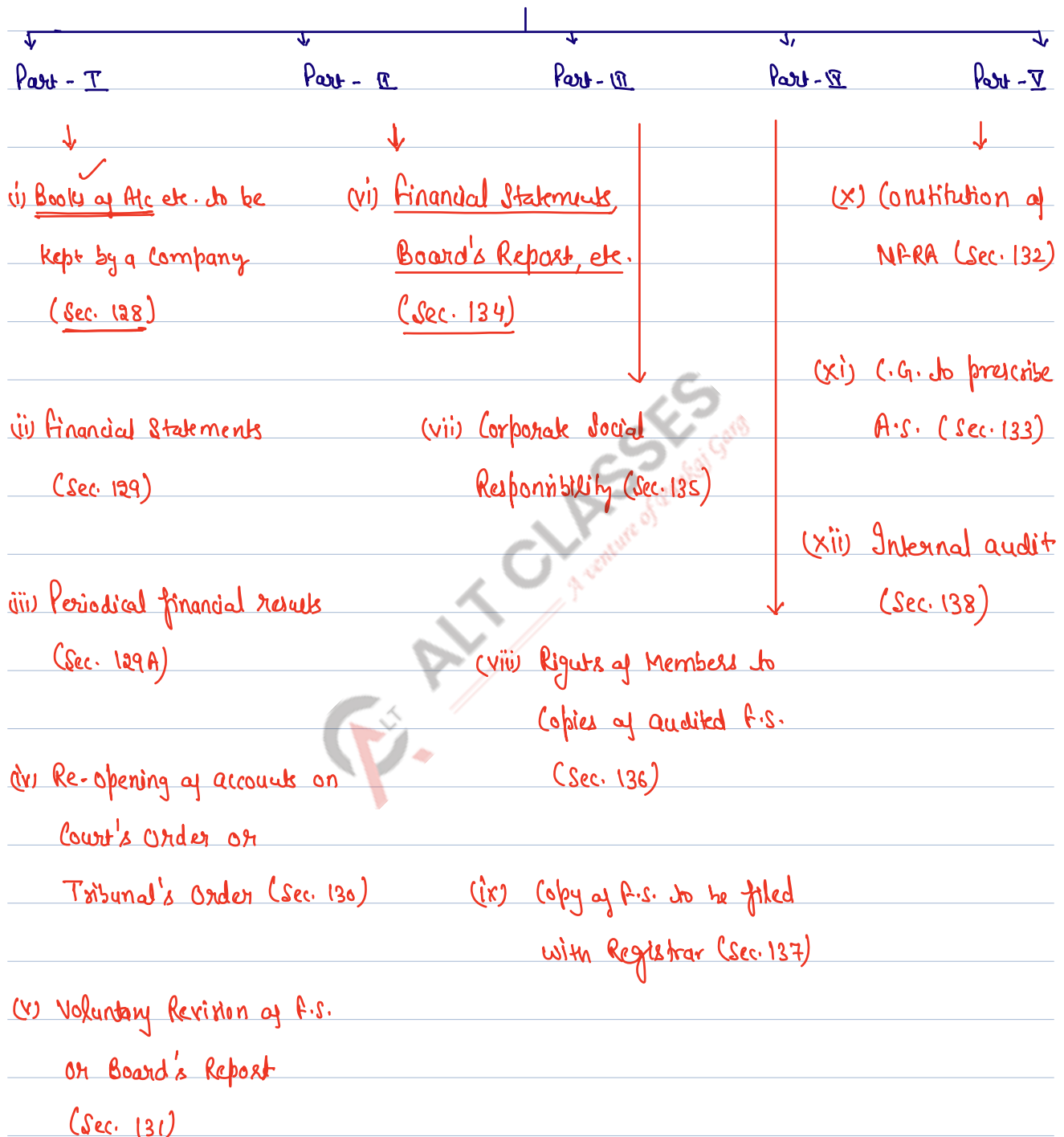


Chapter - 9 "Accounts of Companies"

[Chapter IX of Companies Act, 2013 - Sec. 128 - 138]



(i) Books of A/c etc. to be kept by the company (Sec. 128):

✓ Sec. 128 (1): ^{Sec. 2(13)} Books of A/c, ^{Sec. 2(12)} relevant books and papers and ^{Sec. 2(40)} financial statements for every ^{Sec. 2(41)} financial year, which gives a true and fair view of state of affairs of company including that of the branch office (if any)

↓

shall be kept at the registered office of the company.

- All or any of books of account and other relevant papers

↓

may be kept at such other place in India, as decided by BOD.

[Company shall within 7 days of such decision, file with Registrar a notice in writing (Form No. AOC-5) giving the full address of that place.]

- Books of A/c shall be kept on Accrual Basis and according to double entry system of accounting.

- Company may keep such books of account or other relevant papers in electronic mode in prescribed manner.

[Rule 3 of Companies (Accounts) Rules, 2014 prescribed the requirements w.r.t. maintaining books of A/c in Electronic mode]

Sec. 128(a): Where a company has a branch office in India or outside India



proper books of account relating to transactions effected at the branch office, may be kept at that place.

Note: Proper summarised returns are required to be sent periodically by branch office to the company at regl. office or other place as decided by BOD.

Sec. 128(3): Inspection of books of A/c:

- Books of A/c and other books and papers maintained within India shall be open for inspection, at the regl. office of the company or at such other place in India, by any director, during business hours.
- In case of financial information, if any, maintained o/s India, copies of such financial information shall be maintained and produced for inspection, by any director, subject to prescribed conditions.

[Rule 4 provides the provisions relating to inspection of books of A/c and financial information].

- Inspection in respect of subsidiary of the company shall be done only by a person authorised by Board's Resolution.

Sec. 128(4): Where an inspection is made, officers and employees of the company shall give, the person making the inspection, all assistance in connection with the inspection which the company may reasonably be expected to provide.

Sec. 128(5): Preservation of Books of A/c:

Books of A/c (together with relevant vouchers)

shall be kept in good order

for a period \geq 8 financial years immediately preceding a financial year.

for all preceding years
if company had been in
existence for $<$ 8 years.

Note: Where an investigation has been ordered in respect of a company, C.G. may direct that books of A/c shall be kept for a longer period as it deem fit.

Sec. 128(6): Person responsible for compliance:

- (i) Managing Director
- (ii) whole time director in charge of finance
- (iii) Chief financial officer
- (iv) Any other person charged by the Board with the duty of complying with the provisions of this section.

Penalty for non-compliance: ₹ 50,000 - ₹ 5,00,000
for each offence.

How Q: XYZ Ltd. is willing to maintain its books of account in Electronic Mode.

Secretary of the company is of the opinion that there is no provision to maintain books in Electronic form. Briefly comment whether the opinion of Secretary is correct. If not, state the related provision. (5 Marks)