

MATUNGA CPE STUDY CIRCLE OF WIRC

CARO 2015



APPLICABILITY OF CARO

1. Every Company including a foreign Company as per section 2(42) of Companies Act,2013 **except**
2. A banking company
3. An insurance company
4. Non-Profit company (Section 8 of Companies Act,2013);
5. ***A One Person Company;***
6. A private limited company with
 - a) paid up capital and reserves not more than INR 50 lakhs and
 - b) does not have loan outstanding exceeding INR 25 lakhs from any bank or financial institution and;
 - c) does not have a turnover exceeding INR 5 crore at any point of time during the financial year.

POWERS AND DUTIES OF AUDITOR U/S 143 OF COMPANIES ACT,2013

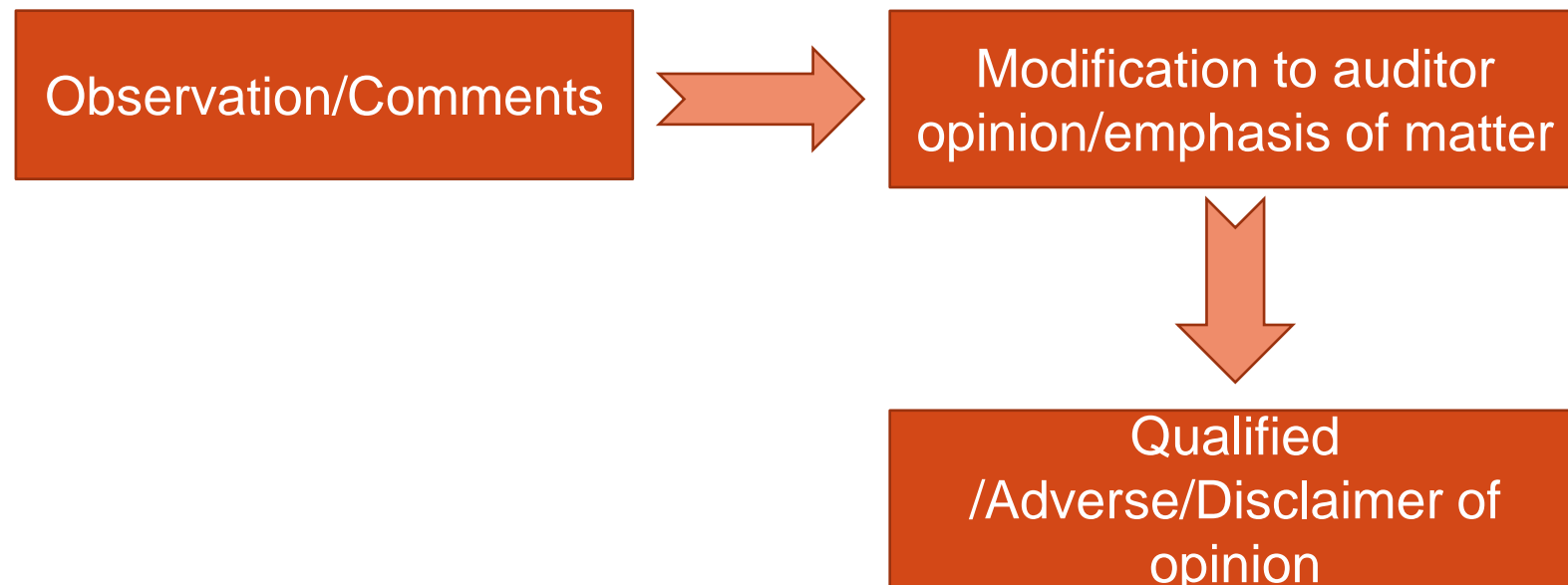
- Section 143(1): Make enquiries during audit
- Section 143(2): Prepare report to members of company on the accounts and financial statements.
- Section 143(3): Matters to be reported in audit report.
 - (a) Obtain information & explanation to the best of his knowledge,
 - (b) Maintenance of proper books of accounts,
 - (c) Report of accounts of branch office of a company,
 - (d) Balance sheet and P& L dealt are in agreement with books of accounts,
 - (e) Compliance of Accounting Standards,
 - (f) Observations or comments having adverse effect on functioning of company,
 - (g) Disqualification of any director,
 - (h) Any qualification, reservation or adverse remark on maintenance of accounts.

REPORTING U/S 143(3)(F) OF COMPANIES ACT,2013

RELEVANT EXTRACT

“The auditor’s report shall also state-

(f) The observations or comments of the auditors on financial statements or matters which have any adverse effect on the functioning of the company,”



REPORTING U/S 143(3)(H) OF COMPANIES ACT,2013

RELEVANT EXTRACT

“The auditor’s report shall also state-

(h) Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.”

‘Books of Accounts’ include:

- Sums of money receipts and expenditure,
- Sales and purchases of goods and services,
- Assets and liabilities,
- Items of cost u/s 148 in the case of a company which belongs to any class of companies specified.

KEY AMENDMENTS

CARO 2003	CARO 2015
(i) Fixed Assets	(i) Fixed Assets
a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	----- <i>No Change</i> -----
b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	----- <i>No Change</i> -----
c) If a substantial part of fixed assets have been disposed off during the year, whether it has affected the going concern.	----- <i>Deleted</i> -----
(ii) Inventory	(ii) Inventory- No change

KEY AMENDMENTS

CARO 2003	CARO 2015
(iii) Loans covered u/s 301 of Co's Act, 1956	(iii) Loans u/s 189 of Co's Act, 2013
<p>(a) Has the company granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. If so, give the number of parties and amount involved in the transactions.</p>	<p><i>Deleted : The requirement on disclosure of number of parties and amount of loans granted (secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013)</i></p>
<p>(b) Whether the rate of interest and other terms and conditions of loans given by the company, secured or unsecured are prima facie prejudicial to the interest of the company.</p>	
<p>(e) Has the company taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. If so, give the number of parties and amount involved in the transactions.</p>	

KEY AMENDMENTS

CARO 2003	CARO 2015
(iii) Loans covered u/s 301 of Co's Act, 1956	(iii) Loans u/s 189 of Co's Act, 2013
(f) whether the rate of interest and other terms and conditions of loans taken by the company, secured or unsecured are prima facie prejudicial to the interest of the company.	-----Deleted-----
(iv) Internal Control System	(iv) Internal Control System- No Change
(v) Loans covered u/s 301 of Co's Act, 1956	-----Deleted-----

KEY AMENDMENTS

CARO 2003	CARO 2015
(vi) Deposits	(v) Deposits
In case the company has accepted deposits from the public, whether the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under, where applicable, have been complied with. If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal. Whether the same has been complied with or not?	Reference to Sections 58A and 58AA of Co's Act, 1956 changed to the provisions of Sections 73 to 76 or any relevant provisions of the Companies Act 2013.

KEY AMENDMENTS

CARO 2003	CARO 2015
(vii) Internal Audit System	
In case of listed companies and/ or other companies having a paid up capital and reserves exceeding Rs. 50 lakhs as at the commencement of the financial year concerned, or having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, whether the company has an internal audit system commensurate with its size and nature of its business;	-----Deleted-----
(viii) Cost Records	(vi) Cost Records:- No Change

KEY AMENDMENTS

CARO 2003	CARO 2015
(ix) Statutory Dues	(vii) Statutory Dues:- VAT Included
Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor	Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, <i>Value Added Tax</i> cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor

KEY AMENDMENTS

CARO 2003	CARO 2015
(x) Cash losses	(viii) Cash losses:- No Change
(xi) Repayment of Dues	(ix) Repayment of Dues:- No Change
(xii) Record Maintenance in case of advances against shares	
Whether adequate documents and records are maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities; If not, the deficiencies to be pointed out.	<i>-----Deleted-----</i>
(xiii) Provisions to Chit Funds	<i>-----Deleted-----</i>

KEY AMENDMENTS

CARO 2003	CARO 2015
(xiv) Records of shares/debentures/securities	-----Deleted-----
(xv) Guarantee for Loans	(x) Guarantee for Loans:- No Change
(xvi) Term Loans	(xi) Term Loans:- No Change
(xvii) Short Term Funds Usage for Long Term	-----Deleted-----
(xviii) Preferential Allotment of Shares to Related party	-----Deleted-----

KEY AMENDMENTS

CARO 2003	CARO 2015
(xix) Security Charge on Debentures	-----Deleted-----
(xx) Disclosure on Money raised by Public issue	-----Deleted-----
(xxi) Report on Fraud	(xii) Report on Fraud:- No Change

THANK YOU !