

Accounts of the Company

By:
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Location of Books of Account [Section 209(1) and (2)]

- To be kept at Registered Office of the company;
- May be kept at **any other place in India;**
 1. BOD resolution required;
 2. BR to specify nature of such books of account and full address of other place;
 3. ROC to be intimated within 7 days

Contents of Books of Account [Section 209(1)]

- Receipts and expenditures;
- Sale and purchase of goods;
- Assets and liabilities;
- Cost records (as per Rules made by CG in this regard)

Proper Books of Account

- **Section 209(3):**
 1. Reflect true and fair view;
 2. Maintained on accrual basis;
 3. Maintained on Double Entry system
- **Section 541(2):**
 1. Fully explain the financial position of the company;
 2. Sufficiently disclose:
 - Details of annual stock takings;
 - All purchase and sale of goods;
 - Particulars of buyers and sellers (not required for goods sold in ordinary retail trade)

Preservation [Section 209(4A)]

- 8 years immediately preceding the current year;
- Relevant vouchers shall also be preserved

Responsibility for maintenance of books of account [Section 209(5) & (6)]

- MD or Manager;
- Every director, if no MD or Manager;
- All the officers and employees of the company;
- MD/ Manager/ BOD may charge a competent person with duty of maintenance of books of account

Annual Accounts
[Section 210 and 211]

- BOD to lay B/S and P & L A/c at every AGM;
- B/S to be as per Format and requirements of Part I of Schedule VI;
- P & L A/c to be as per requirements of Part II of Schedule VI;
- B/S and P & L A/c to give T & F view;
- F.Y. may be for a period of 15 months (18 months with ROC permission);
- Compliance with AS mandatory;
- Any deviation from AS to be disclosed

Contents of Board's Report
[Section 217]

- State of company's affairs;
- Profits proposed to be t/fd to Reserves;
- Dividend recommended by the BOD;
- Material changes subsequent to close of F.Y.;
- Particulars as to Conservation of energy, Technology absorption and Foreign exchange earnings & outgo;
- Changes during the F.Y. as to its business, subsidiaries (such disclosure is not required if harmful to company)

Contents of Board's Report
[Section 217]

- **Particulars of Employees:** Disclosure required if:
 1. Employee remuneration in F.Y. $\geq$ Rs. 60 lakhs p.a.; **or**
 2. Employee remuneration for any part of F.Y. $\geq$ Rs. 5 lakhs p.m.; **or**
 3. Any employee receiving remuneration at a rate $>$ MD/ WTD/ Manager; **or**
 4. Holds equity share capital of the company $\geq$ 2%

Contents of Board's Report [Section 217]

- **Particulars of Employees:** Disclosure required of following contents:
 1. Designation;
 2. Remuneration;
 3. Nature of duties;
 4. Qualifications & experience;
 5. Age;
 6. Last employment;
 7. Nature of employment;
 8. Other terms and conditions
 9. % of equity shares held;
 10. Whether employee is a relative of any director or manager

Other Points for Director's Report

- **Comments on auditor's report;**
- **Directors Responsibility Statement** u/s 217(2AA) also required as to:
 1. AS compliance;
 2. Deviations;
 3. Consistent application of accounting policies;
 4. Judgement and estimates made by them;
 5. Proper and sufficient care for maintaining accounting records, safeguarding the assets and preventing & detecting fraud and other irregularities;
 6. Adoption of Going Concern Assumption

Signing of BOD Report [Section 217]

- BOD report shall be signed by the **Chairman** if authorised by Board;
- If not so authorised, then:
 1. 2 directors (one shall be MD, if there is one);
 2. 1 director, if only 1 director is for the time being in India

Signing of Annual Accounts [Section 215]

- **If ≥ 2 directors are for the time being in India:**
 1. Manager or Secretary; **AND**
 2. Two directors (one shall be MD, if there is one)
- **If only 1 director is for the time being in India:**
 1. Manager or Secretary; **AND**
 2. 1 director
- B/S and P & L A/c shall be approved by BOD before they are signed on behalf of the Board and submitted to the Auditors for their report thereon

Circulation of Annual Accounts [Section 219]

- **B/S, P & L A/c, Auditors' Report** and every other document required to be annexed or attached to B/S to be circulated;
- Every **Member, Debenture-trustee** and all the persons entitled to GM notice require circulation;
- Member, Debenture-holder, Depositor to be supplied **annual accounts free of cost in 7 days of demand**;
- **Circulation to be atleast 21 days before GM date** (lesser days possible if all members entitled to vote agree);
- **Abridged version** can be sent if full version available for inspection at registered office during working hours for a period of 21 days before GM date

Filing of Annual Accounts [Section 220]

- **3 copies (One Copy w.e.f. Feb 3rd, 2009)** of annual accounts to be filed with ROC;
- **If AGM is held: Filing to be in 30 days** of AGM (irrespective of whether it was adjourned without adoption or AGM held but no adoption took place);
- **If AGM not held: Filing to be in 30 days** of the last day on which AGM should have been held;
- **Statement of Reasons** to be filed if:
 1. AGM held but no adoption took place;
 2. AGM adjourned without adoption;
 3. AGM not held

Restriction on public inspection of P & L A/c

- **Applicability:** Private Company;
- **Option:** File with ROC copies of B/S and P & L A/c **separately**;
- **Privilege:** Only a member can inspect or obtain copies of P & L A/c

MCA Mandate on XBRL Filing

Companies Covered in Ph I (MCA Circular 37/2011, 7.6.2011)

- All Companies Listed in India **and** their Indian Subsidiaries;
- All Companies having Paid up Capital $\geq$ Rs. 5 Crores;
- All Companies having Turnover $\geq$ Rs. 100 Crores

**Companies Not Covered in Ph I
(MCA Circular 37/2011, 7.6.2011)**

- Banking Companies;
- Insurance Companies;
- Power Companies;
- NBFC

**Certain Issues about Coverage in
Ph I**

- 1. Does the Subsidiary of a subsidiary of a Listed Company also need to file in XBRL;**
- 2. Can Voluntary Filing in XBRL be adopted for Companies not falling in Ph I**

Listed Holding Co.	Subsidiary	XBRL Filing by
C&I	C&I	Both
Exempted	C&I	Only Subsidiary Co.
Exempted	Exempted	Neither
C&I	Exempted	Only Holding Co.

**Additional Fee Exemption
(MCA Circular 37/2011, 7.6.2011)**

- **All Ph I Companies whose:**
 1. **B/S are adopted in AGM held before 30.9.2011:** are permitted to file up to 30.9.2011 (extended to 31.12.2011), **without any additional fee;**
 2. **For Other Companies:** within 30 days from adoption in AGM (Section 220)

**What need to be Filed in XBRL Filing
(MCA Circular 37/2011, 7.6.2011)**

- Balance Sheet;
- Profit & Loss Account;
- Auditor's Report;
- Director's Report

Issues:

1. **What about Notes to Accounts and Schedules;**
2. **What about Cash Flow Statement;**
3. **What about Auditor's Report;**
4. **What about Directors' Report;**
5. **What about Annual Return and Compliance Certificate**
6. **What about Notice of General Meeting**

**Format of Financial Statements for XBRL Filing
(MCA Circular 37/2011, 7.6.2011)**

- The Financial Statements required to be filed in XBRL format would be based upon the **Taxonomy** on XBRL developed for:
 - 1.the existing Schedule VI;
 - 2.the existing, (non converged) Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006

Certification of e-forms under the Companies Act, 1956 by the Practicing professionals

- MCA through its **Circular 14/2011, 8.4.2011**, has:

1.entrusted practicing professionals registered as Members of the professional bodies namely, ICAI, ICSI & ICWAI with the responsibility of ensuring integrity of documents filed by them with MCA in electronic mode

MCA Circular 14/2011, 8.4.2011

- CA/ CS/ CWA are now to be responsible for submitting /certifying documents (to be signed digitally by them); and
- System would accept most of these documents online without approval by Registrar of Companies or other officers of the Ministry
- To ensure that the data integrity is maintained at all times, there will be checking of such submissions to guard against fraudulent filing

MCA Circular 14/2011, 8.4.2011

- Action would also be taken on receipt of any complaint, anonymous or otherwise, against such professionals in the prescribed manner;
- Principle of Natural Justice would be followed

Filing of Unaudited Accounts

Unaudited Accounts cannot be filed with ROC for the following reasons:

- Auditors' Report shall be attached to B/S [Section 216];
- Fine upto Rs. 5,000 if Auditors' Report not attached to B/S [Section 218];
- Auditors' Report to be circulated amongst members alongwith B/S [Section 219];
- Auditors' Report to be filed with ROC alongwith B/S [Section 220]

Company Secretary [Section 383A]

- Every company having **paid-up share capital > Rs. 5 crores w.e.f. 15-3-2009 must appoint a whole-time Secretary**;
- Secretary must be a member of ICSI;
- He should be whole-time Secretary;
- A person can be whole-time Secretary of only one company at a time;
- Penalty for not appointing qualified Secretary is Rs 500 per day, payable by every officer who is in default;
- No penalty will be imposed if company proves that:
 1. It took all reasonable efforts to comply with the requirement of appointing a whole-time Secretary, but could not appoint one; **or**
 2. It is beyond the financial capacity of the company to engage a full time Secretary
- Where **paid up capital < 10 Lakhs, appointment & CC not must**;
- Where **paid up capital ≥ 10 Lakhs but < 5 crores, appointment not must BUT CC is must**, if the Company does not voluntarily has appointed CS
- CC to be filed within 30 days of AGM

Default in Filing of B/S and P & L A/c vis-à-vis Other Filings

- **W.e.f. July 3rd, 2011, no request (in any mode) for recording any event based information/changes shall be accepted by the ROC from defaulting companies, unless they file their updated Balance Sheet and Profit and Loss Account and Annual Return with the ROC;**
- No request shall be accepted from **Directors of these defaulting companies, in respect of other companies also**;
- CS/ Auditors of these companies also not allowed to sign till default is rectified;
- **Circular not applicable**, if B/S, P & L A/c, Annual Return could not be filed due to:
 1. Court/ CLB Order; **or**
 2. Order by any other Competent Authority; **AND**
 3. ROC has marked the Company as having Management Dispute

Depreciation for the purpose of declaration of Dividend under Section 205 in case of companies referred to in Section 616 (C)

- **Companies engaged in the generation or supply of electricity:**
- Since the rates of depreciation and methodology notified under Electricity Act, 2003 are inconsistent with the rates given in Schedule XIV of the Act and the former being special Act, the former shall prevail over rates notified under Schedule XIV of the Companies Act by virtue of section 616(c) of the Companies Act;
- Accordingly, it is clarified that companies referred to in Section 616(c) of the Companies Act can distribute dividend out of profit arrived at after providing for depreciation following the rates as well as methodology notified by CERC and the same shall be sufficient compliance of section 205 of the Companies Act, 1956
