

Ans - The duties of a Company auditor are according to the Companies Act:-

1) To Enquire:-

The duties of an auditor have been extended by the insertion of Sub-Section (1A) of Section 227 and the Companies (Amendment) Act 1965 which is reproduced below:-

With prejudice to the provision of Sub-Section (1), the auditor shall enquire:-

- a) Whether loans and advances made by a Company on the basis of security have been properly secured and whether the terms on which they have been made are not prejudicial to the interests of the Company or its members.
- b) Whether transactions of the Company which are represented merely by book entries are not prejudicial to the interests of the Company.
- c) Where the Company is not an investment Company within the meaning of Section 372 or a banking Company, whether so much of the assets of the Company, as consists of shares, debentures and other securities have been sold at a price less than at which they were purchased by the Company.

2) The Report:-

The auditor shall report to the share holders on the accounts

examined by him. The report so submitted shall contain the following.

a) Whether, in his opinion, the Profit and Loss Account prepared to in his report exhibits a true and fair view of the Profit or Loss.

c) Whether he has obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of this audit

3) Other Statutory Duties:-

Under Section 229, it is the duty of an auditor to sign the report prepared by him. Only a partner in the firm practicing in India may sign the auditor report or authenticate any other document.

Under Section 56(1), the prospectus issued by an existing company shall contain a report from the auditor of the company regarding:

i) Profit and Losses.

ii) Assets & liabilities of the company and its subsidiaries; and

iii) Rate of dividends paid by the company for each of the five years it is auditor's duty to submit his report