

Client's Particulars

Name :

Address :

PAN :

Business :

Status :

Annual Details

Previous Year Ending on :

Assessment Year :

Residential Status :

Service Order Number :

Auditor's Name and Address

Partner's Name :

Membership No. :

Firm's Name :

Firm Regn. No. :

Office Address :

TAX AUDIT CONTROL CHECKLIST

Broad Head	Sl. No.	Part Reference	Nature of Document	Page Number	Whether Applicable for the Year under Audit? (Yes/No)	If Document not Applicable Reason in brief?	If Document Applicable, whether the Documentation completed? If not, reason & other remarks.
DOCUMENTATION ON AUDIT ACCEPTANCE	1.	Part A	Audit Appointment Letter	5			
	2.	Part A	Check Audit Independence	6			
	3.	Part A	Communication to Previous Auditor	7			
	4.	Part A	Letter from Previous Auditor	8			
	5.	Part A	Reply Letter to Previous Auditor	9			
	6.	Part A	Consent Letter	10			
	7.	Part A	True Copy of the Resolution Appointing Auditor	11			
	8.	Part A	Audit Engagement Letter	12			
	9.	Part A	Audit Acceptance Letter	13			
DOCUMENTATION ON AUDIT PLANNING	10.	Part B	Basic Details of the Assessee	15			
	11.	Part B	Review using Common Balance Sheet / Profit & Loss Account	16			
	12.	Part B	Assessment of Inherent Business Risk	17			
	13.	Part B	Assessment of Accounting Risk	18			
	14.	Part B	Audit Materiality & Audit Sampling	19			
	15.	Part B	Basic Audit Programme	20			

DOCUMENTATION ON AUDIT EXECUTION	16.	Part C	Cash & Bank Vouching	23			
	17.	Part C	Sales & Purchases (or) Service Turnover Vouching (including Stock Review)	25			
	18.	Part C	Journal Vouching	28			
	19.	Part C	General Ledger Review with Checklist on Form 3CD	30			
	20.	Part C	Other Reporting under Form 3CD not Requiring Review of General Ledger	43			
	21.	Part C	Finalisation of Audit	44			
	22.	Part C	Audit Observations raised to Client	45			
	23.	Part C	Finalisation of Audit Report & Issuance of Certificate	46			
DOCUMENTATION ON MANAGEMENT REPRESENTATION	24.	Part D	Management Representation Letter	48			

PART A

**DOCUMENTATION
ON
AUDIT ACCEPTANCE**

AUDIT APPOINTMENT LETTER

Date:

From

Client Name:

Client Address:

To

Auditor Name:

Auditor Address:

Sir,

Sub: - Appointment of Auditors – For the year ending _____ – Reg.
-x-

In pursuance of the provisions of sections _____ @ of the Income-tax Act, 1961, I/We am/are pleased to inform you that you are being appointed as Auditor of my/our following Organisation(s) –

- 1.
- 2.
- 3.
- 4.

* Please find herewith enclosed the following in this regard / Please note that the following documents have been submitted to you in the financial year _____: -

1. Permanent Account Number allotment Letter
2. Sales Tax/Service Tax Registration Certificate *
3. Partnership Deed/Memorandum & Articles/Other Agreements *
4. Certificate of Incorporation and/or Certificate of Commencement of Business *

* I/We wish to state that you are the first auditor of our Organisation
(or)

* I/We wish to state that our previous auditor is: -
Name :
Address :

and I/We have enclosed herewith the last one/two years audited accounts, together with Notes on Accounts and Significant Accounting Policies.

Further, I/We have enclosed herewith the brief details about my/our business and the Organisation Structure.

I/We request you to give your consent to act as auditor for the year.

Yours truly,

Name, Signature & Seal of the
Proprietor /Authorised Person

* Strike off whichever is not applicable.
@ here enter the section number.

CHECK AUDIT INDEPENDENCE

Table A – Questions

Q.No.	Questions	Yes/No
1	Whether the Auditor is Officer or Employee of the Client?	
2	Whether the Auditor is Partner of any person who is in the employment of Officer or Employee of the Client?	
3	Whether the Auditor Is indebted, or has given guarantee or given security for any third party, to the Client for more than Rs.1,000?	
4	Whether the Auditor holds securities of the Client (being a Company)?	
5	Whether the Auditor is a relative to the Manager or Director (in the case of Company)?	
6	Whether the auditor or his relatives or firm hold substantial interest (as per Income-tax Act definition) in the Client's Entity (other than Company)?	
7	Whether the Internal Audit or Cost Audit or any other specific assignment to the Client has been carried out, except that of those in the nature of external consultations?	

Table B – Condition/Decision Table

C.No.	Conditions	I	II	III	IV	V	VI
1.	Whether the answer to any one of the questions in Table A is Yes?	No	Yes	Yes	Yes	Yes	Yes
2.	Whether the Client is a Company?	-	Yes	Yes	No	No	No
3.	Whether the answer is "Yes", only in the case of Q.No.5?	-	Yes	No	-	-	-
4.	Whether the answer is "Yes", only in the case of Q.No.6?	-	-	-	Yes	No	No
5.	Whether in the opinion of the Auditor the independence cannot be established?	-	-	-	-	Yes	No
D.No.	Decisions*	I	II	III	IV	V	VI
1.	Accept Audit	✓					
2.	Accept Audit and disclose in the audit report the interest in the Client's Business.				✓		✓
3.	Accept Audit, if special resolution has been passed in the General Body Meeting.		✓				
4.	Do not Accept Audit			✓		✓	

***Circle the appropriate cell in which the Assessee falls.**

Additional Note:

- In case of Q.No.7 in Table A, if any external consultations are being provided do not accept the audit, if the fees for such assignments are more than that of the Statutory Audit Fees. Even in other cases, the audit assignment should not be accepted –
 - in the case of Government Company, and
 - in the case of any other entity, if independence cannot be established
- The above conditions are to be checked every year, when the audit is retained.

Consequential Disqualifications

- In case one partner is disqualified, then all the other partners of the firm and the firm are also disqualified. If any audit staff of the auditor falls within the disqualification, then the staff concerned shall be refrained from taking part in the audit.
- In case the partner is disqualified from being appointed as an Auditor of a Company, he/firm is also disqualified from being appointed as Auditor of its Holding Company or Subsidiary Company or a Company under the same Management. Similarly, if a partner is disqualified from being appointed as auditor for any entity, then he shall be disqualified for appointment of the relatives and associate concerns of the entity.

Auditor's Decision	Accepted / Not Accepted Disclosure Required / Disclosure Not Required
--------------------	--

Auditor's Signature

**COMMUNICATION TO PREVIOUS AUDITOR
(in the Auditor's Letter Head)**

Date:

To

Chartered Accountant(s),

_____.

Dear Sir(s),

Sub: - Intimation to Previous Auditor – Reg.

-X-

In pursuance of the provisions of sections _____ @ of the Income-tax Act, 1961, we have been appointed as Auditors of the following Organisation(s) –

- 1.
- 2.
- 3.
- 4.

As previous auditor of the aforesaid Organisation(s), we request you to kindly confirm as to whether there any reasons that we should not accept the audit. If so, give reasons.

Thanking you,

Yours truly,

Signature
of the Auditor

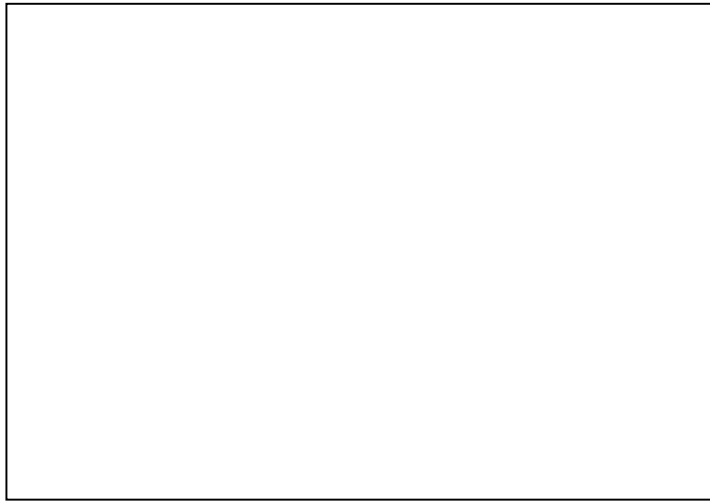
@ here type the section number.

Note:- Send this letter by Registered Post with Acknowledgement Due or Courier under Proof of delivery or Local Delivery under specific signature.

**Space for Acknowledgement from the Previous Auditor, if presented in person (or)
Space for Pasting Registered Post Acknowledgement or Courier Proof of delivery**

LETTER FROM THE PREVIOUS AUDITOR

PASTE THE REPLY FROM THE PREVIOUS AUDITOR
OR
IF NO REPLY IS RECEIVED AFTER REASONABLE TIME, WRITE SUITABLE NOTES IN THE BOX BELOW



IN CASE THE REPLY IS IN THE NEGATIVE AND STILL YOU WISH TO ACCEPT THE AUDIT,
ESPECIALLY THE CASES WHERE THE FEES ALONE IS DUE,
PLACE THE LETTER OF HERE AND SEND YOUR REPLY TO THE PREVIOUS AUDITOR

REPLY LETTER TO THE PREVIOUS AUDITOR

Date:

To

Chartered Accountant(s),

_____.

Dear Sir(s),

Ref: - Your Letter dated _____ intimating your Objections on our acceptance of our Audit
Sub: - Reply to the above referred letter – Acceptance of the Audit – Reg.

-X-

We wish to state that, we have discussed with the Client/Management of the Client _____ about the issues raised by you (including non receipt of Fees/Expenses)*. They have assured that the issues would be resolved at the earliest (and fees and expenses would be paid to you).

As far as the professional issues raised by you, we, in discussion with the Client/Management of the Client, reply that: –

- 1.
- 2.
- 3.
- 4.

Hence, we are accepting the Tax Audit in spite of your objections.

Thanking you,

Yours truly,

Signature & Seal
of the Auditor

* Strike off the words in Bracket, if not applicable.

Note:- Send this letter by Registered Post with Acknowledgement Due or Courier under Proof of delivery or Local Delivery under specific signature.

**Space for Acknowledgement from the Previous Auditor, if presented in person (or)
Space for Pasting Registered Post Acknowledgement or Courier Proof of delivery**

CONSENT LETTER

Date:

To

Chartered Accountant(s),

_____.

Dear Sir(s),

Ref: - Your Letter dated _____ intimating our appointment as Auditors of your Organisation
Sub: - Consent Letter – Reg.

-X-

In pursuance of the provisions of sections _____ @ of the Income-tax Act, 1961, we have been appointed by you as Auditors of the following Organisation(s) –

- 1.
- 2.
- 3.
- 4.

We give our consent for being appointed as Auditors of your above referred Organisation. We also confirm that our appointment would be within the limits prescribed by the ICAI.

We request you to kindly confirm our appointment as Auditors of your above Organisation by sending us the following documents: -

1. Resolution appointing us as Auditors (model enclosed), and
2. Letter of Engagement in the proforma enclosed

Thanking you,

Yours truly,

Signature & Seal
of the Auditor

@ here type the section number.

Note:- Send this letter by Registered Post with Acknowledgement Due or Courier under Proof of delivery or Local Delivery under specific signature.

**RESOLUTION APPOINTING AUDITOR PASSED IN THE MEETING HELD AT THE REGISTERED / PRINCIPAL
OFFICE AT _____
(in the case of Assesseees other than Proprietorship Clients)**

_____, Chartered Accountants have written by a Letter dated _____ to our Firm / AoP / Company regarding their consent to act as auditors of our Firm / AoP / Company, in response to our request in letter dated _____, signed by our Partner / Member / Director _____. The said letter from the Auditor dated _____ intimating that the appointment of _____, Chartered Accountants, would be within the limit prescribed by the ICAI, was placed in the Partners / Members / Directors Meeting. Thereafter, the following resolution was passed unanimously: -

"Resolved that _____, Chartered Accountants, be and hereby appointed as the auditors of the Firm / AoP / Company for the purpose of Audit under the Income-tax Act, subject to the Letter of Engagement to be entered between us and the Auditor"

"Resolved further that _____, be and hereby advised to intimate _____, Chartered Accountants, about their appointment as tax auditors and to sign the Letter of Engagement, Financial Statements, the Management Representation Letter and such other relevant documents in the conduct of Audit."

- | | | | |
|-----|-----|-----|-----|
| 1. | 2. | 3. | 4. |
| 5. | 6. | 7. | 8. |
| 9. | 10. | 11. | 12. |
| 13. | 14. | 15. | 16. |
| 17. | 18. | 19. | 20. |

PARTNERS / MEMBERS / DIRECTORS

AUDIT ENGAGEMENT LETTER

PART A – TERMS OF ENGAGEMENT

1. Our audit will be carried out in accordance with the requirements of the section _____ @ of the Income-tax Act, 1961 and applicable authoritative pronouncements of the Institute of Chartered Accountants of India with the objective of our expressing an opinion on the financial statements.
2. In forming our opinion on the financial statements, we will perform sufficient tests to obtain reasonable assurance as to whether the information contained in the accounting records and other source data is reliable and sufficient as the basis for the preparation of the financial statements. We will also examine whether the information is properly presented in the financial statements.
3. We wish to clarify that the responsibility for the preparation of financial statements including adequate disclosure is that of the management of the entity. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and safeguarding of the assets of the entity.
4. As part of our audit process, we expect to receive from management written confirmation of representations which are made to us in connection with the audit.
5. The objective of the audit of financial information is to enable us to express an opinion thereon. In forming our opinion, we shall carry out the procedures designed to obtain evidence that will provide reasonable assurance that the financial information is properly stated in all material respects. We have, therefore, a reasonable expectation of detecting material misstatements in the financial information resulting from fraud or error. However, since the audit evidence sought by us is persuasive rather than conclusive in nature, there is a possibility that some material misstatements of the financial information resulting from fraud and, to a lesser extent, error, if either exists, may not be detected.
6. Based on our discussion, we understand that we would be submitting the following Certificates and Reports, based on the Audit conducted by us, for the fees stated therein: -
 - a. Form 3CA/3CB along with Form 3CD - Rs.
 - b. Certificates under Chapter IV-D (like sections 32/33AB/35D/35E/) - Rs.
 - c. Certificates under Chapter VI-A (like sections 80IA/80IB/80JJA) - Rs.
 - d. Other Audit Reports (like sections 92E/115JB/) - Rs.
 - e. Certificates for Bankers or others - Rs.
 - f. Others – Specify - Rs.
7. We look forward to full cooperation from you and your staff(s) and we trust that you/they will make available to us the records, documentation and other information and explanations required in connection with our audit.

PART B – TERMS OF BRANCH AUDIT

As regards the audit of branches/divisions, the audited financial statements and the reports of the auditors will be considered by us, in framing our opinion, for which the fees has been included in paragraph 6 above.

and/or *

The following branches/divisions will be audited by us, upon the same terms mentioned above, for which the fees has been included in paragraph 6 above: -

- a.
- b.
- c.
- d.

* strike-out whichever is not applicable.

@ here type the section number.

Place:

Understood & Accepted the Terms of Engagement

Date :

Client

Auditor

AUDIT ACCEPTANCE LETTER

Date:

To

Chartered Accountant(s),

_____.

Dear Sir(s),

Sub: - Intimation to Previous Auditor – Reg.

-x-

In pursuance of the provisions of sections _____ @ of the Income-tax Act, 1961, we have been appointed by you as Auditors of the following Organisation(s) –

- 1.
- 2.
- 3.
- 4.

We are pleased to accept the said Audit under the Income-tax Act, 1961.

Thanking you,

Yours truly,

Signature & Seal
of the Auditor

@ here type the section number and the name of the statute or paragraph number and the name of document under which audit is to be carried out.

Note:- Send this letter by Registered Post with Acknowledgement Due or Courier under Proof of delivery or Local Delivery under specific signature.

**Space for Acknowledgement from the Previous Auditor, if presented in person (or)
Space for Pasting Registered Post Acknowledgement or Courier Proof of delivery**

PART B

**DOCUMENTATION
ON
AUDIT PLANNING**

BASIC DETAILS OF THE ASSESSEE

PART A OF FORM 3CD

1. Name of the assessee :
2. Address :
3. Permanent Account Number :
4. Status :
5. Previous year ended :
6. Assessment Year :

Documentation

- Basic Facts, which does not require any Working Sheets.
- If -
 - Available – Obtain Copy of PAN Card & Allotment Letter
 - Not Available – Place a copy of the Application for PAN (with proofs)
- Obtain representation from the assessee about his residential status.

Clause 7: Firm/AOP:

- Get the Latest Partnership Deed or Agreement of AOP – Please vide Audit Appointment Letter.
- Obtain Representation from Management that there has been no change in the Partners/Members of the Partnership/AOP.
- In case assessee is not a Firm/AOP, state so in the Report.

Clause 8: Nature of Business/Profession

- Refer the Document relating to the Constitution of the Assessee (except Individual) for the purpose of determining the business or profession. If required, satisfy with other proofs like Sales Tax Registration, Service Tax Registration, etc.
- In case of Individual obtain proof, if available (like Sales Tax Registration, Service Tax Registration, etc.) and if no such proof available, obtain representation from Management about the nature of business.
- Obtain Confirmation that there has been no change in the Business/Profession.
- Ensure that the transactions of the entity corroborate with the documents produced by the assessee.

Clause 9: Books of Accounts (Refer Section 44AA & Rule 6F)

- Obtain Representation from Management about the List of Books maintained (including cases where the accounts are computerised).
- In case entity uses the service of other organisations for maintenance of accounts, peruse the terms of appointment. Obtain representation from the Service Organisation the List of Books maintained (including cases where the accounts are computerised).

REVIEW USING COMMON BALANCE SHEET / PROFIT & LOSS ACCOUNT

ITEMS	DRAFT ACCOUNT		PREVIOUS YEAR		COMMENT	AUDIT ACTION TO BE TAKEN
	Rs.	%	Rs.	%		
Assets						
Fixed Asset						
Accumulated Depn.						
Capital WIP						
Capital Advance						
Investments						
Current Investment						
Cash						
Bank						
Debtors						
Stock						
Prepaid Expenses						
Other Current Asset						
Loans & Advances						
Liabilities						
Secured Loans						
Unsecured Loans						
Directors Loans						
Creditors (Stock)						
Creditors (Expense)						
Other Liabilities						
Provisions						
Doubtful Debts						
Doubtful Loans						
Depreciation						
Taxation						
Dividend						
Income						
Sales						
Investment Income						
Miscellaneous						
Expenditure						
Raw Material						
Consumable						
Stores & Spares						
Other Manuf. Exp.						
Salaries & Wages						
Repairs – Building						
Repairs – P & M						
Repairs – F & F						
Directors' / Partners' / Members' Pay						
Administrative						
Selling & Distribution						
Depreciation						
Research/Develop						
Interest/Fin. Charge						
Profit						
Sales – Cost of Sales						
PBDIT						
PBIT						
PBT						
PAT						

ASSESSMENT OF INHERENT BUSINESS RISK

NATURE OF THE BUSINESS

Q.No.	Question	H/M/L
1.	Is the overall economic climate depressed?	
2.	Is the Product/Demand having high Competition?	
3.	Is the Client engaged in high risk business?	
4.	Is the Client's business exposed to technological obsolescence?	
5.	Are there external factors which could affect risk?	
6.	Is there geographical spread of its production facilities?	
7.	Are there any external stakeholders?	
8.	Is the Capital Structure of the Client complex?	
9.	Are there any Liquidity Problems?	
10.	Are there large numbers of Related Party Transactions?	
11.	Is the product dealt by the Client – High Value or Desirable?	
12.	Is there potential competitive threat against the Company?	

MANAGEMENT, ENVIRONEMENT CONTROL AND RISK OF FRAUD

Q.No.	Question	H/M/L
1.	Are there any indications from previous experience or incidents which call into question the integrity of Management?	
2.	Could management be influenced by a desire to manipulate results?	
3.	Have there been any major changes in key personnel in the past year, especially accounting personnel?	
4.	Is the internal organization within the entity poor? (e.g., Budgets)	
5.	Is the business experience and quality of management poor?	
6.	Is management divorced from day to day control of operations?	

ACCOUNTS (GENERAL)

Q.No.	Question	H/M/L
1.	Are there a large number of users of Accounts?	
2.	Is there frequent change in Accounting System or Internal Control?	
3.	Is the Accounts Department badly organised or supervised?	
4.	Do the financial trends and ratios indicate Competitive conditions?	
5.	Is the Audit impaired by any lack of or invisible audit trial?	

AUDIT HISTORY

Q.No.	Question	H/M/L
1.	Is the Client new to the Auditor?	
2.	Is there a history of errors generally within the business?	
3.	Has a partner or senior member of the staff been engaged on this audit for more than 4 years?	
4.	Is the previous audit report of the entity qualified?	

CONCLUSION (OVERALL ASSESSMENT) – BASED ON NUMBER OF H / M / L

HIGH (H)	MEDIUM (M)	LOW (L)
* At least 5 Hs * At least 3 Hs and 5 Ms * At least 1 Hs and 10 Ms * All Ms	* Any H. * No Hs and At least 10 Ms * No Hs, At least 7 Ms & 15 Ls * All Ls	* All "No" * Not covered by High and Medium.

ASSESSMENT OF ACCOUNTING RISK

PART A – ACCOUNTING SYSTEM (Answer the boxes as Yes or No)

PARTICULARS	FA	INV	STO	DRS	B&C	CRS	TAX	SAL	PUR	EMP	INC	EXP
Is System inadequate?												
Is there history of problems or errors?												
Are problems or errors anticipated this year?												
Is Judgment involved?												
Is substance over form question involved?												
Is the item cash based or capable of loss or misappropriation?												
Is the item complex in any way or Is Expert Opinion required?												
Is the Financial Stmts. susceptible to errors (e.g.: Prior Period Item)												
Is it an Item not subject to ordinary process?												
Is it unusual or complex entry passed at year end?												
If the System Computerised without adequate Audit Controls?												
Is the service of Accounting Outsourced?												
Conclusion (Overall)												

If answer is "Yes", then there is potential risk. Classify as High, Medium or Low as under: -
(H) High – 9 to 12. (M) Medium – 5 to 8. (L) Low – 1 to 4.

PART B – INTERNAL CONTROL (IC) (Answer the boxes as Yes or No)

PARTICULARS	FA	INV	STO	DRS	B&C	CRS	TAX	SAL	PUR	EMP	INC	EXP
Is IC relevant to assertions?												
Is IC likely to prevent, detect or correct errors?												
Is the Audit Trail visible?												
Is the system of accounting and control in force?												
Is IC in effect throughout the year?												
Conclusion (Overall)												

If all the questions are "Yes", conclude "Reliable (R)", else, "Not Reliable (NR)".

FA – Fixed Assets.
B&C – Bank & Cash.
EMP – Salary.

INV – Investments.
CRS – Creditors.
INC – Other Incomes.

STO – Stock.
TAX – Taxation.
EXP – Expenditure.

DRS – Debtors.
SAL – Sales / Turnover.

AUDIT MATERIALITY
BASED ON DRAFT ACCOUNTS

NATURE OF ITEMS	BASIS	AMOUNT Rs.	FACTOR* %	MATERIALITY Rs.	REDUCED MATERIALITY Rs.
Sales	Gross Income				
Purchases	Total Cost				
Depreciation	Fixed Assets				
Assets	Gross Asset Additions				
Liabilities	Gross Liabilities				

* 1% is an ideal Factor. However, the Factor can be increased or decreased based on the specific audit engagement.

AUDIT SAMPLING
PART A – APPLICABILITY

PARTICULARS	FA	INV	STO	DRS	B&C	CRS	TAX	SAL	PUR	EMP	INC	EXP
Inherent Business Risk?												
Accounting Risk?												
Control Reliable?												
Can Sampling be applied? (Yes / No)												

PART B – REASONS FOR NOT APPLYING SAMPLING
(Tick whichever is appropriate)

PARTICULARS	FA	INV	STO	DRS	B&C	CRS	TAX	SAL	PUR	EMP	INC	EXP
To be tested 100%												
Covered by Proof												
Not Material												
Expert Opinion												
Work of Others												
Other Reasons												
*												
*												
*												

PART C – SAMPLING TECHNIQUE

If Sampling is to be applied:

- Audit the items for the whole year, which are Material – Refer Audit Materiality above
- Apply sampling for other items – Determine the size based on the total number of vouchers
- Re-determine the sample size, if the total amount audited is below 50% of the total value of such item audited.

•

BASIC AUDIT PROGRAMME

1. Name of the Assessee :
2. Address :
3. Permanent Account Number :
4. Status :
5. Previous year ended : 31st March
6. Assessment Year :
7. Particulars of Branches, if any :

a.	k.
b.	l.
c.	m.
d.	n.
e.	o.
f.	p.
g.	q.
h.	r.
i.	s.
j.	t.
8. Reference of Appointment :
9. Details of communication with Previous Auditor(s) : Name & Address of Previous Auditor(s):

Manner of Communication: Speed Post/RPAD/Hand Delivery

Reply from Previous Auditor: Objected/Not Objected/Not Replied

Decision on Acceptance of Audit: Accepted/Rejected

9. Terms of Appointment (Tick as appropriate) :

General Purpose Audit
Certificates (Specify)
a.
b.
c.
d.
e.
f.
g.
h.
i.
j.
10. Man Hours Planned :

Audit
Form No.3CD
Certification
11. Auditor (Person signing Report) :
12. Audit Team – Area Covered :

a.
b.
c.
d.
e.
f.
g.

13. Area of Coverage (tick & strike-off) :
- a. Head Office and Branches
 - b. Head Office or Branch Only
14. Scope of Audit :
- a. Cash & Bank – 100% Vouching or Sampling *.
 - b. Sales & Purchases (or) Service Turnover – 100% Vouching or Sampling *.
 - c. Journal – 100% Vouching or Sampling *.
 - d. Ledger Review – Form 3CD Purpose/Others.
 - e. Stock Ledger (if any) – Review.
 - f. Assurances to be Issued –
 - i. Whether proper books of accounts as per law maintained?
 - ii. Whether Financial Statements are in accordance with Books?
 - iii. Whether Financial Statements show True and Fair View?
 - iv. Whether Form 3CD is Correct?
 - g. In case audit is Head Office only and Branch Audit is carried out by other Auditors, review of their report.
 - h. Whether Accounting Standards and Auditing Standards have been complied with in the Finalisation of Audit?
 - i. Whether the facts in the Certificate issued are true and correct?

Signature & Seal of the Auditor

* Strike-off whichever is not applicable.

PART C

**DOCUMENTATION
ON
AUDIT EXECUTION**

CASH & BANK VOUCHING

Assertions	Yes/No	Audit Remarks
1. Whether there is adequate system to ensure that the receipts and payments relating to the period under report are properly recorded in the books of accounts?		
2. Whether all the receipts and expenses are properly authorised?		
3. Whether all the payments in excess of Rs.50/- are supported by external voucher?		
4. Whether all the payments not exceeding Rs.50/- are supported by internally generated vouchers or by sufficient explanation in the Cash/Bank Book?		
5. Whether expenses are wholly incurred for the purpose of business or profession?		
6. Whether proper reconciliation has been carried in respect of all the Bank Accounts?		
7. Whether there are any Cash Payments exceeding Rs.20,000/- in the Cash Book?		
8. If the answer to Question Number 7 is in the affirmative, then whether they fall within any of the following classification – a. Capital Items (other than Loans and Advances received and/or repaid) b. Being Revenue Items covered by exceptions in Rule 6DD		
9. If the answer to Question Number 8 is negative, then whether the auditor intends to suitably report the same in Form 3CD? If not intending to report, reasons thereto.		
10. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

INSTRUCTIONS FOR STAFFS:

1. Note down the vouchers remaining unauthorised
 - To be ensured that it does not involve misappropriation by Staffs
2. Note down the entries which do not have external vouchers in excess of Rs.50, but authorised
 - Obtain a certificate from the management that the expenses are genuine and in the course of the carrying on the business or profession
 - To be ensured that the payment is not unreasonable commensurate with the size and nature of the business or profession
3. Note down the vouchers with dates not falling within, or the income or expenditure is not attributable to, the financial year under Audit, in the case of Accrual System of Accounting
 - Reporting under Prior Period Items
 - To be ensured that it is carried over to the Balance Sheet
 - Entries falling subsequent to the Financial Year, wrongly recorded, is reversed
4. Expenses which are not incurred for the purpose of Business or Profession
 - Personal expenses to be passed through drawings or to be disallowed in memo
5. Cash Book Review to list payments exceeding Rs.20,000/Rs.30,000
6. Vouch the entries in the first few months of the subsequent year, which relate to the period under Audit and require entry in the current financial year
7. Obtain the Copy of Bank Reconciliation Statement and Review for: -
 - Cash items remaining un-responded
 - Revenue Items remaining unadjusted – Prior Period and Current Period
 - Stale Cheques pending reversal
 - Material unadjusted old entries

VOUCHING FORM

Client Name :
Audit Objective : CASH & BANK VOUCHING

Sl. No.	Voucher Reference	Amount	Vouching Observations and Its Impact	Query Addressed to	Reply from Management	Final Audit Remarks	Auditor Initial

SALES & PURCHASES (OR) SERVICE TURNOVER VOUCHING

Assertions	Yes/No	Audit Remarks
1. Whether there is proper system to ensure that all the Sales/Purchases (or) Service Turnover relating to the period under report are recorded in the Books of Accounts?		
2. Whether there is proper authorisation in relation to placement/receipt of Orders for Purchases/Sales (or) Services?		
3. Whether all the purchases and sales are supported by Invoices and Delivery Challans?		
4. Whether all the returns (purchase and sales) or pre-closure of services are supported by Debit and Credit Notes?		
5. Whether proper and sufficient stock records have been maintained for the purposes of recording the quantity, value and movement particulars of stock?		
6. Whether verification of stock has been done by management at periodical levels and at year-end? Whether the same is adequate commensurate with the size of the entity?		
7. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

STOCK REVIEW

Assertions	Yes/No	Audit Remarks
1. Whether stock register maintained?		
2. If answer to Question No.1 is affirmative, get schedule for the following items in Form 3CD in – a. Clause 12 b. Clause 28		
3. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

INSTRUCTIONS FOR STAFFS:

- Note down the entries remaining unauthorised
 - To be ensured that it does not involve misappropriation by Staffs
- Note down the entries which do not have external vouchers in excess of Rs.50, but authorised
 - Obtain a certificate from the management that the expenses are genuine and in the course of the carrying on the business or profession
 - To be ensured that the payment is not unreasonable commensurate with the size and nature of the business or profession
- Note down the vouchers with dates not falling within, or the income or expenditure is not attributable to, the financial year under Audit, in the case of Accrual System of Accounting
 - Reporting under Prior Period Items
 - To be ensured that it is carried over to the Balance Sheet
 - Entries falling subsequent to the Financial Year, wrongly recorded, is reversed
- Expenses which are not incurred for the purpose of Business or Profession
 - Personal expenses to be passed through drawings or to be disallowed in memo
- Verify the Debit Notes / Credit Notes and ensure that it is correct and confirmed by the responding party.
- Vouch the entries in the first few months of the subsequent year, which relate to the period under Audit and require entry in the current financial year
- Obtain the Copy of Stock Movement Statement and Review for –
 - Form 3CD - Clause 12
 - Form 3CD - Clause 28

VOUCHING FORM

Client Name :
Audit Objective : SALES & PURCHASES (OR) SERVICE TURNOVER

Sl. No.	Voucher Reference	Amount	Vouching Observations and Its Impact	Query Addressed to	Reply from Management	Final Audit Remarks	Auditor Initial

Form 3CD - Clause 12: Valuation of Stock

- Where there is no Stock, ignore this Clause.
- Obtain Representation from Management for the Method of Valuation. Verify for its compliance in the Financial Statements. If the items are large in number. Make a Test Check.
- Preferably an ABC analysis may be obtained from Management and its movement during the year may be verified.
- In the case of Duties & Taxes –
 - not included in the Purchases, Sales & Stock, make a note stating that "The taxes and duties are not accounted through the Profit and Loss Account, its impact on the Profit and Loss Account is enclosed" in Form 3CD and give the Annexure showing the workings.
 - Included in the Purchases, Sales & Stock, report "No Deviation".

Clause 12A:

- If Capital assets converted into Stock-in-Trade, obtain details of Description, Date & Cost of Acquisition and the Amount at which the asset is converted into stock-in-trade.
- If no such conversion, report 'Nil'.

Form 3CD - Clause 28: Stock Details:

- If stock register is not maintained, report so. Obtain representation from management.
- If stock register is maintained ask the management to prepare the schedule containing the following particulars and make a test check of major items: -
 - (a) In the case of a trading concern, give quantitative details of principal items of goods traded:
 - (i) opening stock; :
 - (ii) purchases during the previous year; :
 - (iii) sales during the previous year; :
 - (iv) closing stock; :
 - (v) Shortage/excess, if any. :
 - (b) In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products:
 - (A) Raw materials:
 - (i) opening stock; :
 - (ii) purchases during the previous year; :
 - (iii) consumption during the previous year; :
 - (iv) sales during the previous year; :
 - (v) closing stock; :
 - (vi) yield of finished products; :
 - (vii) percentage of yield; :
 - (viii) Shortage/excess, if any. :
 - (B) Finished products/By-products:
 - (i) opening stock; :
 - (ii) purchases during the previous year; :
 - (iii) quantity manufactured during the previous year; :
 - (iv) sales during the previous year; :
 - (v) closing stock; :
 - (vi) Shortage/excess, if any. :

JOURNAL VOUCHING

Assertions	Yes/No	Audit Remarks
1. Whether there is proper system to ensure that unapproved Journals are not recorded in the Books of Accounts?		
2. Whether the Journals passed for rectification are proper and necessary?		
3. Whether there is sufficient and appropriate evidence available for all Journal Entries?		
4. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

INSTRUCTIONS FOR STAFFS (PREFERABLY SENIOR STAFFS OR AUDITOR HIMSELF TO CARRY OUT THIS PORTION OF AUDIT):

1. Note down the entries remaining unauthorised
 - To be ensured that it does not involve misappropriation by Staffs
2. Ensure whether the Journals passed for rectification are proper and necessary
3. Ensure whether there is sufficient and appropriate evidence available for all Journal Entries

VOUCHING FORM

Client Name :
Audit Objective : JOURNAL VOUCHING

Sl. No.	Voucher Reference	Amount	Vouching Observations and Its Impact	Query Addressed to	Reply from Management	Final Audit Remarks	Auditor Initial

GENERAL LEDGER REVIEW

Assertions	Yes/No	Audit Remarks
1. Whether there are items which are covered by Form 3CD in e. Clause 10, 13 & 15 f. Clauses 16 to 24		
2. If answer to Question Number 1 is in the affirmative, whether details required for reporting in the form is extracted in the manner provided in Checklist for Form 3CD?		
3. Whether the ledger relating to TDS shows proper payments? Whether test check of actual payment challans show any deviation from the entries made in the books of accounts in relation to the date, amount or nature of payment?		
4. Extract the details relating to Dividend payments?		
5. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

CHECKLIST ON PART B OF FORM 3CD

Clause 10: Presumptive Incomes

- Verify the nature of Business and Report whether they fall within the presumptive category.
- If –
 - Possible – Report the amount that is attributable to such Business.
 - Not Possible – Make a disclaimer stating that the sum is not ascertainable.

Clause 11: Method of Accounting

- Obtain Representation from Management on
 - Method of Accounting
 - Changes in Method in Accounting during the Year
 - Compliance with the Method of Accounting
- Verify whether there has been change in the method of accounting by comparing it with the treatment given in the previous year.
- If there is change and its impact is –
 - Ascertainable – Disclose the impact.
 - Not ascertainable – Give a Disclaimer.
- Verify the deviation, if any, from Section 145 and if –
 - Ascertainable – Disclose the impact.
 - Not ascertainable – Give a Disclaimer.
- Obtain Representation from Management relating to Compliance.

Clause 13: Certain amounts not credited to Profit/Loss Account

- Make a test check of receipts not credited to Profit and Loss Account.
- Identify, if there is any of the following items: -
 - the items falling within the scope of section 28;
 - the proforma credits, drawbacks, refunds of duty of customs or excise, or refunds of sales tax, where such credits, drawbacks or refunds are admitted as due by the authorities concerned;
 - escalation claims accepted during the previous year;
 - any other item of income;
 - capital receipt, if any.
- If
 - Test Check reveals such items, extend verification
 - Test Check does not reveal such items, report nil

Working Space:

Clause 14: Depreciation

- Obtain copy of invoice for all the additions to the Fixed Assets during the year and also the document relevant for sale proceeds of the fixed assets sold/disposed during the year.
- Obtain the Schedule containing the following particulars
 - (a) Description of asset/block of assets
 - (b) Rate of depreciation
 - (c) Actual cost or written down value, as the case may be
 - (d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of -
 - (i) Modified Value Added Tax credit claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1st March, 1994,
 - (ii) Change in rate of exchange of currency, and
 - (iii) Subsidy or grant or reimburse-ment, by whatever name called.
 - (e) Depreciation allowable
 - (f) Written down value at the end of the year.
- Verify the Accuracy of the Schedule
- Report any deviation from the provisions of the Act/Rules and the Rate of Depreciation.

Working Space:

Clause 15: Admissible Deductions – Sections 33AB, 33ABA, 33AC, 35, 35ABB, 35AC, 35CCA, 35CCB, 35D, 35E

- If such amount is –

- Debited to the Profit and Loss Account: -

Section Reference	Amount Debited in the Profit and Loss Account	Amount Deductible as per the Respective Sections	Amount to be Allowed / (Disallowed)

- Not debited to the Profit and Loss Account: -

Section Reference	Amount Deductible as per the Respective Sections	Amount to be Allowed

Clause 16 to 24: Scrutiny of General Ledger

- Scrutinise the General Ledger for the said payments.
- List out the items, if any, matching the requirements.
- It is recommended that the following formats shall be used in respect of the following clauses: -
- Clause 16(b): Employees Contribution:

Month	Amount Rs.	Due Date for Payment	Actual Date of Payment	Cheque Payments		Date of Realisation	Disallowance under section 36(1)(va)
				Whether Paid by Cheque	If Yes, whether realised within 15 Days		

- Clause 17(g): Firm/AOP:

[illegible]

- **Clause 18: Payments to Related Parties:**

[illegible]

- Clause 21(i): Payments under 43B(a), (b), (c), (d) or (e):

[illegible]

* Paid before the due date for filing return of income.

Also, state by way of note, whether these items are passed through Profit and Loss Account.

- Clause 22(a): Cenvat Credit Utilised:

Particulars	Raw Materials	Capital Goods	Total
Balance Available unutilised at the beginning of the Previous Year			
Amount of Cenvat Credit Available for utilisation during the Year			
Total			
Amount of Cenvat Credit utilised during the Previous Year			
Balance remaining Unutilised at the end of the Previous Year			

- Clause 23: Hundi Loans:

[illegible]

- Clause 24(a): Loans and Deposits Received: 269SS:

[illegible]

Clause 24(b): Loans and Deposits Repaid: 269T:

[illegible]

Note: If required, make a make a disclaimer that "As the paid up cheques/drafts were not available for our verification, we are unable to state whether the loan or deposit was taken or accepted otherwise than by 'Account Payee Cheque' or and 'Account Payee Draft'"

- Clauses 16 to 24 – Other than listed above & 17(f):

[illegible]

Working Space:

Clause 26: Deduction under Chapter VIA:

- Scrutinise the sections and report the following

Sl. No.	Section Reference	Working Note Reference	Amount

Working Space:

Clause 17(f) & Clause 27: Tax Deducted at Source:

- Non-payment or Delayed Payment – for disallowance under section 40(a)

Sl. No.	Section Reference	Nature of Expense	Amount of tax deducted at source (in Rupees)	Due date for remittance to Government	Details of Payment	
					Date	Amount (in Rupees)

- Tax deductible and not deducted at all – for disallowance under section 40(a):

Sl. No.	Section Reference	Nature of Expense	Date of Payment / Credit	Amount Paid	Tax Deductible	Reasons for Non-deduction	Whether disallowable u/s 40(a)?

- Shortfall on account of lesser deduction than required to be deducted

Sl. No.	Section Reference	Nature of Expense	Date of Payment / Credit	Amount Paid	Tax Deductible	Tax Deducted	Shortfall

- Tax deducted late

[illegible]

- Tax deducted but not paid to the credit of the Central Government

[illegible]

- Control Table for Expenditure disallowed & allowable during the previous year (not required to be reported in Form No.3CD but required for control over deduction):

[illegible]

* Paid before the due date for filing return of income

Clause 29: Dividends paid by Domestic Company:

- If the assessee is not a Domestic Company, state so.
- If the assessee is a Domestic Company, furnish the following details: -
 - (a) total amount of distributed profits; :
 - (b) total tax paid thereon; :
 - (c) dates of payments with amounts. :

Clause 32: Ratios:

- Calculate the following ratios. It is recommended the details of calculation are provided as an annexure.
 - (a) Gross Profit/Turnover; :
 - (b) Net Profit/Turnover; :
 - (c) Stock-in-Trade/Turnover; :
 - (d) Material Consumed/Finished Goods Produced :

Working Space:

OTHER REPORTING UNDER FORM 3CD NOT REQUIRING REVIEW OF GENERAL LEDGER

Clause 25: Brought Forward Unabsorbed Depreciation/Loss:

- Scrutinise the returns relating to previous years and fill up the following format:

[illegible]

Clauses 30 & 31: Cost & Excise Audit:

- If no such audit carried out state as such.
- If yes, attach the report.

FINALISATION OF AUDIT

Confirmation of Balances	Confirmed Yes/No	Confirmed Accounts		Not Confirmed Accounts		Audit Remarks
		Nos.	Amount	Nos.	Amount	
1. Bank Balances						
2. Investments						
3. Deposits						
4. Debtors						
5. Loans						
6. Creditors						
7. Stock						

Compliance with ICAI Pronouncements	Yes/No	Audit Remarks
1. Whether there were circumstances, where the application of the Auditing Standards/Procedures was hindered in the following manner: - a. In applying the generally accepted principles of audit. b. In obtaining information and explanations necessary for the purpose of conduct of audit. c. In obtaining evidence necessary to conclude the assurances to be made. d. In complying with Pronouncements of ICAI.		
2. If the answer to Question Number 1 is in the affirmative then whether the deviation is material such that the audit report should be Qualified?		
3. Whether there were circumstances in the preparation of the financial statements, where the application of the Accounting Standards/Policies was hindered in the following manner: - a. In applying the generally accepted principles of accounting. b. In the disclosure of information and particulars (vide ICAI checklist). c. In complying with Pronouncements of Central Government/ ICAI.		
4. If the answer to Question Number 3 is affirmative, whether there are material items such that the deviations from Accounting Standards are to be qualified in the Audit Report?		
5. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

Branch Audit Report	Yes/No	Audit Remarks
1. Whether Branch Audit has been carried out by any other Auditor?		
2. If answer to Question Number 1 is affirmative, then whether - a. Audit is satisfactory b. Figures in Form 3CD Report can be relied upon		

Finalisation	Yes/No	Audit Remarks
1. Whether proper books of accounts as per law maintained, in the following circumstances - a. Section 44AA & Rule 6F b. Generally Accepted Principles		
2. Whether Financial Statements are in accordance with Books in the following circumstances - a. Opening balances are as per last year statements b. Financial statements prepared tally with the closing balances of books of accounts.		
3. Whether Financial Statements show True and Fair View of - a. Profit or Loss in the Profit and Loss Account b. State of Affairs in the Balance Sheet		
4. Whether Form 3CD is Correct? (Refer Form 3CD Checklist)		

AUDIT OBSERVATIONS RAISED TO CLIENT

Client Name :
Auditor Name :

Addressed To :
Designation :

AUDIT OBSERVATION TAKEN FROM AUDIT REMARKS IN VARIOUS WORKING PAPERS	REPLY BY THE MANAGEMENT	FINAL REMARKS

FINALISATION OF AUDIT REPORT

Issuance of Audit Report	Yes/No	Audit Remarks
1. Whether in the column of Final Remarks above, there is a requirement to Qualify or Disclose or to make a disclaimer in the Audit Report?		
2. Whether all the assurances to be made are supported by sufficient and appropriate Audit Evidence?		
3. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement?		

Working Space:

ISSUANCE OF CERTIFICATES

Issuance of Certificates	Yes/No	Audit Remarks
1. Whether necessary information and particulars were furnished for issuing the Certificate?		
2. Whether the information and particulars so furnished agree with the Financial Statements, wherever appropriate?		
3. Whether on an overall basis from the examination of books and records, an assurance can be arrived that there would be no material misstatement in the Certificate?		

Working Space:

PART D

DOCUMENTATION
ON
MANAGEMENT REPRESENTATION

MANAGEMENT REPRESENTATION LETTER

To be obtained in the Letter Pad of the Client, as far as practicable.

_____._____

To

(Audit Firm Name,
Audit Firm Address.)

Dear Sir,

Sub:- G.I.No. _____/PAN _____ - Mr. /Ms./ M/s. _____ -
Status _____ - Audit under Section 44AB of the Income-tax Act, 1961 - Previous
year ending on _____.____._____ - Management Representation - Reg.

-X-

This representation letter is provided in connection with your audit under Section 44AB of the Income-tax Act, 1961 (hereinafter referred to as "Act") of the financial statements (viz., the Profit and Loss Account and Balance Sheet) of _____ (the concern name) carrying on the business of _____ for the year ended _____.____._____ for the purpose of furnishing the reports in Form 3CB and 3CD.

We acknowledge our responsibility for preparation of financial statements and Form 3CD in accordance with the requirements of the Act, Rules made thereunder and recognised accounting policies issued under Section 145 and the requirements of Section 145A of the Act, including the Accounting Standards issued by the Institute of Chartered Accountants of India (wherever it is not contradictory with the Accounting Standards issued by the CBDT under Section 145).

We also further specifically certify that:

- (a) the financial statements are in agreement with the books of account maintained for the concern, and
- (b) the particulars given in Form 3CD are true and correct.

We confirm to the best of our knowledge and belief, the following representations.

BOOKS OF ACCOUNTS:

1. The following are the books of accounts maintained by me/us or that could be printed from the computerised system, for the previous year: -
 - (a)
 - (b)
 - (c)
 - (d)
 - (e)
 - (f)
 - (g)

ACCOUNTING POLICIES:

2. The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out/not 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 the basis of "Mercantile System" of Accounting. Accounting of transactions was based on "Mercantile System" of Accounting and has been complied with throughout the previous year.

ASSETS:

3. The concern has a satisfactory title to all assets and there are no liens or encumbrances, not disclosed in the financial statements, on the concern's assets. All assets are recorded at its Historical Cost, including wherever applicable the cost of bringing it to current location and working condition.

FIXED ASSETS:

4. The Written Down Values at which fixed assets are stated in the Balance Sheet are arrived at :-
- (a) by grouping the assets under 'Block of Assets' concept as per Section 2(11) of the Act.
 - (b) After taking into account all capital expenditure on additions thereto, but excluding the expenditure properly chargeable to revenue;
 - (c) After deducting the sale proceeds received or receivable on sale of any asset falling within the said 'Block of Asset';
 - (d) After providing adequate depreciation on fixed assets during the year as per Section 32 of the Act and the rules made thereunder.

INVENTORIES:

5. We have maintained/not maintained Stock Register.
6. The stock particulars furnished in clause 28 of Form 3CD is as extracted from the Stock Register so maintained.
7. The inventories at the year-end are Rs. _____ (Rupees _____ only).
All quantities were determined by actual physical verification on __.__.____, under my/our direct supervision.
8. All the goods which are the property of the concern, wherever located, have been included in the inventory. None of the goods sold to customers, lying with the concern has been included.
9. Inventories are valued at lower of Historical Cost or Net Realisable Value.
10. No item of inventories has a Net Realisable Value in the ordinary course of business which is less than the amount at which it is included in inventories after making suitable adjustments for excess, slow-moving, damaged or obsolete inventories.

LOANS AND ADVANCES:

11. The Loans and Advances appearing in the Balance Sheet as on __.__.____ are considered good and fully recoverable.

OTHER CURRENT ASSETS (INCLUDING DEPOSITS):

12. Cash Balance of Rs. _____ (Rupees _____ only) existed as on 31.03.____.
13. All Bank Balances have been reconciled and the Reconciliation Statements have been furnished along with this Letter.
14. In our opinion, other current assets have a value of realisation in the ordinary course of the concern's business which is at least equal to the amount at which they are stated in the Balance Sheet.

LIABILITIES:

15. We have recorded all known liabilities in the financial statements. All payments to creditors and purchases in amount exceeding Rs. 20,000, have been transacted either by way of account payee cheque or account payee draft, except as exempted under rule 6DD of the Income-tax Rules, 1962.
16. All borrowals and re-payments in respect of loans and advances, amounting in aggregate to Rs. 20,000 or more, including interest on such borrowals, during the previous year, have been transacted either by way of account payee cheque or account payee draft.
17. We have given no guarantees to third parties and there are no contingent liabilities.

PROVISIONS FOR CLAIMS AND LOSSES:

18. Provision has been made in the accounts for all known losses and claims of material amounts, in respect of which liability has arisen.
19. There have been no events subsequent to the Balance Sheet date which require adjustment of or disclosure in the financial statements or notes thereto.

PROFIT AND LOSS ACCOUNT:

20. The following items have been separately disclosed in the financial statements:
- (a) transactions of a nature not usually undertaken by the concern;
 - (b) circumstances of an exceptional or non-recurring nature;
 - (c) charges or credits relating to prior years;
 - (d) charges in accounting policies; and
 - (e) All payments made by the concern to persons specified under Section 40A(2)(b) of the Act.
21. In relation to the expenditures debited to the Manufacturing, Trading and Profit and Loss Account, where, no vouchers or supporting documents were produced by me/us, as
- (a) they were sundries, or
 - (b) it was not practicable to obtain vouchers in those circumstances, or
 - (c) having regard to the nature of expenditure
- we certify that they have been actually incurred by me/us for the purpose of the Business or Profession.
22. All the expenditure paid in amount exceeding Rs.20,000, have been transacted either by way of account payee cheque or account payee draft, except as exempted under rule 6DD of the Income-tax Rules, 1962.

GENERAL:

23. During the year of account, there has been no change in the:
- (a) constitution of the concern,
 - (b) nature of business or profession carried on by the concern, and
 - (c) Significant Accounting Policies (including Method of Accounting and Valuation of Inventories).
24. There have been no irregularities involving management or employees who have significant role in the system of internal control that could have a material effect on the financial statements.
25. The financial statements are free of material misstatements, including omissions.
26. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
27. There are no agreements or arrangements for restricting the implied authority of the partners or members of the firm or AoP, as the case may be, other than those disclosed to you in the course of Audit. (Strike off this paragraph, if the assessee is not a Firm/AoP).

(or)

We have submitted to you for verification, the Minutes of the Board of Directors, the Extra-ordinary & Annual General Meeting, as required by you, and we confirm that there are no other meetings remain undisclosed to you.

**Signature of Authorised Person
& Seal of the Client**