CHAPTER IV

CHECKLIST FOR REVIEW OF FINANCIAL STATEMENTS

1. SHARE CAPITAL

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

	SHARE CAPITAL	Y / N / NA	Remarks
10	Expenses incurred on:	Y	
	(i) increase in authorised capital Rs.	N	
	(ii) issue of share certificates Rs.	Y	
	(iii) Public issue Rs.	Y	
11	Have you checked appropriate returns to Registrar of Companies and acknowledgments for all changes in authorised and paid-up capital?	Y	
12	In case of shares issued to Non-residents, have you ensured that RBI formalities have been complied with?	N	
13	What are the total calls unpaid?	Y	
	Has the amount been classified as under:	N	
	(i) by directors,	NA	
	(ii) by others.	N	
14	Have you checked the terms of options, if any?	Y	
15	Whether any shares were forfeited for non-payment of due calls?	N	
15a.	If yes, then have you verified the accounting entries for the same?	Y	
15b.	Have you checked the Board resolution authorising the same?	N	
15c.	In case of re-issue of forfeited shares have you checked the Board resolution?	Y	
	Share Application Money Pending Allotment		
	Ensure that following information is disclosed in relation to share application money pending allotment:	N	
	(i) Terms and Conditions	Y	
	(ii) Number of shares proposed to be issued	Y	
	(iii) The amount of premium, if any	Y	
	(iv) The period before which shares are to be allotted	Y	
	(v) Whether the company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money?	N	
	(vi) The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons thereof for such share application money being pending is to be disclosed.	Y	
	NOTE / COMMENT		
	– Share application money not exceeding the issued capital and to the extent not refundable shall be shown under the head Equity.		

	SHARE CAPITAL	Y / N / NA	Remarks
	— Share application money to the extent refundable shown be shown under the "Other Current Liabilities".		
	Checked by:		
	Reviewed by:		

2. RESERVES AND SURPLUS

	RESERVES AND SURPLUS	Y / N / NA	Remarks
1	Have you reviewed the minutes authorising the movements in reserves?	Y	
2	Ascertain whether reserves are required to be created / maintained in respect of:	N	
	(i) Various sections under IT Act, 1961 for benefits availed?	Y	
	(ii) Mandatory transfer to General Reserve - Section 205 read with the Companies (Transfer of Profits to Reserves) Rules, 1975	N	
	(iii) Debenture redemption reserve	Y	
3	Transfer from Reserves to:	N	
	(i) Profit and Loss Account – Rs. …………	N	
	(ii) General Reserve – Rs. …………………	Y	
4	Have you ensured compliance with The Companies (Transfer of Profits to Reserves) Rules, 1975 and Companies (Declaration of Dividend out of Reserves) Rules, 1975, as per provisions of 205A(3) wherever applicable?	N	
5	Is there a reserve which is represented by earmarked investments? Whether such a reserve has been shown as a 'Fund'?	Y	
	NOTE		
	Debit balance of Statement of Profit and Loss shall be shown as a negative figure under "Surplus". Similarly, the balance of the Reserves and Surplus, after adjusting the negative balance of surplus, if any, shall be shown under the head reserves and surplus even if the resulting figure is negative.		
	Checked by:		
	Reviewed by:		

3. SECURED LOANS

	SECURED LOANS	Y / N / NA	Remarks
1	Whether the nature of security has been properly disclosed and co-related with register of charges?	Y	
2	Whether the provisions of Section 293 have been complied with in case of obtaining resolution at the General Meeting? Give details:	N	

	SECURED LOANS	Y / N / NA	Remarks
	(i) Limit Rs.	NA	
	(ii) Date	Y	
3	Whether a list of Term Loans instalments due within 12 months has been taken on file?	NA	
4	Whether Registration of charges has been done in accordance with Sections 136 /143?	Y	
5	Whether terms of redemption of debenture have been specified?	N	
6	Whether proportionate amount for debenture redemption has been appropriated to Debenture Redemption Reserve? (refer CLB guideline dated 14-1-1987)	NA	
7	Has debenture deed been executed?	Y	
8	Whether Loan confirmations have been called for by the company? Whether loan confirmations have been received/obtained? Append Note on your observations.	N	
9	Have you correlated all borrowings with interest expense?	NA	
10	Have minutes authorising fresh loans been reviewed?	Y	
11	In case of borrowing from a non-resident, have you checked RBI approval and compliance with FEMA?	N	
12	Whether RBI guidelines for NBFC complied with, wherever applicable?	NA	
	NOTES / COMMENTS:		
	- The phrase long-term has not been defined in the Revised Schedule VI. Hence, the definition of Non Current Liability may be used as Long-Term Liability.		
	- Deferred payment liabilities would include any liability for which payment is to be made on deferred credit terms.		
	- Where bonds/ debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.		
	- A blanket disclosure of securities covering all loans classified under the same head such as "all terms loans from banks" will not suffice.		
	- The portion of long-term debts / lease obligations, which is due for payments within twelve months of the reporting date is required to be classified under "Other Current Liabilities".		
	- Any default that had occurred during the year and was subsequently made good before the end of the year does not need to be disclosed. Only those defaults which are existing as on the Balance Sheet date need to be disclosed.		
	Checked by:		
	Reviewed by:		

4. UNSECURED LOANS

	UNSECURED LOANS	Y / N / NA	Remarks
1	Whether the provisions of Section 293 have been complied with and the resolution/s taken on file stating:	Y	
	(i) Borrowing limit	N	
	(ii) Date:	NA	
	(iii) Actual Borrowings - Rs. ……….	NA	
2	Section 58A - Fixed Deposits:	Y	
	(i) Are the above within the prescribed limits ?	N	
	(ii) Date of filing of Return of Deposits	Y	
	(iii) Date of advertisement/statement in lieu of advertisement	N	
	(iv) Have declaration been obtained for exempt deposits?	N	
	(v) Has register of deposits been maintained ?	Y	
	(vi) Has liquidity deposit been maintained?	N	
	(vii) Is liquidity deposit unencumbered?	NA	
	(viii) Have deposits from employees been treated as deposit under Section 58A?	NA	
	(ix) Have you ensured that debentures secured against immovable property only are treated as exempt - Rule 2(b)(x)?	Y	
3	Whether loan confirmations have been called for by the company? Whether loan confirmations have been received / obtained? Append Note.	N	
4	Have you correlated all borrowings with interest expense?	NA	
5	Has interest accrued but not due been excluded from Unsecured Loans and shown under current liabilities?	Y	
6	Have minutes authorising fresh loans been reviewed?	N	
7	In case of borrowing from a non-resident have you checked RBI approval and compliance with FEMA?	NA	
8	Whether Non Banking Financial Companies guidelines of RBI have been complied with, if applicable?	Y	
9	Have you considered the applicability of Section 2(22)(e) of the IT Act to any of the loans taken?	N	
	NOTES / COMMENTS:		
	- The phrase long-term has not been defined in the Revised Schedule VI. Hence, the definition of Non-Current Liability may be used as Long-Term Liability.		
	- Deferred payment liabilities would include any liability for which payment is to be made on deferred credit terms.		

	UNSECURED LOANS	Y / N / NA	Remarks
	- Where bonds/debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.		
	- A blanket disclosure of securities covering all loans classified under the same head such as "all terms loans from banks" will not suffice.		
	- The portion of long-term debts/lease obligations, which is due for payments within twelve months of the reporting date is required to be classified under "Other Current Liabilities".		
	- Any default that had occurred during the year and was subsequently made good before the end of the year does not need to be disclosed. Only those defaults which are existing as on the Balance Sheet date need to be disclosed.		
	Checked by:		
	Reviewed by:		

5. CURRENT LIABILITIES

	CURRENT LIABILITIES	Y / N / NA	Remarks
1	Has total of individual balances been reconciled with control balance? If not, give details.	NA	
2	Have subsequent payments been marked?	Y	
3	Have you obtained list of Trade Payables outstanding for more than 12 months along with reason for non-payment?	N	
4	Have you obtained a list of disputed Trade Payables?	Y	
5	If confirmations called:	N	
	(i) Date of balance confirmation.	NA	
	(ii) Number of accounts for which confirmations sent.	N	
	(iii) Number of accounts for which confirmation received.	Y	
	(iv) Total of Trade Payables on date of confirmations.	N	
	(v) Value of confirmations sent.	NA	
	(vi) Value of confirmations received.	Y	
	(vii) What action has been taken where discrepancies have been noticed between balance as per party and balance as per books of account?	N	
6	In case confirmations are not called for is a disclosure or representation considered necessary?	Y	
7	Have advances been segregated from credit balances of parties and included on the asset side?	N	

	CURRENT LIABILITIES	Y / N / NA	Remarks
8	Have you noticed unusually large debit or credit balances?	Y	
	If yes give details.	N	
9	Have you obtained a list of outstanding liabilities along with corresponding provision of earlier period and scrutinised any material variance/omissions?	NA	
10	Have you obtained details of amounts shown as Other Liabilities?	N	
11	Have you verified that unclaimed/unpaid dividends have been maintained in separate bank accounts?	N	
12	Have you verified that Investor Education and Protection Fund has been credited by the following amounts on their dues dates namely:	NA	
	(i) Unpaid Dividend	Y	
	(ii) Unpaid application money received by the company for allotment of securities and due for refund	N	
	(iii) Unpaid matured deposits	N	
	(iv) Unpaid matured debentures	Y	
	(v) Interest accrued on above	N	
	Have you ensured that balances in the above accounts are transferred to IEPF after seven years of credit?	NA	
13	Ensure the short-term borrowings are classified as follows:		
	(i) Loans payable on demand	Y	
	(a) From banks	N	
	(b) From other parties	N	
	(ii) Loans and advances from related parties	Y	
	(iii) Deposits	N	
	(iv) Other Loans and Advances (specify nature)	NA	
14	Ensure that above borrowings are further sub-classified as :		
	(i) Secured	Y	
	(ii) Unsecured	Y	
	Ensure that the nature of security is specified separately in respect of each of the secured borrowings.	N	
	Ensure that aggregate amount of loans under each head if any is disclosed in the following cases:	Y	
	(i) Loans guaranteed by Directors	N	
	(ii) Loans guaranteed by Others	NA	

	CURRENT LIABILITIES	Y / N / NA	Remarks
	NOTES / COMMENTS:		
	- Loans payable on demand should be treated as part of short-term borrowings. Short-term borrowings will include all loans within a period of 12 months from the date of the loan		
	- Current maturity of long-term borrowings should not be classified as short-term borrowing. They have to be classified under Other Current Liabilities.		
	- Any default that had occurred during the year and was subsequently made good before the end of the year does not need to be disclosed. Only those defaults which are existing as on the Balance Sheet date need to be disclosed.		
	Checked by:		
	Reviewed by:		

6. TAXATION

	TAXATION	Y/ N / NA	Remarks
1	Does the provision for taxation adequately cover estimated liability for taxation on income and wealth for the year?	Y	
1a.	Is Dividend Tax shown separately?	N	
2	Has provision been made for interest payable u/s 234B of the Income-tax Act, 1961?	NA	
3	If the accounting year of the company is not the "Financial year" has the provision been made in respect of income of the full accounting year. Have proper disclosures been made?	Y	
4	Is the aggregate provision for taxation in excess / short of provision reasonably required?	N	
5	Obtain year wise list of provision for taxation and taxes paid.	Y	
6	Does the company account for deferred taxation?	N	
	If so, state basis of measurement, calculation and give details of movements in the year? Has this been disclosed in the accounts?	N	
6a.	Has the Company offset the deferred tax assets and deferred tax liabilities only if:	Y	
	(i) the Company has a legally enforceable right to set off assets against liabilities representing current tax; and	N	
	(ii) the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.	NA	
7	Are all the necessary entries made in respect of completed assessments including for the assessments which are disputed in appeal?	Y	

	TAXATION	Y/ N / NA	Remarks
8	Have you examined whether the orders of past years have bearing on provision for current year?	Y	
9	Attach full details of material points in dispute	N	
10	If in spite of book profit, there is no provision for taxation, is a note given on accounts?	NA	
11	Check up whether the company is entitled to set-off of brought forward losses/depreciation of the earlier years as per income tax returns filed/as assessed (also consider set-off provisions of unabsorbed depreciation against income from other sources).	Y	
12	Have you considered deductions available to the company under Chapter VI for arriving at the provision figure?	Y	
13	Have amounts of tax liabilities in dispute and not provided for been disclosed separately by way of a note?	N	
14	Are provisions of MAT applicable to the company?	NA	
14a.	If yes whether the accounting treatment in accordance with the guidance note thereon issued by the ICAI?	N	
	Checked by:		
	Reviewed by:		

7. FIXED ASSETS

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

	FIXED ASSETS	Y / N / NA	Remarks
8	Whether government grants (including capital subsidy, etc.) are received towards cost of assets? If so, place note on the treatment given as per AS 12?	Y	
9	Whether assets given on lease separately shown?	N	
	Whether assets taken on lease shown separately?	NA	
	Lease Equalisation Account made and disclosed?	Y	
10	Have assets acquired under hire purchase agreements been correctly and consistently accounted for?	N	
11	Take on record the basis on which fixed assets manufactured by the company are capitalised?	NA	
12	If asset acquired is a replacement check that asset replaced has been deleted from the assets account.	Y	
13	In case of goodwill purchased, have you verified the agreement with vendor and ensured its disclosure at cost price? (Also refer para 16 of AS-10)	N	
14	Have fixed assets been revalued during the year?	NA	
15	If yes:		
	(i) what is the basis of revaluation	N	
	(ii) fact of revaluation has to be disclosed for subsequent five years	NA	
	(iii) Quantum of revaluation has to be disclosed.	Y	
	(iv) Whether depreciation on revalued amount charged?	Y	
	(v) Whether transfer from Revaluation Reserve made?	N	
16	If a revalued asset has been sold, has surplus remaining in the revaluation reserve transferred have been taken to revenue account in case of realised gain?	NA	
17	Have you ensured that:		
	(i) Immovable properties held as investments and as stock-in-trade have been shown accordingly in the accounts?	Y	
	(ii) All fixed assets were in use during the year? If not please give details.	NA	
	(iii) All fixed assets have been adequately insured?	Y	
	(iv) Additions/deductions/deletions are authorised by the Board?	NA	
	(v) All additions are supported by documents of titles?	Y	
	(vi) Fixed assets are periodically verified?	N	
18	Have you obtained:		
	(i) List and value of fixed assets taken on lease?	Y	
	(ii) An itemised list of `capital work-in-progress' ?	NA	
	(iii) Explanation for items appearing in capital work-in-progress for a long time without any movement?	N	

	FIXED ASSETS	Y / N / NA	Remarks
19	Are there any scientific research fixed assets?	Y	
19a.	Have any of them been written off in the year of acquisition? If yes - note on the accounts.	N	
19b.	Is the research department registered with the Department of Science and Technology of the Government of India?	NA	
19c.	Have you ensured that the assets have been correctly classified as scientific research assets?	Y	
	NOTE / COMMENT:		
	- The Revised Schedule VI does not prescribe any particular classification/presentation for Leasehold Land. AS 19 Leases, excludes land leases from its scope. The accounting treatment for Leasehold Land should be continued with as is being currently followed under the prevailing Indian Generally Accepted Accounting Principles and practices. Accordingly, Leasehold Land should also continue to be presented as a separate asset class under Tangible Assets.		
	- As per the Revised Schedule VI, capital advances should be included under Long-term Loans and Advances and hence, cannot be included under capital work-in-progress.		
	- Intangible assets under development should be disclosed under this head provided they can be recognised based on the criteria laid down in AS-26 (Intangible Assets).		
	Checked by:		
	Reviewed by:		

8. INVESTMENTS

	INVESTMENTS	Y / N / NA	Remarks
1	If investments have been made during the year, have you verified the following:	Y	
	(i) Directors' sanction - Section 292?	N	
	(ii) Compliance with Section 372A with regard to:	NA	
	(a) Limits?	Y	
	(b) Share holders sanction?	N	
	(c) Government sanction?	NA	
2	Are there any restrictions on sale of investments?	Y	
	If so, have you placed a note in the accounts?	N	
3	Have investments been physically verified or independently confirmed by the custodian and are the investments held in the company's name except as detailed in Section 49?	NA	

	INVESTMENTS	Y / N / NA	Remarks
4	In case of companies other than Investment Companies or Banking Companies, whether any of the shares, debentures or securities were sold at a price less than their purchase cost? If so, obtain written explanation from the management regarding justification for the same - Section 227-(1A)(c).	Y	
5	Whether an investment register is maintained and updated with each transaction of investment? Has the list of investment verified been co-related with investment register and ledger balance?	N	
6	Have bonus issues, rights issues, and conversions relating to investments been properly accounted for and verified from external sources?	Y	
7	Has income accruing from all the investments been included in the accounts?	NA	
8	Have income from current and non current investments been shown separately in the accounts?	Y	
9	In case of quoted investments, have you compared cost with stock exchange quotations as at the year end?	NA	
10	In case of unquoted investments have you compared cost with break-up value as at year end?	Y	
11	Does the cost of investments include all acquisition charges such as brokerage, duties and fees?	N	
12	Has any investment been acquired in exchange of an asset?	N	
13	If yes, whether investment has been valued at the fair value of the asset given up or the fair value of the investment, if that is more fair?	Y	
14	Have investments been classified as Current Investments and Non-Current Investments on the basis of intended period of holding as defined by AS-13?	N	
15	Have current investments been shown at lower of cost or market value?	N	
16	Has provision been charged to the revenue for significant diminution, other than temporary, in the value of long-term investments in accordance with AS-13?	Y	
17	In case of reversal of such provisions made in the earlier year due to increase in the value of the investments, whether such reversal amount has been credited to the Statement of Profit and Loss?	N	
	NOTE / COMMENT:		
	If a debenture is to be redeemed partly within 12 months and balance after 12 months, the amount to be redeemed within 12 months should be disclosed as current and balance should be shown as non-current.		
	Checked by:		
	Reviewed by:		

9. INVENTORIES

	INVENTORIES	Y / N / NA	Remarks
1	Has the list of physically verified inventories been co-related with the book records?	N	
2	Have major differences between physical and book stocks been satisfactorily explained and adjusted in accounts?	NA	
3	Have the inventories lying with third parties been physically verified and/or confirmation obtained?	Y	
4	Have materials given/taken on loan been properly adjusted?	NA	
5	Have you checked goods-in-transit with subsequent receipts?	NA	
6	Have all comments/observations at the time of physical verification been considered?	Y	
7	Are you satisfied that all work-in-progress is for current jobs?	NA	
8	Have you compared quantities in valuation summary with physical verification stock sheets?	NA	
9	Have you ensured that the cost of inventories includes all costs of bringing them to the present location and condition?	NA	
10	Have you ensured that excise duty payable on Finished Goods is included in the valuation of stock and sales tax has been excluded?	NA	
11	Sales Tax set off and Sales tax credit are not included in valuations of stock of raw materials, where CENVAT credit and sales tax set off have been credited to purchases and shown as an asset?	NA	
12	What is the method and basis of valuation for the following?	NA	
	(i) Raw materials	NA	
	(ii) Work-in-progress	NA	
	(iii) Finished goods	NA	
	(iv) Stores and spares	N	
13	Have you ensured that the values are assigned by using the (FIFO), or weighted average cost formula or such other formula reflecting fairest possible approximation of the cost is in accordance with AS-2?	NA	
14	Have you prepared a detailed note describing components of cost and basis of computing net realisable value?	NA	
15	Costs should be allocated on normal production or production for the year whichever is higher.	NA	
16	Have adjustments been made to eliminate any unrealised profit on stock supplied by other units?	NA	

	INVENTORIES	Y / N / NA	Remarks
17	Have you ensured that adequate provision has been made in respect of:	Y	
	(i) Slow moving or obsolete items?	Y	
	(ii) Damaged items of stock?	N	
18	Ascertain if there has been a substantial fall in realisable value of finished stock after the year-end, resulting in loss on sale.	NA	
19	In case of stock of goods sold on Hire Purchase, have you ascertained that the proportionate profit applicable to outstanding instalments is not taken into revenue?	Y	
	Checked by:		
	Reviewed by:		

10. TRADE RECEIVABLES

	TRADE RECEIVABLES	Y / N / NA	Remarks
1	Has balance at year end been tallied with the control account?	Y	
2	Obtain list of debts from due date of payment for more than:	N	
	6 months Rs.	Y	
	12 months Rs.	N	
	24 months Rs.	NA	
	36 months Rs.	Y	
3	Have subsequent payments been marked?	Y	
4	Whether reasons for non recovery/adjustment was obtained from the management and taken on record? What are the steps taken by the management for recovery of old outstanding?	N	
5	Have debts been segregated as:		
	(i) Good	Y	
	(ii) Doubtful	N	
5a.	Have debts been segregated as Secured or Unsecured?	NA	
5b.	Is the Security in case of Secured Debts adequate?	Y	
5c.	Have you checked the value and physical possession of security?	NA	
6	Whether provision has been made for doubtful and bad debts in accordance generally accepted accounting practice which the company has followed consistently?	Y	
6a.	Where no provision has been made, has a note been placed in accounts?	N	

	TRADE RECEIVABLES	Y / N / NA	Remarks
6b.	Have you considered whether such non-provision will affect the true and fair view?	Y	
7	Have you obtained a statement from the client explaining the manner of legal action taken for debts that have become bad?	N	
	Append a note explaining status of each of the debts?	Y	
8	If confirmation called:		
	(i) date of balances confirmed	N	
	(ii) number of confirmations called for	Y	
	(iii) number of confirmations received	Y	
	(iv) value of confirmations sent	N	
	(v) value of confirmations received	Y	
	(vi) total outstanding on date of confirmation	Y	
9	What action has been taken where balance confirmed does not tally with books of account? Scrutinise unconfirmed accounts especially if they are old.	Y	
10	Have you considered placing a note on accounts in case confirmations are not called for?	N	
11	Are there any receivable amounts due from Directors, etc.?	Y	
12	Have Trade Receivables been classified as:	Y	
	(i) Secured, Considered Good	N	
	(ii) Unsecured, Considered Good	NA	
	(iii) Doubtful	Y	
	NOTE / COMMENT		
	The Revised Schedule VI requires separate disclosure of "Trade Receivables outstanding for a period six months from the date they became due for payment" only for the current portion of trade receivables.		
	Checked by:		
	Reviewed by:		

11. LOANS AND ADVANCES

	LOANS AND ADVANCES	Y / N / NA	Remarks
1	Section 227(1A):		
	(i) Are loans and advances made by the company properly secured, and the terms on which they are made not prejudicial to the interests of the company and its members? In case loans and advances are not secured, identify reasons.	N	
	(ii) Are loans and advances made to individual and private concerns shown correctly as such or as deposit?	NA	

	LOANS AND ADVANCES	Y / N / NA	Remarks
2	Have you made inquiries while comparing balances with previous year end balances and into major variances?	Y	
3	Have you ensured compliance with Sections 372A, 295 and 292?	N	
4	Have you reviewed cases where recoveries are not in accordance with the terms of repayment?	NA	
5	Where loans have been advanced to companies (including subsidiaries) which show a negative net worth in view of huge losses, examine whether any provision/disclosure has to be made?	Y	
6	Loans to employees exclude:		
	(i) Advance against expenses - provided expense account is regularly submitted.	Y	
	(ii) Advance against following month's salary – provided it's adjusted.	Y	
7	Have you taken on record details of inter-corporate deposits?	N	
8	Has the interest on loans been accounted?	NA	
9	Is balance in prepaid account chargeable to future accounting period(s)?	NA	
10	Advances to suppliers:	NA	
	(i) on capital account	NA	
	(ii) for expenses	Y	
	(iii) for supplies	N	
11	Have you obtained from the management reasons for non-adjustment of advance for more than reasonable time.	Y	
12	Are there any advances recoverable from Directors, etc.?	N	
	Have you ensured its disclosure in accounts?	NA	
13	Have Loans and Advances been classified as:	NA	
	(i) Secured, Considered Good	NA	
	(ii) Unsecured, Considered Good	NA	
	(iii) Doubtful	NA	
	Checked by:		
	Reviewed by:		

12. CASH AND CASH EQUIVALENTS

	CASH AND CASH EQUIVALENTS	Y / N / NA	Remarks
1	Whether cash have been verified at the year-end or during the year as a surprise check?	Y	
2	If unusually large cash balance was observed during the year, have you obtained explanation from the company?	Y	

	CASH AND CASH EQUIVALENTS	Y / N / NA	Remarks
2a.	Does the company have a policy of maintaining minimum and maximum sum of cash in hand?	NA	
2b.	If yes, has the same observed? Obtain explanations for material deviations.	Y	
3	Have cash and bank certificates at the year-end been obtained directly from the bankers?	N	
4	Have outstanding entries in bank reconciliation statement been traced to subsequent bank statements?	Y	
5	Is any entry outstanding for unusually long time?	Y	
6	If any director or his relative is interested in bankers other than scheduled bank, have you disclosed the nature of interest?	N	
7	Is the security deposit received from employees kept in a separate bank account? If not place a note (Section 417)	N	
8	Have you ensured that losses, if any, due to exchange variation have been accounted for in case of foreign currency accounts?	Y	
9	Ascertain that the items in bank reconciliation at the year-end pertain to cheques deposited or issued before the year-end?	Y	
10	Whether cheques on hand are included in Cash on Hand?	N	
11	Whether more cheques have been deposited immediately after end year?	Y	
	Checked by:		
	Reviewed by:		

13. MISCELLANEOUS EXPENDITURE

	MISCELLANEOUS EXPENDITURE	Y / N / NA	Remarks
1	Give details of any expenditure incurred that is carried forward and state the basis on which it is to be written off. (Attention IS invited to items falling within the scope of AS-26)	Y	
2	Give details of any amounts written off during the year, if not disclosed in the accounts.	N	
3	Is the basis of carrying expenditure forward consistent with the practice of earlier years?	Y	
4	Has the Board resolution for deferring the expense been seen? Is it supported by any expert opinion?	NA	
5	Have you considered effect on provision for taxes?	Y	
	Checked by:		
	Reviewed by:		

14. STATEMENT OF PROFIT AND LOSS

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

	STATEMENT OF PROFIT AND LOSS	Y / N / NA	Remarks
16	Have all claims for defective materials been adjusted?	Y	
	DEPRECIATION / AMORTISATION		
17	Has the method of charging depreciation been disclosed in the accounts?	N	
18	Has depreciation been charged at the rates prescribed in Schedule XIV? In case where the rates are different, have the useful lives of assets been disclosed? If depreciation is not charged in accordance with Schedule XIV has note on the accounts been appended?	Y	
19	Is depreciation on additions and deletions provided *pro rata*? State the basis of verifying dates for additions/deletions of fixed assets.	N	
20	Have you verified the basis of amortisation of intangible assets is in accordance with AS-26?	N	
21	Have you verified that Leasehold Land has been amortised over the period of the lease?	N	
22	Have you obtained certificate for extra shift working?	N	
23	Where any depreciable asset is disposed off, discarded, demolished or destroyed, has the net surplus or deficiency, if material, been disclosed separately?	N	
	MANAGERIAL REMUNERATION		
24	Have you verified that the managerial remuneration is in accordance with the provisions of Schedule XIII so far as:	N	
	a. Remuneration Limits are concerned?	Y	
	b. Prescribed form has been filed?	N	
	c. Resolutions of Directors and shareholders?	NA	
25	If Government sanction has not been received, note on accounts?	NA	
26	Has computation of managerial remuneration been checked with reference to Sections 349/350 and Schedule XIII?	Y	
27	If any excess payment is made over the limits specified, whether the recovery been made?	Y	
	DIVIDENDS		
28	Have you ensured compliance with Sections 205A and 205AA in respect of unpaid/unclaimed dividends?	NA	
29	Preference dividends in arrears:	Y	
	Amount Rs.	N	
	Years	Y	
30	Has separate bank account been kept for disbursement of dividends?	N	

	STATEMENT OF PROFIT AND LOSS	Y / N / NA	Remarks
31	Have you ascertained that proposed dividends (recommended by the Board) for all classes of shares are duly shown in the Balance Sheet?	N	
32	Has the provision for dividend tax made?	Y	
33	Have you considered the interim dividend paid and the tax thereon and dealt with its effect in the accounts appropriately?	NA	
34	Have the provisions of the Companies (Declaration of Dividend out of Reserves) Rules and Companies (Transfer of Profits to Reserves) Rules have been complied with?	Y	
	GENERAL		
35	Have accounts been prepared on accrual basis and as per AS-9?	N	
36	If not, list the items and quantify - Section 209(3) and place note on accounts.	NA	
37	Have all outstanding and known liabilities been provided?	Y	
38	Have adjustments been made for prepaid expenses?	N	
39	Have following been provided for:	NA	
	(i) Gratuity – if not, note on accounts?	Y	
	(ii) Bonus – if not, note on accounts?	N	
	(iii) Retirement Benefits – if not, note on accounts?	NA	
	(iv) Leave Encashment – if not, note on accounts?	Y	
40	What is the basis for providing gratuity? Append a note.	N	
41	Has the company accounted for all the known incomes accruing during the year?	Y	
42	Has income been accrued for materials processed but not delivered/invoiced?	N	
43	Has income received in advance been properly adjusted?	Y	
44	Have you compared each item of accounts with previous years and inquired into major variations?	Y	
45	Have you considered and taken on record raw material consumption ratio to production and comparison with previous year? Reasons for variation - in quantity.	N	
46	Have you reviewed percentage of scrap, by-products and waste generated with production and compared with previous year?	N	
47	What is the basis of accounting for claims:		
	(i) made by the company?	Y	
	(ii) made on the company?	N	
48	Is a register for claims maintained? If not, how is control on claims exercised?	Y	

	STATEMENT OF PROFIT AND LOSS	Y / N / NA	Remarks
49	Amortisation of:		
	(i) Preliminary expenses	NA	
	(ii) Share issue expenses	NA	
	(iii) Debenture issue expenses	NA	
	(iv) Voluntary retirement scheme payments	NA	
	(v) Others	NA	
50	Have any contributions to political parties been made? - (Section 293A):	NA	
	(i) as Advertisement in souvenirs?	NA	
	(ii) as Payment?	NA	
51	Have you verified that the auditor's remuneration is within the limits specified by ICAI Statement on payments to auditors for other services? Have you verified that disclosure has been made for payment made to partners of the audit firm for other services?	NA	
52	Have income from investments and deposits shown as under:	Y	
	Gross	NA	
53	Interest paid/received to/from Income Tax Department been recorded properly?	NA	
54	Have non-recurring (exceptional) and extraordinary items been shown separately?	NA	
55	Have you scrutinised all expense accounts in particular	Y	
	(i) building repairs?	NA	
	(ii) machinery repairs?	NA	
	(iii) other repairs?	NA	
	(iv) stores?	Y	
	to check any item of capital nature charged to revenue or vice versa?	Y	
	Checked by:		
	Reviewed by:		

15. REVISED SCHEDULE VI CHECKLIST

(Reference column refers to the paragraphs of the Notification No. S.O. 447(E) dated 28-2-2011 as amended)

CLIENT:

Audit Period:

Ref.	Particulars	WP Ref.	Yes	No	NA
6(A)	**Share Capital**				
	Authorised Share Capital:				
6(A) (a)	Ensure that in respect of each class of share capital following details are disclosed:	AuditWorkingPaper1			
	a) Number of authorised shares and		○	○	○
	b) Amount of authorised shares		◉	○	○
	(Note: for the purpose of above disclosure different classes of preference shares need to be disclosed separately)				
	Issued, Subscribed and Paid-up Share Capital:		◉	○	○
	Ensure that following information is disclosed in respect of issued, subscribed and paid up share capital		◉	○	○
6 (A) (b)	Number of shares issued, subscribed and fully paid, and those partly-paid		◉	○	○
6 (A) (c)	Par value per share		◉	○	○
6 (A) (d)	Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period disclosed, including the amounts				
6 (A) (e)	The rights, preferences and restrictions attached to each class of shares, including restriction on distribution of dividends and repayment of capital, if any, shown		○	◉	○
6 (A) (f)	Shares held by the following:				
	a) Shares held by the holding company		◉	○	○
	b) Shares held by the ultimate holding company		◉	○	○
	c) Shares held by a subsidiary of the holding company		◉	○	○
	d) Shares held by associates of the holding company		◉	○	○
	e) Shares held by a subsidiary of the ultimate holding company		◉	○	○
	f) Shares held by associates of the ultimate holding company		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
6 (A) (g)	Number of shares held by each shareholder holding more than 5% shares as at the Balance Sheet date for each class of shares		◉	○	○
6 (A) (h)	Terms and amount in respect of the following:				
	a) Number of Shares reserved for				
	• issue under options and contracts		○	○	◉
	• commitments for the sale of shares / disinvestment		○	○	◉
6 (A) (i)	For period of five years immediately preceding the date as at which the Balance Sheet is prepared, the following details are shown:				
	a) Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash.		○	◉	○
	b) Aggregate number and class of shares allotted as fully paid-up by way of bonus shares. (Note: source from which bonus shares have been issued is no longer required to be disclosed.)		○	○	◉
	c) Aggregate number separately for each class of shares bought back.		○	○	◉
	[Note: Since the disclosure is for the aggregate no. of shares, year-wise break-up need not be given; only the aggregate no. for the last five years needs to be disclosed.]				
6 (A) (j)	Where any securities convertible into equity/ preference shares are issued, the following details are shown separately:				
	a) Terms of conversion		○	○	◉
	b) Earliest date of conversion in descending order starting from the farthest such date		○	○	◉
6 (A) (k)	Calls unpaid showing aggregate value of calls unpaid by :				
	Directors and officers		○	○	◉
	Others		○	○	◉
6 (A) (l)	Amount originally paid-up on forfeited shares		○	○	◉

Note /Comments:

Disclosures verified by: Ketan

Disclosures reviewed by: ____________________

Disclosure requirements are complied with Note1

Ref.	Particulars	WP Ref.	Yes	No	NA
6(B)	**Reserves & Surplus**				
6 (B) (i)	Ensure that Reserves & Surplus are classified as follows (to the extent applicable):				
	a) Capital Reserve		○	○	◉
	b) Capital Redemption Reserve		○	○	◉
	c) Securities Premium Account		○	○	◉
	d) Debenture Redemption Reserve		○	○	◉
	e) Revaluation Reserve		○	○	◉
	f) Share Option Outstanding Account		○	○	◉
	g) Other Reserve (specifying the nature and the purpose of each reserve and the amount in respect thereof)		○	○	◉
	h) Surplus i.e. balance in the Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/from reserves		◉	○	○

Note/Comments:

- A reserve specifically represented by earmarked investments shall be termed as a "fund". (6B(ii)).
- Debit balance of the Statement of Profit and Loss shall be shown as a negative figure under the head 'Surplus'. Similarly, the balance of reserves and surplus, after adjusting the negative balance of surplus, if any, shall be shown under the head reserves and surplus even if the resulting figure is in negative (6 B (iii)).

Disclosures verified by: Ketan

Disclosures reviewed by: ____________________

Disclosure requirements are complied with Yes

	Share Application Money Pending Allotment	**WP Ref.**	**Yes**	**No**	**NA**
6(G)(g)	Ensure that following information is disclosed in relation to share application money pending allotment :				
	- Terms and conditions		○	◉	○
	- Number of shares proposed to be issued		○	◉	○
	- The amount of premium, if any		○	○	◉
	- The period before which shares are to be allotted		○	◉	○
	- Whether the company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
	- The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons thereof		○	○	◉

Note/Comments:

- Share application money not exceeding the issued capital and to the extent not refundable shall be shown under the head equity
- Share application money to the extent refundable should be shown under "other current liabilities"

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ____________________

Disclosure requirements are complied with No

6(C)	Long-Term Borrowings	WP Ref.	Yes	No	NA
6(C)(i)	Ensure that long-term borrowings are classified as follows :	Note is not applicable to the company			
	a) Bonds/debentures		○	○	◉
	b) Term loans				
	- from banks		○	○	◉
	- from other parties		○	○	◉
	c) Deferred payment liabilities		○	○	◉
	d) Deposits		○	○	◉
	e) Loans and advances from related parties		○	○	◉
	f) Long-term maturities of finance lease obligations		○	○	◉
	g) Other loans and advances (specifying the nature)		○	○	◉
6(C)(ii)	Check that the borrowings have been further sub classified as :				
	- Secured		○	○	◉
	- Unsecured		○	○	◉
	Ensure that the nature of security is specified separately in respect of each of the secured borrowings				
6(C)(iii)	Ensure that the aggregate amount of loans under each of the following head, if any, is disclosed:		○	○	◉
	- Where loans have been guaranteed by directors		○	○	◉
	- Where loans have been guaranteed by others		○	○	◉

Ref.	Particulars	WP Ref.	Yes	No	NA
6(C)(iv)	Ensure that the following details are disclosed in respect of bonds/debentures :				
	- the rate of interest		○	○	◉
	- particulars of redemption/conversion		○	○	◉
	- the bonds/debentures shall be stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be.		○	○	◉
6(C)(v)	Ensure that the particulars of any redeemed bonds/ debentures which the company has power to reissue are disclosed		○	○	◉
6(C)(vi)	Check whether terms of repayment of term loans and other loans are stated		○	○	◉
6(C)(vii)	The following shall be specified separately: Period and amount of continuing default as on the Balance Sheet date in repayment of:				
	- loans		○	○	◉
	- interest		○	○	◉

Note/Comments:

- The phrase long-term has not been defined in the Revised Schedule VI. Hence, the definition of non-current liability may be used as long-term liability.
- Deferred payment liabilities would include any liability for which payment is to be made on deferred credit terms.
- Where bonds/debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.
- A blanket disclosure of securities covering all loans classified under the same head such as "all terms loans from banks" will not suffice.
- The portion of long-term debts / lease obligations, which is due for payments within twelve months of the reporting date is required to be classified under "Other current liabilities".
- Any default that had occurred during the year and was subsequently made good before the end of the year does not need to be disclosed. Only those defaults which are existing as on the Balance Sheet date need to be disclosed.

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ___________________

Disclosure requirements are complied with Yes

6(D)	Other Long-Term Liabilities	WP Ref.	Yes	No	NA
	Ensure that other long-term liabilities are classified as follows:				
6(D)(a)	Trade Payables		○	◉	○

Ref.	Particulars	WP Ref.	Yes	No	NA
6(D)(b)	Others		○	◉	○

Note /Comments:

- A payable shall be classified as a 'trade payable' if it is in respect of any amount due on account of goods purchased or services received in the normal course of business. (Amounts due under contractual obligations such as PF contribution, purchase of fixed assets, etc. can no longer be included. Acceptances form part of Trade Payables)

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ___________________

Disclosure requirements are complied with Yes

6(E)	**Long-Term Provisions**	**WP Ref.**	**Yes**	**No**	**NA**
	Ensure that the long-term provisions are classified as :		○	○	◉
6(E)(a)	Provision for employee benefits		○	○	◉
6(E)(b)	Others (specifying the nature)	Other	○	○	◉

Note /Comments:

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ___________________

Disclosure requirements are complied with Yes

	Current Liabilities	**WP Ref.**	**Yes**	**No**	**NA**
6(F)	**Short-Term Borrowings :**				
6(F) (i)	Ensure that short-term borrowings are classified as follows :				
	a) Loans repayable on demand				
	- from banks		○	○	◉
	- from other parties		○	○	◉
	b) Loans and advances from related parties		○	○	◉
	c) Deposits		◉	○	○
	d) Other loans and advances (specifying the nature)		○	○	◉
6(F) (ii)	Ensure that above borrowings are further be sub-classified as:				
	- Secured		○	○	◉
	- Unsecured		○	○	◉
	Ensure that the nature of security is specified separately in respect of each of the secured borrowings				

Ref.	Particulars	WP Ref.	Yes	No	NA
6(F) (iii)	Ensure that aggregate amount of loans under each head, if any, is disclosed in the following cases :				
	- Where loans have been guaranteed by directors		○	○	◉
	- Where loans have been guaranteed by others		○	○	◉
6(F) (iv)	Ensure that following is specified separately: Period and amount of continuing default as on the Balance Sheet date in repayment of:				
	- Loans		○	○	◉
	- Interest on loan		○	○	◉

Note /Comments:

- Loans payable on demand should be treated as part of short-term borrowings. Short-term borrowings will include all loans repyable within a period of 12 months from the date of the loan.
- Current maturity of long-term borrowings should not be classified as short-term borrowing. They have to be classified under Other current liabilities.
- Any default that had occurred during the year and was subsequently made good before the end of the year does not need to be disclosed. Only those defaults which are existing as on the Balance Sheet date need to be disclosed.

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ____________________

Disclosure requirements are complied with Yes

6(G)	Other Current Liabilities	WP Ref.	Yes	No	NA
	Ensure that other long-term liabilities are classified as follows:		○	○	○
6(G) (a)	Current maturities of long-term debt		○	○	◉
6(G) (b)	Current maturities of finance lease obligations		○	○	◉
6(G) (c)	Interest accrued but not due on borrowings		○	○	◉
6(G) (d)	Interest accrued and due on borrowings		○	○	◉
6(G) (e)	Income received in advance		○	○	◉
6(G) (f)	Unpaid dividends		○	○	◉
6(G) (g)	Application money received for allotment of securities and due for refund and interest accrued thereon		○	○	◉
6(G) (h)	Unpaid matured deposits and interest accrued thereon		○	○	◉
6(G) (i)	Unpaid matured debentures and interest accrued thereon		○	○	◉
6(G) (j)	Other payables (specifying the nature)	Disclosure	◉	○	○

Note /Comments:

- Share application money to the extent refundable should be shown under "other current liabilities".
- The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 requires specified disclosures to be made in the financial statements though this is not required under the Revised Schedule VI. Such disclosure should be made. (Refer to para.8.4.3 of the Institute's Guidance Note on the Revised Schedule VI).

Disclosures verified by: Ketan Kataliya

Disclosures reviewed by: ____________________

Disclosure requirements are complied with [Yes]

6(H)	**Short-Term Provisions**	**WP Ref.**	**Yes**	**No**	**NA**
	Ensure that the provisions are classified as :		○	○	◉
6(H)(a)	Provision for employee benefits	to be changed	○	◉	○
6(H)(b)	Others (specifying the nature)		◉	○	○
6(U)	- Ensure that amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share are disclosed separately.		○	○	◉
	- Ensure that arrears of fixed cumulative dividends, if any, on preference shares are also disclosed separately.		○	○	◉

Note /Comments:

- Others would include all provisions other than provisions for employee benefits such as Provision for dividend, Provision for taxation, Provision for warranties, etc. These amounts should be disclosed.

In respect of Provision for Dividend:

- The Revised Schedule VI requires disclosure of the amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share to be disclosed separately. It also requires separate disclosure of the arrears of fixed cumulative dividends on preference shares. The Old Schedule VI specifically required proposed dividend to be disclosed under the head "Provisions." In the Revised Schedule VI, this needs to be disclosed in the notes. Hence, a question that arises is as to whether this means that proposed dividend is not required to be provided for when applying the Revised Schedule VI. AS-4 (Contingencies and Events Occurring After the Balance Sheet Date) requires that dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared by the enterprise after the Balance Sheet date but before approval of the financial statements, should be adjusted. Keeping this in view and the fact that the Accounting Standards override the Revised Schedule VI, companies will have to continue to create a provision for dividends in respect of the period covered by the financial statements and disclose the same as a provision in the Balance Sheet, till such time as AS-4 is revised. Hence, the disclosure to be made in the notes is over and above the disclosures pertaining to a) the appropriation items to be disclosed under Reserves and Surplus and b) Provisions in the Balance Sheet.

Disclosures verified by: ____________________

Disclosures reviewed by: ____________________

Disclosure requirements are complied with [ ]

Ref.	Particulars	WP Ref.	Yes	No	NA
6(I)	**Tangible Assets**				
6 (I) (i)	Ensure that Tangible Assets are classified as follows:				
	a) Land (Freehold and Leasehold to be shown separately)		◉	○	○
	b) Buildings		◉	○	○
	c) Plant and Equipment		◉	○	○
	d) Furniture and Fixtures		◉	○	○
	e) Vehicles		◉	○	○
	f) Office equipment		◉	○	○
	g) Others (specifying the nature)		◉	○	○
6 (I) (ii)	Ensure that the assets under lease have been separately specified under each class of asset.		◉	○	○
6 (I) (iii)	Check whether following are disclosed separately:				
	a) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and at the end of the reporting period		◉	○	○
	b) Ensure that in the reconciliation the following details are disclosed separately:				
	- Additions		◉	○	○
	- Disposals		◉	○	○
	- Acquisitions through business combinations and other adjustments		◉	○	○
	- Depreciation relating to the above		◉	○	○
	- Impairment losses/reversals.		○	○	◉
	- Other adjustments		◉	○	○
6 (I) (iv)	Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, ensure that every Balance Sheet subsequent to the date of such write-off, or addition shows the reduced or increased figures as applicable and shows by way of a note, the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase. (AS-10 requires such information to be given as long as the asset is held by the company. This is an <u>additional</u> requirement to be complied with.)		○	○	◉

Note/Comments:

- The term "under lease" should be taken to mean assets given on operating lease in the case of lessor and assets held under finance lease in the case of lessee. Further, leasehold improvements should continue to be shown as a separate asset class.
- Other adjustments should include items such as capitalisation of exchange differences where such option has been exercised by the company as per AS-11 (The Effects of Changes in Foreign Exchange Rates) and/or adjustments on account of exchange fluctuations for fixed assets in case of non-integral operations as per AS-11 and/or borrowing costs capitalised in accordance with AS-16 (Borrowing Costs). Such adjustments should be disclosed separately for each class of assets.
- Since reconciliation of gross and net carrying amounts of fixed assets is required, the corresponding depreciation/amortisation for each class of asset should be disclosed in terms of Opening Accumulated Depreciation, Depreciation/amortisation for the year, Deductions/Other adjustments and Closing Accumulated Depreciation/Amortisation. Similar disclosures should also be made for Impairment, if any, as applicable.
- The Revised Schedule VI does not prescribe any particular classification/ presentation for Leasehold Land. AS-19 Leases, excludes land leases from its scope. The accounting treatment for Leasehold Land should be continued with as is being currently followed under the prevailing Indian Generally Accepted Accounting Principles and Practices. Accordingly, Leasehold Land should also continue to be presented as a separate asset class under Tangible Assets.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(J)	**Intangible Assets**	**WP Ref.**	**Yes**	**No**	**NA**
6 (J) (i)	Ensure that intangible assets are classified as follows:				
	a) Goodwill		◉	○	○
	b) Brands /trademarks		○	○	◉
	c) Computer software		○	○	◉
	d) Mastheads and publishing titles		◉	○	○
	e) Mining rights		○	○	◉
	f) Copyrights, and patents and other intellectual property rights, services and operating rights		○	○	◉
	g) Recipes, formulae, models, designs and prototype		○	○	◉
	h) Licenses and franchise		○	○	◉
	i) Others (specifying the nature)		○	○	◉
6 (J) (ii)	Ensure that the reconciliation of the gross and net carrying amounts of each class of assets at the beginning and at the end of the reporting period is shown.		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
	Also check whether in the reconciliation the following details are disclosed separately:				
	- Additions		◉	○	○
	- Disposals		◉	○	○
	- Acquisitions through business combinations and other adjustments		◉	○	○
	- Depreciation relating to the above		◉	○	○
	- Impairment losses/reversals		◉	○	○
	- Other adjustments		◉	○	○
6 (J) (iii)	Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, then ensure that every Balance Sheet subsequent to date of such write-off, or addition shows the reduced or increased figures as applicable and also shows by way of a note, the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase.		○	○	◉

Note/Comments:

- The guidance given above on Tangible Assets, to the extent applicable, is also to be used for Intangible Assets.

Disclosures verified by: Ketan

Disclosures reviewed by: ____________________

Disclosure requirements are complied with Yes

	Capital work-in-progress	WP Ref.	Yes	No	NA
	Ensure that the capital work-in-progress does not include capital advances		○	○	○
	Intangible assets under development		○	○	◉
	Ensure that intangible assets under development are disclosed separately under the above head		○	○	◉

Note/Comments:

- As per the Revised Schedule VI, capital advances should be included under Long-term loans and advances and hence, cannot be included under capital work-in-progress.
- Intangible assets under development should be disclosed under this head provided they can be recognised based on the criteria laid down in AS-26 (Intangible Assets).

Disclosures verified by: ____________________

Disclosures reviewed by: ____________________

Disclosure requirements are complied with

Ref.	Particulars	WP Ref.	Yes	No	NA
6(K)	**Non-Current Investments**				
6 (K) (i)	Ensure that Non-Current Investments are classified as follows:				
	- Trade Investments		○	○	◉
	- Other Investments		○	○	◉
6 (K)(i)	Ensure that the investments are further sub-classified as:				
	a) Investment property		○	○	◉
	b) Investments in Equity Instruments		○	○	◉
	c) Investments in Preference Shares		○	○	◉
	d) Investments in Government or trust securities		○	○	◉
	e) Investments in Debentures or Bonds		○	○	◉
	f) Investments in Mutual Funds		○	○	◉
	g) Investments in partnership firms		○	○	◉
	h) Other non-current investments (specifying the nature)		○	○	◉
6 (K)(i)	For each of the aforementioned classification, ensure that the following details are disclosed:				
	a) Names of the bodies corporate in which investments have been made , indicating separately whether such bodies corporate are :				
	- Subsidiaries		○	○	○
	- Associates		○	○	◉
	- Joint ventures		○	○	◉
	- Controlled special purpose entities		○	○	◉
	b) The nature and extent of the investment so made in each such body corporate (showing separately investments which are partly-paid)		○	○	◉
	c) In the case of investments in the capital of partnership firms, ensure that the following details are disclosed for each of the partnership firms in which investment is made:				
	- The name of the firm		○	○	◉
	- The names of all their partners		○	○	◉
	- Total capital		○	○	◉
	- The shares of each partner		○	○	◉

Ref.	Particulars	WP Ref.	Yes	No	NA
6 (K) (ii)	Ensure that investments carried at other than at cost are separately stated specifying the basis for valuation thereof.		○	○	○
6 (K) (iii)	Ensure that the following are also disclosed:				
	a) Aggregate amount of quoted investments and the market value thereof		◉	○	○
	b) Aggregate amount of unquoted investments		○	○	○
	c) Aggregate provision for diminution in value of investments		◉	○	○

Note/Comments:

- If a debenture is to be redeemed partly within 12 months and balance after 12 months, the amount to be redeemed within 12 months should be disclosed as current and balance should be shown as non-current.
- The term **"trade investments"** is defined neither in the Revised Schedule VI nor in the Accounting Standards. The term "trade investment" is, however, normally understood as an investment made by a company in shares or debentures of another company to promote the trade or business of the investing company.
- As per AS-13 (Accounting for Investments), an **investment property** is an investment in land or buildings that is not intended to be occupied substantially for use by, or in the operations of, the investing enterprise.
- It is recommended to disclose the amount of provision netted-off for each long-term investment. However, the aggregate amount of provision made in respect of all non-current investments should also be separately disclosed to comply with the specific disclosure requirement in the Revised Schedule VI.
- The expression **"controlled special purpose entities"** has not been defined either in the Act the Revised Schedule VI or in the Accounting Standards. Accordingly, no disclosures would be additionally required to be made under this caption. If and when such terminology is explained/ introduced in the applicable Accounting Standards, the disclosure requirement would become applicable.
- Disclosure for basis of valuation should be either of:
  - o At cost;
  - o At cost less provision for other than temporary diminution;
- The term quoted investments has not been defined in the Revised Schedule VI. The expression "quoted investment", as defined in the Old Schedule VI, means an investment in respect of which there has been granted a quotation or permission to deal on a recognised stock exchange, and the expression "unquoted investment" shall be construed accordingly.
- Under each sub-classification of Investments, there is a requirement to disclose details of investments including **names of the bodies corporate and the nature and extent of the investment** in each such body corporate. The term "nature and extent" should be interpreted to mean the number and face value of shares.

In relation to Investment in Partnership Firm:

- In case of a **change in the constitution of the firm** during the year, the names of the other partners should be disclosed by reference to the position existing as on the date of the company's Balance Sheet.
- The total capital of the firm to be disclosed should be with reference to the amount of the capital on the date of the company's Balance Sheet. If it is not practicable to draw up the financial statements of the partnership upto such date and, are drawn up to different reporting dates, drawing analogy from AS-21 and AS-27, adjustments should be made for the effects of significant transactions or other events that occur between those dates and the date of the parent's financial statements. In any case, the difference between reporting dates should not be more than six months. In such cases, the difference in reporting dates should be disclosed.
- For disclosure of the share of each partner, it is suggested to disclose share of each partner in the profits of the firm rather than the share in the capital since, ordinarily, the expression "share of each partner" is understood in this sense. The share of each partner should be disclosed as at the date of the company's Balance Sheet.
- Where a partnership firm, in which investment has been made by the company, has separate accounts for partner's capital, drawings or current, loans to or from partners, etc., disclosure must be made with regard to the total of the capital accounts alone, since this is what constitutes the capital of the partnership firm.
- Separate disclosure is required by reference to each partnership firm in which the company is a partner.
- A limited liability partnership is a body corporate and not a partnership firm as envisaged under the Partnership Act, 1932. Hence, disclosures pertaining to Investments in partnership firms will not include investments in limited liability partnerships. The investments in limited liability partnerships will be disclosed separately under other investments.

Disclosures verified by: ____________________

Disclosures reviewed by: ____________________

Disclosure requirements are complied with ☐

6(L)	**Long-Term Loans and Advances**	**WP Ref.**	**Yes**	**No**	**NA**
6(L) (i)	Ensure that long -term loans and advances are classified as follows: a) Capital Advances b) Security Deposits c) Loans and advances to related parties (giving details thereof) d) Other loans and advances (specifying the nature)		◉	○	○
6(L) (ii)	Ensure that the above are further sub-classified as:				
	a) Secured, considered good		○	○	◉
	b) Unsecured, considered good		○	○	◉
	c) Doubtful		○	○	◉

Ref.	Particulars	WP Ref.	Yes	No	NA
6(L) (iii)	Ensure that allowance for bad and doubtful loans and advances are disclosed under the relevant heads separately.		○	○	○
6(L) (iv)	Ensure that there is a separate disclosure in respect of Loans and advances due by:		○	○	○
	- Directors (Either severally or jointly with any other persons)		◉	○	○
	- Other officers of the company (either severally or jointly with any other persons)		○	◉	○
	- Firms in which a director is a partner		○	○	○
	- Private Company in which a director is a director/member		○	○	○

Note/Comments:

- **Capital Advances** are not be classified under Capital Work-in-Progress, since they are specifically to be disclosed under "Long-term Loans and Advances".
- **Capital Advances** should be treated as non-current assets irrespective of when the fixed assets are expected to be received and should not be classified as Short-Term/Current.
- **Details of loans and advances to related parties** need to be disclosed. However, making disclosures beyond the requirements of AS-18 (Related Parties) would not be necessary.
- **Other loans and advances** should include all other items in the nature of advances recoverable in cash or kind such as Prepaid expenses, Advance tax, CENVAT credit receivable, VAT credit receivable, Service tax credit receivable, etc. which are not expected to be realised within the next twelve months from the Balance Sheet date or operating cycle whichever is longer.
- **Amount of allowance for bad and doubtful loans and advances** should be disclosed separately for each category of loans and advances.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(M)	**Other Non-Current Assets**	**WP Ref.**	**Yes**	**No**	**NA**
6(M)(i) & 6(M)(ii)	Ensure that Other non-current assets are classified as:				
	i. Long-Term Trade Receivables (including trade receivables on deferred credit terms)		◉	○	○
	ii. Others (specifying the nature)		◉	○	○
6(M)(iii)	Ensure that:				
	a) Long-term Trade Receivables, are sub-classified as:				
	- Secured, considered good;		◉	○	○
	- Unsecured considered good;		◉	○	○
	- Doubtful		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
	b) Allowance for bad and doubtful debts are disclosed under the relevant heads separately.		○	○	○
	c) Debts due by:				
	- Directors (Either severally or jointly with any other persons)		○	○	○
	- Other officers of the company (Either severally or jointly with any other persons)		○	○	○
	- Firms in which a director is a partner		○	○	○
	- Private Company in which a partner is a director/member		○	○	○

Note /Comments:

- A receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business.
- Hence, amounts due under contractual obligations cannot be included within Trade Receivables. Such items may include dues in respect of insurance claims, sale of fixed assets, contractually reimbursable expenses, interest accrued on trade receivables, etc. Such receivables should be classified as "others" and each such item should be disclosed nature-wise.
- The Revised Schedule VI does not contain any specific disclosure requirement for the unamortised portion of expense items such as share issue expenses, ancillary borrowing costs and discount or premium relating to borrowings.

  Since the Revised Schedule VI is clear that additional line items can be added on the face or in the notes, the Company can disclose the unamortised portion of such expenses as "Unamortised expenses", under the head "other current/ non-current assets", depending on whether the amount will be amortised in the next 12 months or thereafter.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(N)	**Current Investments**	**WP Ref.**	**Yes**	**No**	**NA**
6(N) (i)	Ensure that Current Investments are classified as follows:				
	a) Investments in Equity Instruments		○	◉	○
	b) Investments in Preference Shares		○	◉	○
	c) Investments in Government or trust securities		○	○	◉
	d) Investments in Debentures or Bonds		◉	○	○
	e) Investments in Mutual Funds		○	◉	○
	f) Investments in partnership firms		○	○	○
	g) Other non-current investments (specifying the nature)		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
6 (N) (i)	For each of the aforementioned classification, ensure that the following details are disclosed:				
	a) Names of the bodies corporate in whom investments have been made, indicating separately whether such bodies corporate are:				
	- Subsidiaries		◉	○	○
	- Associates		○	○	○
	- Joint ventures		○	○	○
	- Controlled special purpose entities		◉	○	○
	b) The nature and extent of the investment so made in each such body corporate (showing separately investments which are partly-paid)		○	○	○
	c) In the case of investments in the capital of partnership firms, ensure that the following details are disclosed for each of the partnership firm in which investment is made:				
	- The name of the firm		○	◉	○
	- The names of all their partners		○	◉	○
	- Total capital		○	◉	○
	- The shares of each partner		○	○	○
6 (N) (ii)	Ensure that disclosures are made in respect of the following:				
	a) The basis for valuation of individual assets		○	◉	○
	b) Aggregate amount of quoted investments and market value thereof		◉	○	○
	c) Aggregate amount of unquoted investments		○	○	○
	d) Aggregate provision for diminution in value of investments		○	○	○

Note/Comments:

- If a debenture is to be redeemed partly within 12 months and balance after 12 months, the amount to be redeemed within 12 months should be disclosed as current and balance should be shown as non-current.
- The expression **"controlled special purpose entities"** has not been defined either in the Act, the Revised Schedule VI or in the Accounting Standards. Accordingly, no disclosures would be additionally required to be made under this caption. If and when such terminology is explained/ introduced in the applicable Accounting Standards, the disclosure requirement would become applicable.
- The term quoted investments has not been defined in the Revised Schedule VI. The expression "quoted investment", as defined in the Old Schedule VI, means an investment in respect of which there has been granted a quotation or permission to deal on a recognised stock exchange, and the expression "unquoted investment" shall be construed accordingly.

- Under each sub-classification of Investments, there is a requirement to disclose details of investments including **names of the bodies corporate and the nature and extent of the investment** in each such **body corporate**. The term "nature and extent" should be interpreted to mean the number and face value of shares.
- It is pertinent to note that there is no requirement to classify investments into trade & non-trade in respect of current investments.
- It may also be noted that basis of valuation of individual investment is required to be disclosed.
- The aggregate provision for diminution in the value of current investments that needs to be separately disclosed is the amount written down based on the measurement principles of Current Investments as per AS-13 on a cumulative basis, though such write-down is not actually a 'provision' as per the Standard.

In relation to Investment in Partnership Firm:

- In case of a **change in the constitution of the firm** during the year, the names of the other partners should be disclosed by reference to the position existing as on the date of the company's Balance Sheet.
- The **total capital of the firm** to be disclosed should be with reference to the amount of the capital on the date of the company's Balance Sheet. If it is not practicable to draw up the financial statements of the partnership up to such date and, are drawn up to different reporting dates, drawing analogy from AS-21 and AS-27, adjustments should be made for the effects of significant transactions or other events that occur between those dates and the date of the parent's financial statements. In any case, the difference between reporting dates should not be more than six months. In such cases, the difference in reporting dates should be disclosed.
- For disclosure of the share of each partner it is suggested to disclose share of each partner in the profits of the firm rather than the share in the capital since, ordinarily, the expression "share of each partner" is understood in this sense. The share of each partner should be disclosed as at the date of the company's Balance Sheet.
- Where a partnership firm, in which investment has been made by the company has separate accounts for partner's capital, drawings or current, loans to or from partners, etc., disclosure must be made with regard to the total of the capital accounts alone, since this is what constitutes the capital of the partnership firm.
- Separate disclosure is required by reference to each partnership firm in which the company is a partner.
- A Limited Liability Partnership is a body corporate and not a partnership firm as envisaged under the Partnership Act, 1932. Hence, disclosures pertaining to Investments in partnership firms will not include investments in limited liability partnerships. The investments in limited liability partnerships will be disclosed separately under other investments.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(O)	**Inventories**	**WP Ref.**	**Yes**	**No**	**NA**
6(O)(i)	Ensure that Inventories are classified as follows: a) Raw materials		◉	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
	b) Work-in-progress		◉	○	○
	c) Finished goods		◉	○	○
	d) Stock-in-trade (in respect of goods acquired for trading)		◉	○	○
	e) Stores and spares		◉	○	○
	f) Loose tools		◉	○	○
	g) Others (specifying the nature)		◉	○	○
6(O)(ii)	Ensure that Goods-in-transit are separately disclosed under the relevant sub-heads of inventories.		◉	○	○
6(O)(iii)	Ensure that Mode of valuation of stock is stated.		○	◉	○
Note/Comments: - The heading Finished goods should comprise all finished goods other than those acquired for trading purposes.					
Disclosures verified by: ____________________ Disclosures reviewed by: __________________ Disclosure requirements are complied with ☐					
6(P)	**Trade Receivables**	**WP Ref.**	**Yes**	**No**	**NA**
6(P)(i)	Ensure that the aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment is separately stated.		◉	○	○
6(P)(ii)	Ensure that Trade receivables are sub-classified as:				
	a) Secured, considered good		○	◉	○
	b) Unsecured considered good		○	◉	○
	c) Doubtful		○	◉	○
6(P)(iii)	Ensure that Allowance for bad and doubtful debts are disclosed under the relevant heads separately.		○	◉	○
6(P)(iv)	Ensure that separate disclosure is made in respect of Debts due by: - Directors (Either severally or jointly with any other persons) - Other officers of the company (Either severally or jointly with any other persons) - Firms in which a director is a partner - Private Company in which a director is a director/member		○	◉	○

Note/Comments:

- A receivable shall be classified as **'trade receivable'** if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business.
- Hence, amounts due under contractual obligations cannot be included within Trade Receivables. Such items may include dues in respect of insurance claims, sale of fixed assets, contractually reimbursable expenses, interest accrued on trade receivables, etc. Such receivables should be classified as "others" and each such item should be disclosed nature-wise.
- It is pertinent to note that the Revised Schedule VI requires separate disclosure of "Trade Receivables outstanding for a period exceeding six months from the date they became due for payment" only for the current portion of trade receivables.
- Where no due date is specifically agreed upon, normal credit period allowed by the company should be taken into consideration for computing the due date which may vary depending upon the nature of goods or services sold and the type of customers, etc.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(Q)	**Cash and Cash Equivalents**	**WP Ref.**	**Yes**	**No**	**NA**
6(Q)(i)	Ensure that Cash and Cash equivalents are classified as:				
	a) Balances with banks		◉	○	○
	b) Cheques, drafts on hand		○	○	○
	c) Cash on hand		◉	○	○
	d) Others (specify nature)		◉	○	○
6(Q)(ii)	Ensure that "Earmarked balances with banks" are separately stated (for example, balances in bank accounts for unpaid dividend)		○	○	◉
6(Q)(iii)	Ensure that separate disclosure is made in respect of balances with banks to the extent held as:				
	- margin money		◉	○	○
	- security against borrowings		○	○	○
	- security against guarantees		○	○	○
	- security against other commitments		○	○	○
6(Q)(iv)	Ensure that repatriation restrictions, if any, in respect of cash and bank balances are separately stated.		◉	○	○
6(Q)(v)	Ensure that bank deposits with more than 12 months maturity are disclosed separately.		○	◉	○

Note/Comments:

- According to AS-3 (Cash Flow Statements), Cash is defined to include cash on hand and demand deposits with banks.
- Also, Cash Equivalents are defined as short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The Standard further explains that an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. Hence, normally, deposits with original maturity of three months or less only should be classified as cash equivalents.
- Bank balances held as margin money or security against borrowings are neither in the nature of demand deposits, nor readily available for use by the company, and accordingly, do not meet the aforesaid definition of cash equivalents. Thus, this is an apparent conflict between the requirements of the Revised Schedule VI and AS-3 with respect to which items should form part of Cash and Cash Equivalents. The conflict should be resolved by changing the caption "Cash and cash equivalents" to "Cash and bank balances," which may have two sub-headings, viz., "Cash and cash equivalents" and "Other bank balances." The former should include only the items that constitute Cash and cash equivalents defined in accordance with AS-3 (and not the Revised Schedule VI), while the remaining line-items may be included under the latter heading.
- Thus, "Other bank balances" would comprise items such as balances with banks to the extent held as margin money or security against borrowings, etc. and bank deposits with more than three months maturity.
- Bank deposits with more than twelve months maturity will also need to be separately disclosed under the sub-head 'Other bank balances'.
- The non-current portion of each of the above balances will have to be classified under the head "Other Non-current assets" with separate disclosure thereof.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(R)	**Short-term Loans and Advances**	**WP Ref.**	**Yes**	**No**	**NA**
6(R)(i)	Ensure that short-term loans and advances are classified as follows :				
	a) Loans and advances to related parties (giving details thereof)		◉	○	○
	b) Other loans and advances (specifying the nature)		○	◉	○
6(R)(ii)	Ensure that the above are further be sub-classified as:				
	a) Secured, considered good		○	◉	○
	b) Unsecured, considered good		○	○	○
	c) Doubtful		○	○	○
6(R)(iii)	Ensure that Allowance for bad and doubtful loans and advances are disclosed under the relevant heads separately.		○	○	○

Ref.	Particulars	WP Ref.	Yes	No	NA
6(R)(iv)	Ensure that separate disclosure is made in respect of Debts due by:				
	- Directors (Either severally or jointly with any other persons)		◉	○	○
	- Other officers of the company (either severally or jointly with any other persons)		○	○	○
	- Firms in which a director is a partner		○	◉	○
	- Private Company in which a director is a director/member		○	◉	○

Note/Comments :

- **Details of loans and advances to related parties** need to be disclosed. However, making disclosures beyond the requirements of AS-18 (Related Parties) would not be necessary.
- **Other loans and advances** should include all other items in the nature of advances recoverable in cash or kind such as Prepaid expenses, Advance tax, CENVAT credit receivable, VAT credit receivable, Service tax credit receivable, etc. which are expected to be realised within the next twelve months from the Balance Sheet date or operating cycle whichever is longer..
- **Amount of allowance for bad and doubtful loans and advances** should be disclosed separately for each category of loans and advances.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

6(S)	**Other Current Assets**	**WP Ref.**	**Yes**	**No**	**NA**
6(R)(i)	Ensure that only the Current Assets that do not fit into any other asset categories are disclosed as Other Current Assets, specifying their nature such as:				
	- Unbilled Revenue		○	○	○
	- Unamortised Premium on Forward Contracts, etc.		○	○	○

Note/Comments :

- Ensure that Other Current Assets are disclosed by specifying their nature e.g. Unbilled Revenue, Unamortised Premium on forward contracts, etc.
- In case any amount classified under this category is doubtful, it is advisable that such doubtful amount as well as any provision made thereagainst are separately disclosed.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

Ref.	Particulars	WP Ref.	Yes	No	NA
6(T)	**Contingent Liabilities and Commitments (to the extent not provided for)**				
6(T)(i)	Ensure that Contingent liabilities are classified as: - Claims against the company not acknowledged as debt. - Guarantees given on behalf of third parties. - Other money for which the company is contingently liable. - Other contingent liabilities (specifying nature thereof).		○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○
6(T)(ii)	Ensure that Commitments are classified as: - Estimated amount of contracts remaining to be executed on capital account and not provided for. - Uncalled liability on shares and other investments partly paid. - Other commitments (specifying the nature thereof).		○ ○ ○	○ ○ ○	○ ○ ○

Note/Comments :

In respect of Contingent Liabilities:

- The provisions of AS-29 (Provisions, Contingent Liabilities and Contingent Assets), will be applied for determining contingent liabilities.
- A contingent liability in respect of guarantees arises when a company issues guarantees to another person on behalf of a third party e.g. when it undertakes to guarantee the loan given to a subsidiary or to another company or gives a guarantee that another company will perform its contractual obligations.
- However, where a company undertakes to perform its own obligations, and for this purpose issues, what is called a "guarantee", it does not represent a contingent liability and it is misleading to show such items as contingent liabilities in the Balance Sheet.
- For various reasons, it is customary for guarantees to be issued by banks e.g. for payment of insurance premia, deferred payments to foreign suppliers, letters of credit, etc. For this purpose, the company issues a "counter-guarantee" to its bank. Such "counter-guarantee" is not really a guarantee at all, but is an undertaking to perform what is in any event the obligation of the company, namely, to pay the insurance premia when demanded or to make deferred payments when due. Hence, such performance guarantees and counter-guarantees should not be disclosed as contingent liabilities.

In respect of Commitments:

- The word 'commitment' has not been defined in the Revised Schedule VI.
- The Guidance Note on Terms Used in Financial Statements issued by ICAI defines 'Capital Commitment' as future liability for capital expenditure in respect of which contracts have been made. Hence, drawing inference from such definition, the term 'commitment' would simply imply future liability for contractual expenditure.
- Accordingly, the term 'Other Commitments' would include all expenditure related contractual commitments apart from capital commitments such as commitments arising from long-term contracts for purchase of raw material, employee contracts, lease commitments, etc.

-	The scope of such terminology is very wide and may include contractual commitments for purchase of inventory, services, investments, sales, employee contracts, etc. However, to give disclosure of all contractual commitments would be contrary to the overarching principle under General Instructions that "a balance shall be maintained between providing excessive detail that may not assist users of Financial Statements and not providing important information as a result of too much aggregation."
-	Disclosures relating to lease commitments for non-cancellable leases are required to be disclosed by AS-19 (Leases).
-	Accordingly, the disclosures required to be made for 'other commitments' should include only those non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved) based on the professional judgment of the management which are material and relevant in understanding the financial statements of the company and impact the decision making of the users of the financial statements. Examples may include commitments in the nature of buy-back arrangements, commitments to fund subsidiaries and associates, non-disposal of investments in subsidiaries and undertakings, derivative related commitments, etc.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

GI/BS	Particulars	WP Ref.	Yes	No	NA
	Other Disclosures/Instructions:				
6(V)	Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specified purpose at the Balance Sheet date, there shall be indicated by way of note how such unutilised amounts have been used or invested.		○	○	◉
6(W)	If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated.		○	○	◉

Note /Comments:

- It is difficult to contemplate a situation where any asset other than fixed assets and non-current investments has a realisable value that is lower than its carrying value, and the same is not given effect to in the books of account, since Accounting Standards do not permit the same. AS-13 (Accounting for Investments) requires current investments to be valued at lower of cost and fair value. AS-2 (Valuation of Inventories) also requires inventories to be valued at the lower of cost and net realisable value. Further, Allowance for bad and doubtful debts is required to be shown as a deduction from both Long-term loans & advances and Other Non-current assets as well as Trade Receivables and Short-term loans and advances as per the Revised Schedule VI. Hence, a diligent application of the requirements of Accounting Standards and the Revised Schedule VI will normally not leave any scope for making any additional disclosures in this regard.

Disclosures verified by: ____________________	
Disclosures reviewed by: __________________	
Disclosure requirements are complied with ☐	

GI/PL	Particulars	WP Ref.	Yes	No	NA
	Revenue from Operations:				
2(A)	Ensure that in case of a Company Other than a Finance Company aggregate Revenue from Operations has been disclosed on the face of the Statement of Profit and Loss with separate disclosures in the notes as follows:				
	- sale of products				
	- sale of services				
	- other operating revenues				
	- Less: Excise duty				
2(B)	Ensure that in case of a Finance Company Revenue from Operations includes revenue from:				
	- Interest				
	- Other financial services				

Note /Comments:

In respect of company other than Finance Company:

- The presentation in respect of **excise duty** will have to be made on the face of the Statement of Profit and Loss. In doing so, a company may choose to present the elements of revenue from sale of products, sale of services and other operating revenues also on the face of the Statement of Profit and Loss instead of the Notes.
- **Indirect taxes** such as Sales tax, Service tax, Purchase tax, etc. are generally collected from the customer on behalf of the government in majority of the cases. However, this may not hold true in all cases and it is possible that a company may be acting as principal rather than as an agent in collecting these taxes. Whether revenue should be presented gross or net of taxes should depend on whether the company is acting as a principal and hence responsible for paying tax on its own account or, whether it is acting as an agent i.e. simply collecting and paying tax on behalf of government authorities. In the former case, revenue should also be grossed up for the tax billed to the customer and the tax payable should be shown as an expense. However, in cases, where a company collects tax only as an intermediary, revenue should be presented net of taxes.
- As per the Guidance Note on Value Added Tax, **"Value Added Tax (VAT)** is collected from the customers on behalf of the VAT authorities and, therefore, its collection from the customers is not an economic benefit for the enterprise and it does not result in any increase in the equity of the enterprise". Accordingly, VAT should not be recorded as Revenue of the company. At the same time, the payment of VAT should not be treated as an expense in the Financial Statements of the company.

- The term **"other operating revenue"** is not defined. This would include Revenue arising from a company's operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from the sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities. The classification of income would also depend on the purpose for which the particular asset is acquired or held. For instance, a group engaged in manufacture and sale of industrial and consumer products also has one real estate arm. If the real estate arm is continuously engaged in leasing of real estate properties, the rent arising from leasing of real estate is likely to be "other operating revenue". On the other hand, consider a consumer products company which owns a 10 storied building. The company currently does not need one floor for its own use and has given the same temporarily on rent. In that case, lease rent is not "other operating revenue"; rather, it should be treated as "other income".

- **Net foreign exchange gain** should be classified as Other Income. This is because such gain or loss arises purely on account of fluctuation in exchange rates and not on account of sale of products or services rendered, unless the business of the company is to deal in foreign exchange.

In respect of Finance Company:

- The term finance company is not defined under the Companies Act, 1956, or the Revised Schedule VI. Hence, the same should be taken to include all companies carrying on activities which are in the nature of "business of non-banking financial institution" as defined under section 45-I(f) of the Reserve Bank of India Act, 1935.

- Applying the aforesaid definition, the term "finance company" would cover all NBFCs — Asset Finance companies, Investment companies, Leasing and Hire Purchase companies, Loan companies, Infra Finance companies, Core Investment companies, Micro-finance companies, etc. Further, Housing Finance Companies regulated by the National Housing Bank should also be considered as finance companies.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

	Other Income	WP Ref.	Yes	No	NA
4	Ensure that Other income is classified as:				
	a) Interest Income (in case of a company other than a finance company)				
	b) Dividend Income				
	c) Net gain/loss on sale of investments				
	d) Other non-operating income (net of expenses directly attributable to such income)				
5(vii)(a)	Ensure that Dividend Income from Subsidiary Company is disclosed separately				

GI/PL	Particulars	WP Ref.	Yes	No	NA
5(i)(c) 5(i)(d) 5(i)(f) 5(i)(g) 5(i)(k) 5(i)(l)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate income on the following items:				
	a) Any item of income which exceeds one per cent of the revenue from operations or Rs. 1,00,000, whichever is higher.		○	○	○
	b) Interest Income		○	○	○
	c) Dividend Income		○	○	○
	d) Net gain/loss on sale of investments		○	○	○
	e) Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)		○	○	○
	f) Details of items of exceptional and extraordinary nature		○	○	○
	g) Prior Period Items		○	○	○

Notes/Comments:

- All kinds of interest income for a company other than a finance company should be disclosed under this head such as interest on fixed deposits, interest from customers on amounts overdue, etc.
- **Dividend income from subsidiary companies** should be recognised in accordance with AS-9 (Revenue Recognition), i.e. only when they have a right to receive the same on or before the Balance Sheet date. Normally, the right to receive is established only when the dividend is approved by the share holders at the Annual General Meeting of the investee company.
- The Old Schedule VI specifically required parent companies to recognise **dividend declared by subsidiary companies** even if declared after the Balance Sheet date if they are related to the period covered by the Financial Statements. In the first year of application of Revised Schedule VI, dividend income recognised in the immediately preceding year based on the aforesaid requirements of Old Schedule VI should not be derecognised for the comparatives presented.
- To recognise dividend based on the right to receive would constitute a change in accounting policy which should be applied prospectively. Dividend approved by the share holders of the subsidiary in the current year but already recognised by the holding company in the previous year's financial statements as per the Old Schedule VI should not be again recognised in the first year of application of the Revised Schedule VI. Necessary disclosures as per AS 5 (Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) pertaining to change in accounting policy should be made in the Notes to Accounts.
- Other income items such as interest income, dividend income and net gain on sale of investments should be disclosed separately for Current as well as Long-term Investments as required by AS-13 (Accounting for Investments). If it is a net loss the same should be classified under expenses.
- For other non-operating income, income should be disclosed under this head net off expenses directly attributable to such income. However, the expenses so netted off should be separately disclosed.

In respect of Share of profits/losses in a Partnership firm:

Though, there is no specific requirement in the Revised Schedule VI to disclose profits or losses on investments in a partnership firm as was required by the Old Schedule VI, the same should be disclosed as discussed as under.

- Share of profit or loss in a partnership firm accrues the moment the same is computed and credited or debited to the Capital/Current/any other account of the company in the books of the partnership firm. Hence, the same should be accordingly accounted for in the books of the company.
- Separate disclosure of profits or losses from partnership firms should be made. In a case where the company was a partner during the year but is not a partner at the end of the year, the disclosure should be made for the period during which the company was a partner.
- The company's share of the profits or losses of the partnership firm should be calculated by reference to the company's own accounting year. The financial statements of the partnership for computing the share of profits and losses should be drawn up to the same reporting date. If it is not practicable to draw up the financial statements of the partnership upto such date and, are drawn up to a different reporting date, drawing analogy from AS-21 and AS-27, adjustments should be made for the effects of significant transactions or other events that occur between that date and the date of the parent's financial statements. In any case, the difference between reporting dates should not be more than six months. In such cases, the difference in reporting dates should be disclosed.
- In case the year ending of the company and of the firm fall on different dates, the financial statements of the company should also contain a note to indicate that the accounting period of the partnership firm in respect of which the profits or losses have been accounted for in the company's books.
- If however, a partnership firm happens to be in the nature of a Jointly Controlled Operation as defined in AS-27 (Joint Ventures), the share of incomes, expenses, assets or liabilities will have to be accounted for in the Standalone Financial Statements as prescribed in AS-27.
- In case the partnership firm is a Subsidiary under AS-21 Associate under AS-23 or Jointly Controlled Entity/Jointly Controlled Operation under AS-27, in the Consolidated Financial Statements, the share of profit/loss from the firm should be accounted for in terms of the applicable Accounting Standard as stated above.

  The aforesaid principles should also be applied to accounting for the share of profits and losses in an Association of Persons (AOP).

In respect of Share of profits/losses in a Limited Liability Partnership:

- A Limited Liability Partnership, as per the LLP Act, is a body corporate and the share of profit/loss in the LLP does not accrue to the partners till the same is transferred to the Partners' Capital/Current Account as per the terms of the LLP Agreement. Accordingly, the share of profit/loss should be accounted in the books of the company as and when the same is credited/ debited to the Partners' Capital Account.
- Depending upon the terms of agreement between the Partners, the LLP may be a Subsidiary under AS-21, Associate under AS-23 or Jointly Controlled Entity under AS-27. Hence, accounting in respect of the same in the Consolidated Financial Statements would be governed by the applicable Accounting Standards.

Disclosures verified by: ____________________ Disclosures reviewed by: __________________ Disclosure requirements are complied with ☐					
GI/PL	**Expenses**	**WP Ref.**	**Yes**	**No**	**NA**
Part II	Ensure that the aggregate of the following expenses is disclosed on the face of the Statement of Profit and Loss:				
	a) Cost of materials consumed		◉	○	○
	b) Purchases of Stock-in-Trade		○	◉	○
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		○	◉	○
	d) Employee benefits expense		◉	○	○
	e) Finance costs		◉	○	○
	f) Depreciation and amortisation expense		○	○	○
	g) Other expenses		◉	○	○
Part II	Ensure that the aggregate of the following expenses is disclosed on the face of the Statement of Profit and Loss:				
	a) Exceptional Items		○	○	○
	b) Extraordinary Items		○	○	○
	c) Tax Expense:				
	a) Current Tax		○	○	○
	b) Deferred Tax		○	○	○
	d) Tax Expense of discontinuing operations		○	○	○
5(i)(a) 5(i)(b) 5(i)(c) 5(i)(e) 5(i)(g) 5(i)(h) 5(i)(i) 5(i)(j) 5(i)(k) 5(i)(l)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate expenditure on the following items:		○	○	○
	a) Employee Benefit Expenses		◉	○	○
	b) Depreciation Expenses		◉	○	○
	c) Any item of expenditure which exceeds one per cent of the revenue from operations or Rs. 1,00,000, whichever is higher.		◉	○	○
	d) Interest Expense		◉	○	○
	e) Net gain/loss on sale of investments		○	○	○
	f) Adjustments to the carrying amount of investments		○	○	○

GI/PL	Particulars	WP Ref.	Yes	No	NA
	g) Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)		○	○	○
	h) Payments to the auditor as (a) auditor, (b) for taxation matters, (c) for company law matters, (d) for management services, (e) for other services, (f) for reimbursement of expenses		○	○	○
	i) Details of items of exceptional and extraordinary nature		○	○	○
	j) Prior period items (as per AS-5)		○	○	○
5(i)(a)	Ensure that breakup of Employee Benefits Expenses is given to include the following:				
	a) Salaries and Wages		○	○	○
	b) Contribution to Provident and Other Funds (such as Superannuation Fund, Gratuity Fund but excluding contributions to Labour Welfare Fund and Employees' State Insurance Scheme)		○	○	○
	c) Expenses on Employee Stock Option Scheme (ESOP)		○	○	○
	d) Staff Welfare Expenses (including contributions to Labour Welfare Fund and Employees' State Insurance Scheme)		○	○	○
5(ii)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate expenditure on the following items:				
	A. In the case of Manufacturing Companies:				
	a) Raw Materials under broad heads		○	○	○
	b) Goods purchased under broad heads		○	○	○
	B. In the case of Trading Companies: Purchases in respect of goods traded in by the company under broad heads		○	○	○
	C. In the case of Companies rendering or supplying services: Gross income derived from services rendered or supplied under broad heads.		○	○	○
	D. In the case of a company which falls under more than one of categories mentioned in (A), (B) and (C): It shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads.		○	○	○

GI/PL	Particulars	WP Ref.	Yes	No	NA
	E. In the case of Other Companies: Gross income derived under broad heads		○	○	○
5(iii)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate expenditure in respect of work-in-progress under broad heads:		○	○	○
5(iv)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate income or expenditure on the following items:				
	a) The aggregate, if material, of any amounts set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment known to exist at the date as to which the Balance Sheet is made up.		○	○	○
	b) The aggregate, if material, of any amounts withdrawn from such reserves.		○	○	○
5(v)	Ensure that the company has disclosed by way of notes, additional information regarding aggregate income or expenditure on the following items:		○	○	○
	a) The aggregate, if material, of the amounts set aside to provisions made for meeting specific liabilities, contingencies or commitments.		○	○	○
	b) The aggregate, if material, of the amounts withdrawn from such provisions, as no longer required		○	○	○
5(vi)	Ensure that the company has disclosed by way of notes, expenditure incurred on each of the following items, separately for each item:				
	a) Consumption of stores and spare parts.		○	○	○
	b) Power and fuel.		○	○	○
	c) Rent.		○	○	○
	d) Repairs to buildings.		○	○	○
	e) Repairs to machinery.		○	○	○
	f) Insurance.		○	○	○
	g) Rates and taxes, excluding, taxes on income.		○	○	○
	h) Miscellaneous expenses,		○	○	○
5(vii)	Ensure that Provisions for Losses of subsidiary companies is disclosed separately		○	○	○

Notes/Comments:

Cost of Materials Consumed

- This disclosure is applicable for manufacturing companies. Materials consumed would consist of raw materials, packing materials (where classified by the company as raw materials) and other materials such as purchased intermediates and components which are 'consumed' in the manufacturing activities of the company. Where packing materials are not classified as raw materials the consumption thereof should be disclosed separately. However, intermediates and components which are internally manufactured are to be excluded from the classification
- For purpose of classification of inventories, internally manufactured components may be disclosed as below:
  - o where such components are sold without further processing they are to be disclosed as 'finished products'.
  - o where such components are sold only after further processing, the better course is to disclose them as 'work-in-progress' but they may also be disclosed as 'manufactured components' subject to further processing or with such other suitable description as 'semi-finished products' or 'intermediate products'.
  - o where such components are sometimes sold without further processing and sometimes after further processing it is better to disclose them as 'manufactured components'.
- Generally speaking, the term "raw materials" would include materials which physically enter into the composition of the finished product. Materials, such as stores, fuel, spare parts, etc., which do not enter physically into the composition of the finished product, would therefore, be excluded from the purview of the term "raw materials".
- The requirement is silent with regard to containers and packaging materials. It is, therefore, open to question whether such materials constitute a category of "raw materials" for the purpose of the classification. The matter should be decided in the light of the facts and circumstances of each case, the nature of the containers and packaging materials, their relative value in comparison to the raw materials consumed, and other similar considerations. Where, however, packaging materials, because of their nature are included in raw materials it is preferable to show the description as "raw materials including packaging materials consumed".
- Since in case of a company which falls under the category of manufacturing or manufacturing and trading company, disclosure is required with regard to raw materials consumed, care should be taken to ensure that the figures relate to actual consumption rather than "derived consumption". The latter figure is ordinarily obtained by deducting the closing inventory from the total of the opening inventory and purchases, but this figure may not always represent a fair indication of actual consumption because it might conceal losses and wastages. On the other hand, if the figure of actual consumption can be compiled from issue records or other similar data, it is likely to be more accurate. Where this is not possible, the derived figure of consumption may be shown and it is left to the company, according to the circumstances of each case, to determine whether any footnote is required to indicate that the consumption disclosed is on the basis of derived figures rather than actual records of issue.

- Where the consumption is disclosed on the basis of actual records of issue, a further question arises with regard to the treatment of shortages, losses and wastages. In most manufacturing companies, these are inevitable. It is, therefore, suggested that the company should itself establish reasonable norms of acceptable margins. Any shortages, losses or wastages which are within these norms may be regarded as an ordinary incidence of the manufacturing process and may, therefore, be included in the figure of consumption. On the other hand, any shortages, losses or wastages which are beyond the permitted margin or when they are known to have occurred otherwise than in the manufacturing process, should not be included in the consumption figures. Whether or not such abnormal variations need to be separately disclosed in the accounts would depend upon the facts and circumstances of each case. The General Instructions for Preparation of Statement of Profit and Loss does not require any specific disclosures.
- In the case of industries where there are several processes, materials may move from process to process, so that the finished product of one department constitutes the raw materials of the next. Since the disclosure requirement provides only for disclosure of raw material under broad heads and goods purchased under broad heads and also having regard to the fact that the consumption of raw materials for production of such intermediates would have to be accounted as raw materials consumed, it follows that internal transfers from one department to another should be disregarded in determining the consumption figures to be disclosed.

Purchase of Stock-in-Trade

- Stock-in-trade refers to goods purchased normally with the intention to resell or trade in. In case, any semi-finished goods/materials are purchased with an intention of doing further processing activities on the same, the same should be included in 'cost of materials consumed' rather than under this item.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

- This requires disclosure of difference between opening and closing inventories of finished goods, work-in-progress and stock-in-trade. The difference should be disclosed separately for finished goods, work-in-progress and stock-in-trade.

Employee Benefit Expenses

- The aggregate amounts paid/payable by the company for payment of salaries and wages are to be disclosed under "Salaries and Wages". Expenses on account of bonus, leave encashment, compensation and other similar payments also need to be disclosed under "Salaries and Wages". Where a separate fund is maintained for Gratuity payouts, contribution to Gratuity fund should be disclosed under the sub-head Contribution to provident and other funds. Contributions to Labour Welfare Fund and Employees' State Insurance Scheme should be disclosed as part of "Staff Welfare".
- The term employee should be deemed to include directors who are either in whole-time or part-time employment of the company. It will exclude those directors who attend only Board meetings and are not under a contract of service with the company. Those who act as consultants or advisers without involving the relationship of master and servant with the company should also be excluded.
- The aggregate amounts paid/payable by a company on account of contributions to provident fund and other funds like Gratuity fund, Superannuation fund, etc. are to be disclosed under **"Contribution to provident and other funds".** Contributions for such funds for contract labour may also be separately disclosed under **"Contribution to provident and other funds".** However, penalties and other similar amounts paid to the statutory authorities are not strictly in the nature of 'contribution' and should not be disclosed under **"Contribution to provident and other funds"**

- The amount of expense under "ESOP" should be determined in accordance with the Guidance Note on Accounting for Employee Share based Payments and/or the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as applicable. All disclosures required by the aforesaid Guidance Note should be made.

Other Notes/Comments:

- The term 'Exceptional items' is not defined in the Revised Schedule VI. However, AS-5 (Net Profit or Loss for the period, Prior period items and changes in Accounting Policies) has a reference to such items in paras 12, 13 and 14. Hence reference is to be made to the relevant paragraph under AS-5.
- The term 'Extraordinary items' is not defined in Revised Schedule VI. However, para 4.2 of AS-5 (Net Profit or Loss for the period, Prior period items and changes in Accounting Policies) defines 'extraordinary items'. Hence reference is to be made to the relevant paragraph under AS-5.
- Extraordinary items should be disclosed in the Statement of Profit and Loss as a part of net profit or loss for the period. The nature and the amount of each extraordinary item should be separately disclosed in the Statement of Profit and Loss in a manner that its impact on current profit or loss can be perceived.
- The term 'Current tax' has been defined under AS-22 (Accounting for Taxes) on Income as the amount of income tax determined to be payable (recoverable) in respect of the taxable income (tax loss) for a period. Hence, details of all taxes on income payable under the applicable taxation laws should be disclosed here.
- Presentation for Minimum Alternate Tax (MAT) credit should be made as prescribed by the ICAI Guidance Note on "Accounting for Credit available in Respect of Minimum Alternative tax under the Income-tax Act, 1961."
- Any interest on shortfall in payment of advance income-tax is in the nature of finance cost and hence should not be clubbed with the Current tax. The same should be classified as Interest expense under finance costs. However, such amount should be separately disclosed.
- Any penalties levied under Income tax laws should not be classified as Current tax. Penalties which are compensatory in nature should be treated as interest and disclosed in the manner explained above. Other tax penalties should be classified under Other expenses.
- Wealth tax payable by a company on assets liable for wealth tax should not be included within current tax since the same is not a tax on income. Accordingly, wealth tax should be included in Rates and taxes under other expenses.
- Excess/Short provision of tax relating to earlier years should be separately disclosed.
- The setting aside as well as withdrawal from reserves is to be disclosed under applicable line item of Reserves and Surplus, and not under the Statement of Profit and Loss since the same is an appropriation of profits and not a charge against revenue.
- As per AS-13, a provision in respect of losses made by subsidiary companies is made only when the same results in an "other than temporary diminution" in the value of investments in the subsidiary. Accordingly, the aforesaid disclosure should be made separately only where such a provision has been made in respect of the investment in such loss-making subsidiary.

Disclosures verified by: ____________________ Disclosures reviewed by: __________________ Disclosure requirements are complied with ☐					
GI/PL	**Finance Cost**	**WP Ref.**	**Yes**	**No**	**NA**
3	Ensure that Finance Cost is classified as: a) Interest Expense b) Other Borrowing Costs c) Applicable net gain/loss on foreign currency transactions and translations		○ ○ ○	○ ○ ○	○ ○ ○
Notes/Comments: - **"Interest Expense"** would cover interest paid on borrowings from banks and others, on debentures, bonds or similar instruments, etc. Finance charges on finance leases are in the nature of interest expense and hence should also be classified as interest expense. In the absence of any bifurcation required for interest paid on fixed period loans and other borrowings as required under the Old Schedule VI, the same need not be given. - Other borrowing costs would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts/premium on borrowings, other ancillary costs incurred in connection with borrowings, or amortisation of such costs, etc. - As per Para 4(e) of AS-16, borrowing costs also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Any such exchange differences would need to be disclosed under **"Applicable net gain/loss on foreign currency transactions and translation".**					
Disclosures verified by: ____________________ Disclosures reviewed by: __________________ Disclosure requirements are complied with ☐					
GI/PL	**Particulars**	**WP Ref.**	**Yes**	**No**	**NA**
	Additional Information to be disclosed by way of Notes to Statement of Profit and Loss		○	○	○
5(viii)	Ensure that the Statement of Profit and Loss Account also contains by way of a note the following information, namely:		○	○	○
	a) Value of imports calculated on C.I.F. basis by the company during the financial year in respect of: a. Raw materials; b. Components and spare parts; c. Capital goods; b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;		○ ◉ ◉ ○	○ ○ ○ ○	◉ ○ ○ ◉

GI/PL	Particulars	WP Ref.	Yes	No	NA
	c) Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;		○	○	○
	d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident share holders, the total number of shares held by them on which the dividends were due and the year to which the dividends related		○	○	○
	e) Earnings in foreign exchange classified under the following heads, namely:				
	a. Export of goods calculated on F.O.B. basis;		◉	○	○
	b. Royalty, know-how, professional and consultation fees;		○	○	◉
	c. Interest and dividend		○	○	◉
	d. Other income, indicating the nature thereof		○	○	◉

Notes/Comments:

Re: Disclosure of CIF Value

- As regards CIF value of "capital goods", disclosure would be involved in respect of imported plant and machinery, furniture and fixtures, transport equipment, intangible assets and other types of expenditure which is treated as capital expenditure in the books of account.
- It is significant that this requirement covers only imported spare parts. It apparently does not apply to goods imported for sale, imported stores, etc. However, the practice followed by most companies is that imported stores are being clubbed with imported spare parts for the purposes of this disclosure. This is probably due to the practical difficulty involved in separating stores from spare parts. Hence, where it is not possible to segregate the two owing to practical difficulties, the total value of imports of stores and spare parts may be shown against a caption which clearly indicates that the value shown relates to both the stores as well as the spare parts.
- The disclosure in respect of CIF Value of imports is to be made on accrual basis.
- The value of imports of raw materials, components and spare parts and capital goods is to be disclosed irrespective of whether or not such imports have resulted in an expenditure in foreign currency. It is possible that imports may have been arranged on Rupee payment terms without involving any foreign currency expenditure but even so, the value of the imports would have to be suitably disclosed.

- Disclosure should be made in Indian currency. Where the imports involve foreign currency expenditure, the amount be disclosed would be the corresponding Rupee value of the imports as translated in the books of account on normal principles relating to the translation of foreign currencies.
- Disclosure is required with regard to the value of imports "by the company". This implies that only direct imports by the company are involved in the disclosure.
- The value of imports should also include goods which are in transit on the Balance Sheet date, provided significant risks and rewards of ownership in those goods have already passed to the purchasing company.
- A particular problem may, however, arise in the case of import of capital goods where delivery is to be made in installments through part shipments from time to time. The contract may provide for the total value of the entire shipment and it may, therefore, be difficult to determine the separate value of the part shipments received during the accounting year. Since the disclosure which is required is in respect of imports during the accounting year, it may be necessary to estimate, on a reasonable basis, the separate value of part shipments. If such estimates are reasonable, no objection needs be taken thereto.
- For the purpose of working out the C.I.F. value of imports, it may be necessary to make approximations in suitable cases. For example, a company may be actually importing materials on the basis of F.O.B. contracts so that the values directly available from its records would be those relating to F.O.B. terms. In such cases, a standard formula may be applied in order to convert the F.O.B. values to C.I.F. For example, the company's accountant may calculate that a loading of, say, eleven per cent on the F.O.B. values is ordinarily adequate and correct in order to convert the F.O.B. values to C.I.F. If such approximations are reasonable, no objection should ordinarily be taken thereto.

Re: Expenditure in Foreign Currency

- The disclosure is to be made with regard to the expenditure in foreign currency. Consequently, if no foreign currency expenditure is involved, no disclosure would be required, even though the specific services covered by this requirement have been imported free of cost or against Rupee payment or against any other method of payment or adjustment not involving the expenditure of foreign currency.
- Disclosure is to be limited only to those cases where the company itself incurs foreign currency expenditure. Where an expenditure involves foreign currency but the original payment by the company itself is in Rupees, no disclosure is necessary.

Re: Total Value of Imported raw materials, spare parts and components consumed during the F.Y.

- The value of imported materials consumed should include not only their cost but also incidental expenses directly related to the purchase of such materials.
- Care should be taken to ensure that the total consumption agrees with the figures in the Statement of Profit and Loss. In the case of consumption of raw materials, the separate figures for such consumption is generally disclosed in one figure in the Statement of Profit and Loss, in which case, the total consumption classified as between imported and indigenous should agree with this figure.

- The term "spare parts" for the purpose of the foregoing requirements would refer to spares for plant and machinery and other items of a similar nature or intended for a similar purpose. This term would not ordinarily include stores. The term "stores" refers to materials and supplies which assist the manufacturing process but which do not directly enter into the furnished product.

Re: Earnings in Foreign Currency:

- A question which arises is whether the foreign exchange earnings should be disclosed gross of tax or whether they should be disclosed net of any tax deducted at source in the overseas country in which earnings have arisen. It is suggested that the more appropriate basis of disclosure would be gross of tax with a mention of the net of tax earnings and tax deducted at source.
- While the requirement relating to the disclosure of imports requires the "value of imports" to be disclosed, the disclosure of exports requires the "earnings from export of goods" to be disclosed. It would probably have been more consistent if the relevant clause had required the value of exports to be disclosed, rather than the earnings.

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

	Other disclosure on the face of Statement of Profit and Loss	**WP Ref.**	**Yes**	**No**	**NA**
Part II	Ensure that following sub-totals are disclosed on the face of Statement of Profit and Loss:				
	a) Total Revenue		◉	○	○
	b) Total Expenses		◉	○	○
	c) Profit before exceptional and extraordinary items and tax		◉	○	○
	d) Profit before extraordinary items and tax		◉	○	○
	e) Profit before tax		◉	○	○
	f) Profit/(Loss) for the period from continuing operations		◉	○	○
	g) Profit/(Loss) from discontinuing operations		◉	○	○
	h) Profit/(Loss) for the period		◉	○	○
Part II	Ensure that following are disclosed on the face of Statement of Profit and Loss				
	a) Basic Earnings Per Share		◉	○	○
	b) Diluted Earnings Per Share		◉	○	○
	c) Face Value of the Share		◉	○	○

Disclosures verified by: ____________________

Disclosures reviewed by: __________________

Disclosure requirements are complied with ☐

16. GOING CONCERN CHECKLIST

CLIENT:

Audit Period:

BACKGROUND

AS 1 refers to fundamental accounting assumptions, which underlie the preparation and presentation of financial statements. One of these fundamental accounting assumptions is the "Going Concern" Concept "The enterprise is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the enterprise has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations".

While the foreseeable future must be judged in relation to specific circumstances, it should normally extend to a minimum of six months following the date of the audit report or one year after the Balance Sheet date, whichever period ends on a later date.

Ordinarily, continuation of an entity as a going concern is assumed in financial reporting in the absence of significant information to the contrary. An auditor has, however, to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for the foreseeable future. For this purpose, evidence gathered by performing procedures at different stages of an audit needs to be assessed to determine whether, when considered in the aggregate, this indicates that there could be such substantial doubt. It may also become necessary to obtain additional information about such conditions and events, as well as appropriate evidential matter, to support information that mitigates the contrary information.

In circumstances where contrary information is identified, it is necessary to ensure that a misleading view is not given in the accounts.

The purpose of this checklist is to enable us to determine whether any such contrary information has been identified, together with any factors tending to mitigate such information and any management plans to deal with the underlying information.

The initial consideration of the contrary information should focus on the underlying conditions that resulted in the contrary information. Such considerations will include:

— whether the conditions are indicative of a rapid or a gradual deterioration.

— whether they are temporary or recurring.

— whether they are susceptible of corrective actions solely within the company.

— whether they are applicable to identifiable elements or segments or are pervasive.

The evaluation of the mitigating factors should be based on:

— Our knowledge and experience of the company business, its operating characteristics and the environmental factors affecting it.

— Discussions with principal officers.

— Understanding the possible legal implications, if any.

		YES/NO	REMARKS
A.	**CONTRARY INFORMATION**	No	
1.	Do the company's accumulated losses exceed its capital and free reserves (i.e. does it have a negative net worth?)	No	

		YES/NO	REMARKS
2.	Has the company made any arrangement to dispose a part of its trading assets ?	No	
3.	Has the company made any reference to the Board of Industrial and Financial Reconstruction (BIFR) under the provisions of the Sick Industrial Companies (Special Provisions) Act?	No	
	a. Has BIFR made any interim or final orders in connection with this reference?	No	
	b. If any order has been made, this will need to be reviewed at this stage itself.	No	
4.	Has the company:	Yes	
	• reported recurring operating losses in the past?		
	• regularly faced working capital deficiencies in the past?	No	
	• regularly reported negative cash flows in the past ?	No	
5.	Has our analytical review highlighted any adverse key financial ratios?	No	
6.	Has the company defaulted in meeting its obligations on time or have any factors been identified that indicate that such defaults would occur?	No	
	These obligations include, but are not limited to:	No	
	• Loan repayments	No	
	• Interest on borrowed funds	No	
	• Payrolls	No	
	• Statutory payments	No	
7.	Have regular suppliers changed credit terms, which are not in favour of the company and are not in accordance with normal business practices in similar industries?	No	
8.	Has there been any loss of Key Management or operating personnel, work stoppages or other labour difficulties?	No	
9.	Are there any long-term commitments, which are, *prima facie,* uneconomical?	No	
10.	Are there any legal (including tax) proceedings, which, if decided adversely, would result in substantial liabilities for the entity?	No	
11.	Is there any legislation that affects the company's ability to operate?	No	
12.	Has there been loss of any key franchise, license or patent, or loss of a principal contractor or supplier?	No	
13.	Are any of the company's product or service activities faced with possible obsolescence and do such products or activities constitute a significant proportion of its total activities?	No	
14.	Has there been any uninsured catastrophe (e.g. drought, earthquake or flood) ?	No	

			YES/NO	REMARKS
15.	Are there any other factors identified that could affect the continuity of the company's operations?		No	
16.	In case of a subsidiary, is the company funding its operations by seeking further capital infusion from its parent?		No	
B.	**MITIGATING FACTORS AND MANAGEMENT'S PLANS**			
	(To be completed in case contrary information is identified in A above)			
	If our evaluation in A above indicates that there is contrary information, possible mitigating factors and Management's plans to address these issues need to be assessed below.		No	
1.	Has the company identified alternative sources of funds for maintaining adequate cash flows?		No	
	Specifically:		No	
	•	Does the Management propose to sell assets to remain solvent and whether:	No	
		> such assets are readily marketable?	No	
		> there are any restrictions on the sale of such assets (debt covenants or other encumbrances)?	No	
		> there are any direct or indirect effects of such sale ?	No	
		> such disposals will not significantly affect operations?	No	
	•	Does the Management have plans to delay or reduce expenditure and are such plans feasible?	No	
	•	Can the Management delay replacement of assets or lease assets rather than purchasing them?	No	
	•	Does the Management plan to borrow money or restructure its debt?	No	
		In this connection:	No	
		> Are alternative / additional sources of debt available to the entity and have institutions indicated a willingness to restructure the debt?	No	
		> What are the possible effects on Management's borrowing plans of existing restrictions on additional borrowing or sufficiency of available collateral?	No	
		> Could such plans directly or indirectly affect the operations of the company?	No	
	•	Has the Management made plans to obtain fresh equity investment and can this be raised with reasonable ease?	No	
2.	Can the company segregate the operations contributing to the negative cash flows?		No	

				YES/NO	REMARKS
3.	Have any forecasts, projections, budgets or other prospective data, particularly data relating to cash flows, been prepared or could reasonably be developed?			No	
4.	Are qualified staff easily available to fill a vacated key position?			No	
5.	Is there a likelihood of suitably substituting for a lost principal customer or supplier?			No	
6.	Is there a possibility of replacing assets seized or destroyed?			No	
7.	Does the company have the capability of operating at reduced levels or redeploying resources?			No	
C.	**DISCLOSURE :**				
	1.	a)	Does our evaluation in A and B above lead us to conclude that there is substantial doubt about the company's ability to continue as a going concern in the foreseeable future?	No	
		b)	If yes, have the accounts of the company been prepared on the "break up" basis?	No	
		c)	If the accounts have not prepared on the "break up" basis:	No	
			• Has a suitable disclosure been made in the financial statements together with Management's plans with regard to these matters ?	No	
			• Has a suitable explanatory paragraph, drawing attention to the disclosure in the financial statements, been included in the Auditors' Report?	No	
			• If adequate disclosure has not been made in the financial statements, does the Auditors' Report indicate full details regarding this matter?	No	
	2.	a)	Does our evaluation in A and B above indicate that there is substantial doubt about the company ability to continue as a going concern but such doubt is alleviated primarily on consideration of the Management's plans?	No	
		b)	If yes:		
			• Have we considered the need for suitable disclosures in the financial statements?	No	
			• Have we considered the need for suitable disclosures in the Auditors' Report?	No	
CONCLUSION			A "going concern" qualification is considered necessary/not considered necessary.		

Completed by : ______________________ Date : ____________________

Reviewed by : ______________________ Date : ____________________

17. CAPITAL CONTINGENT LIABILITIES & COMMITMENTS DISCLOSURES

CLIENT:

Audit Period:

	Audit Procedures	Remarks/CWP Reference
1.	Have you obtained a note describing the system of recording contingent liabilities of the company?	
2.	Is there a dependable procedure ensuring that all claims and contingent liabilities will be brought to the notice of the Chief Accountant/Administration Head/Board?	
3.	If not, how does the company's system ensure that ALL such claims and contingent liabilities will be duly recorded and brought to the notice of the management and eventually in the Financial Statements?	
4.	Have you reviewed last year's contingent liabilities and ensured that these have been duly considered for the current year's account or eliminated due to settlement of the matter?	
5.	Obtain a list of contingent liabilities from the company and co-relate it with: 1. Minutes of the Board or Committee of Directors. 2. Company's sale/purchase contracts for liquidated damages / Penalties / warranties. 3. Income-tax, sales tax and excise records. 4. Confirmations from the company's client's solicitors as to pending suits for claims against the company and reconcile the same with schedule of fees paid to solicitors/counsels. 5. Certificate from clients bankers for contingent liabilities. (e.g. bills discounted, letters of credit, guarantees etc.) 6. Labour union agreements, whether these have expired and whether union has demanded a revision or additional remuneration or bonus? 7. Whether there is Investment schedule for outstanding calls on investments? 8. Product warranties, guarantees and statutory obligations; 9. Guarantees given of obligations of subsidiary or related companies. 10. Commitments for capital expenditure 11. Disputes with tax or other government authorities. 12. Obligations under leases. 13. Matters under arbitration. 14. Pending labour demands.	

	Audit Procedures	Remarks/CWP Reference
	15. Penalties under contracts. 16. Bills discounted but not matured. 17. Forward contracts for purchase and sale of goods and forex?	
6.	Have Contingent Liabilities been measured and disclosed as per AS-29 (refer paras 26, 35-48)	
7.	Have the following been disclosed in case of Contingent Liabilities as required by AS-29: (i) an estimate of its financial effect measured under paragraphs 35-45; (ii) an indication of the uncertainties relating to any outflow; and (iii) the possibility of any reimbursement.	
8.	Have you ensured that separate disclosures have been made for the following as required by the RSVI of the Companies Act? (i) Claims against the company not acknowledged as debts. (refer AS 29 which prevails over Revised Schedule VI, 'remote' claims need not be disclosed) (ii) Uncalled liability on shares partly paid. (iii) Arrears of fixed cumulative dividends (the period for which the dividends are in arrears or if there is more than one class of shares, the dividends on each such class are in arrear) (iv) Estimated amount of contracts remaining to be executed on capital account and not provided for. (v) Other money for which the company is contingently liable. (vi) The amount of any guarantees given by the company on behalf of directors, other officers of the company or third parties and where practicable, the general nature and amount of each such contingent liability, if material.	

Prepared by ______________________ *Date* ____________________

Reviewed by ______________________ *Date* ____________________

18. FINAL REVIEW CHECKLIST

CLIENT:

Audit Period :

1 Have you ensured that the all checklists on audit and financial statements review have been completed and initialled by the person entrusted with the work?

2 Have the following fundamental accounting concepts been followed:

1. Going-Concern (continuity of business of the company in succeeding years).
2. Accrual (income & expenses accruing during the year under review).
3. Consistency (same basis of accounting to be followed consistently).
4. Prudence (future losses to be ascertained and accounted for whereas future gains to be deferred)?

3 If not, please give particulars of departures therefrom.

4 Compliance with Mandatory Accounting Standards and Auditing Pronouncements:

Have you filled up the Control Sheet for the Accounting Standards and placed on file?

5 Whether all the requirements of the above standard have been adhered to by the company? If no, draft report has to be suitably qualified?

6 Have other checklists on Statutory Registers, Companies Act Compliance checklists are completed?

7 Have all the documents as per the Documentation checklist been placed on the Working papers file?

8 Have you verified that the Peer Review checklist has been completed and placed on the file if thought appropriate?

9 Have the Institute's Statements and Guidance notes as applicable been considered and fully complied with?

10 Have you perused and noted important points arising from reports obtained by the company internally and external agencies such internal auditors, concurrent audits, etc.

12 Has the partner critically examined Ratios as per the checklist?

Checked by: ________________ *Reviewed by:* ________________

Date : ________________ *Date :* ________________

Annexures

A. Checklist for Ratios

CLIENT:

Audit Period:

	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	STRUCTURAL RATIOS		
1.	Debt to Equity (net worth)		
2.	Long Term Debt (over 1 year) to Equity	0	0
3.	Net worth to Total Assets		
4.	Fixed Assets to Networth		
5.	Fixed Assets to Capital Employed		
6.	Capital Employed to Total Liabilities		
7.	Fixed Assets to Total Assets		
	WORKING CAPITAL RATIOS		
8.	Current Assets to Current Liabilities (also known as Current Ratio)		
9.	Liquid Assets to Current Liabilities (also known as Acid Test Ratio)		
	PROFITABILITY RATIOS		
10.	Gross Profit to Sales (%)		
11.	Operating Profit to Sales (%)		
12.	PBIT to Sales (%)		
13.	PBT to Sales (%)		
14.	Net Profit to Sales (%)		
	EXPENSES RATIOS		
15.	Cost of Goods sold to Sales		
16.	Direct Materials to Cost of Goods Sold		
	PROFIT ALLOCATION RATIOS		
17.	Income Tax Provision to PBT		
18.	Ordinary Dividend to Net Profit		
19.	Retained Earnings to Net Profit		
	YIELD RATIO		
20.	Dividend Yield = Ordinary Dividends to Market		
	Value of Ordinary shares		
21.	Earnings Yield = (Net Profit - Pref Dividend) to Market value of ordinary sh.		
	PROFITABILITY RATIOS		
22.	PBIT to Capital Employed		
23.	PBT to Networth		
24.	Net Profit to Networth		

	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
25.	Profit to Fixed Assets		
	TURNOVER RATIOS		
26.	Sales to Total Assets		
27.	Sales to Fixed Assets		
28.	Cost of Goods Sold to Inventory		

Checked By: ________________ *Reviewed By:* ________________

Date ________________ *Date* ________________

B. Companies Act Compliance Checklist

CLIENT: Badve Cellino Engineering Pvt Ltd

Audit Period: 2012-2013

It is the duty of the directors and officers of the company to ensure that the provisions of the Companies Act, 1956 are complied with. Where non-compliance with the provisions of the Act has a bearing upon the accounts and transactions of the company, the auditor would in the normal course of his audit become informed of the violation of the Act and may have an obligation to bring this to the attention of the shareholders. To facilitate this, the following list of important sections is provided.

Section	Particulars	Remarks
3	Definition of company, existing company, private company and public company	
	Private Company	
	Is the paid-up capital of the company Rs. 1,00,000 or more?	Yes
	Public Company	
	Is the paid-up capital of the company Rs. 5,00,000 or more?	No
4	Meaning of holding company and subsidiary	The Co. is a JV between BEL &
	Does one company	
	(a) Control the composition of Board of Directors?	
	(b) Hold more than half in nominal value of Equity Share capital of another.	
13	Requirements of the Memorandum:	
	Does the name of the Company contain "Limited" or "Private Limited" as appropriate?	Yes, Private Limited
	Is the state in which the registered office of the company is to be situated mentioned in the Memorandum?	Yes
	Does the Memorandum contain the main and Other objects?	Yes
	If objects extend beyond one state, does it mention the states to which the objects extend?	No
17	Has there been any alteration in the Memorandum relating to the change in the place of its Registered Office from one state to another?	No
17A	Has the company changed the place of its registered office from the jurisdiction of one Registrar of companies to another Registrar of companies within the same state?	No
	Has such a change been confirmed by the Regional director?	N.A.
49	Investments of company to be held in its own name	N.A.
58A	Deposits not to be invited without issuing an advertisement	N.A
58AA	Small depositors	N.A
75	Return of Allotment	N.A.
	Has company filed return of allotment within thirty days of such allotment?	

Section	Particulars	Remarks
76	Power to pay certain commissions and prohibition of payment of all other commissions, discounts, etc.	N.A.
77	Restrictions on purchase by company, or loans by company for purchase of its own or its holding company's shares	N.A.
77A, 77AA	Power of company to purchase its own securities	Yes
77B	Prohibition of buy-back in certain circumstances	Yes
78	Applications of premiums received on issue of shares	
79	Power to issue shares at a discount	
79A	Issue of Sweat Equity Shares	
80	Power to issue redeemable preference shares	
80A	Redemption of irredeemable preference shares, etc.	
81	Further issue of capital	Company has infused capital in
86	New issues of share capital to be only of two kinds.	Yes; Only equity is issued in
93	Payment of dividend in proportion to amount paid-up	N.A.
94	Power of limited company to alter its share capital	
94A	Share capital to stand increased where an order is made under section 81(4)	
100, 102	Reduction of shares under a court order	
108 to 112	Transfer of shares and debentures	
114, 115	Share warrants	
125	Certain charges to be void against liquidator or creditors unless registered	
134	Duty of company as regards registration and right of interested party.	
143	Company's register of charges	N.A. No charges are created
149	Restrictions on commencement of business	N.A. to Private Company
159	Annual Return of Companies	Awaited
165	Statutory meeting and statutory report of company	
166	Annual general meeting	
174	Quorum for Meeting	
189	Ordinary and special resolutions	
190	Resolutions requiring special notice	
192	Registration of certain resolutions and agreements	
192A	Passing of resolutions by postal ballots	
193	Minutes of proceedings of general meetings and of Board and other meetings	
197A	Company not to appoint or employ certain different categories of managerial personnel at the same time	
198	Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits	
199	Calculation of commission, etc. in certain cases	

Section	Particulars	Remarks
200	Prohibition of tax-free payments	
204	Restriction on appointment of firm or body corporate to office or place of profit under a company	
205	Dividend to be paid only out of profits	
205A	Unpaid dividend to be transferred to special dividend account	
205B	Payment of unpaid or unclaimed dividend	
207	Penalty for failure to distribute dividends within thirty days	
208	Power of company to pay interest out of capital in certain cases	
209	Books of account to be kept by company	Yes
210	Annual accounts and balance sheet	Yes
211	Form and contents of balance sheet and profit and loss account	Yes
212	Balance sheet of holding company to include certain particulars as to its subsidiaries	N.A.
213	Financial year of holding company and subsidiary	
215	Authentication of balance sheet and profit and loss account	Yes, will be signed by MD &
216	Profit and loss account to be annexed and auditors' report to be attached to balance sheet	Yes
217	Board's report	Yes
220	Three copies of balance sheet, etc., to be filed with the registrar	
222	Construction of references to documents annexed to accounts	
224, 225, 226	Appointment, removal, qualifications and disqualifications of auditors	Last Year AGM
224A	Auditor not to be appointed except with approval of the company by special resolution in certain cases	N.A.
227	Powers and duties of auditors	
228	Audit of accounts of branch office of company	
229	Signature of audit report, etc.	
233A	Power of Central Government to direct special audit in certain cases	
233B	Audit of cost accounts in certain cases	
252	Minimum number of directors	
259	Increase in number of directors to require Government sanction	
260	Additional directors	
268, 269	Appointment, re-appointment of managing or whole-time director	
274	Disqualifications of director	
275	No person to be a director of more than 15 companies	

Section	Particulars	Remarks
284	Removal of Directors	
285	Board to meet at least once in every three calendar months	
287	Quorum for Board Meetings	
291, 292, 293	Board's powers and restrictions thereon	
292A	Audit committee	
293A, 293B	Limitations on political contributions and to the National Defence Fund, etc.	
294	Appointment of sole selling agents to require approval of company in general meeting	
294A	Prohibition of payment of compensation to sole selling agents for loss of office in certain cases	
294AA	Power of Central Government to prohibit the approval of sole selling agents in certain cases	
295	Loans to directors, etc.	
296	Application of section 295 to book debts in certain cases	
297	Board's sanction to be required for certain contracts in which particular directors are interested	
299	Disclosure of interests by director	
301	Register of contracts, companies and firms in which directors are interested	
309 to 311	Remuneration of directors	
313	Appointment and term of office of alternate directors	
314	Director, etc. not to hold office or place of profit	
316	Number of companies of which one person may be appointed managing director	
317	Managing director not to be appointed for more than five years at a time	
318 to 321	Compensation to directors for loss of office	
322	Directors etc, with unlimited liability in limited company	
349, 350	Computation of profits for the purposes of determining the remuneration of managerial personnel	
372	Purchase by company of shares, etc., of other companies	
372A	Inter-corporate loans and investments	
383A	Certain companies to have secretaries	
384 to 388A	Managers	
391 to 396A	Arrangements and reconstructions	
417	Employees' securities to be deposited in post office savings bank or Scheduled Bank	
418	Provisions applicable to provident funds of employees	

Section	Particulars	Remarks
591	Foreign companies	
594	Accounts of foreign company	
619	Application of sections 224 to 233 to Government companies	
619B	Provisions of section 619 to apply to certain companies	
Schedule	**Particulars**	
VI	Form and contents of balance sheet and statement of profit and loss.	
XIII	Appointment and remuneration of managerial personnel	
XIV	Rates of depreciation	

Checked By: ________________ *Reviewed By:* ________________

Date ________________ *Date* ________________

C. Checklist for Managerial Remuneration

CLIENT:

Audit Period:

	Particulars	Remarks
	OBJECTIVE:— As per the Revised Schedule VI of the Companies Act, 1956, remuneration paid to the Managing/ Whole time Directors, which is subject to certain limits and requires compliance with certain procedures, together with the computation of the net profits for determining the adequacy for payment of such remuneration. The objective of this checklist is to ensure that the said remuneration is computed correctly, and is in accordance with the provisions of the Companies Act, 1956.	
(A)	**APPOINTMENT OF MANAGING / WHOLE TIME DIRECTORS OR MANAGER (AS DEFINED IN THE ACT) :**	
	1 Does the paid-up capital of the Company exceed Rs 5 crores as per the last audited accounts. 2 If yes, has the Company appointed a managing director, whole time director or a manager, as required by Section 269 (1)? 3 Do the above managerial personnel fulfil the conditions as laid down in Part I of Schedule XIII, which are as under: a) He should not have been convicted of an offence under any of the 15 acts indicated under sub-clause (a) of the above Schedule. b) He should have completed 25 years and should not have attained the age of 70 years. c) Is he holding appointment as a managerial person in any other company? For the purpose of (b) and (c) above, the consent given by the director in the prescribed Form No. 29 and the prescribed Form No. 32 filed with the Registrar of Companies should be verified.	
4	Ensure that the appointment of managerial personnel in all cases is approved by a special resolution passed by the shareholders at a general meeting as required by Part III of the Schedule. In the first year, the certified true copy of the said resolution should be obtained and filed and in subsequent years the same should be carried forward to the current year's file.	
5	State the date on which the general meeting is held approving the terms of appointment invited to the note under point No. 7 later.)	

	Particulars	Remarks
6	In case the conditions specified under (3) above have not been satisfied, ensure that an application is made to the Central Government within 90 days from the date of such appointment.	
7	State the date on which the Central Government approval has been obtained and file a copy of the same in the first year and in subsequent years the same should be carried forward to the current year's file. **Note:** Whilst in cases where the appointment is not in accordance with Part I of Schedule XIII, the application has to be made within 90 days, in other cases where only the shareholders' approval is required, the Department of Company Affairs has clarified that the same can be obtained at the next general meeting held after the date of the appointment.	
8	Ensure that the Company has filed the prescribed return under section 269 (2) within 90 days of the date of appointment. Indicate the date of filing of the same.	
B	**REMUNERATION:**	
9	Obtain the computation of the total remuneration payable to the managerial personnel as well as to any other directors.	
10	The remuneration should as far as possible be broken up under the following broad heads as per the requirements of Schedule VI:— a) Salaries and allowances b) Monetary value of various perquisites c) Contribution to provident, superannuation and gratuity funds d) Commission	
11	Obtain and check the computation of net profit as per Section 349. Ensure that the various adjustments to arrive at the same have been correctly done.	
12	Express the total remuneration as per (10) above as a % of the net profits computed as per (11) above.	
13	The % should not exceed the following limits:— a) 5% of the net profits in case of remuneration to only one managerial personnel. b) 10% of the net profits in case of remuneration to more than one managerial personnel. c) 11% of the net profits in respect of the total remuneration to all managerial personnel (including the non-whole time directors).	

	Particulars	Remarks
14	In case the total remuneration is in excess of the above limits, the company would be considered as having "inadequate profits." (Note whether excess paid to directors above the ceiling is refunded by the Director/s)	
15	In case the company is making adequate profits, it has the freedom to structure the remuneration package in such a manner as it deems fit subject to it being approved by the shareholders and covered under (6) & (7) above.	
16	In cases covered under (15) above, ensure that:— a) The various components of salary, allowances and perquisites are as per the shareholders and Central Government approval. b) Ensure that all payments made to managerial personnel whether termed as allowances or reimbursement of expenses or perquisites, and whether paid through the payroll or otherwise, and whether taxable or tax free are considered as part of the remuneration. c) In respect of certain perquisites where a monetary value cannot be assigned, the taxable value thereof as per the Income Tax Act, 1961 and the Income Tax Rules, 1962 would need to be considered e.g. providing motor car, providing rent free furnished or unfurnished accommodation whether owned or otherwise, etc. d) In cases where any "furnishings" have been provided, obtain a certified list from the Company Secretary or any other appropriate official and verify the cost of such items based on the accounting records. e) In case of provision of motor car, telephone, etc. for private purposes, ensure that the same are considered as part of the computation after considering the recoveries, if any. In case they are not used for private purposes, obtain a certificate from the Company Secretary or other appropriate official.	
17	In respect of companies having no profits/inadequate profits the remuneration by way of salaries, allowances or perquisites shall not exceed a ceiling of Rs. 24,00,000 per annum or Rs. 200,000 per month calculated on the following scale based on the "effective capital":— Effective Capital Less than Rs. 1 crore Rs. 1 crore to less than Rs. 5 crores Rs. 5 crores to less than Rs. 25 crores Rs. 25 crores to less than Rs. 100 crores More than Rs. 100 crores	

	Particulars	Remarks
	Notes: a) Contribution to provident and superannuation funds to the extent not taxable, gratuity up to half month salary for each completed year of service and encashment of leave are not to be considered whilst calculating the above ceiling. b) An expatriate managerial personnel would be entitled to children's education allowance, holiday passage for children and leave travel allowance subject to certain limits and conditions, which are not to be considered whilst calculating the above ceiling.	
18	Check the computation of the "effective capital" on the basis of the last audited accounts which have been adopted by the shareholders. (For the mode of computation of "effective capital" refer to Explanation I under section II(2) of Part II of Schedule XIII).	
19	In case the remuneration is paid as per normal terms and subsequently it is observed that the company has made inadequate profits or losses ensure that the excess remuneration, if any, has been recovered.	
20	In case commission is payable to both whole time/non whole time directors:— a) In case of whole time directors, ensure that it is in accordance with the terms of appointment as approved by the shareholders and / or the Central Government. b) In case of non-whole time directors, ensure that it is in accordance with the terms/basis approved by the Board and the shareholders or it is subsequently ratified by the shareholders. c) In case of no profits or inadequate profits ensure that no commission has been paid.	

Completed By : _______________ *Reviewed By:* _______________

Date: _______________ *Date:* _______________

D. Transfer of profit to reserves Declaration of Dividend out of reserves

I. COMPANIES (TRANSFER OF PROFITS TO RESERVES) RULES CHECKLIST.

II. COMPANIES (DECLARATION OF DIVIDEND OUT OF RESERVES) RULES CHECKLIST.

Client : ________________________________ Audit Period ___________

OBJECTIVE : The objective of this checklist is to ensure that dividend declaration/ transfer to reserves is as per rules framed in this regard.						
I.	1.	No dividend shall be declared or paid unless depreciation for the current year and arrears of depreciation for previous years have been provided for.				
	2.	What is the % of dividend proposed by the directors?				
	3.	The % of profits to be transferred to reserves is as follows :				
		a.	Dividend greater than 10% but less than 12.5%	-	2.5% of current profits(after tax)	
		b.	Dividend greater than 12.5% but less than 15%	-	5% of current profits(after tax)	
		c.	Dividend greater than 15% but less than 20%	-	7.5% of current profits(after tax)	
		d.	Dividend greater than 20%	-	10% of current profits(after tax)	
	4.	State the current profit for the year (after tax, after arrears of depreciation and after transfer to Investment Allowance Reserve)				
	5.	What is the % of current profits required to be transferred to reserves per point 3? State amount.				
	6.	What is the amount proposed to be transferred to reserves by the company?				
	7.	Divide the amount arrived at in 6 by the current profit in 4 and derive a %.				
	8.	If the % in 7 above is higher than 10% a. The dividend rate must be equal to the average of the rates declared in the 3 preceding years (this includes no dividend years). b. Where bonus shares have been issued in Current year in which dividend is declared plus previous 3 financial years, then the average quantum of dividend over the past three years must be maintained. (This minimum distribution is not necessary where net profits after tax is lower by 20% or more than the average net profits after tax of the two financial years immediately preceding).				

	9.	Where no dividend is declared, the amount transferred to reserves from the current profits shall be lower than the average amount of dividends over the 3 preceding years.	
II.	Declaration of Dividend out of Reserves is permitted if :		
	a.	the rate of dividend does not exceed the average rates for the 5 immediately preceding years or ten per cent, whichever is less.	
	b.	the total amount drawn from accumulated profits transferred to reserves (including Development Rebate Reserve but excluding capital reserves) does not exceed 1/10th of the paid-up capital and free reserves and the amount so drawn shall be first used to set off losses incurred in the current year and	
	c.	the balance of reserves after the withdrawal in (b) above does not fall below 15% of its paid-up Share Capital.	
NOTE :		In terms of RBI directives, NBFCs are required to transfer 20% of the profit after tax to a "Special Reserve" in addition to the transfer under these Rules.	
Conclusion:		The Company has complied with the Companies (Transfer of Profits to Reserves) Rules/Companies (Declaration of Dividend out of Reserves) Rules.	

Completed by : ____________________________ *Date :* ____________________________

Reviewed by : ____________________________ *Date :* ____________________________

E. Statutory Records – Compliance

CLIENT: Badve Cellino Engineering Private Limited

Audit Period : 2012-2013

Section	Particulars	Remarks
49(7)	Register of investments in shares and securities not held in the name of the company	
58A	Register of deposits	
136	Copy of every instrument creating charge requiring registration	
143(1)	Register of charges	
150(1)	Register of members	To be taken
151(1)	Index of members in case of a company having more than 50 members unless register itself is in an index form	
152(1) and (2)	Register and index of debentureholders	
157(1)	Foreign register of members or debentureholders	
158	Duplicate of such foreign register of members and debenture holders	
163(1)	Copies of annual returns prepared under S. 159 & 160 with copies of documents required to be annexed thereto	Taken
193(1)	Minute books of board of directors and committees of the board	
193(1)	Minute books of proceedings of general meetings	Awaited
209(1)	Books of account and other cost records	Awaited
209(2)	Proper books of account relating to transactions effected at branch office	N.A.
301(1), 301(5)	Register of contracts with directors, companies and firms in which directors are interested	Awaited
302(6)	All contracts entered into by the company for the appointment of a managing director	N.A.
303(1), 304(1)	Register of directors, Mg. directors, and secretary	Awaited
307(1)	Register of directors' shareholdings	Awaited
272(6)	Register of investments in shares and debentures of other bodies corporate	N.A.
372A(5)	Register of inter-corporate loans and investments.	N.A>

Prepared by: Ketan *Checked by:* ____________

Date: 13/09/2013 *Date:* ____________

F. Documentation of Audit Work

CLIENT: Badve Cellino Engineering Private Limited

Audit Period : 2012-13

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

NOTES:

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

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

III] Letter of Representation

SA 580 on 'Written Representations' establishes the standard on use of management representations which can be used as audit evidence. It also prescribes the procedures to be applied in evaluating and documenting representations from management and in case the management refuses to provide representation, what is the action auditor need to take. It is suggested that irrespective of the need for representations on specific matters, the auditor should consider obtaining a general representation from the management.

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

(on client letterhead)

Date: __ . ___. _____

MNOP & Co.

Chartered Accountants

<<City Name,PIN Code>>

This representation letter is provided in connection with your audit of the financial statements of .... Ltd. for the year / period 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 .... Ltd. as of .... and the results of its operations for the year / period then ended in accordance with the requirements of the Companies Act, 1956 and recognized accounting practices, including the mandatory Accounting Standards.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the requirements of the Companies Act, 1956 and recognized accounting practices, including the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

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

As set out in the terms of the audit engagement dated <____> for the preparation of financial statements in accordance with the Financial Reporting Standards; in particular the financial statements are presented to give a true and fair view in accordance with the applicable accounting standards in India.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

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

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

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

The financial statements are free of material misstatements, including omissions. The affects of uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements as a whole. A list of uncorrected misstatements is attached to the representation letter.

We have provided you with:

a. Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters

b. Additional information that you have requested from us for the purpose of the audit and

c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risks that the financial statements may be materially misstated as a result of fraud

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

o Management;

o Employees who have significant roles in internal control; or

o Others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

The company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on accrual basis.

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

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

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

c) charges or credits relating to prior years;

d) changes in accounting policies.

We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. We confirm the completeness of the information provided regarding the identification of related parties.

The balances and transactions with, related parties have been properly recorded and, when appropriate, adequately disclosed in the financial statements in accordance with the applicable accounting standards.

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

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

The net book values at which fixed assets are stated in the balance sheet are arrived at:

a) after taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue;

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

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

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

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

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

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

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

We additionally confirm that:

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

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

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

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

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

The company has not given guarantees for loans taken by others from banks or financial institutions during the year except as stated in the attached annexure.

Yours faithfully,

Exec. Director