

*PRESENTED BY –
SHWETA SHAH
ASSISTANT PROFESSOR
DEPARTMENT OF COMMERCE
PATNA WOMEN'S COLLEGE*



COMPANY AUDIT

COMPANY AUDIT

SECTION 139

- APPOINTMENT OF AUDITOR
- COMPANIES ACT, 2013

SECTION 141

- QUALIFICATIONS AND DIS QUALIFICATIONS
- COMPANIES ACT, 2013

COMPANY AUDIT



SECTION 140

- REMOVAL AND RESIGNATION
- COMPANIES ACT, 2013

SECTION 143

- RIGHTS AND DUTIES
- COMPANIES ACT, 2013

SECTION 142

- REMUNERATION
- COMPANIES ACT, 2013



CA



Appointment of Auditor

APPOINTMENT OF AUDITORS

FIRST AUDITOR

FILLING CASUAL
VACANCY

REAPPOINTMENT

GOVERNMENT
COMPANY'S
AUDITOR

ROTATION OF
AUDITORS

APPOINTMENT OF AUDITORS AT ANNUAL GENERAL MEETING

At the 1st AGM, every company shall appoint an individual or a firm as an auditor. The auditor so appointed shall hold office from the conclusion of 1st AGM till the conclusion of 6th AGM.

At every AGM (viz, 2nd, 3rd, 4th and 5th AGM), the matter relating to appointment of auditor shall be placed before the members for ratification.

REAPPOINTMENT OF RETIRING AUDITOR (SECTION 139(9))

A retiring auditor may be reappointed at AGM, if-

He is not disqualified for reappointment;

He has not given to the company a notice in writing of his unwillingness to be reappointed; and

A special resolution has been passed at the AGM appointing some other auditor.

REAPPOINTMENT OF RETIRING AUDITOR (SECTION 139(9))

A retiring auditor may be reappointed at AGM, if-

He is not disqualified for reappointment;

He has not given to the company a notice in writing of his unwillingness to be reappointed; and

A special resolution has been passed at the AGM appointing some other auditor.

ROTATION OF AUDITORS

LISTED COMPANIES

- SECTION 139(2)

CLASSES OF COMPANIES

- SECTION 139(2)

Companies Act 2013



CLASSES OF COMPANIES

All unlisted companies having

- Paid up share capital of Rs. 10 crore or more

All private companies having

- Paid up share capital of Rs. 20 crore or more

All companies having

- Share capital below the cases above, but public borrowings of Rs.50 crore or above

MANNER OF ROTATION OF AUDITORS



INDIVIDUAL

No individual shall be appointed or reappointed as auditor for more than 1 term of 5 years.

An individual auditor who has completed his term of 5 years, shall not be eligible for reappointment as auditor in the same company for 5 years from the completion of his term.

MANNER OF ROTATION OF AUDITORS

FIRM

No audit firm shall be appointed or reappointed as auditor for more than 2 terms of 5 consecutive years.

The cooling period for an audit firm shall be for 5 years.

A photograph of three business professionals in a meeting. A woman on the left, a man in the center, and a man on the right are all smiling and shaking hands. The man in the center is wearing a light grey suit jacket, and the man on the right is wearing a dark suit jacket. The background is a blurred office setting with windows. The text 'Appointment of First Auditor' is overlaid in white on the image.

Appointment of
First Auditor

APPOINTMENT OF FIRST AUDITOR

MANNER OF APPOINTMENT

IN CASE OF GOVERNMENT COMPANY

Appointed by CAG within 60 days

In case CAG does not appoint within the said period, the Board shall appoint within next 30 days

If the Board fails to appoint within the said period, the Board shall inform the members who shall appoint the first auditor within 60 days at an EGM.

APPOINTMENT OF FIRST AUDITOR

OTHER COMPANY

Appointed by the Board of directors within 30 days

In case of failure of the Board within the said period, the Board shall inform the members, who shall appoint the first auditor within 90 days at an EGM.

First auditor shall hold office till the conclusion of first AGM.

FILLING OF CASUAL VACANCY

➤ GOVERNMENT COMPANY

- Filled within 30 days by CAG
- Otherwise the Board shall fill within next 30 days.

➤ OTHER COMPANY

- Filled within 30 days by BOD
- In case of resignation of auditor, it shall be filled by BOD within 30 days and it shall be approved in a general meeting within 3 months.

REMUNERATION

AUDITORS

SECTION 142



Companies Act, 2013

47 POINTS OF DIFFERENCE BETWEEN OLD AND NEW ACT

Remuneration of first auditor shall be fixed by Board

Remuneration of others to be fixed in GM

It shall also include the expenses incurred by auditor

QUALIFICATION OF AUDITORS

An INDIVIDUAL (SEC. 141)

- Only if he is a chartered Accountant

PARTNERSHIP FIRM (SEC. 141)

- Only if the partners are Chartered Accountant

DISQUALIFICATIONS (SEC. 143)

- A body corporate
- Officer or employee of company
- Partner of officer or employee of company
- A person who, or his relative or his partner is holding any security in company and its related company.
- A person who or his relative, or his partner is indebted in excess of such amount (Rs. 5 lakhs)

DISQUALIFICATIONS

- A person who, or his relative, or his partner has given guarantee or provided any security indebtedness of any third person in excess of Rs. 1 lakh.
- A person or a firm who, has business relationship.
- A person whose relative is a director or is in the employment of the company.
- A person who is in full time employment elsewhere.

DISQUALIFICATIONS

- A person who has been convicted by a court of an offence.
- A person who is engaged in specialised services under section 144.



Auditor Resignation/ Appointment, Intimation and Related Formalities in Companies Act 2013



+91 8262 990 990



info@ebizfiling.com



ebizfiling.com



REMOVAL OF AUDITORS

PASSING BOARD RESOLUTION



CENTRAL GOVERNMENT
APPROVAL AND SPECIAL
RESOLUTION



OPPORTUNITY OF BEING HEARD

RESIGNATION OF AUDITORS

SEC.140

- Filing of statement along with reasons
- FORM NO. ADT-3

SEC. 140

- Filed with the company and the Registrar
- CAG in case of Government company

SEC.140

- Within 30 days of resignation
- FINE- Min. Rs.50000, Max. Rs.500000

REMOVAL BY GIVING SPECIAL NOTICE

SPECIAL NOTICE FOR
APPOINTING AN AUDITOR



SENDING NOTICE TO
RETIRING AUDITOR



RETIRING AUDITOR CAN
MAKE REPRESENTATION

SEND REPRESENTATION TO
MEMBERS



IF NOT SENT, READ OUT
IN THE MEETING



INTERVENTION BY THE
COMPANY LAW BOARD

RIGHTS AND DUTIES OF AUDITORS



RIGHT TO ACCESS BOOKS
OF ACCOUNTS

RIGHT TO OBTAIN
INFORMATIONS AND
EXPLANATIONS

DUTY TO REPORT

THANK YOU

Companies Act 2013

