

DR. MADHUKARRAO WASNIK PWS ARTS AND COMMERCE COLLEGE

KAMPTEE ROAD, NAGPUR

Resources taken by :- Thakur publication and clear tax.in

B.COM 1ST YEAR 2ND SEMESTER AND M.COM

MEDIUM:- ENGLISH

SUBJECT:- COMPANY LAW AND SECRETARIAL PRACTICE

Subject Teacher:- Dr.N.S.Bagde

Subject Teacher:- Ashwini A. Landge

NATIONAL FINANCIAL REPORTING AUTHORITY

Introduction:-

- The companies Act, 2013 has introduced a new body by the name of National Financial Reporting Authority(NFRA) for matters relating to accounting and auditing standards under CA 2013.
- This body shall be constituted by the Central Government.
- Under Companies Act,1956 a similar body by the name National Advisory Committee on Accounting standards (NACAS) existed.
- NFRA has been introduced through Section 132 of the CA 2013. (Companies Act 2013)

Constitution of NFRA:-

- No. of members 15
- Members may be part time or full time.
- Chairperson, to be appointed by the Central government.
- Chairperson and Members, who are in full time employment with NFRA shall not be associated with any audit firm during the course of their appointment and 2 years after ceasing to hold such appointment.
- A representative of the ministry of Corporate Affairs who is not below the rank of joint secretary or equivalent.
- A representative of RBI, nominated by it and who is a member of RBI Board.
- A retired Chief Justice of a High Court or a person who had been a High Court Judge for not less than 5years to be nominated by the Central Government.

Role of NFRA :-

- Make recommendations on the foundation and laying down of accounting and auditing policies and standards.
- Monitor and enforce the compliance of the accounting standards and auditing standards.
- Oversee the quality of service of the professionals (such as auditors, CAs, etc.) and suggest measures required for improvement in the quality of service.

Powers of NFRA :-

- To investigate the matters of professional or other misconduct committed by a prescribed class of CA firms or CAs.
- The same powers as a Civil Court under the Code of Criminal Procedure, 1908, in respect of a suit involving the following matters:-
 - Discovery and production of books of account and other documents, at such place and time as may be specified by the NFRA.
 - Summoning and enforcing the attendance of persons and examining them under oath.
 - Inspection of Inspection of any books, registers, and other documents of any person at any place books, registers, and other documents of any person at any place.
- Where professional or other misconduct is proved, it shall have the power to impose the following punishment:- ➤ Penalty:
 - For individuals a fine between Rs. 1,00,000 to 5 times the fees received
 - For firms a fine Between Rs. 5,00,000 to 10 times the fees received

