



Accounting Standards – Non Corporates

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Accounting Standards for Non- Corporates



WHAT IS THE AUTHORITY OF
THE INSTITUTE?



UNDER WHICH LAW ARE THE
STANDARDS MANDATORY?



SINCE WHEN IT IS
MANDATORY?

Authority of The Institute

- Statements issued by Institute are mandatory in nature
 - Statements have been issued for securing compliance by members and are critical in proper discharge of their attest functions.
- Standards both Accounting and Auditing are mandatory in nature.
 - Accounting Standards and Statements on Standard Auditing Practices – Issued by ASB and Auditing Practices Committee establishes standards which are to be complied with to ensure that financial statement are prepared in accordance with GAAS.
- Guidance notes issued are recommendatory in nature.
 - Guidance notes are primarily designed to provide guidance to members on matters which may arise in the course of their professional work on which they may desire assistance to resolving issues which may pose difficulty. A member should ordinarily follow the recommendations in guidance note relating to auditing matter except when the member is satisfied that in circumstances of the case it may not be necessary to do so.

Under which law it is mandatory

- This has been already explained. As a Member of the institute you are supposed to follow the Standards and statements issued from time to time and is mandatory on the member in the course of discharge of his functions as member.

Format of Financial Statements – Non Corporates?

- Where is the need for format of Financial Statements when there is Generally Accepted Accounting Standards and the Horizontal format of presentation.
- We need to understand by reading Framework for preparation and presentation of Financial Statements issued in July 2000 by ICAI.

Framework of preparation of Financial Statements

The Framework deals with:

- a) The objective of financial Statements;
- b) The qualitative characteristics that determine the utility of the information provided in financial statements;
- c) definition, recognition and measurement of elements from which financial statements are constructed; and
- d) concepts of capital and capital maintenance.

Concept of Capital and Capital maintenance – Financial & Physical



FINANCIAL CONCEPT OF CAPITAL
IS SYNONYMOUS TO EQUITY



PHYSICAL CONCEPT IS BASED ON
PRODUCTIVE CAPACITY

Underlying Assumptions



Accrual basis



Going Concern



Consistency

Qualitative characteristics of Financial statements

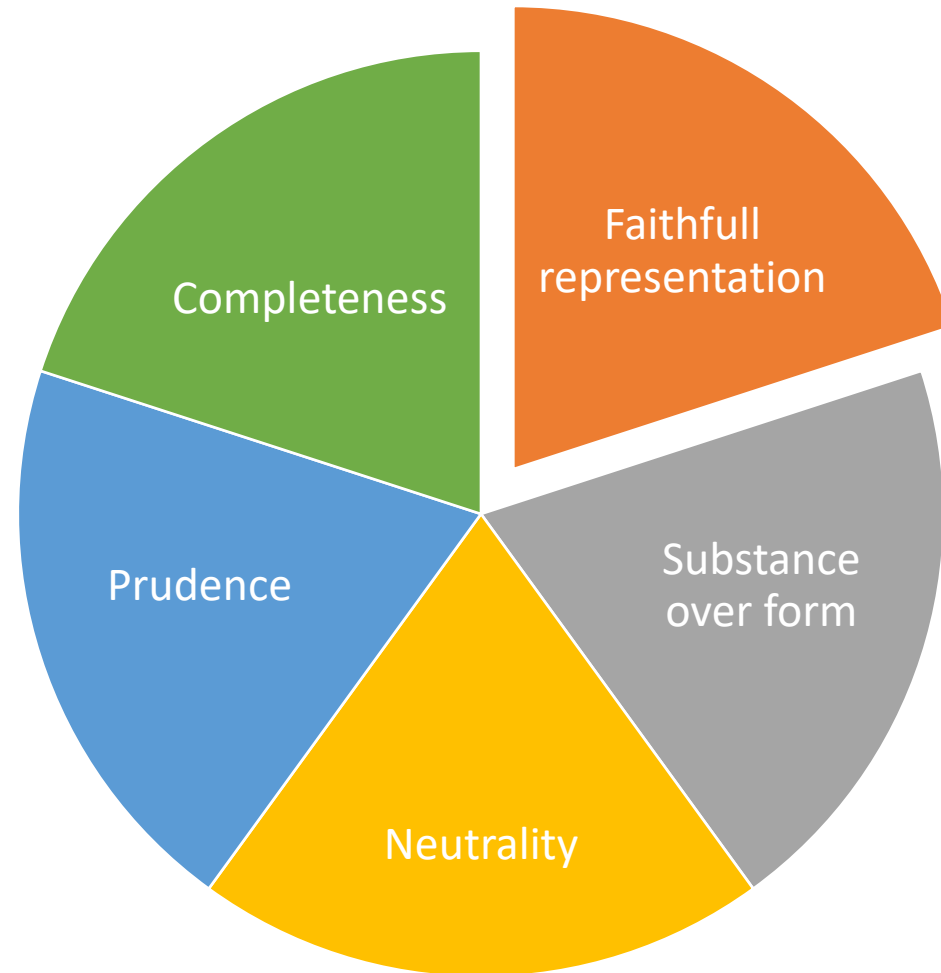
Understandability

Relevance

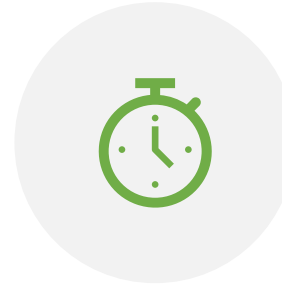
Reliability

Comparability

Elements or reliability



Constraints on relevant and reliable information



TIMELINESS



BALANCE BETWEEN
BENEFIT AND COST



BALANCE BETWEEN
QUALITATIVE
CHARACTERISTICS

Elements of Financial Statements



Equity

+



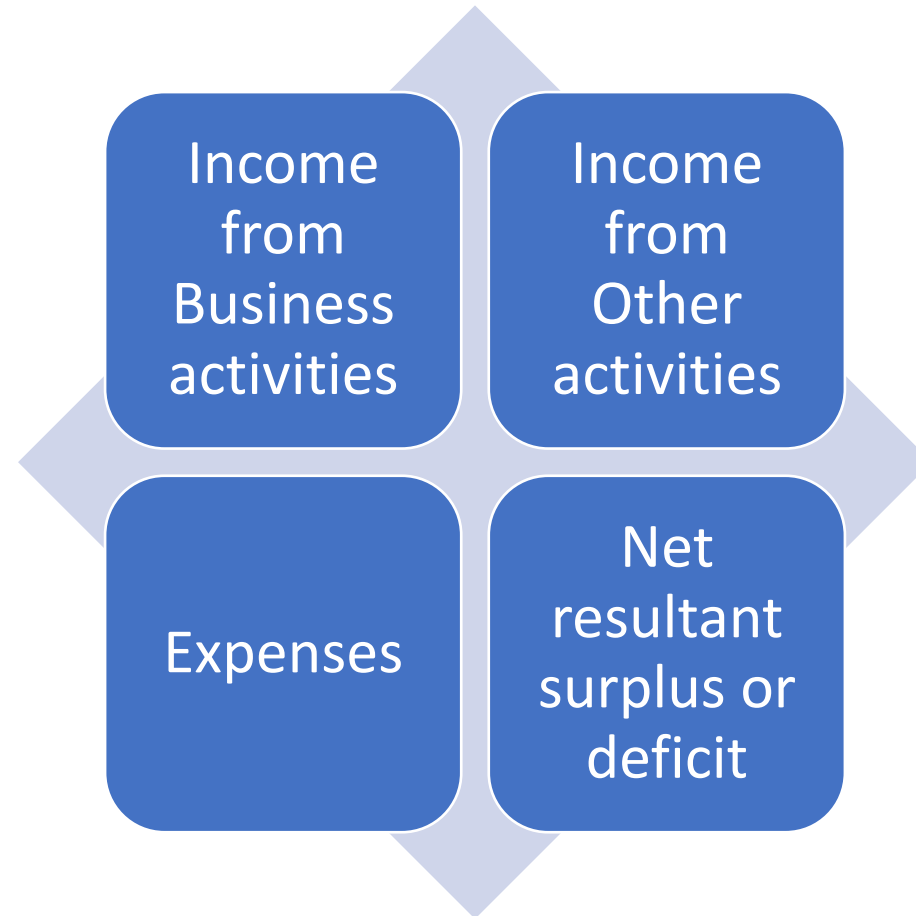
Liability

=



Asset

Performance



Accounting Standards applicability

Appendix I to compendium on accounting standards as of 1st February 2022 has categorised entities based on certain criteria and made accounting standards applicable accordingly

Types of Entities as per ICAI

A Level 1

B Level 2

C Level 3

D Level 4

Levels & standards applicability

If an entity satisfies any of the conditions given under the level mentioned henceforth it will fall under that category and the standards are accordingly applicable.

Level 1 Entities – Including Non Corporate

Entities which are listed or in the process of listing

Banks

All Industrial commercial or business activities with turnover exceeding Rs.250 Crores

Borrowings in excess of 50 Crores

Holding and subsidiaries of above

All are exclusive

Level II entities

Turnover over Rs. 50 Crores
and Less than 250 Corers

Borrowings over Rs.10 Crores
and Less than Rs.50 Crores

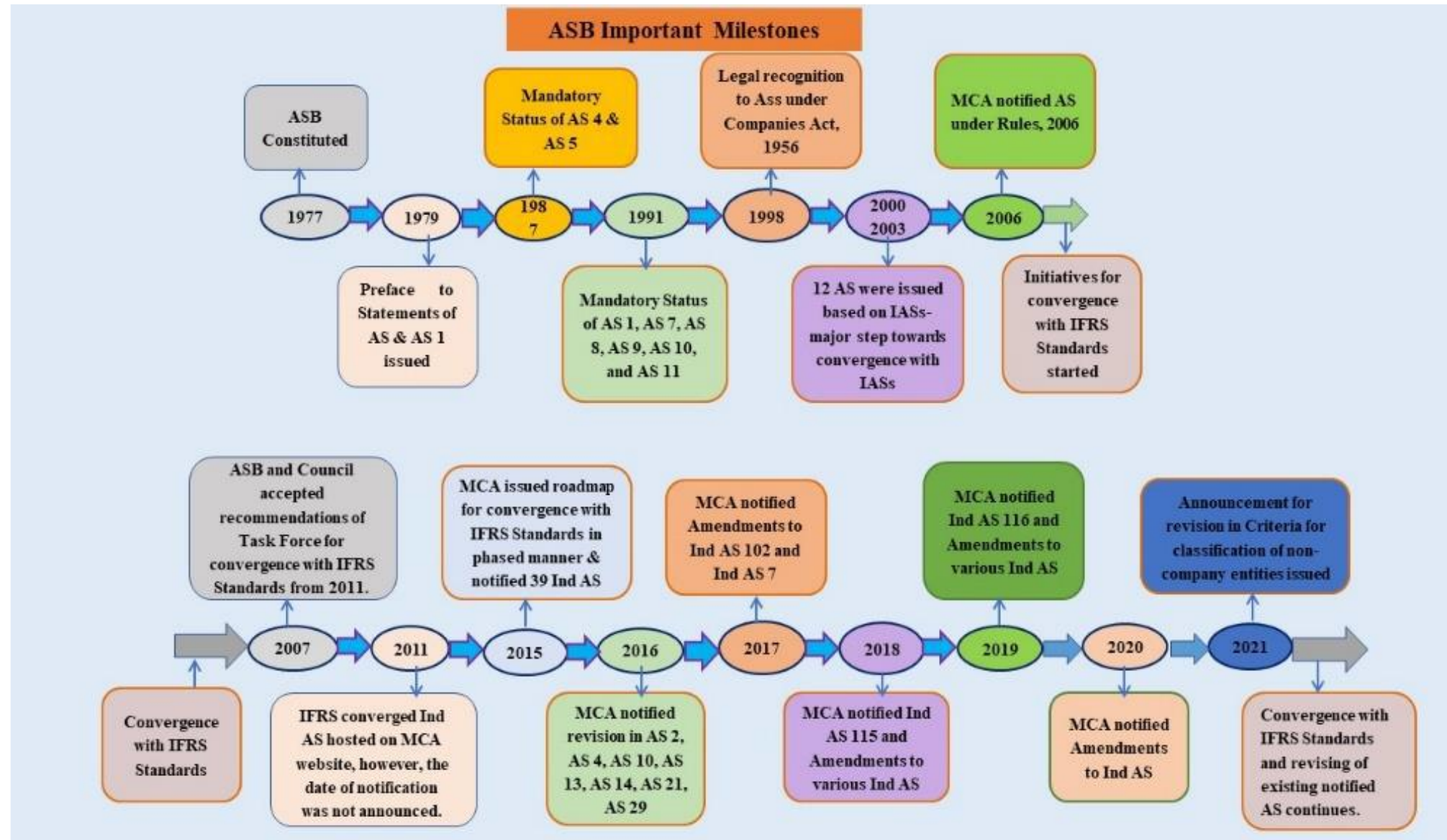
Holding and subsidiaries of
above

Level III entities

Turnover in excess of Rs.10 crores
but less than Rs. 50 Cores.

Borrowing in excess of Rs. 2
Cores but less than Rs. 10 Cores

Holding and subsidiary of above



A photograph of an elderly couple sitting on red and white striped beach chairs on a sandy beach. They are holding hands and looking out at the ocean under a bright, hazy sky. A wicker basket is on the sand to the right.

Then What
?

The rest are
Level IV

Accounting Standards applicable to all entities

AS 1- Disclosure of Accounting Policies

AS 2- Valuation of Inventories

AS 4- Contingencies and events occurring after Balance sheet Date

AS 5- Net Profit for the period, prior period items and changes in accounting policies.

AS 7- Construction Contracts

AS 9- Revenue Recognition

AS 12- Accounting for Government Grants

Not applicable
to III & IV

- AS 3- Cash Flow Statements
- AS 17- Segment Reporting
- AS 18- Related party disclosures
- AS 20- Earning per share
- AS 21- Consolidated Financial Statements (CFS)*
- AS 23-Accounting for investment in associates in CFS*
- AS 25-Interim Financial Statements
- AS 27-Financial Reporting of interest in JV's*

* may be adopted if the entity desires to do so.

- Plant Property and Equipment
 - The standard is applicable in its totality except for encouraged disclosure on
 - The carrying amount of temporarily idle property plant and equipment
 - The gross carrying amount of fully depreciated plant property and equipment in active use.
 - for each revalued class of property, plant and equipment the carrying amount that would have been recognised under cost model.
 - The carrying amount of property, plant and equipment retired from active use and not held for disposal

The exemptions in disclosures- AS 10

- Disclosure of Foreign exchange risk management policy – An encouraged disclosure for Level I and Level II enterprises.

The exemptions in disclosures- AS 11

- The exemption is only for Level IV enterprises.
- Any disclosure required by governing act of the enterprise – Being a non-corporate entity unless it is a LLP there is no Governing Act. Once again is there an exemption.???

The exemptions in disclosures- AS 13

My take on AS 10 ,AS 11 & AS 13

- Practically the AS is applicable in its totality as it would apply to any other entity.
- We should ensure disclosure including calculation of depreciation as per the standard
- The exemption is of the encouraged disclosure of level I & II entities and nothing more.
- The exemptions are cosmetic in nature.

AS 15 – Employee Benefits

- The exemptions are significant for each category of enterprise hence dealt with individually
- Let us understand it clearly AS 15 is applicable to all enterprises except for certain exemptions.
- With the new labour law round the corner there would be a liability of terminal benefits payable to the employees which are not captured in the Financial statements

Level II and Level III with more than 50 Employees

- Undiscounted amount of short term employee benefits in the form accumulating thereby increasing the entitlement in future and which are non vesting – not entitled for cash benefits while leaving

Level II and Level III with more than 50 Employees

- Paragraph 46 & 139 of AS 15 which deal with discounting of contributions which fall due more than 12 months after balance sheet date.
- Recognition and measurement of defined benefit plans as laid down in paragraphs 50-116 and disclosure requirements in paragraphs 117-123
- However, the entities should actuarially determine and provide liability using projected unit cost method using discount rate of yield of government bonds as on balance sheet date.

Level II and Level III with not more than 50 Employees and Level IV entities

- Paragraph 46 & 139 of AS 15 which deal with discounting of contributions which fall due more than 12 months after balance sheet date.
- Recognition and measurement of defined benefit plans as laid down in paragraphs 50-116 and disclosure requirements in paragraphs 117-123
- Actuarial valuation not required some rational method – like the benefits are payable at the end of accounting year.

AS 19 – Level II, III & IV Non-Company entities

- The exemption available for the Non-company entities is under the disclosure requirement. To understand the same better let us go through the disclosure requirements under paragraph 22 of AS 19- Leases and then the exemptions available

AS 19 – Leases

– Disclosure requirement under paragraph 22

Clauses c, e & f
– Not applicable for non corporate Level II, III & IV entities.

- The lessee in addition to disclosure under AS 10 – Property, Plant and Equipment and the governing statute, make the following disclosures for finance leases:
 - a) assets acquired under finance lease as segregated from the assets owned;
 - b) for each class of assets, the net carrying amount at the balance sheet date;
 - c) a reconciliation between the total of minimum lease payments at the balance sheet date and present value. In addition, the 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 1 year
 - ii. Later than on 1 year but not later than 5 years
 - iii. Later than 5 years
 - d) contingent rents recognized as expenses in the statement of profit and loss
 - e) The minimum of future lease payments expected to be received under non cancellable sub leases at the balance sheet date
 - f) 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;
 - (iii) restrictions imposed by lease arrangements, such as those and concerning dividends, additional debt, and further leasing.

AS 19 – Leases Limited disclosure under clause 25

- The following disclosures are required under operating leases for level II, III & IV non corporate entities.
 - a) Lease payments recognized in the statement of profit and loss for the period with separate amounts for minimum lease payments and contingent rents;
 - b) sub-lease payments received or receivable recognized in statement of profit and loss

AS 19 – Leases Limited disclosure under clause 37 by lessor

- The following disclosures are required under operating leases for level II, III & IV non corporate entities.
 - a) Unearned finance income
 - b) The unguaranteed residual values accruing the benefit of lessor
 - c) The accumulated provision for uncollectable minimum lease payments receivable
 - d) Contingent rents recognized in the statement of profit and loss for the period

AS 19 – Leases Limited disclosure under clause 46 by lessor

- The following disclosures are required under operating leases for level II, III & IV non corporate entities.
 - a) for each class of assets, the gross carrying amount, the accumulated depreciation and accumulated impairment losses at the balance sheet date and
 - i. The depreciation recognized in statement of profit and loss
 - ii. The impairment loss recognized in statement of profit and loss
 - iii. The impairment loss reversed in statement profit and loss
 - b) The contingent rents recognized as income in statement of profit and loss for the period

AS 22- Taxes on Income

- Applicable in its entirety to Level II and Level III entities
- Level IV entities to recognize only current tax in the statement of profit and loss.
- Any deferred tax asset / liability in the first year of transition to be adjusted against reserves and surplus.

AS 26 – Intangibles

- Exemption in disclosure for level IV entities- applicable in totality to other entities
- For level IV entities the following disclosures are not required
 - a) Impairment losses recognized and reversed in statement of profit and loss (paragraph – 90(d)(iii) & 90(d)(iv).
 - b) Fully amortized intangible asset still in use – an encouraged disclosure for other entities

AS 28 – Impairment of assets

- Not applicable for Level IV entities.
- Level II & III non corporate entities are allowed to arrive at value in use on a reasonable basis instead of present value technique.
- Disclosure having relation to segment reporting
- Disclosure on key assumptions used to determine the recoverable amount of assets during the period.

Role and responsibility

As a member in practice our responsibility is to express opinion on the financial statements.

Preparation of the financial statements is the responsibility of the Management.

SA 700 Forming an Opinion and Reporting on Financial Statements is also applicable to non-corporates – for whom the accounting standards are applicable.

Role and responsibility .. continued

While discharging attest function attention is invited to reporting requirement under Companies Act 2013 with respect to Rule 11(e) & 11(f) of Companies (Audit and Auditors) Rules 2014

Benami Transactions

Utilization of borrowed funds especially from financial institutions.



QUESTIONS

Thank you for
your patience

JAI HIND



Practical Aspects of Tax Audit & FS for Non-Corporates



CA. PRAMOD JAIN

B. COM (H), FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

Shared at

Hyderabad Branch of SIRC of ICAI

10th August 2022

AS APPLICABILITY

- ✖ **Are Accounting Standards applicable to Non-corporates?**
- ✖ **If Yes, which AS?**
- ✖ **What if there is non-compliance?**
- ✖ **Where to Report such non-compliance?**
- ✖ **Are Notes to the accounts prepared for Non-Corporates**

AS APPLICABILITY FOR NON-COMPANIES

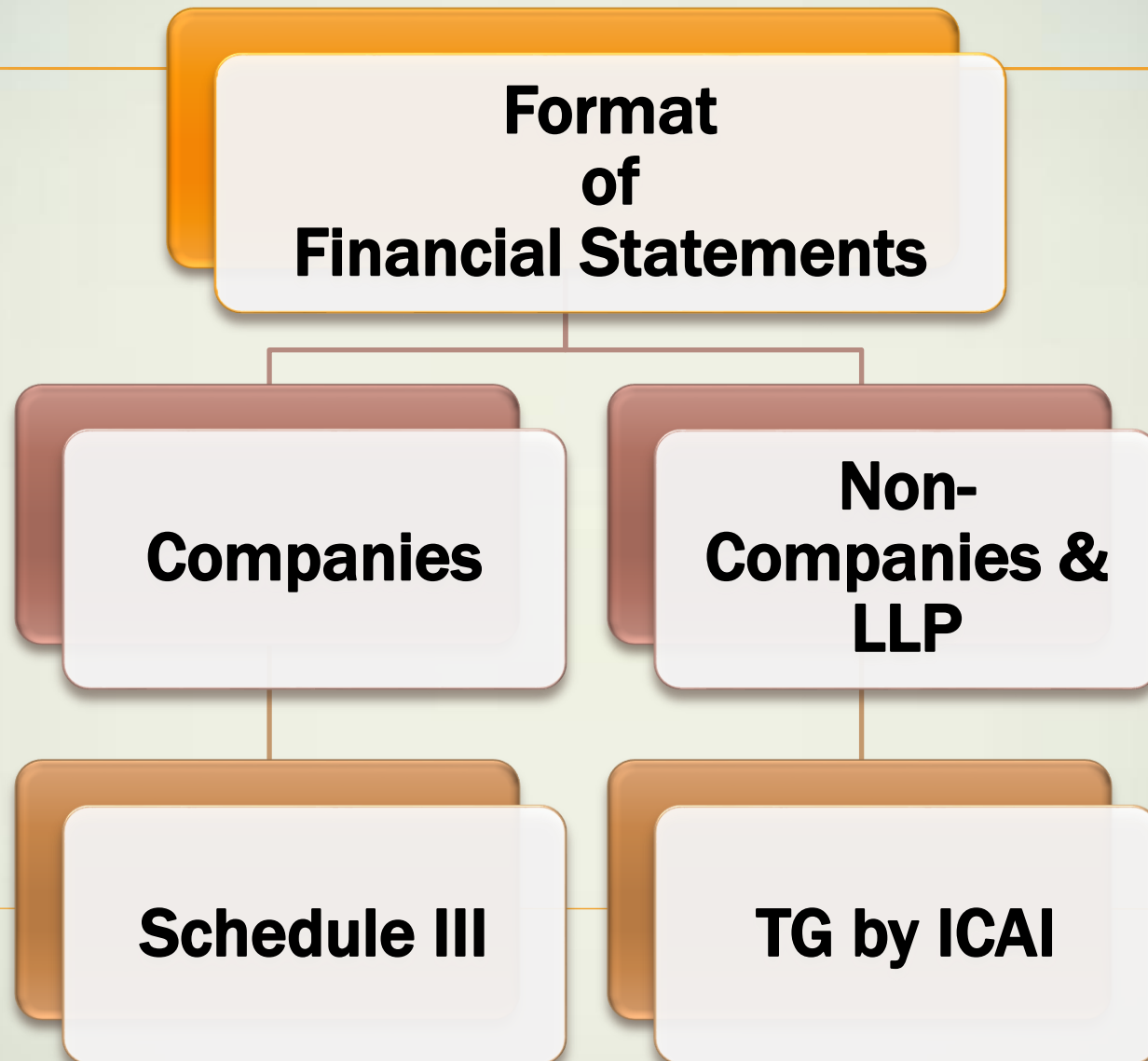
- ✖ Effective for Accounting Periods from 1.4.2020
- ✖ Instead of 3 levels.. Now 4 levels

Level	Turnover			Borrowing	
	Existing	Revised		Existing	Revised
I (Large)	> 50 Cr	> 250 Cr		> 10 Cr	> 50 Cr
II (Medium)	1-50Cr	50-250 Cr		1-10 Cr	10-50 Cr
III (Small)	< 1 Cr	10-50 Cr		< 1 Cr	2-10 Cr
IV (Micro)		< 10 Cr			< 2 Cr

MSME DISCLOSURE

NON CORPORATE

- ✘ **“The Entity is a Micro Small and Medium Sized Enterprise (MSME) as per the announcement made by ICAI and has complied with the Accounting Standards insofar as they are applicable to entities falling in Level II or Level III or Level IV, as the case may be.”**
- ✘ **Two year wait period if change from Level I to II or II to III or III to IV**



FORMATS OF FINANCIAL STATEMENTS FOR NON-CORPORATE ENTITIES

BALANCE SHEET

NAME OF THE NON-CORPORATE ENTITY.....

BALANCE SHEET AS AT

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	1	2	3	4
I.	EQUITY AND LIABILITIES			
	(1) Owners' Fund			
	(a) Owners Capital Account			
	(b) Reserves and surplus			
(2)	Non-current liabilities			
	(a) Long-term borrowings			
	(b) Deferred tax liabilities (Net)			

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	(c) Other Long Term Liabilities			
	Long-term provisions			
(3)	Current liabilities			
	(a) Short-term borrowings			
	(b) Trade payables:- (A) total outstanding dues of MSME and (B) total outstanding dues of creditors other than micro, small and medium enterprises .			
	(c)Other current liabilities			
	(d)Short-term provisions			
	TOTAL			
II.	ASSETS			
(1)	Non-Current Assets			
	(a) Property, Plant and Equipment & Intangible assets			
	(i) Property, Plant and Equipment			
	(ii) Intangible assets			

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(b) Non-current investment			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets			
(2)	Current assets			
	(a) Current investments			
	(b) Inventories			
	(c) Trade receivables			
	(d) Cash and bank balances			
	(e) Short-term loans and advances			
	(f) Other current assets			
	TOTAL			

STATEMENT OF PROFIT AND LOSS

NAME OF THE NON-CORPORATE ENTITY.....
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
(RUPEES IN.....)

	Particulars	Note	Figures for the current reporting period (in rs.) From _____ (DD/MM/YYYY) To _____ (DD/MM/YYYY)	Figures for the previous reporting period (in Rs.) From _____ (DD/MM/YYYY) To _____ (DD/MM/YYYY)
	1	2	3	4
I.	Revenue from operations		xxx	Xxx
II.	Other income		xxx	Xxx
III.	Total Income (I + II)		xxx	Xxx
IV.	Expenses			
(a)	Cost of Goods Sold			
(b)	Employee benefits expense		xxx	Xxx
(c)	Depreciation and amortization expense		xxx	Xxx
(d)	Finance Cost		xxx	Xxx
(e)	Other expenses		xxx	xxx

	Particulars	Note	Figures for the current reporting period (in Rs.) From _____ (DD/MM/YYYY) To _____ (DD/MM/YYYY)	Figures for the previous reporting period (in rs.) From _____ (DD/MM/YYYY) To _____ (DD/MM/YYYY)
	Total expenses		xxx	xxx
V	Profit before exceptional and extraordinary items & tax (III-IV)		xxx	xxx
VI	Exceptional items		xxx	xxx
VII	Profit before extraordinary items and tax (V - VI)		xxx	xxx
VIII	Extraordinary Items		xxx	xxx
IX	Profit before tax (VII- VIII)		xxx	xxx
X	Tax expense:			
(i)	Current tax		xxx	xxx
(ii)	Deferred tax		xxx	xxx
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		xxx	xxx
XII	Profit/(loss) from discontinuing operations		xxx	xxx
XIII	Tax expense of discontinuing operations		xxx	xxx
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		xxx	xxx
XV	Profit/ (Loss) (XI + XIV)		xxx	xxx

MATTERS FOR FS OF NON-CORPORATES

- ✗ List of Trade Receivables / Payables**
- ✗ List of unsecured Loans**
- ✗ Notes to the Accounts**
- ✗ Significant accounting policies**
- ✗ MSMED Act 2006**

AUDIT



LEGISLATION FOR AY 2022-23

S. 44AB

- Business – exceeds Rs. 1 Crore / 10 Crores
- Profession – exceeds Rs. 50 L
- Business u/s 44AE /44BB /44BBB; income < deemed profits;
- Profession u/s 44ADA; deemed profit < 50% & TI > MANCT
- Business u/s 44AD (4) & TI > MANCT

Rule 6G

- Prescribing the Forms for Report u/s 44AB

Form 3CA

- Report in case of a person who is required to get his A/cs audited under any law

Form 3CB

- Report in any other case

Form 3CD

- Particulars as required in Form 3CA or Form 3CB

S. 271B

- Penalty $\frac{1}{2}\%$ maximum Rs. 1.50 L

APPLICABILITY OF 44AD(44ADA) / 44AB

**Mr. A started Mfg – 1st Yr - Turnover (all cash)
– 150L; NP – 8 L; TI - 8.50 L**

- AD - No
- AB - Yes

**Ms. B - Trading - Turnover (all cash) – 90L; NP -
10L; Doctor– Fee – 45 L; NP- 25 L; TI -32L**

- AD – No
- ADA - Yes
- AB - No

**Ms. C – Trading Turnover (all cash)– 80L
NP – 4 L; TI- 3 L**

- AD – No
- AB - No

**Mr. D - Trading; Turnover (all cash) - 95L;
Commission – 6 L; NP- 15L; TI - 14L**

- AD - No
- AB - Yes

SECTION 44AD ESSENTIALS

- **Should be eligible assessee**
 - **Ind., HUF, Firm (except LLP); and**
 - **No s. 10A, 10AA, 10B, 10BA & Chp VIA Part C**
- **Should be doing eligible business**
 - **Any except 44AE; and**
 - **Turnover < 2 Crs**
- **Section not applicable to a person carrying:**
 - **Profession u/s 44AA(1)**
 - **Commission or brokerage**
 - **Agency business**
- **Deemed profit 8% / 6% or more**
- **Commensurate with fund flow!!!**

SECTION 44ADA ESSENTIALS

- **Applicable to Individual, HUF, Firm (excluding LLP)**
- **Should be engaged in profession – section 44AA(1) read with rule 6F**
- **Gross receipt < 50 Lakhs**
- **Deemed profit 50% or more**
- **Commensurate with fund flow!!!**

PROFESSION – S. 44ADA

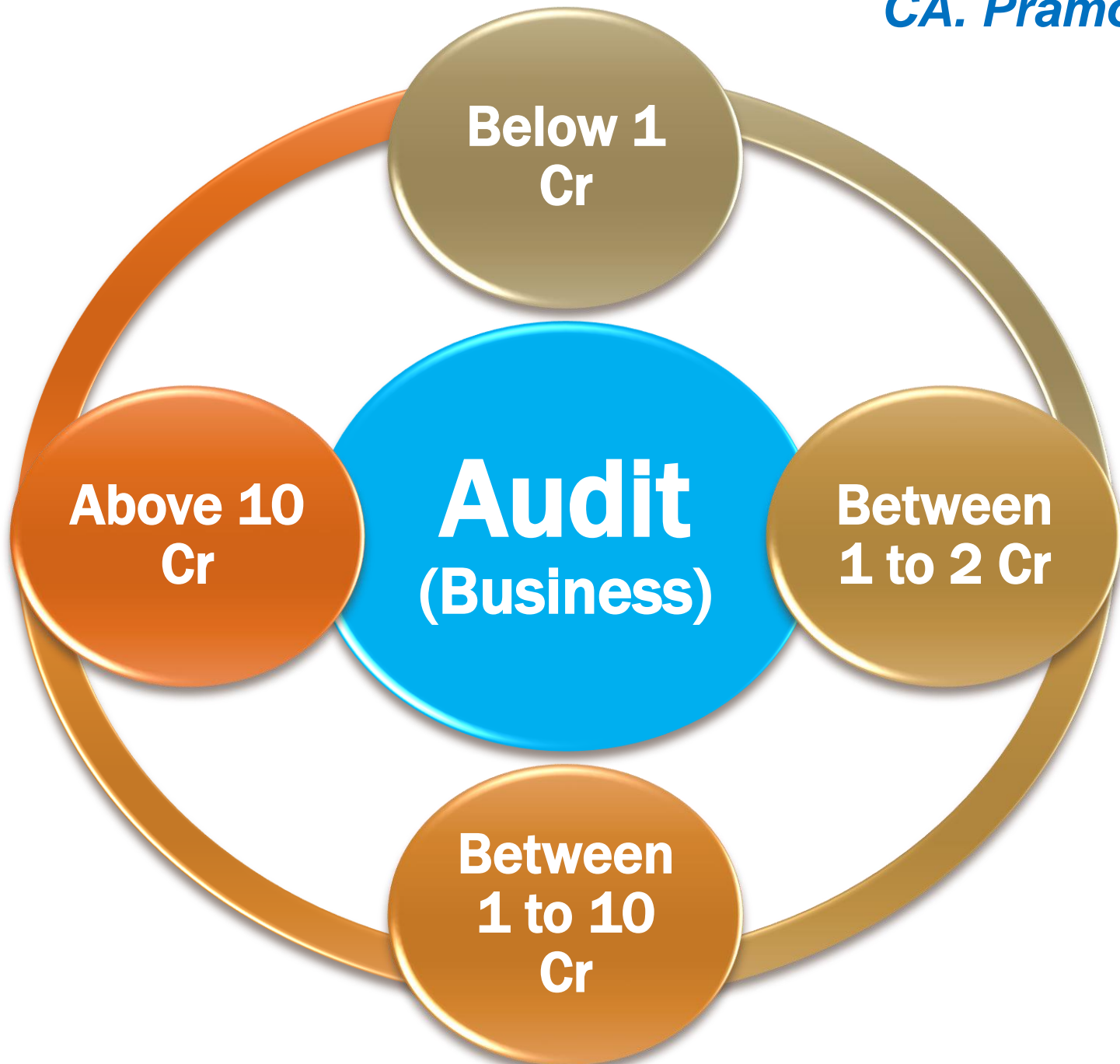
- **Section 44AA (1) read with Rule 6F**
 - **Legal**
 - **Medical**
 - **Engineering**
 - **Architectural**
 - **Accountancy**
 - **Technical Consultancy**
 - **Interior Decoration**
 - **Authorised Representative**
 - **Company Secretary**
 - **Film Artist, actors, cameramen, editor.....**
 - **Information Technology**

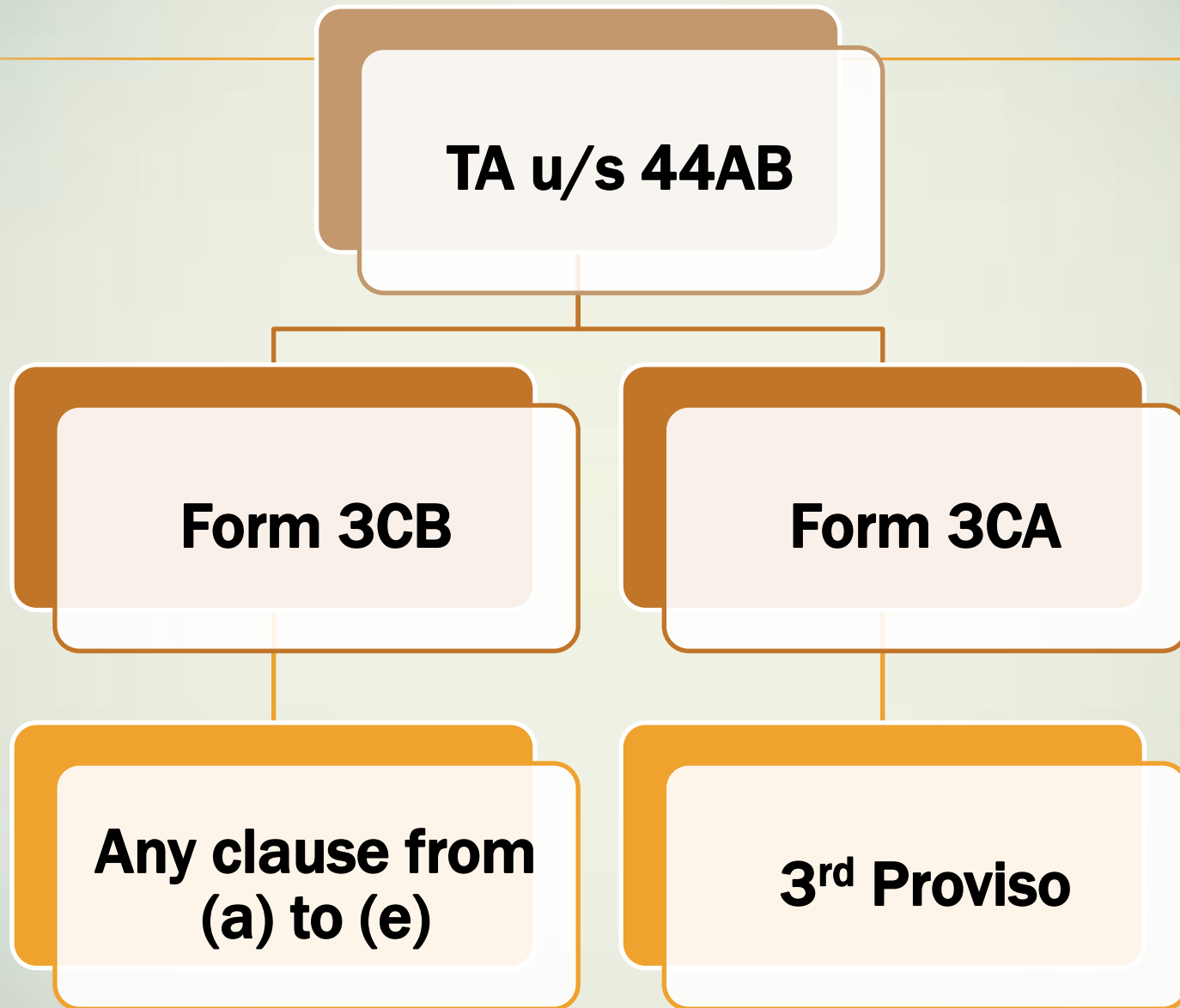
44AB(a)

- ✗ **Limit 1 Cr / 10 Cr !!**
- ✗ **Limit of 10 Cr Only if:**
 - + **Aggregate of all amounts received in cash do not exceed 5% of said amt.**
 - + **AND**
 - + **Aggregate of all Payments made in cash do not exceed 5% of said payment**

44AB(a) ???

- ✗ **Payments all by banking channels**
- ✗ **Receipts:**
 - + **6 Crs sales out of which 20 Lacs in Cash**
 - + **Proprietor introduces capital – 25 Lacs in cash**
 - + **Loans received– 50 Lacs by NEFT**
 - + **Is tax audit u/s 44AB required?**
 - + **Yes, as total receipts - 675 L ; cash – 45L**
- ✗ **Is it mandatory or optional??**
 - + **Mandatory - Part I (1) of 2nd schedule**
- ✗ **Non -A/c Payee Cheque/ Draft - Cash**





FORM 3CA

- × **Total 3 Paras**
- × **Examination of books by auditor included before giving opinion**
- × **Opinion to be given subject to observations / qualifications, no annexures ... Para 3**

FORM 3CB

- ✖ **Total 5 Paras**
- ✖ **Same as Form 3CA except examination of books**
- ✖ **Opinion subject to observations / qualifications to be given:**
 - + **Financial Statements – 3(a)**
 - + **Form 3CD – 5**
- ✖ **SA 700?**

SA 700 – PARA 3(a) – FORM 3CB

× **Assessee's Responsibility** for the Financial Statements and the Statement of Particulars in Form 3CD

1. The **assessee is responsible for the preparation and fair presentation of the financial statements** in accordance with the Accounting Standards issued by the ICAI, 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.
2. 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.
3. Those charged with governance are responsible for overseeing the entity's financial reporting process.

SA 700 – PARA 3(a) – Form 3CB

- ✗ **Tax Auditor's Responsibility**
- ✗ 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 FS

SA 700 – PARA 3(a) – FORM 3CB

- ✘ 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.

SA 700 – PARA 3(a) – FORM 3CB

- + Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- + 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 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

SA 700 – PARA 3(a) – FORM 3CB

+ 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

SA 700 – PARA 5 – FORM 3CB / PARA 3 – FORM 3CA

2. The **assessee is responsible** for the preparation of the statement of **particulars required to be furnished under section 44AB** of the Income-tax Act, 1961 annexed herewith in **Form No. 3CD** read with Rule 6G(1)(b) of Income Tax Rules, 1962 that give true and correct particulars as per the provisions of the Income-tax Act, 1961 read with Rules, Notifications, circulars etc that are to be included in the Statement.

SA 700 – PARA 5 – FORM 3CB / PARA 3 – FORM 3CA

- ✖ We are also **responsible for verifying the statement of** particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in **Form No. 3CD** read with Rule 6G (1) (b) of Income-tax Rules, 1962. We have **conducted my/our verification of the statement in accordance with Guidance Note on Tax Audit** under section 44AB of the Income-tax Act, 1961, issued by the Institute of Chartered Accountants of India.

TYPES OF AUDIT REPORTS



Unmodified



Modified

MODIFIED AUDIT REPORTS



MODIFIED AUDIT REPORTS

	Auditor's judgment about Pervasiveness of the matter	
Nature of Matter	Material but NOT Pervasive	Material AND Pervasive
Financial statements are Materially misstated	Qualified Opinion (...except for...)	Adverse Opinion (...do not present true & fair...)
Unable to obtain Sufficient Appropriate Audit Evidence	Qualified Opinion (...except for...)	Disclaimer of Opinion (...we do not express an opinion...)

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