

## Transaction with Struck off Companies Auditor Role



CA. PRAMOD JAIN

B. COM (H), FCA, FCS, FCMA, LL.B, DISA, MIMA, IP

**Namaste**

Ministry of Corporate Affairs has amended Schedule III of the Companies Act, 2013 vide notification dated 24<sup>th</sup> March 2021, the impact of the which would be only from the financial year 2021-22.

Many new disclosures would be required in the notes to the accounts of the financial statements of the company. In my view, many of them, though applicable for FY 2021-22, should be taken care off by the management and verified by the auditors for the FY 2020-21 too. These include trade payable ageing, trade receivable ageing, etc.

One of these include **transactions with struck off companies**. It has been observed that various other regulators like Income Tax Department too questions such transactions and outstanding balances.

In my view details of not only struck off Companies, but also struck off LLPs should be verified by auditors to conclude about true and fair view of the financial statements. Further, the verification should be done not only in case of audit of companies, but also during audit of other entities such as proprietorship, partnership, LLP, society, trust, etc.

An auditor should obtain the required details from management and verify the same. A document has been prepared, which should be compiled by the auditee (management) and verified by the auditor in this respect. The said document is enclosed herewith as an *Annexure*.

I hope this document and Annexure is of use to you. Your suggestions and comments would be highly appreciated.

Best Regards

**CA. PRAMOD JAIN**

17<sup>th</sup> June 2021

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**(Disclaimer:** Though full efforts have been made to state the interpretations correctly, yet the author is not responsible / liable for any loss or damage caused to anyone due to any mistake / error / omissions)

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### Annexure

|                      |  |
|----------------------|--|
| Name of Auditee      |  |
| Status of Auditee    |  |
| Audit for FY 2020-21 |  |

### DETAILS OF TRANSACTIONS WITH STRUCK OFF ENTITIES

| S. No.  | Name of Company / LLP<br><br>(Name of all companies & LLP with whom transaction / balances are there) | CIN / LLPIN | Status (Active / Strike-off / converted) | Date of Strike-off / conversion, if any | Name of Auditee's Employee who verified | Date of verification by Employee | If Struck off then, give amount of transaction after struck off date and Closing Balance | Name of Audit Team Member who verified |
|---|---|-------------|--|---|---|----------------------------------|--|--|
| <b>Debtors</b>  |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |
| 3   |   |             |  |   |   |                                  |  |  |
| <b>Creditors</b>  |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |
| 3   |   |             |  |   |   |                                  |  |  |
| <b>Loans / Advances Taken</b>   |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |
| 3   |   |             |  |   |   |                                  |  |  |
| <b>Loans / Advances Given</b>   |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |
| 3   |   |             |  |   |   |                                  |  |  |
| <b>Investments Made</b>   |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |
| 3   |   |             |  |   |   |                                  |  |  |
| <b>Shareholder / Partner (to be filled only in case of auditee is a company or Firm or LLP)</b> |   |             |  |   |   |                                  |  |  |
| 1   |   |             |  |   |   |                                  |  |  |
| 2   |   |             |  |   |   |                                  |  |  |

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|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
| 3  |  |  |  |  |  |  |  |  |
| <b>Any other Nature of Transaction (Mention nature of Transaction)</b> |  |  |  |  |  |  |  |  |
| 1  |  |  |  |  |  |  |  |  |
| 2  |  |  |  |  |  |  |  |  |
| 3  |  |  |  |  |  |  |  |  |

We certify that the above is the complete details of Companies and LLPs with whom we have transacted during the year or whose balances are outstanding even if there is no transaction with them during the year.

Signature

Name of Director / CFO / Manager / Partner / Proprietor

Date

On behalf of Audit Team

Verification done of basis of Standards of Auditing as applicable

Signature

Name of Audit Team Member

Date

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### ABOUT CA. PRAMOD JAIN

He is a commerce graduate [B. Com (H)] from Shri Ram College of Commerce (SRCC). He is a fellow member of the Institute of Chartered Accountants of India (FCA). He is a fellow member of the Institute of Companies Secretaries of India (FCS). He is a fellow member of the Institute of Cost Accountants of India (FCMA). He is a Bachelor of Law (LL.B). He has qualified Information System Auditor [DISA (ICAI)]. He is also a member of All India Management Association (MIMA). He is also an Insolvency Professional (IP). He has also passed the Certificate Course on CSR of ICAI. He has also passed the Proficiency Self-Assessment Test for Independent Director's Databank. He has passed certification course NCFM of National Stock Exchange of India (NSE). He has also done certification course CAAT of ICAI. He has also done post qualification certificate course on Valuation of ICAI.

He has been elected as Central Council Member of ICAI for the period 2019 – 2022. Apart from being member in more than 25 committees / groups / directorates of ICAI, he is / was:

- Chairman of Committee on International Taxation (CITAX) for Year 2021-22
- Chairman of Taxation Audit Quality Review Board (TAQRB) for the year 2021-22.
- Chairman of Valuation Standards Board (VSB) for the year 2020-21.
- Chairman of CSR Committee of ICAI for year 2020-21.
- Vice-Chairman of Committee on MSME & Start-up for the year 2021-22.
- Vice-Chairman of Women Members Empowerment Committee (WMEC) for 2021-22.
- Vice-Chairman of Direct Tax Committee (DTC) for year 2019-20 and 2020-21.
- Vice-Chairman of Committee on International Taxation (CITAX) for Year 2019-20.
- Member of ICAI Disciplinary Committee Bench 1 for year 2020-21.
- Nominated as Member of Quality Review Board (QRB) for 3 years from 2020 to 2022.

He is the conceptualizer of the portal [www.expertspanel.in](http://www.expertspanel.in) which is a one stop solution for all professional queries which has given nearly 28000 answers since its launch in mid of year 2018.

He is delivered more than 1300 lectures and articles on various topics of Income Tax, Corporate Laws, LLP, Audits, Peer Review, Quality Review, etc. at more than 200 forums throughout the country. Most of his presentations and articles since 2013 are available for free download from [www.lunawat.com](http://www.lunawat.com) and from 2018 at [www.expertspanel.in](http://www.expertspanel.in) also.

He is president, founder convener and member of various Boards, Directorate, Committees, Study Circles, etc. of ICAI, ICSI and other prestigious bodies and associations. He has been a Technical Reviewer with FFRB and Quality Review Board and Peer Reviewer with Peer Review Board. He has authored 13 books including "Chartered Accountant's Documentation and Compliance for Audits and Reviews", "Limited liability Partnership – A Complete Resource Book", and "Accounting Standards and CARO".