

Describe the salient features of companies Act 2013. (200 W)

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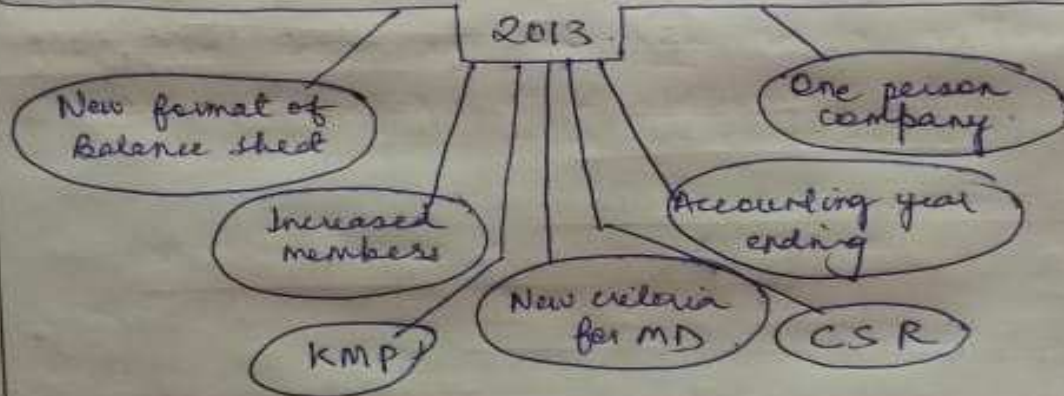
UPSC

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Companies act 2013 replaced the Companies act 1956. It governs the formation and working of various types of companies. The Companies act 2013 contains 470 sections divided in 29 chapters.

SALIENT FEATURES OF COMPANIES ACT



1. **Format of Balance sheet**: A new vertical format to present the Equity, liabilities and Assets is prescribed. Earlier the format was horizontal.

2. **Members**: Members in a private ~~and~~ limited company were 50, now the limit is increased to 200.

3. **New Criteria for MD**: Age relation has been provided. Earlier the ~~age~~ minimum required age to be an MD was 25 years, now it is 21 years.



4. Year End Earlier the companies were allowed to maintain their accounts, ~~at~~ considering any date as their year end, But companies act 2013 made 31 March as the year end (compulsory) Accounting year.

From 1 April to 31 March

5. One Person Company: New concept of one person company was introduced, a single individual can also start the business as a company, to avail certain benefits minimum capital required for this is ₹ 1 lakh

6. KMP: There are certain provisions in the new companies act 2013 related to the key managerial Personals that includes - MD (managing director), CEO (Chief Executive Officer), CFO (Chief financial officer), CS (company secretary) etc.

7. CSR: Corporate social responsibility now became mandatory for the companies 2% of the profits must be invested by the company in fulfilling its corporate social responsibility.

CSR can be accumulated for 3 years by the company according to companies act 2013.

Conclusion

Companies act 2013 came up with a lot of changes into the working, and formation and dissolution of the companies. It is more descriptive and clear now, new formats of Balansheets (statement of affairs) and statement of profit and loss, now show the financial position in a better way. Establishment of National Companies law tribunal is another achievement.

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