



**PLANNING AND ECONOMIC AFFAIRS
(BPE) DEPARTMENT**

**No. 21295/BPE-2/90/Plg., Thiruvananthapuram,
dated 6th May 1991**

CIRCULAR

Sub.- Clearance of arrears in the finalisation of annual accounts of the Kerala State Government Companies-General directions issued.

The Government of India, Ministry of Industry, Department of Company Affairs have reported that the State Government Companies have not taken appropriate steps to finalise their accounts which are in arrears in spite of their repeated reminders. It is also requested that the Chief Executive of these companies may be advised to finalise their accounts forth with so that the Department of Companies Affairs would not have to take recourse to prosecution proceedings under sections 166, 210 and 220 of the Companies Act.

In this connection, the attention of the Chief Executive of all Government Companies is invited to the Circular D.O. letters No. 27040/BPE/86/Plg., dated 21st May 1988, 15th July 1989 and 10th December 1990 wherein they were requested to take all possible steps on a war footing to finalise the annual accounts of their Company within the time-limit prescribed under the Companies Act and to chalk out a time-bound programme to clear the arrears.

In order to facilitate clearance of arrears and to ensure in future finalisation of annual accounts in time, the undermentioned decisions taken at a review meeting convened by the Chief Secretary, are brought to the notice of Chief Executive of Government Companies for immediate compliance.

(i) Companies shall prepare provisional accounts within one month after completion of every financial year as directed in Company Law Board Circular No. 21/8/60-IGG dated 9th February 1970. In all cases where books of accounts are not up-to-date, Chartered Accountants may be engaged for completing the work. The account should also be got approval by the Board of Directors so as to make way for speedy completion of statutory audit as well as supplementary audit by the Accountant General.

(ii) Company Law Board may be requested to appoint the auditors for the entire period as a special case indicating also to time schedule for clearing up the backlog.

(iii) When statutory auditors are appointed for more than one year the audit work can progress for all the years concurrently but certification should be in the sequential order after all the formalities are completed for the previous year. The time table to be prepared should indicate all these steps.

(iv) The Accountant General, Kerala, has agreed to extend his help in this matter if the issue is brought to his notice.

(v) In order to avoid delay in completing the statutory audit the company on their own should put in their best efforts in follow up and in persuading the auditors to take up and complete their work in time. Otherwise, this should be brought to Accountant General's notice.

(vi) All books of accounts and supporting documents may be kept completed in every respect and after subjecting them to internal audit before presenting to statutory auditors so as to speed up the process of statutory auditing.

(vii) The Accountant General, Kerala is prepared to help in the matter if delays are brought to his notice. Undue delays in starting the audit work or any other lapses on the part of the auditor in completing the work on time may be reported to him under intimation to Government so as to take up the issue with the Institute of Chartered Accountants of India.

(viii) Any delay in respect of supplementary audit may also be brought to the notice of the Accountant General. If action plans of all companies for clearing up the backlog are sent to the Accountant General he will ensure the timely deputation of audit staff. The companies should respond without delay to the queries of the audit staff so as to finalise the audit comments in time.

Receipt of this Circular may be acknowledged.

K. VIJAYACHANDRAN
Secretary (BPE).