

According to the Myanmar Companies Act 1914, Auditing Standards shall be follow by the incorporated companies under the Myanmar Companies Act 1914 are mentions as below-

Statement, Books and Accounts.

130. (1) Every company shall cause to be maintained proper books of account in Burmese or English]*

with respect to –

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company;

(c) the assets and liabilities of the company.

(2) The books of account shall be kept at the registered office of the company or at such other place as the directors think fit, and shall be open to inspection by the directors during business hours.

(3) In the case of a company managed by a managing agent the managing agent, or where the managing agent is a firm or company, the partner or director of such firm or company, and in any other case the director or directors, who have knowingly by their act or omission been the cause of any default by the company in complying with the requirements of this section, shall in respect of such

offence be liable to a fine not exceeding one thousand rupees.

131. (1) The directors of every company shall at some date not later than eighteen months after the incorporation of the company, and subsequently once at least in every calendar year, lay before the company in general

*Substituted by Act XXIII, 1955

Meeting a balance-sheet and profit and loss account, or in the case of a company not trading for profit an income and expenditure account for the period, in the case of the first account since the incorporation of the company, and in any other case since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months, or in the case of a company carrying on business or having interests outside the Union of Burma by more than twelve months:

Provided that the Registrar may for any special reason extend the period by a period not exceeding three months.

(2) The balance-sheet and the profit and loss account, or income and expenditure account, shall be audited by the auditor of the company as hereinafter provided, and the auditor's report shall be attached thereof, or there shall be inserted at the foot thereof a reference to the report, and the report shall be read before the company in general meeting and shall be open to inspection by any member of the company.

(3) Every company other than a private company shall send a copy of such balance-sheet and profit and loss account, or income and expenditure account, so audited, together with a copy of the auditor's report, to the registered address of every member of the company at least fourteen days before the meeting at which it is to be laid before the members of the company, and shall deposit a copy at the registered office of the company for the inspection of the members of the company during a period of at least fourteen days before that meeting.

131A. (1) The directors shall make out and attach to every balance-sheet a report with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to the Reserve Fund,

General Reserve or Reserve Fund, General Reserve or Reserve Account to be shown specifically in a subsequent balance sheet.

(2) The report referred to in sub-section (1) may be signed by the chairman of the directors on behalf of the directors if authorized in that behalf by the directors.

(3) The provisions of sub-section (3) of section 130 shall apply to any person being a director who is knowingly and willfully guilty of a default in complying with this section.

132. (1) The balance-sheet shall contain a summary of the property and assets and of the capital and liabilities of the company, giving such particulars as will disclose the general nature of those liabilities and assets and how the value of the fixed assets has been arrived at.

(2) The balance-sheet shall be in the form marked F in the Third Schedule, or as near thereto as circumstances admit.

(3) The profit and loss account shall include particulars showing the total of the amount paid, whether as fees, percentages or otherwise, to the managing agent, if any, and the directors, respectively, as remuneration for their services, and, where a special resolution passed by the members of the company so requires, to the manager, and the total of the amount written off for depreciation. If any director of the company is by virtue of the nomination, whether direct or indirect, of the company, a director of any other company, any remuneration or other emoluments received by him for his own use, whether as a director of, or otherwise in connection with the management of, that other company, shall be shown in a note at the foot of the account or in a statement attached thereto.

132A. (1) Where a company, in this Act referred to as the holding company, holds shares, either directly or through a nominee, in a subsidiary company or in two or more subsidiary companies, there shall be annexed to the balance-sheet of the holding company the last audited balance-sheet, profit and loss account and auditors' report of the subsidiary company or companies, and a statement signed by the persons by whom, in pursuance of section 133, the balance-sheet of the holding company is signed, stating how the profits and losses of the subsidiary company, or, where there are two or more subsidiary companies, the aggregate profits and losses of those companies, have been dealt with in or for the purposes of the accounts of the holding company, and in particular how and to what extent –

(a) provision has been made for the losses of a subsidiary company either in the accounts of that company or of the holding company or of both, and

(b) losses of a subsidiary company have been taken into account by the directors of the holding company in arriving at the profits and losses of the company as disclosed in its accounts:

Provided that it shall not be necessary to specify in any such statement the actual amount of the profits or losses of any subsidiary company or the actual amount of any part of any such profits or losses which has been dealt with in any particular manner:

Provided further that for the purposes of this section an investment company, that is to say, a company whose principal business is the acquisition and holding of shares, stocks, debentures or other securities, shall not be deemed to be a holding company by reason only that part of its assets consists in 51 per cent. or more of the shares of another company.

(2) If, in the case of a subsidiary company, the auditors' report on the balance-sheet of the company does not state without qualification that the auditors have obtained all the information and explanations they have required and that the balance-sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them and as shown by the books of the company, the statement, which is to be annexed as aforesaid to the balance-sheet of the holding company, shall contain particulars of the manner in which the report is qualified.

(3) For, the purposes of this section the profits or losses of a subsidiary company mean the profits or losses shown in any accounts of the subsidiary company made up to a date within the period to which the accounts of the holding company relate, or, if there are no such accounts of the subsidiary company available at the time when the accounts of the holding company are made up, the profits or losses shown in the last previous accounts of the subsidiary company which became available within that period.

(4) If for any reason the directors of the holding company are unable to obtain such information as is necessary for the preparation of the statement aforesaid, the directors who sign the balance-sheet shall so report in writing and their report shall be annexed to the balance-sheet in lieu of the statement.

(5) The holding company may by a resolution authorize representatives named in the resolution to inspect the books of account kept in accordance with section 130 by any subsidiary company, and on such resolution being passed those books of account shall be open to inspection by those representatives at any time during business hours.

(6) The rights conferred by section 138 upon members of a company may be exercised in respect of any subsidiary company by members of the holding company as if they were members of that subsidiary company.

133. (1) Save as provided by sub-section (2), the balance-sheet and profit and loss account, or income and expenditure account, shall –

(i) in the case of a banking company, be signed by the manager or managing agent (if any) and, where there are more than three directors of the company, by at least three of those directors and, where there are not more than three directors, by all the directors;

(ii) in the case of any other company, be signed by two directors or, when there are less than two directors, by the sole director and by the manager or managing agent (if any) of the company.

(2) When the total number of directors of the company for the time being in the Union of Burma is less than the number of directors whose signatures are required by sub-section (1), then the balance sheet and profit and loss account, or income and expenditure account, shall be signed by all the directors for the time being in the Union of Burma, by such director, but in such a case there shall be subjoined to the balance-sheet and profit and loss account, or income and expenditure account, a statement signed by such directors or director explaining the reason for non-compliance with the provisions of subsection(1).

(3) If any default is made in laying before the company or in issuing a balance-sheet and profit and loss account, or income and expenditure account, as required by section 131, or if any balance-sheet and profit and loss account, or income and expenditure account, is issued, circulated or published which does not comply with the requirements laid down by and under section 131, section 132, section 132A and this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be punishable with fine which may extend to five hundred rupees.

134. (1) After the balance-sheet and profit and loss account have been laid before the company at the general meeting, a copy of the balance-sheet, signed by the manager or secretary of the company, shall be filed with the Registrar at the same time as the copy of the annual list of members and summary prepared in accordance with the requirements of section 32.

(2) If the general meeting before which a balance-sheet is laid does not adopt the balance-sheet, a statement of that fact and of the reasons there for shall be annexed to the balance-sheet and to the copy thereof required to be filed with the Registrar.

(3) This section shall not apply to a private company.

(4) If a company makes default in complying with the requirements of this section, the company and every officer of the company who knowingly and willfully authorizes or permits the default

shall be liable to the like penalty as is provided by section 32 for a default in complying with the provisions of that section.

135. Save as otherwise provided in this Act, any member of a company shall be entitled to be furnished with copies of the balance-sheet and the profit and loss account, or the income and expenditure account, and the auditor's report at a charge not exceeding six annas as for every hundred words or fractional part thereof.

Inspection and Audit.

138. The President of the Union may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the President of the Union may direct —

- (i) in the case of a banking company having a share capital, on the application of members holding not less than one-fifth of the shares issued;
- (ii) in the case of any other company having a share capital, on the application of members holding not less than one-tenth of the shares issued;
- (iii) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members;
- (iv) in the case of any company, on a report by the Registrar under section 137, sub-section (5).

* **138A.** The President of the Union may, at any time, in the interest of the public, direct the investigation of the affairs of a company, foreign company carrying on international trade by one or more competent inspectors appointed in this behalf.

139. An application by members of a company under section 138 shall be supported by such evidence as the President of the Union may require for the purpose of showing that the applicants have good reason for, and are not actuated by malicious motives in requiring, the investigation; and the President of the Union may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry.

140. (1) It shall be the duty of all persons who are or have been officers of the company to produce to the inspectors all books and documents in their custody or power relating to the company.

(2) An inspector may examine on oath any such person in relation to its business, and may administer an oath accordingly.

(3) If any person refuses to produce any book or document which under this section it is his duty to produce, or to answer any question relating to the affairs of the company, he shall be liable to a fine not exceeding fifty rupees in respect of each offence.

141. (1) On the conclusion of the investigation the inspectors shall report their opinion to the President of the Union, and a copy of the report shall be forwarded by the President of the Union to the Registrar and another copy to the registered office of the company, and a further copy shall, at the request of the applicants for the investigation, be delivered to them.

(2) The report shall be written or printed, as the President of the Union directs.

(3) All expenses of, and incidental to, the investigation shall be defrayed by the applicants unless the President of the Union directs the name to be paid by the company, which the President of the Union is hereby authorized to do:

* Inserted by Act XXIII, 1955

Provided that the expenses of and incidental to an investigation held in pursuance of clause (iv) of section 138 shall be paid out of the assets of the company and shall be recoverable as an arrear of land revenue.

(4) The Registrar shall keep the copy of the report sent to him with the records of the company in his custody.

141A. (1) If from any report made under section 138 it appears to the President of the Union that any person has been guilty of any offence in relation to the company for which he is criminally liable, the President of the Union shall refer the matter to the Attorney-General* or the Public Prosecutor.

(2) If the officer to whom the matter is referred considers that the case is one in which a prosecution ought to be instituted, he shall cause proceedings to be instituted, and it shall be the duty of all officers and agents of the company, past and present (other than the accused in the proceedings), to give to him all assistance in connection with the prosecution which they are reasonably able to give.

(3) For the purpose of sub-section (2), the expression "agents" in relation to a company shall be deemed to include the bankers and legal advisers of the company and any persons employed by the company as auditors, whether those persons are or are not officers of the company.

(4) Any director, manager or other officer of the company convicted as the result of a prosecution initiated under this section shall not without the leave of the Court be a director of or in any way, whether directly or indirectly, be concerned in or take part in the management of a company for a period of five years from the date of such conviction.

142. (1) A company may by a special resolution appoint inspectors to investigate its affairs.

(2) Inspectors so appointed shall have the same powers and duties as inspectors appointed by the President of the Union, except that, instead of reporting to the President of the Union, they shall report in such manner and to such persons as the company in general meeting may direct.

(3) All persons who are or have been officers of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the President of the Union.

* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

143. A copy of the report of any inspectors appointed under this Act, authenticated by the seal of the company whose affairs they have investigated, shall be admissible in any legal proceeding as evidence of the opinion of the inspectors in relation to any matter contained in the report.

144. (1) No person shall be appointed or act as an auditor of any company, other than a private company not being the subsidiary company of a public company, unless he holds a certificate from the President of the Union entitling him to act as an auditor of companies:

Provided that a firm whereof all the partners practicing in the Union of Burma hold such certificates may be appointed by its firm-name to be auditor of a company, and may act in its firm-name.

(2) The President of the Union may, by notification in the Gazette and after previous publication, make rules providing for the grant, renewal or cancellation of such certificates and prescribing conditions and restrictions for such grant, renewal or cancellation:

Provided that nothing contained in such rules shall preclude any person from being granted a certificate merely by reason that he does not practice as a public accountant.

(2A) In particular, and without prejudice to the generality of the foregoing power, such rules may —

(a) provide for the maintenance of a register of Accountants entitled to apply for such certificates;

(b) prescribe the qualifications for enrolment on the register and the fees there for;

(c) provide for the examination of candidates for enrolment, and prescribe the fees to be paid by examinees;

(d) prescribe the circumstances in which the name of any person may be removed from or restored to the register;

(e) provide for the establishment, constitution and procedure of an Accountancy Board, consisting of persons representing the interests principally affected or having special knowledge of accountancy, to advise him on all matters of administration relating to accountancy, and to assist him in maintain the standards of qualification and conduct of persons enrolled on the register; and

(f) provide for the establishment, constitution and procedure of local accountancy boards at such centres as the President of the Union may select, to advise him and the Accountancy Board on any matter that may be referred to them.

(2A) The holder of a certificate granted under this section shall be entitled to be appointed and act as an auditor of companies throughout the Union of Burma.

(3) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

(4) If an appointment of an auditor is not made at an annual general meeting, the President of the Union may, on the application of any member of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

(5) The following persons, that is to say —

(i) a director or officer of the company, and

(ii) a partner of such director or officer, and

(iii) in the case of a company, other than a private company not being the subsidiary company of a public company any person in the employment of such director or officer, and

(iv) any person indebted to the company, shall not be appointed auditors of the company, and if any person after being appointed auditor becomes indebted to the company his appointment shall thereupon be terminated.

(6) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a member of the company to the company not less than fourteen days before such annual general meeting, and the company shall send a copy of any such notice to the retiring auditor, and shall give notice thereof to its members, either by advertisement or in any other mode allowed by the articles, not less than seven days before the annual general meeting:

Provided that, if after notice of the intention to nominate an auditor has been given to the company, an annual general meeting is called for a date fourteen days or less after the notice has been given, the requirements of this section as to time in respect of such a notice shall be deemed to have been satisfied,

and the notice to be sent or given by the company may, instead of being sent or given within the time required by this section, be sent or given at the same time as the notice of the annual general meeting.

(7) The first auditors of the company may be appointed by the directors before the statutory meeting,

and if so appointed shall hold office until the first annual general meeting unless previously removed by

a resolution of the members of the company in general meeting, in which case such members at that meeting may appoint auditors.

(8) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues the surviving or continuing auditor or auditors (if any) may act.

(9) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any auditors appointed before the statutory meeting, or to fill any casual vacancy, may be fixed by the directors.

145. (1) Every auditor of a company shall have a right of access at all time to the books and accounts and vouchers of the company, and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.

(2) The auditors shall make a report to the members of the company on the accounts examined by them, and on every balance-sheet and profit and loss account laid before the company in general meeting during their tenure of office, and the report shall state: —

(a) whether or not they have obtained all the information and explanations they have required; and

(b) whether or not in their opinion the balance-sheet and the profit and loss account referred to in the report are drawn up in conformity with the law; and

(c) whether or not such balance-sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company; and

(d) whether in their opinion books of account have been kept by the company as required by section 130.

(2A) Where any of the matters referred to in clauses (a), (b), (c) and (d) of sub-section (2) is answered in the negative or with a qualification, the report shall state the reason for such answer.

(3) In the case of a banking company, if the company has branch banks beyond the limits of the Union of Burma, it shall be sufficient if the auditor is allowed access to such copies of and extracts-from the books and accounts of any such branch as have been transmitted to the head office of the company in the Union of Burma.

(4) The auditors of a company shall be entitled to receive notice of and to attend any general meeting of the company at which any accounts which have been examined or reported on by them are to be laid before the company and may make any statement or explanation they desire with respect to the accounts.

(5) If any auditors' report is made which does not comply with the requirements of this section, every auditor who is knowingly and willfully a party to the default shall be punishable with fine which may extend to one hundred rupees.

***145A.** (1) In the case of a company in which Government holds any share the following provisions shall apply notwithstanding anything contained in sections 131, 144 and 145.

Explanation. — "Government" includes State Government.

(2) The auditor of a company in which Government holds any share shall be appointed or reappointed by the President of the Union on the advice of the Auditor-General.

(3) The Auditor-General shall have power —

(a) to direct the manner in which the company's accounts be audited by the auditor appointed in pursuance of sub-section (2) and to give such auditor instructions in regard to any matter relating to the performance of his functions as such;

(b) to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorize in this behalf; and for the purpose of such audit, to require information or additional information to be furnished to any person or persons, and in such form, as the matters, by such person or persons, and in such form, as the Auditor-General may, by general or special order, direct;

(c) to require the company to produce before him such records or documents in its possession or under its control for the purposes of audit or supplementary or test audit of the company's account and at such time as may be specified by him.

(4) Any order requiring any information, records or documents to be furnished or produced by a company may also be addressed to any person who is, or has at any time been, an officer or employee of the company, and all the provisions of this section, so far as may be, shall apply in relation to such person as they apply in relation to the company.

(5) The auditor aforesaid shall submit a copy of his audit report to the Auditor-General who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.