Checklist for Review of Financial Statements

Annexures in connection with the Financial statements review:

CHAPTER V

Checklist for Review of Financial Statements

		Remarks Y/N/NA
1.	**SHARE CAPITAL**	
1.	Has authorised share capital been checked with memorandum and articles of association or amending documents? Verify the same as per Annual Return filed for last year	
2.	In case of fresh issue of shares all requirements of SEBI regulations, filing of prospectus and resolutions of shareholders have been fulfilled?	
3.	Have you reviewed minutes authorising movement in capital along with evidence of submissions with the Registrar of Companies?	
4.	a) Whether shares were issued for cash 227(1A)(f). Rs. .... b) If yes, whether cash has been actually received?	
5.	Shares issued for consideration other than cash Rs.........	
6.	Has the consideration been correctly described in the accounts (sec. 227(1A))?	
7.	Whether any shares were issued by capitalisation of reserves — bonus shares during the year?	
	a) What was the date of general body resolution for issue of bonus shares?	
	b) Have bonus shares been issued within six months from date of such resolution?	
	c) Have you checked the minutes of the Board meeting authorising the bonus issue?	
	d) In case of a listed company have you checked whether the SEBI guidelines were adhered with regard to the Bonus issue?	
8.	a) Whether Redeemable preference shares were issued? b) Whether terms of redemption thereof is as per section 80A of the Companies Act, 1956?	
9.	a) Whether there has been any redemption of Preference Shares? If yes whether Capital Redemption Reserve is created out of profits? b) Whether the terms have been followed, if not append details	

	Remarks Y/N/NA
10. Expenses incurred on: a) increase in authorised capital Rs. b) issue of share certificates Rs. c) public issue Rs.	
11. Have you checked appropriate returns to Registrar of Companies and acknowledgments for all changes in authorised and paid-up capital?	
12. In case of shares issued to Non-residents, have you ensured that RBI formalities have been complied with?	
13. What are the total calls unpaid? Has the amount been classified as under: a) by directors b) by others	
14. Have you checked the terms of options, if any?	
15. Whether any shares were forfeited for non-payment of due calls? a) If yes, then have you verified the accounting entries for the same? b) Have you checked the Board resolution authorizing the same? c) In case of re-issue of forfeited shares have you checked the Board resolution?	
Disclosure under Schedule VI ***SHARE CAPITAL***	
1. Authorised share capital shown	
2. Issued share capital shown	
3. Subscribed share capital shown with the amount called upon each shares.	
4. Called up and paid-up share capital shown	
5. Particulars of any option on unissued share capital specified	
6. Various classes of share capital shown	
7. Classes of preference shares shown	
8. Terms of redemption or conversion (if any) of any redeemable preference share capital stated together with earliest date of redemption or conversion is shown	

		Remarks Y/N/NA
9.	i) Shares allotted as fully paid-up pursuant to a contract without payments being received in cash shown ii) Shares allotted as fully paid bonus shares shown together With source from which bonus shares are issued	
10.	Calls unpaid shown as i) by directors ii) by others	
11.	Amount originally paid-up on forfeited shares shown; any capital profit on reissue being transferred to Capital Reserve	
12.	If the company is a subsidiary, number of shares held by the holding company and the ultimate holding company and its subsidiaries must be separately stated together with its holding (The auditor is not required to certify the correctness of such shareholdings certified by the management)	

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2. RESERVES AND SURPLUS

1.	Have you reviewed the minutes authorising the movements in reserves?	
2.	Ascertain whether reserves are required to be created/maintained in respect of: a) Various sections under Income tax Act? b) Mandatory transfer to General Reserve — Section 205 read with Transfer of profits to reserves Rules 1975 c) Debenture redemption reserve d) Capital redemption reserve — Section 80	
3.	Transfer from Reserves to: a) Profit and loss account – Rs. ………… b) General reserve – Rs. …………………	
4.	Have you ensured compliance with The Companies (Transfer of Profits to Reserves) Rules, 1975 and Companies (Declaration of Dividend out of Reserves) Rules, 1975, as per provisions of 205A(3) wherever applicable?	
5.	Is there a reserve which is represented by earmarked investments? Whether such a reserve has been shown as a 'Fund'?	

	Remarks Y/N/NA
Disclosure under Schedule VI	
RESERVES AND SURPLUS	
1. Following Reserves to be disclosed separately:	
i) Capital reserves shown separately	
ii) Capital Redemption Reserves	
iii) Share premium account	
iv) Debenture Redemption Reserve	
2. Details of utilisation of share premium account as per section 78 is shown in the year of utilisation	
3. Other reserves, specifying nature of each reserve and amount in respect thereof shown	
4. Debit balance in Profit and Account deducted from uncommitted reserves	
5. Surplus; i.e., balance in Profit and Loss Account shown after providing for proposed allocations, namely: dividend and reserves	
6. Proposed additions to reserves shown	
7. Movements in all reserves since last balance sheet are shown	
8. Proper distinction between reserves and provisions should be observed. Excess provisions should be stated as reserves	
9. The expression 'Reserve' shall not include any amount written off or retained by of providing for depreciation, renewals or diminution in the value of assets or retained by way of providing for any known liability	
10. 'Capital reserve' shall not include any amount regarded as free for distribution through profit and loss account; and 'Revenue reserve' shall mean any reserve other than a capital reserve	

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3. SECURED LOANS

1. Whether the nature of security been properly disclosed and correlated with register of charges?	
2. Whether the provisions of section 293 have been complied within case of obtaining resolution at the General Meeting? Give details: Limit Rs. Date	

		Remarks Y/N/NA
3.	Whether a list of Term Loans instalments due within 12 months been taken on file?	
4.	Whether Registration of charges been done in accordance with section 136/143?	
5.	Whether terms of redemption of debenture have been specified?	
6.	Whether proportionate amount for debenture redemption fund has been appropriated? (Refer CLB guideline dt. 14-1-1987)	
7.	Has debenture deed been executed?	
8.	Whether loan confirmations have been called for by the company? Whether loan confirmations have been received / obtained? Append Note on your observations	
9.	Have you correlated all borrowings with interest expense?	
10.	Have minutes authorising fresh loans been reviewed?	
11.	In case of borrowing from a non-resident have you checked RBI approval and compliance with FEMA?	
12.	Whether RBI guidelines for NBFC complied with, wherever applicable?	
Disclosure under Schedule VI		
SECURED LOANS		
1.	Debentures separately shown	
2.	Terms of redemption or conversion (if any) of debentures issued together with earliest date of redemption or conversion shown	
3.	Particulars of redeemed debentures which the company has power to reissue have been given	
4.	Where the company's debentures are held by a nominee or a trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the books of the company has been stated	
5.	Loans and advances from banks are shown separately	
6.	Loans and advances from subsidiaries are shown separately	
7.	Other loans and advances are separately shown	
8.	Nature of security has been specified in each case	

		Remarks Y/N/NA
9.	Loans from directors and managers are shown separately	
10.	Where the loans have been guaranteed by directors, a mention thereof and the aggregate amount of such loans under each head are shown	
11.	Interest accrued and due on secured loans has been included under appropriate sub head under the head "Secured loans"	
	Note : Where security is inadequate, the unsecured portion should be disclosed as "Unsecured Loan"	

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4. UNSECURED LOANS

1.	Whether the provisions of section 293 have been complied with and the resolution/s taken on file stating: Borrowing limit Date: Actual borrowings — Rs.	
2.	Section 58A — Fixed Deposits:	
	a) Are the above within the prescribed limits	
	b) Date of filing of return of deposits	
	c) Date of advertisement/statement in lieu of advertisement	
	d) Have declaration been obtained for exempt deposits	
	e) Has registers been maintained	
	f) Has liquidity deposit been made	
	g) Is liquidity deposit unencumbered?	
	h) Have deposits from employees been treated as deposit under section 58A?	
	i) Have you ensured that debentures secured against immovable property only are treated as exempt — Rule 2(b)(x)?	
3.	Whether loan confirmations have been called for by the company? Whether loan confirmations have been received/obtained? Append Note	
4.	Have you correlated all borrowings with interest expense?	

		Remarks Y/N/NA
5.	Has interest accrued but not due been excluded from Unsecured Loans and shown under current liabilities?	
6.	Have minutes authorising fresh loans been reviewed?	
7.	In case of borrowing from a non-resident have you checked RBI approval and compliance with FEMA?	
8.	Whether Non Banking Financial Companies guidelines of RBI have been complied with?	
9.	Have you considered the applicability of section 2(22)(e) of the IT Act to any of the loans taken?	
Disclosure under Schedule VI		
UNSECURED LOANS		
1.	Fixed deposits separately shown	
2.	Loans and advances from subsidiaries separately shown	
3.	Short-term loans and advances of not more than one year's duration separately shown as : (a) From banks (b) From others	
4.	Other loans and advances separately shown as: (a) From banks (b) From others	
5.	Loans from directors are separately shown	
6.	Guarantees given by directors in respect of loans are mentioned together with the aggregate amount of such loans under each head	
7.	Interest accrued and due on unsecured loans has been shown under the head 'Unsecured loans'	
8.	If the company has borrowed by way of "Commercial Paper"	
	a) The amount outstanding at the Balance Sheet date should be disclosed	
	b) The maximum amount raised at any time during the year should also be disclosed	

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		Remarks Y/N/NA
5.	**CURRENT LIABILITIES**	
1.	Has total of individual balances been reconciled with control balance? If not, give details	
2.	Have subsequent payments been marked?	
3.	Have you obtained list of creditors outstanding for more than 12 months along with reason for non payment?	
4.	Have you obtained a list of disputed creditors?	
5.	If confirmations called:	
	a) Date of balance confirmation	
	b) Number of accounts for which confirmations sent	
	c) Number of accounts for which confirmation received	
	d) Total of creditors on date of confirmations	
	e) Value of confirmations sent	
	f) Value of confirmations received	
	g) What action has been taken where discrepancies have been noticed between balance as per party and balance as per books of account?	
6.	In case confirmations are not called for is a disclosure considered necessary?	
7.	Have advances been segregated from credit balances of parties and included on asset side?	
8.	Have you noticed unusually large debit or credit balances? If yes give details	
9.	Have you obtained a list of outstanding liabilities along with corresponding provision of earlier period and scrutinised any material variance/omissions?	
10.	Have you obtained details of amounts shown as Other Liabilities?	
11.	Have you verified that unclaimed / unpaid dividends have been maintained in separate bank accounts?	
12.	Have you verified that Investor Education and Protection Fund has been credited by the following amounts on their dues dates namely: a) Unpaid dividend b) Unpaid application money received by the company for allotment of securities and due for refund c) Unpaid matured deposits d) Unpaid matured debentures e) Interest accrued on above	

	Remarks Y/N/NA
Disclosure under Schedule VI	
CURRENT LIABILITIES	
1. Acceptances (Bills Payable) are shown separately	
2. Sundry creditors are shown separately	
Sundry Creditors would include provisions for outstanding expenses, salaries, etc.	
a) Total outstanding dues to small scale industrial undertaking(s) *The names of the small scale industrial undertaking(s) to whom the company owes any sum together with interest which is outstanding for more than 30 days, are to be disclosed* b) Total outstanding dues of creditors other than small scale industrial undertaking	
3. Dues to subsidiary companies, directors and managers are shown separately	
4. Advance payments and unexpired discounts to the extent that value has still to be given are shown separately	
5. Investor Education and Protection Fund shall be credited by the following amounts namely:—	
a) Unpaid dividend	
b) Unpaid application money received by the companies for the allotment of securities and due for refund	
c) Unpaid matured deposits	
d) Unpaid matured debentures	
e) Interest accrued on (a) to (d) above	
6. Other liabilities are shown *Other liabilities would include amounts held in trust, such as payroll deductions, income-tax deducted, sales tax, client/employee deposits, etc.*	
7. Interest accrued but not due on loans is shown separately	

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		Remarks Y/N/NA
6.	**TAXATION**	
1.	a) Does the provision for taxation adequately cover estimated liability for taxation on income and wealth for the year?	
	b) Is dividend tax shown separately?	
2.	Has provision been made for interest payable u/s 234B of the Income-tax Act?	
3.	If the accounting year of the company is not the "Financial year" has the provision been made in respect of income of the full accounting year. Have proper disclosures been made?	
4.	Is the aggregate provision for taxation in excess/short of provision reasonably required?	
5.	Obtain year wise list of provision for taxation and taxes paid.	
6.	a) Does the company account for deferred taxation? If so, state basis of measurement, calculation and give details of movements in the year? Has this been disclosed in the accounts?	
	b) Has the enterprise offset the deferred tax assets and deferred tax liabilities only if: i) the enterprise has a legally enforceable right to set off assets against liabilities representing current tax; and ii) the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws	
7.	Are all the necessary entries made in respect of completed assessments including for the assessments which are disputed in appeal?	
8.	Have you examined whether the orders of past years have bearing on provision for current year?	
9.	Attach full details of material points in dispute?	
10.	If in spite of book profit, there is no provision for taxation, is a note given on accounts?	
11.	Check up whether the company is entitled to set-off of brought forward losses/depreciation of the earlier year as per income tax returns filed/as assessed (also consider set off provisions of unabsorbed depreciation against income from other sources	
12.	Have you considered deductions available to the company under Chapter VI for arriving at the provision figure?	

		Remarks Y/N/NA
13.	Have amounts of tax liabilities in dispute and not provided for been disclosed separately by way of a note?	
14.	Are provisions of MAT applicable to the company?	
14A.	If yes whether the accounting treatment in accordance with the guidance note thereon issued by the ICAI?	
15.	Disclosures under AS 22 – Accounting for taxes on income	
	i) Have the Deferred tax assets (DTA) and liabilities (DTL) shown distinctly on the face of the financial statement distinguished from assets and liabilities representing current tax for the period	
	ii) Have DTA and DTL disclosed under a separate heading in the balance sheet, separately from current assets and current liabilities?	
	iii) Have the major components of the respective balances of DTA and DTL disclosed in the notes to accounts?	
	iv) Is the nature of evidence supporting the recognition of DTA disclosed where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws?	

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7. FIXED ASSETS

1.	Have you scrutinised repair accounts to ensure no items of capital nature are included therein?	
2.	Have you scrutinised additions to fixed assets to ensure no items of revenue nature are capitalized?	
3.	Has expenditure prior to the asset being put to use been capitalised in accordance with AS 10?	
4.	Have you ensured that interest up to the date of use of asset has been capitalised in case of specific loans against an asset in accordance with AS 16?	
5.	Have you ensured that expenditure after the asset is put to use has not been capitalised?	
6.	Has a composite acquisition of assets for a slump price been bifurcated into land and building and other assets supported by proper evidence?	
7.	Where fixed asset has been acquired from outside India and the rate of exchange changes after acquisition, the increase/decrease in the liability of the company for repayment of the whole or part of the money borrowed in any foreign currency for acquisition is adjusted in the cost of the asset (refer AS 11).	

		Remarks Y/N/NA
8.	Whether government grants (including capital subsidy etc.) are received towards cost of assets? If so, place note on the treatment given as per AS 12?	
9.	Whether assets given on lease separately shown? Lease Equalisation Account made and disclosed?	
10.	Have assets acquired under hire purchase agreements been correctly and consistently accounted for?	
11.	Take on record the basis on which fixed assets manufactured by the company are capitalised?	
12.	If asset acquired is a replacement check that asset replaced has been deleted from the assets account	
13.	In case of goodwill if purchased, have you verified the agreement with vendor and ensure its disclosure at cost price? Also refer para 15 hereof	
14.	Have fixed assets been revalued during the year?	
15.	If yes: a) what is the basis of revaluation b) fact of revaluation has to be disclosed for subsequent five years c) Quantum of revaluation has to be disclosed d) Whether depreciation on revalued amount charged? e) Whether transfer from Revaluation Reserve made?	
16.	If a revalued asset has been sold, have surplus remaining in the revaluation reserve transferred have been taken to revenue account in case of realised gain?	
17.	Have you ensured that: a) Immovable properties held as investments and as stock-in-trade have been shown accordingly in the accounts? b) All fixed assets were in use during the year? If not please give details c) All fixed assets have been adequately insured? d) Additions/deductions/deletions are authorised by Minutes of the Board? e) All additions are supported by documents of titles? f) Fixed assets are periodically verified?	

		Remarks Y/N/NA
18.	Have you obtained:	
	a) List and value of fixed assets taken on lease	
	b) An itemised list of ‘capital work-in-progress’	
	c) Explanation for items appearing in capital work-in-progress for a long time without any movement.	
19.	a) Are there any scientific research fixed assets?	
	b) Have any of them been written off in the year of acquisition? If yes - note on the accounts	
	c) Is the research department registered with the Department of Science and Technology of the Government of India?	
	d) Have you ensured that the assets have been correctly classified as scientific research assets?	
Disclosure under Schedule VI		
FIXED ASSETS		
1.	Distinction, as far as possible has been made between expenditure upon: a) goodwill b) land c) buildings d) leaseholds e) railway siding f) plant and machinery g) furniture and fittings h) development of property i) patents, trade marks and designs j) livestock k) vehicles etc.	
2.	Under each head the following have been stated: a) original cost b) additions during the year c) deductions d) depreciation charge for the year (as required under AS 10) e) total depreciation written off or provided up to the end of the year	

		Remarks Y/N/NA
3.	Where original cost cannot be ascertained without unreasonable expense or delay, the valuation shown by the books shall be given	
4.	Where sums have been written off on a reduction of capital or written up or a revaluation of assets has taken place, every balance sheet subsequent to the reduction or revaluation shall show the reduced/increased figures and the date of the reduction/increase for the 5 subsequent years, the amount of reduction or increase made	
5.	Capital work-in-progress has been disclosed separately	
6.	Are leased assets shown separately and adjustment of lease equalisation account shown ?	

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8. INVESTMENTS

1.	If investments have been made during the year have you verified the following:	
	a) Directors' sanction - section 292?	
	b) Compliance with section 372A with regard to:	
	i) Limits	
	ii) Shareholders sanction	
	iii) Government sanction	
2.	Are there any restrictions on sale of investments? If so, have you placed a note in the accounts?	
3.	Have investments been physically verified and are the investments held in company's name except as detailed in section 49?	
4.	In case of companies other than investment companies or banking Companies, whether any of the shares, debentures or securities were sold at a price less than their purchase cost? If so, obtain written explanation from management regarding justification for the same — section 227(1A)(c).	
5.	Whether an investment register is maintained and updated with each transaction of investment? Has the list of investment verified been correlated with investment register and ledger balance?	
6.	Have bonus issues, rights issues, and conversions relating to investments been properly accounted for and verified from external sources?	

		Remarks Y/N/NA
7.	Has income accruing from all the investments been included in the accounts?	
8.	Have trade and other investments and income therefrom been separately shown in the accounts?	
9.	In case of quoted investments have you compared cost with stock exchange quotations as at year end?	
10.	In case of unquoted investments have you compared cost with break-up value as at year end?	
11.	Does the cost of investments include all acquisition charges such as brokerage, duties and fees?	
12.	Has any investment been acquired in exchange of an asset?	
13.	If yes, whether investment has been valued at the fair value of the asset given up or the fair value of the investment, if that is more fair?	
14.	Have investments been classified as current investments and long-term investment on the basis of intended period of holding as defined by AS 13?	
15.	Have current investments been shown at lower of cost or market value?	
16.	Has provision been charged to the revenue for significant fall, other than temporary, in the value of long-term investments in accordance with AS 13?	
17.	In case of reversal of such provisions made in the earlier year due to increase in the value of the investments whether such reversal amount has been credited to the profit and loss account?	
Information to be disclosed under AS 13		
(a)	Whether the accounting policies for determination of carrying amount of investments been shown distinctly?	
(b)	Whether investments are classified as current and long-term as specified in paragraphs 26 and 27 of the Standard?	
(c)	Whether the following amounts included in the profit and loss statement disclosed as under:	
	(i) Interest, dividends (showing separately dividends from subsidiary companies), rentals on investments showing separately such income from long-term and current investments	
	(ii) Gross income is stated and the amount of income tax deducted at source being included under Advance Taxes Paid	

	Remarks Y/N/NA
(iii) Profits and losses on disposal of current investments and changes in the carrying amount of such investments and (iv) Profits and losses on disposal of long term investments and changes in the carrying amount of such investments (d) Are there any significant restrictions on the right of ownership, realisability of investments or the remittance of income and proceeds of disposal? If so have these been disclosed? (e) Is there any other disclosures specifically required by the relevant statute governing the enterprise been done? (f) Have provision for diminution been shown as reduction from relevant class of investments?	
Disclosures as per Schedule VI	
INVESTMENTS	
1. The following are separately classified (showing nature of investments and mode of valuation) a) Investment in Government or Trust Securities b) Investment in shares, debentures or bonds c) Immovable properties d) Investment in the capital of partnership firms e) Balance of unutilized monies raised by issue (of share capital and debentures)	
All unutilized monies out of the issue must be separately disclosed, indicating the form in which they have been invested	
2. For investments in shares, debentures or bonds, the following are separately shown : a) Different classes of shares b) Fully paid-up and partly paid-up shares c) Investments in shares, debentures or bonds of subsidiary companies.	
3. Mode of valuation e.g. cost or market value has been shown in all cases	
4. Aggregate amount of the company's quoted investments and also the market value thereof have been shown	
5. Aggregate amount of the company's unquoted investments have been shown	

		Remarks Y/N/NA
6.	A statement of investments has been included in the schedule:	
	a) Trade investments separately and other investments	
	b) Names of bodies corporate in which investments have been made	
	c) Nature and extent of such investment	
	d) Names of the bodies corporate under the same management	
	e) Profit or loss on sale has been properly adjusted in the accounts	
	f) Names of the partnership firms in which investments have been made together with names of all partners, total capital and share of each partner (Note : Similar disclosures are necessary for Joint Ventures).	
	g) Except for an investment Company, all investments whether existing or not, made subsequent to the date of the previous balance sheet.	

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9. INVENTORIES

1.	Has the list of physically verified inventories correlated with book records?	
2.	Have major differences between physical and book stocks been satisfactorily explained and adjusted in accounts?	
3.	Have the inventories lying with third parties been physically verified and/or confirmation obtained?	
4.	Have materials given/taken on loan been properly adjusted?	
5.	Have you checked goods in transit with subsequent receipts?	
6.	Have all comments/observations at the time of physical verification been considered?	
7.	Are you satisfied that all work-in-progress is for current jobs?	
8.	Have you compared quantities in valuation summary with physical verification stock sheets?	
9.	Have you ensured that the cost of inventories include all costs of bringing them to the present location and condition?	

		Remarks Y/N/NA
10.	Have you ensured that excise duty payable on finished goods is included in the valuation of stock and sales tax has been excluded?	
11.	Sales tax set off and sales tax credit are not included in valuations of stock of raw materials, where CENVAT credit and sales tax set off have been credited to purchases and shown as an asset?	
12.	What is the method and basis of valuation for the following? a) Raw materials b) Work-in-progress c) Finished goods d) Stores and spares	
13.	Have you ensured that the values are assigned by using the (FIFO), or weighted average cost formula or such other formula reflecting fairest possible approximation of the cost is in accordance with AS 2?	
14.	Have you prepared a detailed note describing components of cost and basis of computing net realisable value?	
15.	Costs should be allocated on normal production or production for the year whichever is higher	
16.	Have adjustments been made to eliminate any unrealised profit on stock supplied by other units?	
17.	Have you ensured that adequate provision has been made in respect of: a) Slow moving or obsolete items b) Damaged items of stock	
18.	Ascertain if there has been a substantial fall in realisable value of finished stock after year end resulting in loss on sale.	
19.	In case of stock of goods sold on hire purchase, have you ascertained that the proportionate profit applicable to outstanding instalments is not taken into revenue?	
Disclosure as per Schedule VI		
INVENTORIES		
1.	Under Inventories the following are shown separately : a) Stores and spare parts b) Loose tools c) Stock-in-trade split between raw material and finished goods d) Work-in-progress	
2.	Mode of valuation of stock has been stated	

Checked by: *Reviewed by:*

		Remarks Y/N/NA
10.	**DEBTORS**	
1.	Has balance at year end been tallied with control account?	
2.	Obtain list of debts due for more than: 6 months Rs. 12 months Rs. 24 months Rs. 36 months Rs.	
3.	Have subsequent payments been marked?	
4.	Whether reasons for non recovery/adjustment was obtained from the management and taken on record? What are the steps taken by the management for recovery of old outstanding?	
5.	a) Have debts been segregated as: i) Good ii) Doubtful iii) Bad b) Have debts been segregated on the basis of secured or unsecured? c) Is the security in case of secured debts adequate? d) Have you checked the value and physical possession of security?	
6.	a) Whether provision has been made for doubtful and bad debts in accordance generally accepted accounting practice which the enterprise has followed consistently? b) Where no provision has been made, has a note been placed in accounts? c) Have you considered whether such non-provision will affect the true and fair view?	
7.	Have you obtained a statement from the client explaining the manner of legal action taken for debts that have become bad? Append a note explaining status of each of the debts?	
8.	If confirmation called: i) date of balances confirmed ii) number of confirmations called for iii) number of confirmations received iv) value of confirmations sent v) value of confirmations received vi) total outstanding on date of confirmation	

		Remarks Y/N/NA
9.	What action has been taken where balance confirmed does not tally with books of account? Scrutinise unconfirmed accounts especially if they are old.	
10.	Have considered placing a Note on accounts in case confirmations are not called for?	
11.	Are there any receivable amounts due from Directors etc.	
Disclosure as per Schedule VI		
SUNDRY DEBTORS		
1.	Classification shown as	
	a) debts outstanding for more than six months	
	b) other debts	
2.	Particulars are given of : a) debts considered good and which are fully secured b) debts considered good for which the company holds no security except the debtors personal security; i.e., unsecured debts c) debts considered doubtful or bad *Provision for doubtful debt to be deducted from above.*	
3.	Debts due by directors or other officers of the company or any of them either severally or jointly with any other person have been separately stated	
4.	Debts due by firms or private companies in which any director is a partner or a director or a member have been separately stated	
5.	Debts due from other companies under the same management within the meaning of S. 370 have been disclosed together with the names of the companies	
6.	Maximum amount due by directors or other officers of the company at any time during the year has been shown as a note.	
7.	The provision for doubtful debts should not exceed the amount of debts stated to be considered doubtful or bad and if it does, it should be shown under Reserves and Surplus	

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		Remarks Y/N/NA
11.	**LOANS AND ADVANCES**	
1.	Section 227(1A):	
	a. Are loans and advances made by the company properly secured, and the terms on which they are made not prejudicial to the interest of the company and its members?	
	b. Are loans and advances made to individual and private concerns shown correctly as such or as deposit?	
2.	Have you made inquiries while comparing balances with previous year end balances and into major variances?	
3.	Have you ensured compliance with sections 372A, 295 and 292?	
4.	Have you reviewed cases where recoveries are not in accordance with terms of repayment?	
5.	Where loans have been advanced to companies (including subsidiaries) which show a negative net worth in view of huge losses examine whether any provision/disclosure has to be made?	
6.	Loans to employees excludes: a) Advance against expenses — provided expense account is regularly submitted b) Advance against following month's salary – provided it's adjusted.	
7.	Have you taken on record details of inter-corporate deposits?	
8.	Has the interest on loans been accounted?	
9.	Is balance in prepaid account chargeable to future accounting period(s)?	
10.	Advances to suppliers: a) on capital account b) for expenses c) for supplies	
11.	Have you obtained from the management reasons for non adjustment of advance for more than reasonable time	
12.	Are there any advances recoverable from Directors etc. ? Have you ensured its disclosure in accounts?	

	Remarks Y/N/NA
Disclosure as per Schedule VI	
LOANS AND ADVANCES	
1. Particulars are given of Loans and advances : a) considered good and which are fully secured b) considered good for which the Company holds no security except the debtors personal security; i.e., unsecured debts c) considered doubtful or bad *Deduct provision for doubtful / bad advances from the above.*	
2. Loans and advances due by directors or other officers of the Company or any of them either severally or jointly with any other person have been separately stated	
3. Loans and advances due by firms or private companies in which any director is a partner or a director or a member have been separately stated	
4. Loans and advances due from other companies under the same management within the meaning of S. 370 have been disclosed together with the names of the companies	
5. Maximum amount due by directors or other officers of the Company at any time during the year has been shown as a note.	
6. The provision for doubtful advances should not exceed the amount of advances stated to be considered doubtful or bad and if it does, it should be shown under Reserves and Surplus.	

Checked by: *Reviewed by:*

12. CASH AND BANK BALANCES

1. Whether cash have been verified at year end or during the year as a surprise check?	
2. a) If unusually large cash balance was observed during the year have you obtained explanation from the company?	
b) Does the company have a policy of maintaining minimum and maximum sum of cash in hand?	
c) If yes, then has the same observed? Obtain explanations for material deviations.	
3. Have cash and bank certificates at year end been obtained?	
4. Have outstanding entries in Bank reconciliation statement been traced to subsequent bank statements?	

		Remarks Y/N/NA
5.	Is any entry outstanding for unusually long time?	
6.	If any director or his relative is interested in bankers other than scheduled bank, have you disclosed the nature of interest?	
7.	In case of balance with the banks other than scheduled banks, has maximum amount outstanding during the year been disclosed?	
8.	Is the Security deposit received from employees kept in a separate bank account? If not place a note — section 417.	
9.	Have you ensured that losses, if any, due to exchange variation have been accounted for in case of Foreign currency accounts?	
10.	Ascertain that the items in bank reconciliation at the year end pertain to cheques deposited or issued before the year end?	
11.	Whether cheques on hand are included in cash on hand?	
12.	Whether more cheques have been deposited immediately after year end?	
Disclosures as per Schedule VI		
CASH AND BANK BALANCES		
1.	a) Cash balance on hand is shown b) Cash in Transit is shown separately and should never include IOUs	
2.	a) Bank balances have been split as between balances : i) with Scheduled Banks; and ii) with others b) Balances with scheduled and other banks have been split into balances on current account, call accounts and deposit accounts c) For other banks, the maximum amount outstanding at any time during the year from each such banker is stated d) The nature of the interest of any director or his relative in each of the banks other than scheduled ones has been shown.	
3.	All unutilized monies out of the issue (of share capital and debentures) must be separately disclosed, indicating the form in which they have been invested.	

Checked by: *Reviewed by:*

		Remarks Y/N/NA
13.	**MISCELLANEOUS EXPENDITURE**	
1.	Give details of any expenditure incurred that is carried forward and state the basis on which it is to be written off. (Attention is invited to items falling within the scope of AS 26)	
2.	Give details of any amounts written off during the year, if not disclosed in the accounts.	
3.	Is the basis of carrying expenditure forward consistent with the practice of earlier years?	
4.	Has the Board resolution for deferring the expense been seen? Is it supported by any expert opinion?	
5.	Have you considered effect on provision for taxes?	
6.	In case of preliminary expenses, ensure write off is in accordance with section 35D of the IT Act.	
7.	Is proper accounting treatment given to VRS expenditure in accordance with ICAI guidelines?	
Disclosures as per Schedule VI		
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
1.	The following have been shown : a) Preliminary expenses b) Expenses including commission or brokerage on underwriting or subscription of shares or debentures c) Discount allowed on the issue of shares or debentures d) Interest paid out of capital during construction together with the rate of interest e) Development expenditure not adjusted f) Other items (specifying nature)	

Checked by: *Reviewed by:*

		Remarks Y/N/NA
14.	**PROFIT AND LOSS ACCOUNT**	
A.	**SALES**	
1.	Have goods delivered been invoiced?	
2.	Examine sales booked immediately before the year end with dispatch notes / transport receipts / proof of service rendered?	
3.	Have you checked that such sales are not reversed or goods returned immediately at the beginning of the next year? If so have they been reduced from sales?	
4.	Have goods invoiced close to the year end been actually delivered? Scrutinise dates of dispatch notes prepared immediately after year end.	
5.	Has provision been made for materials still to be supplied where invoice has been raised for the entire supply?	
6.	Have sales returns been recorded - credit notes issued and included in inventory?	
7.	Have rebates and discounts been adjusted?	
8.	In case of long term contracts:	
	a) what is the basis of accounting profit/loss?	
	b) have provisions for losses been made if anticipated. If so, on what basis?	
9.	Have you verified that Excise duty and Sales tax have been shown as a deduction from Gross Turnover wherever the Turnover includes Excise / Sales tax?	
10.	Have you seen that goods sent on consignment and internal despatches to branches, depots or agencies are not included in sale?	
11.	Have you ensured that the value of the Turnover excluded ancillary and extra charges like packing, freight commission etc.?	
12.	Have you ensured that discounts given for prompt payment and rebates of a special, rather than a general nature are accounted for separately?	
13.	Have you ensured that trade discounts and ordinary rebates are adjusted against the value of the turnover?	

		Remarks Y/N/NA
B.	**PURCHASES**	
14.	Have you satisfied yourself that all materials included in stock been recorded as purchase?	
15.	Have goods returned been adjusted and excluded from stock?	
16.	Have all claims for defective materials been adjusted?	
C.	**DEPRECIATION / AMORTISATION**	
17.	Has the method of charging depreciation been disclosed in accounts?	
18.	Has depreciation been charged at rates prescribed in Schedule XIV? In case where the rates are different have the useful lives of assets disclosed? If depreciation not charged in accordance with Schedule XIV — note on the accounts?	
19.	Is depreciation on additions and deletions pro rata? State the basis of verifying dates for additions/deletions of fixed assets?	
20.	Have you verified the basis of amortization of intangible assets is in accordance with AS 26?	
21.	Have you verified that the leasehold land has been amortised over the period of the lease?	
22.	Have you obtained certificate for extra shift working?	
23.	Where any depreciable asset is disposed of, discarded, demolished or destroyed, the net surplus or deficiency, if material, has been disclosed separately?	
D.	**MANAGERIAL REMUNERATION**	
24.	Have you verified that the managerial remuneration is in accordance with provisions of Schedule XIII so far as: a) Remuneration limits are concerned; b) Prescribed form has been filed; c) Resolutions of directors and shareholders.	
25.	If Government sanction not received, note on accounts?	
26.	Has computation of managerial remuneration been checked with reference to sections 349/350 and Schedule XIII?	
27.	If any excess payment is made over the limits specified, whether the recovery been made for?	

		Remarks Y/N/NA
E.	**DIVIDENDS**	
28.	Have you ensured compliance with sections 205A and 205AA in respect of unpaid / unclaimed dividends?	
29.	Preference dividends in arrears: Amount Years	
30.	Has separate bank account been kept for disbursement of dividends?	
31.	Have you ascertained that proposed dividends (recommended by the Board) for all classes of shares are duly shown in the balance sheet?	
32.	Has the provision for dividend tax made?	
33.	Have considered the interim dividend paid and the tax thereon and dealt with its effect in the accounts appropriately?	
34.	Have the provisions of Companies (Declaration of dividend out of Reserves) Rules and Companies (Transfer of Profits to Reserves) Rules have been complied with?	
F.	**GENERAL**	
35.	Have accounts been prepared on accrual basis and as per AS- 9?	
36.	If not, list the items and quantify — Section 209(3) and place note on accounts.	
37.	Have all outstanding and known liabilities been provided?	
38.	Have adjustments been made for prepaid expenses?	
39.	Have following been provided for: a) Gratuity — if not, note on accounts? b) Bonus — if not, note on accounts? c) Retirement Benefits — if not, note on accounts? d) Leave Encashment — if not, note on accounts?	
40.	What is the basis for providing gratuity? Append a note.	
41.	Has the company accounted for all the known incomes accruing during the year?	
42.	Has income been accrued for materials processed but not delivered/invoiced?	

		Remarks Y/N/NA
43.	Has income received in advance been properly adjusted?	
44.	Have you compared each item of accounts with previous years and inquired into major variations?	
45.	Have you considered and taken on record raw material consumption ratio to production and comparison with previous year: Reasons for variation — in quantity.	
46.	Have you reviewed percentage of scrap, by-products and waste generated with production and compared with previous year?	
47.	What is the basis of accounting for claims: a) made by the company. b) made on the company.	
48.	Is a register for claims maintained? If not, how is control on claims exercised?	
49.	Amortisation of: a) Preliminary expenses b) Share issue expenses c) Debenture issue expenses d) Voluntary retirement scheme payments e) Others	
50.	Have any contributions to political parties been made – Section 293A:	
	a) as advertisement in souvenirs?	
	b) as payment?	
51.	Have you verified that the auditor's remuneration is within the limits specified by ICAI Statement on payments to auditors for other services? Have you verified that disclosure has been made for payment made to partners of the audit firm for other services?	
52.	Have income from investments and deposits shown as under: a) Gross b) Tax at source	
53.	Interest paid / received to/from Income Tax Department been recorded properly?	
54.	Have non-recurring and extraordinary items been shown separately?	

	Remarks Y/N/NA
55. Have you scrutinized all expense accounts in particulars a) building repairs b) machinery repairs c) other repairs d) stores to check any item of capital nature charged to revenue or vice versa?	
Schedule VI Disclosure	
PROFIT AND LOSS ACCOUNT	
1. Total turnover is shown with :	
a) Sales in value for each class of goods dealt with by the company	
b) Sales in quantity for each such class	
c) Where semi processed products are sold by the company, separate details have to be shown	
2. Commission paid to sole selling agents is shown separately as per section 294 of the Companies Act, 1956	
3. Commission to other selling agents is shown separately	
4. Brokerage and discount on sales other than normal trade discount is shown	
5. A) For manufacturing companies : a) Value and quantity of raw materials consumed is shown giving item-wise break-up. b) Opening and closing stocks of goods produced giving break-up in respect of each class of goods both in quantity and value are shown B) For trading companies : a) purchases b) opening stocks and c) closing stocks are shown per class of goods traded both in quantity and value C) For companies rendering or supplying services, gross income derived from services rendered or supplied is shown D) For all other companies, the gross income derived under different heads is shown	

		Remarks Y/N/NA
6.	Opening and closing work in progress is stated	
7.	The amount provided for depreciation, renewals or diminution in value of fixed assets is shown. If depreciation has not been provided or is in arrears, this is disclosed by way of a note (S.205(2)).	
8.	a) Interest payable on debentures and other fixed loans is shown b) Interest paid / payable to the Managing Director is stated separately	
9.	The amount of charge for income-tax and other taxes on profits is shown together with any relief	
10.	The amount reserved or set aside for a) repayment of share capital and b) repayment of loans is shown separately	
11.	Movements on reserves (i.e.; amounts set aside or withdrawn from reserves) are shown, if material	
12.	Movements on provisions made for meeting any specific liabilities, contingencies or commitments are shown, if material	
13.	The following are shown separately : a) Consumption of stores and spare parts b) Power and fuel c) Rent d) Repairs to building e) Repairs to machinery f) i) Salaries, wages and bonus ii) Contribution to provident and other funds (excluding ESIS contribution which is not funded) iii) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve	
14.	The effect of (iii) on the balance sheet should also be shown under the relevant provision or reserve	
15.	Remuneration is as per S. 198 and further includes honoraria a) Insurance b) Rates and taxes, excluding taxes on income i) Miscellaneous expenses (All items under this head which exceed 1% of the total revenue of the company or Rs.5,000 whichever is higher, are shown separately) Working paper computing the amount to be filed	

		Remarks Y/N/NA
16.	Income from investments is shown split between a) trade investments and other investments b) long-term investments and current investments (as per AS 13)	
17.	Other income by way of interest is shown, specifying the nature of the income	
18.	If gross income is stated under (14) and (15) above, the amount of income tax deducted is shown.	
19.	a) Profits or losses on sale of investments to the extent not adjusted from any previous provision or reserve have been shown b) Information in respect of (a) above is also shown in the Balance Sheet c) The profits or losses earned or incurred on account of membership of a partnership firm are shown separately	
20.	Profits or losses arising from transactions of a kind not usually undertaken by the Company or undertaken in circumstances of an exceptional or non-recurring nature are shown, if material	
21.	Miscellaneous income is shown separately	
22.	Subsidiaries: a) Dividends from subsidiaries are shown b) Provision for losses for subsidiary companies are shown	
23.	a) Aggregate amount of dividends paid and proposed are shown and b) Whether they are subject to deduction of income tax or not is specified	
24.	The amount, if material, by which any item shown in the Profit and Loss Account is affected by any change in the basis of accounting is shown	
25.	a) A note on managerial remuneration has been included showing payments made to directors by i) the company ii) subsidiaries of the company or ii) any other person b) The following are shown separately: i) Managerial remuneration paid / payable during the financial year under S. 198	

	Remarks Y/N/NA
ii) Other allowances and commission, giving details in each case iii) Perquisites or benefits in cash or in kind iv) Pensions v) Gratuities vi) Payments from provident funds, in excess of own subscriptions and interest thereon vii) Compensation for loss of office viii) Consideration in connection with retirement from office c) A note has also been appended showing the computation of net profits per S. 349 with relevant details of the calculation of the commission payable by way of percentage of such profits to the directors. The Profit and Loss Account itself may contain such information	
26. Payments to auditors have been shown : a) As auditor for: i) Fees and ii) Expenses reimbursed b) As advisor in: i) Taxation matters ii) Company Law matters iii) Management services c) In any other manner in the Profit and Loss Account or by way of a note.	

Checked by: *Reviewed by:*

		Remarks Y/N/NA
15.	**FINAL REVIEW CHECKLIST**	
1.	Have you ensured that the all checklists on audit and financial statement review have been completed and initialled by the person entrusted with the work?	
2.	Have the following fundamental accounting concepts been followed: a) Going-Concern (continuity of business of the company in succeeding years). b) Accrual (income & expenses accruing during the year under review). c) Consistency (same basis of accounting to be followed consistently). d) Prudence (future losses to be ascertained and accounted for whereas future gains to be deferred) been adhered to?	
3.	If not, please give particulars of departures therefrom.	
4.	Compliance with Mandatory Accounting Standards and Assurance Standards: Have you filled up the Control Sheet for the Accounting Standards and placed on file?	
5.	Whether all the requirements of the above standard have been adhered to by the company? If no, draft report has to be suitably qualified?	
6.	Have other checklists on Statutory Registers, Companies Act Compliance checklists are completed?	
7.	Have all the documents as per the documentation checklist been placed on the working papers file?	
8.	Have you verified that the Peer Review checklist has been completed and placed on the file?	
9.	Have the Institute's Statements and Guidance notes as applicable been considered and fully complied with?	
10.	Have you perused and noted important points arising from reports obtained by the company internally and external agencies such internal auditors, concurrent audits, etc.	
11.	Has the partner critically examined ratios as per the checklist?	

Checked by: *Reviewed by:*

		Remarks Y/N/NA
16.	**NOTES TO ACCOUNTS**	
A.	**General**	
1.	In the case of subsidiary companies, the number of shares held by the holding company as well as by the ultimate holding company and its subsidiaries has been stated. [We *are not required to certify the correctness of such shareholdings as certified by the management.]*	
2.	If in the opinion of the Board, any of the current assets, loans and advances have not a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of the opinion has been stated	
3.	Comparatives are shown	
4.	Current accounts with directors whether they are in credit or debit are shown separately.	
5.	Reference to benefits expected from contracts to the extent not executed has not been made in the Balance Sheet, shall be made in the Board's report.	
6.	Have you ensured that there is adequate disclosure of Contingent Liabilities as per Schedule VI and AS? *[Complete the checklist on Contingent Liabilities]*	
7.	The following have been shown by way of a note a) Amount remitted during the year in foreign currencies on account of dividends b) The number of non resident shareholders c) Number of shares held by them on which dividend was due and d) The year to which the dividends related	
B.	**Raw materials consumed**	
1.	All important basic raw materials are shown separately	
2.	Materials do not include items like stores and fuel which only assist the manufacturing process	
3.	Purchased intermediates and components are classified as raw materials and only those items which account for at least 10% of the value of raw materials consumed are shown separately in quantity and value	

		Remarks Y/N/NA
4.	The figures for raw materials consumed relate to actual consumption rather than the derived consumption; any normal shortage or loss may be included in the figure of consumption	
5.	Internal transfers from one department to another are disregarded in determining consumption figures	
C.	**Value of imports of raw materials, components and spare parts and capital goods on CIF basis have been shown by way of note in respect of**	
1.	a) Raw materials b) Components or spare parts c) Capital goods	
2.	The total value of imports of components and spare parts may be disclosed in the aggregate	
3.	The disclosure in respect of imports is made on a mercantile or accrual basis. Therefore, items like goods in transit are included	
4.	The value of imports is disclosed irrespective of whether or not such imports have resulted in an expenditure in foreign currency	
5.	The value of imports is calculated on a CIF basis	
6.	The disclosure is made in Indian currency	
7.	Disclosure is with regard to the value of imports by the Company; i.e., direct imports	
8.	Terms of payment for items imported an ignored since they have no relevance to value	
D.	**Value of imported materials consumed**	
	The following have been shown by way of a note :	
1.	Value of all imported raw materials, spare parts and components consumed during the financial year	
2.	Value of all indigenous raw materials, spare parts and components consumed during the financial year	
3.	The percentage of (a) and (b) each to total consumption is shown	
E.	**Expenditure in foreign currencies**	
1.	Expenditure in foreign currencies during the year has been shown by way of note split between : a) Royalty b) Know-how c) Professional, consultancy fees d) Interest e) Other matters (specify)	

		Remarks Y/N/NA
2.	"Other matters" in the Schedule VI requirement covers any items for which foreign currency expenditure is involved	
3.	The requirement ordinarily relates to expenditure on intangible items.	
4.	Disclosure is made on accrual basis, otherwise basis to be stated	
5.	Disclosure is limited only to those cases where the Company itself incurs a expenditure in foreign currency. The disclosure is to be made of the amounts actually incurred in foreign currency, which is remitted outside India. (TDS under IT Act to be excluded)	
F.	**Disclosure of Foreign Exchange Earnings**	
1.	export of goods calculated on FOB basis	
2.	royalty, know how, professional and consultation fees	
3.	interest and dividend	
4.	other income (indicating nature)	
G.	**Licensed capacity, installed capacity and actual production**	
1.	The following have been shown by way of notes a) the licensed capacity on the last date of the year, (if applicable) b) the installed capacity on the last date of the year c) actual production of finished products meant for sale	
2.	A reconciliation between the quantity produced and quantity sold is prepared as it might reveal differences or errors	
3.	Where installed capacity relates to a particular product mix a) the entire range of variation may be shown or b) it may be designated in respect of the particular product mix already in operation during the accounting year or c) the installed capacity may be indicated in neutral terms; e.g., machine hours available	
H.	**OTHER ITEMS FOR NOTES**	
1.	Have you completed checklist on Segment Reporting to ensure compliance and disclosures in accordance with the standard?	
2.	Have you completed checklist on AS 20 EPS to ensure compliance and disclosures in accordance with the standard?	

Checked by: *Reviewed by:*

17. CONTINGENT LIABILITIES & COMMITMENTS DISCLOSURES

	Audit Procedure	*Remarks Y/N/NA*
1.	Have you obtained a note describing system of recording contingent liabilities of the company?	
2.	Is there a dependable procedure ensuring that all claims and contingent liabilities will be brought to the notice of the Chief Accountant/Administration Head/Board?	
3.	If not, how does the company's system ensure that all such claims and contingent liabilities will be duly recorded and brought to the notice of the management and eventually in the Fin. Statements?	
4.	Have you reviewed last year's contingent liabilities and ensured that these have been duly considered for the current year's account?	
5.	Obtain a list of contingent liabilities from the company and co-relate it with: a) Minutes of the Board or committee of Directors. b) Company's sale/purchase contracts for liquidated damages / penalties / warranties. c) Income-tax, sales tax and excise records. d) Confirmations from client's solicitors as to pending suits for claims against the company and reconcile the same with schedule of fees paid to solicitors/counsels. e) Certificate from clients bankers for contingent liabilities. (e.g., bills discounted, letters of credit, guarantees etc.) f) Labour union agreements, whether these have expired and whether union have demanded a revision or additional remuneration or bonus? g) Whether there is Investment schedule for outstanding calls on investments? h) Product warranties, guarantees and statutory obligations; i) Guarantees given of obligations of subsidiary or related companies j) Commitments for capital expenditure k) Disputes with tax or other government authorities l) Obligations under leases m) Matters under arbitration n) Pending labour demands o) Penalties under contracts p) Bills discounted but not matured q) Forward contracts for purchase and sale of goods and forex?	

	Audit Procedure	*Remarks Y/N/NA*
6.	Have Contingent Liabilities been measured and disclosed as per AS 29 (refer para 26, 35 - 48)	
7.	Have the following been disclosed in case of Contingent Liabilities as required by AS 29: (a) an estimate of its financial effect measured under paragraphs 35-45; (b) an indication of the uncertainties relating to any outflow; and (c) the possibility of any reimbursement	
8.	Have you ensured that separate disclosures have been made for the following as required by Schedule VI of the Companies Act? a) Claims against the company not acknowledged as debts. b) Uncalled liability on shares partly paid. c) Arrears of fixed cumulative dividends (the period for which the dividends are in arrears or if there is more than one class of shares, the dividends on each such class are in arrear) d) Estimated amount of contracts remaining to be executed on capital account and not provided for. e) Other money for which the company is continentally liable. f) The amount of any guarantees given by the company on behalf of directors or other officers of the company and where practicable, the general nature and amount of each such contingent liability, if material.	

Prepared by :
Date :

Reviewed by :
Date :

ANNEXURE A

RATIOS

		Current Year	Prev. Year
STRUCTURAL RATIOS			
1.	Debt to Equity (net worth)		
2.	Long-term Debt (over 1 year) to Equity		
3.	Net worth to Total Assets		
4.	Fixed Assets to Net worth		
5.	Fixed Assets to Capital Employed		
6.	Capital Employed to Total Liabilities		
7.	Fixed Assets to Total Assets		
WORKING CAPITAL RATIOS			
8.	Current Assets to Current Liabilities (also known as Current Ratio)		
9.	Liquid Assets to Current Liabilities (also known as Acid Test Ratio)		
PROFITABILITY RATIOS			
10.	Gross Profit to Sales (%)		
11.	Operating Profit to Sales (%)		
12.	PBIT to Sales (%)		
13.	PBT to Sales (%)		
14.	Net Profit to Sales (%)		
EXPENSES RATIOS			
15.	Cost of Goods sold to Sales		
16.	Direct Materials to Cost of Goods Sold		

	Current Year	Prev. Year
PROFIT ALLOCATION RATIOS		
17. Income Tax Provision to PBT		
18. Ordinary Dividend to Net Profit		
19. Retained Earnings to Net Profit		
YIELD RATIOS		
20. Dividend Yield = Ordinary Dividends to Market Value of Ordinary shares		
21. Earnings Yield = (Net Profit – Pref Dividend) to Market Value of Ordinary shares		
PROFITABILITY RATIOS		
22. PBIT to Capital Employed		
23. PBT to Net worth		
24. Net Profit to Net worth		
25. Profit to Fixed Assets		
TURNOVER RATIOS		
26. Sales to Total Assets		
27. Sales to Fixed Assets		
28. Cost of Goods Sold to Inventory		

Checked by: *Reviewed by:*

ANNEXURE B
COMPANIES ACT COMPLIANCE CHECKLIST

It is the duty of the directors and officers of the company to ensure that the provisions of the Companies Act are complied with. Where non-compliance with the provisions of the Companies Act has a bearing upon the accounts and transactions of the company, the auditor would in the normal course of his audit become informed of the violation of the Act and may have an obligation to bring this to the attention of the shareholders. To facilitate this, the following list of important sections is provided.

CLIENT: ______________________________

Period End:

Section	*Particulars*	*Remarks*
3	Definition of company, existing company, private company and public company	
4	Meaning of holding company and subsidiary	
49	Investments of company to be held in its own name	
58A	Deposits not to be invited without issuing an advertisement	
58AA	Small depositors	
76	Power to pay certain commissions and prohibition of payment of all other commissions, discounts etc.	
77	Restrictions on purchase by company, or loans by company for purchase of its own or its holding company's shares	
77A, 77AA	Power of company to purchase its own securities	
77B	Prohibition of buy-back in certain circumstances	
78	Applications of premiums received on issue of shares	
79	Power to issue shares at a discount	
79A	Issue of Sweat Equity Shares	
80	Power to issue redeemable preference shares	
80A	Redemption of irredeemable preference shares, etc.	
81	Further issue of capital	
86	New issues of share capital to be only of two kinds.	
93	Payment of dividend in proportion to amount paid-up	
94	Power of limited company to alter its share capital	
94A	Share capital to stand increased where an order is made under section 81(4)	
100, 102	Reduction of shares under a court order	
108 to 112	Transfer of shares and debentures	
114, 115	Share warrants	
125	Certain charges to be void against liquidator or creditors unless registered	

Section	Particulars	Remarks
134	Duty of company as regards registration and right of interested party.	
143	Company's register of charges	
149	Restrictions on commencement of business	
165	Statutory meeting and statutory report of company	
166	Annual general meeting	
189	Ordinary and special resolutions	
190	Resolutions requiring special notice	
192	Registration of certain resolutions and agreements	
192A	Passing of resolutions by postal ballots	
193	Minutes of proceedings of general meetings and of Board and other meetings	
197A	Company not to appoint or employ certain different categories of managerial personnel at the same time	
198	Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits	
199	Calculation of commission, etc. in certain cases	
200	Prohibition of tax-free payments	
204	Restriction on appointment of firm or body corporate to office or place of profit under a company	
205	Dividend to be paid only out of profits	
205A	Unpaid dividend to be transferred to special dividend account	
205B	Payment of unpaid or unclaimed dividend	
207	Penalty for failure to distribute dividends within thirty days	
208	Power of company to pay interest out of capital in certain cases	
209	Books of account to be kept by company	
210	Annual accounts and balance sheet	
211	Form and contents of balance sheet and profit and loss account	
212	Balance sheet of holding company to include certain particulars as to its subsidiaries	
213	Financial year of holding company and subsidiary	
215	Authentication of balance sheet and profit and loss account	

Section	Particulars	Remarks
216	Profit and loss account to be annexed and auditors' report to be attached to balance sheet	
217	Board's report	
220	Three copies of balance sheet, etc., to be filed with the registrar	
222	Construction of references to documents annexed to accounts	
224, 225, 226	Appointment, removal, qualifications and disqualifications of auditors	
224A	Auditor not to be appointed except with approval of the company by special resolution in certain cases	
227	Powers and duties of auditors	
228	Audit of accounts of branch office of company	
229	Signature of audit report, etc.	
233A	Power of Central Government to direct special audit in certain cases	
233B	Audit of cost accounts in certain cases	
252	Minimum number of directors	
259	Increase in number of directors to require Government sanction	
260	Additional directors	
268, 269	Appointment, re-appointment of managing or whole-time director	
274	Disqualifications of director	
285	Board to meet at least once in every three calendar months	
291, 292 293	Board's powers and restrictions thereon	
292A	Audit committee	
293A, 293B	Limitations on political contributions and to the National Defence Fund, etc.	
294	Appointment of sole selling agents to require approval of company in general meeting	
294A	Prohibition of payment of compensation to sole selling agents for loss of office in certain cases	
294AA	Power of Central Government to prohibit the approval of sole selling agents in certain cases	
295	Loans to directors. etc.	
296	Application of section 295 to book debts in certain cases	
297	Board's sanction to be required for certain contracts in which particular directors are interested	

Section	Particulars	Remarks
299	Disclosure of interests by director	
301	Register of contracts, companies and firms in which directors are interested	
309 to 311	Remuneration of directors	
314	Director, etc. not to hold office or place of profit	
316	Number of companies of which one person may be appointed managing director	
317	Managing director not to be appointed for more than five years at a time	
318 to 321	Compensation to directors for loss of office	
349, 350	Computation of profits for the purposes of determining the remuneration of managerial personnel	
372	Purchase by company of shares, etc., of other companies	
372A	Inter-corporate loans and investments	
383A	Certain companies to have secretaries	
384 to 388A	Managers	
391 to 396A	Arrangements and reconstructions	
417	Employees' securities to be deposited in post office savings bank or Scheduled Bank	
418	Provisions applicable to provident funds of employees	
591	Foreign companies	
594	Accounts of foreign company	
619	Application of sections 224 to 233 to Government companies	
619B	Provisions of section 619 to apply to certain companies	
Schedule	**Particulars**	
VI	Form and contents of balance sheet and profit and loss account	
XIII	Appointment and remuneration of managerial personnel	
XIV	Rates of depreciation	

Checked by: *Reviewed by:*

ANNEXURE C
STATUTORY RECORDS – COMPLIANCE CHECKLIST

CLIENT: ____

Period End:______/ ______________ /200____

Section	*Particulars*	*Remarks*
49(7)	Register of investments in shares and securities not held in the name of the company	
58A	Register of deposits	
136	Copy of every instrument creating charge requiring registration	
143(1)	Register of charges	
150(1)	Register of members	
151(1)	Index of members in case of a company having more than 50 members unless register itself is in an index form	
152(1)&(2)	Register and index of debenture holders	
157(1)	Foreign register of members or debenture holders	
158	Duplicate of such foreign register of members and debenture holders	
163(1)	Copies of annual returns prepared under ss. 159 & 160 with copies of documents required to be annexed thereto	
193(1)	Minute books of board of directors and committees of the board	
193(1)	Minute books of proceedings of general meetings	
209(1)	Books of account and other cost records	
209(2)	Proper books of account relating to transactions effected at branch office	
301(1), 301(5)	Register of contracts with directors, companies and firms in which directors are interested	
302(6)	All contracts entered into by the company for the appointment of a managing director	
303(1), 304(1)	Register of directors, Mg. directors, and secretary	
307(1)	Register of inter-corporate loans and investments	

Checked by: *Reviewed by:*

ANNEXURE D
DOCUMENTATION OF AUDIT WORK

		Remarks Y/N/NA
I.	**CERTIFICATES TO BE TAKEN ON FILE** *(tick mark wherever obtained)*	
1.	a. Number of bank accounts .... b. .... certificates and bank reconciliations	
2.	a. Number of financial institutions from whom loans taken .... b. .... certificates	
3.	Shift working	
4.	Installed capacity	
5.	Actuary's certificate regarding gratuity/pension	
6.	Cash on hand	
7.	Additions and deletions – fixed assets – re: date	
8.	Safe custody certificate regarding investment held by government authorities, bankers etc.	
9.	Confirmation of full account with associated concerns	
10.	Stock received on loan	
11.	Stock loaned	
12.	Stock with processors/ agents a) Processed material b) Unprocessed material c) By products / waste	
13.	Stock of customers	
14.	Stock with customers	
15.	Stock with warehousing agency	
16.	Stock sent on consignment	
17.	Stock received on consignment	
18.	Stock of damaged materials dealt-in	
19.	Stock-in-transit	
20.	Contingent liability	
21.	Affirmation regarding realisability of current assets-loans & advances and adequacy of provision for liabilities and non-charging of personal expenditure	

NOTES:

1. *Certificates should specify nature of security which should be compared with the Register of Charges and Mortgages.*
2. *In case certificates specifying nature of security is not available consider placing a clarificatory note on accounts that the nature of security is as per the register maintained by the company.*

		Remarks Y/N/NA
II.	**COPIES OF RESOLUTIONS TO BE TAKEN ON FILE**	
1.	Remuneration of Working Directors	
2.	Sec. 314(1B) – office or place of profit–check the period.	
3.	Sole selling agents – check the period	
4.	Sole buying agents – check the period	
5.	Sitting fees – if any changes during the year	
6.	Movement in capital	
7.	Movement in reserve	
8.	Donations – sec. 283A	
9.	Investments	
10.	Addition, sale or lease of assets sec. 293	
11.	Loans by the company	
12.	Borrowings – Sec. 293 a. Directors b. Members	
13.	Company commencing a new activity even if permitted by its memorandum sec. 149(2A)	
14.	Guarantee(s) given	
15.	Capitalisation of expenses	
16.	Sec. 292 Restrictions on the Powers of the Board	

III. LETTER OF REPRESENTATION

AAS 11 on 'Representation by Management' establishes the standard on use of management representations which can be used as audit evidence. It also prescribes the procedures to be applied in evaluating and documenting representations from management and in case the management refuses to provide representation, what is the action auditor need to take. It is suggested that irrespective of the need for representations on specific matters, the auditor should consider obtaining a general representation from the management.

A specimen is given here which may be adapted to specific audit.

(on client letterhead)

Date: __ . ___. _____

MNOP & Co.
Chartered Accountants
Mumbai 400 001

This representation letter is provided in connection with your audit of the financial statements of ABC Ltd. for the year ended 31-3-200__ for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of ABC Ltd. as of

31-3-200__ and the results of its operations for the year then ended in accordance with the requirements of the Companies Act, 1956 and recognized accounting practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the requirements of the Companies Act, 1956 and recognized accounting practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India.

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other officials of the company, the following representations.

There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors.

All known, actual, or possible non-compliance with laws and regulations, together with the actual or contingent consequences, which may arise therefrom, the effects of which should be considered when preparing financial statements, have been disclosed to you.

The financial statements are free of material misstatements, including omissions.

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.

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.

Except as disclosed in the financial statements, the results for the year were not materially affected by, except as disclosed in the accounts:

a) transactions of a nature not usually undertaken by the company

b) circumstances of and exceptional nature or non-recurring nature

c) charges or credits relating to prior years

d) changes in accounting policies

We confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and, when appropriate, adequately disclosed in the financial statements.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets except charges created in favour of banks/financial institutions. The company carries out verification of assets in a phased manner over a period of ___ years. No material discrepancies were noticed during the verification.

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, but no expenditure properly chargeable to revenue;

b) after eliminating the cost and accumulated depreciation relating to items sold, discarded, demolished or destroyed;

c) after providing adequate depreciation on fixed assets during the period.

At the balance sheet date, there were no outstanding commitments for capital expenditure excepting those disclosed in the Notes to the financial statements.

We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of its net realizable value.

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

There have been no events subsequent to year end which require adjustment of or disclosure in the financial statements or Notes thereto excepting those disclosed in the Notes to the financial statements.

No amounts are payable to small scale industrial undertakings, except those stated in the Notes to accounts.

We additionally confirm that:

No loans have been granted to parties required to be listed in the register u/s 301 of the Companies Act and /or to companies under the same management, except as enclosed.

With respect to your Report under the Companies (Auditor's Report) Order 2003 we confirm to the best of our knowledge and having made appropriate enquiries of other officials of the company, the following representations.

The entries required to be made in the Register under section 301 of the Companies Act, 1956 is complete in all respects.

There are no undisputed amounts remaining unpaid for over 6 months in case of any statutory dues except as enclosed.

No short-term borrowings were used for long-term investments and vice versa.

No frauds committed on the company have come to our notice during the year nor has the company committed any fraud on others.

Yours faithfully,

Executive Director

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NOTES