

# AJM GROUP

## *Report – Maintaining*

## *Accurate Financial Records*

### **What are Financial Records?**

Financial records are formal documents representing the financial activity of an individual or corporation. Records provide valuable information for the business and evidence of our actions, decisions and obligations.

#### **Maintaining Accurate Financial and Accounting Records**

Policies and practices for these financial and accounting records have been established to provide consistent operational practices and ensure compliance with government regulations. We follow the **National Accounting Standards for Small and Medium Enterprises (SMEs)**, set by the **Institute of Chartered Accountants of India (ICAI)**.

The AJM Group recognizes its responsibility to its partners, investors, customers, regulatory bodies and the Government to ensure the preservation of financial records documenting its activities. We endeavor to ensure all records are kept safe, but also accessible, so decision-makers can promptly access data they need.

#### **Purpose**

The purpose of this report is to ensure all necessary financial records and documents are adequately protected and maintained and that financial records no longer needed are discarded in the proper manner.



## Examples

Financial records are not limited to the finances of the company but encompass a wide range of records. Below are some examples of the kinds of information companies are required to have on record. All records listed below are kept in accordance with government regulations.

### Accounting Records

This includes invoices, receipts, employee payroll, purchases, expenses, GST records, tax returns and any supporting documents.

### Tax Records

These documents include paid invoices, credit card receipts, receipts for cash transactions, bank statements, checks, and more. All such records are regulated by the **Income Tax Act, 1961** and must be kept for a minimum of six years from the end of the relevant assessment year.

### Insurance Records

These are records of employee insurance schemes such as Employee State Insurance Corporation (ESIC) or Employee Provident Fund (EPF) provided by the AJM Group.

### Wage and Personnel Records

These types of records can overlap with some of the previously mentioned types. These include employee data, career history, salary information, health records, insurance claims and any other data pertaining to AJM Group employees.

### Bank Records

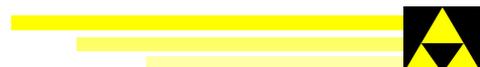
Bank records include, but are not limited to bank deposits, check copies, stop payment orders, bank statements, check signature authorizations, etc.

### Legal Records

Legal records include, but are not limited to all contracts, legal records, and correspondence, trademark and copyright registrations, patents, press releases, public findings, etc.

### Historical Records

Historical records are those that are no longer of use to the organization, but by virtue of their age or research value, may be of historical interest or significance to the AJM Group.



## Corporate Pledge

*We shall maintain accurate financial records that are in compliance with accounting and financial standards.*

### Employee Adherence

Management delegates persons responsible for accurate financial recording and retention. The designated person should have appropriate knowledge of and access to departmental financial data.

Such persons must be aware that non-compliance or failure to accurately record and store data could incur stiff fines and possible legal action to the AJM Group and must act to prevent such occurrences.

#### Storage of Documents

All records, regardless of media, should be stored in containers capable of surviving the storage period while maintaining the physical integrity of the records. Records should be clearly labeled with a description of the contents, the responsible department, the origination date and the disposal date.

#### Methods of Disposal

At the end of the required retention period, financial records may be disposed of unless otherwise indicated. Records may be disposed of via recycling. However, documents containing highly confidential information, must be disposed of in a secure manner. Please also see the Confidentiality Report for more information on how the AJM Group treats such documents.

### Employee Responsibilities

Employees responsible for reporting financial and other business information must comply with the AJM Group's reporting standards and resolve to do the following:

- Record all transactions accurately, completely and promptly
- Only perform transactions for which they are authorized



- Ensure transactions they approve are legitimate and based on valid documentation
- Co-operate fully, openly and honestly with internal/external auditors, tax authorities and other regulators
- Comply with all applicable laws, for example, those regarding financial statements, tax and environmental requirements and all applicable legal and internal reporting standards

## Retention of Books

Employees responsible for keeping records must also be aware of the rules and guidelines for keeping such records.

As per the provisions of the **Income Tax Act (1961)**, an entity must maintain its books of accounts for a period of at least 6 years from the end of the relevant assessment year, i.e. a total of 8 previous years.

The **Companies Act (2013)** requires books of accounts be maintained for a period of 8 years immediately preceding the current financial year. The 2013 provision allows for maintenance in an electronic format.

### **Goods and Services Tax (GST)**

As per the GST Act, every registered taxable person must maintain the accounts books and records for at least 72 months (6 years).

### **Central Excise**

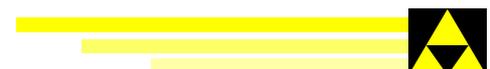
Records including books of account and source documents and data in any electronic media must be maintained for 5 years immediately after the financial year to which such records pertain.

### **Service Tax**

Records must be maintained for 5 years immediately after the financial year to which such records pertain.

## Reporting Violations

Failure to record transactions accurately, falsifying or creating misleading information or influencing others to do so, could constitute fraud and result in fines or penalties for employees or for the AJM Group. Employees aware of



such fraudulence must report this to the Ethics Committee or the HR department.

## **AJM Business Ethics Policy: Section Related to Financial Records**

*Further, we will maintain financial records that are honest and fair as per national standards.*

### **Key Takeaways**

Accurate maintenance of records is essential for a well-functioning business and employees are equally responsible to ensure the AJM Group's compliance.

Failure to accurately enter or store records may result in hefty fines for the employee and the AJM Group.

You must report all violations you are aware of to the Ethics Committee, HR or your direct manager.

