

ANNUAL RETURN FILING FOR COMPANY

Dr. Tarun Pandeya
Dean, ICSI-CCGRT
Navi Mumbai

Definitions: Popular Terms

1. Yearly statement which gives essential information about a firm's composition, activities, and financial position, and which must be filed by every active incorporated or registered firm with an appropriate authority. Under the provisions of general corporate legislation, it must contain details such as
 - (1) Particulars of the stockholders (shareholders), debenture holders, directors, and the firm's secretary,
 - (2) List of charges (judgments and lien) against the firm's assets,
 - (3) Address of the registered office and location of the register of members, along with
 - (4) A copy of the latest financial statements.

This information is put on public record, so that the lenders and other entities dealing with the firm can get a 'true and fair view' of the state of its financial affairs.

2. Total yearly return from an investment that includes dividend (or interest) and capital gains (or losses) but not commissions, fees, and taxes.
3. Percentage yearly increase in the value of an investment, adjusted for the effects of compounding.

The change in the annual sales of a company from one year to the next due to fluctuations in business outcome. This can also refer to the readjustment of sales figures originally reported in financial statements.

A report of the insurer's finances submitted to the state insurance department.

The amount of an investment that will carry on to the next year. If the stock has a great rate of return, the annual turnover will be more than a stock with a lesser rate of return. Quantity of a component or material used in a year multiplied by its unit cost.

The system used by employers to report employee wages and tax withholding information to the Social Security Administration (SSA) using Form W-2 on an annual basis. The SSA uses the information to credit the employee's earnings record and the data is reconciled with wage and tax withholding information reported by the employer to the IRS.

To convert a quantity using Annual-Basis.

Method of computing working time by year rather than by the week. This method is used sometimes in industries or occupations where there are seasonal variations in demand for services of employees.

Adjusting an income or return to an annual basis. Also called annualized return.

Formula:

Income or return $\times 12 \div$ Number of months (over which the income or return was earned or received).

A method of tax reporting used by taxpayers who do not receive even payments, such as a monthly salary, over the course of a year. Payments are calculated on a quarterly basis, with a calculated estimate of earnings for the year based on the repetition of the reported quarter's earnings, which may reduce tax underpayment penalties.

A computed annual rate of return based on the return for a period of less than a year. For example, if the rate of return on an investment is 2% per month, the annualized rate would be 12 times 2% or 24%.

Alternative term for Annualized Income

That provides insurance cover for one year and allows the insured to continue it, without a new evidence of insurability. Also called yearly renewable term policy.

Annuitant

1. One or more individuals who receive periodic payments from an annuity contract as its beneficiaries.

2. The individual(s) who pay the annuity premium.

Annuitize

1. To convert the accumulated value in an annuity plan into a series of periodic payments.
2. To begin to receive periodic payments from an annuity contract.

Annuity

Series of payments at fixed intervals, guaranteed for a fixed number of years or the lifetime of one or more individuals. Similar to a pension, the money is paid out of an investment contract under which the annuitant(s) deposit certain sums (in a lump sum or in instalments) with an annuity guarantor (usually a government agency or an insurance firm). The amount paid back includes principal and interest, either or both of which (depending on the local regulations) may be tax exempt. An annuity is not an insurance policy but a tax-shelter.

Annuity Analysis

An Analysis That Includes The Annuity's Interest Rate And How Long That Rate Is Promised, The Offering Company's Financial Ranking, The Expected Monthly Income, And Other Pertinent Information.

Analysis

1. A systematic examination and evaluation of data or information, by breaking it into its component parts to uncover their interrelationships. Opposite of synthesis.
2. An examination of data and facts to uncover and understand cause-effect relationships, thus providing basis for problem solving and decision making.

Analysis of Alternatives (AOA)

Evaluation of different choices available for achieving an objective, usually requiring cost-benefit analysis, life cycle costing, and sensitivity analysis. Also called alternative analysis.

All companies (private limited company, one Person Company, limited company, section 8 company, etc.) are required to file an annual return with the MCA every year. In addition to filing MCA annual return, companies would also be required to file income tax return. In this article, we look at MCA annual return filing for a company in detail.

Note: Directors of companies that have failed to file the annual return for three years will be disqualified for 5 years. Know more about Director Disqualification.

MCA Annual Return

All companies registered in India must prepare and file with the Registrar of Companies, an annual return in FORM MGT 7, within 60 days from the date of annual general meeting. The annual return of a company can be filed with the digital signature of the Director of the Company and the digital signature of the Chartered Accountant auditing the company.

In case of annual return filing by a listed company or a company having paid-up share capital of ten crore rupees or more or turnover of fifty crore rupees or more, the annual return must be certified by a Company Secretary in practice in Form No. MGT 8.

Details Provided in Annual Return

A MCA annual return contains the information as pertaining to the previous financial year:

1. Details of registered office, principal business activities, particulars of its holding, subsidiary and associate companies.
2. Details of shares, debentures and other securities and shareholding pattern.
3. Details of indebtedness.
4. Details of its members and debenture-holders along with changes therein since the close of the previous financial year.
5. Details of promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year.
6. Details of meetings of members or a class thereof, Board and its various committees along with attendance details.

7. In case of limited company, the remuneration of directors and key managerial personnel must be provided;
8. Details of penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment.
9. Details of matters relating to certification of compliances, disclosures as may be prescribed.
10. Details of shares held by or on behalf of the Foreign Institutional Investors indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by the.
11. Details of other matters as may be prescribed, and signed by a director and the company secretary, or where there is no company secretary, by a company secretary in practice.

Penalty for Not Filing MCA Annual Return

The penalty for a company not filing MCA annual return is Rs.5 lakhs. In addition, every officer of the company who is in default will be punishable with imprisonment for a term of upto 6 months or with a fine or both.

In addition, companies that do not file their income tax return or MCA annual return continuously can be marked as a **strike off by the Registrar of Companies**. Before the company is struck off, the bank accounts of the company could also be frozen.

Finally, once a company is marked as strike off by the Registrar of Companies, the **directors in the company would be disqualified** from acting as Director of a company for a period of 5 years.