A COMPLETE GUIDE FOR ADVANCED AUDITING

(CA FINAL)

Applicable for CA Final November, 2016, Exams onwards

Short Notes for Quick Revision

It Covers :

> Upto date Amendments Including :
- CARO 2016
- Companies (Amendment) Act, 2015
- Companies (Audit & Auditor's) Amendment Rules, 2015
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CA Sumit Aggarwal

taken care by us before commencing the audit:

- Ascertain that special notice u/s 140(4) of the Act was duly received by the company, from such number of members holding not less than 1 % of total voting power or holding shares on which an aggregate sum of not less than 5 lakh rupees has been paid up on the date of the notice, not earlier than 3 months but at least 14 days before the AGM date as per Section 115 of the Act read with rule 23(1) and 23(2) of the Companies (Management and Administration) Rules, 2014.
- Check whether the said notice has been sent to all the members at least 7 days before the date of the AGM as per Section 115 of the Act.
- Verify the notice contains an express intention of a member for proposing the resolution for appointing a sole auditor in place of both the joint auditors who retire at the meeting but are eligible for re-appointment.
- Verify that the said notice is also sent to the retiring auditor as per section 140(4)(ii) of the Act.
- Verify whether any representation received from the retiring auditor was sent to the members of the company to whom notice of the meeting was sent as per Section 140(4)(iii) of the Act.
- Verify from the minutes book whether the representation received from the retiring joint auditor was considered at the AGM.
- Examine that proposed resolution was properly passed.

Further, Clause (8) of Part I of the First Schedule to the CAs Act, 1949, provides that a member in practice shall be deemed to be guilty of professional misconduct if he accepts a position as auditor previously held by another chartered accountant without first communicating with him in writing. Moreover, Clause (9) of Part I of the same Schedule, provides that a member in practice shall be deemed to be guilty of professional misconduct if he accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of Section 139 and 140 of the Companies Act, 2013, in respect of such appointment have been duly complied with.

Therefore, in the given case, we are required to comply with all the above mentioned provisions provided under Companies Act and Chartered Accountant Act before commencing the audit.

6D COMPANIES (AUDITOR'S REPORT) ORDER, 2016

Para 1. Applicability

It shall apply to every company including a foreign company as defined u/s 2 (42) of the Companies Act, 2O13 except:

- a banking company as defined in clause (c) of section 5 of the Banking Regulation Ac, 1949;
- an insurance company as defined under the Insurance Act,1938;
- a company licensed to operate u/s 8 of the Companies Act, 2013;
- a One Person Company as defined u/s 2 (62) of the Companies Act and a small company as defined u/s 2 (85) of the Companies Act; and
- a private limited company, not being a subsidiary or holding company of a public company, with a paid up capital and reserves not more than Rs. 100 Lakh **and** which does not have loan outstanding exceeding Rs. 100 lakh from any bank or financial institution **and** does not have a ***total revenue as disclosed in Schedule III to the Act***, (including revenue from discontinuing operations) exceeding Rs. 10 crore **at any point of time** during the financial year.

Points to Remember

- All the eligibility conditions of private limited company need to be checked at any point of FY.
- Paid up capital includes equity as well as preference.

	• Amount originally paid up on forfeited shares should be added to the figure of paid up capital. • Share Application money should not be considered as part of paid up capital. • Reserves include Capital reserves, revenue reserves as well as Revaluation Reserves. • Credit Balance of P&L A/c will form part of reserve. Debit balance will be deducted only if revenue reserve exists. • Miscellaneous expenditure is not allowed to be deducted. • Loans from banks and financial institutions are to be considered in aggregate. • Long term loans as well as short term loans, secured as well as unsecured will be considered. • Loans may be in any form like term loan, demand loans, cash credit overdraft, export credit, bill purchased/ discounted. • Non fund based credit facilities to the extent such facilities have devolved and have been converted into fund based credit facilities should also be considered as outstanding loan. • Outstanding dues in respect of credit cards will also be considered. • Interest accrued as well as due does form part of outstanding loan whereas interest accrued but not due is not considered as a loan. • Total revenue as disclosed in Schedule III comprises of ***Revenue from operation and Other Income.*** • Other Income shall consist of (a) Interest Income (in case of a company other than a finance company); (b) Dividend Income (c) Net gain/loss on sale of investments; (d) Other non-operating income (net of expenese directly attributable to such income). • Sales Tax/Excise Duty charged separately in invoice does not form part of turnover. • Sales returns (even belong to prior years) should be deducted. • Trade Discount should be deducted from the figure of turnover. • Commission to third parties will not be deducted. • CARO 2016 shall not apply to the auditor's report on consolidated financial statements. • This Order is also applicable to the audits of branch(es) of a company. It is, therefore, necessary that the report submitted by the branch auditor contains a statement on all the matters specified in the Order, as applicable to the company, except where the company is exempt from the applicability of the Order, to enable the company's auditor to consider the same while complying with the provisions of the Order.
Para 2. Auditor's report to contain matters specified in paragraphs 3 and 4	
	Every report made by the auditor u/s 143 of the Companies Act, on the accounts of every company examined by him to which this Order applies for the financial year commencing on or after 1st April, 2015, shall contain the matters specified in paragraphs 3 and 4 of the order as may be applicable. Note: Reporting on the matters specified in paragraph 3 and 4 of the Order are to be made only on those matters which are applicable to the Company.

Para 3	Particular
Clause (I)	**Fixed Assets**
(a)	**Adequacy of Records:** Whether the company is maintaining proper records showing ***full particulars, including quantitative details and situation*** *of* fixed assets.
	Records should also contain particulars in respect of those items of FA that have been fully depreciated or amortised or have been retired from active use and held for disposal. Records should also contain necessary particular in respect of item of FA that have been fully impaired during the period covered by the AR.

(b)	**Physical Verifications:** Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account.
	• Physical verification by Management and not by the auditor. ***• Verification can also be made by outside agencies engaged by the management.*** ***• Auditor should obtain MRL confirming that FAs are physically verified by the company as per policy of the company. MRL should also include the details of the material discrepancies noticed during the physical verification of the fixed assets. If no discrepancies were noticed, then this fact should also be mentioned clearly.***
(c)	**Title deeds:** Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof.
Clause (II)	**Inventory**
(a)	Whether physical verification of inventory has been conducted at ***reasonable intervals*** by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account.
	Physical verification of inventory is the responsibility of the management. Periodicity of the physical verification depends upon the nature of inventories and their location.
Clause (III)	**Loan covered u/s 189**
	Whether the company has granted any loans, secured or unsecured to companies, firms, LLPs or other parties covered in the register maintained u/s 189 of the Companies Act. If so,
	The auditor should obtain a list of companies, firms or other parties covered in the register maintained u/s 189 of the Act from the management.
(a)	Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;
	The auditor has to examine whether the terms and conditions of the grant of such loans are not predudicial to the company's interst.
(b)	Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;
	The auditor has to examine whether the receipt of principal and interest is regular. "Regular" means the principal and interest should normally be received whenever they fall due respectively.
(c)	If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest.
	• A loan is considered to be overdue when the payment has not been made or received on the due date as per the lending arrangements. ***• In such cases, the auditor has to examine the steps, if any, taken for recovery of this amount.*** ***• It is not necessary that steps to be taken must necessarily be legal steps.*** ***• Depending upon the circumstances, issue of reminders or the sending of an advocate's or solicitor's notice, may amount to "reasonable steps" even though no legal action is taken.***
Clause (IV)	**Loan, Investment Etc.**
	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. ***Section 185 : Loan to Directors. The auditor should report the nature of noncompliance, the maximum amount outstanding during the year and the amount outstanding as at the balance sheet date in respect of***

	(i) the Directors; and ***(ii) persons in whom directors are interested (specify the relationship with the Director concerned).*** ***Section 186: Loan and Investment by company:***
Clause (V)	**Deposits**
	• In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; • If an order has been passed by Company Law Board or NCLT or RBI or any court or any other tribunal, whether the same has been complied with or not?
Clause (VI)	**Cost Records**
	Where maintenance of cost records has been specified by the Central Government u/s 148 (1) of the Companies Act, Whether such accounts and records have been made and maintained. ***• The auditor should obtain a written representation (WR) from the management.*** ***• The auditor should, conduct a general review of the cost records to ensure that records as prescribed are made and maintained.***
Clause (VII)	**Statutory Dues**
(a)	Undisputed Statutory dues: is the company regular in depositing undisputed statutory dues including provident fund, ESI, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the FY concerned for a period of more than 6 months from the date they became payable, shall be indicated by the auditor.
(b)	Disputed Statutory dues: in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amount involved and the forum where dispute is pending shall be mentioned.
	A mere representation to the concerned Department shall not constitute a dispute.
Clause (VIII)	**Default of loan**
	• Whether the company has defaulted in repayment of dues (Principal + Interest) to a financial institution, bank, government, or due to debenture holders? • If yes, the period and amount of default to be reported. ***• The auditor should obtain a schedule of repayments to banks, FI and debenture holders from the management.*** ***• The auditor should examine the agreement or other document containing terms and conditions of loan.***
Clause (IX)	**Utilisation of Fund**
	Whether moneys raised by way of IPO or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported.
Clause (X)	**Fraud Reporting**
	Whether any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.
Clause (XI)	**Managerial Remuneration**
	Whether Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act? If not, state the amount involved and steps taken by the Company for securing refund of the same.

Clause (XII)	**Nidhi Company**
	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining 10 % unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.
Clause (XIII)	**Related Parties Transactions**
	Whether all transactions with the 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 applicable accounting standards;
Clause (XIV)	**Preferential allotment or Private placement**
	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of Section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance
Clause (XV)	**Non Cash Transactions**
	Whether the company has entered into any noncash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with.
Clause (XVI)	**Company Registration u/s 45 IA**
	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.
Para 4	**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 isunfavourable or qualified, the auditor's report shall also state the basis for such unfavourable orqualified 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.

No.	Question Bank	Exam	Marks	Refer Point
1	A Pvt. Ltd. is incorporated on 1st July, 2015. During the year ended 31st March, 2016, it had issued shares (fully paid up) of Rs. 40 lakhs, had borrowed Rs. 55 lakhs each from 2 financial institutions and its turnover (Net of excise Rs. 50 lakhs which is credited to a separate account) is Rs.975 lakhs. Will CARO 2016 be applicable to A Pvt. Ltd.? **Hint:** CARO 2016 is applicable as outstanding loan amount in aggregate exceeds Rs. 100 lacs.	Case Study	4	Para 1 (Applicability of CARO)
2	As an auditor, how would you deal with the following: L Private Ltd., which has outstanding loan of Rs. 200 lakhs from Financial Institution defaulted in repayment there of to the extent of 50 %.The company holds that it being a private limited company, the Companies Auditors Report Order (CARO) 2016 is not applicable. **Hint:** CARO 2015 is applicable over the L Private Limited as outstanding loan from financial institution exceeds Rs. 100 Lakhs. and auditor is required to report the period and amount as default in repayment of dues under Para 3 (VIII) of CARO, 2016.	Case Study		Para 1 (Applicability of CARO)
3	T Pvt. Ltd/s paid up Capital & Reserves are less than Rs. 100 lakhs and it has no outstanding loan exceeding Rs. 100 lakhs from any bank or financial institution. Its sales are Rs. 11 crores before deducting Trade discount Rs.	Case Study		Para 1 (Applicability of CARO)

4	10 lakhs and Sales returns Rs. 95 Lakhs. The services rendered by the company amounted to Rs. 10 lakhs. The company contends that reporting under Companies Auditor's Reports Order (CARO) 2016 is not applicable. Discuss. **Hint:** Turnover of the company including value of service rendered after deducting Sales returns & trade discount amounts to Rs. 10.05 crores (i.e. 11 - 0.10 - 0.95 + 0.10 crore). Hence the contention of the company that CARO is not applicable is not correct.			
4	A Private limited company reports the following position as on 31st March, 2016: • Paid up capital 80 Lakhs • Revaluation reserves 10 Lakhs • Capital reserves 11 Lakhs • P & L A/c (Dr. Balance) 2 Lakhs. The management of the company contends that CARO is not applicable to it. **Hint:** CARO is applicable as paid up capital and reserves exceeds Rs. 100 Lakhs (80 Lakhs + 10 Lakhs + 11 Lakhs). Debit balance of P & L A/c has not been deducted as there are no revenue reserves.	Case Study		Para 1 (Applicability of CARO)
5	H Private Ltd. had taken overdrafts from two banks with a limit of Rs. 50 lakhs each against the security of fixed deposit it had with those banks and an unsecured overdraft from a financial institution of Rs. 9 lakhs. The said loans were outstanding as at 31 st March 2016. The paid up capital and reserves of the company as at that date was Rs. 40 lakhs and its turnover during the financial year ended on 31st March 2016 was Rs. 3 crores. The management of the company is of the opinion that CARO is not applicable to it because turnover and paid up capital were within the limits prescribed and loans taken against the fixed deposits cannot be considered. The company further contended that loan limit is to be reckoned per bank or financial institution and not cumulatively. Comment. **Hint:** CARO is applicable as loans taken against fixed deposits are also to be considered for determining the applicability of CARO. Further loans from banks and financial institutions are considered in aggregate not individually.	Case Study		Para 1 (Applicability of CARO)
6	X Ltd. closed its manufacturing operations and sold all its manufacturing fixed assets during the financial year ended 31st March, 2016. However it intends continue its operations as a trading company. In respect of other fixed assets, the company carried out a physical verification as at the end of 31st March, 2016 and found a material discrepancy to the tune of Rs. 1 lakh, which was written off and is disclosed separately in the P&L A/c . Kindly incorporate the above in your audit report. Hint: Refer Para 3 (i)	Case Study	4	Para 3(i)
7	As a statutory auditor, how would you deal with the following case: During the course of audit of ABC Ltd. it is noticed that out of Rs. 12 Lacs of provident fund contribution accounted in the books, only Rs. 2 Lacs has been remitted to the authorities during the year. On enquiry the Chief Accountant informed that due to financial problems they have not remitted but will remit the same as and when the position improves. **Hint:** Non payment of provident fund of Rs. 10 Lacs needs to be disclosed by the auditor in his audit report as per requirement of paragraph 3(vii) of CARO 2016. Auditor should also perform procedures as covered in SA 250.	M04 PM	4	Para 3(VII)

8	As a Statutory Auditor, how would you deal with the following: PQR Ltd. has not deposited Provident Fund contribution of Rs. 10 Lakhs with the authorities till the year-end. **Hint:** Non payment of provident fund of Rs. 10 Lacs needs to be disclosed by the auditor in his audit report as per requirement of paragraph 3(vii) of CARO 2016. Auditor should also perform procedures as covered in SA 250.	M08 PM	4	Para 3(VII)
9	Comment on the following: Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise duty, Cess and any other statutory dues with the appropriate authorities and if not, the extent of arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable shall be indicated by the auditor. Hint: Refer Para 3 (VII)	N08	4	Para 3(VII)
10	Big and Small Ltd. received a show-cause notice from central excise department intending to levy a demand of Rs. 25 lakhs in December 2015. The company replied to the above notice in January 2016, contending that it is not liable for the levy. No further action was initiated by the central excise department upto the finalization of the audit for the year ended on 31st March, 2016. As the auditor of the company, what is your role in this? **Hint:** Refer Para 3 (VII). In the present case issuance of show-cause notice by Excise Department does not tantamount to demand payable by the Company. In as much asthe Company has replied to the notice and no further correspondence was received from the Department, it has to be construed that there is no demand. Conclusion: The auditor needs not to report on this.	M11 N14	5	Para 3(VII)
11	XYZ Pvt. Ltd. has submitted the financial statements for the year ended 31-3-2016 for audit. The audit assistant observes and brings to your notice that the company's records show following dues: • Income-tax relating to Assessment Year 20011-12 Rs. 125 lacs - Appeal is pending before Hon'ble ITAT since 30-9-13. • Customs duty Rs. 85 Lakhs -Demand notice received on 15-9-15 but no action has been taken to pay or appeal. AS an auditor, how would you bring this fact to the members?	N11 PM	5	Para 3(VII)

Ans

(a) Matter related with Income Tax: In the present case an appeal relating to income-tax is pending with the ITAT, which need to be reported as under:

S. No.	Name of the Statute	Nature of Due	Amount (in Lacs)	Period to which amount relates	Forum where disputes is pending
1.	Income Tax	Income Tax Act, 1961	125	A.Y. 2011-12	ITAT

(b) Matter related with Custom Duty: Demand Notice has been received for Rs. 85 lacs but the company has not taken any action yet. Auditor may state the fact accordingly.

12	OK Ltd. has taken a term loan from a nationalized bank in 2006 for Rs. 200 lakhs repayable in five equal instalments of Rs. 40 lakhs from 31st March, 2007 onwards. It had repaid the loans due in 2007 & 2008, but defaulted in 2009, 2010 & 2011. Asthe auditor of OK Ltd. what is your responsibility	M11 PM	4	Para 3(VIII)

	assuming that company has sought reschedulement of loan? **Hint:** Refer Para 3(VIII), Reporting w.r.t. Repayment of dues: **Conclusion:** The auditor has to report in his audit report that the Company has defaulted in its repayment of dues to the bank to the extent of Rs. 120 Lakhs.			
13	C Ltd has defaulted in the repayment of dues to a financial institution during the financial year 2015-16 and the same remained outstanding as at March 31st, 2016. However, the company settled the total outstanding dues including interest in April 2016 subsequent to the year end and before the completion of the audit. Discuss how would you deal this matter and draft a suitable Auditor's Report.	M13 N14	4	Para 3(VIII)
Ans	• **Reporting requirement as per Schedule III to the Companies Act, 2013:** As per the general instructions for preparation of Balance Sheet, provided under Schedule III to the Companies Act, 2013, terms of repayment of term loans and other loans is required to be disclosed in the notes to accounts. It also requires specifying the period and amount of continuing default as on the balance sheet date in repayment of loans and interest, separately in each case. • As per Para 3(VIII) of CARO, 2016 the auditors of a company has to state in his report that whether the Company has defaulted in repayment of its dues to financial institutions or bank or debenture holders and if yes the period and amount of default to be reported. • In the given case, C Ltd. has defaulted in repayments of dues to a financial institution during the financial year 2015-16 which remain outstanding as at March 31, 2016. However, the company has settled the total outstanding dues including interest in April, 2014 but, the dues were outstanding as at March 31, 2016. Therefore, it needs to be reported in the notes to accounts. The draft report for above matter is as under: "The company has taken a loan during the year, from a financial institution amounting to ` XXXX @ X% p.a. which is repayable by monthly installment of ` XXXX for XX months. The company has defaulted in repayment of dues including interest to a financial institution during the financial year 2015-16 amounting to ` XXXX which remained outstanding as at March 31, 2016. However,the outstanding sum was settled by the company in April, 2016."			
14	Under CARO, as a statutory auditor how would you comment on the following: A Term Loan was obtained from a bank for Rs. 75 Lakhs for acquiring R&D equipment, out of which Rs.12 Lakhs was used to buy a car for use of the concerned director, who was overlooking the R&D activities. **Hint:** As per requirement of paragraph 3(IX) of CARO 2016 auditor is required to report the fact that out of the term loan obtained for R &D equipment, Rs. 12 Lacs was not utilized for the purpose of acquiring the R & D equipment.	N05 N12	4	Para 3(IX)
15	As a Statutory Auditor, how would you deal with the following: LM Ltd. had obtained a Term Loan of Rs. 300 lakhs from a bank for the construction of a factory. Since there was a delay in the construction activities, the said funds were temporarily invested in short term deposits. **Hint:** Auditor is required to report the fact that the pending utilisation of term loan, the funds are temporarily invested in short term deposits, in his audit report as per requirement of paragraph 3(IX) of CARO 2016.	M08 PM	4	Para 3(IX)

6E AUDIT OF DIVIDENDS

1. Law relating to dividends [Sec. 123]

1.1 Source of dividends: Dividend shall be declared or paid by a company for any FY

a) Out of the profit for that year, arrived at after providing for depreciation in accordance with the provisions of schedule II of Co. Act, 2013; or

b) Out of the profit of the company for any previous FY or FYs arrived at after providing for depreciation in accordance with the provisions of schedule II of Co. Act, 2013; or

c) Out of bot as mentioned in (a) and (b) above; or

d) Out of money provided by the CG/SG, for the payment of dividend in pursuance of a guarantee given by that Government.

1.2 Transfer to Reserve (It is optional)

However, before declaration of any dividend in any FY, company may t/f such % of its profit as it may consider appropriate to the reserves of the company.

1.3 Dividend in case of inadequacy of profits or absence of profit in any FY:

In case of inadequacy of profits or absence of profit in any FY, dividend can be declared out of accumulated profit or free reserve, subject to following condition as per Companies (Declaration and Payment of Dividend) Rule 2014:

- The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the immediately preceding 3 FY. Provided, that this rule shall not apply to a company, which has not declared any dividend in each of the 3 immediately preceding FY.
- The total amount to be drawn from such accumulated profits or free reserve shall not exceed 1/10th of the sum of its paid-up share capital and free reserves as appearing in the latest audited FS.
- The amount so drawn shall be first utilised to set off the losses incurred in the FY in which dividend is declared before any dividend in respect of equity shares is declared.
- The balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as appearing in the latest audited FS.

1.4 No dividend from Reserves other than Free Reserves

It is also to be noted that no dividend (whether Interim or Annual) shall be declared or paid by a company from its reserves other than free reserves.

1.5 Set off carried over previous lossess and depreciation

No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.

1.6 Dividend includes Interim dividend Sec 2 (35)

Dividend has been defined to include any interim dividend also. Therefore, all requirements applicable in case of final dividend would also apply to interim dividend.

The BOD of a company may declare interim dividend during the financial year out of the surplus in the Statement of P&L A/c and out of profits of the financial year in which such interim dividend is sought to be declared. Further, if in a case, the company has incurred loss during the current FY up to the end of the quarter immediately preceding the date of declaration of interim dividend , such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding 3 FYs.

1.7 Definition of Free Reserve [Sec. 2 (43)]

"Free reserves" means such reserves which, as per the latest audited BS of a company, are available for distribution as dividend. (provided that: "Any amount representing unrealised gains, notional

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- Presentation of maximum topics in point-wise manner.
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- Illustration of all "Audit Report" as per SA 700, SA 705 & SA 706 at one place (See Chapter 23) for quick understanding of "Audit Report" in different situations with minimum time frame & fast understandability.
- All Example of Engagement Letter as per SA 210, SA 2400, SRE 2410, SRS 4400, SRS 4410 at one place (See Chapter - 23) for quick understanding of Engagement Letter in different situations with minimum time frame & fast understandability.
- All Illustration of Audit Report, Review Report & Certificate as per SA 800, SA 805, SRE 810, SRE 2400, SRE 2410, SAE 3400, SRS 4400, SRS 4410 at one place (See: Chapter - 23) for quick understanding of Audit Report, Review Report in different situations & their comparison with minimum time frame & fast understandability.
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  « Standard of Auditing wise
  « Accounting Standard wise
  « Clause wise & Schedule wise (Chapter – Professional Ethics)
  « Clause wise (Chapter – Audit under Fiscal Law (Form 3CD)
- Graphs at the beginning of every chapter, showing marks allotment in last twenty examinations.
- List of questions including case study's appeared in past 36 examinations given at the end of each chapter.
- Short Notes of all Chapters given at the end of the book (See Chapter – 25) for Quick revision.

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