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Companies (Amendment) Act, 2002

Chapter VI - CHAPTER VI

FINANCE, ACCOUNTS AND AUDIT 581ZE. Books of account .-- (1) Every Producer Company shall keep at its registered office properbooks of account with respect to -- (a) all sums of money received and expended by the Producer Company and the matters in respect of which the receipts and expenditure take place; (b) all sales and purchase of goods by the Producer Company; (c) the instruments of liability executed by or on behalf of the Producer Company; (d) the assets and liabilities of the Producer Company; (e) in case of a Producer Company engaged in production, processing and manufacturing, the particulars relating to utilisation of materials or labour or other items of costs. (2) The balance-sheet and profit and loss accounts of the Producer Company shall be prepared, as far as may be, in accordance with the provisions contained in section 211. 581ZF. Internal audit .-- Every Producer Company shall have internal audit of its accounts carried out, at such interval and in such manner as may be specified in articles, by a chartered accountant as defined in clause (b) of sub-section (7) of section 2 of the Institute of Chartered Accountants Act 1949. 581ZG. Duties of auditor under this Part .-- Without prejudice to the provisions contained in section 227, the auditor shall report on the following additional matters relating to the Producer Company, namely:-- (a) the amount of debts due along with particulars of bad debts if any: (b) the verification of cash balance and securities; (c) the details of assets and liabilities; (d) all transactions which appear to be contrary to the provisions of this Part; (e) the loans given by the Producer Company to the directors; (f) the donations or subscriptions given by the Producer Company; (g) any other matter as may be considered necessary by the auditor. 581ZH. Donations or subscription by Producer Company .-- A Producer Company may, by special resolution, make donation or subscription to any institution or individual for the purposes of-- (a) promoting the social and economic welfare of Producer Members or producers or general public; or (b) promoting the mutual assistance principles: Provided that the aggregate amount of all such donation and subscription in any financial year shall not exceed three per cent, of the net profit of the Producer Company in the financial year immediately preceding the financial year in which the donation or subscription was made: Provided further that no Producer Company shall make directly or indirectly to any political party or for any political purpose to any person any contribution or subscription or make available any facilities including personnel or material. 581ZI. General and other reserves .-- (1) Every Producer Company shall maintain a general reserve in every financial year, in addition to any reserve maintained by it as may be specified in articles. (2) In a case where the Producer Company docs not have sufficient funds in any financial year for transfer to maintain the reserves as may be specified in articles, the contribution to the reserve shall be shared amongst the Members in proportion to their patronage in the business of that company in that year. 581ZJ. Issue of bonus shares .-- Any Producer Company may, upon recommendation of the Board and passing of resolution in the general meeting, issue bonus shares by capitalisation of amounts from general reserves referred to in section 581ZI in proportion to the shares held by the Members on the date of the issue of-such shares.

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