

ANNOUNCEMENT¹

Use of the Term “Profit and Loss Account” or “Statement of Profit and Loss” in the Statutory Audit Reports of Companies

- I. The Council of the Institute of Chartered Accountants of India, at its 329th Adjourned meeting, held on 03rd and 04th January, 2014 at New Delhi noted that the illustrative formats of the independent auditor’s report (in respect of a Company) as given in SA 700, SA 705 and SA 706 contain the references to “*Profit and Loss Account*” at various places. The term was being used since the Schedule VI to the Companies Act, 1956 also used this term.
- II. The Council also noted that though the Revised Schedule VI to the Companies Act, 1956 as also the corresponding Schedule III to the Companies Act, 2013, instead use the term “Statement of Profit and Loss”, section 227 of the Companies Act, 1956, which continues to be applicable in respect of the statutory auditor’s reporting requirements, used the term “Profit and Loss Account”.
- III. The Council decided that in view of the above, in the independent auditor’s report of a Company, the auditors may chose to use the term “Profit and Loss Account” or “Statement of Profit and Loss”.

¹ This announcement has been issued by Auditing and Assurance Standards Board under the authority of the Council of ICAI. (aasb@icai.in)