

Lechur No. 2 of Chapter No. 9 (Sec. 129, 129A, 130 and 131)

(ii) Financial Statements: (Sec. 129)

Sec. 129(1): Form of financial statements:

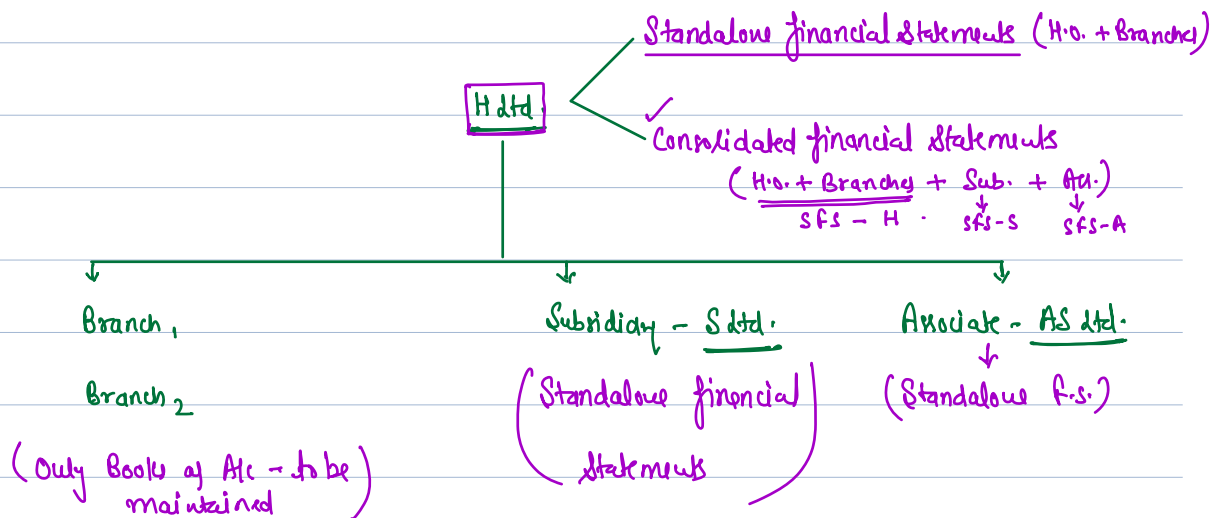
Financial statements shall:

- (a) give a true and fair view of state of affairs;
- (b) comply with ASs notified u/s 133; and
- (c) be in the form as set out in Schedule III.

Note: In case of Banking / Insurance / Electricity / Other Companies for which form of financial statements has been specified in or under the governing law, these provisions shall not apply.

Sec. 129(2): At every AGM of company, BOD shall lay before such meeting, financial statements for the financial year.

Sec. 129(3): Consolidated financial statements:



- If a company has one or more subsidiary or associate company, it shall also prepare a consolidated f.s. in same form and manner as that of its own, in accordance with applicable ASs.
- A separate statement containing salient features of financial statements of its subsidiaries shall also be annexed with financial statements of holding company in form No. AOC-1.
- Consolidation shall be in the prescribed manner. (Rule 6)

✓ Sec. 129(4): Provisions relating to preparation, adoption and audit of f.s. of a holding company shall mutatis mutandis apply to consolidated financial statements. (subject to necessary changes)

Rule 6 of Companies (Accounts) Rules, 2014:

(i) Consolidation shall be in accordance with the provisions of Schedule III and applicable ASs.

(ii) If a company is not required to prepare CFS under the requirements of applicable ASs, it shall be sufficient compliance if company complies with the requirements as stated in Schedule III.

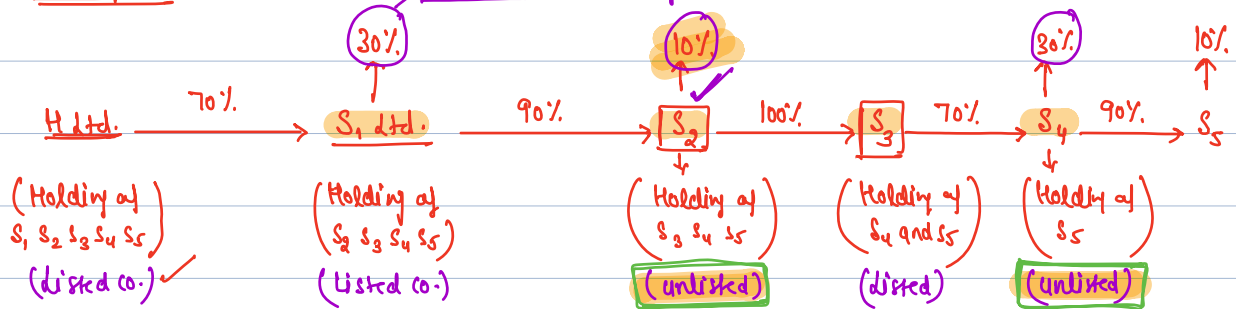
AS 21 ←
and AS 110 - Inv.

(iii) CFS not required to be prepared by a company, if:

- (a) It is a wholly owned ^(100%) or partially owned ^(< 100%) subsidiary of another company, and all of its other members having been intimated in writing, do not object to the company not presenting CFS.
- (b) Securities of such company are not listed in India or outside India;
- (c) its ultimate or any intermediate holding company files CFS with the Registrar, which are in compliance with the applicable ASs.

Example:

Intimated in writing - No objection



H Ltd. is required to prepare CFS of $(H + S_1 + S_2 + S_3 + S_4 + S_5)$

S₁ Ltd. " " " " " " $(S_1 + S_2 + S_3 + S_4 + S_5)$

S₂ Ltd. is exempted from prepⁿ of CFS

S₃ Ltd. is required to prepare CFS of $(S_3 + S_4 + S_5)$.

S₄ Ltd. is exempted from prepⁿ of CFS.

Sec. 129(5): Deviation from Accounting Standards:

If F.S. do not comply with ASs (notified u/s 133), Company shall disclose in the financial statements, the following:

- Deviation from the AS;
- Reasons for such deviation; and
- financial effects, if any, arising from such deviation.

Sec. 129(6): C.G. may exempt any class of companies from compliance with the requirements of this section.

Sec. 129(7): Persons responsible for compliance:

- Managing director;
- Whole time director in charge of finance;
- CA; or

(iv) Any other person charged by Board with the duty of complying with the requirements of this section.

Note: In the absence of any of the officers mentioned above, all directors will be responsible.

Penalty for Non-compliance: Imprisonment upto one year

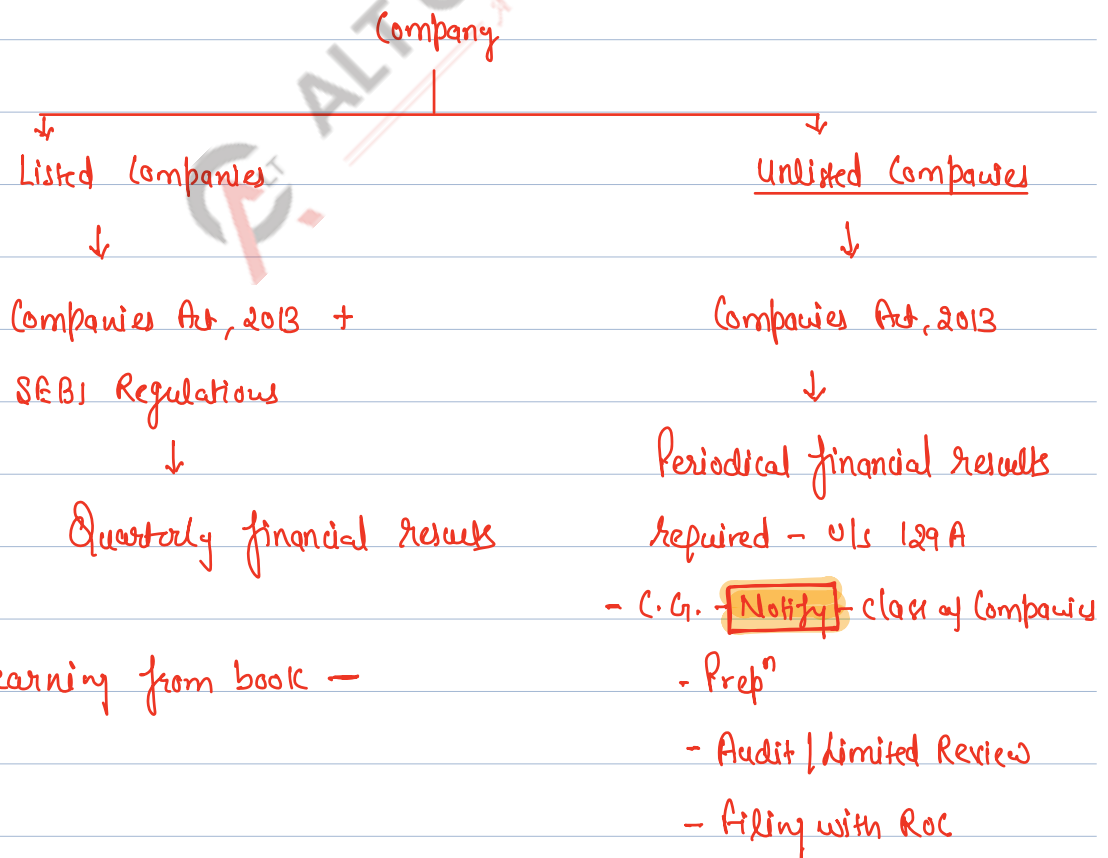
Or

fine ranging from ₹ 50,000 - ₹ 5,00,000

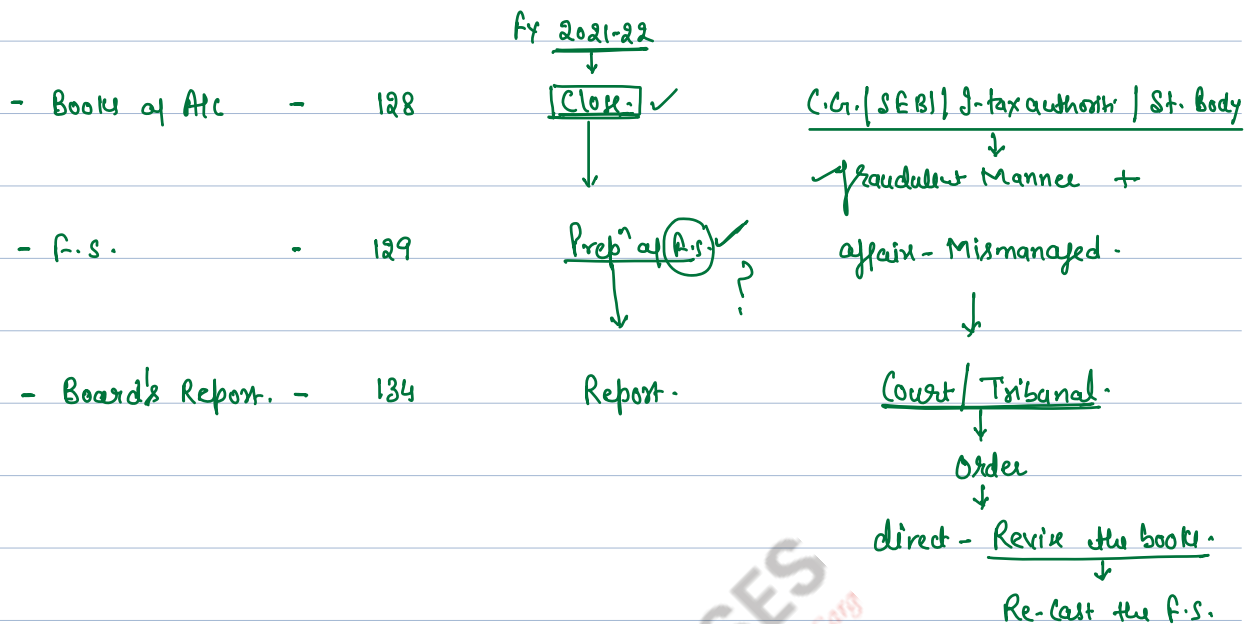
Or

Both.

(iii) Periodical financial results (Sec. 129A):



✓ (iv) Re-opening of A/c on Court's or Tribunal Order (Sec. 130):



- A Company shall not re-open its books of account and not re-cast its F.S. unless:

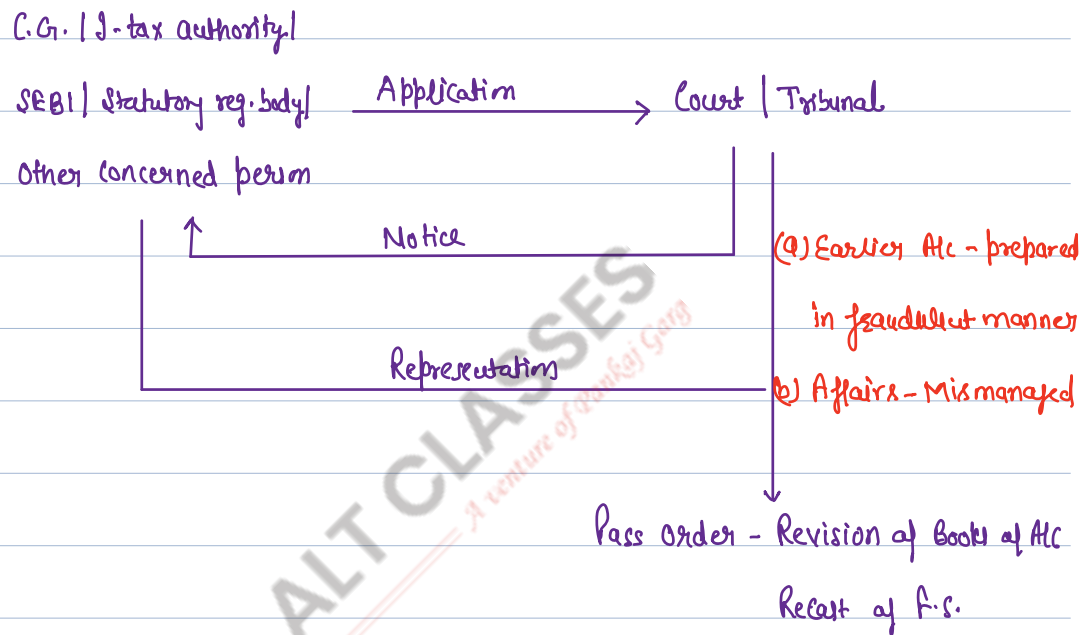
- (i) An application in this regard is made by C.G., SEBI, J-tax authority, other statutory regulatory body or any person concerned;
- (ii) Order is made by Court of competent jurisdiction or Tribunal to the effect that:
 - (a) Earlier accounts were prepared in a fraudulent manner;
 - (b) affairs of the company were mismanaged casting a doubt on the reliability of F.S.

- Court or Tribunal, shall give notice to C.G., J-tax authorities, SEBI and other statutory regulatory body or any other person concerned and shall consider the representation, if any, made by such person.

- Accounts so revised or recast shall be final.

- No order shall be made for opening of books of account relating to period earlier than 8 financial years immediately preceding current financial year.

Note: However, where a direction has been issued by the C.G. U/s 128(S) for keeping the books for a period longer than 8 years, the books of A/c may be ordered to be reopened within such longer period.



(V) Voluntary Revision of F.S. or Board's Report (Sec. 131):

Sec. 131(1): (i) Directors of a company may apply to Tribunal in prescribed manner, if it appears to them that F.S. of the company or Board's Report, is not in compliance with provisions of Sec. 129 or 134 respectively.

Note: Application shall be made only in respect of F.S. or Board's Report for any of the preceding three financial years.

(ii) Tribunal shall give notice to C.G. and J-tax authorities and consider the recommendations, if any, made by the C.G. or J-tax authorities before passing an order.

Note: Copy of order passed by Tribunal shall also be filed with the Registrar.

(iii) Revision is allowed only once in a financial year.

(iv) Detailed reasons for revision shall also be disclosed in Board's report in the relevant financial year in which such revision is being made.

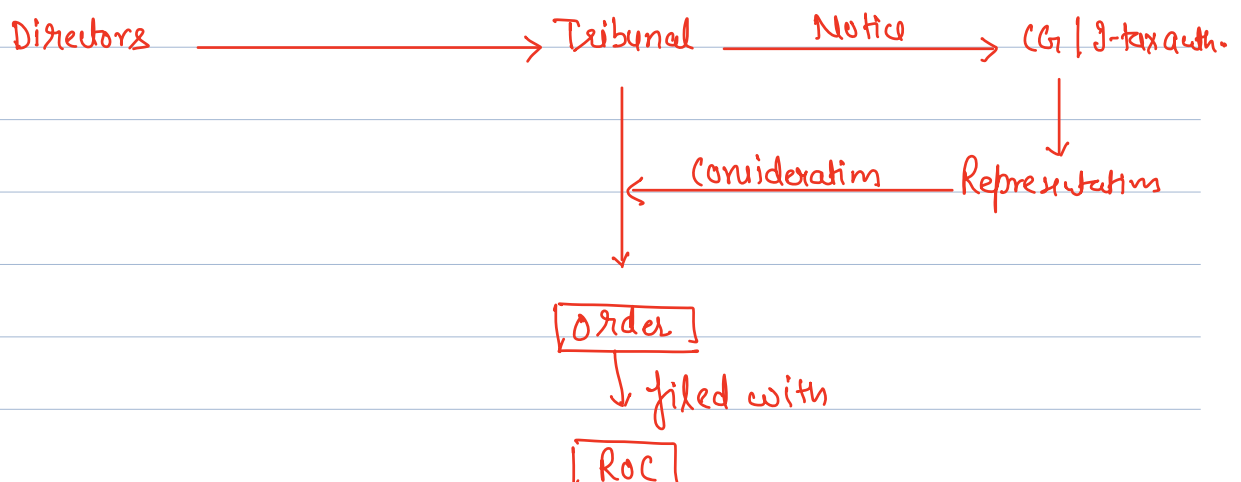
Sec. 131(2) and 131(3): - reading from book -

H.W.: (i) Sec. 134 - video

(ii) Sec. 129, 129A, 130, 131, 134 - reading

- Q/A

- written practice (2 Questions)



(vi) Financial Statements, Board's Report, etc.: (Sec. 134)

Sec. 134(1): (i) F.S., including CFS, if any, shall be approved by BoD before they are being signed.

(ii) F.S., including CFS, shall be signed, on behalf of the Board, by:

(a) Chairperson of the company (if authorised by Board); or
2 directors (including M.O., if any)

and

(b) CEO, CFO and CS of the company, wherever they are appointed.

Note: In case of OPC, F.S. shall be signed only by one director.

Sec. 134(2): Auditor's report shall be attached to every F.S.

Sec. 134(3): Board's Report:

Sec. 134(3A): Abridged Board's Report:

Sec. 134(4): Board's Report in case of OPC:

reading from book

Imp. Sec. 134(5): Director's Responsibility Statement: To be learned from book

Sec. 134(6): Signing of Board's Report:

Board's report shall be signed by:

(a) Chairperson of the company (if authorised by Board); or

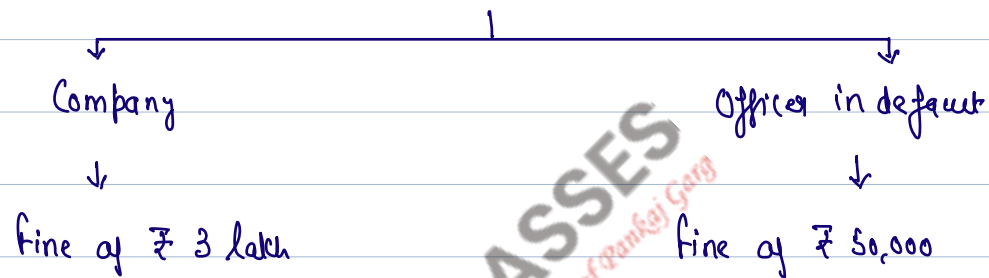
Two directors including MD, if any (if chairperson is not so authorised)

(b) director, where there is only one director.

Sec. 134(7): Signed copy of f.s, including CFS, if any, shall be issued, circulated, or published along with a copy of:

- ✓ (a) Notes forming part of financial statements;
- ✓ (b) Auditor's Report; and
- ✓ (c) Board's Report.

Sec. 134(8): Penalty for non-compliance of Sec. 134:



H.W. Do written practice of May 18, Jan. 21 Exam.

DRS

Signature of f.s.