



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

**No. 19070/BPE-2/97/Plg., Thiruvananthapuram,
dated 7th November 1997**

CIRCULAR

Sub. - Speedy clearance of arrears of Annual Accounts of Government Companies—Engaging Chartered Accountants—Authorizing of.

Ref. - 1. Circular No. 21295/BPE-2/90/Plg., dated, 6th May 1991.

2. Circular No. 17070/BPE-2/91/Plg., dated, 29th February 1992

3. Circular No. 10303/BPE-2/92/Plg., dated, 19th August 1992

4. Circular No. 20808/BPE-2/93/Plg., dated, 27th November 1993

5. Circular No. 19592/BPE-2/96/Plg., dated, 26th November 1996

6. Circular No. 16184/BPE-2/97/Plg., dated, 18th October 1997

The progress in clearing the arrears in finalizing the annual accounts of Government companies is not satisfactory despite a number of circular directions and fixing of targets in the meetings convened by the Chief Secretary. The delay in adopting the audited annual accounts by the Annual General Meeting of Companies beyond the period specified in the Companies Act is an offence liable for fine and imprisonment. So far the Company law Board of Government of India has not invoked the penal provisions of the Companies Act. But the policy of the Government of India had undergone a change and they have now stated taking prosecution procedures. It is thus clearly in the interest of the company, its Chief Executive and Directors to ensure that the arrears are cleared at the earliest.

2. Government have also taken a policy stand that it can no longer tolerate the financial indiscipline and inefficiency in most of the Public sector Units. One of the suggestions that came up during the review of Chief Secretary is to engage Chartered Accountants for completing the work of writing up of accounts where the books of accounts are not up to date, instead of putting the blame on lack of experience staff or weak Accounts Department of the Company.

3. Government are now pleased to clarify that chief Executives of Government Companies may, if necessary appoint on contract basis any firm of a Chartered Accountants other than their statutory auditors to write up accounts including provisional balances sheet, to conduct internal audit checks and to liaise with it's Statutory Auditors and Accountant General.

4. This special arrangements can be resorted to finalize all annual accounts which are in arrears as on 1st November 1997, provided that not less than two years' accounts are in arrears on that date.

C.P.NAIR
Chief Secretary