Applicable for Nov 14 Exams

Accounts and Audit

Various points of comparison in respect to Old Law and New Law of Companies Act

1. Defined Books of Account in place of List of Books of Account.
2. Under the new Act, Books of Accounts may be kept in electronic form also.
3. Under the old Act, Books of Accounts and other books wherever maintained were open to inspection by any director during business hour without any conditions.

   But now under the new Act, Books of Account maintained outside India shall be open to inspection subject to prescribed conditions.

4. Inspection of Subsidiary Company can be done by only the authorized person of BOD.
5. In case of investigation by Central Government, Books of Account may be kept by CG.
6. Attach salient features of Financial Statement of Subsidiary with the Financial Statements of Holding.
7. Same Provisions are also applicable to CFS(Consolidated Financial Statements)
8. Now CG can grant Exemption from complying any rules only on an application not suo motu.
9. There is no provision for extension of Financial Year.
10. Private Companies are also required to prepare Consolidated Statements.
11. NACAS(National Advisory committee on Accounting Standards) has been replaced with NFRA(National Financial Reporting Authority)
12. Requirement of Authentication has been changed. Various new disclosures in BR (Board's Report) and two new declarations in in DRS(Director's Responsibility Statements)
13. Special Provisions for CSR.
14. Requirement to place CFS also.
15. Now every member and debenture trustees are allowed to inspect FS.
16. Now CG may prescribe manner for circulation of Financial Statements.
17. As per the old act, there was no requirement to send copies of aforesaid documents to certain persons. This is not present in new Act.
18. Now, unadopted (if any) FS shall be filed within 30 days of date of AGM and adopted shall be filed within 30 days of meeting in which adopted (adjourned).
19. One Person Company shall file FS within 180 days from the end of FY.
20. Also attach the accounts of subsidiary which are incorporated outside India but no place of business in India.
21. Special Provision for Internal Auditor.
22. Now there is General Instructions for preparation of CFS in Schedule III.
23. Additional information is required for expenditure on CSR.
24. Compulsory rotation of auditor in case of listed and prescribed companies.
25. Casual vacancy in the office of Auditor appointed by CAG shall be filled by CAG within 30 days
26. Now appointment of Auditor for 5 Years tenure shall be subject to ratification at every AGM.

27. If there is any audit committee, then recommendation of audit committee must be followed for appointments of auditors.
28. Time Limit for appointment of Government Auditor is 180 days from the Commencement of FY.
29. Under the old Act, Auditor was required to inform Registrar but now company is required to inform Registrar with 15 days of Meeting in which auditor is appointed.
30. Now SR is required for removal of an auditor before expiry of his term.
31. If copy of representation not sent to member then file with the Registrar.
32. Resigning Auditor shall file reason with the Company and Registrar. In case of Government Company, file reasons to CAG also.
33. Now for the purpose of appointment by the Firm name, majority of partners are required to practice in India instead of all partners in old act.
34. List of disqualifications has been increased.
35. Now Remuneration of Auditor shall be fixed only in GM or in such determined manner.
36. Under the new Act, Remuneration doesn't include any sum paid for specified services rendered.
37. Auditor shall comply with AS. If auditor has doubt that officers or employees have committed fraud then auditor shall inform to CG.
38. Auditing Standards are also applicable to Cost Audit and Secretarial Audit.
39. Auditor shall report for Internal Financial Controls.
40. The audit report shall provide for any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
41. Under the old Act, Adverse Remarks was required to be reported in thick type. This is deleted in new act.
42. Under the new Act, only adverse remarks shall be read not all report.
43. Now Auditor has to attend meeting compulsorily through himself or authorized representative.
44. In case of noncompliance, Auditor shall be liable for stringent penalties. Auditor shall refund remuneration. Auditor shall pay damages to company, statutory bodies and other persons.
45. Cost audit can be conducted by only Cost Accountant. Cost Audit Report shall be submitted to BOD. Circulation of Cost Audit Report has been dispensed in the new Act. Now for appointment of Cost Auditor, approval of Central Government is not required.
46. Certain Services have been specified which are not to be rendered by Auditor.