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INDEX OF CONTENTS

<u>PAGE</u>	<u>PARTICULARS</u>
4-7	APPLICABILITY OF ACCOUNTING STANDARDS TO COMPANIES
8-12	APPLICABILITY OF ACCOUNTING STANDARDS TO NON-CORPORATES ENTITIES
13-16	FORMAT OF AUDIT PROGRAM
17	AUDIT WORKING PAPERS - CURRENT FILE
18	AUDIT WORKING PAPERS - PERMANENT FILE
19	FORMAT OF ENGAGEMENT LETTER (NON-CORPORATE)
20	FORMAT OF CONSENT & CERTIFICATE OF AUDITOR UNDER COMPANIES ACT, 2013
21	FORMAT OF APPOINTMENT LETTER (CORPORATE) TO AUDITOR – RATIFICATION AT AGM
22	FORMAT OF APPOINTMENT LETTER (CORPORATE) TO AUDITOR – NEW APPOINTMENT
23	FORMAT OF APPOINTMENT LETTER (TAX AUDIT U/S 44AB) TO AUDITOR
24	FORMAT OF COMMUNICATION TO PREVIOUS AUDITOR
25-27	FORMAT OF AUIT REPORT (NEW)
28-31	CARO 2016 (UNQUALIFIED STANDARD VERSION)
32-33	FORMAT OF REPORT ON INTERNAL FINANCIAL CONTROLS
34-37	FORMAT OF MANAGEMENT REPRESENTATION LETTER TO AUDITOR
38-41	FORMAT OF BOARD’S REPORT
42-54	DISCLOSURE REQUIREMENT UNDER ACCOUNTING STANTDARDS ACCOUNTING STANDARD-1 TO ACCOUNTING STANDARD-32

APPLICABILITY OF ACCOUNTING STANDARDS TO COMPANIES

Ref.	Description	SMCs	Non-SMCs
A S-1	Disclosures of Accounting Policies	Y	Y
A S-2	Valuation of Inventories	Y	Y
A S-3	Cash Flow Statements	N	Y
A S-4	Contingencies and Events occurring after the Balance Sheet date	Y	Y
A S-5	Net Profit or Loss for the period, Prior Period items and changes in Accounting Policies	Y	Y
A S-6	Depreciation Accounting	Y	Y
A S-7	Construction Contracts	Y	Y
A S-9	Revenue Recognition	Y	Y
A S-10	Accounting for Fixed Assets	Y	Y
A S-11	The Effects of Changes in Foreign Exchange Rates	Y	Y
A S-12	Accounting for Government Grants	Y	Y
A S-13	Accounting for Investments	Y	Y
A S-14	Accounting for Amalgamation	Y	Y
A S-15	Employee Benefits	Partly (Note 1)	Y
A S-16	Borrowing Costs	Y	Y
A S-17	Segment Reporting	N	Y
A S-18	Related Party Disclosures	Y	Y
A S-19	Leases	Partly (Note 2)	Y
A S-20	Earnings Per Share	Partly (Note 3)	Y
A S-21	Consolidated Financial Statements	N	Y
A S-22	Accounting for Taxes on Income	Y	Y
A S-23	Accounting for Investments in Associates in Consolidated Financial Statements	N	Y
A S-24	Discontinuing Operations	Y	Y
A S-25	Interim Financial Reporting	Y (Note 4)	Y
A S-26	Intangible Assets	Y	Y
A S-27	Financial Reporting of Interests in Joint Venture	N	Y
A S-28	Impairment of Assets	Partly (Note 5)	Y
A S-29	Provisions, Contingent Liabilities and Contingent Assets	Partly (Note 6)	Y

SMCs: It means a Company

- (i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;
- (ii) which is not a bank, financial institution or an insurance company;
- (iii) whose turnover (excluding other income) does not exceed rupees fifty crore in the immediately preceding accounting year;
- (iv) which does not have borrowings (including public deposits) in excess of rupees ten crore at any time during the immediately preceding accounting year; and
- (v) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.

Non-SMCs: Companies not falling within the definition of SMC are considered as Non- SMCs.

NOTES

1. A S 15 : Employee Benefits

a) A Small and Medium-sized Company, as defined above, may not comply with recognition and measurement of short-term accumulating compensated absences, which are non-vesting (i.e., short term accumulating compensated absences in respect of which employees are not entitled to cash payment for unused entitlement on leaving).

b) It may not discount contributions and termination benefits that fall due more than 12 months after the balance sheet date.

c) It may not comply with recognition and measurement principle as laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 of the standard in respect of accounting for defined benefit plans. However, such companies should actuarially determine and provide for the accrued liability in respect of defined benefit plans by using projected unit credit method and the discount rate used should be determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations. Such companies should disclose the following actuarial assumptions

- the discount rates;
- the expected rates of return on any plan assets for the periods presented in the financial statements;
- the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset in accordance with paragraph 103;
- medical cost trend rates; and
- any other material actuarial assumptions used.

An enterprise should disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

Apart from the above actuarial assumptions, an enterprise should include an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) It may not comply with the recognition and measurement principles laid down in paragraphs 129 to 131 of the Standard in respect of accounting for other long-term employee benefits. However, such a company should actuarially determine and provide for the accrued liability in respect of other long-term employee benefits by using the Projected Unit Credit Method and discount rate used should be determined by reference to market yields at the balance sheet date on government bonds.

2. A S 19 Leases:

Disclosures in respect of the following provisions are not applicable to SMCs

Leases in the Financial Statements of Lessees

For Finance leases:

- (a)** a reconciliation between the total of minimum lease payments at the balance sheet date and their present value. In addition, an enterprise should disclose the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b)** the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date; and
- (c)** a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
 - i. the basis on which contingent rent payments are determined;
 - ii. the existence and terms of renewal or purchase options and escalation clauses; and
 - iii. restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

For Operating Leases:

- (a)** the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b)** the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;
- (c)** a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
 - (i) the basis on which contingent rent payments are determined;
 - (ii) the existence and terms of renewal or purchase options and escalation clauses; and
 - (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

Leases in the Financial Statements of Lessors

For Finance leases:

- (a) a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date. In addition, an enterprise should disclose the total gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b) a general description of the significant leasing arrangements of the lessor; and

For Operating Leases:

- (a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b) a general description of the lessor's significant leasing arrangements.

3. A S 20 Earnings Per Share: Disclosure of diluted Earnings per Share is exempted for SMCs.

4. A S 25 Interim Financial Reporting: AS 25 is applicable only if a company/non-corporate entity elects to prepare and present an interim financial report. Only certain Non-SMCs/Level I entities are required by the concerned regulatory to present interim financial results, e.g., quarterly financial results required by the SEBI.

5. A S 28 Impairment of Assets: SMCs are allowed to measure the "Value in use" on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. Consequently, the relevant provisions such as discount rate, etc. are not applicable for it.

6. A S 29 Provisions, Contingent Liabilities and Contingent Assets:

Disclosures in respect of the following provisions are not applicable to SMCs:

(A) For each class of provision:

- (a) the carrying amount at the beginning and end of the period;
- (b) additional provisions made in the period, including increases to existing provisions;
- (c) amounts used (i.e. incurred and charged against the provision) during the period; and
- (d) unused amounts reversed during the period.

(B) For each class of provision:

- (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
- (b) an indication of the uncertainties about those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events, i.e. Future events that may affect the amount required to settle an obligation should be reflected in the amount of a provision where there is sufficient objective evidence that they will occur.
- (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

APPLICABILITY OF ACCOUNTING STANDARDS TO NON-CORPORATE ENTITIES

Ref.	Description	Level I	Level II	Level III
A S-1	Disclosures of Accounting Policies	Y	Y	Y
A S-2	Valuation of Inventories	Y	Y	Y
A S-3	Cash Flow Statements	Y	N	N
A S-4	Contingencies and Events occurring after the Balance Sheet date	Y	Y	Y
A S-5	Net Profit or Loss for the period, Prior Period items and changes in Accounting Policies	Y	Y	Y
A S-6	Depreciation Accounting	Y	Y	Y
A S-7	Construction Contracts	Y	Y	Y
A S-9	Revenue Recognition	Y	Y	Y
A S-10	Accounting for Fixed Assets	Y	Y	Y
A S-11	The Effects of Changes in Foreign Exchange Rates	Y	Y	Y
A S-12	Accounting for Government Grants	Y	Y	Y
A S-13	Accounting for Investments	Y	Y	Y
A S-14	Accounting for Amalgamation	Y	Y	Y
A S-15	Employee Benefits	Y	Partly (Note 1)	Partly (Note 1)
A S-16	Borrowing Costs	Y	Y	Y
A S-17	Segment Reporting	Y	N	N
A S-18	Related Party Disclosures	Y	Y	N
A S-19	Leases	Y	Partly (Note 2)	Partly (Note 3)
A S-20	Earnings Per Share	Y	Partly (Note 4)	Partly (Note 5)
A S-21	Consolidated Financial Statements	Y	N	N
A S-22	Accounting for Taxes on Income	Y	Y	Y
A S-23	Accounting for Investments in Associates in Consolidated Financial Statements	Y	N	N
A S-24	Discontinuing Operations	Y	Y	N
A S-25	Interim Financial Reporting	Y	Y (Note 6)	Y (Note 6)
A S-26	Intangible Assets	Y	Y	Y
A S-27	Financial Reporting of Interests in Joint Venture	Y	N	N
A S-28	Impairment of Assets	Y	Partly (Note 7)	Partly (Note 7)
A S-29	Provisions, Contingent Liabilities and Contingent Assets	Y	Partly (Note 8)	Partly (Note 8)

Level I Entities

Non-corporate entities which fall in any one or more of the following categories, at the end of the relevant accounting period, are classified as Level I entities:

- i. Entities whose equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India.
- ii. Banks (including co-operative banks), financial institutions or entities carrying on insurance business.
- iii. All commercial, industrial and business reporting entities, whose turnover (excluding other income) exceeds rupees fifty crore in the immediately preceding accounting year.
- iv. All commercial, industrial and business reporting entities having borrowings (including public deposits) in excess of rupees ten crore at any time during the immediately preceding accounting year.
- v. Holding and subsidiary entities of any one of the above.

Level II Entities

Non-corporate entities which are not Level I entities but fall in any one or more of the following categories are classified as Level II entities:

- i. All commercial, industrial and business reporting entities, whose turnover (excluding other income) exceeds rupees one crore but does not exceed rupees fifty crore in the immediately preceding accounting year.
- ii. All commercial, industrial and business reporting entities having borrowings (including public deposits) in excess of rupees one crore but not in excess of rupees ten crore at any time during the immediately preceding accounting year.
- iii. Holding and subsidiary entities of any one of the above.

Level III Entities

Non-corporate entities, which are not covered under Level I and Level II, are considered as Level III entities.

NOTES

1. A S 15 Employee Benefits:

For Level II and Level III Non-corporate entities whose average number of persons employed during the year is 50 or more are exempted from the applicability of following provisions:

- a) It may not comply with recognition and measurement of short-term accumulating compensated absences, which are non-vesting (i.e., short term accumulating compensated absences in respect of which employees are not entitled to cash payment for unused entitlement on leaving).
- b) It may not discount contributions and termination benefits that fall due more than 12 months after the balance sheet date.
- c) It may not comply with recognition and measurement principle as laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 of the standard in respect of accounting for defined benefit plans. However, such entities should actuarially determine and provide for the accrued liability in respect of defined benefit plans by using projected unit credit method and the discount rate used should be determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations. Such companies should disclose the following actuarial assumptions

- the discount rates;
- the expected rates of return on any plan assets for the periods presented in the financial statements;
- the expected rates of return for the periods presented in the financial statements on any reimbursement right recognized as an asset in accordance with paragraph 103;
- medical cost trend rates; and
- any other material actuarial assumptions used.

An enterprise should disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

Apart from the above actuarial assumptions, an enterprise should include an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) It may not comply with the recognition and measurement principles laid down in paragraphs 129 to 131 of the Standard in respect of accounting for other long-term employee benefits. However, such a entity should actuarially determine and provide for the accrued liability in respect of other long-term employee benefits by using the Projected Unit Credit Method and discount rate used should be determined by reference to market yields at the balance sheet date on government bonds.

For Level II and Level III Non-corporate entities whose average number of persons employed during the year is less than 50 are exempted from the applicability of following provisions:

- Same as paragraph 1a given above
- Same as paragraph 1b given above
- It may not comply with recognition and measurement principle as laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 of the standard in respect of accounting for defined benefit plans. However, such entities may calculate and account for the accrued liability under the defined benefit plans by reference to some other rational method, e.g. a method based on the assumption that such benefits are payable to all employees at the end of accounting year; and
- It may not comply with the recognition and measurement principles laid down in paragraphs 129 to 131 of the Standard in respect of accounting for other long-term employee benefits. However, such entities may calculate and account for the accrued liability under the other long-term employee benefits by reference to some other rational method, e.g. a method based on the assumption that such benefits are payable to all employees at the end of accounting year.

2. A S 19 Leases: (Level II entities)

Disclosures in respect of the following provisions are not applicable to Level II entities

Leases in the Financial Statements of Lessees

For Finance leases:

- a) a reconciliation between the total of minimum lease payments at the balance sheet date and their present value. In addition, an enterprise should disclose the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:
 - (i) not later than one year;

- (ii) later than one year and not later than five years;
- (iii) later than five years;
- b)** the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date; and
- c)** a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
 - i) the basis on which contingent rent payments are determined;
 - ii) the existence and terms of renewal or purchase options and escalation clauses; and
 - iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

For Operating Leases:

- (a)** the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b)** the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;
- (c)** a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
 - (i) the basis on which contingent rent payments are determined;
 - (ii) the existence and terms of renewal or purchase options and escalation clauses; and
 - (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

Leases in the Financial Statements of Lessors

For Finance leases:

- (a)** a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date. In addition, an enterprise should disclose the total gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b)** a general description of the significant leasing arrangements of the lessor; and

For Operating Leases:

- (a)** the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years;
- (b)** a general description of the lessor's significant leasing arrangements.

APPLICABILITY OF ACCOUNTING STANDARDS TO NON-CORPORATE ENTITIES

3. A S 19 Leases: (Level III entities)

All the above disclosures as stated above in Note 2 are also not applicable for Level III entities. Further in respect of Leases in the Financial Statements of Lessors "Accounting policy adopted in respect of initial direct costs." is also not required to be disclosed.

4. A S 20 Earnings per share: (Level II entities)

Diluted earnings per share (both including and excluding extraordinary items) is not required to be disclosed by non-corporate entities falling in Level II.

5. A S 20 Earnings per share: (Level III entities)

Diluted earnings per share (both including and excluding extraordinary items) is not required to be disclosed by non-corporate entities falling in Level III. Further such an entity need not disclose the information in respect of

- (a) the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to the net profit or loss for the period;
- (b) the weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other; and
- (c) the nominal value of shares along with the earnings per share figures.

6. A S 25 Interim Financial Reporting: AS 25 is applicable only if a company/non-corporate entity elects to prepare and present an interim financial report. Only certain Non-SMCs/Level I entities are required by the concerned regulatory to present interim financial results, eg, quarterly financial results required by the SEBI.

7. A S 28 Impairment of Assets:

Level II and Level II entities are allowed to measure the "Value in use" on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. Consequently, the relevant provisions such as discount rate, etc. are not applicable for it.

8. A S 29 Provisions, Contingent Liabilities and Contingent Assets:

Disclosures in respect of the following provisions are not applicable to Level II and Level II entities

(A) For each class of provision:

- the carrying amount at the beginning and end of the period;
- additional provisions made in the period, including increases to existing provisions;
- amounts used (i.e. incurred and charged against the provision) during the period; and
- unused amounts reversed during the period.

(B) For each class of provision:

- a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
- an indication of the uncertainties about those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events, i.e. Future events that may affect the amount required to settle an obligation should be reflected in the amount of a provision where there is sufficient objective evidence that they will occur.
- the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

FORMAT OF AUDIT PROGRAM

Name of Entity : **XYZ LIMITED**

FY: 2015-16

ABC & Co

Status: **Company**

CHARTERED ACCOUNTANTS

Type of Business:

SI	Remarks	Compliance done																																
	<u>FINAL REVIEW BY SENIOR PARTNER:</u> Various abbreviations used in Check Box (Y/N): <table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">SI</th> <th style="width: 95%;">Particulars</th> </tr> </thead> <tbody> <tr><td>1</td><td>No of Sets Required</td></tr> <tr><td>2</td><td>SMC or Level I/II/III</td></tr> <tr><td>3</td><td>Applicability of CARO</td></tr> <tr><td>4</td><td>Applicability of Cash Flow Statement</td></tr> <tr><td>5</td><td>Applicability of Certification / Signing by CS</td></tr> <tr><td>6</td><td>Co Secretary u/s 203(1)</td></tr> <tr><td>7</td><td>Applicability of RBI provisions (NBFC etc)</td></tr> <tr><td>8</td><td>Tax Audit Applicability</td></tr> <tr><td>9</td><td>VAT Audit Applicability</td></tr> <tr><td>10</td><td>Transfer Price Audit</td></tr> <tr><td>11</td><td>Cost Audit Applicability</td></tr> <tr><td>12</td><td>Internal Audit Applicability</td></tr> <tr><td>13</td><td>Management Representation Letter</td></tr> <tr><td>14</td><td>Appointment Letter</td></tr> <tr><td>15</td><td>Validity of Digital Signature of Signatory for ROC/IT filing purpose</td></tr> </tbody> </table>	SI	Particulars	1	No of Sets Required	2	SMC or Level I/II/III	3	Applicability of CARO	4	Applicability of Cash Flow Statement	5	Applicability of Certification / Signing by CS	6	Co Secretary u/s 203(1)	7	Applicability of RBI provisions (NBFC etc)	8	Tax Audit Applicability	9	VAT Audit Applicability	10	Transfer Price Audit	11	Cost Audit Applicability	12	Internal Audit Applicability	13	Management Representation Letter	14	Appointment Letter	15	Validity of Digital Signature of Signatory for ROC/IT filing purpose	
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13	Management Representation Letter																																	
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	<u>Basis for Qualified/Adverse Report (if any):</u>																																	
	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 5%;">3 sets</th> <th style="width: 10%;">SMC/Level</th> <th style="width: 10%;">CARO</th> <th style="width: 10%;">Cash Flow</th> <th style="width: 10%;">CS cert</th> <th style="width: 10%;">Co Secy</th> <th style="width: 10%;">RBI</th> <th style="width: 10%;">Tax Audit</th> <th style="width: 10%;">Vat Audit</th> <th style="width: 10%;">92E Audit</th> <th style="width: 10%;">Cost Audit</th> <th style="width: 10%;">Internal Audit</th> <th style="width: 10%;">MR</th> <th style="width: 10%;">Appt</th> <th style="width: 10%;">DSC</th> </tr> </thead> <tbody> <tr> <td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td> </tr> </tbody> </table>	3 sets	SMC/Level	CARO	Cash Flow	CS cert	Co Secy	RBI	Tax Audit	Vat Audit	92E Audit	Cost Audit	Internal Audit	MR	Appt	DSC																		
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Partner												Audit Report Type Standard / Standalone / Consolidated		AOC-1	CFS																			

Name of Entity : **XYZ LIMITED**

FY: **2015-16**

ABC & Co

Status: **Company**

CHARTERED ACCOUNTANTS

Type of Business:

AUDIT PROGRAM

Audit Team: 1) Partner- in- Charge : **CA. A**

2) Team Leader :

3)

4)

5)

Date of Commencement of Audit

Date of Finalisation of Audit

Basic Information

Date of Incorporation/Formation:

Number of Branches:

No of Employees:

Turnover - PY (Total Receipts):

Major Product / Service: NIC Code:

Accounting Standards Applicability: **The Companies Act, 2013 / ICAI**

Regn No	CIN:			
			Others:	

Directors / Shareholders	As per our records	Year End	Audit Date
Number of Directors / Partners			
Number of Shareholders / Members			
Shareholding Pattern Corporates [%]			
Non Corporates - related			
Institutions			
Govt			
Others			

Check List

Appointment Letter of Auditors (For Audit Year)	In case of change of Auditors - NOC from previous Auditors	Memorandum & Articles of Association/ Partnership Deed/Trust Deed/Cert of Regn etc	Licenced Capacity - copy thereof / Organisation Chart / Operation Manual
If NBFC, Regn No	Subsidiaries/JV/Associate		RPT [AS 18]
SMCs / Non- SMCs [SMC means 'unlisted /other than Bank/FI/Ins Co./turnover≤50Cr/Borrowings≤10Cr] or Non- Corporate Entity [Level I or II or III]	Applicability of CARO [All Co (other than: Bank/Ins/Sec 8 Co /OPC/Small Co and Pvt Co with PUC+RS≤ 1 Cr + borrowings o/s ≤ 1 Cr + turnover≤ 10 Cr)]	U/L – Director's relatives & shareholders [Sec 73 & Companies (Acceptance of Deposits) Rules, 2014]	Loan to Directors or any person to whom Director is interested [Sec 185]
F/ADT-1 SRN and Date	Principal Signatory	2 nd Signatory	DIN (PAN)

Name of Entity : **XYZ LIMITED**

FY: 2015-16

ABC & Co

Status: **Company**

CHARTERED ACCOUNTANTS

Type of Business:

Sl.	Job	Special Instructions (if any)	By	Initials
1	Sales /Purchase			
2	Vouching of Cash / Bank			
3	Vouching of Cash & Credit Receipt			
4	Bank Statement and Reconciliation Statement			
5	Scrutiny of Current Liabilities & Unsecured Loans			
6	Scrutiny of Ledgers			
7	Opening Balances of all Accounts from Previous Year's Balance Sheet			
8	Checking of Indirect Expenses from respective bills			
9	Stock Valuation Checking			
10	All Statutory Returns & Challans (Excise/TDS/VAT/Service Tax etc..)			
11	Fixed Assets & Depreciation			
12	Profit & Loss A/C & Balance Sheet			
13	Stock Valuation Checking			
14	All Creditors Ledgers & their Ageing Analysis			
15	All Debtors Ledgers & their Ageing Analysis			
16	Tax Audit form 3CD Checking			
17	Rent, Rates & Taxes including Insurance Claim			
18	Outstanding Liabilities & Contingent Liabilities			
19	PF, BONUS & GRATUITY UNCLAIMED			
20	Loan & Interest Thereon			
21	Stores, Contracts, Expenses			
22	Rent Receipt (Advertisement)			
23	MINUTES			
24	Notes on Accounts			
25	Adherence to Accounting Standards			
26	AUDIT REPORT			
27	FINALISATION			
28				

Partner

Team Leader

Name of Entity : **XYZ LIMITED**

FY: 2015-16

Status: **Company**

Type of Business:

ABC & Co

CHARTERED ACCOUNTANTS

TAX AUDIT U/S 44AB OF THE INCOME TAX ACT, 1961

Sl.	Job	Special Instructions (if any)	By	Initials
1	Books of Accounts Maintained			
2	Payment to Relatives 40(A)(2)(b)			
3	Cash Payment Exceeding 20000 [40(A)(3)]			
4	Unpaid Statutory Liability [PF/ESI, PT, BONUS, SERVICE TAX, INTEREST ON BORROWING FROM BANKS/FIN IN]			
5	Disallowed Amount			
6	Loan 269SS/269T			
7	Prior Period Income / Expenditure			
8	Cenvat Details			
9	Deductions U/Chapter VIA & Exempt Income			
10	Depreciation			
11	Quantitative Details			
12	Ratios			
13	Payment to Partners			
14	B/F Losses & B/F MAT details			
15	Disallowance u/sec 14A			
16	Donation Made			
17	TDS & TDS Returns			
18	Other Items of Form 3CD			
Qualifications / Observations				Remarks
~	Proper books of account, to enable reporting in form 3CD, have not been maintained by the assessee.			
~	All the information and explanations which to the best of my/our knowledge and belief were necessary for the purpose of my/our audit has not been provided by the assessee.			
~	Documents necessary to verify the reportable transaction were not made available.			
~	Proper stock records are not maintained by the assessee.			
~	Valuation of closing stock is not possible.			
~	Yield/percentage of wastage is not ascertainable.			
~	Records necessary to verify personal nature of expenses not maintained by the assessee.			
~	TDS returns could not be verified with the books of account.			
~	Records produced for verification of payments through account payee cheque were not sufficient			
~	Amount of expense related to exempt income u/s 14A of Income-tax Act, 1961 could not be ascertained			
~	Creditors under Micro, Small and Medium Enterprises Development Act, 2006 are not ascertainable			
~	Prior period expenses are not ascertainable from books of account.			
~	Fair market value of shares u/s56 (2) (viiia)/(viib) is not ascertainable			
~	Reports of audits carried by Excise/Service tax Department were not made available			
~	GP ratio is not ascertainable from the financial statements prepared by the assessee.			
~	Information regarding demand raised or refund issued during the previous year under any tax laws other than Income-tax Act, 1961 and Wealth tax Act, 1957 was not made available.			
~	Others			

CONTENTS OF CURRENT FILE

Title	Information Contained
Engagement	• Acceptance of annual reappointment • Management Representation Letter
Accounts	• Copy of draft financial statement • Copy of final signed financial statement
Report & Final Papers	• Copies of all draft and final reports issued to client • Correspondence with other auditors, and • Experts Comments received from client and letter of representation • Observations on accounts and points carried forward to next year Final journal entries • Company accounts checklist-directors' report • Audit completion report
Audit Plan	• Planning programme • Time and cost summary • Briefing notes • Copy of planning letter to client • Points forward from previous year
Balance Sheet, profit & loss account and cash flow statement audit – systems testing	• Lead schedules • Audit programs • Detailed working papers and conclusions • Company accounts and accounting standard, if any, checklists • Queries raised and explanations received • Third party confirmations and certificates • Weaknesses identified and copy of Letter of Weaknesses sent to client
Accounts Preparation	• Schedules • Trial balance • Cross-reference to audit work performed
Audit Program	• Audit procedure (compliance and substantive) • Detailed working papers and conclusions • Queries raised and explanations received
Extracts from Minutes relating to accounting	• Directors' meetings • Members' meetings • Audit committee meetings • Investment and other Board committee meetings
Statistical Information	Performance indicators collected which have a bearing on the extent, nature, timing of substantive tests

CONTENTS OF PERMANENT FILE

Title	Information Contained
Engagement	• Letter of engagement • Correspondence with retiring auditor
Constitution	• Copies of Memorandum and Articles of Association in case of corporate entities or • Partnership agreement in case of partnership firm or • Act, Regulation, bye-laws, trust deeds, as applicable under which the entity functions
Background & organization structure	• Nature and history of the business • Profile of ownership • Registered office details • Management structure including organisation chart • Industry specification with reference to client's size, economic factors affecting the industry, seasonal fluctuations and demands • Facility locations, plant capacity, owned or leased, age, capital expenditure budget, etc. • Products specifying diverse range along with classification • Purchase volumes, main suppliers, policies • Inventory norms, inventory levels during last five years and related ratios. • Sales volumes including exports, main customers, methods of distribution, pricing policies, credit policy • Personnel showing numbers, analyses by departments or function, method of remuneration, contracts, • union agreements, HR policy • Copy of audited financial statement for previous five years, if it exist • Study and evaluation of internal controls related to accounting system • Significant audit observations of past • Statistical information showing 5 years comparison of <i>performance indicators</i> (major accounting ratios) Industry statistics
Systems (For larger audits)	• Details of methods of accounting including cost accounting, flowcharts, specimens of accounting documents, code structure, and list of accounting records • EDP- systems security, source code security, authorisation and backup policy
Contracts, agreements, minutes	• Leases agreements photocopies/ extracts of the same • Title deeds inspected annually by auditor • Royalty agreements • Minutes of continuing importance such as Directors' meeting, Members' meeting
Group	• Group structure- subsidiaries, associates, • Joint venture • Names of auditors
Other professional advisers list	• Bankers • Solicitors • Investment Analysts • Registrars • Credit Rating Agency
Miscellaneous	Details of other client information of a permanent nature

To (the appropriate representative of senior management)

You have requested that we audit the balance sheet of (Name of the entity) as at 31st March, 2XXX and the related profit and loss account for the year ended on that date. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audit in accordance with the auditing standards generally accepted in India and with the requirements of Accounting Standards as prescribed by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

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

The responsibility for the preparation of financial statements on a going concern basis is that of the management. The management is also responsible for selection and consistent application of appropriate accounting policies, including implementation of applicable accounting standards along with proper explanation relating to any material departures from those accounting standards. The management is also responsible for making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the entity for that period.

The responsibility of the management also includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the company and for the preventing and detecting fraud or other irregularities. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

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

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records; documentation and other information are requested in connection with our audit. Our fees will be billed as the work progresses. This letter will be effective for future years unless it is terminated, amended or superseded.

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

Acknowledgement on behalf of
-----by

(Signature)
Name and Designation
Date

ABC & Co.
Chartered Accountants
(Signature)
(Name of the member)
Designation
Date: Place:

Note: For Formats of Engagement Letter in respect of Corporate Client, check link - http://icai.org/post.html?post_id=11197

CONSENT & CERTIFICATE BY AUDITOR UNDER COMPANIES ACT

Auditors Consent and Certificate

[Pursuant to the provisions of Section 139 of Chapter X of the Companies Act, 2013]

Date

The Board of Directors
XYZ Limited
Kolkata-

Subject: Consent & Eligibility as Statutory Auditor of your Company

Dear Sir,

In connection with our [appointment/ re-appointment](#) as Statutory Auditors of your company for the year 2016-17 in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder, We hereby certify that:

1. We hereby give our consent to be appointed as Auditor of the Company u/s 139 of the Act.
2. We are eligible for [appointment/ re-appointment](#), and are not disqualified under the Act, the Chartered Accountants Act, 1949 and rules or regulations made thereunder;
3. The proposed appointment is as per the terms provided under the Act;
4. The proposed appointment is within the limits laid down by or under the authority of the Act;
5. There is no proceedings pending against us or any of the partner of the firm with respect to professional matters of conduct;

You are therefore requested to send us a letter of appointment in this respect and also file the necessary details / form with the Registrar of Companies.

Thanking you,
Yours Faithfully,

(.....)
Partner

Date:

Received a copy,
For & On Behalf of:
M/s XYZ Limited

Authorised Signatory
Signature

(on the letter head of auditee)

ABC & Co

Chartered Accountants

Kolkata

Subject: Ratification of Reappointment as Statutory Auditor

Dear Sirs,

This is for your information that you were appointed as Statutory Auditor of our Company in Annual General Meeting held in 2014 for a period of 5 (five) years commencing from 2014-15.

Further, as required under proviso to section 139(1), we have ratified and approved your re-appointment for the year 2016-17 as Statutory Auditors of our Company at the Annual General Meeting of the Company held on

The extract of Resolution passed at the Annual General Meeting is enclosed herewith for your reference.

Thanking you,

Yours truly,

For XYZ Ltd

Name.....

(DIN:)

Director

Date:.....

Received a copy,
For **ABC & Co**

Partner

Date:

(on the letter head of auditee)

ABC & Co

Chartered Accountants

Kolkata

Dear Sirs,

We are please to inform you that you have been appointed as the auditors of our company for the next **five** years, beginning from 2016-2017 in the Annual General Meeting of the company held on

You will hold the office till the conclusion of the **fifth** Annual General Meeting (next AGM being first) of the company.

The extract of Resolution passed at the Annual General Meeting is enclosed herewith for your reference.

Thanking you,

For XYZ Ltd

Name.....

(DIN:)

Director

Date:.....

Received a copy,
For **ABC & Co**

Partner

Date:

(on the letter head of auditee)

ABC & Co

Chartered Accountants

Kolkata

Dear Sirs,

We are pleased to inform you that you have been appointed as the auditors of our firm u/sec 44AB of the Income Tax Act 1961 for the year 2016-17

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

Thanking you,

Yours truly,

On Behalf of

Name:

Designation:.....

Date

DEF & Co

Chartered Accountants

Kolkata

Kind Attn:

Subject: Appointment as Auditor of M/s XYZ Pvt Ltd, Kolkata for the year 2016-17

Dear Sir,

Please refer to the above. In this respect we hereby bring to your kind notice that we have been appointed as Statutory Auditors of above referred Company for the year 2016-17

We have come to know that you were the Auditors of the Company for the immediately preceding year.

If you have any matter, which you want to bring to our knowledge in this connection, let us know within a reasonable time period. If we do not hear anything within seven days from the date of receipt of this letter by you we would presume that you have no objection in respect of above appointment.

Thanking you,

Yours faithfully,

(.....)

Partner

Received a copy of the above letter,

Authorised Signatory

Date

Office Seal

Independent Auditor's Report

To the Members of XYZ Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of **XYZ Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, {in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's branch(es) at (location of the branch(es))}.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
2. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
3. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matter(s)

(Insert matter of emphasis paragraph, if any)

Other Matter(s)

(Insert other matter(s), if any)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

Or

This report does not include a statement on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, since in our opinion and according to the information and explanations given to us, the Order is not applicable.

2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books {and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.};

- c. {the report(s) on the accounts of the branch office(s) of the Company audited under Section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report};
- d. the financial statements dealt with by this report are in agreement with the books of account {and with the returns received from the branches not visited by us};
- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- f. {the XXX matter(s) described in paragraph X under the Emphasis of Matters paragraph, in our opinion, may have an adverse effect on the functioning of the Company};
- g. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure – B';
- i. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note xx to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;

or

 the Company does not have any pending litigations which would impact its financial position
 - ii. the Company, as detailed in Note xx to the financial statements, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

or

 the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

or

 following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

or

 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : (Place of Signature)

Date : (Report Date)

For **ABC & Co**

Chartered Accountants

Firm's Registration No.:

ABC

Partner

Membership No.: XXXX

Note: For Formats on Qualified/Adverse/Disclaimer Report or For Auditor's Report on Consolidated Financial Statement, check link - http://www.icaai.org/new_post.html?post_id=662&c_id=38

Annexure to the Independent Auditor's Report of even date to the members of **XYZ Private Limited**, on
the financial statements for the year ended **31st March 2016**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The major fixed assets of the company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us, the title deeds of the immovable properties are held in the name of the company.

or

The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.

The management has conducted physical verification of inventory at reasonable intervals during the year. As informed to us, no material discrepancies were noticed on such verification.

or

The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

- (iii) The Company has granted interest free secured/unsecured loans to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act; and with respect to the same:

- (a) Receipt of the principal amount and the interest is regular;

or

The schedule of repayment of the principal amount and the payment of the interest have not been stipulated and hence we are unable to comment as to whether receipt of the principal amount and the interest is regular;

- (b) There is no overdue amount in respect of loans granted to such companies, firms, Limited Liability Partnership or other parties, accordingly clause 3(iii)(c) of the Order is not applicable ;

or

As the schedule of repayment of principal amount and interest is not stipulated, we are unable to comment on whether the said amount is overdue or not

- (c) If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;

Or

- (iv) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) to (c) of the Order are not applicable. According to the information and explanation given to us, the company has complied with requirements of section 185 and 186 in respect of loans, investments, guarantees or security made by it during the year under audit;

or

- (v) According to the information and explanation given to us, the company has no loans, investments, guarantees or security where provisions of section 185 and 186 of the Companies Act, 2013 are to be complied with. The Company has not accepted any deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

or

- (vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the, Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vii) (a) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services . Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (b) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax or sales-tax or service tax or duty of customs or duty of excise or value added tax that have not been deposited with the appropriate authorities on account of any dispute.

or

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows: (A mere representation to the concerned Department shall not be treated as a dispute)

Name of the statute	Nature of dues	Amount	Amount Paid Under Protest	Period to which the amount relates	Forum where dispute is pending

- (viii) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or to debenture-holders during the year.

or

The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and the company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

or

The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and the Company has applied the term loans for the purpose for which these loans were obtained.

- (x) No fraud by the Company and on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of the Clause 3(xi) of the Order in respect of Managerial Remuneration is not applicable to the company.

or

According to the information and explanations given to us, the Managerial Remuneration has been paid or provided by the company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013;

- (xii) Company is not a Nidhi company, accordingly provisions of the Clause 3(xii) of the Order is not applicable to the company

or

Company is a Nidhi Company and it has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and it is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;

- (xiii) According to the information and explanations given to us, we are of the opinion that all transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013.

or

According to the information and explanations given to us, the company has not undertaken any transactions with related parties as mentioned in Section 177 and 188 of Companies Act, 2013, accordingly the provisions of clause 3(xiii) of the Order are not applicable to the company;

- (xiv) According to the information and explanations given to us, we are of the opinion the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order is not applicable.

or

The company has made private placement of shares under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and according to information and explanations given to us, the amount raised have been used for the purposes for which the funds were raised;

- (xv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.

or

The company has entered into non-cash transactions with directors or persons connected with him and According to the information and explanations given to us, the requirements of section 192 of the Companies Act, 2013 have been complied with;

- (xvi) According to the information and explanations given to us, we are of the opinion the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly the provisions of clause 3(xvi) of the Order is not applicable.

or

The company is a Non-Banking Financial Company as registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Kolkata

Date :

For **ABC & Co**

Chartered Accountants

Firm's Registration No.

ABC

Partner

Membership No.

Note: Reasons to be stated for unfavourable or qualified answers.-

(1) Where, in the auditor's report, the answer to any of the questions referred to in paragraph 3 is unfavourable or qualified, the auditor's report shall also state the basis for such unfavourable or qualified answer, as the case may be.

(2) Where the auditor is unable to express any opinion on any specified matter, his report shall indicate such fact together with the reasons as to why it is not possible for him to give his opinion on the same.

‘Annexure B’ to the Independent Auditor’s Report of even date on the Financial Statements of XYZ Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **XYZ Private Limited** (“the Company”) as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Kolkata

Date :

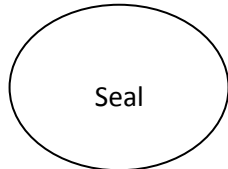
For **ABC & Co**
Chartered Accountants
Firm's Registration No.

A
Partner
Membership No.

(on the letter head of Auditee)

	To ABC & Co, Chartered Accountants Kolkata Dear Sirs, This representation letter is provided in connection with your audit of the financial statements of M/s. XYZ for the year ended 31st Mar 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of M/s XYZ as of 31st Mar 2016 and of the results of operations for the year then ended. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the other relevant statute and recognized accounting policies and practices, including the accounting Standards issued by The Companies Act' 2013 / The Institute of Chartered Accountants of India. We confirm, to the best of our knowledge and belief, the following representations:
A	ACCOUNTING POLICIES The financial statements have been prepared under the Historical Cost Convention on the basis of a going concern and in accordance with the Accounting Standards notified under The Companies Act' 2013 / The Institute of Chartered Accountants of India, wherever applicable. 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 unless otherwise stated.
B	ASSETS
1	The Company /Firm has a satisfactory title to all assets and there are no liens or encumbrances on the Company /Firm's assets, except for those that are disclosed in Notes on Accounts to the financial statements.
2	Fixed Assets The net book values at which fixed assets are stated in the balance sheet are arrived (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/amortisation on fixed assets during the period.
3	Capital Commitments At the balance sheet date, outstanding commitments for capital expenditure were ` -----
4	Investment As at balance sheet date, investment of the Company /Firm are as below: Long Term Investment (non trade): ` -----</p> <p>(Market value of Quoted Investment: ` -----) Current Investment (trade): ` -----
5	Debtors, Loans and Advances The following items appearing in the books as at the date of the Balance Sheet are considered good and fully recoverable with the exception of those specifically shown as "doubtful" in the Balance Sheet Sundry Debtors ` -----</p> <p>Non Current Loans and Advances ` ----- Short Term Loans and Advances ` -----

6	Other Current Assets Other current assets include ` ----- as cash in hand, ` -----as balances with scheduled banks and ` -----in Term Deposit Account with Scheduled Bank as at Balance Sheet date. In our opinion, other current assets have a value on realization in the ordinary course of the Company /Firm's business, which is at least equal to the amount at which they are stated in the balance sheet	
7	Inventories Inventories recorded in the books as at balance sheet date are based upon the physical verification by as on that date. The material discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account and subsequent transactions recorded in the accounts fairly reflect the changes in the inventories up to balance sheet date. All goods included in the inventory are the property of the entity, none of the goods are held as consignee for others or as bailee, and none of the goods are subject to any charge. The basis/bases of valuation is/ are the same as that /those used in the previous year	
8	Details of Inventories in hand is as below: Raw Materials ` ----- Finished Goods ` ----- Others ` ----- Total ` -----	
9	Inventories have been valued on the following basis/ bases: -----	
C	Liabilities	
1	We have recorded all known liabilities in the financial statements.	
2	Details of all contingent liabilities as at the end of year which does not require any accounting treatment are as below: -----	
3	Contingent liabilities disclosed in the notes to the financial statements do not include any contingencies which are likely to result in a loss and which, therefore require adjustment of assets or liabilities.	
4	Provisions for Claims and Losses	
(i)	Provision has been made in the accounts for all known losses and claims of material amounts.	
(ii)	Details of all major events which occurred subsequent to the Balance Sheet date, which require adjustment of, or disclosure in the financial statements or notes thereto are as below: -----	
(iii)	Details of all statutory dues (disputed or undisputed) as on Balance Sheet date are as below: -----	
(iv)	Details of all pending litigations and its impact on financial statement are as below:	
	Particulars	Impact on Financial Statement
(v)	Details of foreseeable losses on long term contracts including derivative contracts: Rs	

D	PROFIT AND LOSS ACCOUNT			
1	Except as disclosed in the financial statements, the results for the year were not materially affected by i) transactions of a nature not usually undertaken by the Company /Firm ii) Circumstances of an exceptional or non-recurring nature iii) Changes or credits relating to prior years iv) Changes in accounting policies.			
E	GENERAL			
1	There have been no irregularities involving management or employees who have a significant role in the system of internal control that could have a material effect on the financial statements.			
2	The financial statements are free of material misstatements, including omissions.			
3	We have complied with all the relevant provisions of statute as applicable to us and our records and minutes in this respect are up-to-date and are open for inspection in the course of your audit.			
4	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.			
5	We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.			
6	All the loans or deposit or repayment thereof was made by account payee cheques or demand draft only.			
7	In term of section 22 of the Micro, Small & Medium Enterprises Development Act, 2006:			
	Sundry Creditors of the Company: Rs.....		Interest Paid to them: Rs.....	
8	We have complied with Income Tax provisions in respect of deduction of TDS.			
9	All the payments in respect of any revenue item has been made in compliance with the provisions of Section 40(A)(3) of the Income Tax Act'1961.			
10	Details of all immovable Properties Purchased / Sold during the year are as below:			
	Details	Purchase/Sale	Amount	Value as per Stamp Duty Act
11	Other Information of Company:			
	Email Id	Principal Contact No	No of Employees	No of Branches
	Signatory(ies)	Unsecured Loan from Shareholders & Director's Relatives		Loan to Directors & Interested Parties
	1	Rs.....		Rs.....
	2			
	3			
12	Others: a) As recorded, none of the Directors are disqualified u/sec 164(2) of the Companies Act, 2013 as at BS date b) Our Books of Accounts and Other Records are kept at our address as mentioned above. c) Amount transferred to the Investor Education and Protection Fund: Rs.....			
	Dated:	For and on behalf of		
	Place:	(Name) Director/Partner/Proprietor		

TAX AUDIT U/S 44AB – Additional Information

1	Details of all immovable Properties Purchased / Sold during the year (attach extra sheet, if required):				
Sl	Details	Purchase/Sale	Amount	Value as per Stamp Duty Act	
2	Details of Shares Issued during the year (attach extra sheet, if required):				
Sl	Name	No of Shares	Amount (including premium)	Date of Allotment	
3	Details of Investment in Shares (other than in listed companies)- attach extra sheet, if required				
Sl	Name	No of Shares	Amount	Date of purchase	Break-up value per share
4	Demand raised or refund issued during the previous year under any tax laws other than Income Tax Act, 1961 and Wealth Tax Act, 1957				
Sl	Tax Laws Name	Demand Raised / Refund Issued	Amount & Year	Details of Relevant Proceedings	
5	Registration Details under various laws:				
Sl	Tax Laws Name	Registration No	Sl	Tax Laws Name	Registration No
1	VAT	-	2	CST	-
3	CENTRAL EXCISE DUTY	-	4	STATE EXCISE DUTY	-
5	SERVICE TAX	-	6	CENTRAL CUSTOM DUTY	-
7			8		
9			10		
6	Details of Speculation Loss (attach extra sheet, if required):				
Sl	Nature of Loss	Amount	Brief Details of Loss		

ABC PRIVATE LIMITED DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in submitting their Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2016

1 FINANCIAL SUMMARY

Amount in Rs

Particulars	As at the end of current reporting period	As at the end of previous reporting period
Total Revenue		
Total Expenses		
Profit or Loss before Exceptional and Extraordinary items and Tax		
Less: Exceptional Items		
Less: Extraordinary Items		
Profit or Loss before Tax		
Less: Current Tax		
Deferred Tax		
Profit or Loss After Tax		
Add: Balance as per last Balance Sheet		
Less: Transfer to Reserves		
Balance Transferred to Balance Sheet		

2 DIVIDEND

No Dividend was declared for the current financial year.

3 TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

4 REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

Your Directors are optimistic about company's business and hopeful of better performance with increased revenue in next year. There was no change in the nature of business of company.

5 MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

6 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or Outflow during the year under review.

7 STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

8 DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

9 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

or

The particulars of Loans, guarantees or investments made under Section 186 is as per financials of the company for the year.

or

The provisions of Sec 186 is not applicable to the company, as the company is a Non-Banking Finance Company registered with RBI.

10 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There were no, material arm's length / non arm's length, contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

or

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 is furnished in Annexure B and is attached to this report.

11 EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

12 COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

13 ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure and is attached to this Report.

14 NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company has conducted **Four (28/07/2015, 27/10/2015,. 09/01/2016, 30/03/2016)** Board meetings during the financial year under review. Details of number of meetings attended by each director is as below:

Name of Director	X	Y	Z
Number of Meetings attended			

15 DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.
or

Statement containing salient features of the financial statement of Associate Company in Form AOC-1 is as annexed with financial statement. The Company does not have any Subsidiary or Joint venture Company during the year under review.

17 DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

18 DIRECTORS

There was no Director who was appointed/ceased/re-elected/reappointed during the year under review. Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP).

19 DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 for appointment of Independent Directors do not apply to the company.

20 ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

21 STATUTORY AUDITORS

M/s **ABC & Co** Chartered Accountants were appointed as Statutory Auditors for a period of years in the Annual General Meeting held in the year **2014** and are eligible for reappointment, subject to ratification by members at ensuing Annual General Meeting of the company.

22 DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

23 SHARES

During the year under review, the company has undertaken following transactions:

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan

24 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

25 ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

Date:

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place:

X
Director
(DIN: 00579447)

Y
Director
(DIN:00719471)

DISCLOSURE REQUIREMENT UNDER ACCOUNTING STANDARDS

AS	Particulars	Disclosure Requirement
AS1	Disclosure of Accounting Policies	Accounting Policies adopted in relation to following to disclose- (a) Methods of depreciation, depletion and amortization (b) Treatment of expenditure during construction (c) Conversion or translation of foreign currency items (d) Valuation of inventories (e) Treatment of goodwill (f) Valuation of investments (g) Treatment of retirement benefits (h) Recognition of profit on long-term contracts (i) Valuation of fixed assets (j) Treatment of contingent liabilities.
AS2	Value of Inventories	The financial statements should disclose: (a) the accounting policies adopted in measuring inventories, including the cost formula used; and (b) the total carrying amount of inventories and its classification appropriate to the enterprise. • Raw material, WIP, Finished Goods, Stores & Spare parts – At cost or NRV whichever is lower. • Good-in-transit- At cost to date. • Method should be FIFO or Weighted average.
AS3	Cash Flow Statements	Cash Flow statement – Direct or Indirect Method, Alternative to Indirect method. Cash Flow should include cash from Operating activities, Investing activities and Financing activities.
AS4	Contingencies and Events Occurring After the Balance Sheet	The disclosure requirements herein referred to apply only in respect of those contingencies or events which affect the financial position to a material extent. • If a contingent loss is not provided for, its nature and an estimate of its financial effect are generally disclosed by way of note unless the possibility of a loss is remote. (Other than the circumstances mentioned in paragraph 5.5 of this Standard). • If a reliable estimate of the financial effect cannot be made, this fact is disclosed. • When the events occurring after the balance sheet date are disclosed in the report of the approving authority, the information given comprises the nature of the events and an estimate of their financial effects or a statement that such an estimate cannot be made. • If disclosure of contingencies is required by paragraph 11 of this Standard, the following information should be provided: (a) the nature of the contingency; (b) the uncertainties which may affect the future outcome; (c) an estimate of the financial effect or a statement that such an estimate cannot be made. • If disclosure of events occurring after the balance sheet date in the report of the approving authority is required by paragraph 15 of this Standard, the following information should be provided: (a) the nature of the event; (b) an estimate of the financial effect or a statement that such an estimate cannot be made.

AS5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	1. The net profit or loss for the period comprises the following components, each of which should be disclosed on the face of the statement of profit and loss: (a) profit or loss from ordinary activities; and (b) extraordinary items. (nature and amount of each extra ordinary item) 2. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived. 3. The effect of a change in an accounting estimate should be included in the determination of net profit or loss in: (a) the period of the change, if the change affects the period only; or (b) the period of the change and future periods, if the change affects both. 4. The effect of a change in an accounting estimate should be classified using the same classification in the statement of profit and loss as was used previously for the estimate. 5. The nature and amount of a change in an accounting estimate which has a material effect in the current period, or which is expected to have a material effect in subsequent periods, should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed. 6. A change in an accounting policy should be made only if the adoption of a different accounting policy is required by statute or for compliance with an accounting standard or if it is considered that the change would result in a more appropriate presentation of the financial statements of the enterprise. 7. Any change in an accounting policy which has a material effect should be disclosed. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. 8. A change in accounting policy consequent upon the adoption of an Accounting Standard should be accounted for in accordance with the specific transitional provisions, if any, contained in that Accounting Standard. 9. However, disclosures required by paragraph 32 of this Standard should be made unless the transitional provisions of any other Accounting Standard require alternative disclosures in this regard.
AS6	Depreciation Accounting	• The depreciation methods used, the total depreciation for the period for each class of assets, the gross amount of each class of depreciable assets and the related accumulated depreciation are disclosed in the financial statements along with the disclosure of other accounting policies. • The depreciation rates or the useful lives of the assets are disclosed only if they are different from the principal rates specified in the statute governing the enterprise. In case the depreciable assets are revalued, the provision for depreciation is based on the revalued amount on the estimate of the remaining useful life of such assets. In case the revaluation has a material effect on the amount of depreciation, the same is disclosed separately in the year in which revaluation is carried out. • A change in the method of depreciation is treated as a change in accounting policy and is disclosed accordingly.

AS7	Construction Contracts (Revised 2002)	- An enterprise should disclose: (a) the amount of contract revenue recognized as revenue in the period; (b) the methods used to determine the contract revenue recognized in the period; and (c) the methods used to determine the stage of completion of contracts in progress. - An enterprise should disclose the following for contracts in progress at the reporting date: (a) the aggregate amount of costs incurred and recognized profits (less recognized losses) up to the reporting date; (b) the amount of advances received; and (c) The amount of retentions. Retentions are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Advances are amounts received by the contractor before the related work is performed. - An enterprise should disclose: (a) the gross amount due from customers for contract work as an asset; and (b) the gross amount due to customers for contract work as a liability. The gross amount due from customers for contract work is the net amount of: (a) costs incurred plus recognized profits; less (b) the sum of recognized losses and progress billings for all contracts in progress for which costs incurred plus recognized profits (Less recognized losses) exceed progress billings. The gross amount due to customers for contract work is the net amount of: (a) the sum of recognized losses and progress billings; less (b) costs incurred plus recognized profits for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). - An enterprise discloses any contingencies in accordance with Accounting Standard (AS)-4, Contingencies and Events Occurring After the Balance Sheet Date. Contingencies may arise from such items as warranty costs, penalties or possible losses.
AS8	Accounting for Research and Development	Withdrawn with effect from 01.04.2004
AS9	Revenue Recognition	In addition to the disclosures required by Accounting Standard 1 on 'Disclosure of Accounting Policies' (AS 1), an enterprise should also disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties. (various illustrations given in Standard to understand)
AS10	Accounting For Fixed Assets	The following information should be disclosed in the financial statements: (i) gross and net book values of fixed assets at the beginning and end of an accounting period showing additions, disposals, acquisitions and other movements; (ii) expenditure incurred on account of fixed assets in the course of construction or acquisition; and (iii) revalued amounts substituted for historical costs of fixed assets, the method adopted to compute the revalued amounts, the nature of indices used, the year of any appraisal made, and whether an external valuer was involved, in case where fixed assets are stated at revalued amounts.

AS11	The Effects of Changes in Foreign Exchange Rates	<u>An enterprise should disclose:</u> (a) the amount of exchange differences included in the net profit or loss for the period; and (b) net exchange differences accumulated in foreign currency translation reserve as a separate component of shareholders' funds, and a reconciliation of the amount of such exchange <u>Differences at the beginning and end of the period.</u> • When the reporting currency is different from the currency of the country in which the enterprise is domiciled, the reason for using a different currency should be disclosed. The reason for any change in the reporting currency should also be disclosed. • When there is a change in the classification of a significant foreign operation, an enterprise should disclose: (a) the nature of the change in classification; (b) the reason for the change; (c) the impact of the change in classification on shareholders' funds; and (d) the impact on net profit or loss for each prior period presented had the change in classification occurred at the beginning of the earliest period presented. The effect on foreign currency monetary items or on the financial statements of a foreign operation of a change in exchange rates occurring after the balance sheet date is disclosed in accordance with AS 4, Contingencies and Events Occurring After the Balance Sheet Date Disclosure is also encouraged of an enterprise's foreign currency risk management policy.
AS12	Accounting For Government Grants	• the accounting policy adopted for government grants, including the methods of presentation in the financial statements; • the nature and extent of government grants recognized in the financial statements, including grants of non-monetary assets given at a concessional rate or free of cost.
AS13	Accounting For Investments	(a) the accounting policies for the determination of carrying amount of investments; (b) the amounts included in profit and loss statement for: (i) Interest, dividends (showing separately dividends from subsidiary companies), and rentals on investments showing separately such income from long term and current investments. Gross income should be stated, the amount of income tax deducted at source being included under Advance Taxes Paid; (ii) profits and losses on disposal of current investments and changes in carrying amount of such investments; (iii) profits and losses on disposal of long term investments and changes in the carrying amount of such investments; (c) significant restrictions on the right of ownership, reliability of investments or the remittance of income and proceeds of disposal; (d) the aggregate amount of quoted and unquoted investments, giving the aggregate market value of quoted investments; (e) Other disclosures as specifically required by the relevant statute governing the enterprise.

AS14	Accounting For Amalgamations	- For all amalgamations, the following disclosures are considered appropriate in the first financial statements following the amalgamation: - names and general nature of business of the amalgamating companies; - effective date of amalgamation for accounting purposes; - the method of accounting used to reflect the amalgamation; and - particulars of the scheme sanctioned under a statute. - For amalgamations accounted for under the pooling of interests method, the following additional disclosures are considered appropriate in the first financial statements following the amalgamation: - description and number of shares issued, together with the percentage of each company's equity shares exchanged to effect the amalgamation; - the amount of any difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof. - For amalgamations accounted for under the purchase method, the following additional disclosures are considered appropriate in the first Financial statements following the amalgamation: - consideration for the amalgamation and a description of the Consideration paid or contingently payable; and - the amount of any difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof including the period of amortization of any goodwill arising on amalgamation.
AS15	Employee Benefits	- Although this Standard does not require specific disclosures about short-term employee benefits, other Accounting Standards may require disclosures. For example, where required by AS 18 <i>Related Party Disclosures</i> an enterprise discloses information about employee benefits for key management personnel. - An enterprise should disclose the amount recognised as an expense for defined contribution plans. Where required by AS 18 <i>Related Party Disclosures</i> an enterprise discloses information about contributions to defined contribution plans for key management personnel. -refer Para 119 and 120 also for more disclosure.
AS16	Borrowing Costs	- the accounting policy adopted for borrowing costs; and - the amount of borrowing costs capitalized during the period.
AS17	Segment Reporting	Paragraphs 39-46 specify the disclosures required for reportable segments for primary segment reporting format of an enterprise. Paragraphs 47-51 identify the disclosures required for secondary reporting format of an enterprise. Enterprises are encouraged to make all of the primary-segment disclosures identified in paragraphs 39-46 for each reportable secondary segment although paragraphs 47-51 require considerably less disclosure on the secondary basis. Paragraphs 53-59 address several other segment disclosure matters. Illustration III attached to this Standard illustrates the application of these disclosure standards. Explanation: In case, by applying the definitions of 'business segment' and 'geographical segment', it is concluded that there is neither more than one business segment nor more than one geographical segment, segment information as per this Standard is not required to be disclosed. However, the fact that there is only one 'business segment' and 'geographical segment' is disclosed by way of a note. Pl see detail in Standard. (Para 39 to 59)

AS18	Related Party Disclosures	• The statutes governing an enterprise often require disclosure in financial statements of transactions with certain categories of related parties. In particular, attention is focused on transactions with the directors or similar key management personnel of an enterprise, especially their remuneration and borrowings, because of the fiduciary nature of their relationship with the enterprise. • Name of the related party and nature of the related party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the related parties. • Where the reporting enterprise controls, or is controlled by, another party, this information is relevant to the users of financial statements Irrespective of whether or not transactions have taken place with that party. This is because the existence of control relationship may prevent the reporting enterprise from being independent in making its financial and/or operating decisions. The disclosure of the name of the related party and the nature of the related party relationship where control exists may sometimes be at least as relevant in appraising an enterprise's prospects as are the operating results and the financial position presented in its financial statements. Such a related party may establish the enterprise's credit standing, determine the source and price of its raw materials, and determine to whom and at what price the product is sold. • If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following: (i) the name of the transacting related party; (ii) a description of the relationship between the parties; (iii) a description of the nature of transactions; (iv) volume of the transactions either as an amount or as an appropriate proportion; (v) any other elements of the related party transactions necessary for an understanding of the financial statements; (vi) the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; And (vii) amounts written off or written back in the period in respect of debts due from or to related parties. • The following are examples of the related party transactions in respect of which disclosures may be made by a reporting enterprise: (a) purchases or sales of goods (finished or unfinished); (b) purchases or sales of fixed assets; (c) rendering or receiving of services; (d) agency arrangements; (e) leasing or hire purchase arrangements; (f) transfer of research and development; (g) license agreements; (h) finance (including loans and equity contributions in cash or in kind); (i) guarantees and collaterals; and (j) Management contracts including for deputation of employees. • disclosure of 'any other elements of the related party transactions necessary for an understanding of the financial statements'. An example of such a disclosure would be an indication that the transfer of a major asset had taken place at an amount materially different from that obtainable on normal commercial terms. • Items of a similar nature may be disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise. Explanation: Type of related party means each related party relationship described in
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		paragraph 3 of Standard. • Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.
AS19	Accounting for Leases	books of lessee In case of finance lease — (a) assets acquired under finance lease, (b) net carrying amount at the balance sheet date, (c) reconciliation between the total minimum lease payments at balance sheet date and their present value, (d) total minimum lease payments at balance sheet date and their present value for periods specified, (e) contingent rent recognised as income, (f) the total of future minimum sub-lease payments expected to be received, and (g) general description of significant leasing arrangements. In case of operating lease — (a) the total of future minimum lease payments for the periods specified, (b) the total of future minimum sub-lease payments expected to be received, (c) lease payments recognised in the statement of Profit & Loss, with separate amounts of minimum lease payments and contingent rents, (d) sub-lease payments recognised in the statement of Profit & Loss, and (e) general description of significant leasing arrangements. books of lessor In case of finance lease — (a) total gross investment in lease and the present value of the minimum lease payments at specified periods and a reconciliation thereof at the balance sheet date, (b) unearned finance income, (c) accruing unguaranteed residual value benefit, (d) accumulated provision for uncollectible minimum lease payments receivable, (e) contingent rent recognised, (f) general description of significant leasing arrangements and (g) accounting policy adopted in respect of initial direct costs. In case of operating lease — (a) gross carrying amount of the leased assets, accumulated depreciation and impairment loss at the balance sheet date and depreciation and impairment loss recognised or reversed for the period, (b) the future minimum lease payments in aggregate and for the periods specified, (c) total contingent rent recognised as income, (d) a general description of the significant leasing arrangements, and (e) accounting policy for initial direct costs.

AS20	Earning Per Share	(i) where the statement of profit and loss includes extraordinary items (within the meaning of AS 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies), the enterprise should disclose basic and diluted earnings per share computed on the basis of earnings excluding extraordinary items (net of tax expense); and (ii) (a) the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to the net profit or loss for the period; (b) the weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other; and (c) the nominal value of shares along with the earnings per share figures. Provided that a non-corporate Small and Medium Sized Entity Falling in Level III, as defined in Appendix 1 to this Compendium, 'Applicability of Accounting Standards to Various Entities', may not comply with sub-paragraph (ii). • Contracts generating potential equity shares may incorporate terms and conditions which affect the measurement of basic and diluted earnings per share. These terms and conditions may determine whether or not any potential equity shares are dilutive and, if so, the effect on the weighted average number of shares outstanding and any consequent adjustments to the net profit attributable to equity shareholders. Disclosure of the terms and conditions of such contracts is encouraged by this Standard. • If an enterprise discloses, in addition to basic and diluted earnings per share, per share amounts using a reported component of net profit other than net profit or loss for the period attributable to equity shareholders, such amounts should be calculated using the weighted average number of equity shares determined in accordance with this Standard. If a component of net profit is used which is not reported as a line item in the statement of profit and loss, reconciliation should be provided between the component used and a line item which is reported in the statement of profit and loss. Basic and diluted per share amounts should be disclosed with equal prominence. • An enterprise may wish to disclose more information than this Standard requires. Such information may help the users to evaluate the performance of the enterprise and may take the form of per share amounts for various Components of net profit. Such disclosures are encouraged. However, when such amounts are disclosed, the denominators need to be calculated in accordance with this Standard in order to ensure the comparability of the per share amounts disclosed.
AS21	Consolidated Financial Statements <u>(Only when relevant regulator requires)</u>	• in consolidated financial statements a list of all subsidiaries including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; • in consolidated financial statements, where applicable: (i) the nature of the relationship between the parent and a subsidiary, if the parent does not own, directly or indirectly through subsidiaries, more than one-half of the voting power of the subsidiary; (ii) the effect of the acquisition and disposal of subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period; and (iii) the names of the subsidiary(ies) of which reporting date(s) is/are different from that of the parent and the difference in reporting dates.

AS22	Accounting For Taxes on Income	• An enterprise should offset assets and liabilities representing current tax if the enterprise: (a) has a legally enforceable right to set off the recognized amounts; and (b) Intends to settle the asset and the liability on a net basis. • An enterprise will normally have a legally enforceable right to set off an asset and liability representing current tax when they relate to income taxes levied under the same governing taxation laws and the taxation laws permit the enterprise to make or receive a single net payment. • An enterprise should offset deferred tax assets and deferred tax liabilities if: (a) the enterprise has a legally enforceable right to set off assets against liabilities representing current tax; and (b) the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws. • Deferred tax assets and liabilities should be distinguished from assets and liabilities representing current tax for the period. Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise, separately from current assets and current liabilities.
AS23	Accounting For Investments in Associates in Consolidated Financial Statements <u>(Only when relevant regulator requires)</u>	• An appropriate listing and description of associates including the proportion of ownership interest and, if different, the proportion of voting power held should be disclosed in the consolidated financial statements. • Investments in associates accounted for using the equity method should be classified as long-term investments and disclosed separately in the consolidated balance sheet. The investor's share of the profits or losses of such investments should be disclosed separately in the consolidated statement of profit and loss. The investor's share of any extraordinary or prior period items should also be separately disclosed. • The name(s) of the associate(s) of which reporting date(s) is/are different from that of the financial statements of an investor and the differences in reporting dates should be disclosed in the consolidated financial statements. • In case an associate uses accounting policies other than those adopted for the consolidated financial statements for like transactions and events in similar circumstances and it is not practicable to make appropriate adjustments to the associate's financial statements, the fact should be disclosed along with a brief description of the differences in the accounting policies.
AS24	Discontinuing Operations	Disclosures in an interim financial report in respect of a discontinuing operation should be made in accordance with AS 25, Interim Financial Reporting, including: (a) any significant activities or events since the end of the most recent annual reporting period relating to a discontinuing operation; and (b) any significant changes in the amount or timing of cash flows relating to the assets to be disposed or liabilities to be settled.
AS25	Interim Financial Reporting	• An enterprise may not prepare and present a separate financial report for the final interim period because the annual financial statements are presented. In such a case, paragraph 25 requires certain disclosures to be made in the annual financial statements for that financial year. • If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is

		not prepared and presented for that final interim period, the nature and amount of that change in estimate should be disclosed in a note to the annual financial statements for that financial year. Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, requires disclosure, in financial statements, of the nature and (if practicable) the amount of a change in an accounting estimate which has a material effect in the current period, or which is expected to have a material effect in subsequent periods. Paragraph 16(d) of this Standard requires similar disclosure in an interim financial report. Examples include changes in estimate in the final interim period relating to inventory write-downs, restructurings, or impairment losses that were reported in an earlier interim period of the financial year. The disclosure required by the preceding paragraph is consistent with AS 5 requirements and is intended to be restricted in scope so as to relate only to the change in estimates. An enterprise is not required to include additional interim period financial information in its annual financial statements.
AS26	Intangible Assets	The financial statements should disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) the useful lives or the amortization rates used; (b) the amortization methods used; (c) the gross carrying amount and the accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period; (d) a reconciliation of the carrying amount at the beginning and end of the period showing: (i) additions, indicating separately those from internal development and through amalgamation; (ii) retirements and disposals; (iii) impairment losses recognized in the statement of profit and loss during the period (if any); (iv) impairment losses reversed in the statement of profit and loss during the period (if any); (v) amortization recognized during the period; and (vi) other changes in the carrying amount during the period.
AS27	Financial Reporting of Interests in Joint Ventures (to the extent of requirement relating to Consolidated Financial Statements) <u>Only when relevant regulator requires</u>	- A venturer should disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities: (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers; (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture. - A venturer should disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments: (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers; and (b) its share of the capital commitments of the joint ventures themselves.

		• A venturer should disclose a list of all joint ventures and description of interests in significant joint ventures. In respect of jointly controlled entities, the venturer should also disclose the proportion of ownership interest, name and country of incorporation or residence. • A venturer should disclose, in its separate financial statements, the aggregate amounts of each of the assets, liabilities, income and expenses related to its interests in the jointly controlled entities.
AS28	Impairment of Assets	(a) the amount of impairment losses recognized in the statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are included; (b) the amount of reversals of impairment losses recognised in the statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are reversed; (c) the amount of impairment losses recognised directly against revaluation surplus during the period; and (d) the amount of reversals of impairment losses recognised directly in revaluation surplus during the period. • A class of assets is a grouping of assets of similar nature and use in an enterprise's operations. • The information required in paragraph 117 may be presented with other information disclosed for the class of assets. For example, this information may be included in a reconciliation of the carrying amount of fixed assets, at the beginning and end of the period, as required under AS 10, Accounting for Fixed Asset. • An enterprise that applies AS 17, Segment Reporting, should disclose the following for each reportable segment based on an enterprise's primary format (as defined in AS 17): (a) the amount of impairment losses recognised in the statement of profit and loss and directly against revaluation surplus during the period; and (b) the amount of reversals of impairment losses recognised in the statement of profit and loss and directly in revaluation surplus during the period. • If an impairment loss for an individual asset or a cash-generating unit is recognised or reversed during the period and is material to the financial statements of the reporting enterprise as a whole, an enterprise should disclose: (a) the events and circumstances that led to the recognition or reversal of the impairment loss; (b) the amount of the impairment loss recognised or reversed; (c) for an individual asset: (i) the nature of the asset; and (ii) the reportable segment to which the asset belongs, based on the enterprise's primary format (as defined in AS 17, Segment Reporting); (d) for a cash-generating unit: (i) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, a reportable segment as defined in AS 17 or other); (ii) the amount of the impairment loss recognised or reversed by class of assets and by reportable segment based on the enterprise's primary format (as defined in AS 17); and

		(iii) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash generating unit's recoverable amount (if any), the enterprise should describe the current and former way of aggregating assets and the reasons for changing the way the cash generating unit is identified; (e) whether the recoverable amount of the asset (cash-generating unit) is its net selling price or its value in use; (f) if recoverable amount is net selling price, the basis used to determine net selling price (such as whether selling price was determined by reference to an active market or in some other way); and (g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use. Provided that if a Small and Medium-sized Company (SMC) or a Small and Medium-sized Enterprise (SME) (Level II or Level III non-corporate entity), as defined in Appendix 1 to the Compendium, chooses to measure the 'value in use' as per the proviso to paragraph 4.2 of the Standard, such an SMC/ SME need not disclose the information required by paragraph 121(g) of the Standard. • If impairment losses recognised (reversed) during the period are material in aggregate to the financial statements of the reporting enterprise as a whole, an enterprise should disclose a brief description of the following: (a) the main classes of assets affected by impairment losses (reversals of impairment losses) for which no information is disclosed under paragraph 121; and (b) the main events and circumstances that led to the recognition (reversal) of these impairment losses for which no information is disclosed under paragraph 121. An enterprise is encouraged to disclose key assumptions used to determine the recoverable amount of assets (cash-generating units) during the period.
AS29	Provisions, Contingent Liabilities and Contingent Assets	• For each class of provision, an enterprise should disclose: (a) the carrying amount at the beginning and end of the period; (b) additional provisions made in the period, including increases to existing provisions; (c) amounts used (i.e. incurred and charged against the provision) during the period; and (d) unused amounts reversed during the period. Provided that a Small and Medium-sized Company and a Small and Medium-sized Enterprise (Level II and Level III non-corporate entities), as defined in Appendix 1 to this Compendium, may not comply with. • An enterprise should disclose the following for each class of provision: (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits; (b) an indication of the uncertainties about those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events, as addressed in paragraph 41; and (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement. Provided that a Small and Medium-sized Company and a Small and Medium-sized Enterprise (Level II and Level III non-cooperate entities), as defined in Appendix 1 to this Compendium, may not comply with paragraph above.

		• Unless the possibility of any outflow in settlement is remote, an enterprise should disclose for each class of contingent liability at the balance sheet date a brief description of the nature of the contingent liability and, where practicable: (a) an estimate of its financial effect, measured under paragraphs (b) an indication of the uncertainties relating to any outflow; and (c) the possibility of any reimbursement. • In determining which provisions or contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfill the requirements of paragraphs 67 (a) and (b) and 68 (a) and (b). Thus, it may be appropriate to treat as a single class of provision amounts relating to warranties of different products, but it would not be appropriate to treat as a single class amounts relating to normal warranties and amounts that are subject to legal proceedings. • Where a provision and a contingent liability arise from the same set of circumstances, an enterprise makes the disclosures required by paragraphs above in a way that shows the link between the provision and the contingent liability. • Where any of the information required by paragraph above is not disclosed because it is not practicable to do so, that fact should be stated. In extremely rare cases, disclosure of some or all of the information required by paragraphs above can be expected to prejudice seriously the position of the enterprise in a dispute with other parties on the subject matter of the provision or contingent liability. In such cases, an enterprise need not disclose the information, but should disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.
AS30	Financial Instruments : Recognition and Measurement	Not yet adopted by NACAS (National Advisory Committee on Accounting Standards), hence still recommendatory only
AS 31	Financial Instruments : Presentation	Not yet adopted by NACAS (National Advisory Committee on Accounting Standards), hence still recommendatory only
AS 32	Financial Instruments : Disclosures	Not yet adopted by NACAS (National Advisory Committee on Accounting Standards), hence still recommendatory only

Note: For whole text of relevant Accounting Standards, check link – http://www.icai.org/post.html?post_id=474