

INTERNAL AUDIT REPORT

OF

M/S. ZEAL AQUA LIMITED

For the Quarter Ended as on 30th Sept., 2022

GRR & Co.

Chartered Accountants

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

U.M. Road, Surat, Gujarat – 395017

Contact – 99009003933

Email:- office@grradvisors.in



PRIVATE & CONFIDENTIAL

Date: 25th February 2023

To:

The Directors,
M/s. Zeal 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 1st July, 2022 to 30th September, 2022.

Dear Sir,

We are pleased to submit Internal Audit Report for the period beginning from 1st July, 2022 to 30th September, 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
01/06/2022	Vijaybhai Jerambhai Dabhi	2,34,482.00	1	Not Found
04/07/2022	Shree Mahalaxmi Saw Mill	24,990.00	43	Not Found
05/07/2022	Virendrabhai Rameshbhai Khalasi	1,800.00	365	Not Found
05/07/2022	Shree Gayatri Agro Industries	6,900.00	4	Not Found
08/07/2022	Shree Gayatri Agro Industries	23,000.00	386	Not Found
01/08/2022	Kishan Battery And Oil Center	5,500.00	376	Not Found
09/08/2022	Transport India 3PL	1,08,000.00	M/3626/20 22-2023	Not Found
17/08/2022	Ami Engineering	950.00	L-22/22-23	Not Found
24/08/2022	Jignesh S. Patel	5,000.00	69	Not Found
14/09/2022	Shree Mahalaxmi Saw Mill	63,000.00	110	Not Found
30/09/2022	White Horse Logistics	1,14,345.00	2255	Not Found
30/09/2022	White Horse Logistics	15,592.00	2284	Not Found
30/09/2022	White Horse Logistics	98,010.00	2298	Not Found
30/09/2022	Kishan Engineering Co.	3,23,800.00	65	Not Found

ZEAL AQUA LIMITED (ORMA) UNIT-2

Date	Particulars	Amount	Bill No.	Status
01/07/2022	Export Inspector Agency Mumbai (Lab)	2,360.00	220701124 440970	Not Found
01/07/2022	Central Depository Service (India) Limited	10,800.00	7202222023 3534	Not Found
04/07/2022	Kings Crown Consultants	69,300.00	ZAPL001/I NV/CF	Not Found
05/07/2022	Executive Engineer K.R.B.C. Division, Surat	5,278.00	SIC-2022- 06-419	Not Found
09/07/2022	Shree Sai Tyres	40,560.00	AD-B-58	Not Found
16/07/2022	Pal Enterprise	1,580.00	188	Not Found
16/07/2022	Pal Enterprise	1,650.00	189	Not Found
21/07/2022	Multani Juned Rajakbhai	15,000.00	90	Not Found
28/07/2022	Export Inspector Agency Mumbai (FRP)	590.00	MUFRP202 22304953	Not Found



28/07/2022	Export Inspector Agency Mumbai (FFP)	29,467.00	MUFFFP202 22304952	Not Found
29/07/2022	Nilkamal Limited	6141014173	614101417 3	Not Found
31/07/2022	Ajinkya Marina Private Limited	2,24,200.00	248	Not Found
08/08/2022	Export Inspector Agency Mumbai (Lab)	2,360.00	220808127 031619	Not Found
10/08/2022	Nanavati Eurocars Pvt Ltd	28,434.00	846	Not Found
11/08/2022	Export Inspector Agency Mumbai (FFP)	590.00	MUFFFP202 22305073	Not Found
12/08/2022	Export Inspector Agency Mumbai (Lab)	73,986.00	MULAB202 22301955	Not Found
17/08/2022	Shri Rameshvar Electricals	15,263.00	1053	Not Found
16/09/2022	M/s Nixynova Motoren Pvt. Ltd.	90,361.00	1	Not Found
24/09/2022	Param Ice	700.00	729	Not Found
28/09/2022	Bigshare Service Pvt. Ltd.	37,800.00	RT/08/639 /22-23	Not Found

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 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.
	All Records are appropriate and accounted properly.		

ZEAL AQUA LIMITED (ORMA) UNIT-2			
Date	Particulars	Amount	Bill No.
	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 accounts 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:
1	Transport India 3PL	1,08,000.00	M/3113/2022-2023	17/07/2022	01/08/2022	
2	Transport India 3PL	1,02,000.00	M/3273/2022-2023	23/07/2022	01/08/2022	
3	Transport India 3PL	1,26,000.00	M/1359/2022-2023	18/05/2022	01/08/2022	
4	Transport India 3PL	1,08,000.00	M/3315/2022-2023	26/07/2022	01/08/2022	
5	Transport India 3PL	1,02,000.00	M/3467/2022-2023	31/07/2022	01/08/2022	
6	Transport India 3PL	1,08,000.00	M/2985/2022-2023	12/07/2022	01/08/2022	

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	Multani Juned Rajakbhai	16,800.00	05/07/2022	82	48	
2	Celsitech Instruments LLP	543.00	09/07/2022	CI/22-23/367	CI/22-23/267	
3	Rana Pratap	1,77,111.00	10/07/2022	12	3	
4	Shreeji Gas Agency	7,080.00	22/07/2022	SGA/22-23/1138	SGA/22-23/138	
4	Transport India 3PL	1,26,000.00	21/08/2022	M/1359	M/3844	
5	Mol Logistics (India) Pvt. Ltd.	5,21,716.00	17/08/2022	NMUMSE/25/0822	NMUMSE/23/0822	



3. Review of Bank Book/ Bank Reconciliation:

- **Observation:** While conducting audit we had observed that entry for Bank charges are made on the same day on which cheque is issued for RTGS/NEFT, means even before actually they occurred i.e. Bank Charges Entered in the accounting system before the date of bank charges actually taken place in the Bank statement.
- **Recommendation:-**Bank Charges should be accounted as per Bank statement date i.e. the date on which charges actually took place.
- **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.

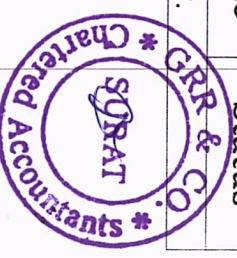
ZEAL AQUA LIMITED UNIT-1 & ORMA UNIT -2

Date	Amount	Payment / 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 July, 2022 to September, 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 July, 2022 to September, 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 G R R & Co
Chartered Accountants

Rajiv Kapasiawala
Rajiv Kapasiawala

Partner

FRN: 121213W

Date: 25/02/2023

Place: Surat

UDIN: 23114279BGXAHA8761

