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AUDIT MANUAL

SMALL & MEDIUM ENTERPRISES

(Contains New Audit Report Format 2018-19, Format of CARO 2016,

Report on Internal Financial Controls

& Board’s Report (Standard Format and for Small Companies / OPC)

2019-2020

BE HAPPY MAKE HAPPY

PREPARED BY A DEDICATED TEAM COMPRISING OF

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KEY CHANGES

- New Format of Audit Report (applicable w.e.f. 01.04.2018)
- Quoting UDIN (ICAI) is made mandatory
  - For all Certificates w.e.f. 1st February, 2019.
  - For all GST and Tax Audit Reports w.e.f. 1st April, 2019.
  - For all other Audit, Assurance and Attestation functions w.e.f. 1st July, 2019.
- Tax Audit Form 3CD is changed with effect from 20.08.2018
  [Except clause 30C (GAAR) and clause 44 (GST)- they are deferred upto 31.03.2020]
- Board Report for Small Company and One Person Company simplified and prescribed in abridged format with effect from 31.07.2018
- Requirement of MGT-9 (extract of Annual Return) as part of Board's Report is done away by the Companies (Amendment) Act, 2017 w.e.f. 31.07.2018
- Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 are not applicable to a private company w.e.f. 13.06.2017:-
  (i) which is a one person company or a small company; or
  (ii) which has turnover less than rupees fifty crores as per latest audited financial statement and which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore
- Ratification by members in Annual General Meeting in respect of re-appointment of Auditors no more required w.e.f. 07.05.2018
- For Compilation of Important Announcements webhosted for CA Members, Students & ICAI Employees in the wake of Coronavirus COVID-19, check link:- https://www.icai.org/post/covid19-resource-page
- New annual/half yearly compliance requirements by MCA:

eForm and Particulars	Applicability	Due Date
DPT-3 return of deposits (**exempt** and non-exempt)	All Deposit (**exempt** and non- exempt) Accepting Cos other than Govt Co.	30th June (information as at 31st March)
DIR-3 KYC or DIR-3 KYC-WEB Directors KYC as at year end	All DIN Holder	30th Sept
MSME-1half yearly returns- o/s to MSME (position as at the end of half years)	Every Specified Company	30th April and 31st October for each half year respectively

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	Y (Note 1)	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 2)	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 3)	Y
A S-20	Earnings Per Share	Partly (Note 4)	Y
A S-21	Consolidated Financial Statements	Y (Note 8)	Y
A S-22	Accounting for Taxes on Income	Y	Y
A S-23	Accounting for Investments in Associates in Consolidated Financial Statements	Y (Note 8)	Y
A S-24	Discontinuing Operations	Y	Y
A S-25	Interim Financial Reporting	Y (Note 5)	Y
A S-26	Intangible Assets	Y	Y
A S-27	Financial Reporting of Interests in Joint Venture	Y (Note 8)	Y
A S-28	Impairment of Assets	Partly (Note 6)	Y
A S-29	Provisions, Contingent Liabilities and Contingent Assets	Partly (Note 7)	Y

For more information check: https://www.icai.org/post.html?post_id=15769

SMCs: Criteria for classification of companies under the Companies (Accounting Standards) Rules, 2006. Small and Medium-Sized Company (SMC) as defined in Clause 2(f) of the Companies (Accounting Standards) Rules,2006 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.

Explanation: For the purposes of clause 2(f), a company shall qualify as a Small and Medium Sized Company, if the conditions mentioned therein are satisfied as at the end of the relevant accounting period.

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

NOTES

1. Cash Flow Statement is required to be included as a part of financial statements of a company except in case of One Person Company, small company and dormant company.

2. 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.

3. 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;

(ii) 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.

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

5. 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.

6. 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.

7. 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.

8. AS 21, AS 23 and AS 27 (to the extent these standards relate to preparation of consolidated financial statements) are required to be complied with by a non-corporate entity if the non- corporate entity, pursuant to the requirements of a statute/regulator or voluntarily, prepares and presents Consolidated Financial Statements.

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 (Note 9)	N (Note 9)
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 (Note 9)	N (Note 9)
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 (Note 9)	N (Note 9)
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)

For more information check: https://www.icai.org/post.html?post_id=15769

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.

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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 'ssignificant leasing arrangements.

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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.

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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.

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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.

9. AS 21, AS 23 and AS 27 (to the extent these standards relate to preparation of consolidated financial statements) are required to be complied with by a non-corporate entity if the non- corporate entity, pursuant to the requirements of a statute/regulator or voluntarily, prepares and presents Consolidated Financial Statements.

FORMAT OF AUDIT PROGRAM

Name of Entity : **XYZ LIMITED** **FY: 2019-20**

ABC& Co

CHARTERED ACCOUNTANTS

Status: **Company**

Type of Business:

Sl	Remarks	Compliance done
	FINAL REVIEW BY SENIOR PARTNER:	
	Basis for Qualified/Adverse Report (if any):	

Various abbreviations used in **Check Box (Y/N)**:

Sl	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

3 sets	SMC/ Level	CARO	Cash Flow	CS cert	Co Secy	RBI	Tax Audit	GST Audit	92E Audit	Cost Audit	Internal Audit	MR	Appt	DSC
UDIN (ICAI)														

	Audit Report Type	AOC-1	AOC-2	CFS
Partner	Standard / Standalone / Consolidated			

ABC& Co

CHARTERED ACCOUNTANTS

Name of Entity : **XYZ LIMITED** **FY: 2019-20**

Status: **Company**

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):	Nominal Capital:	Paid-up Capital:	
Major Product / Service: NIC Code:			
Accounting Standards Applicability:**The Companies Act, 2013 / ICAI**			
Regn No	CIN:	PAN:	TAN:
	GSTIN:	Custom:	
			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 Regnetc	Licencesd 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 withPUC+RS**≤1 Cr** + borrowings o/s (any time) ≤1 Cr + total revenue**≤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	2nd Signatory	DIN (PAN)
			1. 2.

FORMAT OF AUDIT PROGRAM

ABC& Co

CHARTERED ACCOUNTANTS

Name of Entity : **XYZ LIMITED** **FY: 2019-20**

Status: **Company**

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/GST 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			
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Partner Team Leader

Name of Entity : **XYZ LIMITED** **FY: 2019-20**

ABC& Co

CHARTERED ACCOUNTANTS

Status: **Company**

Type of Business:

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/ GST 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			
In new 3CD wef 20.08.2018:				
19	Section 56(2)(viia), (viib), (ix) & (x) requirements			
20	Section 94B – Thin Capitalisation			

21	Section 92CE – Secondary Adjustment			
22	Section 96 – GAAR – **deferred till 31.03.2020**			
23	Section 269ST – Reporting details of cash receipt or payment in excess of the limit			

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) (viia)/(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 organization 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 *performance indicators* (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	ABC& Co.
-------------------------------------by	Chartered Accountants
-----------------------------------	(Signature)
(Signature)	(Name of the member)
Name and Designation	Designation
Date	Date: Place:

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

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 2020-2021 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 there under;

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

[Ratification of re-appointment no more required w.e.f. 07.05.2018]

(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 2020 for a period of 5 (five) years commencing from 2020-2021.

Further, under proviso to section 139(1), we have ratified and approved your re-appointment for the year …………… 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 2020-2021 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 2020-2021

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 2020-2021

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 2020-2021

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 ABC Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the standalone[56] financial statements of ABC Company Limited ("the Company"), which comprise the balance sheet as at 31stMarch 2020, and the statement of Profit and Loss, (statement of changes in equity)[57] and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the Returns for the year ended on that date audited by the branch auditors of the Company's branches located at (location of branches)][58].

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone[56] financial statements give the information required by the Companies Act, 2013 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 March 31, 2020, and its profit/loss, (changes in equity)[59] and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's ReportThereon[59A]

The Company's Board of Directors is responsible for the other information. The other information comprises the information obtained at the date of this auditor's report [is information included in X report[39], but does not include the financial statements and our auditor's report thereon].

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone[56] 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 standalone[56] financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[60] 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

60A As part of an audit in accordance with Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

  or

  Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in

a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements/ information of .... (number) branches included in the standalone[56] financial statements of the company whose financial statements/financial information reflect total assets of Rs. ……..as at 31st March 2020 and total revenue of Rs........ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   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 purposes 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.[61]]

(c) [The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report[62].]

(d) The Balance Sheet, the Statement of Profit and Loss, (the Statement of Changes in Equity)[63] and the Cash Flow Statement 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[64]].

(e) In our opinion, the aforesaid standalone[56] financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(g) 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 A".

or

This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company basis the exemption available to the Company under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting;

(h) 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note XX to the financial statements;

or

the Company does not have any pending litigations which would impact its financial position[65]

ii. The Company 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 – Refer Note XX to the financial statements;

or

the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.[66]

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 delay 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[67].

Place : (Place of Signature)

Date : (Report Date)

For **ABC & Co**

Chartered Accountants

Firm's Registration No.:

ABC

Designation[68]

Membership No.: XXXX

UDIN:…………………….

Note: 39 – A more specific description of the other information, such as 'the management report and chairman's statement, may be used to identify the information;

56 – applicable in case of CFS,

57,58,59,60,61,62,63,64 – Where Applicable;

59A **Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"] [Reporting in accordance with the reporting requirements in SA 720 (Revised) – see Illustration 1 in Appendix 2 of SA 720 (Revised).]**

60A *Paragraph 41(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or the applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.*

65, 66, 67 - As may be applicable; 68 Partner or Proprietor, as the case may be

For more Formats check SA 700, 701, 705, 706 and 720 https://www.icai.org/new_post.html?post_id=450&c_id=141

INDEPENDENT AUDITOR'S REPORT

To the Partners of ABC & Associates [or Other Appropriate Addressee]

Opinion

We have audited the financial statements of ABC & Associates (the entity), which comprise the balance sheet as at March 31st 2020, and the profit and loss account, (and statement of cash flows)[70] for the year then ended, and notes to thefinancialstatements,includingasummaryofsignificantaccountingpolicies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at March 31, 2020, and of its financial performance (and its cash flows)[71] for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements[72]

Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the entity in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at [*Organization's*] website at: [*website link*]. This description forms part of our auditor's report.

Place : (Place of Signature)

Date : (Report Date)

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

ABC
Designation[73]
Membership No.: XXXX

UDIN:…………………….

Note: 70, 71 – Where Applicable; 72 - Or other terms that are appropriate in the context of the legal framework of the particular entity.73 - Partner or Proprietor, as the case may be

For more Formats check SA 700, 701, 705, 706 and 720 https://www.icai.org/new_post.html?post_id=450&c_id=141

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Opinion

We have audited the financial statements of ABC & Associates (the entity), which comprise the balance sheet as at March 31, 20XX, and the Profit and Loss Account (and the cash flow statement)[75] for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the entity are prepared, in all material respects, in accordance with XYZ Laws.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements[76]

Management is responsible for the preparation of the financial statements in accordance with XYZ Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 41(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control.[77]
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Place : (Place of Signature)

Date : (Report Date)

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

ABC
Designation[78]
Membership No.: XXXX

UDIN:…………………….

Note: 75 – Where Applicable; 76 - Or other terms that are appropriate in the context of the legal framework of the particular entity. 77- This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financialstatements. 78 - Partner or Proprietor, as the case may be

For more Formats check SA 700, 701, 705, 706 and 720
https://www.icai.org/new_post.html?post_id=450&c_id=141

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 2020**

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 compnay.

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

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.

(iv) 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

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.

(v) 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 amd the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

or

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.

(vi) 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.

(vii) (a) 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.

[w.e.f. 13.06.2017 not applicable to a private company:-

(i) which is a one person company or a small company; or

(ii) which has turnover less than rupees fifty crores as per latest audited financial statement and which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore.]

'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 2020 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 2020, 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. XYZfor the year ended 31st Mar 2020 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 XYZas of 31st Mar 2020 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 wereRs------------------
4	**Investment** As at balance sheet date, investment of the Company /Firm are as below: Long Term Investment (non trade): Rs------------------ (Market value of Quoted Investment: Rs -----------------) Current Investment (trade): Rs------------------
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 Rs------------------ Non Current Loans and Advances Rs------------------ Short Term Loans and Advances Rs------------------

<table>
<tr><td>6</td><td colspan="2">Other Current Assets
Other current assets include Rs------------------ as cash in hand, Rs------------------ as balances with scheduled banks and Rs----------------- 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</td></tr>
<tr><td>7</td><td colspan="2">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</td></tr>
<tr><td>8</td><td colspan="2">Details of Inventories in hand is as below:
Raw Materials Rs------------------
Finished Goods Rs------------------
Others Rs------------------
Total Rs------------------</td></tr>
<tr><td>9</td><td colspan="2">Inventories have been valued on the following basis/ bases:
------------------</td></tr>
<tr><td>C</td><td colspan="2">Liabilities</td></tr>
<tr><td>1</td><td colspan="2">We have recorded all known liabilities in the financial statements.</td></tr>
<tr><td>2</td><td colspan="2">Details of all contingent liabilities as at the end of year which does not require any accounting treatment are as below:
------------------</td></tr>
<tr><td>3</td><td colspan="2">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.</td></tr>
<tr><td>4</td><td colspan="2">Provisions for Claims and Losses</td></tr>
<tr><td>(i)</td><td colspan="2">Provision has been made in the accounts for all known losses and claims of material amounts.</td></tr>
<tr><td>(ii)</td><td colspan="2">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:
------------------</td></tr>
<tr><td>(iii)</td><td colspan="2">Details of all statutory dues (disputed or undisputed) as on Balance Sheet date are as below:
------------------</td></tr>
<tr><td>(iv)</td><td colspan="2">Details of all pending litigations and its impact on financial statement are as below:</td></tr>
<tr><td rowspan="3"></td><td>Particulars</td><td>Impact on Financial Statement</td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td>(v)</td><td colspan="2">Details of foreseeable losses on long term contracts including derivative contracts: Rs …………….</td></tr>
</table>

<table>
<tr><td>D</td><td colspan="4">PROFIT AND LOSS ACCOUNT</td></tr>
<tr><td>1</td><td colspan="4">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.</td></tr>
<tr><td>E</td><td colspan="4">GENERAL</td></tr>
<tr><td>1</td><td colspan="4">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.</td></tr>
<tr><td>2</td><td colspan="4">The financial statements are free of material misstatements, including omissions.</td></tr>
<tr><td>3</td><td colspan="4">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.</td></tr>
<tr><td>4</td><td colspan="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.</td></tr>
<tr><td>5</td><td colspan="4">We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.</td></tr>
<tr><td>6</td><td colspan="4">All the loans or deposit or repayment thereof was made by account payee cheques or demand draft only.</td></tr>
<tr><td>7</td><td colspan="4">In term of section 22 of the Micro, Small & Medium Enterprises Development Act, 2006:</td></tr>
<tr><td></td><td colspan="2">Sundry Creditors of the Company: Rs…</td><td colspan="2">Interest Paid to them: Rs…</td></tr>
<tr><td>8</td><td colspan="4">We have complied with Income Tax provisions in respect of deduction of TDS.</td></tr>
<tr><td>9</td><td colspan="4">We have complied provisions of GST Act, whichever are applicable and not misrepresented inputs and outputs thereof.</td></tr>
<tr><td>10</td><td colspan="4">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.</td></tr>
<tr><td rowspan="5">11</td><td colspan="4">Other Information of Company:</td></tr>
<tr><td>Email Id</td><td>Principal Contact No</td><td>No of Employees</td><td>No of Branches</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Signatory(ies)</td><td colspan="2">Unsecured Loan from Shareholders & Director’s Relatives</td><td>Loan to Directors & Interested Parties</td></tr>
<tr><td></td><td colspan="2"></td><td></td></tr>
<tr><td>12</td><td colspan="4">Our Books of Accounts and Other Records are kept at our address as mentioned above.</td></tr>
</table>

13	**Others**: a) We have duly complied provisions of section 185, 186 of the Companies Act, 2013 in respect of loan, investment, security, guarantee made by us. b) We have duly complied provisions of section 177, 188 in respect of related party transactions and also disclosed the details thereof inFinancial Statemetnts as required by the Accounting Standards and the Companies Act, 2013. c) 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 rules framed thereunder. d) The Company has no dues payable to a financial institution or a bank or debenture-holders and the company did not have any term loans outstanding during the year. e) The Company has not accepted any preferential allotment or private placement of shares or fully or partly convertible debentures. f) The Company has not entered into any non-cash transactions with directors or persons connected with him. g) As recorded, none of the Directors are disqualified u/sec 164(2) of the Companies Act, 2013 as at BS date. h) Amount transferred to the Investor Education and Protection Fund: Rs Nil.		
	Dated: Place:	For and on behalf of …………………………….. Director	Seal

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	GSTIN		8		
9			10		

6	**Details of Speculation Loss (attach extra sheet, if required):**		
Sl	Nature of Loss	Amount	Brief Details of Loss

7	**Details of any sum received as an advance against capital asset (forfeited/ not resulted into transfer):**		

8	**Details of any sum >Rs 50000 without consideration or immovable property without consideration or with stamp duty value exceeds > Rs 50000:**		

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 2020

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 EDUCTION 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 NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company has conducted **Four (28/07/2019, 27/10/2019,. 09/01/2020, 30/03/2020)** 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			

14 DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) 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;

c) 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.

15 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.

16 DEPOSITS

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

17 DIRECTORS

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

18 DECLARATION OF INDEPENDENT DIRECTORS

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

19 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.

20 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 **2019** and are eligible.

21 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.

22 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

23 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.

24 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	Y
Director	Director
(DIN ....)	(DIN ....)

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 2020

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 EDUCTION 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 **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.

7 **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company has conducted **Four (28/07/2019, 27/10/2019, 09/01/2020, 30/03/2020)** 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			

8 DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) 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;

c) 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.

9 JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any 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 Joint venture Company during the year under review.

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Date: ……………………………… FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: ………………………………………	X Director (DIN ....)	Y Director (DIN ....)