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Practitioner's Guide to Audit of Small Entities

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Auditing and Assurance Standards Board

The Institute of Chartered Accountants of India

(Set up under an Act of Parliament)

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FOREWORD

Value for money and quality in work is the prerogative of all the clients. The technical literature brought out by the Institute is aimed at enhancing both the value and quality of audit. A Chartered Accountant would, however, be able to meet the expectations of the clients only if he is aware of the literature, understands it and can apply it properly in discharge of his assignments. These, however, assume added importance in case of smaller clients not only on account of the lack of general awareness about the audit, the responsibilities of the auditor or advantages that accrue from an audit but also on account of the fact that application of the principles enunciated in the technical literature, especially those in Auditing and Assurance Standards, might create some obstacles in case of smaller clients.

I am happy to note that the Auditing and Assurance Standards Board has brought out *A Practitioner's Guide to Audit of Small Entities*. The Guide is an attempt to suggest a simplified application of the principles enunciated in the Auditing and Assurance Standards but should definitely not be taken as their substitute.

The Guide is obviously a significant step given the size and clientele of the majority of Chartered Accountants in our country. The efforts undertaken by the Auditing and Assurance Standards Board would prove to be more fruitful when the members are made aware of its uses in Institute's learning programmes.

December 20, 2007
Ahmedabad

CA. Sunil H Talati
President

PREFACE

Whereas the auditing standards worldwide are issued as a codification of the desirable best principles and practices in respect of the aspects covered by these standards, a debate "whether one size fits all" is raging in the professional circles worldwide. Though the fact that auditing principles apply universally, not withstanding the size, nature or legal form of the entity, remains undisputed, their application in case of audit of small or tiny clients has been posing difficulties for the practitioners on account of factors such as peculiarities of the internal control systems in these type of clients, the nature and extent of record keeping of the client, nature and extent of transactions undertaken by them. The difficulty also arises in view of the time and costs involved in application of these Standards by the practitioner to such clients vis a vis the benefits expected to be derived therefrom.

The Institute of Chartered Accountants of India too is very much alive to the above debate. However, a lot of thought needs to be given before one arrives at a solution to this debate. For the first time perhaps, the Institute is bringing out this kind of a comprehensive *Practitioner's Guide to Audit of Small Entities*. The Guide, however, is neither an exemption from the responsibility of the members to comply with the pronouncements of the Institute and nor is it an answer to the debate mentioned above, but only an additional reference material to the members in application of the principles enunciated in various AASs. The Guide touches upon all the imperatives of an audit procedure, beginning from client acceptance and culminating into reporting. For ease of understanding and reference, significant part of the Guide is in the form of checklists and templates. In addition, the Guide also contains an interactive CD of the checklists and templates.

I am extremely grateful to CA. Bhavani Balasubramanian, a chartered accountant from Chennai for squeezing time out of her demanding professional and personal commitments, for sharing years of her knowledge and experience with us in the form of this Guide. I am also thankful to my colleagues at the Auditing and Assurance Standards Board for their invaluable inputs in further refining the draft of the Guide.

I am confident that the members will find the Guide useful in their professional assignments. The Board shall also eagerly look forward to the suggestions of the readers on how to do away with any shortcomings that might be there in the Guide.

CA. Harinderjit Singh
Chairman
Auditing and Assurance Standards Board

December 18, 2007
New Delhi

DISCLAIMER

The Guide has, however, not been vetted either by the Auditing and Assurance Standards Board or the Council of the Institute, neither is the Guide, therefore, authoritative. It is also stressed that the Guide is not a substitute for the authoritative literature, including Auditing and Assurance Standards and Guidance Notes, issued by the Institute 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 Auditing and Assurance 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

The Institute of Chartered Accountants of India has, ever since its inception, has been issuing technical literature relating to audit in the form of Standards, Guidance Notes, Guides, etc., to help members provide best quality services to their clients. The Auditing and Assurance Standards (Refer to Appendix I) issued by the Institute represent a codification of the fundamental principles in the area of audit which can help effective and efficient performance of audit by the practitioners. These fundamental principles apply universally, whenever an audit of financial information is carried out, irrespective of the nature, size or legal form of the client. Audit of financial statements of a small entity may, however, throw up challenges in respect of internal controls, quality of financial reporting process, etc.

The purpose of this Guide is to provide a practical approach 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 not only maintain appropriate documentation of the audit work but also ensure quality therein.

Small Audit - Model Work Papers

Audit Index

Client:		**Prepared By:**		**Date:**	
Year:		**Reviewed By:**		**Date:**	

BACK

Client: ______ Prepared By: ______ Date: ______

Year: ______ Reviewed By: ______ Date: ______

APPLICABILITY CHECKLIST

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 in 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 may be unable to divert limited management time to such matters as formal internal control procedures. However, the lack of formality does not of 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.

APPLICABILITY CHECKLIST

(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 few , if any, 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.

BACK

Client:	________	**Prepared By:**	________	**Date:**	________
Year:	________	**Reviewed By:**	________	**Date:**	________

AUDIT DECLARATION

DECLARATION	WP REF	SIGN OFF	DATE
1. I have completed the necessary work taking materiality (engagement specific) in to consideration and consider that the working papers adequately support our opinion, subject to the matters noted.			
2. I have carried out a detailed review of the working papers and consider that they agree with the reports and adequately support our 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. I have carried out an overriding review of the working papers and consider that they agree with the reports and adequately support our opinion. All significant matters mentioned on "Work Papers on matters for partner attention" have been cleared to my satisfaction. All uncleared matters have been adequately addressed in the financial statements and auditor's report.			

BACK

Client: ______________ Prepared By: ______________ Date: ______________

Year: ______________ Reviewed By: ______________ Date: ______________

MATTERS FOR PARTNER'S CONSIDERATION

SCH REF	COMMENT	CLIENT RESPONSE	DISPOSAL

BACK

Client:		**Prepared By:**		**Date:**	
Year:		**Reviewed By:**		**Date:**	

SUMMARY MEMORANDUM

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

AUDIT ISSUE	ACCOUNT BALANCE AFFECTED	FINAL DECISION AND DETAILS OF HOW RESOLVED

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

Date: Name:

BACK

Client: ______	Prepared By: ______	Date: ______
Year: ______	Reviewed By: ______	Date: ______

SUMMARY OF UNADJUSTED ERRORS

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. ______

Planning Materiality Rs. ______

CONCLUSION : ______________________________

____

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.

BACK

Client:		**Prepared By:**		**Date:**	
Year:		**Reviewed By:**		**Date:**	

FINANCIAL STATEMENTS REVIEW

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 financial statement review by: ■ Compare the financial statements for the current year to those of previous years, analyse variances and the reasons. ■ Compare the financial statements with any budgets, forecasts, or management expectations and discuss reasons for variations. ■ Review trends in any important financial statement ratios. ■ Consider whether the financial statements adequately reflect any changes in the entity. ■ Inquire into unexplained or unexpected features of the financial statements.		
B.	Review the financial statements to determine whether: ■ The financial statements are consistent with our knowledge and understanding of the business and audit evidence obtained. ■ The accounting policies used in preparing the financial statements are appropriately disclosed, as are any changes in the policies. ■ The balances, notes and disclosures in the financial statements are presented in accordance with applicable accounting standards and regulatory requirements.		
C.	Consider whether there is a risk of going concern assumption underlying the preparation of the financial statements?		

		PERFORMED BY	COMMENTS, REFERENCES
1.	Financial Indicators		
	Examine whether:		
	■ There is negative net worth or negative working capital.		
	■ Fixed term borrowing approaching maturity without realistic prospects of renewal or repayment, or excessive reliance on short-term borrowings to finance long-term assets.		
	■ Adverse key financial ratios.		
	■ Substantial operating losses.		
	■ Substantial negative cash flows from operations.		
	■ Arrears or discontinuance of dividends.		
	■ Inability to pay creditors on due dates.		
	■ Difficulty in complying with the terms of loan agreements.		
	■ Change from credit to cash-on-delivery transactions with suppliers.		
	■ Inability to obtain financing for essential new product development or other essential investments.		
	■ Entering into a scheme of arrangement with creditors for reduction of liability.		
2.	Operating Indicators		
	■ Loss of key management without replacement.		
	■ Loss of a major market, franchise, licence, or principal supplier.		
	■ Labour difficulties or shortages of important supplies.		
3.	Other Indicators		
	■ Non-compliance with capital or other statutory requirements.		
	■ Pending Legal Proceedings against the entity that may, if successful, result in judgements that could not be met.		
	■ Changes in legislation or government policy.		
	■ 'Sickness' of the entity under any statutory definition.		

BACK

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

SUBSEQUENT EVENTS CHECKLIST

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 shoud 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.)

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

SUBSEQUENT EVENTS CHECKLIST

		(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.				

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

SUBSEQUENT EVENTS CHECKLIST

		(CLIENT MANAGEMENT) DISCUSSED WITH	SUPPORTING DOCUMENT REFERENCE	(AUDITOR) REVIEWED BY	DATE
6.	Inquire and discuss with management the following : ■ The current status of items that were accounted for on a preliminary or estimated basis.				
	■ Whether commitments or litigations, claims and other contingent liabilities existed at the balance sheet date or on the date of inquiry.				
	■ Whether the sale of assets or operating units has occurred or is planned.				
	■ Whether there is a change in ownership structure or composition.				
	■ Whether any assets of the company have been expropriated in some way or have been destroyed.				
	■ Whether there have been significant developments relating to audit areas for which specific risks have been identified.				
	■ Whether any unusual accounting adjustments have been made or are contemplated.				
	■ 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.				

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

SUBSEQUENT EVENTS CHECKLIST

		(CLIENT MANAGEMENT) DISCUSSED WITH	SUPPORTING DOCUMENT REFERENCE	(AUDITOR) REVIEWED BY	DATE
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.				

◀ BACK

Client: ______	Prepared By: ______	Date: ______
Year: ______	Reviewed By: ______	Date: ______

ENGAGEMENT LETTER

Guidance
The Engagement Letter has to be prepared in duplicate and signed by the client before the engagement is started. A sample format 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. The agreed terms would need to be recorded in an audit engagement letter or other suitable form of contract. 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 senior management)

____

____

You have requested that we audit the balance sheet of (Name of the entity) as at 31st March, 2XXX and the related profit and loss account and the (cash flow statement) 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 the auditing standards generally accepted in India and with the requirements of the Companies Act, 1956. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

However, having regard to the test nature of an audit, persuasive rather than conclusive nature of audit evidence together with inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements of financial statements, resulting from fraud, and to a lesser extent error, if either exists, may remain undetected.

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which might come to our notice.

The responsibility for the preparation of financial statements on a going concern basis is that of the management. The management is also responsible 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 management is also responsible 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.

The responsibility of the management also includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the company and for the preventing and detecting fraud or other irregularities. As part of our audit process, we will request from management 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 examine our working papers during the course of the peer review.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records; documentation and other information are requested in connection with our audit.
Our fees will be billed as the work progresses.

This letter will be effective for future years 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
Place
Acknowledged on behalf of
______________________ by

____

(Signature)
Name and Designation
Date

XYZ & Co.
Chartered Accountants
____

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

BACK

Client:		Prepared By:		Date:	
Year:		Reviewed By:		Date:	

REPRESENTATIONS BY MANAGEMENT

Guidance

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

The auditor should obtain representations from management, where 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 an 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 evidence from sources inside or outside 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. If the auditor is unable to obtain sufficient appropriate audit evidence that he believes would be available regarding a 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.

(Letterhead of Entity)

(Date)
(Name and Address of the Auditor)
Dear Sir

This representation letter is provided in connection with your audit of the financial statements of ________ for the year ended _______ for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of _________ as of________ and of the results of operations for the year then ended. 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 representations:

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.

Assets

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

Capital Commitments

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

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 and fair value. Long-term investments have been valued at cost, except that any permanent diminution in their value has been provided for in ascertaining their carrying amount.
7. In respect of offers of right issues received during the year, the rights have been either been subscribed to, or renunciated, or allowed to lapse. In no case have they been renunciated in favour of third parties without consideration which has been properly accounted for in the books of account.
8. All the investments produced to you for physical verification belong to the entity and they do not include any investments held on behalf of any other person.

9. The entity has clear title to all its investments including such investments which are in the process of being registered in the name of the entity or which are not held in the name of the entity and there are no charges against the investments of the entity except those appearing in the records of the entity.

Inventories

10. Inventories at the year-end consisted 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*

____

____

12. All goods included in the inventory are the property of the entity, none of the goods are held as consignee for others or as bailee, and, except as set out below, none of the goods are subject to any charge.

____

____

13. All inventories owned by the entity, wherever located, have been recorded, including goods sent on consignment.
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, Average Cost or LIFO) should also be stated. Similarly, the extent to which overheads have been included in the cost should also be stated.)

---

* Where physical verification of inventories is carried out at a date other than the closing date, this paragraph may be modified as below:
Inventories recorded in the books as at ______ (date of balance sheet) aggregating to Rs ______ are based upon the physical inventories taken as at ______ (date of physical verification) by actual count, weight or measurement. 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 upto________(balance sheet date).

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

    ____

    ____

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 basis/bases of valuation is/are the same as that/those used in the previous year, except as set out below:

Class of inventory	Basis of Valuation		Effect of change in Basis of Valuation
	This year	Last year	
_______	_______	_______	_______
_______	_______	_______	_______

Debtors, Loans and Advances

19. The following items appearing in the books as at ....(date of the Balance Sheet) are considered good and fully recoverable with the exception of those specifically shown as "doubtful" in the Balance Sheet.

    Sundry Debtors Rs __________

    Loans and Advances Rs __________

Other Current Assets

20. In the opinion of the Board of Directors, other current assets have a value on realisation in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet, except as stated in Note X to the financial statements.

Liabilities

21. We have recorded all known 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 years;
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)

BACK

Client: ____________ Prepared By: ____________ Date: ____________

Year: ____________ Reviewed By: ____________ Date: ____________

MANAGEMENT LETTER POINTS

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.

Client:	__________	**Prepared By:**	__________	**Date:**	__________
Year:	__________	**Reviewed By:**	__________	**Date:**	__________

MANAGEMENT LETTER POINTS

Partner/Management Responses

____

____

____

____

____

____

Discussed with __________ Title __________ Date __________

Conclusion

Include points in formal management letter Yes/No

BACK

Client: ______________________ Prepared By: ______________ Date: ____________

Year: ______________________ Reviewed By: ______________ Date: ____________

TIME BUDGET

	BUDGET			ACTUALS		
	HOURS	RATE	TOTAL	HOURS	RATE	TOTAL
Senior Partner						
Partner in charge						
Audit Manager						
1						
2						
Apprentices						
1						
2						
3						
4						
5						

Audit fees Rs.

Total cost Rs.

Recovery/shortfall Rs.

Recovery %

on

BACK

Client:		Prepared By:		Date:	
Year:		Reviewed By:		Date:	

GENERAL AUDIT PROGRAMME

		SCHEDULE REFERENCE	PERFORMED BY	DATE
	PERFORM PRE-ENGAGEMENT ACTIVITIES			
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.			
	PERFORM PRELIMINARY PLANNING			
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.			

		SCHEDULE REFERENCE	PERFORMED BY	DATE
	INTERIM AUDIT VISIT			
13.	Update our 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 our specific concerns as a matter for Partner's attention. Draft responses to address the risk and seek partner/manager approval.			
	FINAL AUDIT VISIT			
14.	Update our 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 our 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 (To be done as highlighted in Summary of unadjusted errors).			
18.	Complete our 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.			
	STATUTORY AND DISCLOSURE MATTERS			
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			

		SCHEDULE REFERENCE	PERFORMED BY	DATE
	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.			
	MANAGEMENT LETTERS			
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 we have 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 your responses to their findings and the impact on the financial statements. Determine if any corrective actions have been taken based upon the reports.			
32.	Complete and issue formal management letter to the appropriate company officials.			
	ADMINISTRATION MATTERS			
33.	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.			
34.	Ensure that the staff report has been completed and discussed with each staff member.			

BACK

Client: ______ Prepared By: ______ Date: ______

Year: ______ Reviewed By: ______ Date: ______

UNDERSTANDING THE CLIENT'S BUSINESS

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.

BACK

Client:		Prepared By:		Date:	
Year:		Reviewed By:		Date:	

UNDERSTANDING THE ACCOUNTING POLICIES

1. 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

2. 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.)

- 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.)

- 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.)

3. Accounting Policies

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

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

BACK

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

ANALYTICAL PROCEDURES IN PLANNING THE AUDIT

Guidance

The auditor applies analytical procedures at the planning stage of the audit. The nature and extent of analytical procedues 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 relaitonship 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

* Examine impact of the above in our scope of audit procedures.

OBSERVATION	ACCOUNT BALANCE AFFECTED	AUDIT PROCEDURE	CONCLUSION

BACK

Client:	Prepared By:	Date:
Year:	Reviewed By:	Date:

ASSESSMENT OF RISK

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	ASSERTION AFFECTED	AUDIT PROCEDURES	NO. OF SAMPLES

BACK

Client: ____________	**Prepared By:** ____________	**Date:** ____________
Year: ____________	**Reviewed By:** ____________	**Date:** ____________

PLANNING MATERIALITY

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. ______

Planning Materiality Rs.________

Guidance

Planning 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:

____

____

____

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

____

____

____

BACK

Client: ______________ Prepared By: ______________ Date: ______________

Year: ______________ Reviewed By: ______________ Date: ______________

PERMANENT FILE UPDATE

ADDITION/ AMENDMENT/ DELETION	REFERENCE	PREPARED BY	REVIEWED BY

BACK

Client:		**Prepared By:**		**Date:**	
Year:		**Reviewed By:**		**Date:**	

FRAUD RISK QUESTIONNAIRE

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/ NA	DETAILS OF RISK IDENTIFICATION	REF
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?			

	YES/ NO/ NA	DETAILS OF RISK IDENTIFICATION	REF
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) Are weaknesses reported earlier still continue?			
r) Is there non-maintenance of year ending inventory and stock registers?			

BACK

Client: ______ Prepared By: ______ Date: ______

Year: ______ Reviewed By: ______ Date: ______

REGROUPING JOURNALS

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	ACCOUNTS DESCRIPTION	DEBIT	CREDIT

BACK

Client:	____________________	Prepared By:	__________	Date:	__________
Year:	____________________	Reviewed By:	__________	Date:	__________

ADJUSTING JOURNALS

Discussed and agreed with client, ______________________________________
(Title) __________, by__________ on _________ .

Note : An 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	ACCOUNTS DESCRIPTION	DEBIT	CREDIT

AUDIT PROGRAM - TANGIBLE ASSETS

BACK

Client: ______

Balance Sheet Date: ______

Prepared By: ______ On: ______

Reviewed By: ______ On: ______

Approved By: ______ On: ______

Updated By: ______ On: ______

	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 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 ***Guidance:*** *An effective method of exercising this control is capital budgeting, which, apart from ensuring proper authorisation of the expenditure incurred, also shows, in general, how effectively such expenditure is being controlled through periodical comparisons of actuals with budgeted figures.*					

* M/F : Manual File

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	b) Accountability and utilisation 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. 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, receiving 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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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) In respect of fixed assets retired i.e., destroyed, scrapped or sold, examine: i. whether the retirements have been property authorised and appropriate procedures for invitation of quotations have been followed, wherever applicable. ii. whether the assets and depreciation accounts have been properly adjusted iii. whether the sale proceeds, if any, have been fully accounted for, and iv. whether the resulting gains or losses have been properly adjusted and disclosed in the Profit and Loss Account. g) Check whether it is possible that certain assets destroyed, scrapped or sold during the year have been recorded by: i. Reviewing work orders/physical verification reports to trace any indicated retirements. ii. Examining major additions to ascertain whether they represent additional facilities or replacement of old assets, which may have been retired. iii. Making enquiries of key management and supervisory personnel. iv. Obtaining a certificate from a senior official and/or departmental managers that all assets scrapped, destroyed or sold have been 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	solicitors or bankers, obtain confirmation directly through a request signed by the client.					
5.	PHYSICAL VERIFICATION: a) Observing the verification being conducted by the management, wherever possible, and by examining the written instructions issued to the staff by the management and the relevant working papers. b) Ensure that the persons conducting the verification, whether the employees of the enterprise or outside experts (if employed), had the necessary competence. c) Examine whether the method of verification was reasonable in the circumstances relating to each asset. d) Examine whether the frequency of verification was reasonable in the circumstances of each case. e) Test check the book records of fixed assets with the physical verification reports. f) 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 fixed assets have been valued and disclosed in the financial statements according to the generally accepted accounting principles which are determined by law, professional pronouncements and prevailing practices. b) Test 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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					

AUDIT PROGRAM - INTANGIBLE ASSETS

BACK

Client:

Balance Sheet Date:

Prepared By: On:

Reviewed By: On:

Approved By: On:

Updated By: On:

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	Objectives regarding intangible assets are to establish that:					
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.					

AUDIT PROGRAM - INVESTMENTS

BACK

Client:

Balance Sheet Date:

Prepared By: On:

Reviewed By: On:

Approved By: On:

Updated By: On:

	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*					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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*					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	acquisition, disposal, etc., of the investments should be maintained along with proper documentation.					
4.	EXAMINATION OF RECORDS: a) Examine whether the legal requirements governing the entity, insofar as they relate to investments, have been complied with and the investments made by the entity are not *ultra vires* the entity. b) Ensure that any other covenants or conditions which restrict, qualify or abridge the right of ownership and/or disposal of investments, have been complied with by the entity. c) Ensure that the transactions for the purchase/sale of investments are supported by due authority and documentation. d) Verify the acquisition/disposal of investments with reference to the broker's contract note, bill of costs, receipts and other similar evidence. Pay special attention to ascertaining whether the investments have been purchased or sold cum-dividend/ex-dividend, cum-interest/ex-interest, cum-right/ex-right or cum-bonus/ex-bonus. e) Check whether proper adjustments in this regard have been made in the cost/sales value of securities purchased or sold. f) In the case of a rights issue, the offer to the entity contained in the letter of rights should be examined. Where the rights have been renounced or otherwise disposed of or not exercised, examine the relevant decision of the appropriate authority in this behalf, as also that the sale proceeds, if any, have been duly accounted for. g) As regards bonus shares, examine the intimation to the entity regarding such issue with a view to ascertaining the receipt and recording of the requisite number of shares by the entity.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	h) Where the amount of purchase or sale of investments are substantial, check the prices paid/received with reference to the stock exchange quotations, where available, on or near the date of purchase or sale.					
5.	PHYSICAL INSPECTION: a) Carry out physical inspection of investments in the form of shares, debentures and other securities. In case of certain entities (e.g., insurance companies), physical inspection of investments is a statutory requirement. b) In case of transactions with depository services, verify the periodic reconciliation of balances as per the records of the entity and those as per the Public Debt Office. c) Examine the certificates issued by such organisations confirming the holdings of the entity. d) Verify the interim and other acknowledgments issued by dealers as well as the year-end confirmation certificates of the depository organisations. e) Examine after the close of business on the last day of the year, the investments held by the entity in its own custody. In case this is not possible, carry out the inspection on a date as near to the balance sheet date as possible. f) Carry out a surprise inspection of the investments in hand at least once in the year in addition to year-end examination, if there are a substantial number of engagements. g) Examine the certificates received from bank where investments are held by them on behalf of the entity. h) In case investments are held by persons other than banks, ensure that there is justification for it 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					
	i) 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.					
	j) Examine any other aspects required to be examined or reported upon by the relevant statute.					
	k) 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 187 C of the Companies Act, 1956 has been properly made.					
6.	IMMOVABLE PROPERTIES:					
	a) 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	the schedule of investments prepared by the entity and judge their reasonableness.					
8.	MANAGEMENT REPRESENTATIONS: a) 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 recognised 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 charge 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

BACK

Client: ______________________

Balance Sheet Date: ______________________

Prepared By: ______________ On: ______________

Reviewed By: ______________ On: ______________

Approved By: ______________ On: ______________

Updated By: ______________ On: ______________

	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) Study and evaluate the system of internal control relating to inventories to determine the nature, timing and extent of other audit procedures. b) Particularly 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 extent of application of the audit procedures in (a) above.					
5.	ATTENDANCE AT STOCK-TAKING: 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).					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
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, 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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
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: a) 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 IV.					
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, inter alia, 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 actuals 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 realisable 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 behalf, examine whether the same have been complied with.					

AUDIT PROGRAM - MISCELLANEOUS EXPENDITURE

BACK

Client: ______________________

Balance Sheet Date: ______________________

Prepared By: ______________ On: ______________

Reviewed By: ______________ On: ______________

Approved By: ______________ On: ______________

Updated By: ______________ On: ______________

	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 Evaluate the system of internal control relating to the 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	achieved, inter alia, 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) Till the amount is fully amortised, examine every year that a proper amount is amortised during the year by way of a charge to income for the year. c) Examine every year that the criteria which previously justified the deferral of the expenditure continues to be met. d) If those criteria no longer apply, examine whether the unamortised balance has been charged as expense immediately. Where the criteria for deferral continue to be met but the amount of unamortised balance of the expenditure exceeds the expected future revenue/other benefits related thereto, examine whether such excess has been charged as an expense immediately. e) Verify these expenses with reference to supporting documents such as, invoices and contracts relating to these expenses. f) In the case of a company, also examine that the reimbursement of such expenses to promoters is in accordance with the disclosures made in the prospectus. Compliance with legal provisions regarding reimbursement of the promoter's expenses should be specifically examined. g) In addition to the audit procedures mentioned above, also apply the following audit procedures with regard to preliminary expenditure: i. Verify whether the preliminary expenses					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	incurred on or after the date the Standard (AS26) is applied by the enterprise are entirely charged to the profit and loss account in the year in which they are incurred. ii. In the case of preliminary expenses already appearing in the balance sheet on the date the Standard is applied, verify that the estimate made by the management of the enterprise of the useful life of the preliminary expenses is appropriate. iii. Verify whether the carrying amount of the preliminary expenses already appearing in the balance sheet is eliminated with a corresponding adjustment to the opening balance of the revenue reserve in case the amortisation period determined under paragraph 63 of AS 26 has already expired. iv. Ensure that the preliminary expenses already appearing in the balance sheet are being amortised in accordance with the requirements of AS 26 in case the amortisation period determined under paragraph 63 of AS 26 has not expired.					
5.	EXPENSES RELATED TO SUBSCRIPTION OR ISSUE OF SHARES a) Examine whether the payment of brokerage, commission, etc., is authorised by articles of association or other rules/regulations and is in accordance with the provisions of the relevant statute. b) Also examine whether the rates of commission paid or payable to brokers and underwriters are in accordance with the disclosures made in the prospectus. c) Verify the commission with reference to the agreements with brokers and underwriters. d) Examine the certificate issued by the merchant bankers with regard to commission payable to underwriters, and ensure that the payment made to underwriters is in accordance with such certificate.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	e) Examine whether the limits on such expenses as laid down in the applicable statute have been complied with. For other expenses on issue of shares or debentures, such as fees of the managers to the issue, fees of the registrars to the issue including mailing and handling charges, fees of the advisors to the issue, advertisement expenses, expenses on printing and supply of prospectus and application forms, expenses on printing of share/debenture certificates, etc., should be verified with reference to supporting documents such as invoices, agreements, etc.					
6.	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 reference to 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) Verify that the expenses incurred on research or incurred during the research phase of an internal project on or after the date the Standard (AS 26) is first applied by the enterprise are entirely charged to the profit and loss account in the year in which they are incurred. c) In the case of research and development expenses already appearing in the balance sheet on the date the Standard is first applied, ensure that the estimate made by the management of the useful life of such expenses is appropriate. d) Verify whether the carrying amount of the research and development expenses already appearing in the balance sheet is eliminated with a corresponding adjustment to the opening balance of the revenue reserve in case the amortisation period determined under paragraph 63 of AS 26 has already expired.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	e) Ensure that the research and development expenses already appearing in the balance sheet are being amortised in accordance with the requirements of AS 26 in case the amortisation period determined under paragraph 63 of AS 26 has not expired. f) Examine that the intangible asset recognised is accounted for in accordance with the requirements of AS 26. g) Where an intangible asset has been recognised, verify whether the asset so recognised is tested for impairment in accordance with Accounting Standard (AS) 28, Impairment of Assets. h) Examine whether the test of impairment is appropriate and where impairment has occurred, an impairment loss has to be provided for in the financial statements.					
7.	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. b) Verify that the requirements of AS 26 have been complied with in accounting for such items. c) 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.					

AUDIT PROGRAM - DEBTORS, LOANS AND ADVANCES

BACK

Client: ____________________

Balance Sheet Date: ____________________

Prepared By: ____________________ On: ____________________

Reviewed By: ____________________ On: ____________________

Approved By: ____________________ On: ____________________

Updated By: ____________________ On: ____________________

	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 Review the following aspects of internal control relating to debtors, loans and advances: a) In respect of debtors i. Verify that 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?					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	v. Ensure whether there is prompt recording of debts and realisations and of linking receipts with outstandings. 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? 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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?					
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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 their being realised.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.*					
	h) Examine whether the contingent liability, if any, in respect of bills accepted by customers and discounted with the banks is properly disclosed.					
	i) Examine whether adequate provision on this account has been made, where required.					
5.	SPECIAL CONSIDERATION IN CASE OF LOANS AND ADVANCES					
	Guidance: *In general, the procedure outlined above in 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.*					
	a) Examine whether the entity is empowered to make loans.					
	Guidance: *In many cases, the statute governing the entity may contain restrictions or 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*					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	Companies Act, 1956 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 behalf, examine whether the same have been complied with.					

AUDIT PROGRAM - CASH AND BANK BALANCES

BACK

Client: ____

Balance Sheet Date: __________________________________

Prepared By: __________________ On: __________________

Reviewed By: __________________ On: __________________

Approved By: __________________ On: __________________

Updated By: __________________ On: __________________

	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 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	that the entity has reversed the relevant entries. d) If there are post dated cheques issued by he 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 that 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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

BACK

Client: ____________________

Balance Sheet Date: ____________________

Prepared By: ____________________ On: ____________________

Reviewed By: ____________________ On: ____________________

Approved By: ____________________ On: ____________________

Updated By: ____________________ On: ____________________

	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) Check Opening Balance of Share Capital with supporting statutory records of shareholders / partners for fresh issue of share capital. 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 certififcate for statutory purpose.					
4.	Verify movements of Reserves, if any.					

AUDIT PROGRAM - LIABILITIES

BACK

Client: ____________________

Balance Sheet Date: ____________________

Prepared By: ____________ **On:** ____________

Reviewed By: ____________ **On:** ____________

Approved By: ____________ **On:** ____________

Updated By: ____________ **On:** ____________

	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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 ■ The procedure should ensure proper recording of transactions and facilitate the linking of payments with outstandings. ■ The payments made to creditors should be in line with the approved policies of the entity. ■ 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. ■ 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. ■ Statements of account should be called from creditors at periodic intervals and the discrepancies, if					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	any, should be duly investigated and reconciled. ■ 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. ■ There should be appropriate cut-off procedures in relation to transactions affecting the creditor accounts. iii. In respect of other current liabilities, trade deposits and provisions ■ The internal control procedures as spelt out above for loans, borrowings and creditors broadly apply in relation to these item also. 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.					
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 that 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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. b) Trade Creditors and Other Current Liabilities i. Check the adequacy of cut-off procedures adopted by the entity in					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	relation to transactions affecting the creditor accounts. ii. Check that 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 recognised 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.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	c) Provisions Examine that 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. 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 in 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 an actuarial 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 that dividends are provided for as per applicable provisions of the relevant laws and rules framed thereunder, 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities may or may not crystalise 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: ■ law suits, disputes and claims against the entity not acknowledged as debts. ■ membership of a company limited by guarantee. ii. The following general procedures may be useful in verifying contingent liabilities: ■ Review of minutes of the meetings of board of directors, committees of board of directors/other similar body. ■ Review of contracts, agreements and arrangements. ■ Review of list of pending legal cases, correspondence relating to taxes, duties, etc. ■ Review of terms and conditions of grants and subsidies availed under various schemes. ■ Review of records relating to contingent liabilities maintained by the entity. ■ Enquiry of, and discussions with, the management and senior officials of the entity. ■ Representations from the management. iii. Verify that contingent liabilities do not include any items which require an					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 statue lays down any disclosure requirements in this behalf, 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					

AUDIT PROGRAM - REVENUE

BACK

Client: ____________________

Balance Sheet Date: ____________________

Prepared By: ____________________ On: ____________________

Reviewed By: ____________________ On: ____________________

Approved By: ____________________ On: ____________________

Updated By: ____________________ On: ____________________

	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 recognised 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 despatch documents with reference to related sale invoices and the sales journal. e) Examine selected entries in the sales return journal with reference to 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 that 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), examine 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 that 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: ■ Examine that revenue from export					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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. ■ Obtain a written representation from the management to the effect that the 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.	ANALYTICAL PROCEDURES a) Compare product-wise and location-wise, of 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					
5.	EXAMINATION OF PRESENTATION AND DISCLOSURE Ensure that the revenue has been disclosed properly in the financial statements. Where the relevant statute lays down any disclosure requirements in this behalf, examine whether the same have been complied with.					

AUDIT PROGRAM - EXPENSES

BACK

Client: ______________________

Balance Sheet Date: ______________________

Prepared By: ______________ On: ______________

Reviewed By: ______________ On: ______________

Approved By: ______________ On: ______________

Updated By: ______________ On: ______________

	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 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-a-vis budgets and internal management reports, if any.					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
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 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 and description of such transactions. ix. Obtain a representation from the					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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. ■ 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. ■ Examine that imports for which consideration is payable in a foreign currency are recorded at an appropriate amount in accordance with Accounting Standard (AS) 11, Accounting for the Effects of Changes in Foreign Exchange Rates. 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.					
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, 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. 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	Minimum Wages Act, 1948, agreement with the employees, award of competent authority and judicial rulings. 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. 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 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. In cases where complete outsourcing of labour has been given to an outside agency, the terms of agreement and compliance thereof should be examined. vii. Obtain a list of employees who have retired or otherwise left the services of the entity during the period under audit and examine 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	department/unit for the current year/period with the corresponding figures for previous yeas/periods. iv. Compare the ratios of wages and salaries to sales for the current year/period with the corresponding figures for previous yeas/periods. v. Compare the ratio of wages and salaries to cost of production for the current year/period and 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).					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
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 an actuarial certificate, examine that the method followed by it, say, group gratuity insurance scheme taken by the entity for calculating the accrued liability for gratuity is rational.					
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. 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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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 that 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.					
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					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	during the year, ensure that the depreciation has been computed properly.					
13.	RESEARCH AND DEVELOPMENT EXPENSES 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 that new fixed assets and substantial improvements to existing assets (which are in capital nature) have not been included in repairs and maintenance.					
15.	CONTINGENCIES a) In respect of product warranties, service contracts, performance warranties, etc., examine whether provisions have been made in accordance with Accounting Standard (AS)					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	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.	TAXES ON INCOME a) Examine that tax expense or tax saving has been properly computed and disclosed in the financial statements. b) Examine that 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 in 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 Income Tax Act, 1961. 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.					
17.	EXAMINATION OF PRESENTATION AND DISCLOSURE a) Ensure that the expenses have been properly classified and disclosed in the financial statements. Where the relevant statute lays					

	PROCEDURE	EXTENT OF CHECK	BASIS OF SELECTION OF SAMPLE	DONE BY	W/P REF.	M/F REF.
	down any disclosure requirements in this behalf, the auditor should examine whether the same have been complied with.					

BACK

APPENDIX I

AUDITING AND ASSURANCE STANDARDS CHECKLIST – CONTROL SHEET

OBJECTIVE:

We are specifically required to state in our report to the shareholders whether the audit was conducted in accordance with the auditing standards generally accepted in India. The Institute of Chartered Accountants of India (ICAI) has been issuing various Auditing and Assurance Standards (AASs) from time to time. The objective of this checklist is to determine whether the audit has been conducted in accordance with the AASs.

NOTE:

This checklist presupposes familiarity with all the AASs and it should be completed by the Audit in charge before the accounts are finalised. Specific documentation is required to ensure compliance with AAS, details are to be noted and any material non-compliance must be highlighted. Extended work needs to be performed depending on the professional judgement.

Mark " * " wherever required to indicate additional work and documentation is to be done for better control.

	PARTICULARS	PERFORMED BY	COMMENTS, REFERENCES
■	AAS 1 – Basic Principles Governing an Audit		
■	AAS 2 – Objective and Scope of the Audit of Financial Statements		
■	AAS 3 – Documentation		
■	AAS 4 – Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements		
■	AAS 5 – Audit Evidence		
■	AAS 6 – Risk Assessment and Internal Control		
■	AAS 7 – Relying Upon the Work of an Internal Auditor		
■	AAS 8 – Audit Planning		
■	AAS 9 – Using the Work of an Expert		
■	AAS 10 – Using the Work of Another Auditor		
■	AAS 11 – Representations by Management		
■	AAS 12 – Responsibility of Joint Auditors		
■	AAS 13 – Audit Materiality		

■	AAS 14 – Analytical Procedures		
■	AAS 15 – Audit Sampling		
■	AAS 16 – Going Concern		
■	AAS 17 – Quality Control for Audit Work		
■	AAS 18 – Auditing of Accounting Estimates		
■	AAS 19 – Subsequent Events		
■	AAS 20 – Knowledge of the Business		
■	AAS 21 – Consideration Of Laws And Regulations In An Audit Of Financial Statements		
■	AAS 22 – Initial Engagements – Opening Balances		
■	AAS 23 – Related Parties		
■	AAS 24 – Audit Considerations Relating to Entities Using Service Organisations		
■	AAS 25 – Comparatives		
■	AAS 26 – Terms of Audit Engagement		
■	AAS 27 – Communications of Audit Matters with Those Charged with Governance		
■	AAS 28 – The Auditor's Report on Financial Statements		
■	AAS 29 – Auditing in a Computer Information Systems Environment		
■	AAS 30 – External Confirmations		
■	AAS 31 – Engagements to Compile Financial Information		
■	AAS 32 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information		
■	AAS 33 – Engagements to Review Financial Statements		
■	AAS 34 – Audit Evidence – Additional Consideration for Specific Items		
■	AAS 35 – The Examination of Prospective Financial Information		
■	The clause regarding conducting of the audit in accordance with the auditing standards generally accepted in India in the Auditors' Report has been properly drafted.		
	Conclusion *We have reviewed the compliance with the AAS (which are relevant in the circumstances of the audit) during the course of our audit and in our opinion, the audit has been conducted in accordance with the above AASs in all respects.*		

BACK

APPENDIX II

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.

BACK

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 of responsible official of the entity)

BACK

APPENDIX IV

ILLUSTRATIVE LETTER OF CONFIRMATION OF ACCOUNTS RECEIVABLE

INSTRUCTIONS

This Form can be used to confirm accounts receivable when the client prepares periodic statements of customers' accounts. 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 returned.

(Client Letterhead)

Date

Addressee-Company

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, ***Firm & Local Address***, 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 appreciated. An addressed reply-paid envelope is enclosed for your reply.

Yours very truly,

____

Firm Name
Firm Address

The balance receivable from us of amount as of selected date is correct except as noted below:

____

____

____

Date: ____________

Company

Signature

Title

BACK

APPENDIX V

ILLUSTRATIVE LETTER OF CONFIRMATION OF DEPOSITS

INSTRUCTIONS

This Form is an illustrative confirmation form that may be used to confirm Deposits. 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 returned.

(Client Letterhead)

Date

Addressee-Company

Attention: **Person or Department**

In connection with the audit of our financial statements, please provide directly to our auditors, ***Firm & Local Address***, 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***.

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

Yours very truly,

Firm Name
Firm Address

The attached list represents deposits balance receivable from us as of selected date for the account of client name:

____

____

____

Date: ________________

Company

Signature

Title

BACK

APPENDIX VI

CHECKLIST FOR DISCLOSURES UNDER ACCOUNTING STANDARDS *

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 of the Institute of Chartered Accountants of India as on July 1, 2006:
   (i) Accounting Standards 1-29 (Except AS 8, which has been withdrawn pursuant to the issuance of AS 26).
   (ii) Accounting Standards Interpretations 1-30 so far as disclosure requirements are concerned.
   (iii) Announcements on Accounting Standards so far as disclosure requirements are concerned.
   (iv) 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) from the disclosure requirements of accounting standards have been mentioned at relevant places.
4. Requirements of Guidance Note on Treatment of Expenditure During Construction Period are not included since this Guidance Note is under revision. However, it is advised that the requirements of this Guidance Note, to the extent, they are not inconsistent with specific accounting standards should be adhered to.
5. 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', and
   (ii) Exposure Draft of Proposed Accounting Standards dealing with Financial Instruments.
6. 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.

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* Source "Checklist for Disclosures under Accounting Standards", 2007, issued by the Institute of Chartered Accountants of India.

(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.

7. 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.
8. 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.
9. 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.
10. Effective date of applicability of the relevant pronouncement should be kept in mind while using the Checklist.
11. 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 (1979) - Disclosure of Accounting Policies

	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. Whether the change in the accounting policies which has a material effect in the current period has been disclosed?			
5. 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?			
6. 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?			
7. (i) Where the fundamental accounting assumption of 'going concern' has not been followed, whether the fact has been disclosed?			
(ii) Where the fundamental accounting assumption of 'consistency' has not been followed, whether the fact has been disclosed?			
(iii) Where the fundamental accounting assumption of 'accrual' has not been followed, whether the fact has been disclosed?			
Announcement			
8. 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?			
(i) Accounting policies required to be disclosed under			

AS 1 (1979) - Disclosure of Accounting Policies

	Yes	No	N/A
Schedule VI or any other provisions of the Companies Act, 1956. (ii) Accounts have to be prepared on accrual basis. (iii) The fundamental accounting assumption of going concern has not been followed and such fact has to be disclosed in the financial statements. (iv) Proper disclosures regarding change in the accounting policies have to be made.			

AS 2 (revised 1999) - Valuation of Inventories

	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 (revised 1997) - Cash Flow Statements

	Yes	No	N/A
Presentation of Cash Flow Statement			
1. Whether the Cash Flow Statement discloses the cash flows during the period classified by operating, investing and financing activities in a manner which is most appropriate to the business of the enterprise?			
Operating activities			
2. Whether the enterprise reports cash flows from operating activities under			
(i) Direct method (preferable)? or			
(ii) Indirect method?			
3. If reported under direct method, whether			
(i) major classes of gross cash receipts from operating activities are disclosed separately?			
(ii) major classes of gross cash payments of operating activities are disclosed separately?			
4. If reported under indirect method, whether net profit or loss is adjusted for the effects of:			
(i) transactions of a non-cash nature?			
(ii) any deferrals of past operating cash receipts or payments?			
(iii) any accruals of future operating cash receipts or payments?			
(iv) items of income associated with investing cash flows?			
(v) items of income associated with financing cash flows?			
(vi) items of expenses associated with investing cash flows?			
(vii) items of expenses associated with financing cash flows?			
Alternatively			
Whether the net cash flow from operating activities is presented by showing			
(i) the operating revenues excluding non-cash items?			
(ii) operating expenses excluding non-cash items?			
(iii) changes during the period in			
(a) inventories?			
(b) operating receivables?			
(c) operating payables?			

AS 3 (revised 1997) - Cash Flow Statements

	Yes	No	N/A
5. **Reporting cash flows on a net basis**			
(i) Whether the cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the enterprise in respect of the following activities are reported on a net basis:			
(a) Operating activities?			
(b) Investing activities?			
(c) Financing activities?			
(ii) Whether the cash receipts and payments for items in which the turnover is quick, amounts are large and the maturities are short in respect of the following activities are reported on a net basis:			
(a) Operating activities?			
(b) Investing activities?			
(c) Financing activities?			
6. Whether the cash flows arising from each of the following activities of a financial enterprise reported on net basis:			
(i) Cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date?			
(ii) The placement of deposits with and withdrawal of deposits from other financial enterprises?			
(iii) Cash advances and loans made to customers and the repayment of those advances and loans?			
7. **Foreign Currency Cash Flows**			
(i) Whether the effect of changes in exchange rates on cash and cash equivalents held in a foreign currency is reported as a separate part of the reconciliation of the changes in cash and cash equivalents during the period (i.e., reconciliation of cash and cash equivalents at the beginning and at the end of the period)?			
(ii) Whether the effect of changes in the exchange rate in (i) above has been reported separately from cash flows from			
(a) Operating activities?			
(b) Investing activities?			
(c) Financing activities?			

AS 3 (revised 1997) - Cash Flow Statements

	Yes	No	N/A
8. **Extraordinary items** Whether the cash flows associated with extraordinary items have been appropriately classified as arising from the following activities and separately disclosed: (i) Operating activities? (ii) Investing activities? (iii) Financing activities?			
9. **Taxes on income** Whether cash flows arising from taxes on income are (i) separately disclosed? (ii) classified as cash flows from operating activities without classifying any amount as financing or investing activities? or if specifically identified, disclosed separately as cash flows from (a) operating activities? (b) financing activities? (c) investing activities? (iii) in case cash flows from taxes on income have been disclosed separately as cash flows from operating activities, financing activities and investing activities, whether total amount of taxes paid is disclosed?			
10. Hedging When a contract is accounted for as a hedge of an identifiable position, whether the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged?			
11. Acquisitions and disposals of subsidiaries and other business units (i) Whether the aggregate cash flows arising from acquisitions of subsidiaries or other business units have been (a) presented separately as single line items? (b) classified as investing activities? (ii) Whether the aggregate cash flows from disposals of			

AS 3 (revised 1997) - Cash Flow Statements

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subsidiaries or other business units have been
(a) presented separately as single line items?
(b) classified as investing activities?

Note:
The cash flow effects of disposals should not be deducted from those of acquisitions.

(iii) In respect of acquisitions of subsidiaries or other business units during the period, whether the following have been disclosed:
(a) the total purchase consideration?
(b) the portion of the purchase consideration discharged by means of cash and cash equivalents?

(iv) In respect of disposal of subsidiaries or other business units during the period, whether the following have been disclosed:
(a) the total disposal consideration?
(b) the portion of disposal consideration discharged by means of cash and cash equivalents?

12. **Non-Cash Transactions**
(i) Whether the **investing** transactions that do not require the use of cash or cash equivalents
(a) have been excluded from cash flow statement?
(b) have been disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing activities?

(ii) Whether the **financing** transactions that do not require the use of cash or cash equivalents
(a) have been excluded from cash flow statements?
(b) have been disclosed elsewhere in the financial statements in a way that provides all the relevant information about these financial activities?

13. **Components of Cash and Cash Equivalents**
(i) Whether the enterprise has disclosed the components of cash and cash equivalents?

AS 3 (revised 1997) - Cash Flow Statements

	Yes	No	N/A
(ii) Whether the enterprise has presented a reconciliation of the amounts in its cash flow statements with equivalent items reported in the balance sheet?			
(iii) Whether the effect of any change in the policy for determining components of cash and cash equivalents is reported in accordance with AS 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'?			
14. **Other Disclosures** Whether the enterprise has disclosed, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the enterprise that are not available for use by it? (e.g., cash & cash equivalents held by a branch that operates in a country where exchange controls or other legal restrictions apply.)			
15. **Encouraged disclosures (Non-mandatory)** Additional information relevant for understanding the financial position and liquidity of the enterprise, together with a commentary by the management (e.g., undrawn borrowing facilities, segment cash flow, etc.)			
Exemptions/relaxations for SMEs AS 3 is not applicable for Level II and Level III enterprises.			

AS 4 (revised 1995) - Contingencies and Events Occurring After the Balance Sheet Date

Yes	No	N/A

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'.

As regards events after the balance sheet, there is no specific disclosure requirement in the financial statements under AS 4.

AS 5 (revised 1997) - Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

	Yes	No	N/A
1. **Net profit or loss for the period** 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. **Extraordinary items** (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. **Profit or loss from ordinary activities** 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. **Prior period items** 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. **Change in accounting estimates** (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			

AS 5 (revised 1997) - Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

	Yes	No	N/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. **Change in accounting policies**			
(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 (revised 1994) - Depreciation Accounting

	Yes	No	N/A
1. **Change in the method of providing depreciation** 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. **Revaluation** 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. **Disposal** 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. **Disclosure in respect of each class of asset** 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. **Other disclosures** 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. **Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets; and**			

AS 6 (revised 1994) - Depreciation Accounting

	Yes	No	N/A
Guidance Note on Accounting for Depreciation in Companies 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 (revised 2002) - Construction Contracts

	Yes	No	N/A
1. **General** 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?			
2. **Contracts in progress at the reporting date** Whether the enterprise disclosed the following for contracts-in-progress at the reporting date: (i) the aggregate amount of costs incurred and recognised profits (less recognised losses) up to the reporting date? (ii) the amount of advance received? and (iii) the amount of retentions?			
3. **Due to/from customers** 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?			
4. **Contingencies** 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 (1985) - Revenue Recognition

	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. **Accounting Standards Interpretation 14 (Revised), Disclosure of Revenue from Sales Transactions**			
(i) Whether the amount of turnover has been disclosed in the following manner on the face of the statement of profit and loss: Turnover (Gross) XX Less: Excise Duty XX Turnover (Net) XX			
(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.			

AS 10 (1985) - Accounting for Fixed Assets

	Yes	No	N/A

1. **Material items of fixed assets retired from active use**
   Whether material items of fixed assets retired from active use and held for disposal have been shown separately in the financial statements?

2. **Basis for Revaluation**
   (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?

3. **Fixed assets acquired on Hire-Purchase basis**
   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 ?

   Note:
   In addition, disclosures under AS 19, 'Leases', should also be given for fixed assets acquired on hire-purchase basis.

4. **Fixed assets owned jointly with others**
   In the case of fixed assets owned by an enterprise jointly with others (otherwise than as a partner in a firm), whether
   (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? or
   (ii) where *pro rata* cost of such jointly owned assets has

AS 10 (1985) - Accounting for Fixed Assets

	Yes	No	N/A
been grouped together with similar fully owned assets, whether an appropriate disclosure has been made?			
5. General			
Whether the following information has been disclosed in the financial statements:			
(i) Gross Book value of fixed assets			
(a) at the beginning of the accounting period?			
(b) at the end of the accounting period?			
(ii) Additions, acquisitions during the accounting period?			
(iii) Disposals during the accounting period?			
(iv) Other movements during the accounting period?			
(v) Expenditure incurred on account of fixed assets in the course of construction or acquisition?			
6. **Guidance Note on Some Important Issues Arising from the Amendments to Schedule XIV to the Companies Act, 1956**			
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 (revised 2003) - The Effects of Changes in Foreign Exchange Rates

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

AS 12 (1991) - Accounting for Government Grants

	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 (1993) - Accounting for Investments

	Yes	No	N/A
1. **Accounting policy** Whether the accounting policies for the determination of carrying amount of investments have been disclosed?			
2. **Classification of investments**			
(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)?			
3. **Statement of Profit and Loss**			
(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?			

AS 13 (1993) - Accounting for Investments

	Yes	No	N/A
d. profits and losses on changes in the carrying amount of long-term investments?			
4. **Significant restrictions** 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?			
5. **Quoted and unquoted Investments** (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?			
6. **Other Disclosures** Whether other disclosures as specifically required by the relevant statute governing the enterprise have been disclosed?			

AS 14 (1994) - Accounting for Amalgamations

	Yes	No	N/A
1. **For all amalgamations** 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?			
2. Whether, in addition to 1 above, the following additional disclosures have been made in the first financial statements following the amalgamation: A. Amalgamation accounted for under 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?			
3. **When the amalgamation is effected after the balance sheet date but before issuance of the financial**			

AS 14 (1994) - Accounting for Amalgamations

	Yes	No	N/A
statements of either party to the amalgamation **Note:** 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.			
4. **Announcement** **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 treatment been prescribed by the scheme, whether the following disclosures had been made in the first financial statements following the amalgamation: (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? (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? (c) The financial effect, if any, arising due to such deviation? (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?			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
1. **Short-term Employee Benefits** 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?			
2. **Multi-employer plans**			
(i) If a multi-employer plan is accounted for as a defined benefit plan, whether the disclosures mentioned in (5) below have been disclosed?			
(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-			
(a) disclosed the fact that the plan is a defined benefit plan?			
(b) disclosed the reason why sufficient information is not available to enable the enterprise to account for the plan as a defined benefit plan?			
(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions, disclosed in addition:			
(i) any available information about that surplus or deficit?			
(ii) the basis used to determine that surplus or deficit? and			
(iii) the implications, if any, for the enterprise?			
(iii) Whether contingent liabilities arising in the context of multi-employer 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].			
3. **State plans**			
(i) In rare cases, if a state plan is accounted for as a			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
defined benefit plan, whether the disclosures mentioned in (5) below have been disclosed?			
(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-			
(a) disclosed the fact that the plan is a defined benefit plan?			
(b) disclosed the reason why sufficient information is not available to enable the enterprise to account for the plan as a defined benefit plan?			
(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions, disclosed in addition:			
(i) any available information about that surplus or deficit?			
(ii) the basis used to determine that surplus or deficit? and			
(iii) the implications, if any, for the enterprise?			
(iii) Whether contingent liabilities arising in the context of state 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]			
4. **Defined Contribution Plans**			
(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 '?			
5. **Defined Benefit Plans**			
Whether the enterprise has disclosed the following information about defined benefit plans:			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
(i) information that enables users of financial statements to evaluate:			
(a) the nature of the plans?			
(b) the financial effects of changes in those plans during the period?			
(ii) the enterprise's accounting policy for recognising actuarial gains and losses?			
(iii) a general description of the type of plans?			
Note: 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).			
(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:			
(a) current service cost?			
(b) interest cost?			
(c) contributions by plan participants?			
(d) actuarial gains and losses?			
(e) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency?			
(f) benefits paid?			
(g) past service cost?			
(h) amalgamations?			
(i) curtailments?			
(j) settlements?			
(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?			
(vi) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
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:			
(a) expected return on plan assets?			
(b) actuarial gains and losses?			
(c) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency?			
(d) contributions by the employer?			
(e) contributions by plan participants?			
(f) benefits paid?			
(g) amalgamations?			
(h) settlements?			
(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 recognised in the balance sheet showing at least:			
(a) the past service cost not yet recognised in the balance sheet (see para 94 of AS 5 (revised 2005)?			
(b) any amount not recognised as an asset because of the limit in para 59(b) of AS 15 (revised 2005)?			
(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)?			
(d) the other amounts recognised in the balance sheet?			
(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 :			
(a) current service cost?			
(b) interest cost?			
(c) expected return on plan assets?			
(d) expected return on any reimbursement right recognised as an asset under paragraph 103 of AS 15 (revised 2005)?			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
(e) actuarial gains and losses?			
(f) past service cost?			
(g) the effect of any curtailment or settlement?			
(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)?			
(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?			
(x) the amounts included in the fair value of the plan assets for:			
(a) each category of the enterprise's own financial instruments?			
(b) (i) any property occupied by the enterprise?			
(ii) other assets used by the enterprise?			
(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?			
(xii) the actual return on:			
(a) plan assets?			
(b) any reimbursement right recognised as an asset in accordance with para 103 of AS 15 (revised 2005)?			
(xiii) the principal actuarial assumptions used as at the balance sheet date, including, where applicable:			
(a) the discount rates?			
(b) the expected rates of return on any plan assets for the periods presented in the financial statements?			
(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)?			
(d) medical cost trend rates?			
(e) any other material actuarial assumptions used?			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
(f) an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market?			
(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:			
(a) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs?			
(b) the accumulated post-employment benefit obligation for medical costs?			
Note: 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.			
(xv) the amounts for the current annual period and the previous annual periods of-			
(a) (i) the present value of the defined benefit obligation?			
(ii) fair value of plan assets?			
(iii) the surplus or deficit in a plan?			
(b) the experience adjustments arising on:			
(i) the plan liabilities expressed either as an amount or as a percentage of the plan liabilities at the balance sheet date?			
(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?			
6. Whether the enterprise has disclosed each actuarial assumption in absolute terms (for example, as an absolute			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
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?			
11. **Other Long-term Employees Benefits** 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 ').			
12. **Termination benefits** (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 possibility of outflow in settlement is remote? (AS 29, 'Provisions, Contingent Liabilities and Contingent Assets ')			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
(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')?			
(iii) Where required by AS 18, 'Related Party Disclosures', whether the enterprise has disclosed information about termination benefits for key management personnel?			
13. **General** For additional disclosures, if any, Frequently Asked Questions on AS 15 may be referred to.			
14. **Guidance Note on Accounting for Employee Share-based Payments**			
(i) Whether the method used to account for the employee share-based payment plans has been described?			
(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?			
(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?			
(iv) Whether the following have been disclosed to give effect to the requirements of (iii) above:			
(a) a description of each type of such plan including the general terms and conditions of each plan such as vesting requirements, the maximum term of options granted, and the method of settlement (whether in cash or equity)?			
Note: An enterprise with substantially similar types of plans may aggregate this information, unless			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
separate disclosure of each arrangement is necessary to satisfy the requirements of (iii) above.			
(b) the number and weighted average exercise prices of stock options for each of the following groups of options: (i) outstanding at the beginning of the period? (ii) granted during the period? (iii) forfeited during the period? (iv) exercised during the period? (v) expired during the period? (vi) outstanding at the end of the period? (vii) exercisable at the end of the period?			
(c) for stock options exercised during the period, the weighted average share price at the date of exercise?			
Note: 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.			
(d) for stock options outstanding at the end of the period: (i) the range of exercise prices? (ii) weighted average remaining contractual life (comprising the vesting period and the exercise period)?			
Note: 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.			
(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,			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
whether the following information has been disclosed: (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- (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? (ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility? (iii) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition? (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: (i) if fair value was not measured on the basis of an observable market price, how it was determined? (ii) whether and how expected dividends were incorporated into the measurement of fair value? (iii) whether and how any other features of the instruments granted were incorporated into the measurement of the fair value? (c) for employee share-based payment plans that were modified during the period:			

AS 15 (revised 2005) - Employee Benefits

	Yes	No	N/A
(i) an explanation of those modifications?			
(ii) the incremental fair value granted (as a result of those modifications)?			
(iii) information on how the incremental fair value granted was measured, consistently with the requirements set out in (i) and (ii) above, were applicable?			
(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:			
(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 recognised 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?			
(b) for liabilities arising from employee share-based payment plans:			
(i) the total carrying amount at the end of the period?			
(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)?			

Note:

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.

AS 16 (2000) - Borrowing Costs

	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 (2000) - Segment Reporting

	Yes	No	N/A
1. **Primary reporting format of an enterprise**			
(i) Whether the enterprise has disclosed the following for each reportable segment:			
(a) segment revenue classified into:			
(i) segment revenue from sales to external customers?			
(ii) segment revenue from transactions with other segments?			
(b) segment result?			
(c) total carrying amount of segment assets?			
(d) total amount of segment liabilities?			
(e) total cost incurred during the period to acquire segment assets that are expected to be used during more than period			
(i) tangible fixed assets?			
(ii) intangible fixed assets?			
(f) total amount of expense included in the segment result for depreciation and amortisation in respect of segment assets for the period?			
(g) total amount of significant non-cash expenses, other than depreciation and amortisation in respect of segment assets that were included in segment expense and, therefore, deducted in measuring segment result?			
Note: Items (f) and (g) need not be disclosed if segment cash flow is presented.			
(ii) (a) Whether the enterprise has presented a reconciliation between the information disclosed for reportable segments and the aggregated information in the enterprise's financial statements?			
(b) In presenting the reconciliation, whether			
(i) segment revenue has been reconciled to enterprise revenue?			
(ii) segment result has been reconciled to enterprise net profit or loss?			

AS 17 (2000) - Segment Reporting

	Yes	No	N/A
(iii) segment asset has been reconciled to enterprise assets?			
(iv) segment liability has been reconciled to enterprise liabilities?			
2. **Secondary segment in formations**			
(i) If primary format of an enterprise for reporting segment information is business segments, whether the following information is also reported:			
(a) segment revenue from external customers by geographical area based on the geographical location of its customers, for each geographical segment whose revenue from sales to external customers is 10 per cent or more of enterprise revenue?			
(b) the total carrying amount of segment assets by geographical location of assets, for each geographical segment whose segment assets are 10 per cent or more of the total assets of all geographical segments?			
(c) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets) by geographical location of assets, for each geographical segment whose segment assets are 10 per cent or more of the total assets of all geographical segments?			
(ii) If primary format of an enterprise for a reporting segment information is geographical segments (whether based on location of assets or location of customers), whether the following segment information is also reported for each business segment whose revenue from sales to external customers is 10 per cent or more of the enterprise revenue or whose segment assets are 10 per cent or more of the total assets of all business segments:			
(a) segment revenue from external customers?			
(b) the total carrying amount of segment assets?			
(c) the total costs incurred during the period to			

AS 17 (2000) - Segment Reporting

	Yes	No	N/A
acquire the segment assets that are expected to be used during more than one period (tangible and intangible fixed assets)			
(iii) If primary format of an enterprise for reporting segment information is geographical segments that are based on the location of assets, and if the location of its customers is different from the location of its assets, whether the enterprise has also reported revenue from sales to external customers for each customer-based geographical segment whose revenue from sales to external customers is 10 per cent or more of enterprise revenue?			
(iv) If primary format of an enterprise for reporting segment information is geographical segments that are based on location of customers, and if the assets of the enterprise are located in different geographical areas from its customers, whether the enterprise has also reported the following segment information for each asset -based geographical segment whose revenue from sales to external customers or segment assets are 10 per cent or more of total enterprise amounts:			
(a) the total carrying amount of segment assets by geographical location of the assets?			
(b) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets) by location of the assets?			
3. **Other Disclosures**			
(i) Whether the enterprise has disclosed the following:			
(a) basis of pricing inter-segment transfers?			
(b) any change in (i) above?			
(c) changes in accounting policies adopted for segment reporting that have a material effect on segment information including:			
(i) a description of the nature of the change?			
(ii) the financial effect of the change, if it is reasonably determinable?			

AS 17 (2000) - Segment Reporting

	Yes	No	N/A
(d) the types of products and services included in each reported business segment, both primary and secondary, if not otherwise disclosed in the financial statements?			
Note: For disclosures of segment-wise impairment of assets refer to checklist for AS 28, 'Impairment of Assets'.			
(ii) In case there is voluntary disclosure of additional segment information that is prepared on a basis other than the accounting policies adopted for the enterprise's financial statements (provided that this is reported internally to the board of directors and chief executive officer for purposes of making decisions about allocating resources to the segment and assessing its performance), whether the basis of measurement for this additional information is clearly described?			
4. **Accounting Standards Interpretation 20, 'Disclosure of Segment Information'** If it is concluded that there is neither more than one business segment nor more than one geographical segment and consequently segment information has not been disclosed, whether this fact has been disclosed?			
5. **Accounting Standards Interpretation 22, 'Treatment of Interest for determining Segment Expense'** In case interest is included as a part of the cost of inventories as per AS 16, 'Borrowing Costs' read with AS 2, 'Valuation of Inventories', and those inventories are part of segment assets of a particular segment, and consequently such interest has been considered as a segment expense, whether the following have been disclosed:			
(a) the amount of such interest?			
(b) the fact that the segment result has been arrived at after considering such interest?			

AS 17 (2000) - Segment Reporting

	Yes	No	N/A
6. **Encouraged disclosures (Non-mandatory)**			
(i) In case, an enterprise reports segment net profit or loss or some other measure of segment profitability without arbitrary allocation (encouraged) and if that measure is prepared on a basis other than the accounting policies adopted for the financial statements of the enterprise, whether a clear description of the basis of measurement has been made?			
(ii) Whether the enterprise has disclosed the nature and amount of any items of segment revenue and segment expense that are of such size, nature or incidence that their disclosure is relevant to explain the performance of the segment for the period?			
7. **Consolidated Financial Statements**			
Note: If a single financial report contains both consolidated financial statements and separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements.			
Exemptions/relaxations for SMEs AS 17 is not applicable for Level II and Level III enterprises.			

AS 18 (2000) - Related Party Disclosures

	Yes	No	N/A
1. **Standard & Accounting Standards Interpretation-13 (Interpretation of paras 26 and 27 of AS 18)** 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?			
2. 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. (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? **Note**: 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			

AS 18 (2000) - Related Party Disclosures

	Yes	No	N/A
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.			
(ii) For the above purpose, whether, the aggregation is made separately for the related party relationships given in para 3 of AS 18?			
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]			
Exemptions/relaxations for SMEs AS 18 is not applicable for Level II and Level III enterprises.			

AS 19 (2001) - Leases

	Yes	No	N/A

1. **Lessee: Finance leases**

   (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:

   (a) assets acquired under finance lease as segregated from the assets owned?

   (b) for each class of assets, the net carrying amount at the balance sheet date?

   (c) (1) a reconciliation between the total of minimum lease payments at the balance sheet date and their present value?

   (2) the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:

   (i) not later than one year?

   (ii) later than one year and not later than five years?

   (iii) later than five years?

   (d) contingent rents recognised as expense in the statement of profit and loss for the period?

   (e) the total of future minimum sublease payments expected to be received under non cancellable subleases at the balance sheet date?

   (f) a general description of lessee's significant leasing arrangements including, but not limited to, the following:

   (i) the basis on which contingent rent payments are determined?

   (ii) the existence and terms of renewal or purchase options and escalation clauses? and

   (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing?

Note:

Level II and Level III enterprises are exempted from the disclosure requirements of items (c), (e) and (f) above.

AS 19 (2001) - Leases

	Yes	No	N/A
(ii) 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?			
2. **Lessee: Operating leases** Whether the lessee has made the following disclosures for operating leases?			
(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:			
(i) not later than one year?			
(ii) later than one year and not later than five years?			
(iii) later than five years?			
(b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date?			
(c) lease payments recognised in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents?			
(d) sub-lease payments received (or receivable) recognised in the statement of profit and loss for the period?			
(e) a general description of the lessee's significant leasing arrangements including, but not limited to, the following :			
(i) the basis on which contingent rent payments are determined?			
(ii) the existence and terms of renewal or purchase options and escalation clauses? and			
(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debts, and further leasing?			
Note: Level II and Level III enterprises are exempted from the disclosure requirements of items (a), (b) and (c) above.			

AS 19 (2001) - Leases

	Yes	No	N/A
3. **Lessor: Finance leases** Whether the lessor has made the following disclosures for finance leases: (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? (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: (i) not later than one year? (ii) later than one year and not later than five years? (iii) later than five years? (b) unearned finance income? (c) the unguaranteed residual values accruing to the benefit of the lessor? (d) the accumulated provision for uncollectible minimum lease payments receivable? (e) contingent rents recognised in the statement of profit and loss for the period? (f) a general description of the significant leasing arrangements of the lessor? and (g) accounting policy adopted in respect of initial direct costs? **Note:** Level II and Level III enterprises are exempted from the disclosure requirements of items (a), (f) and (g) above.			
4. **Lessor: Operating leases** 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: (a) for each class of assets, the gross carrying amount, the accumulated depreciation and accumulated impairment losses at the balance sheet date; and			

AS 19 (2001) - Leases

	Yes	No	N/A
(i) the depreciation recognised in the statement of profit and loss for the period?			
(ii) impairment losses recognised in the statement of profit and loss for the period?			
(iii) impairment losses reversed in the statement of profit and loss for the period?			
(b) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:			
(i) not later than one year?			
(ii) later than one year and not later than five years?			
(iii) later than five years?			
(c) total contingent rents recognised as income in the statement of profit and loss for the period?			
(d) a general description of the lessor's significant leasing arrangements? and			
(e) accounting policy adopted in respect of initial direct costs?			
Note: Level II and Level III enterprises are exempted from the disclosure requirements of items (b), (d) and (e) above.			
5. **Sale and leaseback: Lessor** Whether the disclosure requirements for normal leases are made for sale and leaseback transactions?			
6. **Sale and leaseback: Lessee** Whether the disclosure requirements for normal leases are made for sale and leaseback transactions?			
7. **Useful disclosures (Non-mandatory)** Gross investment less unearned income in new business added during the accounting period, after deducting the relevant amounts for cancelled leases.			

AS 20 (2001) - Earnings Per Share

		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? **Note:** 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.	Whether the enterprise has disclosed the following: (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? (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 (iii) the nominal value of shares along with the earnings			

AS 20 (2001) - Earnings Per Share

	Yes	No	N/A
per share figures? **Note:** Level II and Level III enterprises are exempted from the disclosure requirements of all the three items (a), (b) and (c) above.			
6. **Encouraged disclosures (Non-mandatory)** (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) (ii) Terms and conditions of contracts generating potential equity shares which affect the measurement of basic and diluted earnings per share. (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?			
7. **Consolidated financial statements** In the case of consolidated financial statements, whether the disclosures mentioned in (1) to (6) above have been made **Note:** In the above case, the information disclosed should be based on consolidated financial statements.			

AS 21 (2001) - Consolidated Financial Statements

	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?			
(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? and			
(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?			
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. Whether the effect of the acquisition and disposal of subsidiaries has been disclosed on:			
(i) the financial position at the reporting date?			

AS 21 (2001) - Consolidated Financial Statements

	Yes	No	N/A
(ii) the results for the reporting period?			
(iii) corresponding amounts (i.e., (i) & (ii) above) for the preceding period?			
6. Whether minority interest has been presented in the following manner:			
(i) in the consolidated balance sheet, separately from liabilities and the equity of the parent's shareholders?			
(ii) in the consolidated profit and loss account as a separate line item?			
7. **General** 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. **Accounting Standards Interpretation 15, 'Notes to the Consolidated Financial Statements'** 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. **Accounting Standards Interpretation 28, 'Disclosure of parent's/venturer's shares in post-acquisition reserves of a subsidiary/jointly controlled entity'** **Post-acquisition reserves:** 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? **Note:** Parent's share in the post-acquisition reserves of a subsidiary need not be separately disclosed in the consolidated financial statements.			

AS 22 (2001) - Accounting for Taxes on Income

	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. **Guidance Note on Accounting for Corporate Dividend Tax**			
(i) Whether the Corporate Dividend Tax has been disclosed separately in the profit and loss account, 'below the line', as follows? Dividend xxxxx Corporate Dividend Tax thereon xxx xx xxxxx			
(ii) Whether the Provision for Corporate Dividend Tax has been disclosed separately under the head 'Provisions' in the balance sheet?			

AS 22 (2001) - Accounting for Taxes on Income

	Yes	No	N/A
6. **Guidance Note on Accounting for Credit Available in Respect of Minimum Alternative Tax (MAT) under the Income-tax Act, 1961**			
(i) Whether 'MAT' has been disclosed as current tax in the profit and loss account?			
(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'?			
(iii) In the year of set-off of 'MAT credit entitlement', whether:			
(a) the availed credit has been shown as a deduction from 'Provision for Taxation' on the liabilities side of the balance sheet?			
(b) the unavailed credit has been presented under head 'Loans and Advances' (subject to considerations of prudence)?			
Note: 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.			
7. **Guidance Note on Accounting for Fringe Benefits Tax**			
(i) Whether the Fringe Benefit Tax has been disclosed as a separate item after determining profit before tax on the face of the profit and loss account for the period in which the related fringe benefits are recognised?			
(ii) Whether the amount of the fringe benefit tax (net of the advance tax thereon), outstanding, if any, at the year end, has been disclosed as a provision in the balance sheet?			

AS 23 (2001) - Accounting for Investments in Associates in Consolidated Financial Statements

	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 (2002) - Discontinuing Operations

				Yes	No	N/A
1.	(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:				
		(a)	a description of the discontinuing operation?			
		(b)	the business or geographical segment(s) in which it is reported as per AS 17, Segment Reporting?			
		(c)	the date and nature of the initial disclosure event?			
		(d)	the date or period in which the discontinuance is expected to be completed if known or determinable?			
		(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?			
		(f)	the amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period?			
		(g)	the amount of pre-tax profit or loss from ordinary activities attributable to the discontinuing operation during the current financial reporting period, and the income tax expense (as defined in AS 22, 'Accounting for Taxes on Income') related thereto?			
		(h)	the amounts of net cash flows attributable to the operating, investing, and financing activities of the current financial reporting period?			
	(ii)	Whether items (a) to (f) and item (h) above have been disclosed in the notes to the financial statements?				
	(iii)	Whether item (g) above has been disclosed on the statement of profit and loss?				

Note:

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

AS 24 (2002) - Discontinuing Operations

	Yes	No	N/A
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?			
2. (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:			
(a) for any gain or loss that is recognised on the disposal of assets or settlement of liabilities attributable to the discontinuing operation,			
(i) the amount of the pre-tax gain or loss?			
(ii) income tax expense relating to the gain or loss?			
(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?			
(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?			
Note: 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?			

AS 24 (2002) - Discontinuing Operations

	Yes	No	N/A
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? **Note:** 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 therefor and its effect have been disclosed? **Note:** 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. Whether disclosures in an interim financial report in respect of a discontinuing operation has been made in accordance with AS 25, 'Interim Financial Reporting',			

AS 24 (2002) - Discontinuing Operations

	Yes	No	N/A
including: (a) any significant activities or events since the end of the most recent annual reporting period relating to a discontinuing operation? and (b) any significant changes in the amount or timing of cash flows relating to the assets to be disposed or liabilities to be settled?			
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?			
Exemptions/relaxations for SMEs AS 24 is not applicable for Level II and Level III enterprises.			

AS 25 (2002) - Interim Financial Reporting

	Yes	No	N/A
1. **Minimum Components of an Interim Financial Report** Whether an interim financial report has included, at a minimum, the following components: (i) condensed balance sheet? (ii) condensed statement of profit and loss? (iii) condensed cash flow statement? and (iv) selected explanatory notes? **Note:** Complete set is, however, neither prohibited nor discouraged.			
2. 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?			
3. (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? (ii) Whether additional line items or notes are included if their omission would make the condensed interim financial statements misleading?			
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. (i) Whether the enterprise has included the following information, as a minimum, in the notes to its interim			

AS 25 (2002) - Interim Financial Reporting

	Yes	No	N/A
financial statements, if not disclosed elsewhere in the interim financial reports: (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? (b) explanatory comments about the seasonality of interim operations? (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')? (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? (e) issuances, buy-backs, repayments and restructuring of debt, equity and potential equity shares? (f) dividends, aggregate or per share (in absolute or percentage terms), separately for equity shares and other shares? (g) segment revenue, segment capital employed (segment assets minus segment liabilities) and 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)? (h) material events subsequent to the end of the interim period that have not been reflected in the			

AS 25 (2002) - Interim Financial Reporting

	Yes	No	N/A
financial statements for the interim period? (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 (j) material changes in contingent liabilities since the last annual balance sheet date?			
(ii) Whether the above information ((a) to (j)) has been reported on a financial year-to-date basis?			
(iii) Whether the enterprise has also disclosed any events or transactions that are material to an understanding of the current interim period?			
Note: 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.			
6. Whether the interim reports include interim financial statements (condensed or complete) for periods as follows: (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?			
(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 year-to-date) of the immediately preceding financial year?			
(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?			
Note: 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.			

AS 25 (2002) - Interim Financial Reporting

	Yes	No	N/A
Encouraged disclosures (Non-mandatory) In case of enterprises whose business is highly seasonal, in addition to (6) above, the following: Financial information for the twelve months ending on the interim reporting date and comparative information for the prior twelve months period.			
7. 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?			
8. **Disclosures not required** 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].			

AS 26 (2002) - Intangible Assets

	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: (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? (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? (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?			

AS 26 (2002) - Intangible Assets

	Yes	No	N/A
(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			
(iv) the amount of commitment for the acquisition of intangible assets?			
3. Whether the financial statements have disclosed the aggregate amount of research and development expenditures recognised as an expense during the period?			
4. **Encouraged (but not required) disclosures** A description of any fully amortised intangible asset that is still in use.			

AS 27 (2002) - Financial Reporting of Interests in Joint Ventures

	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? (b) its share of the capital commitments of the joint ventures themselves? (iii) a list of all joint ventures and description of interests in significant joint ventures? (iv) in respect of jointly controlled entities, the proportion of ownership interest, name and country of incorporation or residence?			
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. Where the jointly controlled entity uses accounting policies			

AS 27 (2002) - Financial Reporting of Interests in Joint Ventures

	Yes	No	N/A
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: (i) the above fact? (ii) the proportion of items in the consolidated financial statements to which different accounting policies have been applied?			
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 (2002) - Impairment of Assets

	Yes	No	N/A
1. For each class of assets, whether the financial statements have disclosed:			
(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?			
(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?			
(iii) the amount of impairment losses recognised directly against revaluation surplus during the period?			
(iv) the amount of reversal of impairment losses recognised directly in revaluation surplus during the period?			
Notes:			
(a) A 'class of assets' is a grouping of assets of similar nature and use in an enterprise's operations,			
(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',			
2. Whether an enterprise that applies AS 17, 'Segment Reporting', has disclosed the following for each reportable segment based on an enterprise's primary format (as defined in AS 17):			
(i) the amount of impairment losses recognised in the statement of profit and loss and directly against revaluation surplus during the period? and			
(ii) the amount of reversals of impairment losses recognised in the statement of profit or loss and directly in revaluation surplus during the period?			
3. If an impairment loss for an individual asset or a cash-			

AS 28 (2002) - Impairment of Assets

	Yes	No	N/A
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:			
(i) the events and circumstances that led to the recognition or reversal of impairment loss?			
(ii) the amount of the impairment loss recognised or reversed?			
(iii) for an individual asset:			
(a) the nature of the asset?			
(b) the reportable segment to which the asset belongs, based on the enterprise's primary format (as defined in AS 17, 'Segment Reporting')?			
(iv) for a cash-generating unit:			
(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)?			
(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')?			
(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?			
(v) whether the recoverable amount of the asset (cash-generating unit) is its net selling price or its value in use?			
(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)?			
(vii) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous			

AS 28 (2002) - Impairment of Assets

	Yes	No	N/A
estimate (if any) of value in use? **Note:** 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.			
4. 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: (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 (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?			

AS 29 (2003) - Provisions, Contingent Liabilities and Contingent Assets

	Yes	No	N/A

1. For each class of provision, whether the enterprise has disclosed:
   - (i) the carrying amount at the beginning and end of the period?
   - (ii) additional provisions made in the period, including increases to existing provisions?
   - (iii) amounts used (i.e., incurred and charged against the provision) during the period?
   - (iv) unused amounts reversed during the period?

   Note:
   Level III enterprises are exempted from the disclosure requirements of all the four items (i), (ii), (iii) and (iv) above.

2. Whether the enterprise has disclosed the following for each class of provision?
   - (i) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits?
   - (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
   - (iii) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement?

   Note 1:
   In determining which provisions may be aggregated to format 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.

AS 29 (2003) - Provisions, Contingent Liabilities and Contingent Assets

	Yes	No	N/A
Note 2: Level II and Level III enterprises are exempted from the disclosure requirements of all the three items (i), (ii) and (iii) above.			
3. 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: (i) an estimate of its financial effect, measured under paragraphs 35-45 of AS 29? (ii) an indication of the uncertainties relating to any outflows? and (ii) the possibility of any reimbursement?			
Note: 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.			
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. 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			

AS 29 (2003) - Provisions, Contingent Liabilities and Contingent Assets

	Yes	No	N/A
paragraphs 1 to 3 above is made, whether the enterprise has disclosed the following:			
(i) general nature of the dispute?			
(ii) the fact that the information has not been disclosed?			
(iii) the reason why the information has not been disclosed?			

General

	Yes	No	N/A
Announcement 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?			
Note: The above disclosures are recommended for non-corporate entities also.			