

# INTERNAL AUDIT REPORT

OF

**M/S. ZEAL AQUA LIMITED**

**For the Quarter Ended as on 31<sup>st</sup> Dec., 2022**

**GRR & Co.**

Chartered Accountants



25-28, 1st Floor Navrang Society, Besides SBI, Socio Circle,

U.M. Road, Surat, Gujarat – 395017

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**PRIVATE & CONFIDENTIAL**

**Date:** 25<sup>th</sup> February 2023

**To:**

The Directors,  
M/s. Zeel Aqua Limited,  
Plot 4 & 5, Olpad G.I.D.C., Near Ice Factory,  
Olpad, Surat - 394540.

**Sub:** Submission of Internal Audit Report for the period of 1<sup>st</sup> October, 2022 to 31<sup>th</sup> December, 2022.

Dear Sir,

We are pleased to submit Internal Audit Report for the period beginning from 1<sup>st</sup> October, 2022 to 31<sup>th</sup> December, 2022.

Our report covers aspects related to Financials of the Company, Internal Control & Accounting System of the Company, covering Legal and Statutory compliance aspects of the company.

While carrying out the work, we have covered following areas and accordingly have made our report giving our observations, findings and suggestions.

**A) FINANCE & ACCOUNTS, WHICH INCLUDES:**

1. Cash Book
2. Expenses
3. Bank Book/ Bank Reconciliation/ CC Loan Interest Verification
4. Purchase
5. Sales
6. Journal Register

**B) HR & EMPLOYEE RECORDS**

**C) REVIEW OF STATUTORY AND LEGAL COMPLIANCES**

**D) INTERNAL CONTROLS AND PROCEDURES FOLLOWED**



## A] FINANCE & ACCOUNTS:

### 1. Review of Cash Book:

- I. The following details are regarding the bills in which Date & Amount were different than as per Books of Accounts and now corrected:

#### ZEAL AQUA LIMITED UNIT-1

Date	Name	Amount	Bill No./ Voucher No.	Remarks	Status
All Records are appropriate and accounted properly.					

#### ZEAL AQUA LIMITED (ORMA) UNIT-2

Date	Name	Amount	Bill No./ Voucher No.	Remarks	Status
All Records are appropriate and accounted properly.					

- II. The following details are regarding the bills which were not found during our verification process And now found in order:

#### ZEAL AQUA LIMITED UNIT-1

Date	Name	Amount	Bill No./ Voucher No.	Remarks	Status
All Records are appropriate and accounted properly.					

#### ZEAL AQUA LIMITED (ORMA) UNIT-2

Date	Name	Amount	Bill No./ Voucher No.	Remarks	Status
All Records are appropriate and accounted properly.					

- (III) The Following are details regarding which bills are available on record but entry for same had not been done in accounts:

#### ZEAL AQUA LIMITED UNIT-1

Date	Particulars	Amount	Bill No./ Voucher No	Status
All Records are appropriate and accounted properly.				

#### ZEAL AQUA LIMITED (ORMA) UNIT-2

Date	Particulars	Amount	Bill No./ Voucher No	Status
All Records are appropriate and accounted properly.				





## 2. Review of Expenses:

- I. The following details are regarding the bills which were not found during our verification process And now found in order:

### ZEAL AQUA LIMITED UNIT-1

Date	Particulars	Amount	Bill No.	Status
01/10/2022	Transport India 3PL	1,02,000.00	M/4348/202 2-2023	Not Found
01/10/2022	Transport India 3PL	1,08,000.00	M/4349/202 2-2023	Not Found
01/10/2022	Transport India 3PL	1,08,000.00	M/4426/202 2-2023	Not Found
04/10/2022	Jay Bhuvaneshwari Krupa	22,800.00	8	Not Found
04/10/2022	Jay Bhuvaneshwari Krupa	38,100.00	9	Not Found
12/10/2022	Param Ice	3,600.00	923	Not Found
01/11/2022	Dhaval Auto Garage	8,660.00	282	Not Found
01/11/2022	Param Ice	5,400.00	1093	Not Found
01/11/2022	Param Ice	5,400.00	1092	Not Found
21/11/2022	Mayur Water Supply	1,000.00	73	Not Found
29/11/2022	Mayur Water Supply	3,000.00	188	Not Found
02/12/2022	Ahir Vijaykumar Shantilal	18,500.00	2	Not Found
13/12/2022	TS Automotive	58,669.00	TSA-P00437	Not Found
19/12/2022	Dhruv Motors (I) Pvt Ltd	56,607.00	--	Not Found

### ZEAL AQUA LIMITED (ORMA) UNIT-2

Date	Particulars	Amount	Bill No.	Status
05/10/2022	Ship Caterers	1,82,595.00	112/22-23	Not Found
19/10/2022	Export Inspection Agency Mumbai (FFP)	30,508.00	MUFP2022 2308467	Not Found
01/11/2022	Celstech Instruments LLP	28,696.00	CI/22- 23/926	Not Found
07/11/2022	Saravan Agency	1,10,921.00	060/SA/202 2-23	Not Found
22/11/2022	Shan Glass	95,235.00	20	Not Found
26/12/2022	Shree Vishvakarma Trasport Company	3,35,050.00	2485	Not Found
30/12/2022	Surendra Ramraj Vishwakarma	1,65,053.00	03	Not Found



There were some instances where invoice was not found in the respective files as same were under payment process, though same has been produced before us for verification on demand. However, we would recommend that bill under payment should be kept in respective files as early as possible after the payment process gets completed.

**II. The Following are details regarding which bills are available on record but entry for same had not been done in accounts:**

**ZEAL AQUA LIMITED UNIT-1**

Date	Particulars	Amount	Bill No.	Status
All Records are appropriate and accounted properly.				

**ZEAL AQUA LIMITED (ORMA) UNIT-2**

Date	Particulars	Amount	Bill No.	Status
All Records are appropriate and accounted properly.				

❖ There were some instances where invoices for the accounted records were not found in the respective files, However the same was produced before us for verification as the invoices were placed other than their usual files.

**III. The following details are regarding the bills in which Amount/Date were different than that as per bill and now corrected:**

➤ **Observation:**

While Verification of Expenses, it has been seen that many of the invoices were recorded on the receipt date instead of Invoice date. As per our discussion with the accounts department the reason behind this is that invoices were brought to the account's office from the production unit after a considerable period and hence these transactions were recorded on the receipt date.

**ZEAL AQUA LIMITED UNIT-1**

SR	Particulars	Amount	Bill No.	Invoice Date	Accounting Date	Status
All Records are appropriate and accounted properly.						

**ZEAL AQUA LIMITED UNIT-2 (ORMA)**

SR	Particulars	Amount	Bill No.	Invoice Date	Accounting Date	Status
All Records are appropriate and accounted properly.						





✓ **Recommendation:**

We would recommend that the invoices be brought to the accounts office as and when received from the respective party at the production site. According to the fundamental principles of accounting invoices should be recorded as per date mentioned on it and not on its receipt date.

IV. The following details are regarding the bills in which Invoice No. were different than as per Books of Accounts and now corrected:

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT - 2**

SR	Particulars	Amount	Invoice Date	Invoice No.	Recorded Invoice No.	Status
1	Shree Rangavadhut Engineers	23,600.00	16/11/2022	294/22-23	201/22-23	

V. The following details are regarding the bills in which TDS was not deducted:

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT - 2**

Date/Period	Name of the Party	Amount on which TDS Deductible (in `.)	TDS Amount	Remarks
October - 2022	Shiv Shakti Truck Movers	6,39,000.00	12,780.00	

**3. Review of Bank Book/ Bank Reconciliation:**

➤ **Observation:-**There are some instances where it has been observed in some of the reconciliation statement there are entries for Cheque issued but not yet presented/in Receipt side, these are dated older than 3 months.

- **Recommendation:** We would recommend that these kinds of transactions should be reversed after taking authorization of the responsible personnel.

(I) Following are details regarding which entry had been made in accounts but same had not been appeared in bank statement.

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date	Amount	Payment/ Receipt	Cheque No.	Bank Name	Status
All Records are appropriate and accounted properly.					



(II) Following are details regarding which entry had been not made in accounts but same had been appeared in bank statement.

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date	Amount	Payment/R receipt	Cheque No.	Bank Name	Status
All Records are appropriate and accounted properly.					

(III) Following are details regarding Contra Entries of Which Date appeared different as per Bank Statement and as per Accounts.

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date In Bank Statement	Date In Accounts	Amount	Cheque No.	Bank Name	Status
All Records are appropriate and accounted properly.					

We have verified Bank payment vouchers with Bank book for period under consideration and found Correct and satisfactory.

**4. Review of Purchase Transactions:**

**Our Observations/findings:**

We have verified Purchase bills for the period October, 2022 to December, 2022.

➤ While Verification of Purchase transaction it has been seen that some of the invoices were recorded on the receipt date instead of Invoice date. As per our discussion with the accounts department the reason behind this is that invoice from supplier is received late to them so these were taken in the receipt date.

✓ We would recommend that, According to fundamental principles of accounting invoice should be recorded as per date mentioned on it, not on its receipt date.

(I) The following details are regarding the bills which were not found during our verification process and now found in order:

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date	Name of Party	Amount (In Rs.)	Bill no.	Status
All Records are appropriate and accounted properly.				





There were some instances where invoice were not found in the respective files as same were under payment process, though same has been produced before us for verification on demand. However we would recommend that bill under payment should be kept in respective files as early as possible after the payment process gets completed.

(II) The following details are regarding the bills of which entries were not found in the books of accounts during our verification process and now found in order:

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date	Name of Party	Amount (In Rs.)	Bill No.	Status
All Records are appropriate and accounted properly.				

(III) The following details are regarding the bills in which Amount/Date were different than as per bill and now corrected:

**ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2**

Date	Name of Party	Amount (In Rs.)	Bill No.	Status
All Records are appropriate and accounted properly.				

## **5. Review of Sales Transactions:**

### **Observations:-**

We have verified Sales bills for the period October, 2022 to December, 2022. During our verification we found that the sales are recorded appropriately and accounted properly.

## **6. Review of Journal Book:**

### **Our Observations/Findings:**

Recording of Interest and TDS Receivable on Fixed Deposits should be carried out periodically as per Form 26S

## **B] HR AND EMPLOYEE RECORDS:**

Salary Records were verified and found in order.

## **C] REVIEW OF STATUTORY AND LEGAL COMPLIANCE:**

Records were verified and found in order.





## D] REVIEW OF INTERNAL CONTROLS AND PROCEDURES:

There are some weakness/lacunas in internal control system. The suggestions to remove are enumerated as below:

1. Expenses should be accounted on **accrual basis** as and when it occurs i.e. on the date of Invoice or challan and not on payment basis.
2. There should be proper documentation for sales return.
3. TDS Declaration should be sought from transporters owning not more than 10 goods carriage on a yearly basis.
4. As a measurement of effective Internal Control system we recommend avoiding deleting the backups after the purpose has been accomplished.
5. Signed self cheques & Cash should be kept under the locker or at some secured place with authorized personnel with appropriate restriction.
6. Correctly File/Put All types of Bills/Invoice & their Supporting documents in **respective UNIT'S** file.
7. Date for recording any expense/purchase/other transaction should be same as mentioned in the supporting document.
8. Synchronization of Data for Unit-I & Unit-II should be carried out at regular interval with utmost due care. Further make sure that during synchronization process, no error or corrupt activity issue occurs.

Thanking you,  
Yours truly,

For GRR & Co  
*Chartered Accountants*

  
Rajiv Kapasiawala  
Partner

FRN: 121213W

Date: 25/02/2023

Place: Surat

UDIN: 23114279BGXAHB4169

