CHAPTER 7

Checklist for Accounting Standards

Client ____

Year ended :   , 200____

ACCOUNTING STANDARDS CHECKLIST CONTROL SHEET

OBJECTIVE: The objective of this checklist is to determine whether the accounts of the client have been prepared in accordance with the Accounting Standards. **Any non-compliance with the Standard(s) should be highlighted.**

AS		*Compliance*	*Remarks*
1	Disclosure of Accounting Policies	Y/N	
2	Valuation of Inventory	Y/N/NA	
3	Cash flow statements	Y/N/NA	
4	Contingencies & events occurring after the Balance Sheet date (Revised)	Y/N	
5	Net Profit or Loss for the period, extraordinary items & changes in accounting policies	Y/N	
6	Depreciation Accounting	Y/N/NA	
7	Accounting for construction contracts	Y/N/NA	
8	Accounting for Research & Development (Standard requires disclosure of R & D expenditure)	NA	
9	Revenue Recognition	Y/N/NA	
10	Accounting for Fixed Assets	Y/N/NA	
11	Accounting for the effects of changes in foreign exchange rates	Y/N/NA	
12	Accounting for Government grants	Y/N/NA	
13	Accounting for investments	Y/N/NA	
14	Accounting for amalgamations	Y/N/NA	
15	Accounting for retirement benefits in the financial statements of employers	Y/N/NA	

AS		*Compliance*	*Remarks*
16	Borrowing Costs	Y/N/NA	
17	Segmental Reporting	Y/N/NA	
18	Related Party Transactions	Y/N/NA	
19	Accounting for Leases	Y/N/NA	
20	Earning per share	Y/N/NA	
21	Consolidated Financial Statements	Y/N/NA	
22	Accounting for taxes on Income	Y/N/NA	
23	Accounting for investments in associates in consolidated financial statements	Y/N/NA	
24	Discontinuing operations from 1-4-2004/05	Y/N/NA	
25	Interim Financial Reporting	Y/N/NA	
26	Intangible Assets	Y/N/NA	
27	Financial Reporting of interests in Joint Ventures	Y/N/NA	
28.	Impairment of assets from 1-4-2004/05	Y/N/NA	

CHECKLIST : AS 1 — DISCLOSURE OF ACCOUNTING POLICIES

	Area	*Y/N*	*Remarks*
1.	Is there a list of all significant policies adopted by the auditee?		
2.	If yes, are all the relevant areas listed below are adequately covered, so far applicable?		
	a) Basis for preparation of financial statements		
	b) Method of accounting		
	c) Valuation of fixed assets		
	d) Treatment of goodwill		
	e) Treatment of Impairment of Assets		
	f) Method of depreciation, depletion and amortisation		
	g) Treatment of expenditure during construction		
	h) Valuation of Investments		
	i) Valuation of Inventories		
	j) Research & Development		
	k) Deferred Revenue Expenditure		
	l) Receivables and Liabilities		
	m) Revenue Recognition		
	n) Conversion of translation of foreign currency items		
	o) Disclosure of events subsequent to the balance sheet date		
	p) Treatment of Borrowing Cost		
	q) Treatment of Lease Accounting		
	r) Provision for Taxes on Income, both current and deferred		
	s) Treatment of Prior Period Items		
	t) Treatment of Miscellaneous Expenses not written off		
	u) Excise and Customs Duty: Definition of turnover		
	v) Treatment of retirement benefits		
	w) Recognition of profit on long-term contracts		
	x) Treatment of contingent liabilities		
3.	If there is a change in accounting policies whether it has been disclosed separately with quantification of its impact on the financial statements?		

Checked by: *Reviewed by:*
Date : *Date :*

CHECKLIST : AS 2 — VALUATION OF INVENTORIES

	Audit procedure	*Y/N*	*Remarks*
1.	Obtain a complete list of the following: • Inventory items and codes • Groups • Cost sheets (if the volume is high, sample check and append a note) • Inventory valuation statement as at valuation date • Note on procedure for valuing inventory • Note on method of determining net realisable value (NRV)		
2.	Check whether inventorised asset includes:— • Held for sale in the ordinary course of business • In the process of production for such sale; or • In the form of materials or supplies to be consumed in the production process.		
3.	Ensure that Inventories include materials, maintenance supplies, consumables and loose tools awaiting use in the production process.		
4.	See that inventories do not include machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular.		
5.	Are the NRV disclosed and compared with historical costs? (HC). If yes are they for individual items or a group of items? Specify.		
5.1	Is the NRV supported by orders, sales, invoices etc.?		
5.2	Are there any class of goods/item by item whose NRV is below cost for reasons such as damage, fall in SP, obsolescence etc.?		
5.3	Have you considered reliable evidence to arrive at NRV that may have occurred after the Balance Sheet date such as price fluctuation, change in contract price for which specific inventories are held,…?		
6.	Which of the method for determination of HC is followed: • FIFO/Weighted Avg. • Specific Identification • Adjusted Selling Price — Retail business or businesses where costs are not readily ascertainable • Standard Cost		

	Audit procedure	Y/N	Remarks
	Is the method appropriate as defined above? If not, specify. After review by Senior, ascertain whether qualification is necessary and recommended. Have you ensured that the cost of inventories include all costs of purchase, conversion including duties and taxes (other than those subsequently recoverable by the enterprise) and freight where applicable to bring them to their present location and condition? Have Excise duties paid/payable on the Balance Sheet date been included in the inventories of Finished Goods? Whether provision for excise duty payable made of same amount? Have you ensured that trade discounts, rebates and duty drawback are deducted in determining the costs of purchases?		
7.	In case of manufactured products, costs can be determined ONLY by (A) Absorption Costing. (D) Direct costing is not permitted. Specify the allocation of Fixed Costs on the basis of NORMAL LEVEL OF PRODUCTION : Append Note :		
8.	Overheads		
8.1	Obtain a list of overheads.		
8.2	Have you ensured that costs like advertising, selling, sales promotion, all costs that do not contribute to bringing the inventories to their present location and condition are eliminated?		
8.3	Have you ensured that any cost which relates to ex-factory movement (not being transfer to depot is not considered?		
9.	Consumable stores etc.		
9.1	You have ensured that these are valued at cost? If not, is there a justification for valuing at below cost. Specify the percentage and basis for valuation below cost.		
9.2	If the total value is material, is the basis for valuation certified by the costing department/senior manager?		
10.	Bye-Products/Non Usable Waste		
10.1	Obtain a certified list of bye-products.		
10.2	Have these been valued at lower of cost or NRP?		
10.3	Are the bye-products costs defined? If not, has NRP been applied for valuation?		
10.4	If the client does not have facility for re-using waste has the non-reusable waste been valued at NRP?		

	Audit procedure	Y/N	Remarks
11.	Disclosure		
11.1	Has the Accounting policy for valuation been disclosed in the Financial Statements? Are 'cost formulas' also disclosed?		
11.2	In case 'Base Stock Method' used, has the following been disclosed ?Valuation of Base Stock carriedValuation of Excess Stock over Base stock Difference between Base Stock & Excess Stock and the procedure for valuation.		
11.3	Is the total carrying amount and its appropriate classification disclosed in the accounts?		
11.4	Have the inventories been classified in the accounts under the heads – Raw materials and components, WIP, FG, stores and spares and loose tools?		
12.	Consistency		
12.1	Is the method of Valuation same as last year ?		
12.2	If answer is no, is the change likely to be immaterial for :		
	a) Current or		
	b) Later periods ?		
12.3	If 9.2 is no, append working note for the financial impact if determinable.		
12.4	If the amount is not determinable, review by senior to determine the nature of note and qualification.		

Checked by: *Reviewed by:*
Date : *Date :*

CHECKLIST : AS 3 — CASH FLOW STATEMENTS

	Audit procedure	*Y/N*	*Remarks*
1.	Ensure that a cash flow statement for the current year is prepared and cash flows are classified as operating, investing and financing activities.		
2.	Whether the enterprise has reported cash flows from operating activities using either direct or indirect method?		
3.	Whether the enterprise has reported separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, (except to the extent that cash flows described in paragraphs 22 and 24)?		
4.	Are there any foreign currency cash flows? If so are they recorded in an enterprise's reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the cash flow?		
5.	Is the effect of changes in exchange rates on cash and cash equivalents held in a foreign currency reported as a separate part of the reconciliation of the changes in cash and cash equivalents during the period?		
6.	Are there any cash flows arising from extraordinary items? If so are they classified as arising from operating, investing and financing activities as appropriate and separately disclosed?		
7.	Are the following points considered in respect of dividends and interest? a. Cash flows from interest and dividends received and paid should each be disclosed separately. b. Cash flows arising from interest paid and interest and dividends received in the case of a financial enterprise should be classified as cash flows arising from operating activities. c. In the case of other enterprises, cash flows arising from interest paid should be classified as cash flows from financing activities while interest and dividends received should be classified as cash flows from investing activities. d. Dividends paid should be classified as cash flows from		
8.	Are the cash flows arising from taxes on income separately disclosed and classified as cash flows from operating activities except if they are specifically identifiable with financing and investing activities?		

	Audit procedure	Y/N	Remarks
9.	Are the aggregate cash flows arising from acquisitions and from disposals of subsidiaries or other business units presented separately and classified as investing activities?		
10.	Has the enterprise disclosed, in aggregate, in respect of both acquisition and disposal of subsidiaries or other business units during the period each of the following: (a) The total purchase or disposal consideration; and (b) The portion of the purchase or disposal consideration discharged by means of cash and cash equivalents.		
11.	Are non-cash investing and financing transactions excluded from cash flow statement?		
12.	Has the enterprise disclosed the components of cash and cash equivalents and presented a reconciliation of the amounts in its cash flow statement with the equivalent items reported in the balance sheet?		
13.	Whether the enterprise has disclosed, together with a commentary by management, the amount of significant cash and cash equivalent balances held by it that are not available for use by it?		

Checked by: *Partner:*
Date : *Date :*

CHECKLIST : AS 4 — CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

	Audit procedure	Y/N	Remarks
1.	Are there events such as these occurring after the balance sheet date: (i) Natural calamity such as fire, flood, earthquakes, riots etc. (ii) Theft of stocks, assets, cash, etc. (iii) Major clients/customers becoming bankrupt (iv) Claims made by suppliers (v) Fresh wage revisions (vi) Change in Policy of Government (vii) Define other items such as amalgamations, mergers, etc. (viii) Any other event such as above		
2.	In order to identify any significant post balance sheet events of which we are not already aware : (i) Review latest management accounts, budgets, cash flow forecasts etc. and investigate unusual items, trends etc. (ii) Peruse minutes of meetings of shareholders, directors, executive committees etc. (iii) Inspect register of charges (iv) Review material journal entries (v) Review cash book		
3.	Enquire from executives having responsibility for financial and accounting matters as to: (i) material contingent liabilities or commitments as of the balance sheet date and the date of enquiry (ii) significant changes in equity capital, long-term loans and working capital to the date of enquiry (iii) any unusual adjustments recorded since the balance sheet date (iv) the status of purchase or sale commitments of an unusual nature (v) any other matters of significance (litigation, effect of changed legislation etc.)		
4.	Evaluate post balance sheet events identified by auditors of subsidiary and associated companies.		
5.	Obtain updated management representations where appropriate.		

	Audit procedure	Y/N	Remarks
6.	Do events occurring after the Balance Sheet date material?		
7.	Has a list of all such contingencies prepared?		
8.	Is it probable that future events will confirm after taking into account any related probable recovery that an asset has been impaired or a liability incurred as at the Balance Sheet date		
9.	Can a reasonable estimate of the resulting loss be made?		
10.	Does the contingency require a provision for a liability or write off of any asset?		
11.	If yes, quantify the loss. Is a charge made in P & L A/c.? (i) Is the estimate supported by a working note? (ii) If the contingency fulfils only one of the two specified conditions has a disclosure been made in the notes to accounts? (iii) Have you ensured that contingent gains have not been recognized in the financial statements except when the realization of the gain is virtually certain? (iv) Is there a board resolution appearing of the charge to the P & L account? (v) Is there appropriate and sufficient adequate evidence for such a provision?		
12.	If the charge is not made in the P & L A/c., is there a note in the accounts. Have the amount of such contingency been determined based on the information available on the date of approval of financial statements?		
13.	Has the provision for dividends declared been made in the accounts?		
14.	Have you ensured that contingent gains should not be recognised in the financial statements?		
15.	Specifically have you ensured that the following information is disclosed: (i) Nature of contingency/event (ii) Uncertainties which will affect future outcome (iii) Estimate of financial effect, or, if not possible, a statement that such an estimate is not possible. (iv) The nature of the event; (v) An estimate of the financial effect, or a statement that such an estimate cannot be made.		

Checked by: *Reviewed by:*
Date : *Date :*

CHECKLIST : AS 5 — NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES

	Audit procedure	*Y/N*	*Remarks*
1.	**Prior Income/Expenses**		
1.1	Have you made a list of prior period items?		
1.2	Have these been separately disclosed in the P & L account in a manner that their impact on current profit/loss is perceived clearly? Or a schedule or a note given for this if required?		
1.3	Is the impact on the operating profit determined? If not a note to that effect is required? How is the operating profit determined? In what way is it (if at all) different from the net profit? A working note to be attached.		
2.	**Extraordinary items**		
2.1	Has there been any extraordinary event during the period under report e.g. a loss arising out of natural disaster, attachment of property, sale of business division, additional liability/benefit arising out of judicial pronouncement and the like affecting the entity? Have you made a list of these items?		
2.2	Have you ensured that it is disclosed in the statement of profit and loss as part of net profit or loss for the period? Have these been separately disclosed in the P & L A/c? Is a schedule or a note given for this?		
2.3	Is the impact on the operating profit determined ? If not, a note to that effect is required? How is the operating profit determined? In what way is it (if at all) different from the net profit? A working note to be attached.		
3.	**Ordinary activities**		
3.1	Have you ensured that if items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately?		
4.	**Accounting estimate**		
4.1	Is there any change in the accounting estimate?		
4.2	Does it have a material financial impact either in the current period or in future period? If yes, whether the effect of a change in an accounting estimate is included in the determination of net profit or loss in		

	Audit procedure	Y/N	Remarks
	(a) the period of the change, if the change affects the period only; or (b) the period of the change and future periods, if the change affects both.		
4.3	Have you ensured that the effect of a change in an accounting estimate is classified using the same classification in the statement of profit and loss as was used previously for the estimate?		
4.4	Is the nature and amount of a change in an accounting estimate which has a material effect in the current period, or which is expected to have a material effect in subsequent periods is disclosed?		
4.5	If it is impracticable to quantify the amount whether this fact is disclosed?		
5.	**Accounting policy**		
5.1	Obtain the reason for change in accounting policy — verify whether the same is justifiable on grounds of more appropriate presentation of the financial statements of the enterprise.		
5.2	If any change in an accounting policy has a material effect, is that fact along with the impact therefrom and the adjustments resulting from, such change, if material, disclosed in financial statements of the period in which such change is made, to reflect the effect of such change?		
5.3	If the effect of such change is not ascertainable, wholly or in part whether such fact is indicated in the financial statement?		
5.4	If a change in the accounting policies is reasonably expected to have a material effect in future periods, whether the fact of such change is appropriately disclosed in the period in which the change is adopted?		

Prepared by: *Partner:*

Date: *Date:*

CHECKLIST : AS 9 — REVENUE RECOGNITION

	Audit procedure	*Y/N*	*Remarks*
	Applicability		
	Have you ensured that this standard deals with the bases for recognition of revenue in the statement of profit and loss of an enterprise. The standard is concerned with the recognition of revenue arising in the course of ordinary activities of the enterprise from: (a) The sale of goods, (b) The rendering of services, and (c) The use by others of enterprise resources yielding interest, royalties and dividends. Have you ensured that this Standard does not deal with the following aspects of revenue recognition to which special consideration apply : (i) Revenue arising from construction contracts; (ii) Revenue arising from hire purchase, lease agreements; (iii) Revenue arising from Government grants and other similar subsidies; (iv) Revenue of insurance companies arising from Insurance contracts. *Note: The checklist must be suitably modified, altered or refined to meet the requirement of a given situation.*		
	Revenue items		
1.	List of source and items of revenue should be made. Append list. Any new items in the current year? If yes, add them to the list.		
2.	Have you ensured that recognition of revenue is postponed if it is unreasonable to expect ultimate collection?		
	Transactions — sale of goods		
	In a transaction involving the sale of goods, performance should be regarded as being achieved when the following conditions have been fulfilled:		
(i)	the seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and		

	Audit procedure	Y/N	Remarks
(ii)	no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.		
	Transaction — rendering of services		
	In a transaction involving the rendering of services, performance should be measured either under the completed service contract method or under the proportionate completion method, whichever relates the revenue to the work accomplished. Such performance should be regarded as being achieved when no significant uncertainly exists regarding the amount of the consideration that will be derived from rendering the service.		
(i)	Has the completed service method been followed in respect of service involving a single act or more than act where services not performed are significant enough in relation to all transaction as a whole?		
(ii)	Has the proportionate completion method been followed only if service involves execution of more than one act?		
	Uncertainty		
	Have you ensured that if there is any uncertainty, recognition of revenue has been postponed?		
	Revenue arising from the use by others		
	Revenue arising from the use by others of enterprise resource yielding interest, royalties and dividends should only be recognised when no significant uncertainty as to measurability or collectability exists. These revenue are recognised on the following bases:		
(i)	Interest: on a time proportion basis taking into account the amount outstanding and the rate applicable;		
(ii)	Royalties: on an accrual basis in accordance with the terms of the relevant agreement;		
(iii)	Dividends from Investments in shares: when the owner's right to receive payment is established.		
	Disclosure		
	Have you ensured compliance of AS 1		
	Have you ensured that where (uncertainty) was applicable the circumstances in which revenue recognition has been postponed has been disclosed?		

Checked by: *Partner:*
Date: *Date:*

CHECKLIST : AS 10 — ACCOUNTING FOR FIXED ASSETS

	Audit procedure	*Y/N*	*Remarks*
1.	**Identification** Is there a list of Fixed Assets? If so is there a fixed assets register? Is it updated? Have you ensured that items included in `Fixed Assets' are fixed assets, i.e. not for sale, but for production or manufacture of goods?		
2.	**Historical costs** In respect of the fixed assets stated at historical cost, have you ensured that it comprises only of: • Purchase price • Costs of Installation or other such costs • Borrowing costs subject to AS 16 • Financing costs attributable to construction or acquisition, as long as they relate to periods before the asset is brought into use. Does it include any other cost? If so specify. • If the asset is self constructed have you ensured that only direct attributable or allocable costs are considered? • For assets acquired in Exchange. Have you ensured that the assets have been recorded at the fair market value of the asset given up plus cash payments or payable? • Have you ensured that any subsequent expenditure capitalised is justified in terms of future benefits derivable? Is there a board resolution to support this? • In respect of retired material items, have they been shown at the lower of the book value/realisable value? Have they been disclosed separately in financial statements? • In respect of retired/disposed assets, have you ensured that losses have been provided for?		
3.	**Revaluation** If applicable, answer the following: • Is the process of revaluation justified? Is it applied to the entire lot of assets? If not is the selection systematic? This basis should be disclosed. Append Note. • Have you ensured that the revaluation in financial statements of a class of assets should not result in the net book value of that class being greater than the recoverable amount of assets of that class.		

	Audit procedure	Y/N	Remarks
	• Have you ensured that in any case of upward revision, the accumulated depreciation has not be credited to the profit and loss statement. • Have you ensured that the increase in the net book value is credited to `Revaluation Reserve' (Except where a previously recorded revaluation debited or charged to P & L A/c was greater. In case any decrease in net book value is there, the converse is also true) • In respect of sale/disposal of revalued assets have you ensured that any credit balance standing in respect of the disposed asset in the revaluation reserve is adjusted or reversed?		
4.	**Hire Purchase fixed assets** • Have they been shown at `Cash Value'? • Have they been disclosed in the Balance Sheet with a proper narration that the enterprise does not have full ownership?		
5.	**Jointly owned fixed assets** Have these been disclosed to the extent of the enterprise's, share, proportionately as regards, original cost, depreciation and WDV?		
6.	**Fixed Assets purchased at a consolidated price** • Have you ensured that allocation of costs to individual assets is done? • Is there a board resolution approving the same? • How the allocation is made — note		
7.	**Goodwill** Have you ensured that goodwill has been recorded only if it is purchased or acquired for a consideration?		
8.	**Patents (now covered by AS 26)** Have you ensured that `Patents' have capitalised? Have they been written off over the shorter period of the following: • Legal validity period • Working Life		
9.	**Know-how (now covered by AS 26)** Has the amount paid for know-how of specific capital nature such as building, machinery, has it been capitalised appropriately?		

	Audit procedure	*Y/N*	*Remarks*
	If it is general know-how for the manufacturing process, have you ensured that the basis of allocation is satisfactory? Is a board resolution available?		
10.	**Disclosure in financial statements** Ensure that following information should be disclosed in the financial statements: (i) Gross and net book value of fixed assets at the beginning and end of an accounting period showing additions, disposals, acquisitions and other movements. (ii) Expenditure incurred on account of fixed assets in the course of construction or acquisition; and (iii) Revalued amount substituted for historical costs of fixed assets, the method adopted to compute the revalued amounts, the nature of indices used, the year of any appraisal made, and whether an external valuer was involved, in case where fixed assets are stated at revalued amounts.		

Checked by: *Partner:*
Date: *Date:*

CHECKLIST : AS 11 — THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

	Audit procedure	*Y/N*	*Remarks*
1.	Have you verified that foreign currency transactions include transactions of forward exchange contracts? [*Make a list of the various types of transactions entered into by the entity]*		
2.	Have you verified that a foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction?		
3.	**At the balance sheet date** have you reviewed that : a. foreign currency monetary items are reported using the closing rate. (e.g. Cash receivables, and payables) b. non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; (e.g. Fixed assets, inventories, and investments in equity shares) and c. non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.		
4.	Have you verified that the **contingent liability** denominated in foreign currency at the balance sheet date is disclosed by using the closing rate?		
5.	Have you checked that **exchange differences arising on the settlement** of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise?		
6.	Have you ensured that when the **transaction** is **settled within the same accounting period** as that in which it occurred, all the exchange difference is recognised in that period? However, when the **transaction** is **settled in a subsequent accounting period**, the exchange difference recognised in each intervening period up to the period of settlement is determined by the change in exchange rates during that period.		
7.	Have you verified exchange a difference arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment?		

	Audit procedure	Y/N	Remarks
	Financial statements of foreign operations		
8.	How are the foreign operations classified whether as “integral foreign operations” or “non-integral foreign operations”?		
9.	Have you verified that the financial statements of an integral foreign operation are translated as if the transactions of the foreign operation had been those of the reporting enterprise itself?		
10.	Verify that in translating the financial statements of a non-integral foreign operation for incorporation in its financial statements, the reporting enterprise has used the following procedures: a the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation should be translated at the closing rate; b. income and expense items of the non-integral foreign operation should be translated at exchange rates at the dates of the transactions; and c. all resulting exchange differences should be accumulated in a foreign currency translation reserve until the disposal of the net investment.		
11.	Have you verified that of exchange differences arising from the translation of the financial statements of a non-integral foreign operation are not recognised as income or expenses for the period?		
12.	Have you ensured that when a non-integral foreign operation is consolidated but is not wholly owned, accumulated exchange differences arising from translation and attributable to minority interests are allocated to, and reported as part of the minority interest in the consolidated balance sheet?		
13.	Ensure that any goodwill or capital reserve arising on the acquisition of a non-integral foreign operation is translated at the closing rate?		
14.	Ensure that contingent liability disclosed in the financial statements of a non-integral foreign operation is translated at the closing rate.		
15.	For incorporation of the financial statements of a non-integral foreign operation in those of the reporting enterprise have you ensured that procedures mentioned in AS 21 and AS 27 are followed?		

	Audit procedure	*Y/N*	*Remarks*
16.	In **consolidation** if there arises an exchange difference on an intra-group monetary item, whether short-term or long-term and if it cannot be eliminated against a corresponding amount arising on other intra-group balances then have you checked that in the consolidated financial statements of the reporting enterprise, such an exchange difference is recognised as income or an expense or, if it is a exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation, it is accumulated in a foreign currency translation reserve until the disposal of the net investment?		
17.	Have you checked that on the **disposal of a non-integral foreign operation**, the cumulative amount of the exchange differences which have been deferred and which relate to that operation is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised?		
18.	Verify that when there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification should be applied from the date of the change in the classification?		
19.	Ensure that when a foreign operation that is integral to the operations of the reporting enterprise is reclassified as a non-integral foreign operation, exchange differences arising on the translation of non-monetary assets at the date of the reclassification are accumulated in a foreign currency translation reserve.		
20.	Ensure that when a non-integral foreign operation is reclassified as an integral foreign operation, the translated amounts for non-monetary items at the date of the change are treated as the historical cost for those items in the period of change and subsequent periods. Any exchange differences which have been deferred are not recognised as income or expenses until the disposal of the operation.		
21.	Make sure that gains and losses on foreign currency transactions and exchange differences arising on the translation of the financial statements of foreign operations which may have **associated tax effects** are accounted for in accordance with AS 22, Accounting for Taxes on Income.		
22.	Have you verified that the **premium or discount** arising at the inception **of a forward exchange contract** is amortised as expense or income over the life of the contract?		

	Audit procedure	Y/N	Remarks
23.	Have you checked that the Exchange difference on forward exchange contract is recognised in the statement of profit and loss in the reporting period in which the exchange rates change? Any profit or loss arising on cancellation or renewal of such a forward exchange contract should be recognised as income or as expense for the period?		
24.	Verify that a **gain or loss on a forward exchange contract** which is not covered above is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period). Also verify that the gain or loss so computed is recognised in the statement of profit and loss for the period. And any premium or discount on the forward exchange contract is not recognised separately***?***		
	Disclosure		
25.	Have you verified that an enterprise has disclosed: a. the amount of exchange differences included in the net profit or loss for the period; and b. net exchange differences accumulated in foreign currency translation reserve as a separate component of shareholders' funds, and a reconciliation of the amount of such exchange differences at the beginning and end of the period***.***		
26.	Verify that when the reporting currency is different from the currency of the country in which the enterprise is domiciled, the reason for using a different currency is disclosed. The reason for any change in the reporting currency is also disclosed?		
27.	Is proper disclosers made when there is a change in the classification of a significant foreign operation, of the following: a. the nature of the change in classification; b. the reason for the change; c. the impact of the change in classification on shareholders' funds; and d. the impact on net profit or loss for each prior period presented had the change in classification occurred at the beginning of the earliest period presented.		

Prepared by: *Partner:*
Date: *Date:*

CHECKLIST : AS 13 — ACCOUNTING FOR INVESTMENTS

	Audit procedure	Y/N	Remarks
1.	**Classification of investments** Have you ensured that an enterprise has disclosed current investments and long-term investment distinctly in its financial statements? Have you ensured that further classification of current and long-term investments are as specified by the statute governing the enterprise? In the absence of statutory requirements, such further classification should disclose, where applicable, investments in: (a) Government or Trust securities; (b) Shares, debentures or bonds; (c) Investment properties; (d) Other-specifying nature. Have you verified that investments are further classified in Trade and Non-Trade Investments?		
2.	**Cost of investments** Have you ensured that the cost of an investment include acquisition charges such as brokerage, fee and duties other than securities transaction tax. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost should be the fair value of the securities issued (which in appropriate cases may be indicated by the issue price as determined by statutory authorities). The fair value may not necessarily be equal to the nominal or par value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment should be determined by reference to the fair value of the asset given up. Alternatively, the acquisition cost of the investment may be determined with reference to the fair value of the investment acquired if it is more clearly evident.		
3.	**Investment properties** Have you ensured that an enterprise holding investment properties account for them as long-term investments.		
4.	**Carrying amount of investments** Have you ensured that investments classified as current investments are carried in the financial statements at the lower of cost and fair value determined either on an individual		

	Audit procedure	Y/N	Remarks
	investment basis or by category of investment, but not on an overall (or global) basis. Have you ensured that investments classified as long-term investments are carried in the financial statements at cost. Has a provision for diminution made to recognise a decline, other than temporary, in the value of for each investment individually.		
5.	**Changes in carrying amounts of investments** Have you ensured that any reduction in the carrying amount and any reversals of such reduction are charged or credited to the profit and loss statement?		
6.	**Disposal of investments** Have you ensured that on disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the profit and loss statement?		
7.	**Disclosure** Has the following information been disclosed in the financial statement. (a) the accounting policies for determination of carrying amount of investments, and (b) classification of investments as specified in paragraph one above; (c) the amounts included in profit and loss statement for: (i) interest, dividends, (showing separately dividends from subsidiary companies), and rentals on investments showing separately such income from long-term and current investments. Gross income should be stated; the amount of income tax deducted at source being included under Advance Taxes paid. (ii) Profits and losses on disposal of current investments and changes in the carrying amount of such investments; and (iii) Profits and losses on disposal of long-term investments and changes in the carrying amount of such investments; (d) significant restrictions on the right of ownership, realisability of investments or the remittance of income and proceeds of disposal;		

	Audit procedure	Y/N	Remarks
	(e) the aggregate book value of quoted and unquoted investments; (f) the aggregate market value of quoted and unquoted investments (g) requirements of Schedule VI of the Company Act relating to investments have been fully met (h) other disclosures as specifically required by the relevant statute governing the enterprise.		

Checked by: *Partner:*
Date: *Date:*

CHECKLIST : AS 15 — ACCOUNTING FOR RETIREMENT BENEFITS

	Audit procedure	*Y/N*	*Remarks*
1.	**Scope** Have you ensured that this accounting standard does not apply to those retirement benefits for which the employer's obligation cannot be reasonably estimated; e.g., ad hoc-ex-gratia payments made to employees on retirement.		
2.	**Retirement Benefits** Whether the organisation has any benefit plans for its employees? List them as under and append explanatory note? (a) Provident fund (b) Superannuation pension (c) Gratuity (d) Leave encashment benefit retirement (e) Post-retirement health and welfare schemes (f) Other retirement benefits. Whether the benefit plans can be grouped under defined contribution scheme or defined benefit scheme? Whether a trust has been created for making contributions in respect of defined contribution scheme? Whether there is any shortfall or excess of contribution as compared to the amount payable? Whether the shortfall has been accounted by means of an provision in the Profit & Loss A/c? Whether the excess of contribution has been treated as a pre-payment in the balance sheet?		
3.	**Accounting Treatment** If the employer has chosen to make payment for retirement benefits out of own funds, whether an appropriate charge to the statement of profit and loss for the year is made through a provision for the accruing liability. Whether the accruing liability has been calculated on the basis of actuarial valuation or any other rational method (e.g., method based on the assumption that such benefits are payable to all employees at the end of the accounting year. (i) In case the liability for Retirement benefits is found through creation of a trust.		

	Audit procedure	Y/N	Remarks
	Whether a trust has been created for making contributions in respect of defined benefit scheme?		
	Whether the contribution has been made on the basis actuarial valuation?		
	Whether the actuarial Valuation is done once in three years, if not done annually?		
	Whether the actuary's report specifies the amount to be contributed during the Inter-valuation period?		
	Whether there is any shortfall or excess of contribution as compared to the amount payable?		
	Where the contribution paid during a year is lower than the amount required to be contributed during the year to meet the accrued liability as certified by the actuary, the shortfall is charged to the statement of profit and loss for the year.		
	Where the contribution paid during a year is in excess of the amount required to be contributed during the year to meet the accrued liability as certified by the actuary, the excess is treated as a prepayment.		
	In case the liability for retirement benefits is funded through a scheme administered by an insurer.		
	Whether the employer has made an arrangement through an insurer for payment of defined benefit scheme?		
	Whether the appropriate accrual of the liability has been made by the employer?		
	Whether the actuarial certificate or confirmation has been obtained from the insurer?		
	Whether there is any shortfall or excess of contribution as compared to the amount payable?		
	Where the contribution paid during a year is lower than the amount required to be contributed during the year to meet the accrued liability as certified by the actuary or confirmed by the insurer, as the case may be, the shortfall is charged to the statement of profit and loss of the year.		
	Where the contribution paid during a year is in excess of the amount required to be contributed during the year to meet the accrued liability as certified by the actuary or confirmed by the insurer, as the case may be, the excess is treated as a pre-payment.		

	Audit procedure	Y/N	Remarks
	Alterations Whether there is an alteration of a retirement benefit scheme, or an improvement to an existing scheme? Whether the charge has been created in the Profit & Loss A/c? Whether this has been shown as a prior period and extra-ordinary item? Whether there is a modification of a retirement benefit scheme? Whether there is a change in actuarial valuation method of assumptions adopted? If so whether AS-5 & AS-1 have been complied with? Append note. If any additional benefit has arisen to employees, have you ensured that costs are accounted for as listed above?		
	Disclosures Whether the financial statements disclose the method of determining retirement cost for the period? Whether actuarial valuation method used for determining retirement benefits under the defined benefit scheme has been disclosed? In case the costs related to gratuity and other defined benefit schemes are based on an acturial valuation, the financial statements should also disclose whether the actuarial valuation was made at the end of the period or at an earlier date. Whether the date of such valuation has been disclosed? Whether the statement of accounts reflect accrual for the period? Whether disclosure has been made if the above has not been followed? Where any other method has been applied,		

Checked by:
Date:

Partner:
Date:

CHECKLIST : AS 17 — SEGMENT REPORTING

	Audit procedure	Y/N	Remarks
1.	Applicability : *[Refer the AS for exemptions and notes on applicability]*		
2.	Have you verified that the entity has disclosed separate segments for different types of products and services the entity is dealing in?		
3.	Have you verified that if the entity operates in different geographical areas which have to be reported as different segments, they have been so declared?		
4.	While identifying the reportable segments have you verified which is the primary segment and which is the Secondary segment reporting formats?		
5.	Have you checked that the identification of the amounts with particular segment is correctly done to measure the segment revenue, segment expense, segment assets and liabilities of reportable segments?		
6.	Have you checked that the **segment expense** doesn't include the following items: a. Extraordinary items; Net profit/loss for the period; Prior period items and changes in accounting policies; b. Interest expenses; c. Losses on sale of investments/ osses on extinguishment of loans from other segments; d. Income tax expense; e. General administrative expenses, head office exp. etc.		
7.	Have you checked that if the expense of a particular asset; i.e., amortisation, depreciation etc. is allocated to a particular segment, then the related asset is also included in the particular segment?		
8.	Have you checked that the **segment revenue** should include only the following: a. The portion of enterprise revenue that is directly attributable to a segment, b. a portion of revenue attributable to particular segment c. revenue from transactions with other segments, should be shown separately		

	Audit procedure	Y/N	Remarks
10.	Have you verified that if the segment result includes interest or dividend income, its segment assets include the related receivables, loans, investments, or other interest or dividend generating assets?		
11.	Have you checked that segment assets and liabilities do not include income tax assets and liabilities?		
12.	Ensure that segment assets are determined after deducting related allowances/provisions that are reported as direct offsets in the balance sheet of the enterprise?		
13.	Verify that Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis?		
14.	Verify that if the segment result includes interest expense, its segment liabilities include the related interest-bearing liabilities?		
15.	Ensure that segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.		
16.	Have you verified that assets and liabilities that relate jointly to two or more segments are allocated to segments if, and only if, their related revenues and expenses also are allocated to those segments.		
17.	Disclosure requirements :		
	a. Have the enterprise disclosed following things for each reportable segment ? i. Segment revenue distinguishing between revenue from sales to external customers and from transactions with other segments; ii. Segment result; iii. Amount of segment assets and segment liabilities. iv. Cost incurred to acquire segment assets; v. Amount of expenses included for depreciation and amortisation in respect of segment assets; vi. Amount of non-cash expenses, (other than depreciation and amortisation) that are included in segment expenses and deducted in measuring segment result.		
18.	Have you checked the reconciliation between : a. reportable segments and aggregated information in financial statements? i.e., i. Segment revenue with enterprise revenue;		

	Audit procedure	Y/N	Remarks
	ii. Segment result with enterprise net profit or loss; iii. Segment assets with enterprise assets; and iv. Segment liabilities with enterprise liabilities.		
19.	Have you seen that in measuring the reporting segment revenue from transactions with other segments, inter-segment transfers have been measured on the basis that the enterprise actually used to price those transfers. The basis of pricing inter segment transfers and any change therein has been disclosed in financial statements?		
20.	Ensure that changes in accounting policies adopted for segment reporting that have a material effect on segment information are disclosed. Also verify that such disclosure includes a description of the nature of the change, and the financial effect of the change if it is reasonably determinable?		

Checked by: *Reviewed by:*
Date: *Date:*

NOTE:

1. *Business segment : Business segment is a component of an enterprise that provides individual product and services or its group and which is subject to risks and returns different from other business segments.*
2. *Geographical segment: Geographical Segment is a component of an enterprise that provides products or services within a particular economic environment and which is subject to risks and returns different from other economic environment.*
3. *Reportable segment: Reportable segment is geographical / business segment for which segment information is required to be disclosed by this statement.*

   A business segment or geographical segment is a reportable segment if :
   a. *its revenue from sale / external customers and from transactions with other segments is 10 % or more of total revenue, external and internal, of all segments; or*
   b. *its segment result, whether profit or loss, is 10 % or more of –*
      i. *Combined result of all segments in profit, or*
      ii. *Combined result of all segments in loss, whichever is greater; or*
   c. *its segment assets are 10 % or more of the total assets of all segments.*
4. *Segment revenue includes :*
   a. *a portion of revenue attributable to particular segment;*
   b. *revenue from transactions with other segments.*
5. *Segment result is segment revenue less segment expense.*
6. *Segment assets are those operating assets that are employed by a segment in its operating activities and that are directly attributable to the segment.*
7. *Segment assets do not include income tax assets and segment liabilities do not include income tax liabilities.*
8. *Segment liabilities are those operating liabilities that are employed by a segment in its operating activities and that are directly attributable to the segment.*
9. *If total external revenue attributable to reportable segments constitutes less than 75 % of the total enterprise revenue, additional segments should be identified as reportable segments, even if they do not meet the 10 % thresholds, until at least 75 % of total enterprise revenue is included in reportable segments.*

CHECKLIST : AS 20 — EARNING PER SHARE

	Audit procedure	*Y/N*	*Remarks*
1.	Applicability [Refer the AS for exemptions and notes on applicability] Objective:-		
2.	Does the enterprise present basic and diluted earning per share on the face of the statement of profit and loss for each class of equity shares that has a different right to share in the net profit for the period?		
3.	Is the above earning per share presented with equal prominence for all periods presented?		
4.	Is equity per share presented even it there is loss or the amounts disclosed are negative?		
5.	Have you verified the calculations based on the movement in share capital during the year?		
6.	In case an enterprise has more than one class of equity shares, is net profit or net loss for the period apportioned over the different classes of shares in accordance with their dividend rights?		
7.	Have you verified the date has been taken as of conversion of any liability (equity shares) as per contract?		
8.	For the purpose of calculating diluted earning per share, is the amount of net profit or loss for the period attributable to equity share holders adjusted by the following:- a) Any dividends on dilutive potential equity shares, which have been deducted in arriving at the net profit attributable to equity shareholders? b) Interest recognised in the period for the dilutive potential equity shares c) Any other changes in expenses or income that would result from the conversion of the dilutive potential equity shares		
9.	Have you disclosed the calculations of earnings per share, both basic and diluted?		

Checked by:
Date:

Reviewed by:
Date:

CHECKLIST : AS 21 — CONSOLIDATED FINANCIAL STATEMENTS

	Audit procedures	Y/N/NA	Remarks
1.	Whether the CFSs which are the financial statements of a group presented as those of a single entity; the Group comprising of a parent and its subsidiaries includes: a) Consolidated balance sheets; b) Consolidated statement of profit and loss and notes; c) Explanatory material; d) Consolidated Cash Flow Statement		
2.	Have you obtained a list of subsidiaries, subsidiaries of subsidiary, associate companies and JVs and included the financial information of the components in the Consolidated Financial Statements?		
3.	Whether the parent has identified reportable segments for segmental reporting?		
4.	Whether the parent has identified related parties and related parties transactions for reporting?		
5.	Whether the parent has obtained accurate and complete financial information from components?		
6.	Whether you have ascertained that the consolidated financial statements are prepared in accordance with the following:		
	a) Accounting Standard 21 — Consolidated Financial Statements		
	b) Accounting Standard 23 — Accounting for Investments in Associates in Consolidated Financial Statements		
	c) Accounting Standard 27 — Financial Reporting of Interests in Joint Ventures		
7.	Have you obtained an understanding of the accounting and internal control system sufficient to plan the audit and determine the nature, timing and extent of his audit procedures?		
8.	Have you used your professional judgment to assess audit risk and to design audit procedures to ensure that the risk is reduced to an acceptable level?		
9.	Whether consolidated financial statements include other financial information, which might not be covered by the separate financial statements of these entities such as:		
	a) List of subsidiaries, associates and joint ventures		
	b) Proportion of items included in the consolidated financial statements to which different accounting policies have been applied		
	c) Adjustments made for the effects of significant transactions or other events that occur between the financial statements of subsidiaries, associates or joint ventures and the parent		

	Audit procedures	Y/N/NA	Remarks
10.	Whether you have obtained the reports of other auditors' where he is not the auditor of those entities and has considered the opinion of true and fair view presented by the other auditor while giving the opinion on consolidated financial statements?		
11.	Whether you have planned your work to understand the accounting policies of the parent, subsidiaries, associates and joint ventures for conducting an effective audit in efficient and timely manner?		
12.	Whether you have identified the changes in the shareholding that might have taken place since the last audit?		
13.	If a subsidiary or an associate or a jointly controlled entity has been excluded from the consolidated financial statements then have you satisfied yourself that the exclusions fall within these two categories viz. a) The relationship of parent with the subsidiary, associate or jointly controlled entity is intended to be temporary or b) The subsidiary, associate or the joint venture operates under several long-term restrictions which significantly impair its ability to transfer funds to the parent.		
14.	Whether you have verified that the intention of the parent to dispose of the subsidiary investment in associate or interest in jointly controlled entity, in the near future, existed at the time of acquisition of the subsidiary, making investment in associate or jointly controlled entity in case of temporary relationship of the parent with the concerned entity?		
15.	Have you considered the effect on his report to be issued in case of exclusion of an entity from the consolidated financial statements for reasons other than the ones allowed by the relevant AS?		
16.	Have you examined that: a) Any subsidiary, associate or jointly controlled entity has ceased to be a subsidiary, associate or jointly controlled entity during the period under audit; b) The above changes have been appropriately accounted for in the consolidated financial statements as required by the respective Accounting Standard.		
17.	Have you verified the preparation of the consolidated financial statements, and also considered that the financial statement of the parent and its subsidiaries are combined on a line by line basis by adding together: a) Like items of assets, liabilities, income and expenses b) Certain calculations like determination of goodwill or capital reserve, minorities interest c) Adjustments like elimination of intra group transactions, balances and unrealized profits		

	Audit procedures	Y/N/NA	Remarks
18.	Whether adjustments for consolidation have been properly classified as Permanent Consolidation Adjustment and Current Period Consolidation Adjustments?		
19.	Have you verified that under the classification of Permanent Consolidation Adjustments only those adjustments that are made on the first occasion of the preparation and presentation of consolidated financial statement are covered: for example: a) Determination of excess or deficit of the cost to the parent of its investment in a subsidiary over the parents portion of equity of the subsidiary, at the date on which investment in the subsidiary is made b) Determination of the amount of equity attributable to minorities at the date on which investment in subsidiary is made and c) Determination of goodwill or capital reserve arising on application of equity method to account for investments in associates in consolidated financial statements		
20.	Whether the gross amount of goodwill and capital reserve has been disclosed in the notes to the consolidated financial statements to reflect the excess/shortage over the parent's portion of the subsidiary's equity?		
21.	Whether the Current period Consolidation Adjustments have been properly adjusted and reflected in the consolidated financial statements, these being adjustments that are made in the accounting period for which the consolidation of financial statements has been done? These adjustments primarily relate to elimination of intra-group transactions and account balances including: a) Intra-group interest paid and received, or management fees, etc b) Unrealized intra-group profits on assets acquired from other subsidiaries c) Intra-group indebtedness d) Adjustments related to harmonizing the different accounting policies being followed by the parent enterprise and its subsidiaries e) Adjustments made for the effects of significant transactions or other events that occur between the date of the financial statements of the parent and one or more of the components, if the financial statements to be used for consolidation are not drawn up to the same reporting date and f) Determination of movement in equity attributable to the minorities since the date of acquisition of the subsidiary		
22.	Whether the adjustment required for preparation of consolidated financial statements have been made in memorandum records kept for the purpose by the parent?		

	Audit procedures	Y/N/NA	Remarks
23.	Have you reviewed the memorandum records? Also, apart from reviewing memorandum records, have you; a) verified that the inter-group transactions and account balances have been eliminated; b) verified that the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances; c) verified that adequate disclosures have been made in the consolidated financial statement of application of different accounting policies in case, it was impracticable to do so; d) verified the adjustments made to harmonise the different accounting policies and e) verified that the calculation of minority interest has been correctly done.		
24.	Have you verified that where minority interests share of the losses exceeds its share of equity, the excess, and any further losses applicable to the minority interest, have been accounted for in accordance with the relevant accounting standards?		
25.	Whether the parent's and the components have different financial reporting dates? If yes, have you reviewed the significant changes such as investment or other events that have taken place during the intervening period which is needed to be reflected in the consolidated financial statements?		
26.	Have you verified that the principles enunciated by the general clarification (ASI 15) on Notes to the Consolidated Financial Statements issued by the Accounting Standards Board of the ICAI have been followed?		
27.	Have you obtained from parent management written representations on matters material to the consolidated financial statements?		
28.	In case you are not the auditor of its subsidiaries, whether you have considered the requirement of AAS 10 'Using the work of Another Auditor'?		
29.	Whether the auditors report has clearly disclosed the magnitude of the portion of the financial statements audited by the other auditors?		
30.	Whether the responsibility has been carried out by the auditor of expressing an opinion whether the consolidated financial statement are prepared, in all material respects, in accordance with the financial reporting framework under which the parent prepares the consolidated financial statement?		

Checked by: *Reviewed by:*
Date : *Date :*

CHECKLIST : AS 22 — ACCOUNTING FOR TAXES ON INCOME

	Audit procedure	*Y/N*	*Remarks*
1.	Are there any differences between Accounting income (loss) and Taxable income (loss)? *Note: Accounting Income (loss)* = Net Profit/Loss for the period before tax as reported in Profit/Loss Account*Taxable Income (loss)* = Income (loss) determined in accordance with tax laws based on which tax is determined. If the answer 'Yes' then this Accounting Standard comes to practicability.		
2.	Are the timing differences and permanent differences ascertained? Note: Timing Differences = Difference between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Also includes Unabsorbed depreciation and carry forward of loss which can be set off against future taxable income subject to consideration of prudence Permanent Differences = Difference between taxable and accounting income for a period that originate in one period and do not reverse subsequently		
3.	Is deferred tax calculated? Are deferred tax assets and liabilities measured using the tax rates and tax laws that have been enacted or substantively enacted as at the Balance Sheet date? Note:— Deferred tax is tax effect of timing differences. If the net effect of timing Difference is resulting in the increase of taxable income then it is recognised in the books as a differed tax asset (amount of timing difference X tax rate). Vice versa for differed tax liability.		
4.	Is the current tax determined? Is current tax measured at the amount expected to be paid or recovered from the taxation authorities using the applicable tax rates and tax laws? Note: Current Tax = Income tax determined in respect of taxable income/loss for a period		
5.	Is the deferred tax asset or differed tax liability included in balance sheet under as separate head in the main Balance Sheet below Net Current Assets?		
6.	Is there a note prepared or representation taken from the management regarding reasonable certainty of sufficient taxable income against which the differed tax assets can be realised?		

	Audit procedure	Y/N	Remarks
7.	Are past records of the enterprise have been examined and realistic estimates of profits worked out for the future taxable income? Are they taken on record in the working paper file		
8.	Is deferred tax asset recognised only to the extent that there a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised?		
9.	Is nature of evidence as per point 14 above been disclosed in the Notes to Accounts?		
	Review/Reassessment of deferred tax assets		
10.	Are previously unrecognised deferred tax assets reviewed subject to the consideration of prudence?		
11.	Is the carrying amount of deferred tax asset written down subject to the consideration of prudence?		
12.	Are brought forward deferred tax assets reassessed/reviewed as at balance sheet date?		
	Presentation and disclosure		
13	Does enterprise, offset the assets and liabilities representing current tax?		
14	Does the enterprise has a legal enforceable right to setoff assets against liabilities representing current tax?		
15.	Are deferred tax assets and liabilities distinguished from assets and liabilities representing current tax for the period in the Notes to Accounts? Note: In the main Balance Sheet there will be a net figure.		
16.	Are deferred tax assets and liabilities disclosed under a separate heading in the balance sheet separately from current assets and current liabilities? i.e., a) Deferred Tax Liability - After Unsecured Loans. b) Deferred Tax Asset – After Investments.		
17.	Is the break up deferred tax assets and deferred tax liabilities into major components of respective balances disclosed in Notes to Accounts?		
18.	Is the nature of the evidence supporting the recognition of deferred tax asset disclosed, when the enterprise has unabsorbed depreciation or carry forward of losses under tax laws?		

Checked by:
Date:

Partner:
Date:

CHECKLIST : AS 23 — ACCOUNTING FOR INVESTMENTS IN ASSOCIATES IN CONSOLIDATED FINANCIAL STATEMENTS

	Audit procedure	*Y/N*	*Remarks*
1.	Does the enterprise prepare & present Consolidated Financial Statements (CFS)?		
2.	Has a list of enterprises over which the enterprise exercises significant influence been prepared?		
3.	Have you checked that the investment in the associates is not accounted under Equity method if following conditions have been satisfied? • The investments is acquired and held exclusively with a view to its subsequent disposal in the near future • The associate operates under severe long term restrictions that significantly impair its ability to transfer funds to the investor		
4.	If above conditions are not satisfied, has the investment in the associate been accounted as per the provision of AS 23?		
5.	Are the reasons for not applying the equity method in accounting for investments in an associate disclosed in the consolidated financial statements?		
6.	Has goodwill/capital reserve computed on the investment in an associate as the difference between cost of acquisition (COA) and the investors share of the equity of the associate?		
7.	Has the goodwill/capital reserve computed above been adjusted in the carrying amount of the investment in the associate?		
8.	Has the goodwill/capital reserve appearing in the CFS prepared by the associate been included in the net assets of the associate?		
9.	Has the investing enterprise share of operating results of the associate from the date of acquisition been included in the carrying amount of the investments?		
10.	Has the gross share of P & L as above been credited/debited to Consolidated P & L a/c?		
11.	Have the deposits received from the associate been reduced from carrying amount of investment?		
12.	Has it been ensured that the dividend proposed in the financial statement of the associate has not been taken into a/c in computing the investing enterprise’s share of result?		

	Audit procedure	Y/N	Remarks
13.	Have the changes in equity not included in the P & L of the associate (e.g., revaluation profits) been directly adjusted in the carrying amount of investment without routing through the P & L a/c and has the corresponding debit/credit been made in and disclosed in the relevant head of equity interest in the Consolidated Balance Sheet?		
14.	Has the appropriation to mandatory reserves been included in the results of the associate?		
15.	Has the associate made an operating loss? Does the share of loss exceed the value of investment?		
16.	If yes has the adjustment of share of loss been limited to the value of the investment?		
17.	If the associate has uncalled capital, has the excess loss been recognized only to the extent of unpaid capital, if any?.		
18.	Have the unrealized profits and losses resulting from transactions between the reporting enterprise and the consolidated subsidiaries and the associate to the extent of the investor's interest in the associate been eliminated?		
19.	If the enterprise made two or more investments in the associate at different dates, was the significant influence eventually obtained?		
20.	If yes, has it been ensured that CFS are presented by applying equity method for investment in associate only from the date on which investor–associate relationship comes into existence?		
21.	Has the equity of the associate as on the date of investment been determined on a step by step basis?		
22.	Does the reporting date of any associate vary with the reporting enterprise's reporting date?		
23.	If yes, is it practicable to draw up the financial statements of such associates to the reporting date of the enterprise? Note: The differences cannot be more than 6 months.		
24.	If no, have the financial statements drawn up to different reporting dates been consolidated?		
25.	If yes, have the effects of the significant transactions or other events that occur between those dates and the date of the parent's financial statements been adjusted?		
26.	Does the associate use accounting policies other than those adopted in CFS? If yes, have appropriate adjustments been made to its financial statements before consolidation?		

	Audit procedure	Y/N	Remarks
27.	If any associate has outstanding cumulative preference shares held outside the group has the investing enterprises share of profit/losses been computed after adjusting for the associates preference dividend whether or not dividends have been declared?		
	Disclosures		
28.	Is appropriate listing and description of associates including the proportion of voting power held disclosed and if different, the proportion of voting power held is disclosed in the consolidated financial statements?		
29.	Is Investments in associates accounted for using the equity method is classified as long-term investments and disclosed separately in the consolidated balance sheet?		
30.	Is Investors share of P & L disclosed separately in the consolidated P & L a/c.?		
31.	Is Investors share of extraordinary/prior period items disclosed separately?		
32.	Are the names of the associates of which reporting dates is/are different from that of the financial statements of an investor & the differences in the reporting dates disclosed in the CFS?		
33.	In case an associate uses accounting policies other than those adopted for the CFS for the like transactions and events in similar circumstances and it is not practicable to make appropriate adjustments to the associates financial statements, in such case is such fact, along with a differences in the aaccounting policies disclosed?.		
34.	Is Goodwill/Capital Reserve arising on the acquisition of an associate disclosed?		
35.	Is investors share of contingencies and capital commitments of an associate for which it is also contingently liable disclosed?		
36.	Is contingencies that arise because the investor is severally liable for the liabilities of the associate disclosed?		

Checked by: *Partner:*
Date: *Date:*

CHECKLIST: AS 26 — INTANGIBLE ASSETS

	Audit procedure	*Y/N*	*Remarks*
1.	Does the company have in its books any intangible assets?		
2.	Is the intangible asset capable of being identified separately?		
3.	Has the enterprise expended resources or incurred liabilities on a) Acquisition b) Development c) Enhancement Of intangible resources such as : i) Scientific or technical knowledge ii) Design and implementation of new process or systems iii) Licences or licensing agreements (e.g., motion picture films, video recordings) iv) Intellectual property (e.g., computer software) v) Market knowledge vi) Trademarks, Copyrights, Patents		
4.	Where the intangible asset has been acquired separately, does the cost comprise the following? a) Purchase price b) Import duties and other taxes (other than those recoverable) c) Any directly attributable expenditure on making the asset ready for intended use d) Any trade discount and rebate		
5.	Where the intangible asset has been acquired in exchange for shares or other securities, has the intangible asset been recorded at its fair value or the fair value of the securities issues, whichever is more clearly evident.		
6.	Where the intangible asset is acquired as a part of an amalgamation has the enterprise accounted the intangible asset in accordance with AS 14?		
7.	Has the cost of intangible asset been determined on the basis of the following?		
	a) Quoted market price in an active market		
	b) Amount that would have been paid by an enterprise in an arm's length transaction		

	Audit procedure	Y/N	Remarks
	c) Appropriate accepted techniques like discounted cash flows etc. d) If the ans to any of the above is no, has the value of such intangible asset been included with goodwill?		
8.	Where an intangible asset is acquired by way of Government Grant has the intangible asset been recognized at nominal value/ acquisition cost?		
9.	Has it been ensured that the enterprise has not recognized internally generated goodwill as an asset?		
10.	Are following internally generated items or expenditure incurred recognized as intangible assets: a) Brands; b) Customer List; c) Goodwill; d) Start-up cost; e) Advertising and Promotional activities; f) Relocating or reorganising part of all of the enterprise; g) Voluntary retirement separation; h) Product launching expenses; i) Preliminary expenses.		
11.	Has it been ensured that the enterprise has not recognized as intangible asset any expenditure on research?		
12.	Where the enterprise has recognized any expenditure on development as an intangible asset, can the enterprise demonstrate all of the following? a) The technical feasibility of completing the intangible asset so that it will be available for use or sale b) Its intention to complete the intangible asset c) Its ability to use and sell the tangible asset d) An assurance that the asset will generate future economic benefit e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and f) Its ability to measure the expenditure attributable to the intangible asset during its development reliably.		

	Audit procedure	Y/N	Remarks
13.	If the answer to any of the above is no, has the enterprise recognized the intangible asset.		
14.	Is the intangible asset amortised a) Over the best estimate of its useful life? b) If not as per (a), over 10 years? c) If not as per (a) or (b), then as per persuasive evidence that the useful life longer than ten years?		
15.	Has the amortisation period and the amortisation method been reviewed at the financial year-end? If the expected value of the asset is significantly different from the previous estimates, has the amortisation period been changed accordingly?		
16.	a) Has the enterprise not recognized as part of the cost of an intangible asset at a later date, in respect of expenditure that was initially recognized as expense in previous annual financial statements or interim financial reports? b) Has the enterprise revalued intangible assets?		
17.	Has subsequent expenditure on an intangible asset after its purchase or its completion been properly capitalized, by applying principles of measurability of cost and incremental economic benefits?		
18.	In addition to the requirements of AS 28, does the enterprise estimate the recoverable amount of the following intangible assets at each financial year and even if there is no indication that the assets is impaired? a) An intangible asset that is not yet available for use; and b) An intangible asset that is amortized over a period exceeding ten years from the date the asset is available for use.		
19.	Have any gains or losses arising from the disposal of an intangible asset determined as the difference between the net disposal proceeds and the carrying amount of the asset been recognized as income or expense in the P & L a/c		
20.	Do the financial statements disclose the following for each class of intangible assets, distinguishing between internally generated items, and other items? a) The useful lives or the amortisation rates used; b) The amortisation methods used;		

	Audit procedure	Y/N	Remarks
	c) The gross carrying amount and the accumulated amortisation at the beginning and end of the period; d) A reconciliation of the carrying amount at the beginning and end of the period showing; i) Additions, indicating separately intangible assets generated internally and through amalgamation; ii) Retirements and disposals iii) Impairment losses recognized in the P & L a/c during the period iv) Impairment losses reversed in the P & L a/c during the period v) Amortisation recognized during the period; and vi) Other changes in the carrying amount during the period		
21.	Do the financial statements also disclose the following? a) Intangible asset amortized over more than 10 years, the reasons why it is presumed that the useful life of an intangible asset will exceed 10 years from the date when the asset is available for use; b) A description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the financial statements of the enterprise as a whole; c) The existence and the carrying amounts of the intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities; d) The amount of commitments for the acquisition of intangible assets; and e) Intangible assets fully amortized but still in use.		

Checked by:
Date :

Reviewed by:
Date :

CHECKLIST : AS 28 — IMPAIRMENT OF ASSETS

	Audit procedures	Y/N/NA	Remarks
1.	Has the enterprise assessed at the balance sheet date whether there is any of the following indications that indicate impairment of an asset. a) Significant decline in market value of an asset? b) Significant changes with adverse effect in the technological, market, economic or legal environment in which the enterprise operates? c) Increase in market interest rates or market rate of return of Investment that is likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially? d) Carrying amount of the net assets of the enterprise is more than its market capitalization. e) Evidence available of obsolescence or physical damage of an asset f) Significant change with adverse effect in the extent to which or manner in which an asset is expected to be used such as plan to discontinue or restructure operations, or dispose of an asset before the previously expected date? g) Evidence that the economic performance of an asset is or will be worse than expected?		
2.	a) Is the following determined of as an asset: i) net selling price? ii) value in use of an asset determined? b) Is the carrying amount of an asset lower than i) the net selling price? ii) the value in use? (iii) If yes to (b) above, is the amount by which the carrying amount of an asset exceeds recoverable amount (higher of (b) (i) and (ii)) considered as an impairment loss?		
3.	Is the net selling price of an asset determined based on a) a binding sale agreement? b) market price? c) best information available to reflect the amount that an enterprise could obtain, at the balance sheet date?		

	Audit procedures	Y/N/NA	Remarks
4.	Is the value in use of an asset measured based on a) Cash flow projections (based on recent financial budgets forecasts) up to a maximum period of five years? b) Cash flows projections using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified? c) Cash flow projections which uses a pre tax discount rate that takes into adjustment specific risks associated with projected cash flow and takes into account either of the following rates: i) the enterprise's weighted average cost of a capital asset pricing model? ii) enterprise's incremental borrowing rate? and iii) other market borrowing rates?		
5.	Have the following not been considered in estimating future cash flows a) a future restructuring to which enterprise is not yet committed? b) A future capital expenditure that will improve or enhance the asset in excess of its originally assessed standard of performance? c) Cash inflows and outflows from financing activities? d) Income tax receipts or payments?		
6.	a) Is the impairment loss for an individual asset or for a cash generating unit? b) if the impairment loss is for an individual asset, has the following been recognized and measured i) the carrying amount of an asset reduced to its recoverable amount? ii) Impairment loss recognized as an expense in the Statement of Profit and Loss immediately? iii) Impairment loss on a revalued asset is recognized directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount held in revaluation surplus? iv) Is depreciation for the asset adjusted in future periods to allocate the assets revised carrying Amount less its residual value (if any) on a systematic basis over its remaining useful life?		

	Audit procedures	Y/N/NA	Remarks
7.	a) Cash generating unit i) asset's value in use cannot be estimated to be close to its net selling price? and ii) the asset does not generate cash flows from continuing use that are largely independent of those from other assets? b) If no to above, has the enterprise identified the recoverable amount of the lowest aggregation of assets (cash generating unit) that generate largely independent cash flows from continuing use?		
8.	a) Is goodwill recognized in the financial statement? b) can goodwill be allocated on a reasonable and consistent basis to the cash generating unit for impairment (bottom up approach) c) if no to (b) above, has the smallest cash generating unit that includes the cash generating unit for impairment and to which goodwill can be allocated on reasonable basis been identified (top down approach)? d) Is impairment loss first allocated to reduce the carrying amount of goodwill allocated to the cash generating unit and then to other assets of the unit?		
9.	a) Has the enterprise assessed at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting period may no longer exist or may have decreased? b) If yes, to (a) above has the enterprise estimated the recoverable amount of that asset? c) If the recoverable amount is more than the reduced carrying amount is the carrying amount increased to its recoverable amount? d) Is the increased carrying amount (due to reversal of impairment) for an individual asset not exceeding the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset prior accounting periods? e) Ss the reversal of impairment of loss for an asset recognized as income immediately in the statement of profit or loss except in cases of revalued asset in which case is any reversal of an impairment loss on a revalued asset treated as a revaluation increase?		

	Audit procedures	Y/N/NA	Remarks
	f) Is depreciation charge after reversal of an impairment loss, adjusted in future periods to allocate the assets Revised carrying amount less its residual value (if any) on a systematic basis over its remaining useful life? g) Is the reversal of an impairment loss for a cash generating unit? h) If yes to (g) above is the increase allocated in the following order? i) first assets other than goodwill ii) then to goodwill, if impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event? i) Is the carrying amount for a cash generating unit Increased lower of i) its recoverable amount? and ii) the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior accounting periods?		
10.	a) Have the following **disclosures** in financial statements for each class of assets made? i) amount of impairment losses recognized in the statement of profit and loss during the period and line item(s) of the statement of profit and loss in which those impairment losses are included? ii) amount of reversal of impairment losses recognized in statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are reversed? iii) the amount of impairment losses recognized directly against revaluation surplus during the period? and iv) the amount of reversal of impairment losses recognized directly in revaluation of surplus during the period? b) Has the enterprise that applies AS 17, Segment reporting disclosed the following for each reportable segment based on primary format?		

	Audit procedures	Y/N/NA	Remarks
	i) amount of impairment losses recognized in the statement of profit and loss and directly against revaluation surplus during the period? and		
	ii) amount of reversal of impairment losses recognized in the statement of profit and loss and directly in revaluation surplus during the period?		
	c) If impairment loss for an individual asset or a cash generating unit recognized or reversed during the period is material to the financial statement, as a whole, has the enterprise disclosed.		
	i) the event and circumstances that led to the recognition or reversal of the impairment loss?		
	ii) the amount of the impairment loss recognized or reversed?		
	iii) For individual asset		
	– the nature of the asset? and		
	– the reportable segment to which the asset belongs based on the enterprise's primary segment?		
	iv) for a cash generating unit –		
	– a description of the cash generating unit (product line, a plant, a business operation, a geographical area, a reportable segment as defined in AS 17)		
	– the amount of the impairment loss recognized or reversed by class of assets and by reportable segment based on the enterprise's primary format (AS 17)?		
	– If the aggregating of assets for identifying the cash generating unit has changed since the Previous estimate the enterprise should Describe the current and former way of Aggregating and the reasons for changing The way the cash generating unit is Identified?		
	v) Whether the recoverable amount of the asset (cash generating unit) is its net selling price? Or its value in use?		
	vi) If recoverable amount is net selling price the basis used to determine net selling price?		
	vii) If recoverable amount is value in use the discount rate used in the current estimate (in any) of value in use?		

	Audit procedures	Y/N/NA	Remarks
	d) If impairment losses recognized (reversed) during the period are material in aggregate to the financial statement as a whole has the enterprise disclosed a brief description of the following? i) the main classes of assets affected by impairment losses (reversal) for which no information is disclosed under Para 10(c).		
	ii) the main events and circumstances that led to the recognition (reversal) of these impairment losses for which no information is disclosed under Paragraph 10(c).		
	e) Has the enterprise disclosed key assumptions used to determine the recoverable amount of assets (cash generating units) during the period (Optional disclosure).		
11.	Has the enterprise determined impairment loss in respect of any cash generating unit on the date when AS 28 becomes mandatory and made the provision —		
	a) Against the opening balance of Revenue Reserve		
	b) Against the opening balance of Revaluation Reserve in case of ravalued Assets		

Checked by:
Date :

Reviewed by:
Date :

CHECKLIST : AS 29 — PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Audit procedures	*Y/N/NA*	*Remarks*
1.	Have you checked the applicability of this standard to the enterprise?		
2.	Ensure that this standard is not applied to provisions and cont. liabilities and cont. assets as under: (a) those resulting from financial instruments that are carried at fair value; (b) those resulting from executory contracts; (c) those arising in insurance enterprises from contracts with policy-holders; and (d) those covered by another Accounting Standards (7,15,19,22).		
3.	Have you taken a list of various Liabilities & Provisions made in Accounts?		
4.	Verify whether the accounts mentioned in Provisions are not "Liabilities". *[Refer the definition. Where an item has to be measured by using a substantial degree of estimation, it should be classified as "Provisions"]*		
5.	Ensure that a provision is recognised only when **all** of the following conditions are present:		
	(a) an enterprise has a present obligation as a result of a past event;		
	(b) it is probable that there will be an outflow of resources (money etc..) for goods/ services etc. received already (economic benefit) to settle such obligation/s; and		
	(c) a reliable estimate can be made of the amount of the obligation.		
6.	Obtain a list of Provisions where **any (one or more)** of the above conditions are not met? Append a list.		
7.	If any of the conditions mentioned in point 4 above are not met, have you verified that provision is **not** recognised?		
8.	In cases where there is a dispute for ascertaining a past event has occurred or not **or** whether a present obligation has arisen then has the enterprise resolved the dispute by taking account of all available evidence, including, for example, the opinion of experts, any additional evidence provided by events after the balance sheet date?		

	Audit procedures	Y/N/NA	Remarks
9.	If on the basis of evidence obtained as mentioned above: (a) where it is more likely than not that a present obligation exists at the balance sheet date is provision recognised (if the recognition criteria are met)? And (b) where it is more likely that no present obligation exists at the balance sheet date is it disclosed as a contingent liability, if the possibility of an outflow of resources embodying economic benefits is not remote ?		
10.	In cases where there are a number of similar obligations (e.g. product warranties or similar contracts), have you ensured that the probability of an outflow will be **necessary** in settlement and is **quantified** by considering the class of obligations as a whole? Further, have you verified that where the likelihood of outflow for any one item is small, some outflow will still be needed to settle the class of obligations as a whole? In such cases, make a provision (if the other recognition criteria are met).		
11.	Have you listed cases where no reliable estimate of the obligation can be made? In any of the cases if a liability exists and not recognised as a Provision then it must be shown as a contingent liability.		
12.	Have you identified liabilities in which the enterprise is jointly and severally liable for an obligation?		
13.	In each of the above cases is there a fair chance that the outflow is **probable,** then have ensured that a provision is made?		
14.	In cases where the outflow is not probable then disclose the items as Contingent Liabilities.		
15.	In cases of any item/s previously dealt as a contingent liability, have you verified its status and where it becomes probable that an outflow will be required have you ensured that it is recognised as a Provision in the financial statements of the period in which the change in probability occurs?		
16.	Have you checked that **contingent assets** are **not recognised** in the financial statements unless the realisation of income is virtually certain?		
17.	Have you confirmed that a **contingent asset** is disclosed in the report of the approving authority (Board of Directors in the case of a company, and, the corresponding approving authority in the case of any other enterprise), where an inflow of economic benefits is probable and not included in the financial statements?		

	Audit procedures	Y/N/NA	*Remarks*
18.	Have you ensured that where **Contingent assets** are assessed continually and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs?		
19.	Have you ensured that the amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date and also check that the amount of a provision is not discounted to its present value?		
20.	Have you checked that in reaching the best estimate of a provision the risks and uncertainties that inevitably surround many events and circumstances is also taken into account?		
21.	Ensure that Future events that may affect the amount required settling an obligation is reflected in the amount of a provision where there is sufficient objective evidence that they will occur. [*For example, an enterprise may believe that the cost of cleaning up a site at the end of its life will be reduced by future changes in technology*]		
22.	Ensure that Gains from the expected disposal of assets is not taken into account in measuring a provision even if the expected disposal is closely linked to the event giving rise to the provision.		
23.	Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, is the amount of reimbursement recognised only if it is virtually certain that reimbursement will be received if the enterprise settles the obligation? In which case, have you verified that amount of reimbursement is recognised as a separate asset and the amount recognised for the reimbursement is exceeding the amount of the provision.		
24.	Check that in the statement of profit and loss, the expense relating to a provision is presented net of the amount recognised for a reimbursement.		
25.	Are provisions reviewed at each balance sheet date and adjusted to reflect the current best estimate? If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, have you checked that the provision is reversed?		

	Audit procedures	Y/N/NA	Remarks
26.	Make sure that only expenditures that relate to the original provision are adjusted against it. (Adjusting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.)		
27.	Have you ensured that Provisions is not recognised for future operating losses as Future operating losses do not meet the definition of a liability and the general recognition criteria?		
28.	Have you checked that provision for restructuring costs is recognised only when the recognition criteria for provisions set out in this standard are met?		
29.	Have you ensured that a restructuring provision includes only the direct expenditures arising from the restructuring, which satisfy the conditions below: (a) necessarily entailed by the restructuring; and (b) not associated with the ongoing activities of the enterprise.		
30.	Ensure that identifiable future operating losses up to the date of a restructuring are not included in a provision.		
31.	Have you verified that the gains on the expected disposal of assets are not taken into account in measuring a restructuring provision, even if the sale of assets is envisaged as part of the restructuring?		
32.	For each class of provision, Whether an enterprise has disclosed: (a) the carrying amount at the beginning and end of the period; (b) additional provisions made in the period, including increases to existing provisions; (c) amounts used (i.e. incurred and charged against the provision) during the period; and (d) unused amounts reversed during the period.		
33.	Whether an enterprise has disclosed the following for each class of provision: (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits; (b) an indication of the uncertainties about those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events; and		

	Audit procedures	Y/N/NA	Remarks
	(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.		
34.	If the possibility of any outflow in settlement is not remote, whether an enterprise has disclosed for each class of contingent liability at the balance sheet date, a brief description of the nature of the contingent liability and, where practicable: (a) an estimate of its financial effect, (b) an indication of the uncertainties relating to any outflow; and (c) the possibility of any reimbursement.		
35.	Where any of the information required as above is not disclosed because it is not practicable to do so, is that fact is stated?		
36.	In extremely rare cases, disclosure of some or all of the information as required above can be expected to prejudice seriously the position of the enterprise in a dispute with other parties on the subject matter of the provision or contingent liability. In such cases, an enterprise need not disclose the information, but whether it has disclosed the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed?		

Prepared by: *Partner:*
Date: *Date:*

Notes

Definitions: of all three

– Provisions

– Liabilities

– Contingent Liabilities