

COMPANY AUDIT

SECTION 141- QUALIFICATIONS AND DISQUALIFICATIONS OF AUDITOR

141 (1) - Individual – CA
having certificate of practice

141 (2) - Firm of CA

DISQUALIFICATIONS [141 – (3)]

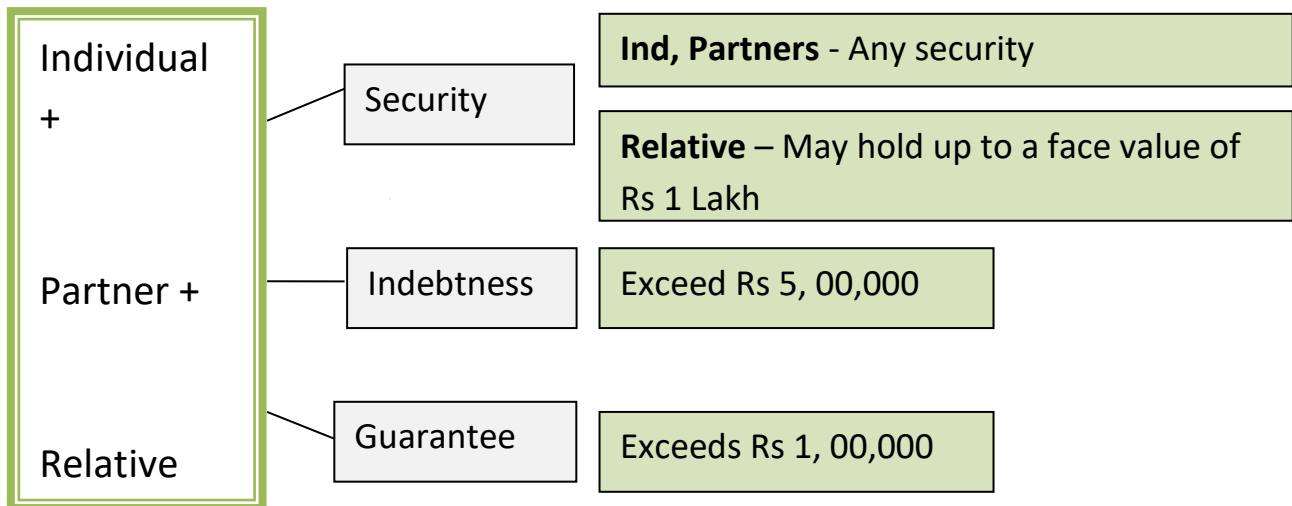
UNIVERSAL

- 1) Body corporate
- 2) Convicted by court –
(Disqualified for 10 yrs)
- 3) Full time employment
- 4) Ceiling limits exceed 20
per partner

IN THE SAME COMPANY

- 1) Officer or employee of
the company (includes
directors and KMP
- 2) Employees , partner of
such officers
- 3) Relative is a Director or
KMP

COMPANY + GROUP COMPANY



Business Relationship

A person or a firm has business relationship with the company or holding company or subsidiary company or associate company or subsidiary of holding company or subsidiary of associate.

Exception = Arms length - ordinary course

Permitted by CA Act

Person who directly or indirectly provides Sec 144 services to the company or subsidiary or holding

A person disqualified under Section 143(3) shall vacate the office as per 141(4)

SECTION 144 PROHIBITED SERVICES

- a) Accounting and book keeping services
- b) Internal audit
- c) Design and implementation of any financial information system
- d) Actuarial services
- e) Investment advisory services
- f) Investment banking services
- g) Rendering of outsourced financial services
- h) Management services and
- i) Any other kind of services as may be prescribed

These services shall neither be provided by the auditor directly or indirectly to

The Company

It's Holding Company

It's Subsidiary Company

NOTE- Such services being provided to associate or joint venture of the company won't attract disqualification.

Directly and indirectly include rendering of services by the auditor-

Himself

Through relative

Any other person associated with that individual or firm

Any entity in which significance influence or control

Any other entity whose name and trademark is used by that individual / firm/ partners

Meaning of “Relative” [Sec.2 (77) of Companies Act, 2013]

A person shall be deemed to be a relative of another, if and only if,

- a) They are members of a Hindu undivided family; or
- b) They are husband and wife; or
- c) The one is related to the other in such manner as may be prescribed

As per Rule 4 of the Companies (Specification of Definitions details) Rules, 2014 a person shall be deemed to be the relative of another, if he or she is related in the following manner, namely:

- 1) Father(including step-father)
- 2) Mother (including step-mother)
- 3) Son (including step- son)
- 4) Son’s wife
- 5) Daughter
- 6) Daughter’s husband
- 7) Brother(including step-brother)
- 8) Sister(including step-sister)