

# **Practitioner's Guide to Audit of Small Entities**



**The Institute of Chartered Accountants of India**

*(Set up by an Act of Parliament)*

New Delhi

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## FOREWORD

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Audit of small entities is one of the very important areas of professional assignments taken up by the members. I view its importance from at least two perspectives. First is that the small entities by themselves are a very integral and crucial component of the socio economic fabric of our country. Second is that audit of small and tiny entities are more often than not handled by small and medium practitioners, who also offer them many other professional services, like tax audit advisory. In a country whose almost two third professional practice landscape is marked by the presence of small and medium practitioners, small entity clients indeed are important for the growth of the Profession.

In the above context, it is however, essential to note that despite the relative simplicity in audit of financial statements of smaller entities, a member cannot ignore the essential principles laid out in our auditing standards. Rather, these principles need to be scaled to match the smaller size of the auditee. While all the Standards on Auditing contain separate guidance on their applicability to the smaller entities, a need for more comprehensive and detailed guidance was always felt.

I am happy to note that the Auditing and Assurance Standards Board is bringing out this Practitioner's Guide to Audit of Small Entities (including tiny enterprises), authored by an eminent and a senior member of the profession. I am also happy to see that the Guide has been written in a very lucid and simple to understand language and format, providing a step by step approach to audit of smaller entities in accordance with the Standards on Auditing issued by the Institute. The audit programmes, templates and illustrative formats given in the Guide would provide a necessary hand holding to the members in ensuring not only appropriate planning and execution but also documentation of the audit engagement.

I take this opportunity to compliment CA. Abhijit Bandyopadhyay, Chairman, Auditing and Assurance Standards Board, who has again, through this Practitioner's Guide, proved his commitment to reach out to the members, one and all, and help them to not only understand and implement Standards on Auditing but also to provide quality services to their clients. Also my compliments to CA. Puja Wadhera, Secretary to AASB for the issuance of this guide.

I am sure that the Practitioner's Guide will prove to be a very useful publication for the members undertaking audits of small or tiny enterprises.

December 10, 2010  
New Delhi

**CA. AMARJIT CHOPRA**  
*President, ICAI*



## PREFACE

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Contribution of large corporates and other forms of enterprises to the Indian growth story does not need any reiteration. Understandably, they have been the centre of attention for one and all, be it the investors, the financial analysts, the environmentalists or the government agencies and the regulators. This notwithstanding, the role that small enterprises have played in the socio economic development of the country is unquestionable.

The small enterprises have contributed not only in terms of generating employment and ploughing in the capital and other resources at the micro level but are also an essential support system to the larger enterprises. Besides, the very fact that they form a significant part of bank borrowers, means that they have, although indirect, access to the public money. In addition, they are an important contributor to the Government kitty in terms of the direct and indirect taxes that they pay. Thus, in more than one way, their financial health does impact the “public interest”. It is therefore essential that these small enterprises too are subject to checks and balances, importantly, a financial statement audit.

Though the operations of a majority of these small entities would be marked by uncomplicated and simple transactions, with limited revenue streams, what makes the financial statement audit of these entities peculiar is their lack of an appropriate accounting and internal control system. Absence of segregation of duties, mix up of personal financial transactions of the owners with the business transactions, increased possibilities of management override of controls are some of the critical issues that an auditor would need to consider in planning and performing the audit.

This Practitioner’s Guide to Audit of Small Entities is a step by step approach to an audit of such smaller enterprises, starting from engagement acceptance to engagement planning to conduct of audit and reporting. The Guide contains ready to use audit programme templates for audit of common financial statement audits. This will not only help practitioners in ensuring that, to the extent possible, all important concern areas are covered but also help ensuring appropriate audit documentation. In addition, the Guide also contains a separate section devoted solely to audit of tiny enterprises. The Appendices contain several illustrative letters and communications made in the normal course of an audit as well as a checklist to verify compliance with auditing and disclosures under the accounting standards.

At this juncture, I wish to express my sincere thanks to CA. Amarjit Chopra, President, ICAI as well as CA. G Ramaswamy, Vice President, ICAI whose vision, guidance and support I have been privileged to receive in the activities of the Board. I also wish to place on record my heartfelt gratitude to CA. Bhavani Balasubramanian, Chennai, who is also a special invitee to the Board for authoring the Guide.

Many thanks are also due to my Council colleagues at the Board, viz., S/Shri Rajkumar S Adukia, Vice Chairman, Sumantra Guha, P. Rajendra Kumar, Jayant P Gokhale, Jaydeep N Shah, Sanjeev Maheshwari, S Santhanakrishnan, J Venkateswaralu, Pankaj Tyagee, Anuj Goyal and the Central Government nominees, Shri Prithvi Haldea and Smt. Usha Sankar and also to the co-opted members at the Board, viz., K. Rajasekhar, Ganesh Balakrishnan, Samir Shah, Harinderjit Singh and T.V. Balasubramanian, for their dedication and support in charting the work plan of the Board and bringing it to fruition. I also wish to place on record my thanks to the special invitees to the Board, viz., S/Shri Nilesh S. Vikamsey, Sanjay Vasudeva, Amit Roy, R. Narayanaswamy, Prof. Vipul and Jaideep Bhargava who have taken time out of their far more pressing commitments to devote time to the activities of the Board.

My deepest gratitude is also due to the members of the study groups constituted in the Southern Region (at Chennai, Ernakulam and Coimbatore under the convenorship of CA. P. Rajendra Kumar) and Kolkata (under the convenorship of CA. Sumantra Guha), viz., CA. S. Ramesh, CA. R. G. Rajan, CA. N. Venkat Krishnan, CA. N. Sathiamoorthy, CA. K. R. Sathianarayanan, CA. P. Uttam Chand Jain, CA. Mahaveer Munoth, CA. P. Ravindranath Naidu, CA. S. J. Padmini, CA. Gopala Krishna Raju, CA. P. R. Aruloli, CA. R. Sivakumar, CA. J. Purushothaman, CA. Thomson Thomas, CA. Ittyrah M P, CA. Mohanan A, CA. Jomon K George, CA. Veeramani P M, CA. Vinod Kamath V, CA. Vivek Krishna Govind, CA. Vijay Narayan Govind, CA. Sajeev P G, CA. Stephen C Peter, CA. Venugopal S, CA. Prasanth Srinivas, CA. Pramod S H, CA. Rema C R, CA. Parvathy Ammal K, CA. Saji Mathew, CA. Mathew Joseph, CA. Minu Mathew, CA. Lakshmi Menon V, CA. Suresh T N, CA. Babu Abraham Kallivayalil, CA. Jose V X, CA. Divya C V, CA. Shanmukha Sundaram K, CA. Ramachandran S, CA. Badri Narayanan K, CA. Anantha Krishnan G, CA. Ramani P J, CA. Panneerselvan M P, CA. Sreenivasa Rao N G, CA. Ravi K, CA. Gopalakrishnan S A, CA. Ramnath V, in the Southern Region and CA. Krishanu Bhattacharyya, CA. Barun Ghosh, CA. Debashis Mitra, CA. Kunjan Mehta, CA. Sunil Singhi, CA. Krishanu Murari Tapuriah, CA. Nirupam Haldar, Kolkata, respectively, for sparing time out of their other preoccupations to provide inputs that have gone a long way in making this Guide more comprehensive and useful for the common members. I am also thankful to CA. Ravi Bharathwaj, Chennai for his contribution in finalising the Practitioner's Guide.

At the end I, however, wish to caution the readers that this publication is not a substitute for the text of the authoritative Standards and other professional pronouncements of the Institute of Chartered Accountants of India, nor does it in any way exonerate the practitioners from using professional judgment, due care and professional skepticism in conduct of their engagements. I am sure that the Guide will receive a warm welcome among the practitioners.

December 09, 2010  
Kolkata

**CA. ABHIJIT BANDYOPADHYAY**  
*Chairman*  
*Auditing and Assurance Standards Board*

## **DISCLAIMER**

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This Guide is not a substitute for the authoritative literature, including Standards on Auditing and other Engagement and Quality Controls Standards and Guidance Notes, issued by the Institute of Chartered Accountants of India in respect of audit of financial information. The practitioners using this Guide are, therefore, urged to separately ensure that they are compliant with the applicable Standards and other relevant applicable pronouncements of the Institute while carrying out the audits.

The Guide also does not claim to be absolute and comprehensive. The practitioners are therefore also requested to ensure that the procedures adopted by them are sufficient to achieve the objectives of the audit engagement. The Institute does not take any responsibility for any action taken by the readers on the basis of the contents of this Guide.



## **PURPOSE OF THIS GUIDE**

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The purpose of this Guide is to provide a practical approach to implementation of the Standards on Auditing that may be followed while carrying out audit of small entities. Since the Guide is in the form of a checklist, it is also hoped that by using that checklist, the practitioner would be able to maintain appropriate documentation of the audit work.



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**SECTION I**

**PRACTITIONER'S GUIDE TO AUDIT OF  
SMALL ENTITIES**



## I. GENERAL

### Small Audit – Model Working Papers Audit Index

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Particulars	Available In Page No. of		
	Permanent File	Working Paper File	Manual File
<b>1. General</b>  Letter of Appointment  Communication to Previous Auditor  Profile of the Client  Applicability Check List  Engagement Letter  Letter of Representation			
<b>2. Administration</b>  Time Budget			
<b>3. Planning &amp; Control</b>  Understanding the Client's business			

<p>Understanding the Accounting Policies</p> <p>General Audit Programme</p> <p>Analytical Procedure in Planning the Audit</p> <p>Assessment of Risk</p> <p>Materiality and Performance materiality</p> <p>Permanent File update</p> <p>Fraud Risk Questionnaire</p>			
<p><b>4. Balance Sheet items</b></p> <p>Tangible Assets</p> <p>Intangible Assets</p> <p>Investments</p> <p>Inventories</p> <p>Debtors, Loans and Advances</p> <p>Cash and Bank Balances</p> <p>Miscellaneous Expenditure</p> <p>Capital and Reserves</p> <p>Loan Liabilities</p> <p>Current Liabilities</p> <p>Deferred Tax Liability</p>			
<p><b>5. Profit and Loss Account</b></p> <p>Revenue</p> <p>Expenses</p>			

<b>6. Working Papers</b>  Regrouping Journals  Adjusting Journals  Progress Sheet			
<b>7. Reports</b>  Audit Declaration  Matters for Partner's Consideration  Summary Memorandum  Summary of Unadjusted Errors  Financial Statement Review  Subsequent Events Checklist  Management Letter Points			
<b>8. Appendices</b>  Standards on Auditing Checklist – Control Sheet  Disclosure Requirements Relating To Investments  Disclosure requirements relating to the MSME  Checklist for Disclosures Under Accounting Standards			

## Specimen For Profile / Information About The Auditee

Sl.No.	Particulars	Reply by the Auditee
1.	Name of the auditee	
2.	Financial year of Audit	
3.	Period of Audit (i.e. From dd/mm/yyyy to dd/mm/yyyy)	
4.	Constitution: <i>(Proprietary/ Partnership/ HUF/ AOP/ BOI/ Private/ Public Limited Company/ Trust/ Others)</i>	
5.	Whether there was any change in constitution during the year. If so, furnish details of such change along with relevant documents evidencing such change (E.g. Retirement/ Admission of partner/ director, Merger/ Demerger/ Amalgamation, Conversion of private limited company into public limited company or vice versa etc.)	
6.	Nature of Audit to be conducted – <ul style="list-style-type: none"> <li>• Statutory Audit w. r. t. section 227 Companies Act,</li> <li>• Tax Audit w. r. t. section 44AB of the Income Tax Act,</li> <li>• Charitable/ Religious Trust Audit w. r. t. section 11, 12, 12A, 12AA of the Income Tax Act,</li> <li>• Special Audit w. r. t. section 142(2A) of the Income Tax Act, or</li> <li>• Any other specific assignment (E.g. internal audit, stock audit, Debtors Audit etc.)</li> </ul>	
7.	Address(es) of places of Business <i>(Specify the principal place of business and all other places of business such as registered office, corporate office, administrative offices, factories, branches, depots, godowns etc., along with date of commencement of other places of business. In case of any change in address, the date of such change.)</i>	
8.	Audit is to be conducted for <i>[Mention whether for the whole unit or any specific unit]</i>	

9.	Phone numbers of all places of business	
10.	Fax numbers of all places of business	
11.	E-mail addresses of all places of business	
12.	Date of Incorporation/ Formation	
13.	Company ( <b>CIN</b> )/ Firm Registration Number	
14.	Income Tax <b>PAN</b>	
15.	Tax Deduction/ Collection Account Number ( <b>TAN</b> ) of all units, if any.	
16.	Central Excise Registration Numbers of all registered units, if any. Copies of Registration Certificates	
17.	Service Tax Registration Numbers of all registered units, if any. Copies of Registration Certificates.	
18.	VAT Registration Numbers of all registered units, if any. Copies of Registration Certificates.	
19.	CST Registration Numbers of all registered units, if any. Copies of Registration Certificates.	
20.	Import Export Code Number ( <b>IEC</b> )	
21.	Details of all Bank Accounts-Furnish details such as name of the bank, branch, Type of account (Savings, Current, OD, CC, TL etc.), Account number, BSR code, MICR code of the branch	
22.	Key persons in the management(Proprietor/ Partner(s)/ Director(s)/ Trustee(s))/ Manager(s)/ Accounts-in-charge (Whether Full time or part time) / Members in the Audit	

	Committee) along with their contact numbers and / or email addresses their relationship with owners and date of appointment.	
23.	Contact person/ Coordinator for audit with Phone / Fax / Mobile numbers / E-mail Addresses	
24.	Nature of Business / Core Activity Like Manufacturing / Trading / Marketing / Service Provider / Franchisee / Agency / Others (Please specify).In case of any change in the nature of business, details of such changes and date of such changes.	
25.	Brief note on the manufacturing process / business activities	
26.	Main products / By-products manufactured / Traded / Dealt in	
27.	Main Raw materials used in manufacture	
28.	Method of Accounting: Mercantile/ Cash( <i>Wherever method of Accounting is Mercantile and certain items are accounted for on cash basis or vice versa, list out such items</i> )	
29.	Method of Book keeping:( <i>Totally computerized/ Totally manual or Mixed (If mixed, specify the areas of computerization)</i> )	
30.	If computerized, a brief note on accounting package used and list of books/ reports which could be generated from the said accounting package.	
31.	List of books including inventory books maintained listing out separately computerized and manual	
32.	Whether the entity is covered by Internal Audit. If so, name and address of the Internal Auditors. Attach a copy of the Internal Audit Report	

33.	Details of all other entities where the Partners / Prop. / Directors are interested.	
34.	If Yes nature of such interest.	
35.	DIN (Director Identification No.)	

For

[Designation]

Place :

Dated:

## Applicability Checklist

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

1. Answer the following questions to determine whether the entity is a “small entity” as stated in the “Guidance Note on Special Consideration in the Audit of Small Entities”:

### **Guidance:**

*The meaning of “small entity” in this context gives considerations not only to the size of an entity but also to its typical qualitative characteristics. Quantitative indicators of the size of an entity may include balance sheet totals, revenue and the number of employees, but such indicators are not definitive. Therefore, it is not possible to give an adequate definition of a small entity solely in quantitative terms.*

(a) Is the concentration of ownership and management limited to a small number of individuals?

### **Guidance:**

*Small entities usually have few owners, often there is a sole proprietor. Many owner-managers adopt a ‘hands on’ approach to internal control issues by personally exercising supervisory controls. The owner may employ a manager to run the business but in most cases is directly involved in running the business on a day-to-day basis. As the proprietor, the owner manager has a personal interest in safeguarding the assets of the business, measuring its performance and controlling its activities, but is unable to divert limited management time to such matters as formal internal control procedures. However, the lack of formality does not by itself indicate circumstances giving rise to a high risk of fraud or error. The auditors of a small entity make their assessment of risk in the light of its particular circumstances. The term “owner-manager” means the proprietors of entities who are involved in running of the entity on a day to day basis. Where proprietors are not involved on a day to day basis, the term “owner-manager” is used to refer to both the proprietors, and to any managers hired to run the entity.*

(b) Is the entity engaged in uncomplicated activities and has few sources of income?

### **Guidance:**

*Small entities typically have a limited range of activities and often specialize in a single product or service and operate from a single location.*

*Uncomplicated activities can make it easier for the auditors to acquire, record and maintain knowledge of the business. In addition, in many small entities, accounting populations are often*

*small and easily analysed, the application of a wide range of audit procedures can often be straightforward in such circumstances. For example, effective predictive models for use in analytical procedures can sometimes be constructed.*

- (c) Is there simple and personalized record keeping in the entity?

**Guidance:**

*Most small entities employ a few personnel who are solely engaged in record keeping. Consequently, record keeping may be simple, customised or personalised, which results in a greater risk that the financial statements may be inaccurate or incomplete.*

- (d) Are there limited internal controls in the entity together with the potential for management override of controls?

**Guidance:**

*Size and economic considerations in small entities mean that sophisticated internal controls are often neither necessary nor desirable. The fact that there are few employees limits the extent to which segregation of duties is practicable. Further, dominant position of the owner-manager may lead to management override of controls which may have a significant adverse effect on the control environment in any entity, leading to an increased risk of management fraud or material misstatement in the financial statements.*

Also refer Appendix-XII, SME Applicability Checklist criteria for detailed quantitative guidance.

## Engagement Letter

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*The Engagement Letter has to be prepared in duplicate and signed by the client before the engagement is started. A sample format (for a company under the Companies Act, 1956) is given below which is required to be tailored for each circumstance.*

*The auditor and the client should agree on the terms of the engagement. In the interest of both client and auditor, the auditor should send an engagement letter, preferably before the commencement of the engagement, to help avoiding any misunderstandings with respect to the engagement. The engagement letter documents and confirms the auditor's acceptance of the appointment, the objective and scope of the audit and the extent of the auditor's responsibilities to the client.*

To (the appropriate representative of management)

\_\_\_\_\_  
\_\_\_\_\_

You have requested that we audit the financial statements of ABC Company Pvt Ltd. , which comprise the balance sheet as at 31st March, 2XXX and the Statement of profit and loss and the (cash flow statement<sup>1</sup>) and a summary of significant accounting policies and other explanatory information for the year ended on that date. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also

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<sup>1</sup> Where so prepared and presented by the entity.

includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

Because of inherent limitations of an audit together with inherent limitations of an internal control system, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with SAs.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have the responsibility:

- (a) for the preparation of financial statements that give true and fair view in accordance with the Accounting Standards notified under section 211 (3C) of the Companies Act, 1956

This includes:

- the responsibility for the preparation of financial statements on a going concern basis.
  - the responsibility for selection and consistent application of appropriate accounting policies, including implementation of applicable accounting standards along with proper explanation relating to any material departures from those accounting standards.
  - The responsibility for making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the entity for that period.
- (b) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
  - (c) To provide us with:
    - (i) Access, at all times, to all information, including the books, account, vouchers and other records and documentation, of the Company, whether kept at the head office of the company or elsewhere, of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- (ii) Additional information that we may request from management for the purpose of the audit; and
- (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the Company such information and explanations as we may think necessary for the performance of our duties as auditor.

As part of our audit process, we will request from management and, if needed, from those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We also wish to invite your attention to the fact that our audit process is subject to 'peer review' under the Chartered Accountants Act, 1949. The reviewer may inspect, examine or take abstract of our working papers during the course of the peer review.

We look forward to fullest cooperation from you and your staff and we trust that whatever records, documentations and other information as requested in connection with our audit will be made available to us from time to time.

Our fees will be billed as the work progresses.

This letter will be effective for future years also unless it is terminated, amended or superseded.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial statements.

Date :	XYZ & Co.
Place :	Chartered Accountants

(Signature)  
(Name of the Member)  
(Designation)

Acknowledged on behalf of  
\_\_\_\_\_ by

Date :	(Signature)
Place :	(Designation)

## Acceptance Formalities Checklist

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

In performing an audit engagement, the following appointment formalities need to be completed before starting the Audit Engagement.

	Yes	No	N/A
Is it a new engagement or continuing engagement?			
No objection Letter From Previous Auditor in case of new engagement			
Have we issued the standard engagement letter?			
Proposal from the company to re-appoint as auditors			
Our reply to the above proposal for appointment as Auditors.			
Company's formal letter of appointment			
Our letter to the Company accepting the appointment / re-appointment			
Form 23B addressed to the ROC in the case of Companies			
Engagement letter			
Acknowledged copy of the Engagement letter			

### Conclusion on the Acceptance formalities:

Confirm if the Appointment formalities have been completed and all relevant documents / communications / approvals have been documented

\_\_\_\_\_

\_\_\_\_\_

## Representations By Management

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*The Management Representation Letter is required to be furnished before the Financial Statements are signed and is required to be modified and or amended in accordance with the circumstances.*

*The auditor should obtain representations from management, wherever considered appropriate.*

*The auditor should obtain evidence that management acknowledges its responsibility for the appropriate preparation and presentation of financial information and that management has approved the financial information.*

*During the course of the audit, management makes many representations to the auditor, either unsolicited or in response to specific enquiries. When such representations relate to matters which are material to the financial information, the auditor should:*

- (a) seek corroborative audit evidences from sources either internal and / or external to the entity;*
- (b) evaluate whether the representations made by management appear reasonable and consistent with other audit evidence obtained, including other representations; and*
- (c) consider whether the individuals making the representation can be expected to be well informed on the matter.*

*Representations by management cannot be a substitute for other audit evidence that the auditor could reasonably expect to be available. For example, a representation by management as to the quantity, existence and costs of inventories is no substitute for adopting normal audit procedures regarding verification and valuation of inventories. In case an auditor is unable to obtain sufficient and / or appropriate audit evidences regarding any matter which has or may have a material effect on the financial information, this will constitute a limitation on the scope of his examination even if he has obtained a representation from management on the matter.*

**(on the Letterhead of Entity)**

(Date)

(Name and Address of the Auditor)

Dear Sir

This representation letter is provided in connection with the audit of our financial statements for the year ended \_\_\_\_\_ for the purpose of expressing your opinion as to whether the said financial statements give a true and fair view of the financial position as on the said date. We acknowledge our responsibility for preparation of financial statements in accordance with the applicable legal requirements and recognised accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India.

We confirm, to the best of our knowledge and belief, the following:

### **Accounting Policies**

1. The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on accrual basis on historical cost convention. There is no change in accounting policy as adopted in the immediately preceding previous year.

### **Assets**

2. The company has a satisfactory title to all the assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in Note \_\_\_ to the financial statements.

### **Fixed Assets**

3. The net book values at which fixed assets are stated in the balance sheet are arrived at:
  - (a) after taking into account all capital expenditure on additions thereto;
  - (b) after eliminating the cost and accumulated depreciation relating to assets sold, discarded, demolished or destroyed;
  - (c) after providing adequate depreciation on fixed assets during the period.

## **Capital Commitments**

4. There were no outstanding commitments for capital expenditure excepting those disclosed in Note \_\_\_ to the financial statements as on the balance sheet date.

## **Investments**

5. The current investments as appearing in the balance sheet consist of only such investments as are by their nature readily realisable and intended to be held for not more than one year from the respective dates on which they were made. All other investments have been shown in the balance sheet as 'long-term investments'.
6. Current investments have been valued at the lower of cost or fair value, whichever is less. Long-term investments have been valued at cost, except that any permanent diminution in their value has been provided for in ascertaining their carrying cost. The method of valuation of Investments is same as compared to the method adopted in the immediately preceding previous year
7. In respect of offers to right issues received during the year, the rights have been either subscribed to or renounced, or allowed to be lapsed. In no case they have been renounced in favour of third parties without consideration or for a consideration other than which has been properly accounted for in the books of account.
8. All the investments produced for physical verification belongs to us and they do not include any investments held on or behalf of any other persons.
9. We have clear title to all our investments including such investments which are in the process of being registered in our name or which are not registered in our name and there are no charges against the investments except for those that are disclosed in Note \_\_\_ to the financial statements.

## **Inventories**

10. Inventories at the year-end consists of the following:

Raw Materials (including components)	Rs.
Work-in-Process	Rs.
Finished Goods (including by-products)	Rs.
Maintenance supplies and Stores and Spare Parts	Rs.
Loose Tools	Rs.

Others (specify each major head separately)	Rs.
	_____
Total	Rs.
	_____

11. All quantities were determined by actual physical count or weight or measurement that was taken under our supervision and in accordance with written instructions, on ..... (date/dates of physical verification), except as follows

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The material discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account and subsequent transactions recorded in the accounts fairly reflect the changes in the inventories up to \_\_\_\_\_ (balance sheet date).

12. All goods included in the inventory are our property and none of the goods are held as consignee for others or as bailee and there are no charges except for those that are disclosed in Note \_\_\_\_ to the financial statements.
13. All inventories owned by us, wherever located, have been recorded, including goods sent on consignment.

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14. Inventories do not include goods sold to customers for which delivery is yet to be made.
15. Inventories have been valued on the following basis/bases:

- Raw Materials (including components)
- Work-in-Process
- Finished Goods (including by-products)
- Maintenance supplies and Stores and Spare Parts
- Loose Tools
- Others (specify each major head separately)

(In describing the basis/bases of valuation, the method of ascertaining the cost (e.g. FIFO or weighted average cost) should also be stated. Similarly, the extent to which overheads have been included in the cost should also be stated.)

16. The following provisions have been made in respect of slow-moving, damaged, or obsolete inventories and these, in our view, are adequate.

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17. No item of inventories has a net realisable value in the ordinary course of business which is less than the amount at which it is included in inventories.

18. The method of valuation of inventories is same as compared to the method adopted in the immediately preceding previous year except as set out below:

<b>Nature of Inventory</b>	<b>Raw Materials</b>	<b>Work in Progress</b>	<b>Finished Goods</b>	<b>Others (Please Specify)</b>
Basis Of Valuation –				
Current Year				
Basis Of Valuation –				
Previous Year				
Value – Current Year				
Value – Previous Year –				
On Current Year Basis				
Effect Of Change				

## **Debtors, Loans and Advances**

19. The Sundry Debtors and other loans and advances as appearing in the financial statements as at the balance sheet date are considered good and fully recoverable with the exception of those specifically shown as “doubtful” in the financial statement.

## **Other Current Assets**

20. In our opinion, other current assets have been stated at a realisable value in the ordinary course of the business, except as stated in Note\_\_ to the financial statements.

## **Liabilities**

21. We have recorded all known and crystallised liabilities in the financial statements.
22. We have disclosed in notes to the financial statements all guarantees that we have given to third parties and all other contingent liabilities.
23. Contingent liabilities disclosed in the notes to the financial statements do not include any contingencies which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.

## **Provisions for Claims and Losses**

24. Provision has been made in the accounts for all known losses and claims of material amounts.
25. There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the financial statements or notes thereto.

## **Profit And Loss Account**

26. Except as disclosed in the financial statements, the results for the year were not materially affected by:
- (a) transactions of a nature not usually undertaken by the company;
  - (b) circumstances of an exceptional or non-recurring nature;
  - (c) charges or credits relating to prior periods;
  - (d) changes in accounting policies.

## **General**

27. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
- (a) Losses arising from sale and purchase commitments.
  - (b) Agreements and options to buy back assets previously sold.

(c) Assets pledged as collateral.

28. There have been no irregularities involving management or employees who have a significant role in the system of internal control that could have a material effect on the financial statements.
29. The financial statements are free of material misstatements, including omissions.
30. The company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
31. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

Yours faithfully,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Representative of entity's management)

## II. ADMINISTRATION

### Time Budget

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

	BUDGET			ACTUALS		
	HOURS	RATE	TOTAL	HOURS	RATE	TOTAL
Senior Partner						
Partner in Charge						
Audit Manager -1						
-2						
Articled Clerk -1						
-2						
-3						
-4						
-5						
Audit Fees				Rs.		
Total Cost				Rs.		
Recovery / Shortfall				Rs.		
Recovery % on						

## III. PLANNING & CONTROL

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### Understanding The Client's Business

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

1. Describe the internal factors affecting the business, including
  - Business objectives and operations (including key income earning assets)
  - Ownership and management structure, including the relationship between the owner and the entity, if applicable
  - How the entity is financed
  - Key personnel
  - Selection and application of accounting policies
  - Taxation status and issues of the entity and owner, if applicable
  - Taxation and reporting requirements
2. External factors including, industry and general business environment; competitive benchmarking; and laws and regulations which have a fundamental impact on operations.
3. Management's risk assessment process – the process used to identify, analyse, and manage the risks faced by the entity.

## Understanding The Accounting Policies

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

- The audit of a very small business is based on a substantive approach with no reliance on internal control. Consequently, it is not necessary to identify or test key controls and this section should consist only of a concise summary of the areas outlined below in order to assist in performing substantive tests.

CONTROL TESTED	PROCEDURE	NO. OF SAMPLES SELECTED	CONCLUSION

- Other useful information related to accounting policies:

Document below any additional information related to the accounting process that may be useful when performing substantive procedures, such as:

- Location of the primary accounting records (e.g. bank statements, minutes, agreements, etc.)

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- Names of individuals responsible for the key accounting functions (e.g., authorization of expenses, follow up of overdue amounts, recording of transactions, reconciling bank accounts, preparation of summary reports, etc.)

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- Description of any commercial accounting software packages used (e.g., the accounting functions performed, who is responsible for program data, reports produced, data stored, how problems are resolved.)

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3. Accounting Policies

- Consider whether the accounting policies used are appropriate and consistent with that of the prior year.

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- Consider the risk of going concern assumption and its impact on the financial statements.

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## General Audit Programme

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		SCHEDULE REFERENCE	PERFORMED BY	DATE
<b>PERFORM PRE-ENGAGEMENT ACTIVITIES</b>				
1.	Review engagement risk by considering the Factors which are client specific.			
2.	Prepare preliminary audit engagement budget and schedule appropriate audit staff.			
3.	Review terms of engagement and prepare fee estimates.			
4.	Review the points brought forward from the prior year, correspondence file, report file and tax file, and ensure that points of concern are appropriately addressed.			
5.	Hold a pre-audit meeting with the engagement manager and partner to discuss engagement risk consideration, audit approach to be taken and design and preparation of the audit plan.			
<b>PERFORM PRELIMINARY PLANNING</b>				
6.	Organise a planning meeting with the client's staff to update our understanding of the client's business and their accounting process.			
7.	Consider environmental and industry factors			

	which might identify specific potential risk and document our concern.			
8.	Update understanding of the accounting process and identify specific risks.			
9.	Perform preliminary analytical procedures and identify any unusual or unexpected balances, and or, relationship which may indicate potential misstatement of the financial statements.			
10.	Determine planning materiality after assessment of the specific circumstances of the client.			
11.	Review and update the permanent file as appropriate and record amendments made.			
12.	Update systems notes/flowcharts as appropriate and a copy of system notes prior to amendment should be filed together with the last audit to which they were relevant.			
	<b>INTERIM AUDIT VISIT</b>			
13.	Update understanding of the client's business, accounting process, control environment and materiality. Where changes are significant or where factors indicate potential risks, document the details and specific concerns as a matter for Partner's attention. Draft responses to address the risk and seek partner/manager approval.			
	<b>FINAL AUDIT VISIT</b>			
14.	Update understanding of the client's business, accounting process, control environment and materiality. Where changes are significant or where factors indicate potential risks, document the details and specific concerns as a matter			

	for partner's attention. Draft focused responses to address the risk and seek partner/manager approval.			
15.	Ensure all review points have been cleared and relevant work papers amended.			
16.	Ensure all adjustments to the financial statements are reflected in the lead schedule and that they agree to the statutory accounts.			
17.	Ensure all material misstatements are discussed and reported to management and recorded appropriately ( <i>To be done as highlighted in Summary of unadjusted errors</i> ).			
18.	Complete subsequent events review up to the date of the completion of the audit field work and ensure this is updated to a date as near as it is practicable to the date of signing the statutory accounts.			
19.	Ensure matters to be considered by partners are properly documented and cleared before the issue of audit report.			
20.	Prepare an Audit Summary Memorandum including any outstanding matters.			
21.	Ensure an appropriate letter of representation is received from the management.			
22.	Prepare debriefing notes on audit and carry forward points to next year.			
	<b>STATUTORY AND DISCLOSURE MATTERS</b>			
23.	Inspect statutory registers and ascertain whether prima facie the information they contain is up to date and inform client of improvement, if necessary.			

24.	Read the minutes of all meetings and written resolutions of shareholders / partners, of directors and of any committee whose decisions may affect the accounts.			
25.	Complete the appropriate compliance checklist for accounting and other legal requirements to which the entity is subject and ensure all material matters have been complied with.			
26.	Ensure adequate documentation is on file to support disclosure items in the financial statements.			
27.	Ensure the accounts disclose related parties and related party transactions that are material to the financial statements.			
	<b>MANAGEMENT LETTERS</b>			
28.	Prepare matters for inclusion in management letters relating to any internal control weaknesses and client service objective.			
29.	Review prior year management letter points and ensure these have been followed up by client or need to be readdressed.			
30.	Ensure management's response to those points that have been raised for inclusion in the management letter are documented in the files.			
31.	Review any reports issued by the internal audit department noting their findings and recommendations. Plan and execute responses to their findings and the impact on the financial statements. Determine if any corrective actions have been taken based upon the reports.			

<b>32.</b>	Complete and issue formal management letter to the appropriate company officials.			
	<b>ADMINISTRATION MATTERS</b>			
<b>33.</b>	Ensure the time records are updated daily and reconciled to the time sheet fortnightly. Report to manager if material deviation from budget is found and see whether there are any areas which can be improved. All significant deviations from budgeted time, cost, or staff requirement have been fully described in files.			
<b>34.</b>	Ensure that the staff report has been completed and discussed with each staff member.			

## Analytical Procedures In Planning The Audit

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*The auditor applies analytical procedures at the planning stage of the audit. The nature and extent of analytical procedures at the planning stage of the audit of a small entity may be limited by the timeliness of processing of transactions by the small entity and the lack of reliable financial information at that point of time. Small entities may not have interim or monthly financial information that can be used in analytical procedures at the planning stage. The auditor may, as an alternative conduct a brief review of the general ledger or such other accounting records as may be readily available. In many cases, there may be no documented information that can be used for this purpose, and the auditor may obtain the required information through discussion with the owner- manager.*

- ❖ Review draft financial statements for unusual or unexpected amounts or for the absence of such amounts and relationship and comparison of amounts with the prior year financials to analyse the variances.

The variances, if any needs to be analysed and reasons properly documented in line with the materiality fixed (engagement specific). Based on materility, a threshold may be fixed say, in terms of percentage or a fixed amount and only items above this threshold are analysed.

ACCOUNT BALANCE	CY (RS.)	PY (RS.)	DIFFERENCE	IN %	SUBJECT TO THRESHOLD	IF NO, REASONS

[illegible]

## Assessment of Risk

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

For each significant accounting balance, consider whether there are circumstances which will increase the risk of misstatements. Also analyse whether there are conditions or events which increase risk of fraud or error. List below the risk factors identified for specific account balances:

DETAILS OF RISK	ACCOUNT BALANCE(S) AFFECTED	ASSERTIONS AFFECTED	AUDIT PROCEDURES	NO. OF SAMPLES

## Materiality

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Critical Component	Current Year	Last Year	Previous	Last Year
	Actual	Estimated		
_____	Rs. _____	Rs. _____	Rs. _____	Rs. _____
_____ % of thereof (Top Limit)	Rs. _____	Rs. _____	Rs. _____	Rs. _____
_____ % of thereof (Low Limit)	Rs. _____	Rs. _____	Rs. _____	Rs. _____

Materiality Rs. \_\_\_\_\_

## Guidance

*Materiality is significant in determining the scope of our audit and should be at a level sufficient for us to conclude that a material misstatement does not exist in the financial statements.*

*To obtain a quantitative materiality guide, we need to identify an appropriate base amount which we believe is a critical component of the financial statements. The critical component should be (i) relevant to the financial statements as a whole and (ii) stable and normal in the ordinary business of the entity. One of the following may be taken as critical component:*

- i. Profit or loss before tax (adjusted, if appropriate, for the effect of any abnormal levels of items of expenditure such as the owner-manager's remuneration)*
- ii. Revenue*
- iii. Balance sheet total*

A. Reason for the use of the above critical component and percentage range:

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B. Other influences and financial components affecting determination of planning materiality:

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## Performance Materiality

### Guidance

*The determination of Performance Materiality requires us to apply professional judgment and is not a mechanical exercise.*

*Performance Materiality is based on, but is less than, Planning Materiality. We set Testing Materiality at a lower level than Planning Materiality to provide a cushion, so that if Misstatements are detected, we may nevertheless be able to conclude with reasonable assurance that the total misstatement in the financial statements does not exceed Planning Materiality.*

*We should determine the Performance Materiality to be used in the design of our audit procedures.*

We determine performance materiality by deducting from Materiality the total amount of misstatements that we anticipate identifying and which we believe management will not correct in the financial statements. Misstatements identified include Known and Likely Misstatements

<b>Particulars</b>	<b>Calculation amount (Rs.) CY</b>	<b>Previous Year</b>
<i>Materiality</i>		
<i>Less: Total anticipated uncorrected misstatements*</i>		
<i>Performance Materiality</i>		

\* Total anticipated uncorrected misstatements is the total amount of factual, judgmental, projected misstatements that we anticipate remaining uncorrected at the end of the current engagement.

*Factors to be considered normally include:*

- *Understanding of the Entity and its environment*
- *Risks identified when performing our Risk Assessment Procedures*
- *The Entity's history of Uncorrected Misstatements*
- *The likelihood that uncorrected Known and Likely Misstatements from the prior period will recur in the current period*
- *Management's willingness to investigate and correct Known and Likely Misstatements identified during the current audit period.*

## Identification of Material transactions, Account balances and Disclosures

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Based on the trial balance and /or financial statement (including the use of the last year's audit experience), material account balances needs to be identified. Risks identified earlier and materiality also plays a vital role in determination of material account balances and disclosures. Role of partner and senior on the audit engagement is vital to identify the material transactions and account balances.

Transactions/ account balances/ Disclosure	CY balance	Explain any identified risk associated with the account balance	Material (Yes / No)?	Reason for such conclusion

**Note:** Most financial statement line items and disclosures are material or they would not be presented separately in the financial statements. We may then consider one or more succeeding levels of detail of the composition of the class of transaction, account balance or disclosure taking into account the nature and composition of the disaggregated parts to identify those that are material.

Permanent File Update

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

ADDITION / AMENDMENT / DELETION	REFERENCE	PREPARED BY	REVIEWED BY

## Fraud Risk Questionnaire

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

#### *Consideration of Fraud and Error:*

*Where planning and performing audit procedures and evaluating and reporting the results thereof, the auditor should consider the risk of material misstatement in the financial statements resulting from fraud and error.*

*The presence of a dominant owner-manager is an important factor in the overall control environment, as the need for management authorization can compensate for otherwise weak control procedures and reduce the risk of employee fraud and error. However, this can be a potential weakness since there is the opportunity for management override of controls. The owner-manager's attitude to control issues in general and to the personal exercise of supervisory controls can have a significant influence on the auditor's approach. The auditor's assessment of the effect on such matters is conditioned by knowledge of that particular entity and the integrity of its owner-manager.*

	YES / NO / N.A.	DETAILS OF RISK IDENTIFICATION	REFERENCE
(a) Does the owner-manager have a specific identifiable motive (for example, dependence of the owner-manager on the success of the entity) to distort the financial statements, combined with the opportunity to do so?			
(b) Does the owner-manager make no distinction between personal and business transactions?			
(c) Is the owner-manager's life-style materially inconsistent with the level of			

his or her remuneration (this includes other sources of income of which the auditor may be aware of by referring the owner-manager's tax return)?			
(d) Are there frequent changes of professional advisors?			
(e) Has the start date for the audit been repeatedly delayed or there are unexplained demands to complete the audit in an unreasonably short period of time?			
(f) Are there unusual transactions around the year end that have a material effect on profit?			
(g) Are there unusual related party transactions?			
(h) Are the payments of fees or commissions to agents and consultants appear to be excessive?			
(i) Are there any disputes with tax authorities?			
(j) Are parts of the detailed accounting records unavailable or have been lost for implausible reasons?			
(k) Is there a significant level of cash transactions without adequate documentation?			
(l) Are there many transactions without adequate documentation?			
(m) Are there numerous unexplained aspects of audit evidence (such as differences between the accounting records and			

third-party confirmations, or unexpected results of analytical procedures)?			
(n) Is there inappropriate use of accounting estimates?			
(o) Have the owner-manager or key personnel not taken annual leave for a long period of time?			
(p) Is there lack of sufficient working capital?			
(q) Do weaknesses reported earlier still continue?			
(r) Is there non-maintenance of year ending inventory and stock registers?			
(s) Whether periodical reconciliation statements prepared for branch / head office accounts / reimbursement account / site accounts			
(t) Whether statutory dues / employees dues are pending for more than 3 months			

## IV. AUDIT PROGRAM – BALANCE SHEET ITEMS

### Audit Program - Tangible Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document understanding of the controls and accounting system through a review of the system notes in the carry forward section.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the responses.					
3.	INTERNAL CONTROLS					
	Review the system of internal controls					

	relating to fixed assets, particularly the following:					
	(a) Control over expenditure incurred on fixed assets acquired or self-constructed figures					
	(b) Accountability and utilization controls					
	Guidance:					
	Accountability over each fixed asset or each class of fixed assets is established, among other things, by maintaining, appropriate records. This facilitates control aspects of custodianship of such assets, for example, physical verification by the management or establishment of procedures relating to disposal of fixed assets or treatment of low value assets. On the other hand, utilisation controls ensure that the individual fixed assets have been properly used for meeting the objectives of the enterprise.					
	(c) Information controls					
	Guidance:					
	These controls ensure that reliable information is available for calculating and allocating depreciation, recording disposals or retirements, preparing tax returns, establishing the amount of insurance coverage, filing insurance claims, controlling repairs and maintenance charges, etc.					

4.	EXAMINATION OF RECORDS:					
	(a) Check opening balances of the existing fixed assets from records such as the schedule of fixed assets, ledger or register balances.					
	(b) Verify acquisition of new fixed assets and improvements in the existing ones with reference to supporting documents such as orders, invoices, reports and title deeds.					
	(c) Check self-constructed fixed assets, improvements and capital work-in-progress with reference to the supporting documents such as contractors' bills, work-order records and independent confirmation of the work performed.					
	(d) Scrutinise expense accounts (e.g., Repairs and Renewals) to ascertain that new capital assets and improvements on existing ones have not been included therein.					
	(e) Examine whether low value fixed assets have been written off or fully depreciated in the year of acquisition / construction in accordance with applicable regulatory requirements.					
	(f) Examine whether low value fixed assets have been written off or fully depreciated in the year of acquisition / construction in accordance with applicable regulatory requirements.					
	(g) In respect of fixed assets retired i.e., destroyed, scrapped or sold, examine :					

	i. Whether the appropriate procedures have been properly followed.					
	ii. Whether the accounting for acquisition, allocation of cost of acquisition in case consolidated purchase, sale and profit / loss on sale is proper.					
	iii. Where several assets have been sold for a consolidated consideration whether appropriation of consideration amongst the various assets sold is proper.					
	iv. Whether the profit / loss have been properly disclosed in the profit & loss account.					
	v. Whether a certificate obtained from the management confirms that all assets scrapped, destroyed or sold have been properly recorded in the books.					
	(h) Verify the ownership of assets, like land and buildings by examining title deeds. In case, the title deeds are held by other persons, such as solicitors or bankers, obtain confirmation directly through a request signed by the client.					
	(i) Verify whether the assets are held in the name of the auditee or in any other person's name. Whether it is properly documented there for.					
5.	PHYSICAL VERIFICATION:					
	(a) Evaluate the procedure and periodicity of physical verification					
	(b) Test check the book records of					

	fixed assets with the physical verification reports.					
	c) Examine whether discrepancies noticed on physical verification have been properly dealt with. If the discrepancy is material enough to warrant an adjustment in the accounts and/or modification in the internal control system					
6.	VALUATION AND DISCLOSURE					
	(a) Ensure that the valuation and disclosure in the financial statements are consistently followed and in accordance with the generally accepted accounting principles.					
	(b) Check the calculations of depreciation and the total depreciation arrived at should be compared with that of the preceding years to identify reasons for variations.					
	(c) Examine whether the depreciation charge is adequate keeping in view the generally accepted accounting principles for depreciation.					
	(d) For assets revalued, examine scientific/technical appraisals and consider acceptance.					
	(e) Where several assets have been purchased for a consolidated price, examine the method by which the consideration has been apportioned to various assets.					
	(f) If this has been done on the basis of an expert valuation, examine whether the same appears reasonable.					

(g) Where an enterprise owns assets jointly with others (otherwise than as a partner in a firm) examine the relevant documents such as title deeds, agreements etc., in order to ascertain the extent of the enterprise's share in such assets.					
(h) Examine whether any of the tangible asset has been impaired. If so, examine whether the provisions of AS 28 has been applied.					

## Audit Program - Intangible Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	<b>Objectives regarding intangible assets are to establish that:</b>					
1.	Amount stated have been correctly calculated on the basis of the accounting policy, which has been consistently applied.					
2.	Amortisation period and rate is correctly calculated in accordance with generally accepted methods.					
3.	All intangible assets are recorded in the financial statements.					
4.	Disposals are accounted for correctly.					
5.	Assets affected by a permanent diminution in value have been written down to an appropriate value.					
6.	Expenses relating to intangible assets are valid.					

7.	Intangible assets and related expenses are properly classified, described and disclosed in financial statements.					
8.	The amounts reported in the financial statements are in agreement with the accounting records.					
9.	Amount of research and development expenditure recognised as an expense during the period has been appropriately disclosed in the financial statements.					
10.	Examine whether the provision of AS 26 has been applied on the intangible assets.					
11.	Whether intangible assets are in the nature of rights, license, Patents, trademarks, Goodwill, etc. Whether the basis of amortization is reasonable and is written off over the primary period of life of such assets.					

## Audit Program - Investments

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the carry forward section.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the responses.					
3.	INTERNAL CONTROLS EVALUATION					
	(a) Study and evaluate the system of internal control relating to investments to determine the nature, timing and extent of other audit procedures.					

	(b) Review the following aspects of internal control relating to investments:					
	i. Control over acquisition, accretion and disposal of investments:					
	Guidance: There should be proper authority for sanction, acquisition and disposal of investments including renunciation of rights). It should also be ensured that investments are made in accordance with the legal requirements governing the entity as also with its internal regulations, e.g. the provisions of the articles of association, rules and regulations, trust deed, etc.					
	ii. Safeguarding of investments:					
	Guidance: The investments should be in the name of the entity as far as possible. The legal requirements in this behalf, if any, should be complied with. There should exist a proper system for the safe custody of all scrips or other documents of title to the investments belonging to the entity.					
	iii. Controls relating to title to investments:					
	Guidance: It should be ensured that in cases where the title does not pass on to the entity immediately on acquisition, the same is transferred to the entity in due course of time, along with the benefits that might have accrued since the acquisition of the investments. It should be ensured that there is no undue time-lag in the					

	execution of various stages of the transactions.					
	iv. Information controls:					
	Guidance: These controls should ensure that reliable information is available for recording acquisitions (including by way of conversion of securities, right issues or other entitlements, under schemes of amalgamation, acquisition, etc.), accretions and disposals, and for ascertaining the market values, etc. Detailed records regarding acquisition, disposal, etc., of the investments should be maintained along with proper documentation.					
4.	EXAMINATION OF RECORDS:					
	(a) Ensure that the purchase / sale of investments are according to the Law, duly authorized and does not ultra vires the entity.					
	(b) Verify the acquisition / disposal of investments with evidence like contract note etc.					
	(c) Check whether purchases / sales are cum-dividend or ex-dividend, cum-right / ex-right, cum-bonus / ex-bonus and their proper adjustments there of in the books.					
	(d) Check whether proper adjustments in this regard have been made in the cost/sale value of securities purchased or sold.					

5.	PHYSICAL INSPECTION:					
	(a) Carry out physical inspection of investments in the form of shares, debentures and other securities					
	(b) In the case of transaction with depository services verify the periodic reconciliation between the records of the client and those entities rendering depository services					
	(c) Examine the certificates issued by such organisations confirming the holdings of the entity.					
	(d) Wherever investments are held by a third person other than the client obtain a certificate directly from the third person and examine the justification for the third party custody, e.g., securities in the custody of brokers or with the company concerned for transfer, consolidation, splitting up, conversion, etc. Evidence of securities held with others should be examined and, in appropriate cases, physical inspection of the relevant documents may be made, to the extent possible, in the course of audit. Where the investments are recorded at an office other than the one where the documents of title thereto are physically located, the local auditor may be requested to verify the same.					
	(e) If the investments are held otherwise than in the name of entity (e.g., in the name of nominees / trustees), ascertain the reasons for the same and examine the relevant					

	documentary evidence (e.g., written confirmations from the nominees, trustees, etc.) supporting the real / beneficial interest of the entity in the investments.					
	(f) Examine any other aspects required to be examined or reported upon by the relevant statute.					
	(g) Where shares are held not in the name of the company but in the name of a director, officer, etc., examine whether the declaration referred to in Section 187C of the Companies Act, 1956 has been properly made.					
	(h) Examine whether the provisions of AS 13 has been applied on the Investments					
6.	IMMOVABLE PROPERTIES:					
	Where immovable properties are held as investments, verify them in the same manner as in the case of immovable properties held as fixed assets.					
7.	ANALYTICAL REVIEW PROCEDURES:					
	(a) As a measure of judging the overall reasonableness of the amounts attributed to investments, relate the amount of income received from investments with the corresponding figures of investments and compare this ratio with the similar ratio for the previous years. For this purpose, investments may be classified into appropriate categories.					

	Thus, in the case of fixed interest-bearing securities, relate the amount of interest earned with the face value of the related securities.					
	(b) In the case of other securities, review the schedule of dividend and other returns and the schedule of investments prepared by the entity and judge their reasonableness.					
8.	MANAGEMENT REPRESENTATIONS:					
	Obtain from the management of the entity a written statement regarding classification and valuation of investments for balance sheet purposes.					
9.	EXAMINATION OF VALUATION AND DISCLOSURE:					
	(a) Ensure that the investments have been valued and disclosed in the financial statements in accordance with recognized accounting policies and practices and relevant statutory requirements (Appendix II).					
	(b) Examine whether the method of valuation followed by the entity is consistently applied.					
	(c) Examine whether, in computing the cost of investments, acquisition charges such as, transfer fees, stamp duty, brokerage, etc., is included in the cost of investments. In case of any recovery of cost, ascertain that the same is calculated properly by appropriate allocation between pre-					

	acquisition and post- acquisition periods.					
	(d) Ascertain the market value of the quoted securities from official quotations of the stock exchange. In case of unquoted securities, ascertain the method adopted by the entity for determining the market value of such securities.					
	(e) Examine whether the method adopted by the entity is one of the recognised methods of valuation of securities such as break-up value method, capitalisation of yield method, yield to maturity method, etc. In the case of investments other than in the form of securities (e.g. rare paintings), examine that the market value has been ascertained on the basis of authentic market reports.					

## **Audit Program - Inventories**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	<b>PROCEDURE</b>	<b>EXTENT OF CHECK</b>	<b>BASIS OF SELECTION OF SAMPLE</b>	<b>DONE BY</b>	<b>W/P REF.</b>	<b>M/F REF.</b>
1.	<b>SYSTEM UPDATE</b>					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	<b>RISK ASSESSMENT</b>					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	<b>INTERNAL CONTROLS EVALUATION</b>					
	(a) Study and evaluate the system of internal control relating to inventories to determine the nature, timing and extent of other audit procedures.					

	(b) Review the following aspects of internal control relating to inventories:					
	i. The control procedures should provide for segregation of such functions whose combination may permit the commitment or concealment of fraud or error; for example, persons undertaking the physical verification of stocks should be different from those responsible for store- keeping in respect of those stocks.					
	ii. The stores procedures should provide for the use of pre-numbered standardized forms.					
	iii. There should be a system of cross-checking the data generated by different operating departments.					
	(c) Review specific controls over receipts, issues, physical inventories, and inventory records.					
4.	EXAMINATION OF RECORDS:					
	(a) Examine detailed stock records maintained in the form of stores/stock ledgers showing in respect of each major item, the receipts, issues and balances, with reference to the relevant basic documents (e.g., goods received notes, inspection reports, material issue notes, bin cards, etc.)					
	(b) Where the entity does not maintain detailed stock records other than the basic records relating to purchases and sales, suitably amend the extent of application of the audit procedures in (a) above.					

5.	PHYSICAL VERIFICATION OF STOCK					
	(a) Examine the adequacy of the methods and procedures of physical verification followed by the entity.					
	(b) Examine the instructions for physical verification to assess their efficacy.					
	(c) Observe the procedure of physical verification adopted by the stock-taking personnel to ensure that the instructions issued in this behalf are being actually followed properly.					
	(d) Perform test-counts to be satisfied about the effectiveness of the count procedures. Give particular consideration to those stocks which have a high value either individually or as a category of stocks. Pay attention to the physical condition of inventories.					
	(e) Review the procedures adopted by the entity to account for the movement of inventories from one location to another within the entity during stock-taking (e.g., issues from stores to production departments).					
	(f) Examine whether the entity has instituted appropriate cut-off procedures to ensure that:					
	i. goods purchased but not received have been included in the inventories and the liability has been provided for;					
	ii. goods sold but not despatched have					

	been excluded from the inventories and credit has been taken for the sales.					
	(g) Examine a sample of documents evidencing the movement of stocks into and out of stores, including documents pertaining to periods shortly before and shortly after the cut-off date, and check whether the stocks represented by those documents were included or excluded, as appropriate, during the stock-taking.					
	(h) Review the original physical verification sheets and trace selected items including the more valuable ones into the final inventories.					
	(i) Compare the final inventories with stock records and other corroborative evidence, e.g. stock statements submitted to banks.					
	(j) Examine whether the discrepancies noticed on physical verification have been investigated and properly accounted for.					
	(k) For a perpetual inventory system, ensure that the entity:					
	i. maintains adequate stock records that are kept up-to-date.					
	ii. has satisfactory procedures for physical verification of inventories, so that in the normal circumstances the programme of physical verification will cover all material items of inventories at least once during the year; and					

	iii. investigates and corrects all material differences between the book records and the physical counts.					
	(l) Determine whether the procedures for identifying defective, damaged, obsolete, excess and slow-moving items of inventory are well-designed and operate properly.					
6.	CONFIRMATION FROM THIRD PARTIES:					
	(a) Examine that the third parties are not such with whom it is not proper that the stocks of the entity are held.					
	(b) Directly obtain from the third parties written confirmation of the stocks held. Arrangements should be made with the entity for sending requests for confirmation to such third parties. A proforma letter of request for confirmation to be used in such cases is given in Appendix III.					
	(c) Obtain confirmation from such third parties for whom the entity is holding significant amount of stocks.					
7.	ANALYTICAL REVIEW PROCEDURES:					
	(a) Reconcile quantities of opening stocks, purchases, production, sales and closing stocks.					
	(b) Compare closing stock quantities and amounts with those of the previous year.					
	(c) Compare the relationship of current year stock quantities and amounts with the current year sales					

	and purchases, and with the corresponding figures for the previous year.					
	(d) Compare the composition of the closing (e.g., raw materials as a percentage of total stocks, work-in-process as a percentage of total stocks) with the corresponding figures for the previous year.					
	(e) Compare current year gross profit ratio with the gross profit ratio for the previous year.					
	(f) Compare actual stock, purchase and sales figures with the corresponding budgeted figures, if available.					
	(g) Compare yield with the corresponding figure for the previous year.					
	(h) Compare significant ratios relating to inventories with the similar ratios for other firms in the same industry, if available.					
	(i) Compare significant ratios relating to inventories with the industry norms, if available.					
8.	WORK-IN-PROCESS:					
	(a) Carefully assess the stage of completion of the work-in- process for assessing the appropriateness of its valuation. For this purpose, examine the production/costing records (e.g. cost sheets), hold discussions with the personnel concerned, and obtain expert opinion, where necessary.					

	(b) In certain cases, due to the nature of the product and the manufacturing process involved, physical verification of work-in- process may be impracticable. In such cases, examine whether the system, from which the work-in-process is ascertained, is reliable. Also examine the subsequent records of production/sales.					
9.	MANAGEMENT REPRESENTATIONS:					
	Obtain from the management of the entity, a written statement describing in detail, the location of inventories, methods and procedures of physical verification and valuation of inventories. A sample management representation letter regarding inventories is given in Appendix III					
10.	EXAMINATION OF VALUATION AND DISCLOSURE:					
	(a) Obtain evidence that the amount at which inventories have been valued is computed on an appropriate basis.					
	(b) Ensure that the valuation of inventories is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.					
	(c) Examine that the cost formula used reflects the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.					
	(d) With regard to determination of cost, examine, <i>inter alia</i> , the stock sheets, records of physical					

	verification, invoices, costing records and other relevant documents and also examine and test the treatment of overhead expenses as a part of cost of inventories.					
	(e) Where only a single or a few major products are produced, call for a reconciliation of the total cost of production for the year as determined by the cost records with the total expenses as per the financial books and review this reconciliation.					
	(f) Where standard costs are used or where overheads are charged at standard rates or percentages, examine the variances from actual and, where these are significant, ensure that appropriate adjustment is made to the inventories.					
	(g) Examine the evidence supporting the assessment of net realisable value. In this regard, particularly examine whether appropriate allowance has been made for defective, damaged and obsolete and slow-moving inventories in determining the net realizable value.					
	(h) Ensure that the inventories have been disclosed properly in the financial statements. Where the relevant statute lays down any disclosure requirements in this regard, examine whether the same have been complied with.					
	(i) Examine whether the provisions of AS 2 on inventories has been applied for the purpose of valuation and measurement of inventories, etc.					

## **Audit Program – Miscellaneous Expenditure**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	<b>PROCEDURE</b>	<b>EXTENT OF CHECK</b>	<b>BASIS OF SELECTION OF SAMPLE</b>	<b>DONE BY</b>	<b>W/P REF.</b>	<b>M/F REF.</b>
1.	<b>SYSTEM UPDATE</b>					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	<b>RISK ASSESSMENT</b>					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	<b>INTERNAL CONTROLS EVALUATION</b>					
	Study and evaluate the system of internal control relating to various items of miscellaneous expenditure to determine the nature, timing and extent of other audit procedures.					
	Review the following aspects:					

	(a) There should be a system of control over expenditure incurred on these items. An effective method of exercising such control is budgeting which, apart from ensuring proper authorisation of the expenditure incurred, also shows in general how effectively such expenditure is being controlled. This is accomplished through periodical comparisons of actual with budgeted figures.					
	(b) Accountability should be established over each item of such expenditure. This can be achieved, <i>inter alia</i> , by up- to-date maintenance of proper records.					
	(c) The system should ensure that reliable information (including reports of experts) is available for assessment of the results achieved against the objectives and estimates of the expenditure determined originally.					
4.	VERIFICATION					
	(a) Verify the amount of miscellaneous expenditure and its deferral as also regarding the reasonableness of the period of amortisation of the expenditure.					
	(b) Verify these expenses with supporting documents such as, invoices and contracts relating to these expenses.					
	(c) In addition to the audit procedures mentioned above, ensure compliance of AS 26					

5.	RESEARCH AND DEVELOPMENT EXPENDITURE					
	Perform the following audit procedures with regard to research and development expenditure:					
	(a) Verify the research expenditure and development expenditure with supporting documents such as purchase invoices, agreements with third parties, etc. A variety of expenses may be incurred by an enterprise during the research phase or development phase of an enterprise.					
	(b) Ensure the compliance of AS 26 and AS 28 (given as Annexure)					
6.	OTHER ITEMS					
	(a) Verify the expense incurred during the construction period with reference to the supporting documents, such as, invoices, contracts, etc., relating to those expenses and also examine whether the deferral and the amortisation of expenditure incurred during the construction period are in accordance with recognised accounting policies and practices. Where expenditure is deferred, examine whether the deferral of the expenditure meets the relevant criteria and whether the amount of periodic write-off of the expenditure is appropriate.					
	(b) Verify whether the requirements of AS 26 have been complied with in accounting for such items.					

## Audit Program – Debtors, Loans And Advances

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	INTERNAL CONTROLS EVALUATION					
	Review the following aspects of internal control relating to debtors, loans and advances:					
	(a) In respect of debtors:					

i. Verify whether the basis on which credit limits for customers are to be determined has been clearly laid down.					
ii. Check whether the credit limits fixed in respect of individual customers is approved by an official independent of the sales department.					
iii. Check whether these limits are verified before orders are accepted from the customers.					
iv. Is there also a system of periodic review of the credit limits?					
v. Ensure whether there is prompt recording of debts and realisations and of linking receipts with out standings.					
vi. Is there a procedure for preparation of aging schedule of debtors at regular intervals?					
vii. Are these schedules reviewed by a responsible official and necessary action initiated in respect of overdue accounts?					
viii. Are statements of account sent to all debtors at periodic intervals?					
ix. Are confirmations received reviewed by a person independent of the ledger-keeper and the person responsible for preparing the statements of account, and necessary action is taken in case of discrepancies?					

x. Are material adjustments in debtors' accounts or any write- off of bad debts approved by the competent authority?					
xi. Is there a system of periodic reconciliation of various debtor balances with related control accounts?					
xii. Verify whether trade debtors in respect of international transactions has been restated in accordance with the provisions of AS 11.					
(b) In respect of loans and advances:					
i. Does the system specify the following:					
• total amount up to which loans may be made;					
• the purposes for which loans may be made;					
• maximum amount of loans which may be made for each such purpose in individual cases;					
• the terms on which such loans may be made;					
• the persons who are authorised to make loans;					
• procedure for ensuring compliance with relevant legal requirements.					
ii. Are all variations in the terms of loans and advances duly approved in writing by the competent authority?					

	iii. Where security is taken against the loans, is the form and adequacy of security reviewed by a responsible official?					
	iv. Are the loan and security documents kept in safe custody of a responsible official? Is a record of all such documents maintained and the documents periodically verified with reference to such record?					
	v. Does the system provides for identification of cases where principal and/or interest have become overdue or where any other terms are not being complied with?					
	vi. Are confirmation of balances obtained at periodic intervals in the same manner as in the case of debtors?					
	vii. Verify whether trade loans and advances outstanding in respect of international transactions has been restated in accordance with the provisions of AS 11.					
4.	EXAMINATION OF RECORDS					
	(a) Check the agreement of balances as shown in the schedules of debtors with those in the ledger accounts.					
	(b) Check the agreement of the total of debtor balances with the related control accounts. Examine differences, if any.					
	(c) Verify subsequent realisations even in cases where direct confirmation procedure is followed.					

(d) In the case of significant debtors, also examine the correspondence or other documentary evidence to support their validity and accuracy.					
(e) Examine the schedules of debtors with reference to the debtors' ledger accounts, paying special attention to the following aspects:					
i. Where the schedules show the age of the debts, examine whether the age of the debts has been properly determined.					
ii. Whether the amounts outstanding are made up of items which are not overdue, having regard to the credit terms of the entity.					
iii. Whether transfers from one account to another are properly evidenced.					
iv. Whether provisions for allowances, discounts and doubtful debts are required.					
Guidance: Please note that even though a debtor may have confirmed the balances due by him, he may still not pay the same. The following are some of the indications of doubtful and uncollectible debts, loans and advances:					
i. The terms of credit have been repeatedly ignored.					
ii. There is stagnation, or lack of healthy turnover, in the account.					

iii. Payments are being received but the balance is continuously increasing.					
iv. Payments, though being received regularly, are quite small in relation to the total outstanding balance.					
v. An old bill has been partly paid (or not paid), while later bills have been fully settled.					
vi. The cheques received from the debtor have been repeatedly dishonoured.					
vii. The debt is under litigation, arbitration, or dispute.					
viii. The auditor becomes aware of unwillingness or inability of the debtor to pay the dues e.g., a debtor has either become insolvent, or has closed down his business, or is not traceable.					
ix. Collection is barred by statute of limitation					
(f) Verify bad debts written off, excessive discounts or unusual allowances with the relevant correspondence and proper authorisation should also be inspected.					
(g) In the case of claims made against insurance companies, shipping companies, railways, etc., examine the correspondence or other available evidence to ascertain whether the claims have been acknowledged as debts and there is a reasonable possibility of realization.					

	<p>Guidance: If it appears that they are not collectible, they should be shown as doubtful. Similar considerations apply in respect of claims for export incentives, claims for price escalation in case of construction contracts, claims for interest on delayed payments, etc.</p>					
	<p>(h) Examine whether the contingent liability, if any, in respect of rejected claims, bills accepted by customers and discounted with the banks is properly disclosed, refund claims from statutory authorities, etc.</p>					
	<p>(i) Examine whether adequate provision on this account has been made, where required.</p>					
5.	SPECIAL CONSIDERATION IN CASE OF LOANS AND ADVANCES					
	<p>Guidance: In general, the procedure outlined above with regard to debtors is also applicable in the case of loans and advances. However, in the case of loans and advances, the auditor may find greater documentary evidence (in the form of loan and security documents and related correspondence) on which he can place reliance.</p>					
	<p>(a) Examine whether the entity is empowered to make loans.</p>					
	<p>Guidance: In many cases, the statute governing the entity may contain restrictions or</p>					

	conditions about the amount of loans, purposes for which loans may be granted, parties to which loans may be granted, etc. Similarly, the internal regulations of the entity may also prescribe the procedure to be followed for making the loans. For instance, in the case of companies, Section 292, 295 and 370 of the Companies Act, 1956 which place restrictions on the making of loans also affect the legality and, hence, the recoverability of the loan.					
	(b) Examine the loan documents and other evidence with reference to the above while determining the legality and recoverability of the loans made by the entity.					
	(c) Ascertain whether the parties to whom loans and advances have been made have complied with the terms and conditions relating to payment of interest, repayment of loans or adjustment of advances, etc. In the case of defaults, e.g., where the repayment of loans and advances or the payment of interest are overdue, consider whether such defaults are indicative of unwillingness or inability of the parties concerned to make the payment.					
	(d) Examine loans and advances given to parties in whom directors or persons who are substantial owners of the entity are interested. Ascertain the purpose of such loans and advances, the terms and conditions on which they have been made as also their recoverability.					

	(e) Examine any other aspects, required to be examined or reported upon by the relevant statute.					
6.	DIRECT CONFIRMATION PROCEDURE					
	(a) Obtain direct confirmations from selected debtors and examine discrepancies, if any, in responses received (Appendix IV).					
	(b) In the case of non-responses, apply alternative procedures.					
7.	ANALYTICAL REVIEW PROCEDURES					
	(a) Compare closing balances of debtors, loans and advances with the corresponding figures for the previous year.					
	(b) Compare the relationship between current year debtor balances and the current year sales with the corresponding figures for the previous year.					
	(c) Compare actual closing balances of debtors, loans and advances with the corresponding budgeted figures, if available.					
	(d) Compare current year's aging schedule with the corresponding figures for the previous year.					
	(e) Compare significant ratios relating to debtors, loans and advances with the similar ratios for other firms in the same industry, if available.					

	(f) Compare significant ratios relating to debtors, loans and advances with the industry norms, if available.					
8.	DISCLOSURE					
	Ensure that debtors, loans and advances have been disclosed properly in the financial statements. Where the relevant statute lays down any disclosure requirements in this regard, examine whether the same have been complied with.					

## Audit Program – Cash And Bank Balances

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	INTERNAL CONTROLS EVALUATION					
	Review the following aspects of internal control relating to cash and bank balances:					
	(a) Segregation of duties relating to					

	authorisation of transactions, handling of cash/issuance of cheques and writing of books of account, and rotation of duties periodically.					
	(b) Proper authorisation of cash and banking transactions.					
	(c) Daily recording of cash transactions.					
	(d) Safeguards such as, restrictive crossing of cheques and use of pre-printed, pre- numbered forms.					
	(e) Periodic reconciliation of bank balances.					
	(f) Reconciliation of cash-in-hand with book balance on a daily basis or at other appropriate intervals, including surprise checks by higher authorities.					
	(g) Safe custody of cash, cheque books, receipt books, etc.					
	(h) Cash/fidelity insurance.					
4.	VERIFICATION OF CASH BALANCES					
	(a) Carry out physical verification of cash at the date of the balance sheet. However, if this is not feasible, physical verification may be carried out, on a surprise basis, at any time shortly before or after the date of the balance sheet.					
	(b) Examine whether the cash balance shown in the financial statements reconciles with the results of the					

	physical verification after taking into account the cash receipts and cash payments between the date of the physical verification and the date of the balance sheet.					
	(c) Besides physical verification at or around the date of the balance sheet, also carry out surprise verification of cash during the year.					
	(d) All cash balances in the same location should be verified simultaneously.					
	(e) Cash pertaining to sister concerns, staff societies should also be verified at the same time so as to avoid chances of cash balances of one entity being presented as those of another.					
	(f) If IOUs ('I owe you') or other similar documents are found during physical verification, obtain explanations from a senior official of the entity as to the reasons for such IOUs/other similar documents remaining pending. It should also be ensured that such IOUs/other similar documents are not shown as cash- in-hand.					
	(g) The quantum of torn or mutilated currency notes should be examined in the context of the size and nature of business of the entity. Examine from records whether such currency notes are exchanged within a reasonable time.					
	(h) If, during the course of the audit, it comes to the attention of the auditor					

	that the entity is consistently maintaining an unduly large balances of cash-in-hand, carry out surprise verification of cash more frequently to ascertain whether the actual cash-in-hand agrees with the balances as shown by the books.					
	(i) If the cash-in-hand is not in agreement with the balance as shown in the books, seek explanations from a senior official of the entity. The entity may also be advised to deposit the whole or the major part of the cash balance in the bank at reasonable intervals.					
	(j) Where post dated cheques are in hand on the balance sheet date, verify that they have not been accounted for as collections during the period under audit.					
5.	VERIFICATION OF BANK BALANCES					
	(a) Advise the entity to send a letter to all its bankers to directly confirm the balances to the auditor. The request for confirmation should also cover dormant accounts as well as accounts closed during the year.					
	(b) Examine the bank reconciliation statement prepared as on the last day of the year.					
	(c) Examine the reconciliation statements as at other dates during the year. It should be examined whether					

(i) cheques issued by the entity but not presented for payment, and					
(ii) cheques deposited for collection by the entity but not credited in the bank account, have been duly debited/credited in the subsequent period. For this purpose, examine the bank statements of the relevant period. If the cheques issued before the end of the year have not been presented within a reasonable time, it is possible that the entity might have prepared the cheques before the end of the year but not delivered them to the parties concerned. In such a case, examine whether the entity has reversed the relevant entries.					
(d) If there are post dated cheques issued by the entity, verify that any cheques pertaining to the subsequent period have not been accounted for as payments during the period under audit.					
(e) Pay special attention to those items in the reconciliation statements which are outstanding for an unduly long period. Ascertain the reasons for such outstanding items from the management. Examine whether any such items require an adjustment/write off.					
(f) In case a large number of cheques have been issued/deposited in the last few days of the year, and a sizeable proportion of such cheques have subsequently remained unpaid/uncleared, it may be appropriate to obtain confirmations from the parties					

	concerned, especially in respect of cheques involving large amounts. This may indicate an intention of understating creditors/debtors or understating/ overstating bank balances.					
	(g) Examine whether a reversal of the relevant entries would be appropriate under the circumstances.					
	(h) In relation to balances/deposits with specific charge on them, or those held under the requirements of any law, examine that suitable disclosures have been made in the financial statements.					
	(i) In respect of fixed deposits or any other type of deposits with banks, examine the relevant receipts/ certificates, duly supported by bank advices.					
	(j) Remittances shown as being in transit should be examined with reference to their credit in the bank in the subsequent period.					
	(k) Examine whether suitable adjustments are made in respect of cheques which have become stale as at the close of the year.					
	(l) Where material amounts are held in bank accounts which are blocked, e.g. in foreign banks with exchange control restrictions or any banks which are under moratorium or liquidation, examine whether the relevant facts have been suitably disclosed in the financial statements. Examine					

	whether suitable adjustments on this account have been made in the financial statements, where required.					
	(m) If the number of bank accounts maintained by the entity is disproportionately large in relation to its size, exercise greater care about the genuineness of banking transactions and balances.					
6.	EXAMINATION OF VALUATION AND DISCLOSURE					
	Ensure that cash and bank balances have been valued and disclosed in the financial statements in accordance with recognised accounting policies and practices and relevant statutory requirements, if any. In this regard, examine that following items are not included in cash and bank balances:					
	(a) Temporary advances.					
	(b) Stale or dishonoured cheques.					
	Postage and revenue stamps, if material in amount, may be shown separately instead of being included under cash and bank balances.					

## **Audit Program – Capital and Reserves**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	<b>PROCEDURE</b>	<b>EXTENT OF CHECK</b>	<b>BASIS OF SELECTION OF SAMPLE</b>	<b>DONE BY</b>	<b>W/P REF.</b>	<b>M/F REF.</b>
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	EXAMINATION OF RECORDS					
	(a) Check Opening Balance of Share Capital with supporting statutory records of shareholders / partners for fresh issue of share capital.					

**Audit Program - Balance Sheet Items**

	(b) Verify					
	i. Certificates/ Acknowledgements issued					
	ii. Bank Statements					
	iii. Forms filed with statutory authority					
	iv. If there is foreign remittance, check foreign inward remittance certificate for statutory purpose and also ensure compliance with FEMA					
4.	Verify movements of Reserves, if any.					

## Audit Program – Liabilities

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	INTERNAL CONTROL EVALUATION					
	(a) Review the following aspects of internal control relating to liabilities:					
	i. In respect of loans and borrowings (including advances and deposits):					

	• As far as possible, the following should be clearly specified:					
	• the borrowing powers and limits;					
	• persons authorised and competent to borrow;					
	• terms of borrowings;					
	• procedure for ensuring compliance with relevant legal requirement/ internal regulations.					
	• Any variations in the terms of loans and borrowings should be duly approved/ ratified in writing by competent authority.					
	• Security offered against loans and borrowings should be properly recorded and periodically reviewed.					
	• The records and documents should be kept in proper custody and reviewed periodically.					
	• The system should bring out all cases of non-compliance with terms and conditions including amounts of principal and/or interest which have become overdue.					
	• Confirmation of balances should be obtained at periodic intervals and the discrepancies, if any, should be duly investigated and reconciled.					
	• There should be a proper procedure for year-end valuation of loans and borrowings, especially for those designated in foreign currencies.					

	ii. In respect of Trade Creditors					
	<ul style="list-style-type: none"> <li>• The procedure should ensure proper recording of transactions and facilitate the linking of payments with outstanding.</li> </ul>					
	<ul style="list-style-type: none"> <li>• The payments made to creditors should be in line with the approved policies of the entity.</li> </ul>					
	<ul style="list-style-type: none"> <li>• There should be specific procedures for payments against duplicate invoices or other duplicate records as well as for payments against accounts which have remained unclaimed for quite some time.</li> </ul>					
	<ul style="list-style-type: none"> <li>• There should be a procedure for preparation of schedules of trade creditors at periodic intervals; this should be reviewed by a responsible person, and necessary action should be initiated on overdue accounts.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Statements of account should be called from creditors at periodic intervals and the discrepancies, if any, should be duly investigated and reconciled.</li> </ul>					
	<ul style="list-style-type: none"> <li>• All adjustments in the creditors' accounts such as, those relating to claims for returns, defectives, short receipts of goods, rebates, allowances and commissions, etc., should require approval of competent authority. Similarly, any write-back of creditors' balances and escalation claims should be approved by competent authority.</li> </ul>					
	<ul style="list-style-type: none"> <li>• There should be appropriate cut-off procedures in relation to transactions affecting the creditor accounts.</li> </ul>					

	iii. In respect of other current liabilities, trade deposits and provisions.					
	<ul style="list-style-type: none"> <li>The internal control procedures as spelt out above for loans, borrowings and creditors broadly apply in relation to these items also.</li> </ul>					
	(b) In respect of contingent liabilities, examine whether the internal control system of the entity provides for a procedure for identifying and estimating such liabilities and for periodic review of the same.					
	(c) Examine whether the provisions of AS 29 has been complied with.					
4.	EXAMINATION OF RECORDS					
	(a) Loans and Borrowings					
	i. Examine whether the loans obtained are within the borrowing powers of the entity.					
	ii. Examine the relevant records to judge the validity and accuracy of the loans.					
	iii. In respect of loans and advances from banks, financial institutions and others, examine whether the book balances agree with the statements of the lenders. Examine the reconciliation statements, if any, prepared by the entity in this regard.					
	iv. Examine the important terms in the loan agreements and the documents, if any, evidencing charge in respect					

	of such loans and advances. Examine whether the requirements of the applicable statute regarding creation and registration of charges have been complied with.					
	v. Where the entity has accepted deposits, examine whether the directives issued by the Reserve Bank of India or other appropriate authority have been complied with.					
	vi. In case the value of the security falls below the amount of the loan outstanding, examine whether the loan is classified as secured only to the extent of the market value of the security.					
	vii. Where short-term secured loans have been disclosed separately from other secured loans, verify the correctness of the amount of such short-term loans.					
	viii. Where instalments of long-term loans falling due within the next twelve months have been disclosed in the financial statements (e.g. in parentheses or by way of a footnote), verify the correctness of the amount of such instalments.					
	ix. Examine the hire purchase agreements for the purchase of assets by the entity and ensure the correctness of the amounts shown as outstanding in the accounts, and also examine the security aspect. Future instalments under hire purchase agreements for the purchase of assets may be shown as secured loans.					

x. The deferred payment credits should be verified with reference to the important terms in the agreement, including due dates of payments and guarantees furnished by banks Also verify the copies of hundies/ bills accepted separately.					
xi. Whether non fund based credit facilities availed from bank are correctly disclosed in the Balance sheet.					
xii. Whether liabilities to bank towards bills discounted, bills negotiated, cheques discounted, etc. are correctly reflected and disclosed in the accounts.					
b) Trade Creditors and Other Current Liabilities:					
i. Check the adequacy of cut-off procedures adopted by the entity in relation to transactions affecting the creditor accounts.					
ii. Check whether the total of the creditors' balances agrees with the related control account and the difference, if any, should be examined.					
iii. Examine the correspondence and other relevant documentary evidence to satisfy about the validity, accuracy and completeness of creditors/ acceptances.					
iv. Verify that in cases where income is collected in advance for services to be rendered in future, the unearned portion, not applicable to the period					

	under audit, is not recognized as income of the period under audit but is shown in the balance sheet as a part of current liabilities.					
	v. Examine schedule of creditors and other schedules such as, those relating to advance payments, unclaimed dividends and other liabilities, by paying special attention to the following aspects:					
	• long outstanding items;					
	• unadjusted claims for short supplies, poor quality, discount, commission, etc.;					
	• liabilities not correlated/adjusted against related advances;					
	• authorisation and correctness of transfers from one account to another. Based on examination as aforesaid, determine whether any adjustments in accounts are required.					
	vi. In case there are any unusual payments around the year-end, examine them thoroughly. In particular, examine if the entries relating to any such payments have been reversed in the subsequent period.					
	vii. Review subsequent transactions to identify/confirm material liabilities outstanding at the balance sheet date.					
	viii. Verify whether trade creditors in respect of international transactions has been restated in accordance with the provisions of AS 11					

	(c) Provisions					
	Examine whether the provisions made are not in excess of what is reasonably required.					
	(d) Provisions for Taxes and Duties:					
	i. Examine the adequacy of the provision for taxation for the year including the provisioning for deferred tax liability as per the provisions of AS 22					
	ii. In respect of assessments completed, revised or rectified during the year, examine whether suitable adjustments have been made in respect of additional demands or refunds, as the case may be.					
	iii. Examine whether excess provisions or refunds have been properly adjusted. The relevant orders received up to the time of audit should be considered and, on this basis, it should be examined whether any short provisions have been made good. If there is a material tax liability for which no provision is made in the accounts, qualify report in this respect even if the reserves are adequate to cover the liability.					
	iv. If the entity disputes its liability with regard to demands raised, examine whether there is a positive evidence or action on the part of the entity to show that it has not accepted the demand for payment of tax or duty. In determining whether a provision is required, among other procedures,					

	make appropriate inquiries of management, review minutes of the meetings of the board of directors and correspondence with the entity's lawyers, and obtain appropriate management representations.					
	v. In case the entity has made the provision for taxation on the basis of the tax- effect accounting method, examine whether the method has been applied properly.					
	vi. Provision for Gratuity:					
	Examine whether the entity is required to pay gratuity to its employees by virtue of the provisions of the Payment of Gratuity Act, 1972 and/or in terms of agreement with employees and, if so, whether provision for accruing gratuity liability has been made by the entity.					
	vii. Examine the adequacy of the gratuity provision with reference to the actuarial certificate obtained by the entity. In case the entity has not obtained such certificate, examine whether the method followed by it for calculating the accruing liability for gratuity is rational.					
	viii. Provision for Bonus: In the case of provision for bonus, examine whether the liability is provided for in accordance with the Payment of Bonus Act, 1965 and/or agreement with the employees, or award of competent authority.					
	ix. Where the bonus actually paid is					

	in excess of the amount required to be paid as per the provisions of the applicable law/ agreement/ award, specifically examine the authority for the same (e.g., resolution of the board of directors in the case of a company).					
	x. Provision for Dividends:					
	Examine whether dividends are provided for as per applicable provisions of the relevant laws and rules framed there under, relevant agreements and resolutions.					
	xi. Other Provisions: Where provisions are made for liabilities that may arise on account of product warranties, service contracts, performance warranties, etc., examine the reasonableness of the basis for quantifying the provision with reference to the relevant agreements.					
	(e) Contingent Liabilities					
	i. The term 'contingent liabilities' refers to possible/present obligations relating to past transactions or other events or conditions such that their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities may or may not crystallise into actual liabilities. If they do become actual liabilities, they give rise to a loss or an expense. Contingent liabilities should also be distinguished from those contingencies which are likely to result in a loss (i.e., a loss is not					

	merely possible but probable) and which, therefore, requires an adjustment of relevant assets or liabilities. Some of the instances giving rise to contingent liabilities are:					
	<ul style="list-style-type: none"> <li>• law suits, disputes and claims against the entity not acknowledged as debts.</li> </ul>					
	<ul style="list-style-type: none"> <li>• membership of a company limited by guarantee.</li> </ul>					
	ii. The following general procedures may be useful in verifying contingent liabilities:					
	<ul style="list-style-type: none"> <li>• Review of minutes of the meetings of board of directors, committees of board of directors/other similar body.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Review of contracts, agreements and arrangements.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Review of list of pending legal cases, correspondence relating to taxes, duties, etc.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Review of terms and conditions of grants and subsidies availed under various schemes.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Review of records relating to contingent liabilities maintained by the entity.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Enquiry of, and discussions with, the management and senior officials of the entity.</li> </ul>					
	<ul style="list-style-type: none"> <li>• Representations from the management.</li> </ul>					

iii Verify whether contingent liabilities do not include any items which require an adjustment of relevant assets or liabilities.					
(f) Direct Confirmation Procedure					
i. Circulate selected creditors' balances to obtain direct confirmation.					
(g) Analytical Review Procedures					
i. Compare closing balances of loans and borrowings, creditors, etc., with the corresponding figures for the previous year.					
ii. Compare the relationship between current year creditor balances and the current year purchases with the corresponding figures for the previous year.					
iii. Compare actual closing balances of loans and borrowings, creditors, etc., with the corresponding budgeted figures, if available.					
iv. Compare current year's aging schedule of creditors with the corresponding figures for the previous year.					
v. Compare significant ratios relating to loans and borrowings, creditors, etc., with the similar ratios for other firms in the same industry, if available.					
vi. Compare significant ratios relating to loans and borrowings, creditors, etc., with the industry norms, if available.					

	vii. Analyse variances and obtain explanations for significant results.					
	(h) Examination of Disclosure					
	i. Ensure the liabilities have been disclosed properly in the financial statements. Where the relevant statute lays down any disclosure requirements in this regard, examine whether the same have been complied with.					
	ii. Examine whether the disclosures concerning such loans guaranteed by third parties are appropriate.					
	iii. Ensure that disclosure, in parentheses or in footnotes, of the instalments of term loans, if any, falling due for repayment within the next twelve months has been made.					
	iv. Examine that the following have been disclosed in respect of contingent liabilities:					
	• nature of each contingent liability;					
	• the uncertainties which may affect the future outcome;					
	• an estimate of the financial effect or a statement that such estimate cannot be made.					

## V. AUDIT PROGRAM – PROFIT AND LOSS ACCOUNT

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### Audit Program – Revenue

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					

3.	EXAMINATION OF RECORDS					
	(a) Examine whether the basis of recognition of revenue by the entity is in accordance with the recognized accounting principles as laid down in Accounting Standard (AS) 9, Revenue Recognition, issued by the Institute of Chartered Accountants of India.					
	(b) Examine whether the entity has instituted adequate cut-off procedures in relation to sales and sales return.					
	(c) Examine selected entries in the sales journal with reference to the related sale invoices, despatch documents and other supporting documents such as, the customers' orders, credit approval notes, etc. Compare the actual price charged with the authorised price lists or with the authorisation by the appropriate official of the entity, as the case may be. Trace the selected entries to the customers' account.					
	(d) Examine selected dispatch documents with related sale invoices and the sales journal.					
	(e) Examine selected entries in the sales return journal with the receiving reports in respect of goods returned, credit notes and entries in the customers' accounts. Examine selected credit notes with reference to entries in the sales return journal, receiving reports in respect of goods returned, and entries in the customers' accounts.					
	(f) In respect of goods sent on approval, examine whether revenue					

	in respect of such goods is not recognised until (a) the goods have been formally accepted by the buyer, or (b) the buyer has done an act adopting the transaction, or (c) the time period for rejection has elapsed or where no time has been fixed, a reasonable time has elapsed.					
	(g) In respect of sales to intermediate parties (i.e., where goods are sold to distributors, dealers or others for resale), ensure that revenue from such sales is not recognised until the significant risks and rewards of ownership have passed. However, in situations where an intermediate party is in substance an agent (e.g., a consignee), revenue should not be recognised until the related goods are sold to a third party.					
	(h) Where the consideration is receivable in instalments and includes an element of interest, examine whether the revenue attributable to the sale excludes the interest element.					
	(i) In respect of export sales, carry out the following procedures in addition to the usual audit procedures applicable in respect of domestic sales:					
	<ul style="list-style-type: none"> <li>Examine whether revenue from export sales in which consideration is receivable in a foreign currency is recorded at an appropriate amount in accordance with Accounting Standard (AS) 11, Accounting for the Effects of Changes in Foreign Exchange Rates.</li> </ul>					
	<ul style="list-style-type: none"> <li>Obtain a written representation from the management to the effect that the</li> </ul>					

	entity has complied with the legal and regulatory requirements relating to exports.					
	(j) In respect of revenue arising from services rendered (i.e. in the form of fees, commission, brokerage, etc.), examine the related agreements and other documents.					
	(k) Similarly, in respect of revenue in the form of interest, dividends and royalties, examine the related documents such as loan documents, lease agreements, etc, and also seek confirmatory certificates from the parties concerned.					
	(l) Verify realisations subsequent to the date of the balance sheet to identify items of unrecorded revenue.					
4.	<b>ANALYTICAL PROCEDURES</b>					
	(a) Compare product-wise and location-wise, revenue for the current year with the corresponding figures for previous years.					
	(b) Compare ratio of gross margin to sales for the current year with the corresponding figures for previous years.					
	(c) Compare ratio of sales returns to sales for the current year with the corresponding figures for previous years.					
	(d) Compare ratio of trade discount to sales for the current year with the corresponding figures for previous years.					

	(e) Compare ratio of excise duty/sales tax/export incentives to sales for the current year with the corresponding figures for previous years.					
	(f) Compare product-wise and location-wise, of quantity sold during the year with the corresponding figures for previous years.					
	(g) Product-wise reconciliation of quantity sold during the year with opening stock, purchases/production and closing stock.					
	(h) Compare dividend/interest/royalty for the current year with the corresponding figures for previous years.					
	(i) Compare ratio of income on investments to average investments for the current year separately for each major type of investment) with the corresponding figures for previous years.					
	(j) Analyse variances and obtain explanations for significant results.					
	(k) Compare the sales, service charges, etc. with the amounts disclosed in various statutory returns filed under Excise Law, Vat law, Service Tax, etc.					
5.	<b>EXAMINATION OF PRESENTATION AND DISCLOSURE</b>					
	Ensure that the revenue has been disclosed properly in the financial statements. Where the relevant statute lays down any disclosure requirements in this regard, examine whether the same have been complied with.					

## **Audit Program – Expenses**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	<b>PROCEDURE</b>	<b>EXTENT OF CHECK</b>	<b>BASIS OF SELECTION OF SAMPLE</b>	<b>DONE BY</b>	<b>W/P REF.</b>	<b>M/F REF.</b>
1.	SYSTEM UPDATE					
	Update and document your understanding of the controls and accounting system through a review of the system notes in the permanent file.					
2.	RISK ASSESSMENT					
	If specific risks have been identified in the risk assessment and planning process, modify the program procedures in accordance with the findings.					
3.	INTERNAL CONTROL EVALUATION					
	Evaluate the system of internal control relating to expenses, to determine the nature, timing and extent of other audit procedures. Review the following aspects of internal control relating to expenses:					

	(a) The systems and procedures relating to incurring of expenses including authorisation procedures.					
	(b) Accounting procedures relating to recognition of expenses.					
	(c) Existence of periodic reports on actual performance vis-à-vis budgets and internal management reports, if any.					
4.	GOODS AND RAW MATERIALS CONSUMED					
	Examine purchases of goods and materials made during the year as well as of purchase returns and of opening and closing inventories for cost of goods, stores and materials.					
5.	PURCHASES AND PURCHASE RETURNS					
	(a) Examination of Records					
	i. Examine whether the entity has instituted adequate cut-off procedures in relation to purchases and purchase returns.					
	ii. Examine the efficacy of cut- off procedures.					
	iii. Examine the selected receipt documents (such as, goods received notes) pertaining to a few days immediately before the year-end and verify that the related purchase invoices have been recorded as purchases of the current year.					
	iv. Examine selected entries in the					

	purchase journal with reference to the related purchase invoices, receipt records and other supporting documents such as, the purchase orders. Also trace the selected entries to the suppliers' account.					
	v. While examining purchase invoices, examine whether subsidies, rebates, duty drawbacks or other similar items such as CENVAT credit and Input Credit on VAT have been properly accounted for					
	vi. Examine selected receipt records with reference to related purchase invoices and the purchase journal.					
	vii. Examine selected entries of purchase returns with reference to the goods returned notes, debit notes and entries in the suppliers' accounts. Similarly, select debit notes with reference to purchase returns, goods returned notes, and entries in the suppliers' accounts.					
	viii. In case of transactions between related parties, pay special attention to nature, description and value of such transactions.					
	ix. Obtain a representation from the management to the effect that the entity has complied with the legal and regulatory requirements, if any.					
	x. Carry out the following procedures in addition to the usual audit procedures applicable in respect of domestic purchases:					
	• Besides examining the usual					

documents relating to purchases, also examine documents such as, bill of lading, custom documents, etc., which are specific to import transactions.					
<ul style="list-style-type: none"> <li>• Pay special attention to the terms of import relating to the incidence of charges like insurance and freight, i.e., whether the imports are on C.I.F. basis, or F.O.B. basis, or some other basis.</li> </ul>					
<ul style="list-style-type: none"> <li>• Examine whether imports for which consideration is payable in a foreign currency are recorded at an appropriate amount in accordance with Accounting Standard (AS) 11, The Effects of Changes in Foreign Exchange Rates.</li> </ul>					
(b) Analytical Procedures					
i. Compare item-wise and location-wise, both quantity and value, of purchases for the current year/period with the corresponding figures for previous years/periods.					
ii. Compare ratio of gross margin to sales for the current year/period with the corresponding figures for previous years/periods.					
iii. Compare ratio of purchase returns to purchases for the current year/period with the corresponding figures for previous years/periods.					
iv. Product-wise reconciliation of quantity sold during the year/period with opening stock, purchases/production and closing stock.					

	v. Work out quantitative ratios and reconciliations, e.g., relate the quantum of output to the quantum of input to judge its reasonableness.					
	vi. In case segment information is available, the above procedures may be carried out for each segment.					
	vii. Verify payments subsequent to the date of the balance sheet to identify any purchases which have not been recorded in the books of account.					
	viii. Compare the Purchases, service charges paid, etc. with the amounts disclosed in various statutory returns filed under Excise Law, Vat law, Service Tax, etc.					
6.	WAGES AND SALARIES					
	(a) Examination of Records					
	i. Examine the entries in the payroll/ wage sheets with reference to relevant records, e.g., Employee's records maintained by the personnel department showing details of pay such as, basic pay, allowances, annual increments, leaves availed, etc.					
	ii. Attention may also be paid in respect of new employees joining the entity during the year.					
	iii. Examine with reference to the time records/ attendance records and leave records maintained by the personnel department. The deductions made in respect of income-tax, provident fund,					

<p>Employees' State Insurance (ESI), welfare schemes, health schemes, etc., may be examined with reference to the returns submitted to the authorities concerned and the receipts/ acknowledgements issued by such authorities.</p>					
<p>iv. Examine whether any legal, regulatory or contractual requirements having a bearing on the rate or amount of wages and salaries have been complied with. Similar considerations would also apply to payments made to a contractor for hire of labour. Such requirements would include, inter alia, the provisions of the Minimum Wages Act, 1948, agreement with the employees, award of competent authority and judicial rulings.</p>					
<p>v. In the case of senior management officials, pay particular attention to determining whether the salaries payable are as per the terms of contract with the employees concerned. Special requirements of terms of contract such as, granting stock options (as per schemes formulated by SEBI), availing leave encashment, total amount payable annually including ex-gratia, etc., should be specifically looked into.</p>					
<p>vi. In the case of casual labour, besides carrying out the other audit procedures, specifically examine the sanction of the competent authority for employment of such labour and ascertain whether such employees are retained as per time rate or piece-rate basis. In appropriate cases, make</p>					

	a surprise visit to the sites where the casual labour is employed to assess the correctness of the attendance records maintained in respect of such labour and also ensure that the provisions of labour laws including PF and ESI are complied with. In cases where complete outsourcing of labour has been given to an outside agency, the terms of agreement and compliance thereof should be examined. In addition, ensure that the provisions of labour laws including PF and ESI are complied with and TDS provisions are complied with.					
	vii. Obtain a list of employees who have retired or otherwise left the services of the entity during the period under audit and ensure that they have not been included in the payroll.					
	(b) Analytical Procedures					
	i. Compare wage bill for the year/period with the wage bill of previous years/periods.					
	ii. Compare monthly wages and salaries of a month with other months during the year/period and with the corresponding month of the previous years/periods.					
	iii. Compare the wage bill for each department/unit for the current year/period with the corresponding figures for previous years/periods.					
	iv. Compare the ratios of wages and salaries to sales for the current year/period with the corresponding figures for previous years/periods.					

	v. Compare the ratio of wages and salaries to cost of production for the current year/period with the corresponding month of the previous years/periods.					
	vi. Compare the ratio of contribution towards provident fund to wages and salaries for the current year/period with the corresponding figures for previous years/ periods.					
	vii. Compare the ratio of contribution towards provident fund to wages and salaries for the current year/period with the rate(s) of contribution specified under the law governing provident fund.					
	viii. Compare the ratio of contribution towards ESI to wages and salaries for the current year/period with the corresponding figure for previous years/periods.					
	ix. Compare the ratio of contribution towards ESI to wages and salaries for the current year/period with the rate(s) of contribution specified under the law governing the ESI.					
7.	BONUS					
	(a) In case of provision for bonus, examine whether the liability is provided for in accordance with the Payment of Bonus Act, 1965, and/or agreement with the employees or award of competent authority.					
	(b) Where the bonus actually paid is in excess of the amount required to					

	be paid as per the provisions of the applicable law / agreement / award, specifically examine the authority for the same (e.g., resolution of board of directors in the case of a company).					
8.	RETIREMENT BENEFITS					
	(a) Examine whether the entity is liable to pay any retirement benefits to its employees such as provident fund, superannuation/pension, gratuity, etc., whether in pursuance of requirements of any law and/or in terms of agreement with the employees.					
	(b) If so, whether the amount payable has been computed in accordance with the relevant legal and/or contractual requirements.					
	(c) In respect of gratuity/pension, examine whether the provision for accruing gratuity/pension liability has been made by the entity.					
	(d) Examine the adequacy of provision with reference to the actuarial certificate obtained by the entity.					
	(e) In case the entity has not obtained such certificate, examine whether the method followed by it, say, group gratuity insurance scheme taken by the entity for calculating the accrued liability for gratuity is rational.					
	(f) Examine whether the provisions of AS 15 has been applied in respect of Retirement Benefits.					

9.	OTHER CONVERSION COSTS					
	(a) Verify other conversion costs (such as, power and fuel, processing charges, etc.) with reference to the supporting documents and related agreements. In case the material is sent outside to third parties for processing, necessary charges including materials, wastage, etc., need to be ascertained and accounted for. Documentation aspect with respect to laws of Central Excise and Service Tax to be examined. Ensure compliance of TDS requirements.					
	(b) Compare the amount of expense on a particular item with the corresponding figure for previous years.					
	(c) Work out the ratios of different items of conversion costs to total cost of production for the current year and compare the same with the corresponding figure for previous years.					
10.	ESTABLISHMENT AND GENERAL ADMINISTRATIVE EXPENSES					
	(a) Verify establishment expenses and general administrative expenses such as, insurance, rent, rates, conveyance, traveling, telephone, entertainment, printing and stationery, general expenses, etc., with reference to the sanction of the competent authority, the supporting documents, related agreements and the rules and regulations followed by the entity.					
	(b) Compare the amount of these expenses with the corresponding figures for previous years.					

	(c) Work out the ratios of different items of expenses to sales for the current year and compare the same with the corresponding figures for previous years.					
11.	INTEREST AND FINANCIAL CHARGES					
	(a) Verify the amount of interest expense for the year with reference to the terms and conditions of relevant agreements.					
	(b) Work out the ratio of interest expense for the year to average interest-bearing loans and advances outstanding during the year and compare it with the corresponding figure for previous years and reconcile the same.					
	(c) Examine whether interest as well as other financing costs such as, commitment fees on funds borrowed for a qualifying asset included in the gross book value of the asset to which they relate have not been charged to the Profit and Loss Account of the period in which they are incurred, in accordance with AS 16 on Borrowing Cost					
	(d) Ensure compliance of TDS requirements					
12.	DEPRECIATION					
	(a) Check the calculation of depreciation.					
	(b) The total depreciation arrived at should be compared with that of previous years to identify reasons for variations.					

	(c) Examine whether the depreciation charge having regard to rate of depreciation and method of depreciation followed consistently is adequate, keeping in view the generally accepted accounting principles for depreciation.					
	(d) Where assets have been revalued by entity during the year, ensure that the depreciation has been computed properly.					
13.	<b>RESEARCH AND DEVELOPMENT EXPENSES</b>					
	(a) Verify various items of expenses incurred on research and development with reference to supporting documents and related agreements.					
	(b) Examine whether the accounting policy followed by the entity regarding treatment of research and development costs is in accordance with Accounting Standard (AS) 26 "Intangible Assets".					
	(c) Examine whether the deferral meets the appropriate legal requirements. If any accounting policy for deferral of development expenditure is adopted, it should be applied to all such projects which meet the criteria laid down for deferral under AS 26. Examine whether the criteria laid down in AS 26 which previously justified the deferral of certain development expenditure no longer apply, the unamortised balance has been charged as an expense of the year					

	(d) Examine whether the criteria for deferral continue to be met but the amount of unamortised balance of the deferred research expenditure exceed the expected future revenues/benefits related thereto, such excess has been charged as an expense immediately.					
14.	REPAIRS AND MAINTENANCE					
	(a) Scrutinise the repairs and maintenance account to ascertain whether new fixed assets and substantial improvements to existing assets (which are capital in nature) have not been included in repairs and maintenance.					
	(b) Ensure compliance of TDS provisions for the Repair and Maintenance expenses					
15.	CONTINGENCIES					
	In respect of product warranties, service contracts, performance warranties, etc., examine whether provisions have been made in accordance with Accounting Standard (AS) 29, Provisions, Contingent Liabilities and Contingent Assets. The auditor should also examine the reasonableness of the basis adopted for quantifying the provision with reference to the relevant agreements and the assessment based on his past experience.					
16.	OTHERS:					
	(a) Ensure that Provisions have been made for all liabilities incurred.					
	(b) Ensure that the expenses in respect of which benefits accrue					

	during the subsequent years have been quantified and classified as 'Prepaid Expenses'.					
17.	TAXES ON INCOME					
	(a) Examine whether tax expense or tax saving has been properly computed and disclosed in the financial statements.					
	(b) Examine whether the deferred taxes have been recognised in accordance with Accounting Standard (AS) 22, Accounting for Taxes on Income.					
	(c) In respect of assessments completed, revised or rectified during the year, examine whether suitable adjustments have been made in respect of additional demands or refunds, as the case may be.					
	(d) The relevant orders received up to the time of audit should be considered and, on this basis, it should be examined whether adjustment is required in the financial statements.					
	(e) If the entity disputes its liability with regard to demands raised, examine whether there is a positive evidence or action on the part of the entity to show that it has not accepted the demand for payment of tax or duty, e.g., where it has gone into appeal under relevant provisions of the Statutes.					
	(f) Obtain from the management a statement showing the status of pending tax matters. Examine the					

	statements to assess the adequacy of provisions made in respect of those matters in the context of their current status.					
	(g) Whether the disputed taxes as disclosed in the notes on accounts agrees with the figures stated in the audit report.					
	(h) Whether the disputed taxes not provided for in the accounts have been disclosed as contingent liability in the Notes on Accounts.					
18.	EXAMINATION OF PRESENTATION AND DISCLOSURE					
	Ensure that the expenses have been properly classified and disclosed in the financial statements. Where the relevant statute lays down any disclosure requirements in this regard, the auditor should examine whether the same have been complied with.					
	Whether taxes has been deducted at sources on all applicable transactions.					
	Wherever the tax has not been deducted at source whether is based on interpretations, decided case laws, legal opinion, etc., as the case may be. Whether management representation letter covers this aspect.					

## VI. WORKING PAPERS

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### Regrouping Journals

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Discussed and agreed with client, \_\_\_\_\_ (Title) \_\_\_\_\_,  
by \_\_\_\_\_ on \_\_\_\_\_.

**Note :** A regrouping journal refers to an entry which does not affect the profit and loss account but only the balance sheet account balances.

A copy of the regrouping journals has been sent to client, by \_\_\_\_\_ on \_\_\_\_\_.

NO	SCH. REF	ACCOUNT DESCRIPTION	DEBIT	CREDIT

## Adjusting Journals

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Discussed and agreed with client, \_\_\_\_\_ (Title) \_\_\_\_\_,  
by \_\_\_\_\_ on \_\_\_\_\_.

**Note** : A adjusting journal refers to an entry which does affect the profit and loss account.

A copy of the adjusting journals has been sent to client, by \_\_\_\_\_ on \_\_\_\_\_.

NO	SCH. REF	ACCOUNT DESCRIPTION	DEBIT	CREDIT

## Specimen For Progress Sheet

*(All the fields are to be invariably filled up by the Audit Assistant and the required information shall be strictly filled under relevant columns. This sheet shall be maintained on day-to-day basis in the course of audit and shall be updated daily on the close of the day. Work done shall be reported in detail as to from which origin record what was verified with relevant period/ amounts of transactions verified. In case of more than one Audit Assistant involved in Audit, both have to record their work done in the same sheet with each one writing the details of work done by him and sign.)*

Auditee		Year of Audit	
Audit In Charge		Period of Audit	
Nature of Audit:			
Date of commencement of Audit		Date of completion of Audit	
Checked by		Date of Checking	
Reviewed by		Date of Review	

Sl. No.	Daily Progress of Work Done [Details as to from which origin record what was verified with relevant period/ amounts of transactions verified]	Signature, Date & Name of Audit Assistant
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

## VII. REPORTS

### Audit Declaration

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

	DECLARATION	WP REF	SIGN OFF	DATE
1.	Completed the necessary work taking materiality (engagement specific) into consideration and consider that the working papers adequately support the opinion, subject to the matters noted.			
2.	Carried out a detailed review of the working papers and consider that they agree with the reports and adequately support the opinion, subject to the matters noted.			
3.	Financial statements have been reviewed with client representative (Name)			
4.	Approval minutes have been reviewed and a duly signed letter of representation received.			
5.	Subsequent events review upto the date of approval has been completed.			
6.	Carried out an overriding review of the working papers and consider that they agree with the reports and adequately support the opinion. All significant matters mentioned on "Work Papers on matters for partner attention" have been cleared to satisfaction. All uncleared matters have been adequately addressed in the financial statements and auditor's report.			

Matters for Partner’s Consideration

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

SCH REF	COMMENT	CLIENT RESPONSE	DISPOSAL

## SUMMARY MEMORANDUM

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Summarise below the key issues arising out of audit and resolution thereof prior to signing the financial statements.

AUDIT ISSUE	WORKING PAPER REFERENCE	ACCOUNT BALANCE AFFECTED	AMOUNT AFFECTED	FINAL DECISION AND DETAILS OF RESOLUTION

I have carried out the above audit procedures and conclude that the audit opinion, subject to matters mentioned below, can be issued.

Date :

Name :

## Summary of Unadjusted Errors

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

GROUP	CORRECTING ENTRIES				
		ASSETS	LIABILITIES	EQUITY	PRE-TAX INCOME
		Rs.	Rs.	Rs.	Rs.
A. Known Misstatements					
Sub-total					
B. Likely Misstatements					
Sub-total					
C. Carry Forward Items (Prior Years)					
Aggregate Effect				A+B+C	

Rs. \_\_\_\_\_

Rs. \_\_\_\_\_

Planning Materiality

CONCLUSION: \_\_\_\_\_

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### **Guidance**

*We need to consider the sufficiency of our audit scope and extend audit procedures if the known and likely misstatements are close to or exceed planning materiality.*

*The primary objective of this Error Evaluation Summary is to ensure that all errors have been considered for adjustments, and as a whole there are no material errors that have not been adjusted, affecting the true and fair view of the financial statements.*

## Financial Statements Review

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

#### *Analytical Procedures as Part of the Overall Review*

*The Analytical Procedures ordinarily performed at this stage assist in forming an overall conclusion as to whether the financial statements as a whole are consistent with the auditor's knowledge of the business.*

		PERFORMED BY	COMMENTS, REFERENCES
A.	Perform analytical procedures for the review of financial statement by:		
	<ul style="list-style-type: none"> <li>Comparing the financial statements for the current year with those of previous years, analyzing variances and the reasons.</li> </ul>		
	<ul style="list-style-type: none"> <li>Compareing the financial statements with any budgets, forecasts, or management expectations and discussing reasons for variations.</li> </ul>		
	<ul style="list-style-type: none"> <li>Reviewing trends in any important financial statement ratios.</li> </ul>		
	<ul style="list-style-type: none"> <li>Considering whether the financial statements adequately reflect any changes in the entity.</li> </ul>		
	<ul style="list-style-type: none"> <li>Inquiring into unexplained or unexpected features of the financial statements.</li> </ul>		

B.	Review the financial statements to determine whether:		
	<ul style="list-style-type: none"> <li>The financial statements are consistent with our knowledge and understanding of the business and audit evidence obtained.</li> </ul>		
	<ul style="list-style-type: none"> <li>The accounting policies used in preparing the financial statements are appropriately disclosed, as are any changes in the policies.</li> </ul>		
	<ul style="list-style-type: none"> <li>The balances, notes and disclosures in the financial statements are presented in accordance with applicable accounting standards and regulatory requirements.</li> </ul>		
C.	Consider whether there is a risk of going concern assumption underlying the preparation of the financial statements?		
D.	Financial Indicators		
	Examine whether:		
	<ul style="list-style-type: none"> <li>There is negative net worth or negative working capital.</li> </ul>		
	<ul style="list-style-type: none"> <li>Fixed term borrowing approaching maturity without realistic prospects of renewal or repayment, or excessive reliance on short-term borrowings to finance long-term assets.</li> </ul>		
	<ul style="list-style-type: none"> <li>Adverse key financial ratios.</li> </ul>		
	<ul style="list-style-type: none"> <li>Substantial operating losses.</li> </ul>		
	<ul style="list-style-type: none"> <li>Substantial negative cash flows from operations.</li> </ul>		
	<ul style="list-style-type: none"> <li>Arrears or discontinuance of dividends.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Inability to pay creditors on due dates.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Difficulty in complying with the terms of loan agreements.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Change from credit to cash-on-delivery transactions with suppliers.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Inability to obtain financing for essential new product development or other essential investments.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Entering into a scheme of arrangement with creditors for reduction of liability.</li> </ul>		
E.	Operating Indicators		
	<ul style="list-style-type: none"> <li>• Loss of key management personnel without replacement.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Loss of a major market, franchise, licence, or principal supplier.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Labour difficulties or shortages of important supplies.</li> </ul>		
F.	Other Indicators		
	<ul style="list-style-type: none"> <li>• Non-compliance with capital or other statutory requirements.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Pending Legal Proceedings against the entity that may, if successful, result in judgements that could not be met.</li> </ul>		
	<ul style="list-style-type: none"> <li>• Changes in legislation or government policy.</li> </ul>		
	<ul style="list-style-type: none"> <li>• 'Sickness' of the entity under any statutory definition.</li> </ul>		

## Subsequent Events Checklist

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*The primary objective of this program is to ascertain the occurrence of subsequent events that may require adjustment to, or disclosure in the financial statements.*

*The inquiries and discussions required by this program should be with client management having responsibility for the accounts or other matters covered by the particular procedures. Appropriate supporting working papers concerning the important matter discussed should be prepared.*

*The greater the time difference between the balance sheet date and issuing of the audit report, the more comprehensive the review will need to be. In practice, the review will normally be completed at two separate dates.*

### CONCLUSION

Significant subsequent events identified by our procedures are properly reflected in the financial statements, subject to the following matters noted:

DATE OF REVIEW		
END OF FIELD WORK	UPDATE	UPDATE

Signed

(The subsequent events review should cover the period upto the date of audit report.)

## Subsequent Events Checklist

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		(CLIENT MANAGEMENT) DISCUSSED WITH	SUPPORTING DOCUMENT REFERENCE	(AUDITOR) REVIEWED BY	DATE
1.	Discuss with management and review the procedures used to ensure that material subsequent events are identified and properly reflected in the financial statements.				
2.	Review minutes of the meetings of partners/ management/ shareholders/ board of directors, and any other relevant committees held after the balance sheet date and inquire about matters discussed at meetings for which minutes are not yet recorded.				
3.	Review and analyse the latest management accounts and other management reports for the period subsequent to the balance sheet date and books of original entry including bank statements for periods for which there are no accounts.				
4.	Consider the effect of changes or events in the industry or business environment which may				

	have an impact on the reported financial figures.				
5.	Where we have expressed any doubts over going concern issues, review specifically the cash flow situation up to the date of our report, forecast cash flow and negotiations in progress to ensure future financing.				
6.	Inquire and discuss with management the following :				
	<ul style="list-style-type: none"> <li>• The current status of items that were accounted for on a preliminary or estimated basis.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Whether commitments or litigations, claims and other contingent liabilities existed at the balance sheet date or on the date of inquiry.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Whether the sale of assets or operating units has occurred or is planned.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Whether there is a change in ownership structure or composition.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Whether any assets of the company have been expropriated in some way or have been destroyed.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Whether there have been significant developments relating to audit areas for which specific risks have been identified.</li> </ul>				

	<ul style="list-style-type: none"> <li>Whether any unusual accounting adjustments have been made or are contemplated.</li> </ul>				
	<ul style="list-style-type: none"> <li>Whether management is aware of any events that have occurred or are likely to occur that bring into question the appropriateness of accounting policies used in preparation and presentation of the financial statements.</li> </ul>				
7.	Obtain and review up-to-date information and correspondence concerning litigations and claims against or by the entity, and consider the need to contact directly the clients' legal counsel.				
8.	Obtain letter of representation dated the same date as audit report from appropriate officials as to whether any events occurred subsequent to the year end which require an adjustment or disclosure to be made in the financial statements.				
9.	Make such additional inquiries and perform such procedures as considered necessary to dispose of other potential subsequent events as identified by audit work.				

## Management Letter Points

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### **Guidance**

*All significant internal control deficiencies we find during the course of our audit work, together with our recommendations should be documented and, following review and approval communicated to the client's management for their consideration. In addition, where during the course of our audit work we have identified constructive client service issues, they should be similarly documented, reviewed and reported.*

Subject \_\_\_\_\_ Sch Ref \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Recommendations \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Partner/Management Review \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Approved for discussion with client's management.

## Management Letter Points

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Partner/Management Responses

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Discussed with \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

### Conclusion

Include points in formal management letter	Yes/No
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## VIII. APPENDICES

### APPENDIX – I

#### Standards on Auditing Checklist - Control Sheet

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

SL NO	PARTICULARS	YES/NO/ N.A/DONE	REMARKS
	<b>SQC 1 – QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION, AND OTHER ASSURANCE AND RELATED SERVICE ENGAGEMENTS</b>		
	Whether firm's system of quality control includes policies and procedures addressing the following? <ul style="list-style-type: none"><li>• Leadership responsibilities for quality within the firm</li><li>• Ethical requirements</li><li>• Acceptance and continuance of client relationships and specific engagements</li><li>• Human resources</li><li>• Engagement performance</li><li>• Monitoring</li></ul>		
	Whether quality control policies and Procedures are documented and communicated to the firm's personnel?		
	Whether the retention period of engagement		

	documentation is maintained at no shorter than 7 years from the date of the Auditor's Report?		
	<b>SA 200-OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH STANDARDS ON AUDITING</b>		
	In this audit is it ensured that all relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements are complied with ?		
	Whether the audit was planned and performed with professional skepticism recognizing that circumstances that cause the financial statements to be materially misstated may exist?		
	To obtain reasonable assurance, whether sufficient appropriate audit evidence was obtained to reduce audit risk to an acceptably low level to draw reasonable conclusions on which to base the auditor's opinion?		
	Whether all the relevant SA's were complied in the audit?		
	Whether any departures from the relevant requirement of any SA necessitated?		
	If an objective in a relevant SA cannot be achieved, is it evaluated as to whether this prevents the achieving of the overall objectives of the audit in accordance with the SAs, to modify the audit opinion or withdraw from the engagement. (Failure to achieve an objective represents a significant matter requiring documentation in accordance with SA 230)?		
	<b>SA 210-AGREEING THE TERMS OF AUDIT ENGAGEMENTS</b>		
	Whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable?		
	Whether management acknowledges and understands its responsibility in respect of the following? (a) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation;		

	<p>(b) For such internal control as management determines it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and</p> <p>(c) To provide the auditor with:</p> <ul style="list-style-type: none"> <li>• Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documents and other matters;</li> <li>• Additional information that is requested from management for the purpose of the audit; and</li> <li>• Unrestricted access to persons within the entity from whom necessary audit evidence can be obtained.</li> </ul>		
	<p>Where a limitation on the scope is imposed either by management or those charged with governance which will result in issuing a disclaimer opinion on the financial statements, whether such an engagement is not accepted, unless required by law or regulation to do so?</p>		
	<p>Whether an audit is accepted where it is determined that the financial reporting framework to be applied in the preparation of the financial statements is unacceptable?</p>		
	<p>Whether the terms of the audit engagement with management or those charged with governance, as appropriately agreed?</p>		
	<p>Whether the agreed terms of the audit engagement recorded in an audit engagement letter or other suitable form of written agreement and includes the following at the minimum</p> <p>(a) The objective and scope of the audit of the financial statements;</p> <p>(b) The responsibilities of the auditor;</p> <p>(c) The responsibilities of management;</p> <p>(d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and</p>		

e)	Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.		
	In a recurring audit whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement?		
	Where a change in the terms of the audit engagement accepted, is it justified?		
	Prior to completing the audit engagement, where it is requested to change the audit engagement to an engagement that conveys a lower level of assurance, whether it is justified?		
	Where the terms of the audit engagement are changed, whether the new terms agreed with the management are issued in an engagement letter or other suitable form of written agreement ?		
	Where a change of the terms of the audit engagement is not accepted and the management does not permit to continue the original audit engagement whether the following are done?		
	<p>(a) Withdraw from the audit engagement where possible under applicable law or regulation; and</p> <p>(b) Communicate in case there is an obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators.</p>		
	<p>If financial reporting standards are supplemented by law or regulation, is it determined that whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflict exists, whether it is ascertained that</p> <p>(a) The additional requirements can be met through additional disclosures in the financial statements; or</p> <p>(b) The description of the applicable financial reporting</p>		

	framework in the financial statements can be amended accordingly.		
	Where both the above actions are not possible, whether it will be necessary to modify the audit opinion in accordance with SA 705?		
	<p>Where it is determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation, whether the audit engagement is accepted on fulfilling the following conditions.</p> <p>(a) Management agrees to provide additional disclosures in the financial statements required to avoid the financial statements from being misleading; and</p> <p>(b) It is recognized in the terms of the audit engagement that:</p> <ul style="list-style-type: none"> <li>• The audit report on the financial statements will incorporate an Emphasis of Matter paragraph, drawing users' attention to the additional disclosures, in accordance with SA 706 and</li> <li>• Unless the auditor is required by law or regulation to express the auditor's opinion on the financial statements by using the phrases "present fairly, in all material respects", or "give a true and fair view" in accordance with the applicable financial reporting framework, the auditor's opinion on the financial statements will not include such phrases.</li> </ul>		
	<p>If the conditions outlined above are not present and it is required by law or regulation to undertake the audit engagement, whether the following have been done?</p> <p>(a) An evaluation of effect of the misleading nature of the financial statements on the auditor's report; and</p> <p>(b) Appropriate reference to this matter in the terms of the audit engagement.</p>		
	Where the law or regulation applicable to the entity prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the		

	<p>requirements of SAs, whether the following have been evaluated?</p> <p>(a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so,</p> <p>(b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding</p>		
	<p>Where it is concluded that additional explanation in the audit report cannot mitigate possible misunderstanding, whether the engagement is not accepted, unless required by law or regulation to do so.</p> <p>(An audit conducted in accordance with such law or regulation does not comply with SAs. Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been conducted in accordance with SAs)</p>		
	<p><b>SA 220 - QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS</b></p>		
	<p>Whether the engagement partner has taken responsibility for the overall quality in this audit?</p>		
	<p>Where there is an indication through observation and inquiries, of the non-compliance with relevant ethical requirements by members of the engagement team, whether appropriate action taken?</p>		
	<p>Whether the engagement partner formed a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, whether the following have been done?</p> <p>(a) Relevant information from the firm and, where applicable, network firms obtained to identify and evaluate circumstances and relationships that create threats to independence;</p> <p>(b) Evaluation of information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and</p>		

	<p>(c) Appropriate action taken to eliminate such threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the audit engagement, where withdrawal is permitted by law or regulation.</p> <p>(d) Whether any communication received from engagement partner of his inability to resolve the matter for appropriate action.</p>		
	<p>Whether the engagement partner is satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed, and whether it is determined that conclusions reached in this regard are appropriate.</p>		
	<p>Where the engagement partner obtains information that would have caused the firm to decline the audit engagement had that information been available earlier, whether the engagement partner communicated that information promptly to the firm for necessary action.</p>		
	<p>Whether the engagement partner is satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to:</p> <p>(a) Perform the audit engagement in accordance with professional standards and regulatory and legal requirements; and</p> <p>(b) Enable an audit report that is appropriate in the circumstances to be issued.</p>		
	<p>Whether the engagement partner has taken responsibility for:</p> <p>(a) The direction, supervision and performance of the audit engagement in compliance with professional standards and regulatory and legal requirements; and</p> <p>(b) The audit report being appropriate in the circumstances.</p>		
	<p>Whether the engagement partner has taken responsibility for reviews being performed in accordance with the firm's review policies and procedures?</p>		

	Whether the engagement partner on or before the date of the audit report, after a thorough review of the audit documentation and discussion with the engagement team, satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the audit report to be issued?		
	<p>Whether the engagement partner has taken responsibility for</p> <ul style="list-style-type: none"> <li>(a) The engagement team undertaking appropriate consultation on difficult or contentious matters;</li> <li>(b) Engagement team's appropriate consultation during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm;</li> <li>(c) The nature and scope of, and conclusions resulting from, such consultations are agreed with the party consulted; and</li> <li>(d) Determine that conclusions resulting from such consultations have been implemented.</li> </ul>		
	<p>For audits of financial statements of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, whether the engagement partner</p> <ul style="list-style-type: none"> <li>(a) Determined the need to appoint an engagement quality control reviewer</li> <li>(b) Discussed the significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer; and</li> <li>(c) Not issued the audit report until the completion of the engagement quality control review.</li> </ul>		
	Whether the engagement quality control reviewer performed an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the auditor's report. Whether his evaluation included the following?		

	<ul style="list-style-type: none"> <li>(a) Discussion of significant matters with the engagement partner;</li> <li>(b) Review of the financial statements and the proposed audit report;</li> <li>(c) Review of selected audit documentation relating to the significant judgments the engagement team made and the conclusions it reached; and</li> <li>(d) Evaluation of the conclusions reached in formulating the audit report and consideration of whether the proposed audit report is appropriate.</li> </ul>		
	<p>For audits of financial statements of listed entities, whether the engagement quality control reviewer considered the following?</p> <ul style="list-style-type: none"> <li>(a) The engagement team's evaluation of the firm's independence in relation to the audit engagement;</li> <li>(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and</li> <li>(c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached.</li> </ul>		
	<p>Where differences of opinion arise within the engagement team, with those consulted or, where applicable, between the engagement partner and the engagement quality control reviewer, whether the engagement team followed the firm's policies and procedures for dealing with and resolving differences of opinion?</p>		
	<p>Whether the engagement partner considered the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms and whether deficiencies noted in that information may affect the audit engagement?</p>		
	<p>Whether the following were documented?</p> <ul style="list-style-type: none"> <li>(a) Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.</li> </ul>		

	<p>(b) Conclusions on compliance with independence requirements that apply to the audit engagement, and any relevant discussions with the firm that support these conclusions.</p> <p>(c) Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements.</p> <p>(d) The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement.</p>		
	<p>Whether the engagement quality control reviewer documented the following?</p> <p>(a) The procedures required by the firm's policies on engagement quality control review have been performed;</p> <p>(b) The engagement quality control review has been completed on or before the date of the auditor's report; and</p> <p>(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.</p>		
	<b>SA 230-AUDIT DOCUMENTATION</b>		
	<p>Whether the audit documentation is prepared on a timely basis?</p>		
	<p>Whether the audit documentation is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand the following?</p> <p>(a) The nature, timing, and extent of the audit procedures performed to comply with the SAs and applicable legal and regulatory requirements;</p> <p>(b) The results of the audit procedures performed, and the audit evidence obtained; and</p> <p>(c) Significant matters arising during the audit, the conclusions reached thereon, and significant</p>		

	professional judgments made in reaching those conclusions.		
	<p>While documenting the nature, timing and extent of audit procedures performed, whether the following was recorded</p> <p>(a) The identifying characteristics of the specific items or matters tested;</p> <p>(b) Who performed the audit work and the date such work was completed; and</p> <p>(c) Who reviewed the audit work performed and the date and extent of such review</p>		
	Whether the document includes discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place.		
	Where it is identified that information is inconsistent with the auditor's final conclusion regarding a significant matter, whether it is documented as to how the inconsistency was addressed?		
	Where it is considered necessary in exceptional circumstances to depart from a relevant requirement in a SA, whether the audit document reflects how the alternative audit procedures performed achieved the aim of that requirement and the reasons for the departure.		
	<p>Where in exceptional circumstances, new or additional audit procedures are performed or new conclusions are reached after the date of the audit report, whether the following were documented?</p> <p>(a) The circumstances encountered;</p> <p>(b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and</p> <p>(c) When and by whom the resulting changes to audit documentation were made and reviewed.</p>		
	Is it ensured that after the assembly of the final audit file		

	has been completed, no deletion or discard of audit documentation of any nature has taken place before the end of its retention period?		
	Where it is necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, whether the following were documented?  (a) The specific reasons for making them; and  (b) When and by whom they were made and reviewed.		
	<b>SA 240-THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS</b>		
	If conditions identified during the audit indicate a document may not be authentic or that terms in a document have been modified but not disclosed to the auditor, whether it is investigated further.		
	Where responses to inquiries of management or those charged with governance are inconsistent, whether it is investigated further?		
	Whether a discussion took place between the engagement partner and his team with particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur?		
	Whether the following were inquired with the management?  (a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;  (b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;  (c) Management's communication, if any, to those charged with governance regarding its processes for		

	identifying and responding to the risks of fraud in the entity; and  (d) Management's communication, if any, to employees regarding its views on business practices and ethical behavior.		
	Whether an inquiry was made with management, and others within the entity as appropriate (including internal auditors) to determine whether they have knowledge of any actual, suspected or alleged fraud or the risk of fraud, affecting the entity.		
	Unless all of those charged with governance are involved in managing the entity, whether an understanding had been obtained as to how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.		
	Whether an inquiry was made with those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. Whether this has been corroborated with the responses to the inquiries of management.		
	Whether other information obtained indicates risks of material misstatement due to fraud?		
	Whether the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures, identified?		
	Where it is assessed that the risks of material misstatement due to fraud are significant risks whether an understanding of the entity's related controls including control activities, relevant to such risks, have been obtained?		
	Where it is determined to use the overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level, whether the following were done?  (a) The assignment and supervision of personal for		

	<p>significant engagement responsibility was based on knowledge, skill and ability of the individuals.</p> <p>(b) An evaluation of the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, which may indicate fraudulent financial reporting resulting from management's effort to manage earnings; and</p> <p>(c) An element of unpredictability incorporated in the selection of the nature, timing and extent of audit procedures.</p>		
	<p>Whether the further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement due to fraud at the assertion level, designed and performed?</p>		
	<p>Irrespective of the assessment of the risks of management override of controls, whether the following audit procedures designed and performed?</p> <p>(a) Appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <ul style="list-style-type: none"> <li>• Whether it is inquired with individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;</li> <li>• Whether journal entries and other adjustments made at the end of a reporting period are selected and tested? Is there a need to test journal entries and other adjustments throughout the period?</li> </ul> <p>(b) Whether the accounting estimates are reviewed for biases and evaluated for the circumstances producing the bias, if any</p> <ul style="list-style-type: none"> <li>• Does this represent a risk of material misstatement due to fraud?</li> <li>• Is it evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements, even</li> </ul>		

	<p>if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. If so, whether the accounting estimates re-evaluated are taken as a whole;</p> <ul style="list-style-type: none"> <li>• Whether a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year, performed?</li> </ul> <p>(c) Where significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the understanding of the entity and its environment and other information obtained during the audit, whether the business rationale (or the lack thereof) of the transactions evaluated for fraudulent financial reporting or to conceal misappropriation of assets?</p>		
	Whether the analytical procedures performed at the overall conclusion of the audit, indicate a previously unrecognized risk of material misstatement due to fraud.		
	<p>Where a misstatement is identified, is it evaluated as to whether such a misstatement is indicative of fraud?</p> <p>If there is such an indication, whether the implications of the misstatement in relation to other aspects of the audit, particularly the reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence, considered?</p>		
	Where a misstatement, material or not, believed to be the result of fraud and that management (in particular, senior management) is involved, whether a re-evaluation done of the assessment of the risks of material misstatement due to fraud and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks.		
	Whether circumstances or conditions indicate possible collusion involving employees, management or third parties. If so whether the reliability of evidence previously obtained reconsidered?		

	Where it is not possible to conclude whether, the financial statements are materially misstated as a result of fraud, were its implications for the audit evaluated?		
	<p>As a result of a misstatement resulting from fraud or suspected fraud, where it is decided not to continue performing the audit whether the following acts were done?</p> <p>(a) Whether there is a requirement for the auditor to report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities;</p> <p>(b) Whether it is appropriate to withdraw from the engagement, where withdrawal from the engagement is legally permitted; and</p> <p>(c) Where withdrawn</p> <ul style="list-style-type: none"> <li>• Whether it is discussed with the appropriate level of management and those charged with governance, for the reasons for the withdrawal; and</li> <li>• Whether there is a professional or legal requirement to report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities, the auditor's withdrawal from the engagement and the reasons for the withdrawal?</li> </ul>		
	<p>Whether the written representations from management includes the following:</p> <p>(a) It acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</p> <p>(b) It has disclosed to the auditor the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud;</p> <p>(c) It has disclosed to the auditor its knowledge of fraud or suspected fraud affecting the entity involving:</p> <ul style="list-style-type: none"> <li>• Management;</li> <li>• Employees who have significant roles in internal control; or</li> </ul>		

	<ul style="list-style-type: none"> <li>Others where the fraud could have a material effect on the financial statements; and</li> </ul> <p>(d) It has disclosed to the auditor its knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</p>		
	When a fraud or circumstances indicate the existence of fraud whether timely communication was sent to the appropriate level of management?		
	Where those charged with governance are not involved in managing the entity and where a fraud or suspected fraud identified involving:		
	<p>(a) Management;</p> <p>(b) Employees who have significant roles in internal control; or</p> <p>(c) Others where the fraud results in a material misstatement in the financial statements whether communication was sent to those charged with governance on a timely basis?</p>		
	Whether a discussion held with those charged with governance about the nature, timing and extent of audit procedures necessary to complete the audit		
	Where a fraud or suspected fraud is identified, is it necessary to report the occurrence or suspicion to a party outside the entity. (Although the auditor's professional duty to maintain the confidentiality of client information may preclude such reporting, the auditor's legal responsibilities may override the duty of confidentiality in some circumstances)		
	<p>Whether the following were documented?</p> <p>(a) The significant decisions reached during the discussion among the engagement team regarding the susceptibility of the entity's financial statements to material misstatement due to fraud; and</p> <p>(b) The identified and assessed risks of material</p>		

	<p>misstatement due to fraud at the financial statement level and at the assertion level.</p> <p>(c) The overall responses to the assessed risks of material misstatement due to fraud at the financial statement level and the nature, timing and extent of audit procedures, and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level.</p> <p>(d) The results of the audit procedures, including those designed to address the risk of management override of controls.</p> <p>(e) The communication about fraud or suspected fraud.</p> <p>(f) The reasons for the conclusion reached.</p>		
	<b>SA 250 - CONSIDERATION OF LAWS AND REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS.</b>		
	<p>Whether an understanding of the entity and its environment in accordance with SA 315 includes:</p> <p>(a) The legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates; and</p> <p>(b) How the entity is complying with that framework.</p>		
	Whether sufficient appropriate audit evidence were obtained regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements?		
	Whether the following audit procedures were followed?		
	<p>(a) Inquiries of management and, where appropriate, those charged with governance, as to whether the entity is in compliance with such laws and regulations; and</p> <p>(b) Inspection of correspondence, if any, with the relevant licensing or regulatory authorities</p>		
	Whether the engagement team remained alert to the possibility that other audit procedures applied may bring		

	instances of non-compliance or suspected non-compliance with laws and regulations?		
	Whether the management and, where appropriate, those charged with governance requested to provide written representations that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to the auditor.		
	Where an instance of noncompliance or suspected non-compliance with laws and regulations is suspected whether the following were obtained?  (a) An understanding of the nature of the act and the circumstances in which it has occurred; and  (b) Further information to evaluate the possible effect on the financial statements.		
	Where it is suspected non-compliance, whether it is discussed with the management and, where appropriate, those charged with governance. Where the management or, as appropriate, those charged with governance do not provide sufficient information that supports that the entity is in compliance with laws and regulations and the effect of the suspected non-compliance may be material to the financial statements, whether is it necessary to obtain legal advice?		
	Where sufficient information about suspected non-compliance cannot be obtained, whether an evaluation of its effect of the lack of sufficient appropriate audit evidence on the auditor's opinion done?		
	Where those charged with governance are not involved in management whether the matters involving identified or suspected non-compliance communicated to them?		
	Where the non-compliance is believed to be intentional and material, whether it is communicated to those charged with governance as soon as practicable?		
	Where it is suspected that management or those charged with governance are involved in non-compliance, whether it is communicated to the next higher level of authority at		

	the entity, such as an audit committee or supervisory board, if it exists.		
	Where no higher authority exists or where it is estimated that the communication may not be acted upon or where the person to whom to report is not clearly identified, is it necessary to obtain legal advice?		
	Where it is concluded that the non-compliance has a material effect on the financial statements, and has not been adequately reflected in the financial statements whether, in accordance with SA 705, a qualified or adverse opinion on the financial statements expressed?		
	Where the management or those charged with governance precludes the audit team from obtaining sufficient appropriate audit evidence to evaluate whether non-compliance that may be material to the financial statements has, or is likely to have, occurred, whether a qualified opinion or disclaimer of opinion on the financial statements on the basis of a limitation on the scope of the audit in accordance with SA 705, expressed?		
	Where it is not possible to determine whether non-compliance has occurred because of limitations imposed by the circumstances rather than by management or those charged with governance, whether it is evaluated for the effect on the auditor's opinion in accordance with SA 705?		
	Is there a need to report the identified or suspected non-compliance with laws and regulations to parties outside the entity?		
	Whether the identified or suspected non-compliance with laws and regulations and the results of discussion with management and, where applicable, those charged with governance and other parties outside the entity are documented?		
	<b>SA 260 - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE</b>		
	Whether the appropriate person(s) within the entity's governance structure with whom to communicate, identified?		

	When it is communicated with a subgroup of those charged with governance, for example, an audit committee, or an individual, is there a need to communicate with the governing body?		
	<p>Whether the following were communicated in writing?</p> <p>(a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and</p> <p>(b) The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p> <p>(c) The planned scope and timing of the audit.</p> <p>(d) The significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures, including acceptable accounting practice under the applicable financial reporting framework</p> <p>(e) Significant difficulties, if any, encountered during the audit;</p> <p>(f) Material weaknesses, if any, in the design, implementation or operating effectiveness of internal control.</p> <p>(g) Significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and</p> <p>(h) Written representations the auditor is requesting; and</p> <p>(i) Other matters, if any, arising from the audit that are significant to the oversight of the financial reporting process.</p>		
	<p>In the case of listed entities, where required, whether the following were communicated to those charged with governance:</p> <p>(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</p>		

	<p>(b) All relationships and other matters between the firm, network firms and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</p> <p>(c) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.</p>		
	<p>Whether the two-way communication between the auditor and those charged with governance is adequate for the purpose of the audit? If not, whether it is evaluated for the risks of material misstatement and the ability to obtain sufficient appropriate audit evidence?</p>		
	<p>Whether a copy of the communication is maintained in audit documentation file?</p>		
	<p><b>SA 265 - COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT</b></p>		
	<p>Where it is identified, on the basis of the audit work performed, one or more deficiencies in internal control, which is determined to be significant, communicated to those charged with governance on a timely basis.</p>		
	<p>Whether it is communicated to management at an appropriate level, in writing, about the significant deficiencies in internal control communicated or intended to be communicated to those charged with governance, (unless it would be inappropriate to communicate directly to management in the circumstances) and</p>		
	<p>Whether the communication includes the following</p> <p>(a) A description of the deficiencies and an explanation of their potential effects;</p>		

	(b) Sufficient information to enable those charged with governance and management to understand the context of the communication.		
	(c) The purpose of the audit was for the auditor to express an opinion on the financial statements;		
	(d) The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; and		
	(e) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance		
	<b>SA 299 - RESPONSIBILITY OF JOINT AUDITORS</b>		
	In case of joint audits, whether the division of work and responsibility is clearly documented and kept in the working paper file?		
	Whether the issues concerning joint responsibilities and individual responsibilities identified?		
	Whether there is any matter which requires the attention of other joint auditor? If so, has it been communicated to him in writing?		
	In case of a disagreement with other joint auditors on certain reporting aspects, whether a separate report is issued?		
	If the answer to the above question is yes, whether the reason for the same is documented?		
	<b>SA 300- PLANNING AN AUDIT OF FINANCIAL STATEMENTS</b>		
	Whether Brief Memorandum based on a review of working papers and highlighting issues identified in the Audit just completed is available?		

	If so, whether the same has been updated in the current period based on the discussion with Owner/ Manager?		
	In respect of complex / unusual issues, whether it is desirable to consult with other suitably experienced Auditor or the Auditor's Professional Body?		
	Whether Standard Audit programs and /or checklist tailored to the circumstances of the engagement have been drawn up?		
	Whether the following additional matters that were required to be considered in Initial Audit Engagement have been looked into?		
	<ul style="list-style-type: none"> <li>Review of the working papers of the predecessor Auditor.</li> </ul>		
	<ul style="list-style-type: none"> <li>Audit procedure to obtain sufficient appropriate audit evidence.</li> </ul>		
	<ul style="list-style-type: none"> <li>Other procedures required by the firm's system of quality control.</li> </ul>		
	<b>SA 315 - IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT THROUGH UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT</b>		
	Whether enquiry of management does reveal an absence of performance measurement or review? If yes, there may be a risk of misstatement not being detected or corrected		
	Whether a study of understanding of internal control reveals that owner or manager exercises action, which overrides the control? If yes, the Auditor takes this into account in identifying the risk of material misstatement due to fraud.		
	Whether the Attitudes, Awareness and Actions of Management / Owner Manager have been observed to understand the entity's control management?		
	Whether inquiry about identified risk is undertaken by the Management and how they are addressed?		
	Whether an understanding of the entity's information		

	system and related business process relevant to financial reporting is carried out?		
	<b>SA 320 - MATERIALITY IN PLANNING AND PERFORMING AN AUDIT</b>		
	Whether an understanding of the entity's information system and related business process relevant to financial reporting carried out?		
	Whether the materiality has been determined at the financial statements as a whole in establishing overall audit strategy?		
	Whether there are any specific circumstances that require the determination of materiality level(s) to be applied to particular classes of transactions, account balances or disclosures?		
	Whether the information during audit requires revision of level of materiality? And if so, whether the Auditor has done?		
	Whether the following are documented?		
	<ul style="list-style-type: none"> <li>• Materiality for the financial statements as a whole</li> </ul>		
	<ul style="list-style-type: none"> <li>• Materiality level for particular classes of transactions, account balances or disclosures</li> </ul>		
	<ul style="list-style-type: none"> <li>• Any revision of the above as the audit progressed</li> </ul>		
	<b>SA 330 – AUDITOR'S RESPONSES TO ASSESSED RISKS</b>		
	Whether overall responses to address the assessed risks of material misstatement at the financial statement level has been designed and implemented?		
	Whether further audit procedure in response to the assessed risk of material misstatement at the assertion level has been designed?		
	Whether the appropriate audit procedure has been performed to ensure that the overall presentation of the financial statements, including related disclosures is in		

	accordance with the applicable financial reporting framework?		
	Whether sufficient appropriate audit evidence as to a material financial statement assertion has been obtained? Otherwise, express qualified opinion or a disclaimer of opinion.		
	<b>SA 402- AUDIT CONSIDERATION RELATING TO AN ENTITY USING A SERVICE ORGANISATION</b>		
	Whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained to provide a basis for the identification and assertion of risks of material misstatement?		
	<p>Whether one or more following procedures have been followed to obtain the understanding if it is not able to obtain from the user?</p> <ul style="list-style-type: none"> <li>• Obtaining Type 1 or Type 2 report (refer SA 402)</li> <li>• Contacting service organization, through user</li> <li>• Visiting service organization</li> <li>• Using another auditor to perform procedures</li> </ul>		
	Whether service organization has reported to the user entity, or whether the user entity is otherwise aware of, any fraud, non-compliance with the laws and regulations or uncorrected misstatements affecting the financial statements of the user entity?		
	In case it is not able to obtain sufficient appropriate audit evidence, whether the required modification of the opinion in the Auditor's Report is made?		
	<b>SA 450- EVALUATION OF MISSTATEMENTS IDENTIFIED DURING THE AUDIT</b>		
	Whether all identified misstatements during the Audit have been accumulated and communicated with the management unless prohibited by the law or regulation?		

	In case, the management refuses to correct then whether an understanding of management's reasons for not making corrections has been obtained? And, whether the financial statements are evaluated to ascertain that it is free from any material misstatement?		
	Whether a written representation has been obtained from the management / those charged with the Governance as to whether they believe that the effects of uncorrected material misstatements are immaterial, individually or in aggregate, to the financial statements as a whole?		
	<b>SA 500 - AUDIT EVIDENCE</b>		
	While determining the reliability of audit evidence whether the following facts are considered? Audit evidence is influenced by its source and by its nature, Audit evidence dependent on the individual circumstances under which it is obtained?		
	Whether the designed and performed audit procedures are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence?		
	While designing and performing audit procedures, whether the relevance and reliability of the information to be used as audit evidence considered?		
	Where information to be used as audit evidence has been prepared using the work of a management's expert, whether the following have been done?		
	<ul style="list-style-type: none"> <li>(a) Evaluate the competence, capabilities and objectivity of that expert;</li> <li>(b) Obtain an understanding of the work of that expert; and</li> <li>(c) Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion</li> </ul>		
	<p>Where the information produced by the entity is used does it provide</p> <ul style="list-style-type: none"> <li>(a) Audit evidence about the accuracy and completeness of the information; and</li> <li>(b) The information is sufficiently precise and detailed.</li> </ul>		

	Where the evidence obtained from one source is inconsistent with the information obtained from another source, whether additional procedures were performed to resolve the inconsistency?		
	<b>SA 501- AUDIT EVIDENCE — SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS</b>		
	Where the inventory is material to the financial statements whether sufficient appropriate audit evidence obtained, regarding existence and condition of inventory by  (i) Evaluating management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting;  (ii) Observing the performance of management's count procedures;  (iii) Inspecting the inventory; and  (iv) Performing test counts;		
	Whether audit procedures over the entity's final inventory records performed to determine whether they accurately reflect actual inventory count results?		
	Where the physical inventory counting is conducted at a date other than the date of the financial statements, whether audit procedures performed to obtain evidence about the changes in inventory between the count date and the date of the financial statements are properly recorded?		
	Where it was not able to attend physical inventory counting, whether some physical counts made or observed on an alternative date, and if so whether audit procedures on intervening transactions performed?		
	Where the attendance at physical inventory counting is impracticable, whether alternative audit procedures performed to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory? If that is also not possible, whether modified opinion issued in accordance with SA 705?		

	<p>When inventory under the custody and control of a third party is material to the financial statements, whether sufficient appropriate audit evidence obtained regarding the existence and condition of that inventory by performing one or both of the following:</p> <p>(a) Request confirmation from the third party as to the quantities and condition of inventory held on behalf of the entity.</p> <p>(b) Perform inspection or other audit procedures appropriate in the circumstances.</p>		
	<p>Whether audit procedures performed to identify litigation and claims involving the entity which may give rise to a risk of material misstatement included the following:</p> <p>(a) Inquiry of the management and, where applicable, others within the entity, including in-house legal counsel;</p> <p>(b) Review of minutes of meetings of those charged with governance and correspondence between the entity and its external legal counsel; and</p> <p>(c) Review of legal expense accounts.</p>		
	<p>Where a risk of material misstatement is assessed regarding litigation or claims that have been identified, or when audit procedures performed indicate that other material litigation or claims may exist, whether a direct communication with the entity's external legal counsel sought? (The auditor shall do so through a letter of inquiry, prepared by management and sent by the auditor, requesting the entity's external legal counsel to communicate directly with the auditor. If law, regulation or the respective legal professional body prohibits the entity's external legal counsel from communicating directly with the auditor, the auditor shall perform alternative audit procedures.)</p>		
	<p>Where</p> <p>(a) management refuses to give permission to communicate or meet with the entity's external legal counsel, or the entity's external legal counsel refuses</p>		

	to respond appropriately to the letter of inquiry, or is prohibited from responding; and  (b) It is not possible to obtain sufficient appropriate audit evidence by performing alternative audit procedures, whether modified opinion issued in accordance with SA 705		
	Whether the written representation includes a statement from the management and, where appropriate, those charged with governance that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and appropriately accounted for and disclosed in accordance with the applicable financial reporting framework?		
	Whether sufficient appropriate audit evidence obtained regarding the presentation and disclosure of segment information in accordance with the applicable financial reporting framework by		
	(a) Obtaining an understanding of the methods used by management in determining segment information, and: <ul style="list-style-type: none"><li>• Evaluating whether such methods are likely to result in disclosure in accordance with the applicable financial reporting framework; and</li><li>• Where appropriate, testing the application of such methods; and</li></ul> (b) Performing analytical procedures or other audit procedures appropriate in the circumstances.		
	<b>SA 505 - EXTERNAL CONFIRMATIONS</b>		
	When using external confirmation procedures, whether control over external confirmation requests maintained, including:  (a) Determining the information to be confirmed or requested;  (b) Selecting the appropriate confirming party;  (c) Designing the confirmation requests, including determining that requests are properly addressed and		

	<p>contain return information for responses to be sent directly to the auditor; and</p> <p>(d) Sending the requests, including follow-up requests when applicable, to the confirming party.</p>		
	<p>Where the management refuses to allow the auditor to send a confirmation request,</p> <p>(a) Whether it is inquired as to reasons for the refusal?</p> <p>(b) Whether audit evidence as to its validity and reasonableness obtained?</p> <p>(c) Whether an evaluation done about the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures? and</p> <p>(d) Whether alternative audit procedures performed to obtain relevant and reliable audit evidence?</p>		
	<p>Where it is concluded that management's refusal to allow sending a confirmation request is unreasonable, or where it was possible to obtain relevant and reliable audit evidence from alternative audit procedures, whether a communication to those charged with governance in accordance with SA 260 (Revised) was sent?</p>		
	<p>In the above instance whether a determination on the implications for the audit and the auditor's opinion in accordance with SA 705 was made?</p>		
	<p>In the event of a doubt about the reliability of the response to a confirmation request, whether further audit evidence to resolve those doubts were obtained?</p>		
	<p>Where it is determined that a response to a confirmation request is not reliable, whether its implications on the assessment of the relevant risks of material misstatement, including the risk of fraud, and on the related nature, timing and extent of other audit procedures considered?</p>		
	<p>What is the form of confirmation requested?</p> <p>(a) Positive</p> <p>(b) Negative</p>		

	Where in respect of a positive confirmation for which no reply was received, whether alternative audit procedures performed provide sufficient evidence which the confirmation would have provided?		
	Where it is determined that a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence, alternative audit procedures will not provide the audit evidence, and no such confirmation is obtained, whether a determination on the implications for the audit and the auditor's opinion in accordance with SA 705, was made?		
	Whether an investigation on exceptions to determine whether or not they are indicative of misstatements was made?		
	<p>Where it is decided to obtain Negative confirmations is it ensured that the following factors are present.</p> <p>(a) The auditor has assessed the risk of material misstatement as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion;</p> <p>(b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions;</p> <p>(c) A very low exception rate is expected; and</p> <p>(d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests</p>		
	Whether the results of the external confirmation procedures evaluated for providing relevant and reliable audit evidence? or Is it necessary to perform further audit procedures?		
	<b>SA 510 - INITIAL AUDIT ENGAGEMENTS—OPENING BALANCES</b>		
	Whether the most recent financial statements, if any and the predecessor auditor's report thereon, if any, read for		

	information relevant to opening balances, including disclosures?		
	Whether the prior period's closing balances have been correctly brought forward to the current period or, when appropriate, any adjustments have been disclosed as prior period items in the current year's Statement of Profit and Loss.		
	Whether the opening balances reflect the application of appropriate accounting policies		
	Where the prior year financial statements were audited, whether the copies of the audited financial statements including the other relevant documents relating to the prior period financial statements pursued?		
	Whether audit procedures performed in the current period provide evidence relevant to the opening balances; or		
	Whether specific audit procedures performed to obtain evidence regarding the opening balances?		
	Where it is determined that the opening balances contain misstatements that could materially affect the current period's financial statements, whether appropriate additional audit procedures performed to determine the effect on the current period's financial statements?		
	Where it is determined that misstatements exist in the current period's financial statements, whether it is communicated with the appropriate level of management and those charged with governance in accordance with SA 450?		
	Is sufficient appropriate audit evidence obtained about whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and whether changes in the accounting policies have been properly accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework?		
	Where the prior period's financial statements contained a modified auditor's opinion, whether evaluation about the		

	effect of the matter giving rise to the modification in assessing the risks of material misstatement in the current period's financial statements in accordance with SA 315 was made?		
	Where it is not possible to obtain sufficient appropriate audit evidence regarding the opening balances, whether a qualified opinion or a disclaimer of opinion, as appropriate issued, in accordance with SA 705?		
	Where it is concluded that the opening balances contain a misstatement that materially affects the current period's financial statements, and the effect of the misstatement is not properly accounted for or not adequately presented or disclosed, whether a qualified opinion or an adverse opinion, as appropriate, expressed in accordance with SA 705?		
	Where it is concluded that the  (a) Current period's accounting policies are not consistently applied in relation to opening balances in accordance with the applicable financial reporting framework; or  (b) A change in accounting policies is not properly accounted for or not adequately presented or disclosed in accordance with the applicable financial reporting framework, Whether a qualified opinion or an adverse opinion expressed as appropriate in accordance with SA 705?		
	Where the predecessor auditor's opinion regarding the prior period's financial statements included a modification to the auditor's opinion that remains relevant and material to the current period's financial statements, whether opinion on the current period's financial statements modified in accordance with SA 705 and SA 710?		
	<b>SA 520 ANALYTICAL PROCEDURES</b>		
	Where the technique of analytical review was planned to be used either alone or in combination with tests of details, as substantive procedures in accordance with SA 330,  (a) Whether the suitability of particular substantive analytical procedures determined, for given assertions,		

	<p>taking account of the assessed risks of material misstatement and tests of details, if any, for these assertions;</p> <p>(b) Whether the following were done?</p> <ul style="list-style-type: none"> <li>• Reliability of the data</li> <li>• Relevance of the information</li> <li>• Source of the information</li> <li>• Comparability of the information</li> <li>• Control over preparation</li> </ul> <p>(c) Whether an expectation of recorded amounts or ratios developed?</p> <p>(d) Whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated?</p> <p>(e) Whether a determination about the amount of difference of recorded amounts from expected values that is accepted without further investigation is made?</p>		
	<p>Whether the analytical procedures performed near the end of the audit, assist in forming an overall conclusion about the consistency of the financial statements with the auditor's understanding of the entity?</p>		
	<p>Where the analytical procedures performed in accordance with this SA identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, whether it is investigated by:</p> <p>(a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and</p> <p>(b) Performing other audit procedures as necessary in the circumstances.</p>		
	<b>SA 530 AUDIT SAMPLING</b>		
	<p>While employing the sampling technique for evidential value whether the following factors considered?</p>		

(a) Purpose of the audit procedure?		
(b) Characteristics of the population?		
(c) Sufficiency of the sample size.		
Where the audit procedure is not applicable to the selected item, whether the procedure performed on a replacement item?		
Where it is not possible to apply the designed audit procedures, or suitable alternative procedures, to a selected item or the replaced item, whether it is treated as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details?		
Whether the nature and cause of any deviations or misstatements identified investigated and evaluated for their possible effect on the purpose of the audit procedure and on other areas of the audit?		
Where it is considered (in extremely rare circumstances) that a misstatement or deviation discovered in a sample to be an anomaly, whether a high degree of certainty obtained that such misstatement or deviation is not representative of the population?		
Whether additional audit procedures performed to obtain sufficient appropriate audit evidence that the misstatement or deviation does not affect the remainder of the population?		
Where the sampling technique is adopted for tests of details, whether misstatements found in the sample is projected to the population?		
Whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested?		
<b>SA 540 - AUDITING ACCOUNTING ESTIMATES, INCLUDING FAIR VALUE ACCOUNTING ESTIMATES, AND RELATED DISCLOSURES</b>		
Whether an understanding of the following obtained in order to provide a basis for the identification and		

	<p>assessment of the risks of material misstatement for accounting estimates:</p> <p>(a) The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.</p> <p>(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements.</p> <p>(c) Whether the management inquired about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates?</p> <p>(d) How management makes the accounting estimates, and an understanding of the data on which they are based, including:</p> <ul style="list-style-type: none"> <li>• The method, including where applicable the model, used in making the accounting estimate;</li> <li>• Relevant controls;</li> <li>• Whether management has used an expert.</li> <li>• The assumptions underlying the accounting estimates;</li> <li>• Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and</li> <li>• Whether and, if so, how management has assessed the effect of estimation uncertainty.</li> </ul>		
	<p>Whether a review of the outcome of accounting estimates included in the prior period financial statements done, or, where applicable, their subsequent re-estimation for the purpose of the current period.</p>		
	<p>Whether such a review did take into account the nature of the accounting estimates?</p>		
	<p>Whether the information obtained from the review would be relevant for identifying and assessing risks of material</p>		

	misstatement of accounting estimates made in the current period financial statements?		
	While assessing the risk of material misstatements, whether the degree of estimation uncertainty associated with an accounting estimate taken into consideration?		
	Whether any of the accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks?		
	<p>Is it determined</p> <p>(a) Whether management has appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate; and</p> <p>(b) Whether the methods for making the accounting estimates are appropriate and have been applied consistently and whether changes, if any, in accounting estimates or in the method for making such estimates from the prior period are appropriate in the circumstances.</p>		
	<p>In determining the response to the assessed risks of material misstatement, whether the following done?</p> <p>(a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate.</p> <p>(b) Test how management made the accounting estimate and the data on which it is based. In doing so, whether the following evaluated:</p> <ul style="list-style-type: none"> <li>• The method of measurement used is appropriate in the circumstances; and</li> <li>• The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.</li> </ul> <p>(c) Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.</p> <p>(d) Develop a point estimate or a range to evaluate management's point estimate.</p>		

	<p>(For this purpose:</p> <ul style="list-style-type: none"> <li>• Where the auditor uses assumptions or methods that differ from management's, the auditor shall obtain an understanding of management's assumptions or methods sufficient to establish that the auditor's point estimate or range takes into account relevant variables and to evaluate any significant differences from management's point estimate.</li> <li>• When the auditor concludes that it is appropriate to use a range, the auditor shall narrow the range, based on audit evidence available, until all outcomes within the range are considered reasonable)</li> </ul>		
	Whether special skills or knowledge in relation to one or more aspects of the accounting estimates are required in order to obtain sufficient appropriate audit evidence?		
	<p>Whether the following evaluated?</p> <p>(a) How management has considered alternative assumptions or outcomes, and</p> <p>(b) Why it has rejected them, or</p> <p>(c) How management has otherwise addressed estimation uncertainty in making the accounting estimate.</p> <p>(d) Whether the significant assumptions used by management are reasonable.</p> <p>(e) Where relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, management's intent to carry out specific courses of action and its ability to do so.</p>		
	Where it is determined that management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, whether a range with which to evaluate the reasonableness of the accounting estimate developed?		

	<p>For accounting estimates that give rise to significant risks, whether sufficient appropriate audit evidence obtained to determine the following are in accordance with the requirements of the applicable financial reporting framework:</p> <p>(a) Management's decision to recognize, or to not recognize, the accounting estimates in the financial statements; and</p> <p>(b) The selected measurement basis for the accounting estimates.</p>		
	Based on the audit evidence, whether the accounting estimates in the financial statements are either reasonable in the context of the applicable financial reporting framework, or are misstated?		
	Whether sufficient appropriate audit evidence obtained about the disclosures in the financial statements related to accounting estimates are in accordance with the requirements of the applicable financial reporting framework?		
	For accounting estimates that give rise to significant risks, whether the adequacy of the disclosure evaluated and of their estimation uncertainty in the financial statements in the context of the applicable financial reporting framework?		
	Whether the judgments and decisions made by the management in making the accounting estimates are reviewed to identify whether there are indicators of possible management bias?		
	Whether written representations obtained from management as to significant assumptions used by it in making accounting estimates are reasonable?		
	<p>Whether the following documented?</p> <p>(a) The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks; and</p> <p>(b) Indicators of possible management bias, if any.</p>		

	<b>SA 550 - RELATED PARTIES</b>		
	Whether the audit engagement team discussion included specific consideration of the susceptibility of the financial statements to material misstatement due to fraud or error that could result from the entity's related party relationships and transactions?		
	<p>Whether the following inquired of the management?</p> <ul style="list-style-type: none"> <li>(a) The identity of the entity's related parties, including changes from the prior period;</li> <li>(b) The nature of the relationships between the entity and these related parties;</li> <li>(c) Whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions.</li> </ul>		
	<p>Whether risk assessment procedures considered appropriate performed, to obtain an understanding of the controls, if any, that management has established to:</p> <ul style="list-style-type: none"> <li>(a) Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework;</li> <li>(b) Authorize and approve significant transactions and arrangements with related parties;</li> <li>(c) Authorize and approve significant transactions and arrangements outside the normal course of business.</li> </ul>		
	Is the audit team alert to the fact that when inspecting records or documents, for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor?		
	<p>Where a related party or significant related party transactions that management has not previously identified or disclosed,</p> <ul style="list-style-type: none"> <li>(a) Whether it is promptly communicated to the other members of the engagement team;</li> <li>(b) Whether the management is requested to identify all</li> </ul>		

	<p>transactions with the newly identified related parties for further evaluation; and</p> <p>(c) Whether is it inquired to find out why the entity's controls over related party relationships and transactions failed to enable the identification or disclosure of the related party relationships or transactions;</p> <p>(d) Whether appropriate substantive audit procedures performed relating to such newly identified related parties or significant related party transactions;</p> <p>(e) Whether the risk of other related parties or significant related party transactions may exist that management has not previously identified or disclosed to the auditor, is reconsidered and in such a case whether additional audit procedures as necessary are performed? and</p> <p>(f) Where it is determined that the non-disclosure by management appears intentional (and therefore indicative of a risk of material misstatement due to fraud), whether the implications for the audit evaluated?</p>		
	<p>Where significant transactions outside the entity's normal course of business was identified when performing the audit procedures, whether the management inquired about:</p> <p>(a) The nature of these transactions; and</p> <p>(b) Whether related parties could be involved.</p>		
	<p>Where the significant related party transactions outside the entity's normal course of business are identified? If so how the risk of material misstatement assessed?</p>		
	<p>For identified significant related party transactions outside the entity's normal course of business, whether the following done?</p> <p>(a) Inspect the underlying contracts or agreements, if any, and whether it is evaluated to ascertain:</p> <ul style="list-style-type: none"> <li>• The business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets;</li> </ul>		

	<ul style="list-style-type: none"> <li>• The terms of the transactions are consistent with management's explanations; and</li> <li>• The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and</li> </ul> <p>(b) Obtain audit evidence that the transactions have been appropriately authorized and approved.</p>		
	When the management has made an assertion in the financial statements to the effect that a related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction, whether sufficient appropriate audit evidence about the assertion obtained?		
	<p>While forming an opinion on the financial statements whether the following evaluated?</p> <p>(a) The identified related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and</p> <p>(b) The effects of the related party relationships and transactions which prevent the financial statements from achieving true and fair presentation (for fair presentation frameworks); or cause the financial statements to be misleading (for compliance frameworks).</p>		
	<p>Whether a written representations from management and where appropriate, those charged with governance obtained including the following.</p> <p>(a) They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and</p> <p>(b) They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</p>		
	Whether the names of the identified related parties and the nature of the related party relationships documented?		

SA 560-SUBSEQUENT EVENTS		
Whether audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified?		
<p>Whether the audit procedure include the following:</p> <ul style="list-style-type: none"> <li>(a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.</li> <li>(b) Inquiring of management and, where appropriate, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements.</li> <li>(c) Reading minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available.</li> <li>(d) Reading the entity's latest subsequent interim financial statements, if any.</li> </ul>		
Where the events that require adjustment are identified or disclosure in the financial statements, whether it is ensured that each such event is appropriately reflected in those financial statements?		
Whether the "Written Representations" includes a statement that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed?		
When, after the date of the auditor's report but before the date the financial statements are issued, a fact becomes known that, had it been known at the date of audit report, may have caused the amendment to audit report, whether the following done:		

	<p>(a) Discuss the matter with management and, where appropriate, those charged with governance.</p> <p>(b) Determine whether the financial statements need amendment and,</p> <p>(c) If so, Inquire how management intends to address the matter in the financial statements.</p>		
	Where the management amends the financial statements, whether the audit procedures necessary in the circumstances on the amendment are carried out?		
	When a new auditor's report on the amended financial statements is issued, whether it is ensured that, it is not dated earlier than the date of approval of the amended financial statements?		
	<p>When law, regulation or the financial reporting framework does not prohibit management from restricting the amendment of the financial statements to the effects of the subsequent events or events causing that amendments and those responsible for approving the financial statements are not prohibited from restricting their approval to that amendment, did you restrict the audit procedures on subsequent events that caused the amendment. In such cases, whether the following option exercised:</p> <p>(a) Amending the audit report to include an additional date restricted to that amendment that thereby indicates that the audit procedures on subsequent events are restricted solely to the amendment of the financial statements described in the relevant note to the financial statements; or</p> <p>(b) Provide a new or amended audit report that includes a statement in an Emphasis of Matter paragraph or Other Matter(s) paragraph that conveys that audit procedures on subsequent events are restricted solely to the amendment of the financial statements as described in the relevant note to the financial statements.</p>		
	Where the management may not be required by the applicable law, regulation or the financial reporting		

	<p>framework to issue amended financial statements and, accordingly, the auditor need not provide an amended or new audit report. However, when management does not amend the financial statements in circumstances where in auditor's belief that they need to be amended, then:</p> <p>(a) If the audit report has not yet been provided to the entity, whether it is modified as required by SA 705 or</p> <p>(b) If the audit report has already been provided to the entity, whether it is notified to the management or those charged with governance are involved in managing the entity not to issue the financial statements to third parties before the necessary amendments have been made. If the financial statements are nevertheless subsequently issued without the necessary amendments, whether appropriate action taken, to seek to prevent reliance on the audit report.</p>		
	<p>When, after the financial statements have been issued, a fact becomes known, that, had it been known at the date of the audit report, may have caused the amendment to the audit report, whether the following done?</p> <p>(a) Discuss the matter with management and, where appropriate, those charged with governance.</p> <p>(b) Determine whether the financial statements need amendment and,</p> <p>(c) If so, Inquire how management intends to address the matter in the financial statements</p>		
	<p>Where the management amends the financial statements whether the following done?</p> <p>Carry the necessary audit procedures?</p> <p>Review the steps taken by management to ensure that anyone in receipt of the previously issued financial statements together with the auditor's report thereon is informed of the situation?</p> <p>Amend the auditor's report, or provide a new auditor's report as required.</p>		

	Whether it is ensured that amended/new report included an Emphasis of Matter paragraph or Other Matter(s) paragraph referring to a note to the financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements and to the earlier audit report?		
	If management does not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation and does not amend the financial statements in circumstances where in auditor's belief they need to be amended, whether the management/all of those charged with governance involved in managing the entity notified, that you will seek to prevent future reliance on the audit report.		
	If, despite such notification, management or those charged with governance do not take these necessary steps, whether appropriate action to seek to prevent reliance on the auditor's report taken?		
	<b>SA 570 - GOING CONCERN</b>		
	<p>Whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern considered? Where the management has already performed preliminary assessment of the entity's ability to continue as a going concern, and:</p> <p>(a) If such an assessment has been performed, whether it is discussed with management to determine that the management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or</p> <p>(b) If such an assessment has not yet been performed, whether it is discussed with the management the basis for the intended use of the going concern assumption, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.</p>		

	Did the audit team remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern?		
	Whether management's assessment of the entity's ability to continue as a going concern evaluated?		
	<p>In evaluating management's assessment of the entity's ability to continue as a going concern, whether the same period as that used by management covered, to make its assessment as required by the applicable financial reporting framework or by law or regulation if it specifies a longer period.</p> <p>If management's assessment of the entity's ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined in Revised SA 560, whether are they requested to extend its assessment period to at least twelve months from that date?</p>		
	In evaluating management's assessment, whether it is considered that management's assessment includes all relevant information arising as a result of the audit?		
	Is the management inquired as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern?		
	<p>When events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, whether sufficient appropriate audit evidence obtained to determine whether or not a material uncertainty exists through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include:</p> <p>(a) When management has not yet performed an assessment of the entity's ability to continue as a going concern, is it requested to make such assessment?</p> <p>(b) Is management's plans for future actions evaluated</p>		

	<p>in relation to its going concern assessment as to whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances?</p> <p>(c) When the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future action, whether the following done?</p> <ul style="list-style-type: none"> <li>• Evaluate the reliability of the underlying data generated to prepare the forecast; and</li> <li>• Determine whether there is adequate support for the assumptions underlying the forecast.</li> </ul> <p>(d) Whether any additional facts or information have become available since the date on which management made its assessment considered?</p> <p>(e) Whether written representations from management or, where appropriate, those charged with governance, regarding their plans for future action and the feasibility of these plans obtained?</p>		
	<p>Based on the audit evidence obtained, whether in auditor's judgment, a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern?</p> <p>(A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor's judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for:</p> <p>(a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or</p> <p>(b) In the case of a compliance framework, the financial statements not to be misleading)</p>		
	Where it is concluded that the use of the going concern assumption is appropriate in the circumstances but a		

	<p>material uncertainty exists, is it determined that whether the financial statements:</p> <p>(a) Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and</p> <p>(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.</p>		
	<p>Where adequate disclosure is made is it ensured that an unmodified opinion which includes an Emphasis of Matter paragraph in the audit report , is issued</p> <p>(a) Highlighting the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern; and</p> <p>(b) Drawing attention to the note in the financial statements that discloses the matters set out in paragraph.</p>		
	<p>Where adequate disclosure is not made in the financial statements, whether the audit report expresses a qualified or adverse opinion, as appropriate?</p> <p>Does the report states that there is a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern?</p>		
	<p>Where it is considered that the management's use of the going concern assumption in the financial statements is inappropriate, whether an adverse opinion expressed?</p>		
	<p>Where the management is unwilling to make or extend its assessment when requested to do so, whether the audit report considers the implications for the auditor's report.</p>		
	<p>Is it ensured that unless all those charged with governance are involved in managing the entity, they are communicated with events or conditions identified that may</p>		

	cast significant doubt on the entity's ability to continue as a going concern?		
	<p>Whether such communication include the following:</p> <p>(a) The events or conditions constitute a material uncertainty;</p> <p>(b) The appropriateness of the use of the going concern assumption in the preparation and presentation of the financial statements; and</p> <p>(c) The adequacy of related disclosures in the financial statements.</p>		
	<p>When there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, is the reasons for the delay inquired?</p> <p>Where it is believed that the delay could be related to events or conditions relating to the going concern assessment, whether additional audit procedures necessary were performed and appropriate conclusions reached?</p>		
	<b>SA 580-WRITTEN REPRESENTATIONS</b>		
	Whether written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned, obtained?		
	<p>Whether written representation includes the following?</p> <ol style="list-style-type: none"> <li>1. Statement from the management that it has fulfilled its responsibility for the preparation and presentation of the financial statements as set out in the terms of the audit engagement and, in particular</li> <li>2. The financial statements are prepared and presented in accordance with the applicable financial reporting framework</li> <li>3. That the management has provided the auditor with all relevant information agreed in the terms of the audit engagement.</li> </ol>		

4. That all transactions have been recorded and are reflected in the financial statements.		
5. Representations required in terms of other SA's.		
Is it ensured that the date of the written representations is near as practicable to, but not after, the date of the audit report on the financial statements?		
Is it ensured that the written representations covers all financial statements and period(s) referred to in the audit report?		
Where the competence, integrity, ethical values or diligence of management or about its commitment to or enforcement of these is a matter of concern, whether the effect that such concerns on the reliability of representations (oral or written) and audit evidence in general is made?		
Where the written representations are inconsistent with other audit evidence, whether audit procedures to attempt to resolve the matter performed?		
If the matter remains unresolved, whether a determination on the reliability of representations (oral or written) and audit evidence in general, made?		
Where it is concluded that the written representations are not reliable, whether its effect on audit opinion determined?		
Where the management does not provide one or more of the requested written representations, whether		
(a) It is discussed with the management;		
(b) The integrity of management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general reevaluated; and		
(c) Appropriate actions, including determining the possible effect on the opinion in the audit report in accordance with SA 705, considered?		
Whether a disclaimer opinion issued where it is concluded that		

	(a) There is sufficient doubt about the integrity of management such that the written representations are not reliable; or		
	(b) Management does not provide the written representations required		
	<b>SA 600 – USING THE WORK OF ANOTHER AUDITOR</b>		
	Whether an assessment is made as to how the work of other auditor will affect work of the principal auditor?		
	Where the other auditor is not a member of ICAI, how his professional competence is judged? For example: For a foreign branch, locally qualified CA/CPA may conduct the audit in accordance with the rules of the country wherein the branch is situated.		
	Whether an advice is circulated to the other auditor about the nature & matters to be covered in his report, significant accounting and auditing reporting requirements and the usage of his report?		
	Whether adequate procedures are performed to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate for the principal auditor's purpose?		
	Whether significant findings of the other auditor's report, if any, are considered?		
	Where other auditor's report contains qualification/adverse remarks, how the same has been dealt with in the Audit Report?		
	Where the principal auditor concludes, based on his procedures that the work of the other auditor cannot be used nor has he been able to perform sufficient additional procedures regarding the financial information of the component, is it ensured that a qualified opinion or disclaimer of opinion is expressed?		
	Whether the audit report clearly discloses the division of reporting responsibility?		

	<b>SA 610- USING THE WORK OF INTERNAL AUDITORS</b>		
	Whether and to what extent the work of the internal auditor is used?		
	<p>Whether a general evaluation of the internal audit function is done from the perspective of the following?</p> <p>(a) Objective of internal audit function</p> <p>(b) Technical competence</p> <p>(c) Due professional care</p> <p>(d) Effective communication</p>		
	If it is decided to rely on the work of an internal auditor, is it properly planned and coordinated in respect of the audit areas to be covered?		
	Is the specific work of the internal auditor evaluated in terms of scope of work, planning, execution, sufficiency of evidence collected and conclusions reached?		
	Whether an audit procedure is performed on the work of internal auditor?		
	Whether the above audit procedure and evaluation of the work of internal auditor is documented and recorded in the working paper file?		
	<b>SA 620 – USING THE WORK OF AN AUDITOR’S EXPERT</b>		
	Whether it is necessary to use the work of Auditor’s Expert for the purpose of obtaining sufficient appropriate audit evidence in the field other than accounting and auditing?		
	Whether in deciding the audit procedure materiality, nature and complexity of the item and availability of other evidences are considered?		
	Whether the expert’s skills, competence, capabilities, objectivity, confidentiality & his relationship with the client are evaluated?		

	Whether the expert's report is evaluated in terms of its relevance and reasonableness, source of data used, assumptions and methods used and its consistency with other audit evidence?		
	Where it is decided to issue an other than unqualified report, whether an indication is made in the Auditors report that reference to the use of the Auditor's Expert work does not reduce the responsibility of the Auditor for that opinion?		
	<b>SA 700 - FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS</b>		
	Whether an opinion is formed on the preparation of financial statements in accordance with the applicable financial reporting framework?		
	In forming an opinion, whether a conclusion is made that reasonable assurance has been obtained that the financial statements as a whole are free from material misstatement due to fraud or error?		
	Whether the conclusion drawn has taken into account the following?		
	<ul style="list-style-type: none"> <li>• Sufficient appropriate audit evidence</li> </ul>		
	<ul style="list-style-type: none"> <li>• Materiality or otherwise of the uncorrected misstatements</li> </ul>		
	<ul style="list-style-type: none"> <li>• Evaluation of the preparation of the financial statements in all material aspects in accordance with the requirements of the applicable financial reporting framework</li> </ul>		
	<ul style="list-style-type: none"> <li>• Evaluation of the adequate reference or description of the applicable financial reporting framework</li> </ul>		
	If the financial statements are prepared in accordance with the applicable financial framework, is it ensured that an expression of unmodified opinion is made in the Auditor's report?		

Otherwise, whether the opinion is modified in accordance with SA 705?		
Whether the audit report is in writing and contains the following basic elements?		
1) Title 2) Addressee 3) Introductory Paragraph 4) Management's responsibility for the financial statements 5) Auditor's responsibility 6) Auditor's opinion 7) Auditor's signature 8) Date of the report 9) Place of signature		
<b>SA 705 – MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT</b>		
Where the misstatements, either individually or in aggregate are material but not pervasive or the possible effects on the financial statements of undetected misstatements could be material but not pervasive, whether a qualified opinion is expressed?		
Where the misstatements, either individually or in the aggregate are material and pervasive, whether an adverse opinion is expressed?		
Where auditor is unable to obtain sufficient appropriate audit evidence and concludes that the possible effects on the financial statements of undetected misstatements could be material and pervasive, whether a disclaimer of opinion is expressed?		
Where the management refuses to remove the limitation, if any, imposed on the scope of the Audit, whether the following opinion is expressed in the Audit Report?		

	<ul style="list-style-type: none"> <li>The possible effects on the financial statements of undetected misstatements could be material but not pervasive - <b>qualified opinion</b></li> <li>Unable to obtain sufficient appropriate audit evidence and concludes that the possible effects on the financial statements of undetected misstatements could be material and pervasive – <b>disclaimer of opinion</b></li> </ul>		
	When the Auditor modified the opinion, whether a paragraph providing the description of the matter giving rise to the modification included immediately before the opinion paragraph in the Auditor's Report?		
	Whether the modified opinion is included in the Auditor's report under a specific heading?		
	In the case of modified opinion, whether the Introductory paragraph and Auditors responsibility paragraph of the Audit report has been suitably changed?		
	When a modified opinion is expected, whether the circumstances that led to the modification and its proposed wording are communicated to those charged with governance?		
	<b>SA 706 - EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER PARAGRAPHS IN THE INDEPENDENT AUDITOR'S REPORT</b>		
	If it is necessary to draw users attention to a matter presented in the financial statement, whether the same is included as "emphasis of matter" paragraph immediately after the opinion paragraph?		
	If it is necessary to draw users attention to a matter not presented in the financial statement, whether the same is included as "other matter" paragraph immediately after the opinion paragraph and emphasis of matter paragraph or elsewhere in the Auditor's Report, if it is relevant to the other reporting responsibilities section ?		
	When it is expected that an emphasis of matter paragraph or other matter paragraph will be included in the Auditor's		

	report, whether this expectation and its proposed wording are communicated to those charged with governance?		
	<b>SA 710 – COMPARATIVE INFORMATION – CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS</b>		
	Whether the comparatives (corresponding figures) furnished as part of the current financial statement comply with the financial reporting framework?		
	Whether sufficient appropriate evidence is obtained in respect of the above?		
	Whether it is ensured that in respect of corresponding figures, the current audit report should not specifically identify comparatives?		
	If the audit report for the prior period is modified but the issue, which caused the modification, is unresolved is it ensured that the current audit report is also modified with respect to corresponding figures?		
	If the issue, which resulted in modification of the previous audit report, is not resolved but does not require modification in the current report, is it ensured that the audit report is modified only for the prior period?		
	Where the matter, which gave rise to the issuance of a modified audit report in the earlier period is resolved, has it been ensured that the current year report does not draw a reference to the same? However, if the matter is material to the current period, the same may be included as emphasis of matter paragraph.		
	<p>If an auditor comes across a situation where in respect of a previous financial statement which was materially misstated and in unusual circumstances an unmodified report was issued, whether it is examined that appropriate disclosures have been made in the current financial statements</p> <p style="text-align: center;">OR</p> <p>If appropriate disclosures have not been made, is it ensured that a modified report for the current financials modified with respect to the corresponding figures included therein is issued?</p>		

	When prior period financial statements are not audited, whether the incoming auditor has stated in the Auditor's report that the corresponding figures are unaudited?		
	<b>SA 720 – AUDITOR'S RESPONSIBILITY IN RELATION TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS</b>		
	When material inconsistencies are identified in other information obtained prior to the date of Auditor's report and the revision of audited financial statements is necessary and management refuses to make a revision, whether the opinion is modified as per SA 705?		
	When material inconsistencies are identified in other information obtained prior to the date of Auditor's report and the revision of other information is necessary and the management refuses to do so, whether the same is communicated to those charged with governance and included in the Auditor's report as other matter paragraph describing material inconsistency in accordance with SA 706?		
	When material inconsistencies are identified in other information obtained subsequent to the date of Auditor's report and the revision of audited financial statements is necessary, whether the relevant requirements in SA 560 are followed?		
	When material inconsistencies are identified in other information obtained subsequent to the date of Auditor's report and the revision of other information is necessary and the management refuses to do so, whether the Auditor's concern is communicated to those charged with governance and any further appropriate action is taken?		
	If on reading other information for the purpose of identifying material inconsistencies, it is concluded that there is a material misstatement of fact in the other information which management refuses to correct, whether the Auditor's concern is communicated to those charged with governance and any further appropriate action is taken?		

## APPENDIX - II

### Checklist For Disclosures Under Accounting Standards<sup>2</sup>

#### Guide to use the Checklist

The following points may please be noted before using the Checklist:

1. This is only a Disclosure Checklist. It does not contain any recognition and measurement principles.
2. The Checklist contains disclosure requirements of the following pronouncements, which ever is applicable, of the Institute of Chartered Accountants of India as on July 1, 2009:
  - i. Accounting Standards 1-29 (Except AS 8, which has been withdrawn pursuant to the issuance of AS 26).
  - ii. Announcements on Accounting Standards so far as disclosure requirements are concerned.
  - iii. Guidance Notes on Accounting so far as disclosure requirements on a subject covered by Accounting Standards are concerned.

The above categories have been appropriately mentioned in the Checklist.

3. Relaxations and exemptions available to small and medium enterprises (known as Level II and Level III enterprises and also Small & Medium Companies (SMC) as defined in Companies (Accounting Standards) Rules 2006 as amended by the Companies (Accounting Standards) Rules 2009) from the disclosure requirements of accounting standards have been mentioned at relevant places.
4. Requirements of the Accounting Standards Interpretations 1 to 30 are not included in view of the following :
  - i. Some of the interpretation were included as an explanation in the relevant standards under Companies (Accounting Standards) Rules 2006 as amended by the Companies (Accounting Standards) Rules 2009 and
  - ii. In line with the above said rules, ICAI is withdrawing all the Accounting Standards Interpretations and is in the process of Issuing them as Guidance Notes where considered necessary.
5. Requirements of recent accounting standards 30, 31 and 32 are not included in this check list, in view of the same being not applicable for small and medium companies and further these standards are not notified under Companies (Accounting Standards) Rules 2006 as amended by the Companies (Accounting Standards) Rules 2009.

<sup>2</sup> Source "Checklist for Disclosures under Accounting Standards", 2007, issued by the Institute of Chartered Accountants of India.

6. Requirements of Guidance Note on Guarantees and Counter-Guarantees are not included in view of the following pronouncements:
  - i. AS 29, 'Provisions, Contingent Liabilities and Contingent Assets',
  - ii. AS 30, 'Financial Instruments : Recognition & Measurement' ;
  - iii. AS 31, 'Financial Instruments : Presentation' and
  - iv. AS 32, 'Financial Instruments : Disclosure.'
7. Requirements of Guidance Notes dealing with subjects not covered by specific accounting standards are not included. Accordingly, the following Guidance Notes are not covered:
  - i. Accounting for Changing Prices.
  - ii. Accrual Basis of Accounting.
  - iii. Accounting for Investments in the Financial Statements of Mutual Funds.
  - iv. Accounting by Dot-com Companies.
  - v. Accounting for Oil and Gas Producing Activities.
  - vi. Accounting for Securitisation.
  - vii. Accounting for Equity Index and Equity Stock Futures and Options.
  - viii. Accounting by Schools.
  - ix. Recognition of Revenue by Real Estate Developers.
8. The Checklist may be used to assist in considering compliance with the disclosure requirements of the relevant pronouncements. It is not a substitute for an understanding of the relevant pronouncements themselves and the exercise of judgement.
9. Users of the Checklist are presumed to have a thorough understanding of the relevant pronouncements and should refer to the text of the pronouncements, as necessary, in considering particular items in the Checklist.
10. The Checklist points generally require a "Yes", "No" or "NA" response. Depending on the response, further action may be needed. A "Yes" response does not necessarily result in full compliance with the relevant pronouncement.
11. Effective date of applicability of the relevant pronouncement should be kept in mind while using the Checklist.
12. The Checklist may require modifications/additions/ deletions in the light of subsequent developments taking place from time to time such as new accounting standards, new professional pronouncements and new legal requirements.

*While utmost care has been taken in preparing this Checklist. It is intended for general guidance only. It is stressed that the original pronouncements must be referred to for the exact and complete requirements. The Institute does not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material contained in this Checklist.*

## AS 1 - Disclosure of Accounting Policies

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	Whether all the significant accounting policies adopted in the preparation and presentation of financial statements have been disclosed?			
2.	Whether the disclosure of the significant accounting policies as such forms part of the financial statements?			
3.	Whether all the significant accounting policies have been disclosed at one place?			
4.	(i) Whether any of the accounting policy has been changed? (ii) If so, whether the preconditions for changing the accounting policy are satisfied? (iii) Has the provision of AS 5 has been complied with relating to changes in Accounting Policy?			
5.	Whether the change in the accounting policies which has a material effect in the current period has been disclosed?			
6.	Where the change in the accounting policies is reasonably expected to have a material effect in later periods, whether the fact of such change has been appropriately disclosed in the period of adoption of change?			
7.	In the case of a change in accounting policies which has a material effect in the current period: (i) Whether the amount by which any item in the financial statements is affected by such change has been ascertained and disclosed?			

	ii. Where such amount is not ascertainable, wholly or in part, whether such fact has been indicated?			
8.	<p>(i) Where the fundamental accounting assumption of 'going concern' has not been followed, whether the fact has been disclosed?</p> <p>(ii) If the concept of "Going Concern" is not followed, verify whether AS 24 on Discontinuing Operations are applicable (For SMC's alone and not for non-corporate entities in Level II and III)</p> <p>(iii) Where the fundamental accounting assumption of 'consistency' has not been followed, whether the fact has been disclosed?</p> <p>(iv) Where the fundamental accounting assumption of 'accrual' has not been followed, whether the fact has been disclosed?</p>			
9.	<b>Announcement</b>			
	<p>Where a company has been given specific exemption regarding any of the following matters, whether the fact of such exemption has been adequately disclosed in the accounts?</p> <p>(i) Accounting policies required to be disclosed under Schedule VI or any other provisions of the Companies Act, 1956.</p> <p>(ii) Accounts have to be prepared on accrual basis.</p> <p>(iii) The fundamental accounting assumption of going concern has not been followed and such fact has to be disclosed in the financial statements.</p> <p>(iv) Proper disclosures regarding change in the accounting policies have to be made.</p>			

## AS 2 – Valuation of Inventories

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
	Whether the financial statements disclose:			
	(i) The accounting policies adopted in measuring inventories?			
	(ii) Cost formula used in measuring inventories?			
	(iii) Total carrying amount of inventories?			
	(iv) Classification of inventories appropriate to the enterprise (such as raw materials and components, work-in-progress, finished goods, stores and spares, loose tools)?			
	(v) Carrying amount of each classification of inventories?			

## **AS 3 - Cash Flow Statements**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
	<b>Exemptions/relaxations for SMEs</b>			
	Applicable for Level I entities and non SMC's only and is not applicable for Level II and Level III enterprises.			

## AS 4 - Contingencies and Events Occurring After the Balance Sheet Date

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

**Note:**

As per an Announcement of the Institute, impairment of assets not covered by other accounting standards is covered by AS 4. For example, provision for bad and doubtful debts. However, there is no specific disclosure requirement under AS 4 for such provisions. Other provisions are covered by AS 29, 'Provisions, Contingent Liabilities and Contingent Assets'.

If there is a contingent loss which is material and not provided for, the financial effect has to be disclosed by way of note. In case of non possibility of making an estimate, the same has to be disclosed.

## AS 5 - Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<b>Net profit or loss for the period</b>			
	Whether the following components have been disclosed on the face of the statement of profit and loss:			
	(i) profit or loss from ordinary activities?			
	(ii) extraordinary items?			
2.	<b>Extraordinary items</b>			
	(i) Whether extraordinary items have been disclosed in the statement of profit and loss as part of net profit or loss for the period?			
	(ii) Whether the nature and the amount of each extraordinary item have been separately disclosed in the statement of profit and loss in a manner that its impact on current profit or loss can be perceived?			
3.	<b>Profit or loss from ordinary activities</b>			
	When the items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of enterprise for the period, whether the nature and amount of such items have been disclosed separately (e.g., disposals of items of fixed assets, litigation settlements etc.)?			

4.	<b>Prior period items</b>			
	Whether the nature and amount of prior period items have been separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived?			
5.	<b>Change in accounting estimates</b>			
	(i) Whether the nature and the amount of a change in an accounting estimate which has a material effect in the current period:  (a) have been disclosed? Or  (b) if it is impracticable to quantify the amount, whether that fact has been disclosed?			
	(ii) Whether the nature and amount of a change in an accounting estimate which is expected to have a material effect in subsequent periods:  (a) have been disclosed? Or  (b) if it is impracticable to quantify the amount, whether that fact has been disclosed?			
	(iii) If an item of change is treated as a change in accounting estimate when it is difficult to distinguish between a change in accounting policy and a change in accounting estimate, whether it has been appropriately disclosed?			
	(iv) Whether the effect of a change in accounting estimate has been classified using the same classification in the statement of profit and loss as was used previously for the estimate?			
6.	<b>Change in accounting policies</b>			
	(i) Whether the change in an accounting policy which has a material effect has been disclosed?			
	(ii) Whether the impact of and the adjustments resulting from such change, if material, have been shown in			

	the financial statements of the period in which such change is made, to reflect the effects of such change?			
	(iii) Where the effects of such change are not ascertainable, wholly or in part, whether such fact has been indicated?			
	(iv) If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, whether the fact of such change has been appropriately disclosed in the periods in which the change is adopted?			
7.	Wherever a change in accounting policy consequent upon the adoption of an Accounting Standard has been made, whether the disclosures required by 6 above have been made unless the transitional provisions of any other Accounting Standard require alternative disclosures in this regard?			

## AS 6 – Depreciation Accounting

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<b>Change in the method of providing depreciation</b>			
	Whether the change in the method of depreciation of a depreciable asset is treated as a change in accounting policy and the effects of such change have been quantified and disclosed as per AS 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'?			
2.	<b>Revaluation</b>			
	Where revaluation of a depreciable asset has a material effect in the amount of depreciation, whether the same has been disclosed separately in the year in which revaluation is carried out?			
3.	<b>Disposal</b>			
	Where any depreciable asset is disposed of, discarded, demolished or destroyed, whether the net surplus or deficiency arising on such disposal etc., if material, has been disclosed separately?			
4.	<b>Disclosure in respect of each class of asset</b>			
	In respect of each class of depreciable asset, whether the following disclosures have been made:			
	(i) the historical cost or other amount substituted for historical cost?			
	(ii) total depreciation for the period?			
	(iii) the related accumulated depreciation?			

5.	<b>Other disclosures</b>			
	Whether the following information have been disclosed in the financial statements along with the disclosure of other accounting policies:  (i) depreciation methods used?  (ii) depreciation rates or the useful lives of the assets, if they are different from the principal rates specified in the statute governing the enterprise?			
6.	<b>Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets; and Guidance Note on Accounting for Depreciation in Companies</b>			
	If additional depreciation attributable to revaluation has been transferred from Revaluation Reserve to the profit and loss account, whether such transfer:  (i) has been shown in the profit and loss account  (ii) appropriate note by way of disclosure has been given (desirable)			
	Alternatively			
	If accumulated additional depreciation attributable to revaluation has been transferred directly from Revaluation Reserve to profit and loss account or General Reserve, whether suitable disclosure is made in the accounts?			

## AS 7 – Construction Contracts

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1. General</b>				
	Whether the enterprise has disclosed the following:			
	(i) the amount of contract revenue recognised as revenue in the period?			
	(ii) the methods used to determine the contract revenue recognised in the period?			
	(iii) the methods used to determine the stage of completion of contracts in progress?			
<b>2. Contracts in progress at the reporting date</b>				
	Whether the enterprise disclosed the following for contracts-in-progress at the reporting date:			
	(i) the aggregate amount of costs incurred and recognized profits (less recognised losses) up to the reporting date?			
	(ii) the amount of advance received? and			
	(iii) the amount of retentions?			
<b>3. Due to/from customers</b>				
	Whether the enterprise has disclosed the following assets:			
	(i) the gross amount due from customers for contract work as an asset? And			
	(ii) the gross amount due to customers for contract work as a liability?			
<b>4. Contingencies</b>				
	Whether the enterprise has disclosed any contingencies in accordance with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', e.g., warranty costs, penalties or possible losses?			

## AS 9 – Revenue Recognition

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A						
1.	Whether the enterprise has disclosed the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties?									
2.	Whether significant accounting policies relating to recognition of revenue have been disclosed in accordance with AS 1, 'Disclosure of Accounting Policies '?									
3.	<b>Accounting Standards Interpretation 14 (Revised), Disclosure of Revenue from Sales Transactions</b>									
	<p>(i) Whether the amount of turnover has been disclosed in the following manner on the face of the statement of profit and loss:</p> <table><tr><td>Turnover (Gross)</td><td>XX</td></tr><tr><td>Less: Excise Duty</td><td>XX</td></tr><tr><td>Turnover (Net)</td><td>XX</td></tr></table>	Turnover (Gross)	XX	Less: Excise Duty	XX	Turnover (Net)	XX			
Turnover (Gross)	XX									
Less: Excise Duty	XX									
Turnover (Net)	XX									
	<p>(ii) Whether a note has been given in the notes to accounts to explain the nature of two excise duty amounts viz., excise duty deducted from turnover and excise duty appearing as an expense in the statement of profit and loss (may be positive or negative) representing excise duty related to increase/decrease of finished goods.</p>									

## AS 10 - Accounting for Fixed Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1.</b>	<b>Material items of fixed assets retired from active use</b>			
	Whether material items of fixed assets retired from active use and held for disposal have been shown separately in the financial statements?			
<b>2.</b>	<b>Basis for Revaluation</b>			
	(i) Wherever an entire class of fixed assets has not been revalued and selection of fixed assets for revaluation has been made on a systematic basis, whether the basis for selection of assets for revaluation has been disclosed?			
	(ii) Whether the following have been disclosed in respect of revalued assets: a. revalued amounts substituted for historical costs of fixed assets? b. method adopted to compute the revalued amounts? c. the nature of indices used? d. the year of any appraisal made? e. whether an external valuer was involved?			
<b>3.</b>	<b>Fixed assets acquired on Hire-Purchase basis</b>			
	Whether the fixed assets acquired on hire- purchase basis have been shown in the balance sheet with an appropriate narration to indicate that the enterprise does not have full ownership thereof?			

	<p><b>Note:</b> In addition, disclosures under AS 19, 'Leases', should also be given for fixed assets acquired on hire-purchase basis.</p>			
<b>4.</b>	<b>Fixed assets owned jointly with others</b>			
	<p>In the case of fixed assets owned by an enterprise jointly with others (otherwise than as a partner in a firm), whether</p> <p>(i) the extent of the enterprise's share in such assets, and the proportion of original cost, accumulated depreciation and written down value has been stated?</p> <p style="text-align: center;">Or</p> <p>(ii) Where <i>pro rata</i> cost of such jointly owned assets has been grouped together with similar fully owned assets, whether an appropriate disclosure has been made?</p>			
<b>5.</b>	<b>General</b>			
	Whether the following information has been disclosed in the financial statements:			
	<p>(i) Gross Book value of fixed assets</p> <p style="padding-left: 20px;">(a) at the beginning of the accounting period?</p> <p style="padding-left: 20px;">(b) at the end of the accounting period?</p> <p>(ii) Additions, acquisitions during the accounting period?</p> <p>(iii) Disposals during the accounting period?</p> <p>(iv) Other movements during the accounting period?</p> <p>(v) Expenditure incurred on account of fixed assets in the course of construction or acquisition?</p>			
<b>6.</b>	<b>Guidance Note on Some Important Issues Arising from the Amendments to Schedule XIV to the Companies Act, 1956.</b>			
	If an enterprise writes off fully low value items on the consideration of materiality, whether such an accounting policy has been disclosed appropriately in the accounts?			

## AS 11 - The Effects of Changes in Foreign Exchange Rates

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<p>Whether the enterprise disclosed the following</p> <p>(i) the amount of exchange differences included in the net profit or loss for the period in accordance with AS 11?</p> <p>(ii) the net exchange differences accumulated in foreign currency translation reserve as a separate component of shareholders' funds in accordance with AS 11?</p> <p>(iii) reconciliation of the amount of exchange differences mentioned at (ii) above at the beginning of the period and end of the period?</p>			
2.	<p>Where the reporting currency is different from the currency of the country in which the enterprise is domiciled, whether:</p> <p>(i) the reason for using a different currency has been disclosed?</p> <p>(ii) the reason for any change in the reporting currency has also been disclosed?</p>			
3.	<p>When there is a change in the classification of a significant foreign operation, whether the enterprise has disclosed:</p> <p>(i) the nature of the change in classification?</p> <p>(ii) the reason for the change?</p> <p>(iii) the impact of change in classification on shareholders' funds?</p>			

	(iv) the impact on net profit or loss for each prior period presented had the change in classification occurred at the beginning of the earlier period presented?			
4.	Whether the effect on foreign currency monetary items or on the financial statements of a foreign operation for a change in exchange rates occurring after the balance sheet date is disclosed in accordance with AS 4, 'Contingencies and Events Occurring After the Balance Sheet Date'?			
	<b>Encouraged disclosure (Non-mandatory)</b>			
	Foreign currency risk management policy			

## AS 12 - Accounting for Government Grants

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	Whether the following has been disclosed:			
	(i) The accounting policy adopted for government grants including the methods of presentation in the financial statements?			
	(ii) a. the nature of government grants recognised?			
	b. the extent of government grants recognised, including the grants of non-monetary assets given at a concessional rate or free of cost?			
2.	Whether the government grants that are receivable as compensation for expenses or losses incurred in a previous accounting period or for the purpose of giving immediate financial support to the enterprise with no further related costs has been disclosed in the statement of profit and loss for the period in which they are receivable as an extraordinary item, if appropriate, in accordance with AS 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'?			
3.	If a grant related to a non-depreciable asset requires the fulfilment of certain obligations and the grant is credited to income over the same period over which the cost of meeting such obligations is charged to income, whether such deferred income balance has been separately disclosed in the financial statements?			

## AS 13 - Accounting for Investments

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1.</b>	<b>Accounting policy</b>			
	Whether the accounting policies for the determination of carrying amount of investments have been disclosed?			
<b>2.</b>	<b>Classification of investments</b>			
	(i) Whether the enterprise has disclosed the investments classified into current investments and long-term investments distinctly in its financial statements?			
	(ii) Whether the current and long-term investments have been further classified as specified in the statute governing the enterprise?			
	(iii) In the absence of a statutory requirement, whether investments have been further classified and disclosed, where applicable, as investments in			
	a. Government or Trust securities?			
	b. Shares, debentures or bonds?			
	c. Investment properties?			
	d. Others (specifying nature)?			
<b>3.</b>	<b>Statement of Profit and Loss</b>			
	(i) Whether gross income by way of interest, dividends, and rentals on investments has been stated separately for			
	a. long-term investments?			
	b. current investments?			
	(ii) Whether gross dividends received on investments have been further disclosed separately as			

	a. from subsidiary companies? b. from other companies?			
	(iii) Whether income tax deducted at source, if any, has been included under 'Advance Taxes Paid'?			
	(iv) Whether the profits and losses with regard to investments have been disclosed as under:  a. profits and losses on disposal of current investments?  b. profits and losses on changes in the carrying amount of current investments?  c. profits and losses on disposal of long- term investments?  d. profits and losses on changes in the carrying amount of long-term investments?			
<b>4.</b>	<b>Significant restrictions</b>			
	Whether significant restrictions of the following with regard to investments have been disclosed:  (i) right of ownership of investments? (ii) realisability of investments? (iii) remittance of income on investments? (iv) remittance of proceeds of disposals?			
<b>5.</b>	<b>Quoted and unquoted Investments</b>			
	(i) Whether the aggregate amount of quoted investments has been disclosed?  (ii) Whether the aggregate market value of quoted investments has been disclosed?  (iii) Whether the aggregate amount of unquoted investments has been disclosed?			
<b>6.</b>	<b>Other Disclosures</b>			
	Whether other disclosures as specifically required by the relevant statute governing the enterprise have been disclosed?			

## AS 14 - Accounting for Amalgamations

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1.</b>	<b>For all amalgamations</b>			
	For all amalgamations, whether the following disclosures have been made, in the first financial statements following the amalgamation:  (i) names and general nature of business of the amalgamating companies?  (ii) effective date of amalgamation for accounting purposes?  (iii) the method of accounting used to reflect the amalgamation ? and  (iv) the particulars of the scheme sanctioned under a statute?			
<b>2.</b>	<b>Whether, in addition to 1 above, the following additional disclosures have been made in the first financial statements following the amalgamation:</b>			
	A. For amalgamation accounted for under the pooling of interests method:  (i) description and number of shares issued?  (ii) percentage of each company equity shares exchanged to effect the amalgamation?  (iii) the amount of difference, if any, between the consideration and the value of net identifiable assets acquired ?			

	(iv) the treatment of the amount of difference computed as per (iii) above?			
	B. For amalgamation accounted for under the purchase method:			
	(i) consideration for the amalgamation?			
	(ii) description of the consideration paid or contingently payable?			
	(iii) the amount of any difference between the consideration and the value of the net identifiable assets acquired?			
	(iv) the treatment of the amount of difference computed as per (iii) above?			
	(v) the period of amortisation of any goodwill arising on amalgamation?			
<b>3.</b>	<b>When the amalgamation is effected after the balance sheet date but before issuance of the financial statements of either party to the amalgamation</b>			
	<b>Note:</b> The Standard requires disclosure as per AS 4, 'Contingencies and Events Occurring After the Balance Sheet Date'. Under AS 4, such disclosures are required to be made in the report of the approving authority only. However, it is noted that it is a healthy practice to make such disclosures in the financial statements also.			
<b>4.</b>	<b>Announcement</b>			
	Treatment of reserves specified in a scheme of amalgamation:			
	(i) Where the scheme of amalgamation sanctioned under a statute prescribes a different treatment to be given to the reserves of the transferor company after amalgamation as compared to the requirements of AS 14 that would have been followed had no			

	<p>treatment been prescribed by the scheme, whether the following disclosures had been made in the first financial statements following the amalgamation:</p> <p>(a) A description of the accounting treatment given to the reserves and the reasons for following the treatment different from that prescribed in this AS 14?</p> <p>(b) Derivatives in the accounting treatment given to the reserves as prescribed by the scheme of amalgamation sanction under the statute as compared to the requirements of this AS that would have been followed had no treatment been prescribed by the scheme?</p> <p>(c) The financial effect, if any, arising due to such deviation?</p>			
	<p>(ii) Where in the amalgamation in the nature of purchase, to comply with the statutory requirements, if statutory reserves of the transferor company are to be recorded in the financial statements of the transferee company in order to preserve the identity of such reserves, whether the corresponding debit has been given to a suitable account head (e.g., 'Amalgamation Adjustment Account') and disclosed as part of the 'miscellaneous expenditure' or other similar category in the balance sheet?</p>			

## AS 15 – Employee Benefits

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1.</b>	<b>Short-term Employee Benefits</b>			
	Where other Accounting Standards require disclosure, whether such disclosures have been made? For example, where required by AS 18 'Related Party Disclosures', whether the enterprise disclosed the information about employee benefits for key management personnel?			
<b>2.</b>	<b>Multi-employer plans</b>			
	<p>(i) If a multi-employer plan is accounted for as a defined benefit plan, whether the disclosures mentioned in (5) below have been disclosed?</p> <p>(ii) When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan and consequently accounted as a defined contribution plan, whether the enterprise has-</p> <p>(a) disclosed the fact that the plan is a defined benefit plan?</p> <p>(b) disclosed the reason why sufficient information is not available to enable the enterprise to account for the plan as a defined benefit plan?</p> <p>(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions, disclosed in addition:</p> <p>(i) any available information about that surplus or deficit?</p>			

	<ul style="list-style-type: none"> <li>(ii) the basis used to determine that surplus or deficit? and</li> <li>(iii) the implications, if any, for the enterprise?</li> </ul> <p>(iii) Whether contingent liabilities arising in the context of multiemployer plans have been disclosed as per AS 29, 'Provisions, Contingent Liabilities and Contingent Assets'? [e.g., any responsibility under the terms of a plan to finance any shortfall in the plan if other enterprises cease to participate].</p>			
<b>3.</b>	<b>State plans</b>			
	<ul style="list-style-type: none"> <li>(i) In rare cases, if a state plan is accounted for as a defined benefit plan, whether the disclosures mentioned in (5) below have been disclosed?</li> <li>(ii) When sufficient information is not available to use defined benefit accounting for a state plan that is a defined benefit plan and consequently accounted as a defined contribution plan, whether the enterprise has- <ul style="list-style-type: none"> <li>(a) disclosed the fact that the plan is a defined benefit plan?</li> <li>(b) disclosed the reason why sufficient information is not available to enable the enterprise to account for the plan as a defined benefit plan?</li> <li>(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions, disclosed in addition: <ul style="list-style-type: none"> <li>(i) any available information about that surplus or deficit?</li> <li>(ii) the basis used to determine that surplus or deficit? and</li> <li>(iii) the implications, if any, for the enterprise?</li> </ul> </li> </ul> </li> <li>(iii) Whether contingent liabilities arising in the context of state plans have been disclosed as per AS 29, 'Provisions, Contingent Liabilities and Contingent</li> </ul>			

	Assets'? [e.g., any responsibility under the terms of a plan to finance any shortfall in the plan if other enterprises cease to participate]			
<b>4.</b>	<b>Defined Contribution Plans</b>			
	(i) Whether the enterprise has disclosed the amount recognised as an expense for defined contribution plans?			
	(ii) Whether the enterprise has disclosed information about contributions to defined contribution plans for key management personnel as required by AS 18, 'Related Party Disclosures'?			
<b>5.</b>	<b>Defined Benefit Plans</b>			
	<p>Whether the enterprise has disclosed the following information about defined benefit plans:</p> <p>(i) information that enables users of financial statements to evaluate:</p> <p>(a) the nature of the plans?</p> <p>(b) the financial effects of changes in those plans during the period?</p> <p>(ii) the enterprise's accounting policy for recognizing actuarial gains and losses?</p> <p>(iii) a general description of the type of plans?</p> <p><b>Note:</b></p> <p>Item (iii) distinguishes, for example, flat salary pension plans from final salary pension plans and from post-employment medical plans. The description of the plan should include informal practices that give rise to other obligations included in the measurement of the defined benefit obligation in accordance with para 53 of AS 15 (revised 2005).</p> <p>(iv) a reconciliation of opening and closing balances of the present value of the defined benefit obligations showing separately, if applicable, the effects during the period attributable to each of the following:</p>			

	<ul style="list-style-type: none"> <li>(a) current service cost?</li> <li>(b) interest cost?</li> <li>(c) contributions by plan participants?</li> <li>(d) actuarial gains and losses?</li> <li>(e) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency?</li> <li>(f) benefits paid?</li> <li>(g) past service cost?</li> <li>(h) amalgamations?</li> <li>(i) curtailments?</li> <li>(j) settlements?</li> </ul>			
	<ul style="list-style-type: none"> <li>(v) an analysis of defined benefit obligation into amounts arising from plans that are wholly unfunded and amounts arising from plans that are wholly or partly funded?</li> </ul>			
	<ul style="list-style-type: none"> <li>(vi) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset in accordance with para 103 of AS 15 (revised 2005) showing separately, if applicable, the effects during the period attributable to each of the following: <ul style="list-style-type: none"> <li>(a) expected return on plan assets?</li> <li>(b) actuarial gains and losses?</li> <li>(c) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency?</li> <li>(d) contributions by the employer?</li> <li>(e) contributions by plan participants?</li> <li>(f) benefits paid?</li> <li>(g) amalgamations?</li> <li>(h) settlements?</li> </ul> </li> </ul>			

	<p>(vii) a reconciliation of the present value of the defined benefit obligation in (iv) above and the fair value of the plan assets in (vi) above to the assets and liabilities recognized in the balance sheet showing at least:</p> <ul style="list-style-type: none"> <li>(a) the past service cost not yet recognised in the balance sheet (see para 94 of AS 5 (revised 2005)?</li> <li>(b) any amount not recognised as an asset because of the limit in para 59(b) of AS 15 (revised 2005)?</li> <li>(c) the fair value at the balance sheet date of any reimbursement right recognised as an asset in accordance with para 103 of AS 15 (revised 2005) (with a brief description of the link between the reimbursement right and the related obligation)?</li> <li>(d) the other amounts recognised in the balance sheet?</li> </ul> <p>(viii) the total expense recognised in the statement of profit and loss of each of the following, and the line item(s) of the statement of profit and loss in which they are included :</p> <ul style="list-style-type: none"> <li>(a) current service cost?</li> <li>(b) interest cost?</li> <li>(c) expected return on plan assets?</li> <li>(d) expected return on any reimbursement right recognised as an asset under paragraph 103 of AS 15 (revised 2005)?</li> <li>(e) actuarial gains and losses?</li> <li>(f) past service cost?</li> <li>(g) the effect of any curtailment or settlement?</li> <li>(h) the effect of the limit in paragraph 59(b) of AS 15 (revised 2005), i.e., the extent to which the amount determined under paragraph 55 of AS 15 (revised 2005) (if negative) exceeds the amount determined under paragraph 59 (b) of AS 15 (revised 2005)?</li> </ul>			
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	<ul style="list-style-type: none"> <li>(ix) for each major category of plan assets, which should include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major category constitutes of the fair value of the total plan assets?</li> <li>(x) the amounts included in the fair value of the plan assets for: <ul style="list-style-type: none"> <li>(a) each category of the enterprise's own financial instruments?</li> <li>(b) (i) any property occupied by the enterprise? (ii) other assets used by the enterprise?</li> </ul> </li> <li>(xi) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets?</li> <li>(xii) the actual return on: <ul style="list-style-type: none"> <li>(a) plan assets?</li> <li>(b) any reimbursement right recognised as an asset in accordance with para 103 of AS 15 (revised 2005)?</li> </ul> </li> <li>(xiii) the principal actuarial assumptions used as at the balance sheet date, including, where applicable: <ul style="list-style-type: none"> <li>(a) the discount rates?</li> <li>(b) the expected rates of return on any plan assets for the periods presented in the financial statements?</li> <li>(c) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset under paragraph 103 of AS 15 (revised 2005)?</li> <li>(d) medical cost trend rates?</li> <li>(e) any other material actuarial assumptions used?</li> <li>(f) an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take</li> </ul> </li> </ul>			
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	<p>account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market?</p> <p>(xiv) keeping all other assumptions constant, the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:</p> <p>(a) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs?</p> <p>(b) the accumulated post-employment benefit obligation for medical costs?</p> <p><b>Note:</b> For item (xiv) above, for plans operating in a high inflation environment, the disclosure should be the effect of a percentage increase or decrease in the assumed medical cost trend rate of a significance similar to one percentage point in a low inflation environment.</p> <p>(xv) the amounts for the current annual period and the previous annual periods of-</p> <p>(a) (i) the present value of the defined benefit obligation?</p> <p>(ii) fair value of plan assets?</p> <p>(iii) the surplus or deficit in a plan?</p> <p>(b) the experience adjustments arising on:</p> <p>(i) the plan liabilities expressed either as an amount or as a percentage of the plan liabilities at the balance sheet date?</p> <p>(ii) the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date?</p>			
6.	Whether the enterprise has disclosed each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentage or other variables?			

7.	Where an enterprise has more than one defined benefit plan, whether disclosures have been made in total  (i) separately for each plan? Or  (ii) in such grouping as are considered to be most useful?			
8.	When an enterprise provides disclosures in total for a grouping of plans, whether disclosures are provided in the form of-  (i) weighted average? Or  (ii) of relatively narrow ranges?			
9.	Where required by AS 18, 'Related Party Disclosures', whether the enterprise has disclosed information about:-  (i) related party transactions with post employment benefit plans? And  (ii) post-employment benefits for key management personnel?			
10.	When required by AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', whether the enterprise discloses information about contingent liabilities arising from post-employment benefit obligations?			
<b>11.</b>	<b>Other Long-term Employees Benefits</b>			
	Where other accounting standards require specific disclosures about other long-term employee benefits, whether such disclosures have been made? (e.g., AS 5 , 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies', AS 18, 'Related Party Disclosures ').			
<b>12.</b>	<b>Termination benefits</b>			
	(i) Where there is uncertainty about the number of employees who will accept an offer of termination benefit, whether the enterprise has disclosed information about the contingent liability unless the			

	<p>possibility of outflow in settlement is remote? (AS 29, 'Provisions, Contingent Liabilities and Contingent Assets')</p> <p>(ii) Where termination benefit is of such size, nature or incidence that its disclosure is relevant to explain the performance of the enterprise for the period, whether termination benefits have been disclosed appropriately? (AS 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies')?</p> <p>(iii) Where required by AS 18, 'Related Party Disclosures', whether the enterprise has disclosed information about termination benefits for key management personnel?</p>			
<b>13. General</b>				
	For additional disclosures, if any, Frequently Asked Questions on AS 15 may be referred to.			
<b>14. Guidance Note on Accounting for Employee Share-based Payments</b>				
	<p>(i) Whether the method used to account for the employee share-based payment plans has been described?</p> <p>(ii) Where an enterprise uses the intrinsic value method, whether there is disclosure of the impact on the net results and Earnings Per Share - both basic and diluted – for the accounting period, had the fair value method been used?</p> <p>(iii) If there are employee share-based payment plans that existed during the period, whether the enterprise has disclosed the information that enables users of financial statements to understand the nature and extent of such plans?</p> <p>(iv) Whether the following have been disclosed to give effect to the requirements of (iii) above:</p> <p>(a) a description of each type of such plan including the general terms and conditions of each plan</p>			

	<p>such as vesting requirements, the maximum term of options granted, and the method of settlement (whether in cash or equity)?</p> <p><b>Note:</b> An enterprise with substantially similar types of plans may aggregate this information, unless separate disclosure of each arrangement is necessary to satisfy the requirements of (iii) above.</p> <p>(b) the number and weighted average exercise prices of stock options for each of the following groups of options:</p> <ul style="list-style-type: none"> <li>(i) outstanding at the beginning of the period?</li> <li>(ii) granted during the period?</li> <li>(iii) forfeited during the period?</li> <li>(iv) exercised during the period?</li> <li>(v) expired during the period?</li> <li>(vi) outstanding at the end of the period?</li> <li>(vii) exercisable at the end of the period?</li> </ul> <p>(c) for stock options exercised during the period, the weighted average share price at the date of exercise?</p> <p><b>Note:</b> In respect of item (c) above, if options are exercised on a regular basis throughout the period, the enterprise may, instead, disclose the weighted average share price during the period.</p> <p>(d) for stock options outstanding at the end of the period:</p> <ul style="list-style-type: none"> <li>(i) the range of exercise prices?</li> <li>(ii) weighted average remaining contractual life (comprising the vesting period and the exercise period)?</li> </ul> <p><b>Note:</b> If item (d)(i) above is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.</p>			
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	<p>(v) To enable the users of the financial statements to understand how the fair value of shares or stock options granted, during the period, was determined, whether the following information has been disclosed:</p> <p>(a) for stock options granted during the period, the weighted average fair value of those options at the grant date and information on how that fair value was measured, including-</p> <p>(i) the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life (comprising the vesting period and the exercise period), expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise?</p> <p>(ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility?</p> <p>(iii) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition?</p> <p>(b) for other instruments (i.e, other than stock options), the number and weighted average fair value of those instruments at the grant date and information on how that fair value was measured, including:</p> <p>(i) if fair value was not measured on the basis of an observable market price, how it was determined?</p> <p>(ii) whether and how expected dividends were incorporated into the measurement of fair value?</p> <p>(iii) whether and how any other features of the</p>			
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	<p>instruments granted were incorporated into the measurement of the fair value?</p> <p>(c) for employee share-based payment plans that were modified during the period:</p> <p>(i) an explanation of those modifications?</p> <p>(ii) the incremental fair value granted (as a result of those modifications)?</p> <p>(iii) information on how the incremental fair value granted was measured, consistently with the requirements set out in (i) and (ii) above, were applicable?</p> <p>(vi) To enable users of the financial statements to understand the effect of employee share based payment plans on the profit or loss of the enterprise for the period and on its financial position, whether the following information has been disclosed:</p> <p>(a) the total expense recognised for the period arising from employee share-based payment plans in which the services received did not qualify for recognition as a part of the cost of an asset and hence were recognized immediately as an expense, including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled employee share-based payment plans?</p> <p>(b) for liabilities arising from employee share-based payment plans:</p> <p>(i) the total carrying amount at the end of the period?</p> <p>(ii) the total intrinsic value at the end of the period of liabilities for which the right of employee to cash or other assets had vested by the end of the period (e.g., vested stock appreciation rights)?</p> <p><b>Note:</b> In the case of listed companies, the above disclosures are applicable to the extent they are not inconsistent with disclosure requirements of Securities and Exchange Board of India.</p>			
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## AS 16– Borrowing Costs

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	Whether the financial statements have disclosed the accounting policy adopted for borrowing costs?			
2.	Whether the amount of borrowing costs capitalised during the period has been disclosed in the financial statements?			

## **AS 17– Segment Reporting**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
	<b>Exemptions/relaxations for SMEs</b>			
	AS 17 is not applicable for Level II and Level III enterprises.			

## AS 18 – Related Party Disclosures

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

The disclosure requirement under this standard is applicable for Level I entities and all companies. Hence this checklist is applicable in respect of Small Entities in corporate sector only.

		Yes	No	N/A
<b>1.</b>	<b>Standard &amp; Accounting Standards Interpretation-13 (Interpretation of paras 26 and 27 of AS 18)</b>			
	Where control exists, whether the following have been disclosed irrespective of whether or not there have been transactions between the related parties:			
	(i) Name of the related party?			
	(ii) Nature of the related party relationship?			
<b>2.</b>	If there have been transactions between related parties, during the existence of a related party relationship, whether the reporting enterprise disclosed the following:			
	(i) the name of the transacting related party?			
	(ii) a description of the relationship between the parties?			
	(iii) a description of the nature of transactions?			
	(iv) volume of the transactions either as an amount or as an appropriate proportion?			
	(v) any other elements of the related party transactions necessary for an understanding of the financial statements?			
	(vi) the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date? And			

	(vii) amounts written off or written back in the period in respect of debts due from or to related parties?			
3.	<p>(i) Whether items of a similar nature are disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise?</p> <p><b>Note:</b> For the above purpose, ordinarily, a related party transaction, the amount of which is in excess of 10% of total related party transactions of the same type (such as purchase of goods), is considered as material, unless on the basis of facts and circumstances of the case, it can be concluded that even if a transaction of less than 10% is material. As regards nature, ordinarily the related party transactions which are not entered into in the normal course of the business of the reporting enterprise are considered material subject to the facts and circumstances of the case. A suggested format of disclosure is given in ASI 13.</p> <p>(ii) For the above purpose, whether, the aggregation is made separately for the related party relationships given in para 3 of AS 18?</p>			
4.	Whether the statutory disclosures of transactions with certain categories of related parties have been made? [e.g., transactions with directors or similar management personnel of an enterprise, especially their remuneration and borrowings]			
	<b>Exemptions/relaxations for SMEs</b>			
	AS 18 is not applicable for Level II and Level III enterprises.			

## AS 19 – Leases

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
<b>1.</b>	<b>Lessee: Finance leases</b>			
	<p>(i) Whether the lessee, in addition to the requirements of AS 10, 'Accounting for Fixed Assets', AS 6, 'Depreciation Accounting', and the governing statute, has made the following disclosures for a finance lease including assets acquired on hire-purchase basis:</p> <p>(a) assets acquired under finance lease as segregated from the assets owned?</p> <p>(b) for each class of assets, the net carrying amount at the balance sheet date?</p> <p>(c) (1) a reconciliation between the total of minimum lease payments at the balance sheet date and their present value?</p> <p>(2) the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:</p> <p>(i) not later than one year?</p> <p>(ii) later than one year and not later than five years?</p> <p>(iii) later than five years?</p> <p>(d) contingent rents recognised as expense in the statement of profit and loss for the period?</p> <p>(e) the total of future minimum sublease payments expected to be received under non cancellable subleases at the balance sheet date?</p>			

	<p>(f) a general description of lessee's significant leasing arrangements including, but not limited to, the following:</p> <p>(i) the basis on which contingent rent payments are determined?</p> <p>(ii) the existence and terms of renewal or purchase options and escalation clauses? and</p> <p>(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing?</p> <p><b>Note:</b> Level II and Level III enterprises are exempted from the disclosure requirements of items (c), (e) and (f) above.</p> <p>(iv) Whether the lessee has presented separately the liability for the leased asset as a current liability or long-term liability as the case may be, without deducting the same from leased asset?</p>			
<b>2.</b>	<b>Lessee: Operating leases</b>			
	<p>Whether the lessee has made the following disclosures for operating leases?</p> <p>(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:</p> <p>(i) not later than one year?</p> <p>(ii) later than one year and not later than five years?</p> <p>(iii) later than five years?</p> <p>(b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date?</p> <p>(c) lease payments recognised in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents?</p>			

	<p>(d) sub-lease payments received (or receivable) recognised in the statement of profit and loss for the period?</p> <p>(e) a general description of the lessee's significant leasing arrangements including, but not limited to, the following :</p> <ul style="list-style-type: none"> <li>(i) the basis on which contingent rent payments are determined?</li> <li>(ii) the existence and terms of renewal or purchase options and escalation clauses? And</li> <li>(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debts, and further leasing?</li> </ul> <p><b>Note:</b></p> <p>Level II and Level III enterprises are exempted from the disclosure requirements of items (a), (b) and (c) above.</p>			
<b>3.</b>	<b>Lessor: Finance leases</b>			
	<p>Whether the lessor has made the following disclosures for finance leases:</p> <p>(a) (i) a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date?</p> <p>(ii) the total gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the following periods:</p> <ul style="list-style-type: none"> <li>(i) not later than one year?</li> <li>(ii) later than one year and not later than five years?</li> <li>(iii) later than five years?</li> </ul> <p>(b) unearned finance income?</p>			

	<p>(c) the unguaranteed residual values accruing to the benefit of the lessor?</p> <p>(d) the accumulated provision for uncollectible minimum lease payments receivable?</p> <p>(e) contingent rents recognised in the statement of profit and loss for the period?</p> <p>(f) a general description of the significant leasing arrangements of the lessor? and</p> <p>(g) accounting policy adopted in respect of initial direct costs?</p> <p><b>Note:</b> Level II and Level III enterprises are exempted from the disclosure requirements of items (a), (f) and (g) above.</p>			
<b>4.</b>	<b>Lessor: Operating leases</b>			
	<p>Whether the lessor, in addition to the requirements of AS 6, 'Depreciation Accounting', and AS 10, 'Accounting for Fixed Assets', and the governing statute, has made the following disclosures for operating leases:</p> <p>(a) for each class of assets, the gross carrying amount, the accumulated depreciation and accumulated impairment losses at the balance sheet date; and</p> <p style="padding-left: 20px;">(i) the depreciation recognised in the statement of profit and loss for the period?</p> <p style="padding-left: 20px;">(ii) impairment losses recognised in the statement of profit and loss for the period?</p> <p style="padding-left: 20px;">(iii) impairment losses reversed in the statement of profit and loss for the period?</p> <p>(b) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:</p> <p style="padding-left: 20px;">(i) not later than one year?</p> <p style="padding-left: 20px;">(ii) later than one year and not later than five years?</p> <p style="padding-left: 20px;">(iii) later than five years?</p>			

	<p>(c) total contingent rents recognised as income in the statement of profit and loss for the period?</p> <p>(d) a general description of the lessor's significant leasing arrangements? and</p> <p>(e) accounting policy adopted in respect of initial direct costs?</p> <p><b>Note:</b> Level II and Level III enterprises are exempted from the disclosure requirements of items (b), (d) and (e) above.</p>			
<b>5.</b>	<b>Sale and leaseback: Lessor</b>			
	Whether the disclosure requirements for normal leases are made for sale and leaseback transactions?			
<b>6.</b>	<b>Sale and leaseback: Lessee</b>			
	Whether the disclosure requirements for normal leases are made for sale and leaseback transactions?			
<b>7.</b>	<b>Useful disclosures (Non-mandatory)</b>			
	Gross investment less unearned income in new business added during the accounting period, after deducting the relevant amounts for cancelled leases.			

## AS 20 – Earnings Per Share

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

The disclosure requirement under this standard is applicable for Level I entities and all companies. Hence this checklist is applicable in respect of Small Entities in corporate sector only.

		Yes	No	N/A
1.	Whether the enterprise has presented on the face of the statement of profit and loss for each class of equity shares that has a different right to share in the net profit for the period, the following:  (i) Basic earning per share before extraordinary items? (ii) Basic earnings per share after extraordinary items? (iii) Diluted earnings per share before extraordinary items? (iv) Diluted earnings per share after extraordinary items?  <b>Note:</b> Level II and Level III enterprises are exempted from the disclosure requirements of items (iii) and (iv) above.			
2.	Whether the enterprise has presented the basic and diluted earnings per share with equal prominence for all periods presented?			
3.	Whether the enterprise has presented the basic and diluted earnings per share, even if the amounts disclosed are negative (a loss per share)?			
4.	When per share calculations reflect changes in number of equity or potential equity shares outstanding due to bonus issue, share split or reverse share split (consolidation of shares), whether before the balance			

	sheet date, or after that date but before approval by the board of directors, whether that fact has been disclosed?			
5.	<p>Whether the enterprise has disclosed the following:</p> <ul style="list-style-type: none"> <li>(i) the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to the net profit or loss for the period?</li> <li>(ii) the weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other? And</li> <li>(iii) the nominal value of shares along with the earnings per share figures?</li> </ul> <p><b>Note:</b> Level II and Level III enterprises are exempted from the disclosure requirements of all the three items (a), (b) and (c) above.</p>			
6.	<b>Encouraged disclosures (Non-mandatory)</b>			
	<ul style="list-style-type: none"> <li>(i) A description of equity share transactions or potential equity share transactions, other than bonus issues, share splits and reverse share splits (consolidation of shares) which occur after the balance sheet date when they are of such importance that non-disclosure would affect the ability of users of financial statements to make proper evaluations and decisions (e.g., issue of shares for cash)</li> <li>(ii) Terms and conditions of contracts generating potential equity shares which affect the measurement of basic and diluted earnings per share.</li> <li>(iii) If, in addition to basic and diluted earnings per share, per share amount is disclosed using component of net profit which is not reported as a line item in the statement of profit and loss, whether a reconciliation has been provided between the component used and a line item which is reported in the statement of profit and loss?</li> </ul>			

<b>7.</b>	<b>Consolidated financial statements</b>			
	<p>In the case of consolidated financial statements, whether the disclosures mentioned in (1) to (6) above have been made</p> <p><b>Note:</b> In the above case, the information disclosed should be based on consolidated financial statements.</p>			

## AS 21 – Consolidated Financial Statements

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

This standard is applicable in respect of entities which are bound to present consolidated financial statements by any statute. Hence it will not be applicable to entities which are not a holding company of any other enterprise.

		Yes	No	N/A
1.	Where a subsidiary is excluded from consolidation, whether the reason for not consolidating a subsidiary has been disclosed in the consolidated financial statements?			
2.	If it is not practicable to use uniform accounting policies for like transactions and other events in similar circumstances in preparing consolidated financial statements whether the fact has been disclosed together with the proportions of the items in the consolidated financial statements to which different accounting policies have been applied?			
3.	Whether the following disclosures have been made:  (i) in consolidated financial statements a list of all subsidiaries including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held?  (ii) in consolidated financial statements, where applicable:  (a) the nature of the relationship between the parent and a subsidiary, if the parent does not own, directly or indirectly through subsidiaries, more than one-half of the voting power of the subsidiary?			

	<p>(b) the effect of the acquisition and disposal of subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the proceeding period?</p> <p>And</p> <p>(c) the names of the subsidiary(ies) of which reporting date(s) is/are different from that of the parent and the difference in reporting dates?</p>			
4.	Whether full comparative figures for the previous period have been presented in the consolidated financial statements (except on presentation of first set of financial statements)?			
5.	<p>Whether the effect of the acquisition and disposal of subsidiaries has been disclosed on:</p> <p>(i) the financial position at the reporting date?</p> <p>(ii) the results for the reporting period?</p> <p>(iii) corresponding amounts (i.e., (i) &amp; (ii) above) for the preceding period?</p>			
6.	<p>Whether minority interest has been presented in the following manner:</p> <p>(i) in the consolidated balance sheet, separately from liabilities and the equity of the parent's shareholders?</p> <p>(ii) in the consolidated profit and loss account as a separate line item?</p>			
7.	<b>General</b>			
	Whether the disclosure requirements mentioned in the checklist for all other accounting standards have been met for consolidated financial statements in the same manner as applicable for the separate financial statements (subject to modifications exemptions mentioned in pronouncements of the Institute of Chartered Accountants of India)?			
8.	<b>Accounting Standards Interpretation 15, 'Notes to the Consolidated Financial Statements'</b>			

	Whether the notes involving material items and which are necessary for presenting a true and fair view of the consolidated financial statements are included in the consolidated financial statements as per ASI 15?			
9.	<b>Accounting Standards Interpretation 28, 'Disclosure of parent's/venturer's shares in post-acquisition reserves of a subsidiary/jointly controlled entity'.</b>			
	<b>Post-acquisition reserves:</b> Whether the venturer's share in the post-acquisition reserves of the jointly controlled entity has been shown separately under the reserves in the consolidated financial statements while applying proportionate consolidation method?			
	<b>Note:</b> Parent's share in the post-acquisition reserves of a subsidiary need not be separately disclosed in the consolidated financial statements.			

## AS 22 – Accounting for Taxes on Income

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	(i) Whether deferred tax assets have been disclosed on the face of the balance sheet separately after the head 'Investments'?			
	(ii) Whether deferred tax liabilities have been disclosed on the face of the balance sheet separately after the head 'Unsecured Loans'?			
2.	(i) Where the enterprise has a legally enforceable right to set off current tax assets and current tax liabilities and intends to settle those assets and liabilities on a net basis, whether the enterprise has offset those assets and liabilities in the balance sheet?			
	(ii) Where the enterprise has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to taxes on income levied by the same governing taxation laws, whether the enterprise has offset the deferred assets and deferred liabilities in the balance sheet?			
3.	Whether the break-up of deferred tax assets and deferred tax liabilities into major components of the respective balances have been disclosed in the notes to accounts?			
4.	Whether the nature of evidence supporting the recognition of deferred tax assets have been disclosed, if an enterprise has unabsorbed depreciation or carry forward of losses under tax laws?			

5.	<p>Guidance Note on Accounting for Corporate Dividend Tax</p> <p>(i) Whether the Corporate Dividend Tax has been disclosed separately in the profit and loss account 'below the line', as follows?</p> <p>Dividend XXXXX</p> <p>Corporate Dividend Tax thereon XXXXX XXXXX</p> <p>(ii) Whether the Provision for Corporate Dividend Tax has been disclosed separately under the head 'Provisions' in the balance sheet?</p>			
6.	<p>Guidance Note on Accounting for Credit Available in Respect of Minimum Alternative Tax (MAT) under the Income-tax Act, 1961</p> <p>(i) Whether 'MAT' has been disclosed as current tax in the profit and loss account?</p> <p>(ii) If 'MAT credit' is recognised as an asset (subject to considerations of prudence), whether the same has been presented under the head 'Loans and Advances' as 'MAT credit entitlement'?</p> <p>(iii) In the year of set-off of 'MAT credit entitlement', whether:</p> <p>(a) the availed credit has been shown as a deduction from 'Provision for Taxation' on the liabilities side of the balance sheet?</p> <p>(b) the unavailed credit has been presented under head 'Loans and Advances' (subject to considerations of prudence)?</p> <p><b>Note:</b> In case 'MAT credit entitlement' has not been recognised as an asset (see (ii) above) on considerations of prudence but is subsequently recognised (whether before or in the year of set-off), in such later period, the presentation requirements of (ii) above should be met.</p>			

## AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	If an investment in an associate has not been accounted for in consolidated financial statements under equity method where permitted under AS 23, whether the reasons for not applying the equity method in accounting for investments in associate have been disclosed in financial statements?			
2.	Whether goodwill/capital reserve arising on the acquisition of an associate by an investor has been  (i) included in the carrying amount of investment in associate?  (ii) disclosed in the associate separately?			
3.	Whether an appropriate listing and description of associates including the proportion of ownership interest and, if different, the proportion of voting power held has been disclosed in the consolidated financial statements?			
4.	(i) Whether investments in associates accounted for using the equity method have been classified as long- term investments and disclosed separately in the consolidated balance sheet?  (ii) Whether the investor's share of the profits or losses of such investments has been disclosed separately in the consolidated statement of profits and loss?			

	(iii) Whether the investor's share of any extraordinary or prior period items has also been separately disclosed?			
5.	Whether the name(s) of the associate(s) of which reporting date(s) is/are different from that of the financial statements of an investor and the differences in reporting dates have been disclosed in the consolidated financial statements?			
6.	In case of associates using accounting policies other than those adopted for the consolidated financial statements for like transactions and events in similar circumstances and where it is not practicable to make appropriate adjustments to the associate's financial statements, whether the fact has been disclosed along with a brief description of the differences in the accounting policies?			

## AS 24 -Discontinuing Operations

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

The disclosure requirement under this standard is applicable for Level I entities and all companies. Hence this checklist is applicable in respect of Small Entities in corporate sector only.

		Yes	No	N/A
1.	<p>(i) Whether the enterprise has disclosed the following information relating to a discontinuing operation in its financial statements beginning with the financial statements for the period in which the initial disclosure event (as defined in paragraph 15 of AS 24) occurs:</p> <p>(a) a description of the discontinuing operation?</p> <p>(b) the business or geographical segment(s) in which it is reported as per AS 17, Segment Reporting?</p> <p>(c) the date and nature of the initial disclosure event?</p> <p>(d) the date or period in which the discontinuance is expected to be completed if known or determinable?</p> <p>(e) the carrying amounts, as of the balance sheet date, of the total assets to be disposed of and the total liabilities to be settled?</p> <p>(f) the amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period?</p> <p>(g) the amount of pre-tax profit or loss from ordinary activities attributable to the discontinuing operation during the current financial reporting</p>			

	<p>period, and the income tax expense (as defined in AS 22, 'Accounting for Taxes on Income') related thereto?</p> <p>(h) the amounts of net cash flows attributable to the operating, investing, and financing activities of the current financial reporting period?</p> <p>(ii) Whether items (a) to (f) and item (h) above have been disclosed in the notes to the financial statements?</p> <p>(iii) Whether item (g) above has been disclosed on the statement of profit and loss?</p> <p><b>Note:</b> If an initial disclosure event occurs between the balance sheet date and the date on which the financial statements are approved by the board of directors in case of a company or by the corresponding approving authority in the case of any other enterprise, whether the disclosures as required by AS 4, 'Contingencies and Events Occurring After the Balance Sheet Date', have been made?</p>			
2.	<p>(i) When an enterprise disposes of assets or settles liabilities attributable to a discontinuing operation or enters into binding agreement for the sale of such assets or the settlement of such liabilities, whether it has included, in its financial statements, the following information when the events occur:</p> <p>(a) for any gain or loss that is recognised on the disposal of assets or settlement of liabilities attributable to the discontinuing operation,</p> <p>(i) the amount of the pre-tax gain or loss?</p> <p>(ii) income tax expense relating to the gain or loss?</p> <p>(b) the net selling price or range of prices (which is after deducting expected disposal costs) of those net assets for which the enterprise has entered into one or more binding sale agreements, the expected timing of receipt of those cash flows and the carrying amount of those net assets on the balance sheet date?</p>			

	(ii) Whether item (a) above has been disclosed in the statement of profit and loss?			
	(iii) Whether item (b) above has been disclosed in the notes to the financial statements?			
	<b>Note:</b> If some of the assets attributable to a discontinuing operation have actually been sold or are the subject of one or more binding sale agreements entered into between the balance sheet date and the date on which the financial statements are approved by the board of directors in case of a company or by the corresponding approving authority in the case of any other enterprise, whether the disclosures as required by AS 4, 'Contingencies and Events Occurring After the Balance Sheet Date', have been made?			
3.	Whether the enterprise has included, in its financial statements, for periods subsequent to the one in which the initial disclosure event occurs, the following information:			
	(i) a description of any significant changes in the amount or timing of cash flows relating to the assets to be disposed or liabilities to be settled?			
	(ii) the events causing those changes?			
4.	Whether the disclosures as above in 1,2 & 3 are continued in the financial statements for periods up to and including the period in which the discontinuance is completed?			
	<b>Note:</b> A discontinuance is completed when the plan is substantially completed or abandoned, though full payments from the buyers may not have been received.			
5.	If an enterprise abandons or withdraws from a plan that was previously reported as a discontinuing operation, whether that fact, reasons thereof and its effect have been disclosed?			
	<b>Note:</b> For the above purposes, disclosure of the effect includes reversal of any prior impairment loss or provision			

	that was recognised with respect to the discontinuing operation.			
6.	Whether the disclosures required by AS 24 have been presented separately for each discontinuing operation?			
7.	Whether comparative information for prior periods that is presented in financial statements prepared after the initial disclosure event has been restated to segregate assets, liabilities, revenues, expenses and operations in a manner similar to that required in 1,2, 3,4,5 & 6 above?			
8.	<p>Whether disclosures in an interim financial report in respect of a discontinuing operation has been made in accordance with AS 25, 'Interim Financial Reporting', including:</p> <p>(a) any significant activities or events since the end of the most recent annual reporting period relating to a discontinuing operation? And</p> <p>(b) any significant changes in the amount or timing of cash flows relating to the assets to be disposed or liabilities to be settled?</p>			
9.	If some of the assets attributable to a discontinuing operation have actually been sold or are the subject of one or more binding sale agreements entered into between the balance sheet date and the date on which the financial statements are approved by the board of directors in case of a company or by the corresponding approving authority in the case of any other enterprise, whether the disclosures as required by AS 4, 'Contingencies and Events Occurring After the Balance Sheet Date', have been made?			
	<b>Exemptions/relaxations for SMEs</b>			
	AS 24 is not applicable for Level II and Level III enterprises.			

## AS 25 -Interim Financial Reporting

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<p>Minimum Components of an Interim Financial Report</p> <p>Whether an interim financial report has included, at a minimum, the following components:</p> <p>(i) condensed balance sheet?</p> <p>(ii) condensed statement of profit and loss?</p> <p>(iii) condensed cash flow statement? And</p> <p>(iv) selected explanatory notes?</p> <p><b>Note:</b> Complete set is, however, neither prohibited nor discouraged.</p>			
2.	<p>If an enterprise prepares and presents a complete set of financial statements in its interim financial reports, whether the form and content of those statements conform to the requirements as applicable to annual complete set of financial statements?</p>			
3.	<p>(i) If an enterprise prepares and presents a set of condensed financial statements in its interim financial report, whether those condensed statements included, at a minimum, each of the headings and sub- headings that were included in its most recent annual financial statements and the selected explanatory notes as required by AS 25?</p> <p>(ii) Whether additional line items or notes are included if their omission would make the condensed interim financial statements misleading?</p>			

4.	If an enterprise presents basic and diluted earnings per share in its annual financial statements in accordance with AS 20, 'Earnings Per Share', whether basic and diluted earnings per share are presented in accordance with AS 20 on the face of the statement of profit and loss, complete or condensed, for an interim period?			
5.	<p>(i) Whether the enterprise has included the following information, as a minimum, in the notes to its interim financial statements, if not disclosed elsewhere in the interim financial reports:</p> <p>(a) a statement that the same accounting policies are followed in the interim financial statements as those followed in the most recent annual financial statements or, if those policies have been changed, a description of the nature and effect of the change?</p> <p>(b) explanatory comments about the seasonality of interim operations?</p> <p>(c) the nature and amounts of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence (see paragraphs 12 to 14 of AS 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies')?</p> <p>(d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period?</p> <p>(e) issuances, buy-backs, repayments and restructuring of debt, equity and potential equity shares?</p> <p>(f) dividends, aggregate or per share (in absolute or percentage terms), separately for equity shares and other shares?</p> <p>(g) segment revenue, segment capital employed (segment assets minus segment liabilities) and</p>			

	<p>segment result for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting (Disclosure of segment information is required, in terms of AS 17, 'Segment Reporting', to disclose segment information in its annual financial statements)?</p> <p>(h) material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period?</p> <p>(i) the effect of changes in the composition of the enterprise during the interim period, such as amalgamations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations? And</p> <p>(j) material changes in contingent liabilities since the last annual balance sheet date?</p> <p>(ii) Whether the above information ((a) to (j)) has been reported on a financial year-to-date basis?</p> <p>(iii) Whether the enterprise has also disclosed any events or transactions that are material to an understanding of the current interim period?</p> <p><b>Note:</b> Disclosures required by other accounting standards in the context of complete financial statements are not required if the interim financial report includes only condensed financial statements and selected explanatory notes.</p>			
6.	<p>Whether the interim reports include interim financial statements (condensed or complete) for periods as follows:</p> <p>(i) balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year?</p> <p>(ii) statements of profit and loss for the current interim period and cumulatively for the current financial year to date, with comparative statements of profit and loss for the comparable interim periods (current and</p>			

	<p>year- to-date) of the immediately preceding financial year?</p> <p>(iii) cash flow statements cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year?</p> <p><b>Note:</b> On the occasion that an interim financial report is presented as per AS 25, comparative information mentioned at (ii) and (iii) above need not be presented</p>			
<b>7.</b>	<b>Encouraged disclosures (Non-mandatory)</b>			
	<p>In case of enterprises whose business is highly seasonal, in addition to (6) above, the following:</p> <p>Financial information for the twelve months ending on the interim reporting date and comparative information for the prior twelve months period.</p>			
<b>8.</b>	<p>If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not prepared and presented for that final interim period, whether the nature and amount of that change in estimate has been disclosed in a note to the annual financial statements for that financial year?</p>			
<b>9.</b>	<b>Disclosures not required</b>			
	<p>The presentation and disclosure requirements of AS 25 are not required to be applied in respect of interim financial results (which do not meet the definition of 'interim financial report' as per AS 25) [e.g., quarterly financial results presented under Clause 41 of the Listing Agreement entered into between stock exchange and the listed enterprises].</p>			

## AS 26 - Intangible Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	Whether the financial statements have disclosed the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:  (i) the useful lives or the amortisation rates used? (ii) the amortisation methods used? (iii) the gross carrying amount and the accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and the end of the period? (iv) a reconciliation of the carrying amount at the beginning and the end of the period showing:  (a) additions, indicating separately those from internal development and through amalgamation? (b) retirements and disposals? (c) impairment losses recognised in the statement of profit and loss during the period (if any)? (d) impairment losses reversed in the statement of profit and loss during the period (if any)? (e) amortisation recognised during the period? And (f) other changes in the carrying amount during the period?			
2.	Whether the financial statements also disclosed the following:			

	<p>(i) (a) if an intangible asset is amortised over more than ten years, the reasons why it is presumed that the useful life of an intangible asset will exceed ten years from the date when the asset is available for use?</p> <p>(b) in giving the reasons mentioned in (a) above, whether the enterprise has described the factor(s) that played a significant role in determining the useful life of the asset?</p> <p>(ii) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the financial statements of the enterprise as a whole?</p> <p>(iii) the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities? and</p> <p>(iv) the amount of commitment for the acquisition of intangible assets?</p>			
3.	Whether the financial statements have disclosed the aggregate amount of research and development expenditures recognised as an expense during the period?			
4.	<b>Encouraged (but not required) disclosures</b>			
	A description of any fully amortised intangible asset that is still in use.			

## AS 27 - Financial Reporting of Interests in Joint Ventures

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	Whether a venturer has disclosed the following information in its separate financial statements as well as consolidated financial statements:  (i) The aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:  (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers?  (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable?  (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture?  (ii) aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:  (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers?			

	<p>(b) its share of the capital commitments of the joint ventures themselves?</p> <p>(iii) a list of all joint ventures and description of interests in significant joint ventures?</p> <p>(iv) in respect of jointly controlled entities, the proportion of ownership interest, name and country of incorporation or residence?</p>			
2.	Whether the venturer has disclosed, in its separate financial statements, the aggregate amounts of each of the assets, liabilities, income and expenses related to its interests in the jointly controlled entities?			
3.	<p>Where the jointly controlled entity uses accounting policies other than those adopted for the consolidated financial statements for like transactions and events in similar circumstances and it is not practicable to make appropriate adjustments to the financial statements of the jointly controlled entity in applying the proportionate consolidation method, whether the following have been disclosed:</p> <p>(i) the above fact?</p> <p>(ii) the proportion of items in the consolidated financial statements to which different accounting policies have been applied?</p>			
4.	Whether the difference between the cost (or other carrying amount, if different) to the venturer of its interest in a jointly controlled entity over its share of the net assets of the jointly controlled entity at the date on which the interest in the jointly controlled entity is acquired has been recognised as goodwill or capital reserve, as the case may be, and separately disclosed in the consolidated financial statements?			
5.	While applying the proportionate consolidation method, whether the venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is reported as separate line items in the consolidated financial statements of the venturer?			

## AS 28 – Impairment of Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<p>For each class of assets, whether the financial statements have disclosed:</p> <p>(i) the amount of impairment losses recognised in the statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are included?</p> <p>(ii) the amount of reversals of impairment losses recognised in the statement of profit and loss during the period and the line item(s) of the statements of profit and loss in which those impairment losses are reversed?</p> <p>(iii) the amount of impairment losses recognised directly against revaluation surplus during the period?</p> <p>(iv) the amount of reversal of impairment losses recognized directly in revaluation surplus during the period?</p> <p><b>Notes:</b></p> <p>(a) A 'class of assets' is a grouping of assets of similar nature and use in an enterprise's operations.</p> <p>(b) The above information ((i) to (iv)) may be presented with other information disclosed for the class of assets. For example, this information can be included in a reconciliation of the carrying amount of fixed assets, at the beginning and end of the period as required under AS 10, 'Accounting for Fixed Assets'.</p>			
2.	Whether an enterprise that applies AS 17, 'Segment Reporting', has disclosed the following for each reportable			

	<p>segment based on an enterprise's primary format (as defined in AS 17):</p> <ul style="list-style-type: none"> <li>(i) the amount of impairment losses recognised in the statement of profit and loss and directly against revaluation surplus during the period? And</li> <li>(ii) the amount of reversals of impairment losses recognised in the statement of profit or loss and directly in revaluation surplus during the period?</li> </ul>			
3.	<p>If an impairment loss for an individual asset or a cash generating unit is recognised or reversed during the period and is material to the financial statements of reporting enterprise as a whole, whether the enterprise disclosed:</p> <ul style="list-style-type: none"> <li>(i) the events and circumstances that led to the recognition or reversal of impairment loss?</li> <li>(ii) the amount of the impairment loss recognised or reversed?</li> <li>(iii) for an individual asset: <ul style="list-style-type: none"> <li>(a) the nature of the asset?</li> <li>(b) the reportable segment to which the asset belongs, based on the enterprise's primary format (as defined in AS 17, 'Segment Reporting')?</li> </ul> </li> <li>(iv) for a cash-generating unit: <ul style="list-style-type: none"> <li>(a) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, a reportable segment as defined in AS 17, 'Segment Reporting' or other)?</li> <li>(b) the amount of the impairment loss recognised or reversed by class of assets and by reportable segment based on the enterprise's primary format (as defined in AS 17, 'Segment Reporting')?</li> </ul> </li> </ul>			

	<p>(c) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), description of the current and former way of aggregating assets and the reasons for changing the way the cash generating unit is identified?</p> <p>(v) whether the recoverable amount of the asset (cash generating unit) is its net selling price or its value in use?</p> <p>(vi) if recoverable amount is net selling price, the basis used to determine net selling price (such as whether selling price was determined by reference to an active market or in some other way)?</p> <p>(vii) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use?</p> <p><b>Note:</b> Level II and III enterprises are exempted from the requirements of disclosure of item (vii) above, if they do not calculate value in use due to exemption available to such enterprises.</p>			
4.	<p>If impairment losses recognised (reversed) during the period are material in aggregate to the financial statements of the reporting enterprise as a whole, whether the enterprise has disclosed a brief description of the following:</p> <p>(i) the main classes of assets affected by impairment losses (reversals of impairment losses) for which no information is disclosed under paragraph 3 above? and</p> <p>(ii) the main events and circumstances that led to the recognition (reversal) of these impairment losses for which no information is disclosed under paragraph 3 above?</p>			

## AS 29 - Provisions, Contingent Liabilities and Contingent Assets

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
1.	<p>For each class of provision, whether the enterprise has disclosed:</p> <p>(i) the carrying amount at the beginning and end of the period?</p> <p>(ii) additional provisions made in the period, including increases to existing provisions?</p> <p>(iii) amounts used (i.e., incurred and charged against the provision) during the period?</p> <p>(iv) unused amounts reversed during the period?</p> <p><b>Note:</b> Level III enterprises are exempted from the disclosure requirements of all the four items (i), (ii), (iii) and (iv) above.</p>			
2.	<p>Whether the enterprise has disclosed the following for each class of provision?</p> <p>(i) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits?</p> <p>(ii) an indication of the uncertainties about those outflows. (Where necessary, to provide adequate information, whether enterprise has disclosed the major assumptions made concerning future events, as addressed in paragraph 41 of AS 29)? and</p>			

	<p>(iii) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement?</p> <p><b>Note 1:</b> In determining which provisions may be aggregated to form a class, it is necessary to consider whether the nature of the item is sufficiently similar for a single statement about them to fulfill the requirements of (i) and (ii) above. Thus, it may be appropriate to treat as a single class of provision amounts relating to warranties of different products, but it would not be appropriate to treat as a single class amounts relating to normal warranties and amounts that are subject to legal proceedings.</p> <p><b>Note 2:</b> Level II and Level III enterprises are exempted from the disclosure requirements of all the three items (i), (ii) and (iii) above.</p>			
3.	<p>Unless the possibility of any outflow in settlement is remote, whether the enterprise has disclosed for each class of contingent liability at the balance sheet date a brief description of the nature of the contingent liability and, where practicable:</p> <p>(i) an estimate of its financial effect, measured under paragraphs 35-45 of AS 29?</p> <p>(ii) an indication of the uncertainties relating to any outflows? and</p> <p>(iii) the possibility of any reimbursement?</p> <p><b>Note:</b> In determining which contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the item is sufficiently similar for a single statement about them to fulfill the requirements of (i) and (ii) above.</p>			
4.	Where a provision and a contingent liability arise from the same set of circumstances whether the enterprise has made the disclosures mentioned in 1 to 3 above in a			

	way that shows the link between the provision and the contingent liability?			
5.	Where any of the information required by paragraph 3 above is not disclosed because it is not practicable to do so, whether that fact has been stated?			
6.	<p>In extremely rare cases, where disclosure of some or all of the information required by paragraphs 1 to 3 above can be expected to prejudice seriously the position of the enterprise in a dispute with other parties on the subject matter of the provision or contingent liability and accordingly no disclosure of information required by paragraphs 1 to 3 above is made, whether the enterprise has disclosed the following :</p> <p>(i) general nature of the dispute?</p> <p>(ii) the fact that the information has not been disclosed?</p> <p>(iii) the reason why the information has not been disclosed?</p>			

## General

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

		Yes	No	N/A
	<b>Announcement</b>			
	If an item in the financial statements is treated differently pursuant to an Order made by the Court/ Tribunal, as compared to the treatment required by an Accounting Standard, whether the following disclosures have been made in the financial statements of the year in which different treatment has been given:			
1.	A description of the accounting treatment made along with the reason that the same has been adopted because of the Court/Tribunal Order?			
2.	Description of the difference between the accounting treatment prescribed in the Accounting Standard and that followed by the Company?			
3.	The financial impact, if any, arising due to such a difference?			
	<b>Note:</b> The above disclosures are recommended for non-corporate entities also.			

## APPENDIX-III

### Illustrative Letter of Confirmation of Inventories Held By Others (Client Letterhead)

**Date**

[Name and address of holder of inventories]

Dear Sir,

For audit purposes, kindly furnish directly to our auditors (name and address of the auditors) details concerning our inventories held by you for [state here the purpose of holding of inventories by the third party] as of the close of business on (date)\_\_\_\_\_.

According to our records, our following inventories are held by you as on\_\_\_\_\_

Description	Quantity
_____	_____
_____	_____

In case you identify certain items of inventories as defective or damaged, the details thereof may be furnished separately, indicating the quantities and giving a general description of the condition of such items. Please also confirm that our inventories held by you are free of any charge or encumbrance.

A stamped envelope addressed to our auditors is enclosed for your convenience.

Yours faithfully,

Signature  
Name of the Signatory  
Designation  
Affix the official seal

## APPENDIX- IV

### Illustrative Letter of Confirmation of Accounts Receivable

#### INSTRUCTIONS

This Format can be used to confirm accounts receivable when the client prepares their periodic statements. The bold items in italics are to be replaced with client and firm-specific information. You are required to be specific with regard to whom the confirmation is to be sent.

#### (Client Letterhead)

**Date**

**Debtors name and address**

Attention: **Person or Department**

Please examine the accompanying statement as of ***date*** carefully and either confirm its correctness, or report any differences directly to our auditors, ***(name and address of the auditors)***, who are performing an audit of our financial statements.

Our auditors will advise us of any discrepancy reported, and the matter will have our immediate attention. Your prompt attention to this request will be highly appreciated. An addressed reply-paid envelope is enclosed for your reply.

Yours very truly,

---

**Firm Name**

**Firm Address**

The balance receivable from us by \_\_\_\_\_ (name of the client) as of selected date is correct except as noted below:

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Date: \_\_\_\_\_

Signature  
Name of the Signatory  
Designation  
Affix the official seal

## APPENDIX-V

## Illustrative Letter of Confirmation of Deposits

## INSTRUCTIONS

This Format can be used to confirm Deposits documents held by others. The bold items in italics are to be replaced with client and firm-specific information. You are required to be specific with regard to whom the confirmation is to be sent.

(Client Letterhead)

**Date**

**Addressee-Company**

Attention: **Person or Department**

In connection with the audit of our financial statements, please provide directly to our auditors, **(name and address of the auditors)**, the following information with regard to our deposits held by you as of **selected date** : \_\_\_\_\_

A complete list of all deposits owned by us which are in your custody as of **selected date as under**.

Nature Of Deposit	Deposit held With	Date Of Hand Over	Reference No.	Face Value	Whether Held with a charge

Your prompt attention to this request will be highly appreciated. An addressed reply-paid envelope is enclosed for your reply.

Yours very truly,

**Firm Name**

**Firm Address**

The attached list represents deposits held by us on behalf of \_\_\_\_\_(Name of the client)

Date: \_\_\_\_\_

Signature  
Name of the Signatory  
Designation  
Affix the official seal

## **APPENDIX – VI**

### **Disclosure Requirements Relating To Investments**

To illustrate the manner of disclosure of investments in the financial statements, this Appendix discusses the requirements of the Companies Act, 1956, insofar as they relate to disclosure of information regarding investments in the financial statements prepared and presented in accordance with the provisions of these statutes. As regards the co-operative societies, the form and content of their financial statements are governed by the rules framed by the State Government concerned. It may be emphasised that, in every case, there should be an adequate disclosure of all relevant information to facilitate proper understanding of the financial statements by the users.

#### **Requirements of the Companies Act, 1956**

Schedule VI to the Companies Act, 1956 requires the disclosure of investments in the balance sheet as below:

- (1) Investments in Government or Trust Securities.
- (2) Investments in shares, debentures or bonds (showing separately shares fully paid-up and partly paid-up and also distinguishing the different classes of shares and showing also in similar details investments in shares, debentures or bonds of subsidiary companies).
- (3) Immovable properties.
- (4) Investments in the capital of partnership firms.
- (5) Balance of unutilised monies raised by issue.

The above particulars have to be given showing the nature of investments and mode of valuation, for example, cost or market value. Further, the aggregate amount of the company's quoted investments and the market value thereof should also be disclosed. The aggregate amount of the company's unquoted investments is also required to be shown.

A statement of investments (whether shown under "Investments" or under "Current Assets" as stock-in-trade, separately classifying trade investments and other investments) is required to be annexed to the balance sheet, showing the names of the bodies corporate (indicating separately the names of the bodies corporate under the same management) in whose shares or debentures investments have been made (including all investments whether existing on the balance sheet date or not, made subsequent to the date as at which the previous balance sheet was made out) and the nature and extent of the investments so made in each such body corporate. In the case of an investment company, i.e., a company whose principal business is the acquisition of shares, stocks, debentures or other securities, it shall be sufficient if the statement shows only the investments existing on the date as at which the balance sheet has been made out. In regard to the investments in the capital of partnership firms, the names of the firms (with the names of all their partners, total capital and the share of each partner) are required to be given in the statement.

## APPENDIX – VII

### Disclosure Requirements Relating To MSME

The Micro, Small and Medium Enterprises Development Act, 2006 (“the Act”) has been notified and has received the assent of the President on 16th June 2006. Subsequently, notifications defining the authorities under the Act and for classifying various categories i.e. micro, small or medium have been made on September 29 and 30, 2006 respectively. The Act requires certain additional information to be furnished in the Annual Accounts of enterprises, which are subjected to an audit under any law for the time being in force and who are buyers of goods or services from micro or small enterprises.

#### Guidance

*Section 7 of the Act provides for the following classification in respect of industries engaged in production or manufacture of goods or rendering service enterprises:*

Class	Manufacturing Enterprises - Investment in Plant & Machinery	Services Enterprises - Investment in Equipment
Micro	Less than Rs. 25 lacs	Less than Rs. 10 lacs
Small	Greater than Rs. 25 lacs but upto Rs. 5 Cr.	Greater than Rs. 10 lacs but upto Rs. 2 Cr
Medium	Greater than Rs. 5 Cr. but upto 10 Cr.	Greater than Rs. 2 Cr. but upto Rs. 5 Cr.

*The above investment excludes investment in certain plant and machinery or equipment such as pollution control, research and development, industrial safety devices, gas producer plants, extra transformers, etc., and certain other items of expenditure such as installation costs, technical know-how fees and bank charges and services charges paid to National or State Small Industries Corporation etc., (Notification no. 1722(E) dated 5-10-2006) .*

*Sections 15 & 16 require that a buyer shall make payment within 45 days (or less, if agreed upon) from the date of acceptance of supply of goods or of services rendered by a supplier. If payment is not made within this stipulated period, interest (compounded at monthly rests) at three times the bank rate notified by RBI shall have to be paid / provided for.*

*The disclosure requirements in Section 22 requires any buyer, whose annual accounts audited under any law for the time being in force, to furnish the following additional information in his annual statement of accounts:*

Item No.	Disclosures required under the Micro, Small & Medium Enterprises Development Act, 2006
I	Delayed payments due as at the end of each accounting year on account of <b>Principal - Rs. XXX and Interest due thereon - Rs. XXX</b>
II	Total interest paid on all delayed payments during the year under the provisions of the Act - <b>Rs. XXX</b>
III	Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act - <b>Rs, XXX</b>
IV	<b>Interest accrued but not due– Rs, XXX</b> (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date)
V	<b>Total Interest Due but not paid - Rs. XXX</b> (Represents all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for income tax purposes)

## APPENDIX – VIII

### Illustrative Letters of Appointment

#### Specimen

#### Letter of Appointment For Audit of Not-For-Profit Organisations (Trust/ Society/ Associations, Section 25 Companies Etc.)

(Also refer Sections 11, 12, 12A, 12AA, 13 and 288 of the Income Tax Act, 1961)

Date:

The Auditors  
(Name and Address of Auditors)

Dear Sir,

Re:      Audit of accounts under section 12A(b) of the Income Tax Act, 1961-Assessment Year  
         \_\_\_\_\_-\_\_\_\_\_ (Previous year ended 31-03-\_\_\_\_\_) - Appointment of the “The  
         Accountant” to audit the accounts.

The income or gross receipts of the institution/ trust/ society exceeds the prescribed limits under the provisions of income Tax Act and / or the trust deed or formation instrument (Strike out whichever is not applicable), our books of account are required to be audited.

This is to inform you that at the meeting of the institution/ trust/ society held, it was resolved to appoint/ reappoint you as Auditors of the institution/ trust/ society to conduct audit for the financial year referred to above.

Accordingly, we hereby appoint you as “The Accountant” to give the report as required under the section referred to above read with Rule 17B of the Income Tax Rules, 1962. As our accounting year ends on 31<sup>st</sup> March, \_\_\_\_\_ our accounts have to be audited and the report submitted to us before \_\_\_\_\_. All explanations and clarifications required by you will be furnished as and when required. Kindly arrange to submit the said report before the specified date i.e., \_\_\_\_\_.

Kindly convey your acceptance at an early date.

Thanking you.

Yours truly,  
For XYZ & Co.

[Designation]  
Enclosure: As above

## **APPENDIX – IX**

### **Specimen Letter to Be Obtained From The Company Conveying The Appointment of Auditors At The General Body Meeting**

Date:

The Auditors  
(Name and Address of Auditors)

Dear Sir,

Sub: Appointment of Statutory Auditors

This is to inform you that at the Annual General Meeting of the Company held on \_\_\_\_\_, you have been appointed / reappointed as statutory Auditors of the company and shall hold office till the conclusion of the next Annual General Meeting.

Extract of the resolution in this regard is enclosed.

Thanking You,

Yours faithfully,  
For & On Behalf of the Board,

Managing Director/ Director

Enclosure: As above

## APPENDIX - X

### Specimen Letter of Appointment For Tax Audit u/s 44AB of The Income Tax Act, 1961

(Also See section 288 of the Income Tax Act, 1961)

Date:

The Auditors

(Name and Address of Auditors)

Dear Sir,

Re: Audit of accounts under section 44AB of the Income Tax Act, 1961 - Assessment Year \_\_\_\_\_ - \_\_\_\_\_ (Previous year ended 31-03-\_\_\_\_\_) - Appointment of the "The Accountant" to audit the accounts.

We hereby inform you that our Books of Accounts are liable to be audited as per the provisions of section 44AB (read with section 44AD / 44 AE / 44 BB / 44 BBA) of the Income Tax Act, 1961.

We hereby appoint you as "The Accountant" to give the report as required under the section referred to above read with Rule 6G of the Income Tax Rules, 1962. As our accounting year ends on 31<sup>st</sup> March, \_\_\_\_\_ our accounts have to be audited and the report submitted to us before \_\_\_\_\_. All explanations and clarifications required by you will be furnished as and when required. Kindly arrange to submit the said report before the specified date i.e., \_\_\_\_\_.

We would further like to inform you that the said audit for immediately preceding previous year was conducted by you / M/s., \_\_\_\_\_, Chartered Accountants, No. \_\_\_\_\_, \_\_\_\_\_, PIN - \_\_\_\_\_,

Kindly convey your acceptance at an early date.

Thanking you.

Yours truly,

For XYZ & Co.,

[Designation]

## APPENDIX – XI

### Illustrative Letter of Communication to Previous Auditor

#### Specimen For Seeking No Objection From The Previous Auditor

#### By RPAD/ Hand Delivery

Date:

**Mr.** \_\_\_\_\_

**M/s.** \_\_\_\_\_

Chartered Accountants

Address of the previous auditor

Dear Sir,

Re: Appointment as auditors for the financial year \_\_\_\_\_ - \_\_\_\_\_ Seeking your objection,  
if any - Regarding

We have been approached by **M/s.** \_\_\_\_\_ to take up the appointment as auditors/ tax auditor of the company/ trust/ institution/ auditee.

We understand that you were the previous auditors of the aforesaid Auditee. Please, let us know if you have any professional objection in our accepting the appointment.

Please note that if we do not hear from you within 7 days of receipt of this letter, we shall presume that you do not have any objection.

Yours faithfully,

For ABC & Co.,

Chartered Accountants

[Designation]

## APPENDIX – XII

### Illustrative Quantitative guidance for the applicability checklist

#### *Applicability Checklist*

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

#### GENERAL INSTRUCTIONS

1	The entity is simple in terms of size, structure, reporting requirements, industry sector, and no requirements for special accounting treatments.			
2	The entity is a not-for-profit organization.			
3	The entity is not a public interest entity.			
4	<p>The entity is small and medium, having:</p> <p>(a) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;</p> <p>(b) which is not a bank, financial institution or an insurance company;</p> <p>(c) whose turnover (excluding other income) does not exceed rupees fifty crore in the immediately preceding accounting year;</p> <p>(d) which does not have borrowings (including public deposits) in excess of rupees ten crore at any time during the immediately preceding accounting year; and</p> <p>(e) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.</p>			

**Practitioner's Guide to Audit of Small Entities**

<b>5</b>	Not more than 100 employees			
<b>6</b>	Not more than 5 shareholders			
<b>7</b>	Use of computers —			
	@ Extent to which the entity uses computers in the business			
	@ Complexity of the computer environment			
	@ Importance of computer systems to the entity's business activities.			
	(Simple/Moderate/Complex)			
<b>8</b>	It is expected that the audit engagement will not take significantly longer than _____ hours to complete and/or will utilize more than three audit field staff.			

**Conclusion** \_\_\_\_\_

**Completed By/ Date** \_\_\_\_\_

**Partner approval / Date** \_\_\_\_\_

**SECTION II**

**PRACTITIONER'S GUIDE TO AUDIT OF  
TINY ENTITIES**



## I. APPLICABILITY CHECKLIST

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

This guide should apply to tiny entities, which includes companies as well as partnership firms/ proprietorship concerns.

Qualitative as well as quantitative criteria should be applied.

### **Guidance:**

*The meaning of “tiny entity” in this context gives considerations not only to the size of an entity but also to its typical qualitative characteristics. Quantitative indicators of the size of an entity may include balance sheet totals, revenue and the number of employees, but such indicators are not definitive. Therefore, it is not possible to give an adequate definition of a tiny entity solely in quantitative terms.*

### **Quantitative criteria:**

- Share capital less than Rs: \_\_\_\_\_
- Turnover in the previous year is less than Rs: \_\_\_\_\_.

### **Qualitative criteria:**

This may include:

- Concentration of ownership of the entity in one or a small number of individuals.
- Business model of the entity and its operations are non-complex.
- The entity is not-regulated

## II. GENERAL

### Audit Index

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Particulars		Available in Page No. of	
		Permanent File	Working Paper File
<b>1</b>	<b>General</b>		
	Letter of Appointment		
	Communication to Previous Auditor		
	Applicability Check List		
	Engagement Letter		
	Letter of Representation		
<b>2</b>	<b>Planning &amp; Control</b>		
	Analytical Procedures in Planning the Audit		
	Assessment of Risk		
	Materiality		
	Permanent File update		
	Fraud Risk Questionnaire		
<b>3</b>	<b>AUDIT PROGRAM</b>		
	Balance sheet items		
	Profit and Loss items		

	Notes to accounts		
	Schedule VI disclosures		
	Accounting Standards Compliance		
<b>4</b>	<b>Reports</b>		
	Matters for Partner's Consideration		
	Summary Memorandum		
	Summary of Unadjusted Errors		
	Financial Statement Review		
	Subsequent Events Checklist		
	Management Letter Points		

## Specimen for Profile / Information About The Auditee

Sl.No.	Particulars	Reply by the Auditee
1.	Name of the auditee	
2.	Financial year of Audit	
3.	Period of Audit (i.e. From dd/mm/yyyy to dd/mm/yyyy)	
4.	Constitution:Proprietary/ Partnership/ HUF/ AOP/ BOI/ Private/ Public Limited Company/ Trust/ Others	
5.	Whether there was any change in constitution during the year. If so, furnish details of such change along with relevant documents evidencing such change(E.g. Retirement/ Admission of partner/ director, Merger/ Demerger/ Amalgamation, Conversion of private limited company into public limited company or vice versa etc.)	
6.	Nature of Audit to be conducted –Statutory Audit, Tax audit, Special audit,Charitable/ Religious Trust Audit, Any other specific assignment (E.g. internal audit, stock audit, Debtors Audit etc.)	
7.	Address(es) of places of Business—Specify principal place of business and all other places of business such as registered office, corporate office, administrative offices, factories, branches, depots, godowns etc. along with date of commencement of other places of business. In case of any change in address, the date of such change.	
8.	Audit is to be conducted for[Mention whether for the whole unit or any specific unit]	
9.	Phone numbers, Fax numbers and E-mail addresses of all places of business	
10.	Date of Incorporation/ Formation	
11.	Company ( <b>CIN</b> )/ Firm Registration Number	
12.	Income Tax <b>PAN</b>	

13.	Details of all Bank Accounts—Furnish details such as name of the bank, branch, Type of account (Savings, Current, OD, CC, TL etc.), Account number, BSR code, MICR code of the branch	
14.	Key persons in the management(Proprietor/ Partner(s)/ Director(s)/ Trustee(s))/ Manager(s)/ Accounts-in-charge (Whether Full time or part time) / Members in the Audit Committee) along with their contact numbers and / or email addresses their relationship with owners and date of appointment.	
15.	Contact person/ Coordinator for audit with Phone / Fax / Mobile numbers / E-mail Addresses	
16.	Nature of Business / Core Activity Like Manufacturing / Trading / Marketing / Service Provider / Franchisee / Agency / Others (Please specify).In case of any change in the nature of business, details of such changes and date of such changes.	
17.	Method of Accounting and Book keeping:Totally computerized/ Totally manual or Mixed (If mixed, specify the areas of computerization)	
18.	Assessment of Internal controls by the management (Enclose a separate note based on discussion with the management)	
19.	Assessment of Fraud Risk factors by the management (Enclose a separate note based on discussion with the management)	

For

[Designation]

Place :

Dated:

## Assessment of Risk

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

For each significant accounting balance, consider whether there are circumstances which will increase the risk of misstatements. Also analyse whether there are conditions or events which increase risk of fraud or error. List below the risk factors identified for specific account balances:

DETAILS OF RISK	ACCOUNT BALANCE(S)	AFFECTED ASSERTIONS	AFFECTED AUDIT PROCEDURES	NO. OF SAMPLES

## Materiality

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Critical component	Current Year		Last Year	Previous Last Year
	Actual	Estimated		
_____	Rs. _____	Rs. _____	Rs. _____	Rs. _____
_____% of thereof (Top Limit)	Rs. _____	Rs. _____	Rs. _____	Rs. _____
_____% of thereof (Low Limit)	Rs. _____	Rs. _____	Rs. _____	Rs. _____

Materiality Rs. \_\_\_\_\_

## Guidance

*Materiality is significant in determining the scope of our audit and should be at a level sufficient for us to conclude that a material misstatement does not exist in the financial statements.*

*Determining materiality involves the exercise of professional judgement. A percentage is often applied to a chosen benchmark, which we believe is a critical component of the financial statements. The critical component should be (i) relevant to the financial statements as a whole and (ii) stable and normal in the ordinary business of the entity. One of the following may be taken as critical component:*

- *Profit or loss before tax (adjusted, if appropriate, for the effect of any abnormal levels of items of expenditure such as the owner-manager's remuneration)*
- *Revenue*
- *Balance sheet total*

Reason for the use of the above critical component and percentage range:

\_\_\_\_\_  
\_\_\_\_\_

Other influences and financial components affecting determination of planning materiality:

\_\_\_\_\_  
\_\_\_\_\_

### III. AUDIT PROGRAM

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Approved by : \_\_\_\_\_ Date : \_\_\_\_\_

Updated by : \_\_\_\_\_ Date : \_\_\_\_\_

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
1.	Fixed assets-Tangible Assets					
2.	Fixed assets-Intangible Assets					
3.	Investments					
4.	Current Assets, Loans and Advances					
	— Inventories					
	— Debtors					
	-- Cash and bank balances					
	— Loans and Advances					
5.	Miscellaneous expenditure					
6.	Share Capital					
7.	Reserves					
8.	Secured and Unsecured Loans					

9.	Other Liabilities					
10.	Any Other Balance Sheet items					
11.	Revenue					
12.	Direct Expenses					
13.	Payroll Cost					
14.	Interest and Finance expenses					
15.	Taxes					

Have a detailed documentation in the audit file pertaining to the above items of financial statements covering, inter alia, the areas like understanding and updating the process of each item, risk assessed, internal controls, examination of records, physical verification, valuation and disclosure.

## Analytical Review Procedures

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*The auditor applies analytical procedures at the planning stage of the audit. The nature and extent of analytical procedures at the planning stage of the audit of a tiny entity may be limited by the timeliness of processing of transactions by the entity and the lack of reliable financial information at that point of time.*

- ❖ Review draft financial statements for unusual or unexpected amounts or for the absence of such amounts and relationship and comparison of amounts with the prior year financials to analyze the variances.

The variances, if any needs to be analyzed and reasons properly documented in line with the materiality fixed (engagement specific). Based on materiality, a threshold may be fixed say, in terms of percentage or a fixed amount and only items above this threshold are analyzed.

ACCOUNT BALANCE	CY (RS.)	PY (RS.)	DIFFERENCE	IN %	SUBJECT TO THRESHOLD	IF NO, REASONS

### Key Ratios

RATIO	CY	PY	VARIANCE	REASONS FOR CHANGE
Liquidity ratios				
Turnover/ Operating ratios				
Profitability ratios				
Leverage ratios				

## Matters for Partner's Consideration

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

SCH REF	COMMENT	CLIENT RESPONSE	DISPOSAL

## Audit Summary Memorandum

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

Summarise below the key issues arising out of audit and resolution thereof prior to signing the financial statements.

AUDIT ISSUE	ACCOUNT BALANCE AFFECTED	AMOUNT	FINAL DECISION AND DETAILS OF RESOLUTION

Date :

Name :

## Management Letter Points

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

### Guidance

*All significant internal control deficiencies we find during the course of our audit work, together with our recommendations should be documented and, following review and approval communicated to the client's management for their consideration. In addition, where during the course of our audit work we have identified constructive client service issues, they should be similarly documented, reviewed and reported.*

Subject \_\_\_\_\_ Sch Ref \_\_\_\_\_

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Recommendations \_\_\_\_\_

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Partner/Management Review

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Approved for discussion with client's management.

## **Management Letter Points**

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

## **Partner/Management Responses**

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Discussed with \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

## **Conclusion**

Include points in formal management letter	Yes/No
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## IV. APPENDIX – Standards on Auditing Checklist - Control Sheet

Client : \_\_\_\_\_

Financial Year : \_\_\_\_\_

Prepared By : \_\_\_\_\_ Date : \_\_\_\_\_

Reviewed By : \_\_\_\_\_ Date : \_\_\_\_\_

SL NO	PARTICULARS	YES/NO/N.A/DONE	REMARKS
1.	SQC 1-QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION, AND OTHER ASSURANCE AND RELATED SERVICE ENGAGEMENTS		
2.	SA 200-OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH STANDARDS ON AUDITING		
3.	SA 210-AGREEING THE TERMS OF AUDIT ENGAGEMENTS		
4.	SA 220-QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS		
5.	SA 230-AUDIT DOCUMENTATION		
6.	SA 240-THE AUDITOR'S RESPONSIBILITY RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS		
7.	SA 250-CONSIDERATION OF LAWS AND REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS.		
8.	SA 260-COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE		
9.	SA 265-COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGE WITH GOVERNANCE AND MANAGEMENT		

10.	SA 299-RESPONSIBILITY OF JOINT AUDITORS		
11.	SA 300-PLANNING AN AUDIT OF FINANCIAL STATEMENTS		
12.	SA 315-IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT THROUGH UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT		
13.	SA 320-MATERIALITY IN PLANNING AND PERFORMING AN AUDIT		
14.	SA 330-THE AUDITOR'S RESPONSES TO ASSESSED RISKS		
15.	SA 402-AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A SERVICE ORGANISATION		
16.	SA 450- EVALUATION OF MISSTATEMENTS IDENTIFIED DURING THE AUDIT		
17.	SA 500-AUDIT EVIDENCE		
18.	SA 501-AUDIT EVIDENCE—SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS		
19.	SA 505-EXTERNAL CONFIRMATIONS		
20.	SA 510-INITIAL AUDIT ENGAGEMENTS—OPENING BALANCES		
21.	SA 520-ANALYTICAL PROCEDURES		
22.	SA 530-AUDIT SAMPLING		
23.	SA 540-AUDITING ACCOUNTING ESTIMATES, INCLUDING FAIR VALUE ACCOUNTING ESTIMATES, AND RELATED DISCLOSURES		
24.	SA 550-RELATED PARTIES		
25.	SA 560-SUBSEQUENT EVENTS		
26.	SA 570-GOING CONCERN		

27.	SA 580–WRITTEN REPRESENTATIONS		
28.	SA 600–USING THE WORK OF ANOTHER AUDITOR		
29.	SA 610–USING THE WORK OF INTERNAL AUDITORS		
30.	SA 620–USING THE WORK OF AN AUDITOR’S EXPERT		
31.	SA 700–FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS		
32.	SA 705–MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR’S REPORT		
33.	SA 706–EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER PARAGRAPHS IN THE INDEPENDENT AUDITOR’S REPORT		
34.	SA 710–COMPARATIVE INFORMATION–CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS		
35.	SA 720–THE AUDITOR’S RESPONSIBILITY IN RELATION TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS		