

COMPANIES AUDIT REPORT – MASTER TEMPLATE

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Note:

1. The underlined text in the master template below refers to the changes made vide SA 700 (Revised) issued by ICAI effective for audit of FS commencing from 1.4.2018. The struck off portion represents the earlier version not any more required. For illustrative purposes, multiple Reporting Possibilities have been provided for benefit of the readers and suitable option has to be chosen based on Auditor's judgment considering the facts of the case.
2. Under the New Companies Act 2013, reporting in "Bold & Italics" by Auditor has been done away with. Phrases in **Bold Type** are for emphasis only and are not to be considered for reporting purposes

INDEPENDENT AUDITORS REPORT

Title

TO THE MEMBERS OF ABC COMPANY PVT. LTD.,

Addressee

Report on the Audit of the Standalone^(*) Financial Statements

Opinion:

We have audited the ~~accompanying~~ standalone^(*) financial statements of **ABC Company Private Limited.**, ("the Company"), which comprise the Balance Sheet as at 31 March, 20XX, the Statement of Profit and Loss, (statement of changes in equity) the Cash Flow Statement for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information, [in which are included ~~incorporated~~ the Returns for the year ended on that date audited by the branch auditors of the company's branches located at (location of the branches)].

In our opinion and to the best of our information and according to the explanations given to us, { \$ } the aforesaid standalone^(*) financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of state of affairs of the Company as at March 20XX and Profit / loss, (Changes in equity) and its cashflows for the year ended on that date.

Basis for Opinion

[Fill in details of qualification, if any here as per SA 705 – in that case the heading would read as "Basis of Qualified Opinion" – Also the last para under the "Opinion" para above would undergo a change with the insertion of the wordings **"except for the effects of the matter described in the Basis for Qualified Opinion section of our report"** in { \$ }.]

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

- **Emphasis of Matter para [SA 706]-** *if any*
- **Key Audit Matters (SA 701) –** *For listed entities only*
[Key audit matters— Most significant matters in audit of FS - in auditor's professional judgment - selected from matters communicated with TCWG.]
- **Other Matters – Scope of the Audit [SA 706]** *if any*
[“Scope of the Audit”, word to be used only if KAM is given to differentiate Other Matter paragraph from the individual matters described in KAM section.]

Responsibilities of Management's and Those Charged with Governance for the standalone^(*) Financial Statements. **Management Responsibility for the Standalone^(*) Financial Statements**

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

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

Going Concern assertion

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

Auditor's Responsibility for the Audit of the Financial Statements

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

[Or could provide a definition / description of materiality]

~~Our responsibility is to express an opinion on these Standalone^(*) financial statements based on our audit.~~

~~We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.~~

~~We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform~~

~~the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.~~

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

~~We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the standalone^(*) financial statements.~~

A further description of our responsibilities for the audit of the financial statements is included in **Annexure A** of this auditor's report. This description, which is located at [page number 5 or other specific reference to the location of the description], forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

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

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

2. ~~Further to our comments in the annexure,~~ As required by Sec. 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books *[and proper returns adequate for the purposes of our audit have been received from the branches not visited by us]*
 - c. *[The reports on the accounts of the branch offices of the company audited u/s 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.]*
 - d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account *[and with the returns received from the branches not visited by us.]*

- e. In our opinion, the aforesaid standalone^(*) financial statements comply with the Accounting Standards specified u/s. 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Sec. 164(2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure - C**'.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note XX to the financial statements; *[or the Company does not have any pending litigations which would impact its financial position]*
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts–Refer to Note X to the financial statements; *[or the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.]*
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company {or, following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company}

For M/s. K.G. Acharya & Co.,
Chartered Accountants
FRN _____

Date
Bangalore

Partner / Proprietor
M. No. _____

(*) 'Standalone' to be deleted when Company does not have to prepare Consolidated Financial Statement

Apart from considering modification to the opinion as per SA 705, the auditor will also have to consider his opinion as in the IFCOFR report at the time of giving his opinion in the Main audit report.

Annexure A to the Auditor's Report

[Paragraph 40(b) of this SA explains that the following material can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or the national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.]

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

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

ROMM - Fraud v Error

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. *U/s.143(3)(i) of the 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. [Delete words in bold for Private cos. exempt from IFC coverage]*

IFC - Study & Report, if applicable

- Evaluate the **appropriateness of accounting policies** used and the **reasonableness of accounting estimates and related disclosures** made by management

AP, AE & Disclosures OK

- Conclude on the appropriateness of management's use of the **going concern** basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. *If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.* Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

'Going Concern' assertion

- 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**.

Presentation & Disclosure is fair

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.

Communication to TCWG

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

Ethics Complied