BOOKS OF ACCOUNT, ETC., TO BE KEPT BY COMPANY-SEC. 128

Meaning of"Book &Paper and"Book orPaper"Sec. 2(12)

Book and paper" and "Book or paper includes books of account, deeds, vouchers. writings, documents, minutes and registers maintained on paper or in electric for

Meaning of books of account sec2(13)

"Books of Account" includes records maintained in respect of () all sums of money received and expended by a company. (i) all sales and purchases of goods and services by the company (i) the assets and liabilities of the company; and

(iv) the items of cost as may be prescribed us 148 in the case of a company which belongs to any class of companies specified under that section.

Place and manner of Keeping Books of Account- Sec. 128(1)

\*Every company shall prepare and keep at its registered office books of accoustend other relevant books and papers and financial statement for every financial year which gives a true and fair view of the state of the affairs of the compar including that of its branch office or offices, if any.

\*Such books shall be kept on accrual basis and according double entry system of accounting.

\*All or any of the books of account and other relevant papers may be ept at such other place in India as the BOD may decide and where such a decision is taken the company shall, within 7 days thereof, tile with the Registrar a notice in writing giving the full address of that other place.

Electronic Form of Account Books of Sec. 128(1)

The company may keep such books of account or other relevant papers in elec tronic mode in prescribed manner.

Rules Relating to Electronle Form of Books of Account

Companies (Accounts) Rules, 2014 provides the manner in which books of account ear be maintained in electronic mode. Accordingly

(a) The books of account and other relevant books and papers inaintamed in electronic mode shall

(1) remain accessible in India so as to be usable for subsequent reference

(2) be retained completely in the format in which they were originally gener ated, sent or received, or in a format which shall present accurately the information generated, sent or received and the information contained in the electronic records shall remain complete and unaltered.

(3)The informationécoived from branch offices shall not be altered and shall be kept in a joanner where it shall depict what was originally received from the branches.

(4) The information in the electronic record of the document shall be espable of being displayed in a legible form.

(5) There shall be a proper system for storage, retrieval, display or printout of the electronic records as audit Committee, if any, or the Boardinay decin

appropriate and such records shall not be disposed of or rendered unusable,unless permitted by law

(6) The back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a periodic basis.

(b) The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement-

(1) the name of the service provider,

(2) the internet protocol address of service provider,

(3) the location of the service provider (wherever applicable )

(4) where the books of account and other books and papers are maintained ont cloud, such address as provided by the service provider,

Keeping Books of Account at Branch Sec. 128(2)

Where a company has a branch office in India or outside India, the proper book of account relating to the transactions effected at the branch office mery be kept at that office

Proper summarized returns periodically are required to be sent by the branch office to the Company at its register office or the other place as decid by board of director.

Inspection of Books of Account Sec. 128(3) &128(4)

The books of account and other books and papers maintened by the company within India shall be open for inspection at the registered office of the company or at such other place in India by any dirteror during buisines hours .

In the Case of financial information, if any Maintained outside the Country copies such financial information shall be maintained and produced for inspection by any director subject to such conditions as may be prescribed

The Inspection in respect of any subsidiary of the Company shall be done only by the person authorised in this behalf by a resolution of the board of Directors.

Where an inspection is made the officers and other employees of the company shall give to the person making such inspection all aspect ........ In connection with the Inspection which the company may reasonably be expected to give.

Conditions for inspection of financial information maintained outside india

Companies (Accounts) Rules, 2014 requires the following

(1) the summarized returns of the books of account of the company kept and Maintained outside India shall be sent to the registered offices at quarterly................

Which shall be kept and maintained at the registered office of the company and kept open to directors for inspection.

(2) Where any other financial information attained outside the country required by director, the director shall furnish a request to the company setting out the full details of the financial information sought, the period for which such information is sought.

(3) The company shall produce such financial information to the director within 15 days of the date of receipt of the written request

(4) The financial information required shall be sought for by the director himself not by or through his power of attorney holder or edit or representative

Preservation of Books of Account Sec. 128(5)

The books of account of every company in period of not less than 8 financial years immediately preceding financial year or where the company had been in existence for a period less than 8 years in respect of the preceding years together with the vouchers relevant to any entry in such books of acute shall be Kept in good order.

Where an investigation has been ordered in respect of the company, the Centra Government (CG) may direct that the books of account may be kept for such longer period as it may deem fit.

Persons Responsible for compliance -Sec. 128(6)

1.Managing director

2.Whole time director in charge of finance

3. Chief Financial Officer, or

4. Any other person of a company charged by the Board

Penalty for contravention of Sec. 128

Imprisonment for a term which may extend to 1 year, o Fine ranging from Rs. 50,000 to Rs. 5 Lacs, or both imprisonment And fine

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FINANCIAL STATEMENT, BOARD'S REPORT, ETC, SEC. 134

Approval h Board of Directors Sec. 134(1)

The financial statement including consolidated financial statement, if any, shall be approved by the BOD before they are being signed.

Signing of Financial statement sec 134(1)

Financial Statements including Consolidated Financial Statements before submission to the auditor for his report thereon, shall be signed, on behalf of the Board at least

\*by the chairperson of the company where he is authorised by the Board or

\*by two directors out of whuchou shall be managing director and

\*the Chief Executive Officer, it has a director in the company

\*the Chief Financial Officer and.

\*the company secretary of the company, wherever they are appointed

In the case of a One Person Company, only by one doctor

Attachment of Auditor's report Sec 134(2)

The auditors report shall be attached to every financial Statement.

Director's responsibility Statement- Sec. 134(5)

The Directors Responsability Statement shell state the following

(a) that in the preparation of the annual accounts, the applicable AS had followed along with proper explanation relating to material department

(b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent

so as to give me and fair view of the state of affairs of the company at the and of the financial year and of the profit and loss of the company for that period.

(C)That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the povisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

(D)That the directors had prepared the annual accounts on a going concern basis.

That the director in the case of a listed company,had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively

Internal financial controls. The policies and procedures adopted by the company For ensuring the orderly and efficient conduct of its business Including .........to company's policies the safeguarding of its assets the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

(F) That the directors had devised proper systems to ensure Compliance with the provisions of all applicable laws and that such as systems were adequate and operating effectively

Branch audit sec 143(8) BRANCH AUDIT SEG: 143(6)BRANCH AUDIT SEG: 143(6)

Branch office sec 2(14)

Branch auditor at relation to a company means any establishment................as such by the company

Persons eligible to the appointed as auditor sec 143(8)

\*the auditor appointed for the company i.e company auditor, or

\*any another person qualified for appointment as an auditor of the company under the act or

\*Where the branch office is situated in a country outside India, the accounts of the branch office shall be audited either by the company's audited or by an accountant or by any other person duly, qualified to put as an auditor of the accounts of the branch office in accordance with the law of the country.

Duties of branch auditor sec 143(8)

The branch auditor shall prepare a raport on the accounts of the branch examined by him and send it to the auditor of the company who shall deal with it in his report in such manner as he considers necessary.

Duties and powers of the company's auditor with reference to the audit of the branch and the branch auditor Rule 12

(1) the duties and powers of the company's auditor with reference to the the audit of the Branch and the Branch auditor if any, shall be as contained in sub section (1) to(4)

of sectum 143

(2) The branch auditor shall submit his report to the company's auditor.

(3) The provisions regarding reporting of fraud by the auditor shall abo extend to such branch auditor to the extent it relates to the concerned branch.

Company Auditorio relation to Branch Account, Branch Audit and Branch auditor

\* U/s143/8 of companies Act, 2013, the company's auditor is required to deal with the branch audit report received from the branch auditor in preparing his own report the manner in which to deal with the report is left ti him, it is clear that the low has left the question of how to deal with branch audit report to the company auditor and only requires him to state in his report how he has deal with the same.