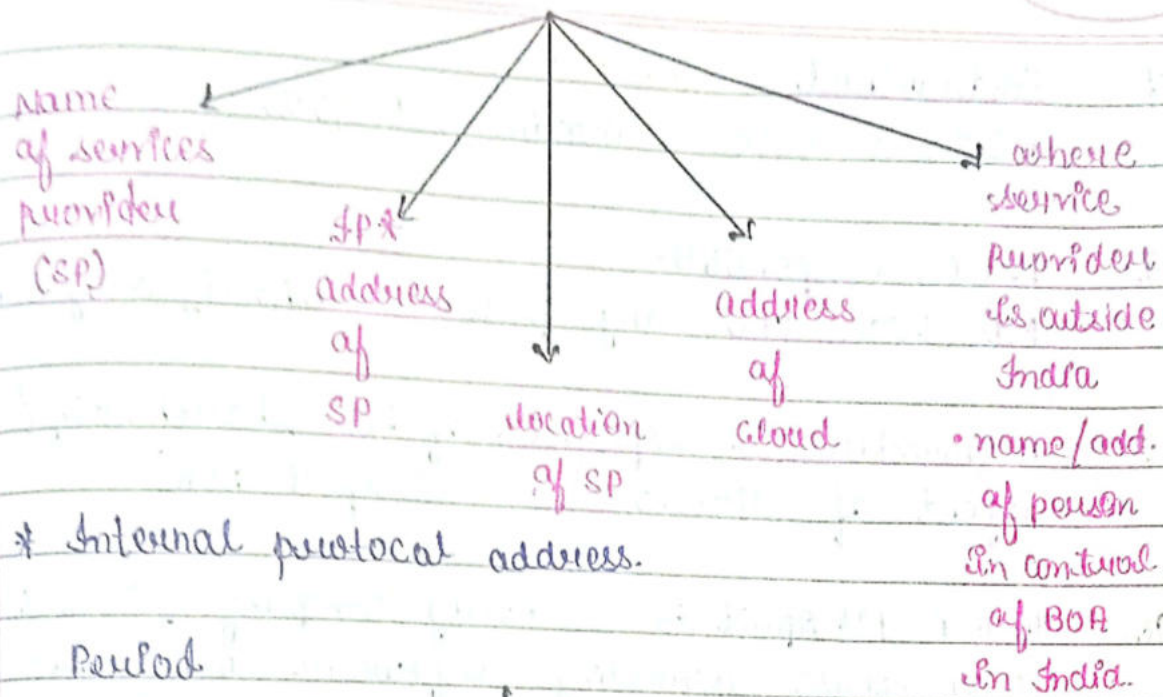
Provided, BOA have passed a Board resolution & it is informed to ROC within 7 days from passing Board resolution in form AOC-5

Branch should send summarised return

↓
regd office at quarterly intervals

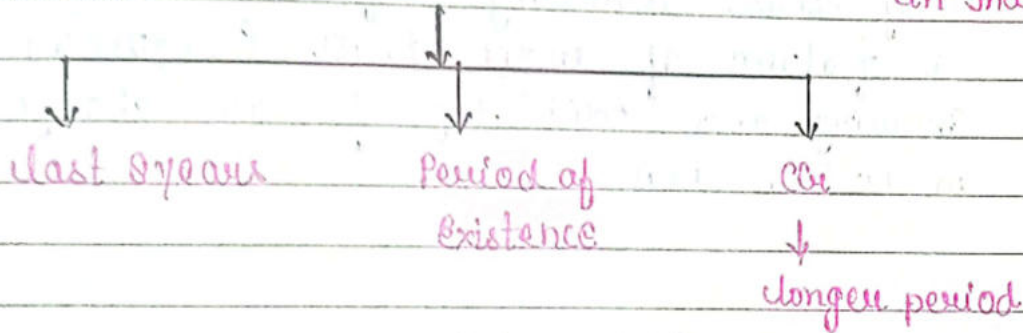
Imp 4. Electronic forms-

- (i) BOA can be maintained in electronic mode shall remain accessible in India at all times, so as to be usable for subsequent years.
- (ii) BOA shall be retained completely in the format in which they were originally generated, sent or received.
- (iii) Information received from branch officers shall not be altered and kept in a manner where it shall depict what was originally received from branches.
- (iv) All information shall be capable of being displayed in legible form.
- (v) There shall be a proper system for
 - storage
 - retrieval
 - printout display of electronic records.
- (vi) Back up of BOA maintained in electronic mode, including outside India, BOA, shall be kept in server physically located in India on daily basis.
- (vii) At the time of filing annual FS → ROC, following details will be given

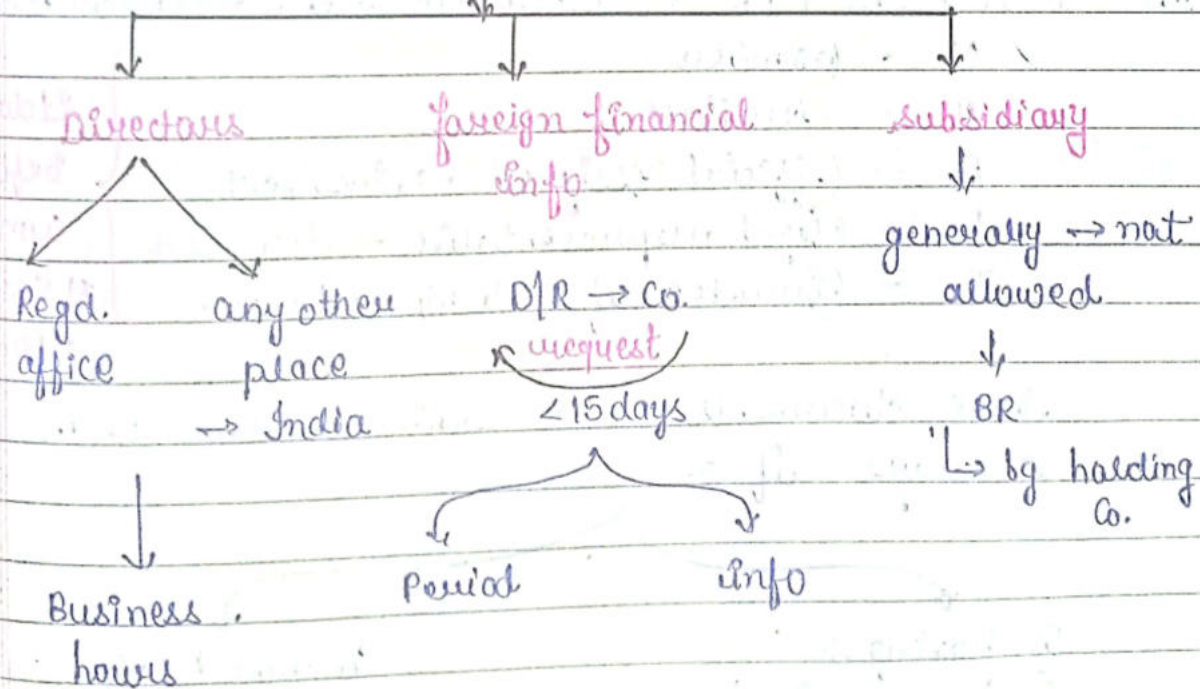


* Internal protocol address.

(5) Period



(6) Inspection of BOA (Imp)



7. Controversed. - Sec. 128
minimum 50,000 - maximum 500,000

20/11/25

Person responsible -
MD, WTD, CFO, any person authorized by BOD.

9. No member. Circumpective, of his shareholding / agent of director can inspect BOA

10. W.e.f. 1st April 23 - every company shall use only those accounting software which has a feature of audit trail (sequence) creating and edit log of each change made in BOA

Lecture-49

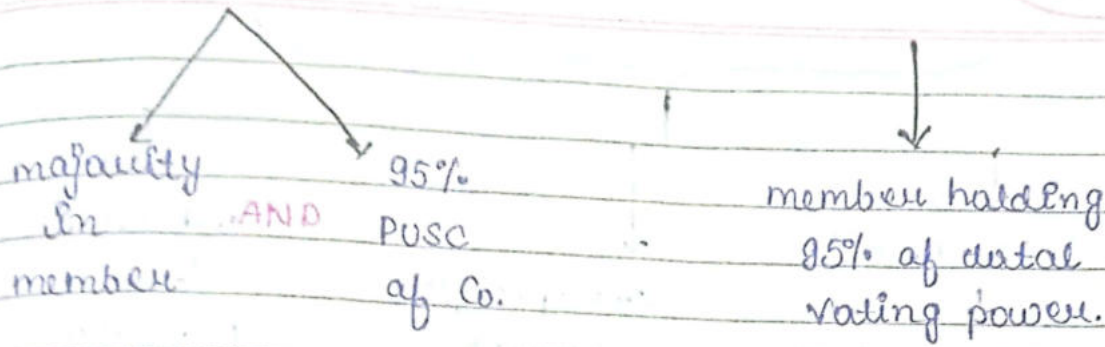
Que-8 Circulation of financial statement - Section 136

- Ans. 1. FS + CFS + AR + other document → Circulated to
- M - member
 - A - Auditor
 - A - official assignee → insolvent
 - L - legal representative → deceased
 - T - trustee of debenture holder
- } 21 days before 6 AM # Sec 136 = 14 days

Above documents to be sent in less than 21 days if =

Co. having SC (share capital)

Co. not having SC (guarantee co.)



2 member/trustee of debⁿ holder - inspect financial statement at regd. office → business hours.

Non-compliance

- Co = 25000/-
- officer = 5000/-

3 for listed Co.

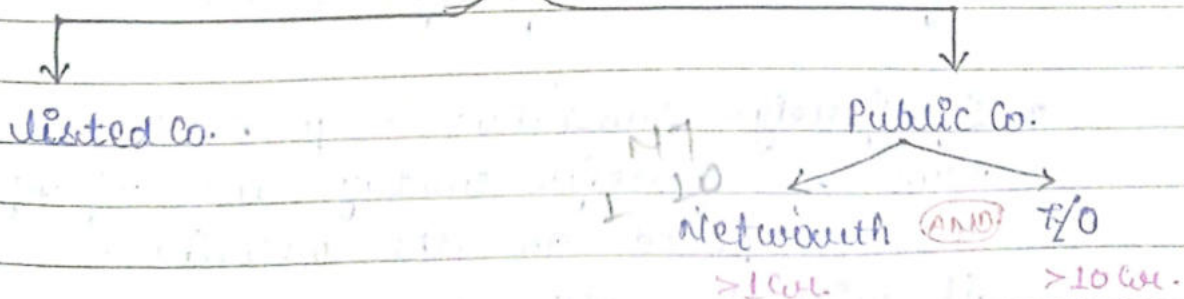
Above docs = available for inspection at regd. office during business hours for 21 days unless the shareholder ask for full financial statement listed Co. = send summarized FS 21 days before AGM

salient features in

- form NO AOC-3
- other docs.

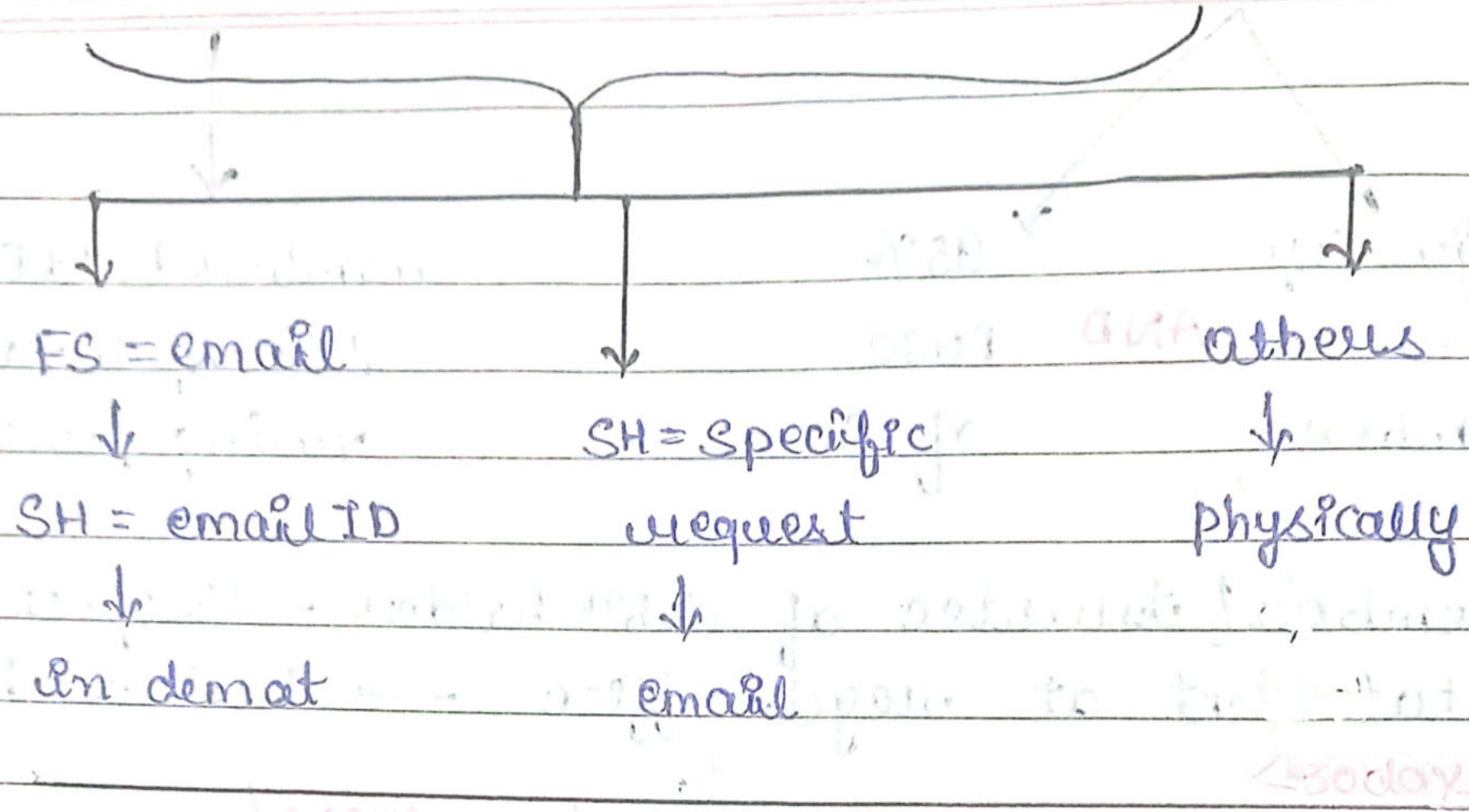
to member/trustee of debⁿ holder.

Special point (v.v. imp)

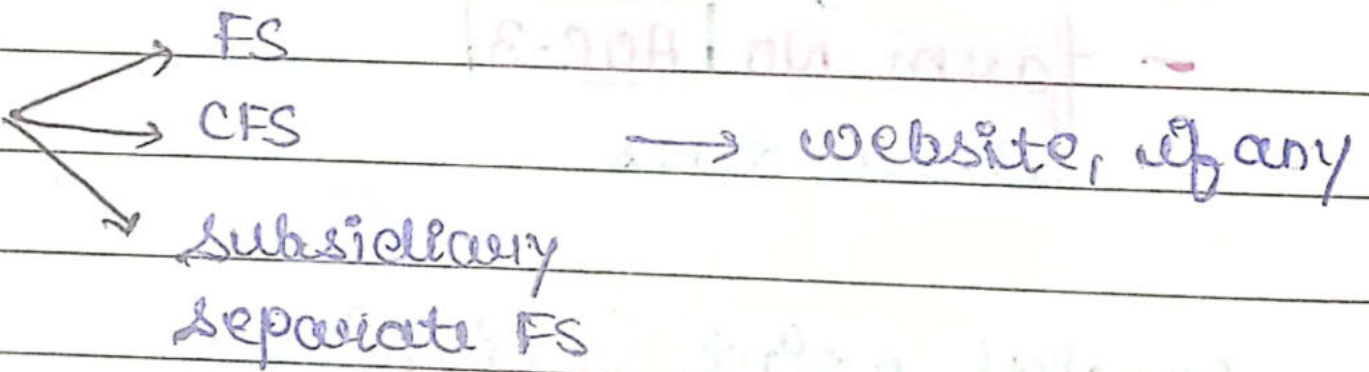


Date ___ / ___ / ___

Page No. (Saati)



Website by listed Co.

- listed Co. 
FS
CFS → website, if any
Subsidiary
separate FS

- If listed Co. → foreign subsidiary

• If foreign subsidiary = prepare CFS as per laws of foreign country and if any that CFS is placed on the website → it will be allowed.

If foreign subsidiary is not required to get its account audited then still Indian company

- Prepare CFS
- Place on website
- Deliver it to ROC

that unaudited FS

filling of FS with ROC - Section 137

1. FS + CFS + other documents → deliver to ROC

AGM ✓
adopt ✓

≤ 30 days of AGM

AOC-4

AGM ✓
adopt ✗

unadopted FS

ROC ≤ 30 days of AGM

treat items as "Provisional"

AGM = adjourned & @ that adjourned AGM

FS → ROC

AOC-4 ≤ 30 days

AGM ✗

- FS + other docs
fact of not holding AGM + reasons

ROC

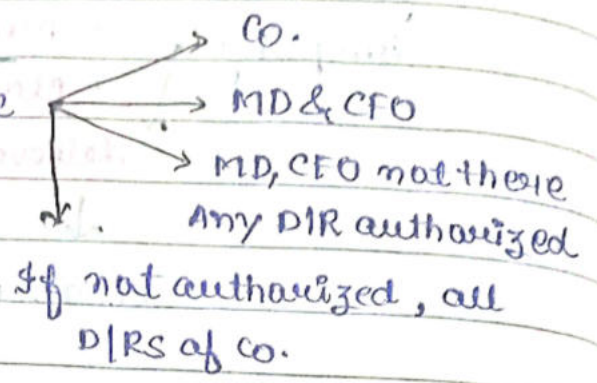
≤ 30 days

from that last date

on which AGM should have been held.

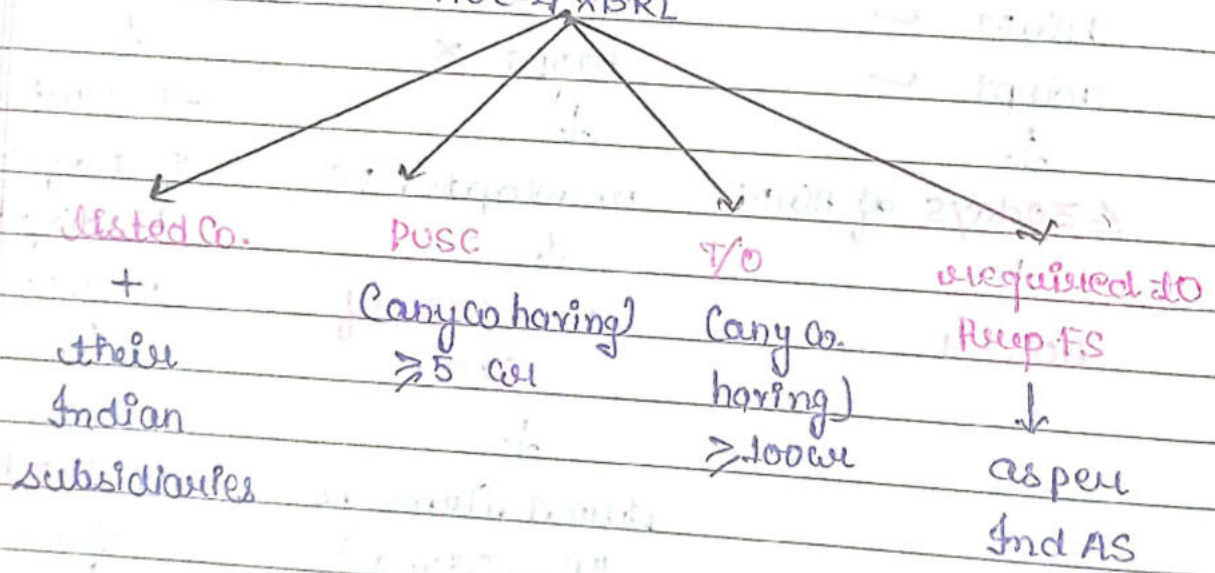
2. OPC → < 180 days of closure of FY.

3. If sec 137 contravened
Person responsible



Co = 10k + 100/days subject to max ₹2l
 officer = 10k + 100/days subject to max ₹50k

4. XBRL → AOC-4 XBRL



- Exempt:
- Banking
 - Insurance
 - Power sector
 - Housing finance
 - NBFC

Lecture-50

Que-10 Signing of FS / Board report - Section 134

⇒ Signing of FS

CM = authorised

CM ✓

(Chairman)

(AND)

CEO

CFO

CS

whenever

they are

appointed

CM not authorised

2 D/Rs → 1 should be MD

- OPC → 1 Director → sole member of OPC

(i) Signing of Board report.

CM = authorised

CM ✓

CM = not authorised

- 2 directors → 1 should be MD.

- OPC → 1 Director who is the sole member of OPC

(ii) Contents of board report and director's responsibility statement

refer page no. 203 & 204 of main book.

* Board report -

Refer - a, b, c, d, h, i

j, k, l

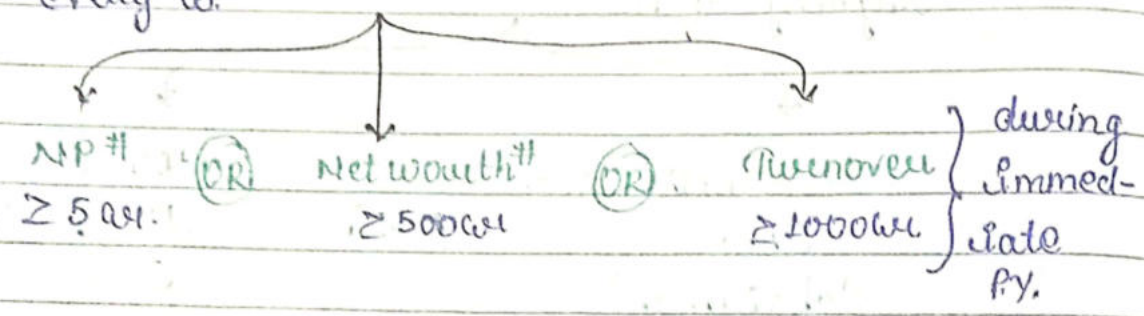
page 203 main book

* ORS -

Refer a lot - page no 204 main book.

Que-11 Corporate social responsibility - Sec 135

Ans- 1. Every Co.



NP means NP as per Sec 198 excluding

Profit from overseas branches whether operating as a separate company or otherwise

AND

dividends received from other Co's in India.

↓
which Sec 135 = applicable.

2. CSR Committee

- (i) Min 3 directors → 1 should be Independent director.
- (ii) If ID is not there → min. 2 directors
- (iii) Pvt Co's with 2 @ directors → min 2 directors
- (iv) In foreign Co. = Min. 2 D/R out of which 1 should be authorised person as per Sec 380(i)(d) and other will be nominated by foreign Company.

3. Duties of CSR Committee

↳ activities → Schedule VII (read page no. 209 - main book)

4. Following activities are not CSR-

- (i) activities undertaken outside India.
- (ii) donation to political party
- (iii) activities taken in normal course of business
- (iv) activities taken for benefit of employees and their families
- (v) Activity not as per Schedule VII
- (vi) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services
- (vii) activities carried out for fulfilment of any other statutory obligation under any law in force in India.

5. Manner of CSR activities

(i) CSR activities → as per Co's CSR policies.

sec 8 / reg. trust
a) Society → established by Co. either singly or other Co's.

other-sec 8 Co / Reg. trust / Society

b) sec 8 / Reg. trust / societies → established by Co / Sec / any other established under Parliament.

min 3 years track record.

No condition

(ii) One co. → combine with other co. for CSR report → separate.

(iii) CSR spent = as per co's CSR policy / project / program

(iv) Co = build its own CSR capacities alongside with agencies track record of min. 3 years

↓
Administrative overheads can be max. 5% of total CSR expenditure in one FY.

6. CSR spending

min 2% of avg. net profits → 3 years

local area = preference

\$ If Incorporation ≤ 3 years = avg. NP of the immediately preceding FY's

f If a company spends an amount in excess of the requirement i.e. more than 2% then such company may set off excess amount against the requirement to spend in such number of succeeding financial year as may be prescribed.
(i.e. it can be set off in max 3 years)

g. If the company fails to spend minimum 2% in the FY, it shall specify the reason for not spending in the board report and if the amount related to

Ongoing Project:

≤ 30 days of close of FY.

transfer to unspent CSR A/c in schedule bank (for 3 years)

If in 3 years amount not spent, then, ≤ 30 days from completion of 3rd year
 ↳ transfer to unspent CSR fund
 ↳ Schedule VII

not ongoing project

unspent CSR fund

Schedule VII

≤ 6m of close of FY.

If point 6 and 8 is contravened.

Co. (200%)
 2x amt. to be effe
 on ₹ 100.

officer. (10%)
 1/10th of amt.
 on ₹ 22

9. Every company having avg. CSR obligation of minimum ₹ 10 cr in 3 preceding financial year then such co. shall undertake impact assessment through an Independent agencies,

of their CSR project having outlays of minimum 1 Cr. and which have been completed not less than 1 year before undertaking the impact study.

10. The expenditure for such impact study can be max 2% of CSR exp.
 'or'
 50L
 ↑
 H
 I
 G
 H
 E
 R