

Critical Issues

in

Tax Audit & ICDS

ICDS I & II



CA. PRAMOD JAIN

FCA, FCS, FCMA, LL.B, MIMA, DISA

Shared at
Laxmi Nagar Study Circle of NIRC of ICAI
27th August 2017

TAX AUDIT



LEGISLATION FOR AY 2017-18

S. 44AB

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

Rule 6G

- Prescribing the Forms for Report u/s 44AB

Form 3CA

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

Form 3CB

- Report in any other case

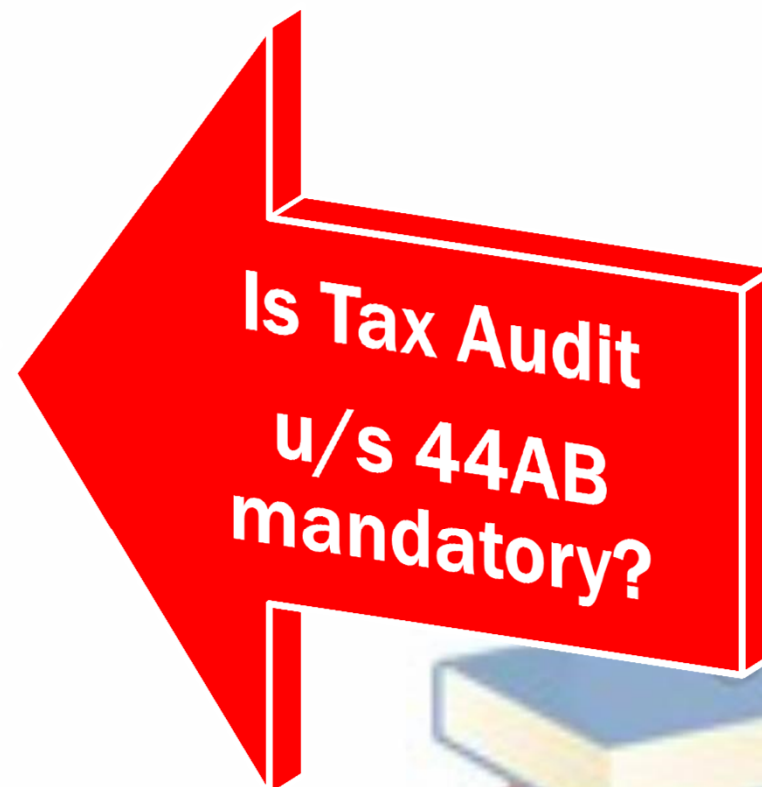
Form 3CD

- Particulars as required u/F 3CA or 3CB

S. 271B

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

44AD / 44AB



APPLICABILITY OF 44AD(44ADA) / 44AB - AY 2017-18

**Mfg. - Turnover – 120L; NP – 10 L; 80-IA – 7 L;
TI-2.40L**

- AD - No
- AB - Yes

**Trading- Turnover – 90L; NP -3L; Architect –
Fee – 55 L; NP- 15 L; TI-7L**

- AD – No
- ADA - No
- AB - Yes

**Doctor – Trading Turnover – 120L - NP – 8 L;
Fee – 27 L – NP 15 L; TI- 20 L**

- AD – No
- ADA - Yes
- AB - Yes

**Trading; Turnover -120L; Commission - 2L; NP-
5L; TI 4L**

- AD - No
- AB - Yes

APPLICABILITY-44AD / 44AB FOR AY 2017-18

**AY 2017-18 – T – Rs. 120 Lacs . P
– 10 L, TI – 9 L**

• Y/N

**AY 2018-19 – T – Rs. 120 Lacs . P
– 8 L, TI – 6 L**

• N/Y

**AY 2019-20 – T – Rs. 70 Lacs . P –
10 L, TI – 9 L**

• N/Y

**AY 2020-21 – T – Rs. 60 Lacs . P –
10 L, TI – 2 L**

• N/N



Qualified
or
Disqualified



WHO CAN CONDUCT AUDIT

- **W.e.f. 1st June 2015**
- **Accountant as defined in Explanation below S. 288 (2)**
- **A Chartered Accountant as defined in section 2 (1) (b) of the Chartered Accountants Act, 1949 who holds a valid certificate of practice u/s 6 (1) of that Act**
- **CA in practice (can represent)**



DISQUALIFICATION - COMPANIES



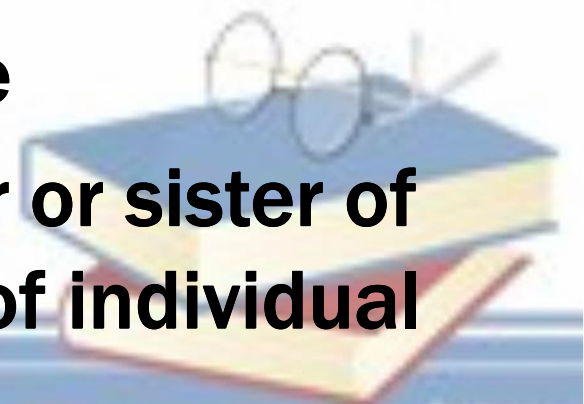
DISQUALIFICATION – OTHERS

- **Assessee himself**
- **In case of a firm - any partner of the firm**
- **In case of AOP - member of the association**
- **In case of HUF - member of the family**
- **Person referred to in section 13(3)(a),(b),(c), (cc);**
- **Relative of any of above persons**
- **Other than above, person who is competent to verify return u/s 139/140;**
- **Officer or employee of assessee;**



RELATIVE – INCOME TAX AUDITOR

- **Spouse of the individual;**
- **Brother or sister of the individual;**
- **Brother or sister of the spouse of the individual;**
- **Any lineal ascendant or descendant of the individual;**
- **Any lineal ascendant or descendant of the spouse of the individual;**
- **Spouse of a person referred above**
- **Any lineal descendant of a brother or sister of either the individual or of spouse of individual**



DISQUALIFICATIONS - OTHERS

- **Who is a partner, or who is in employment, of an officer or employee of assessee;**
- **Who has been convicted by a court of an offence involving fraud and a period of 10 years has not elapsed from the date of such conviction**
- **An individual who, or his relative or partner**
 - **Is holding any security of or interest in assessee–
Relative face value - Rs. 1 L**
 - **Is indebted to the assessee. Relative – Rs. 1 L**
 - **Has given a guarantee /provided security . Relative –
1 L**



DISQUALIFICATIONS – TAX AUDITOR

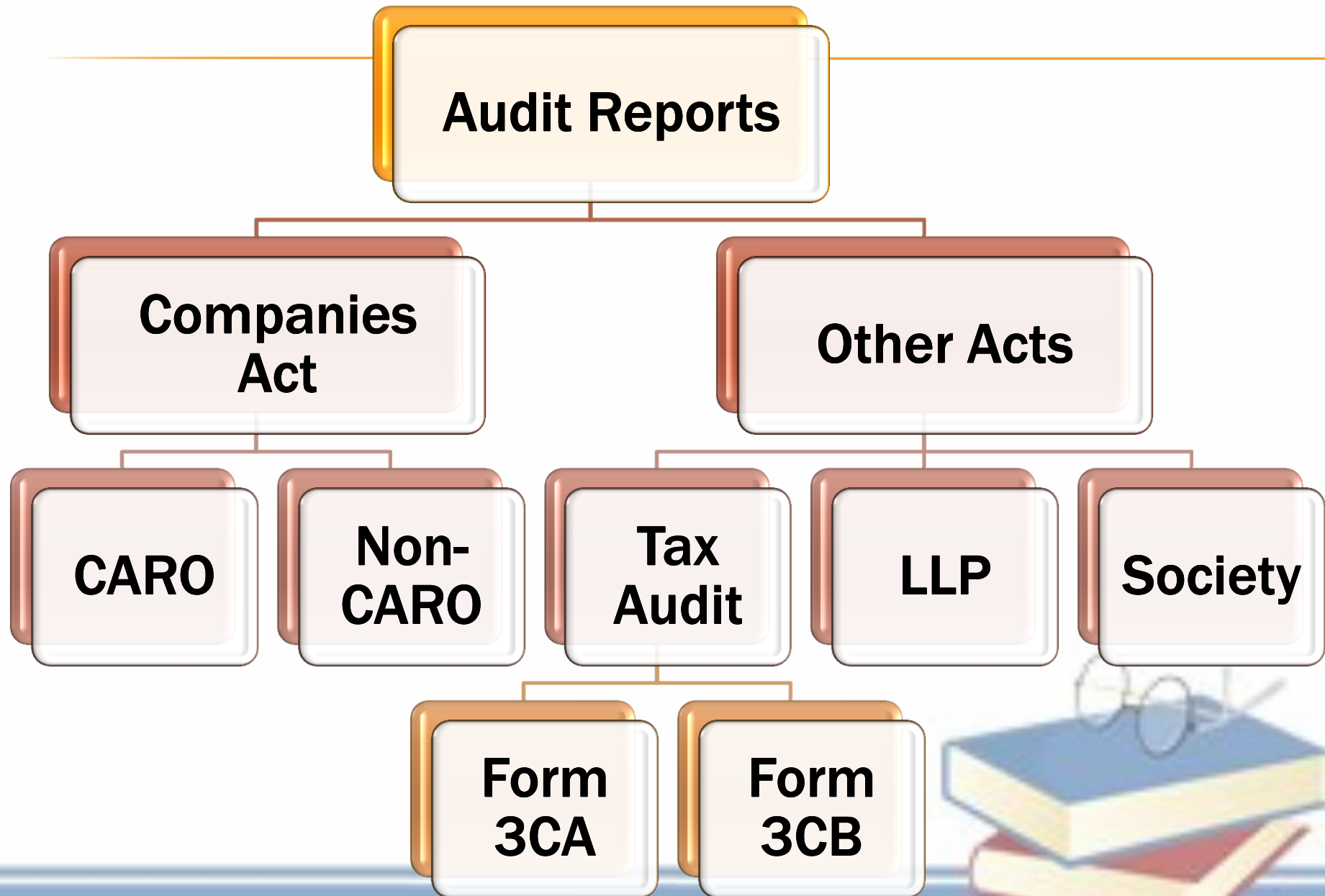
- A person or a firm who, whether directly or indirectly, has business relationship with assessee. i.e., any transaction entered into for commercial purpose except:
 - In nature of professional services permitted
 - In the **ordinary course of business of co.** at ALP like
 - sale of products or
 - services
 - To **auditor, as customer, in the ordinary course of business**, by companies engaged in business of telecommunications, airlines, hospitals, hotels & such other similar businesses



???

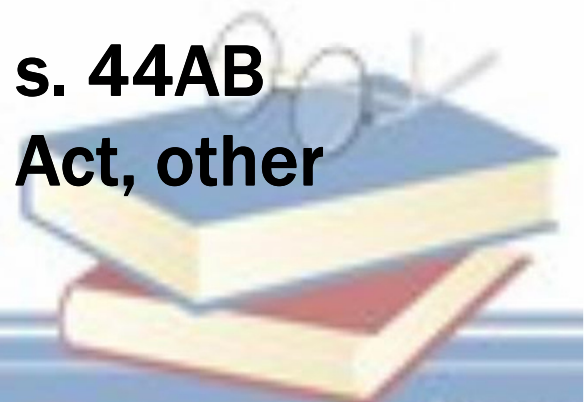
- Can a CA in practice who is giving accounting services to a company conduct tax audit of that company?
- Can an internal auditor of a company issue Form 15CB certificate for that company?
- Can a CA in practice who is giving accounting services to a company issue certificate in Form 29B for MAT calculation?





FORM 3CA

- ✖ **Total 3Paras**
- ✖ **Reporting period for PL amended from 31st March to period wise.**
- ✖ **Examination of books by auditor included before giving opinion**
- ✖ **Opinion now to be given subject to observations / qualifications, no annexures ... Para 3**
- ✖ **Name of signatory to be given. FRN??**
- ✖ **To be signed by person eligible as per s. 44AB (earlier CA, auditor as per Companies Act, other person entitled to audit**



FORM 3CB

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



SA 700

- ✦ **Assessee's Responsibility for the Financial Statements and the Statement of Particulars in Form 3CD**
 1. The **assessee is responsible for the preparation of the aforesaid financial statements** that give a true and fair view of the financial position and financial performance (if applicable) in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



SA 700

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

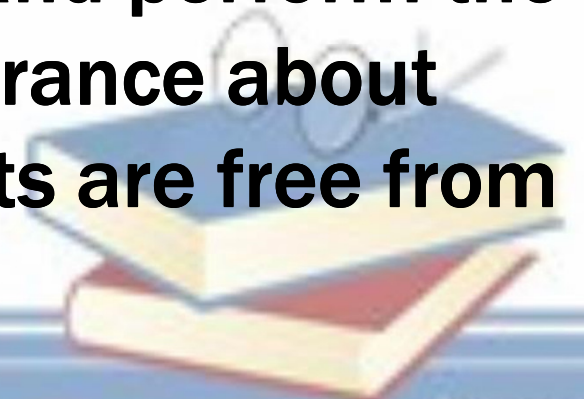


SA 700

✖ Tax Auditor's Responsibility

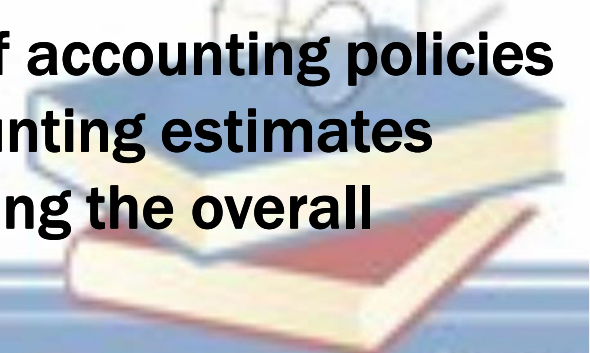
3. **Our responsibility is to express an opinion on these financial statements** based on our audit.

We have conducted this audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



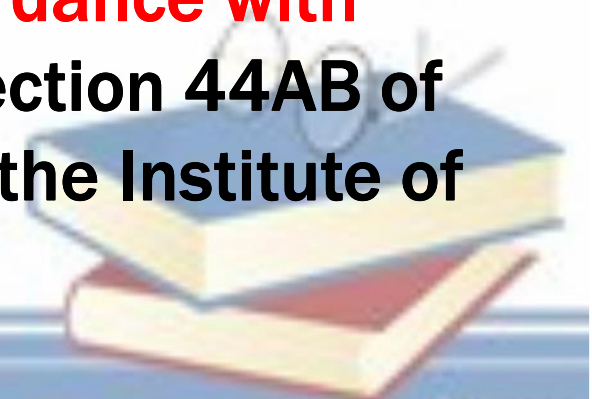
SA 700

4. **An audit involves performing procedures to obtain audit evidence** about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

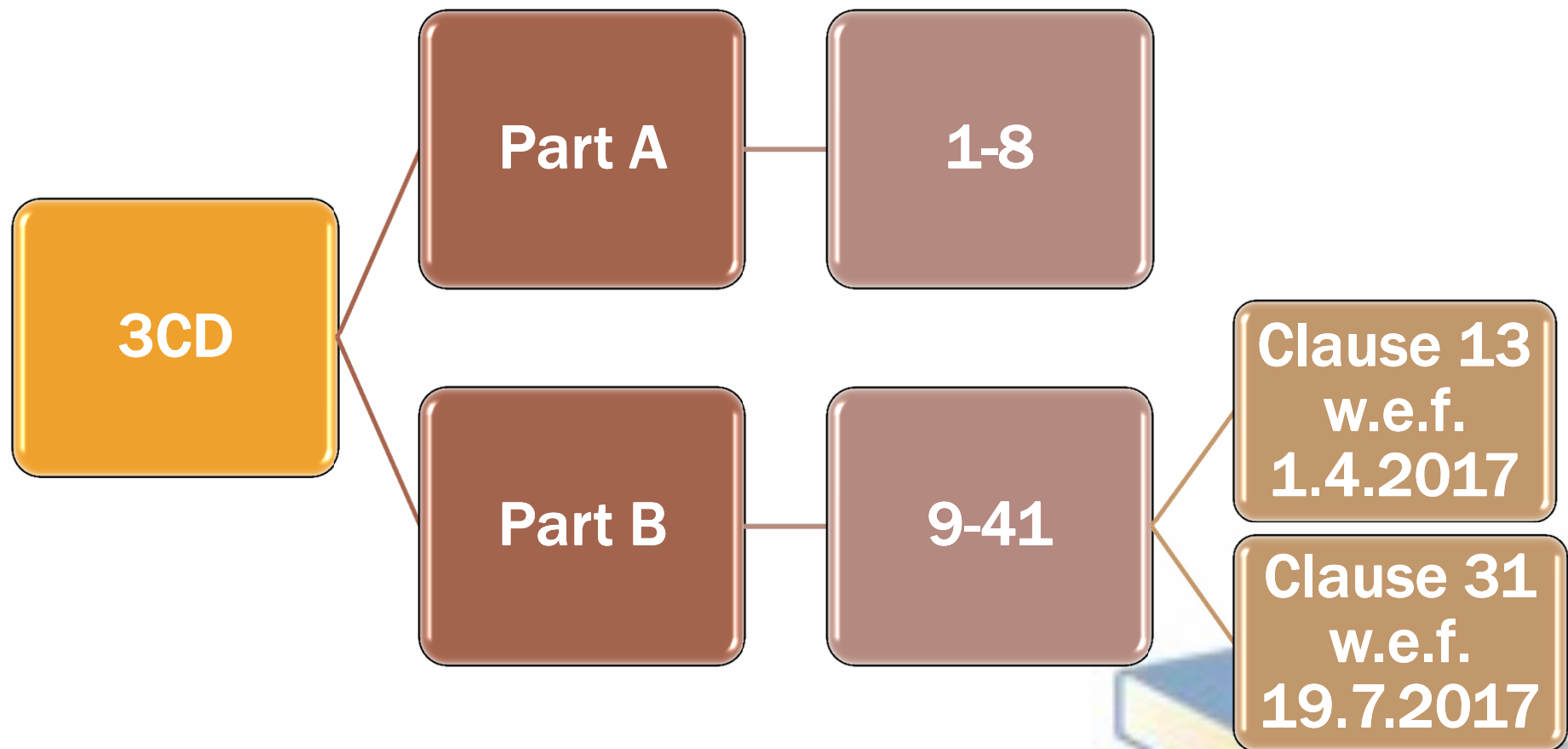


SA 700

5. We believe that the **audit evidence we have obtained is sufficient and appropriate** to provide a basis for our audit opinion.
6. We are also **responsible for verifying the statement of particulars required to be furnished under section 44AB** of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G (1) (b) of Income-tax Rules, 1962. We have **conducted my/our verification of the statement in accordance with Guidance Note on Tax Audit** under section 44AB of the Income-tax Act, 1961, issued by the Institute of Chartered Accountants of India.

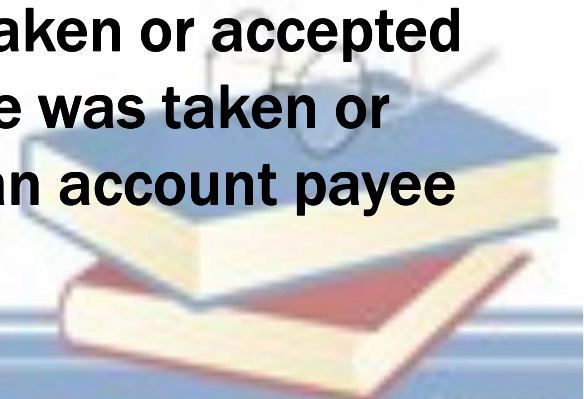


FORM 3CD – OVERVIEW



CL. 31 - AMENDED W.E.F. 19.7.17

- ✖ (a) Particulars of each loan or deposit in an amount exceeding limit specified in s. 269SS taken/accepted during the previous year –
 - + (i) to (iv) - same
 - + Old (v) – whether the loan was taken or accepted otherwise than by a/c payee cheque / bank draft?
 - + New (v) - whether the loan or deposit was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;
 - + New (vi) - in case the loan or deposit was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

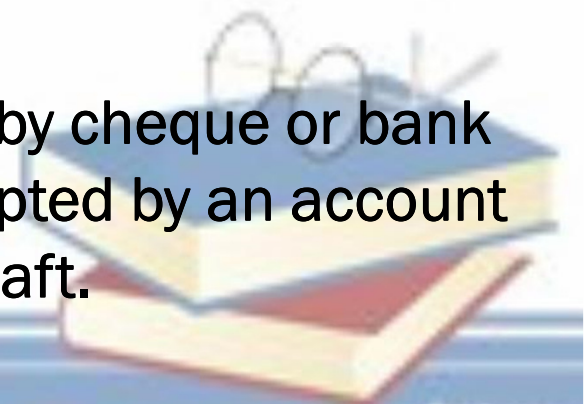


CL. 31 - AMENDED W.E.F. 19.7.17

- ✖ New (b) - Particulars of each specified sum in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year
 - + name, address and PAN (if available with the assessee) of the person from whom specified sum is received;
 - + amount of specified sum taken or accepted;
 - + whether the specified sum was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;
 - + in case the specified sum was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.
- ✖ (a) & (b) need not be given in case of Govt. Co., bank or a corp. established by Central, State or Provincial Act

CL. 31- AMENDED W.E.F. 19.7.17

- ✖ (c) - Particulars of each repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T made during the previous year – (Old b)
 - + (i) to (iii) – same
 - + Old (iv) – whether the repayment was made otherwise than by a/c payee cheque / bank draft ?
 - + New (iv) - whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;
 - + New (v) - in case the repayment was made by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.



CL. 31- AMENDED W.E.F. 19.7.17

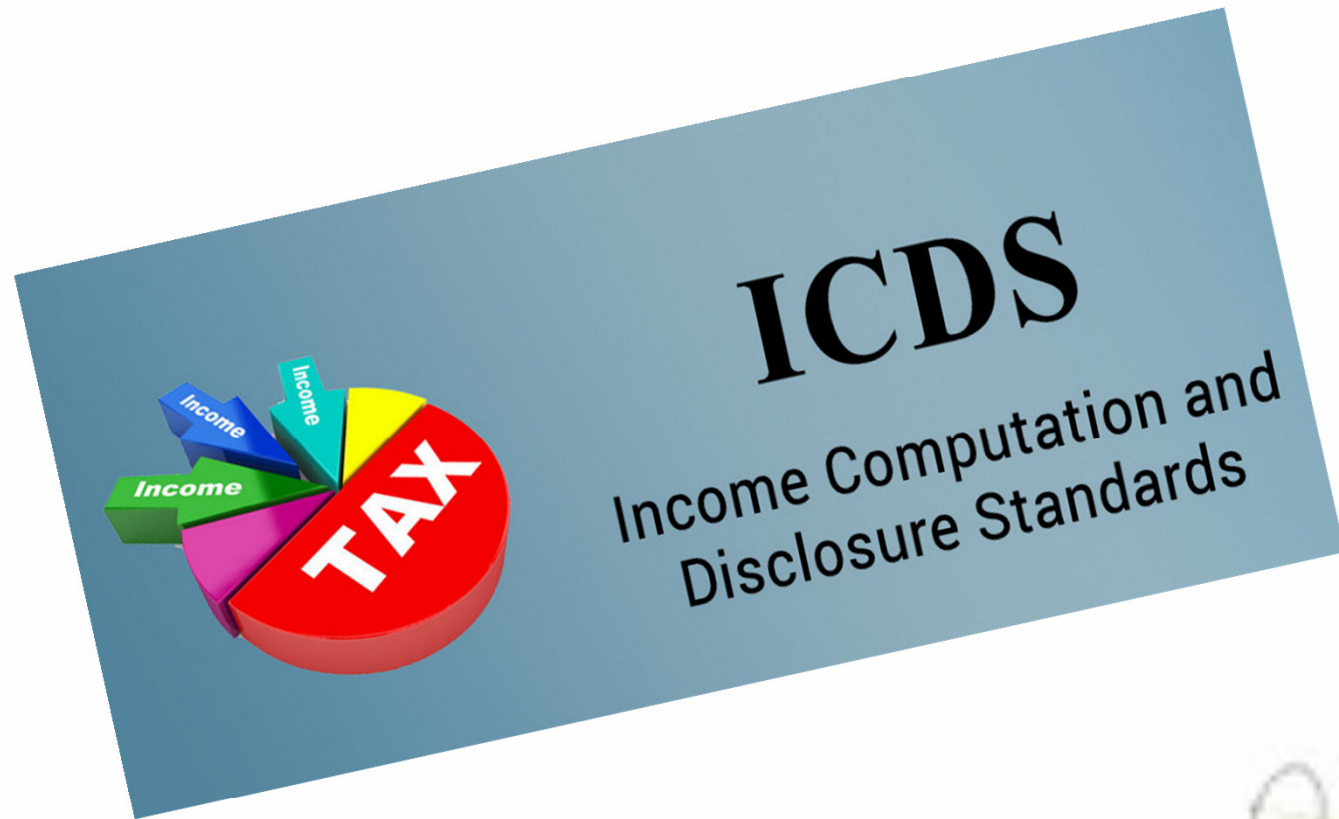
- ✖ New (d) - Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T **received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account** during the previous year
 - + name, address and PAN (if available with the assessee) of the **payer**;
 - + amount of loan or deposit or any specified advance received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year.



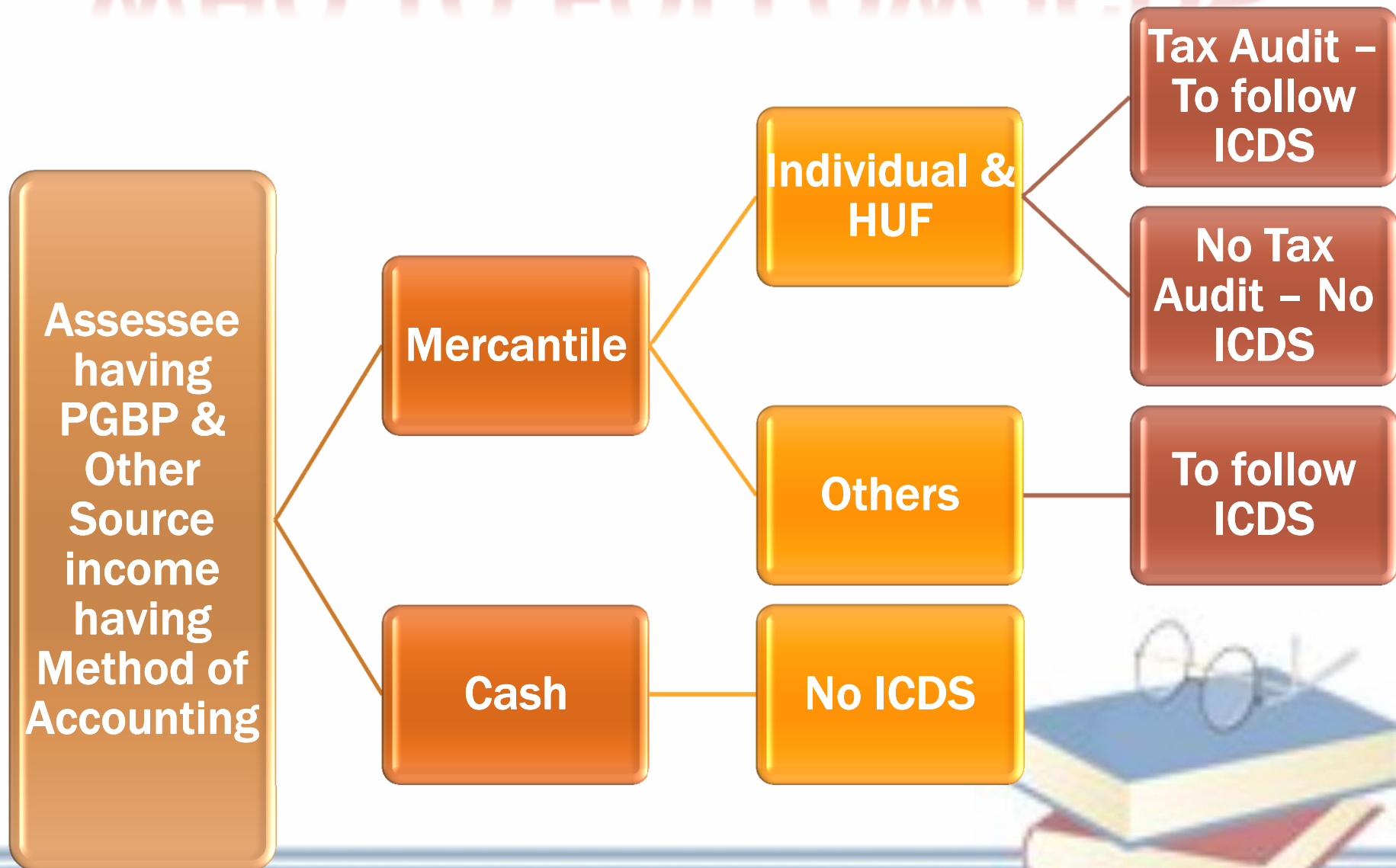
CL. 31– AMENDED W.E.F. 19.7.17

- ✖ New (e) -Particulars of repayment of loan/deposit or any specified advance in an amt. exceeding limit specified in s. 269T **received by cheque / bank draft which is not an account payee cheque / bank draft during PY**
 - + name, address & PAN (if available with assessee) of payer;
 - + amount of loan or deposit or any specified advance received by a cheque or a bank draft which is not an a/c payee cheque / bank draft during the previous year
- ✖ (c), (d) & (e) need not be given in case of repayment of any loan or deposit or any specified advance taken or accepted from the Govt., Govt. Co., bank or a corporation established by Central, State or Provincial Act





WHO TO FOLLOW ICDS



SUMMARY

Source

- **Section 145(2)**

Effective Date

- **W.e.f. AY 2017-18**

Heads of Income

- **Only on PGBP & Other Source**
- **If accounts on mercantile basis**

No. of Standards

- **10 vide Not. Dt. 29.09.2016**

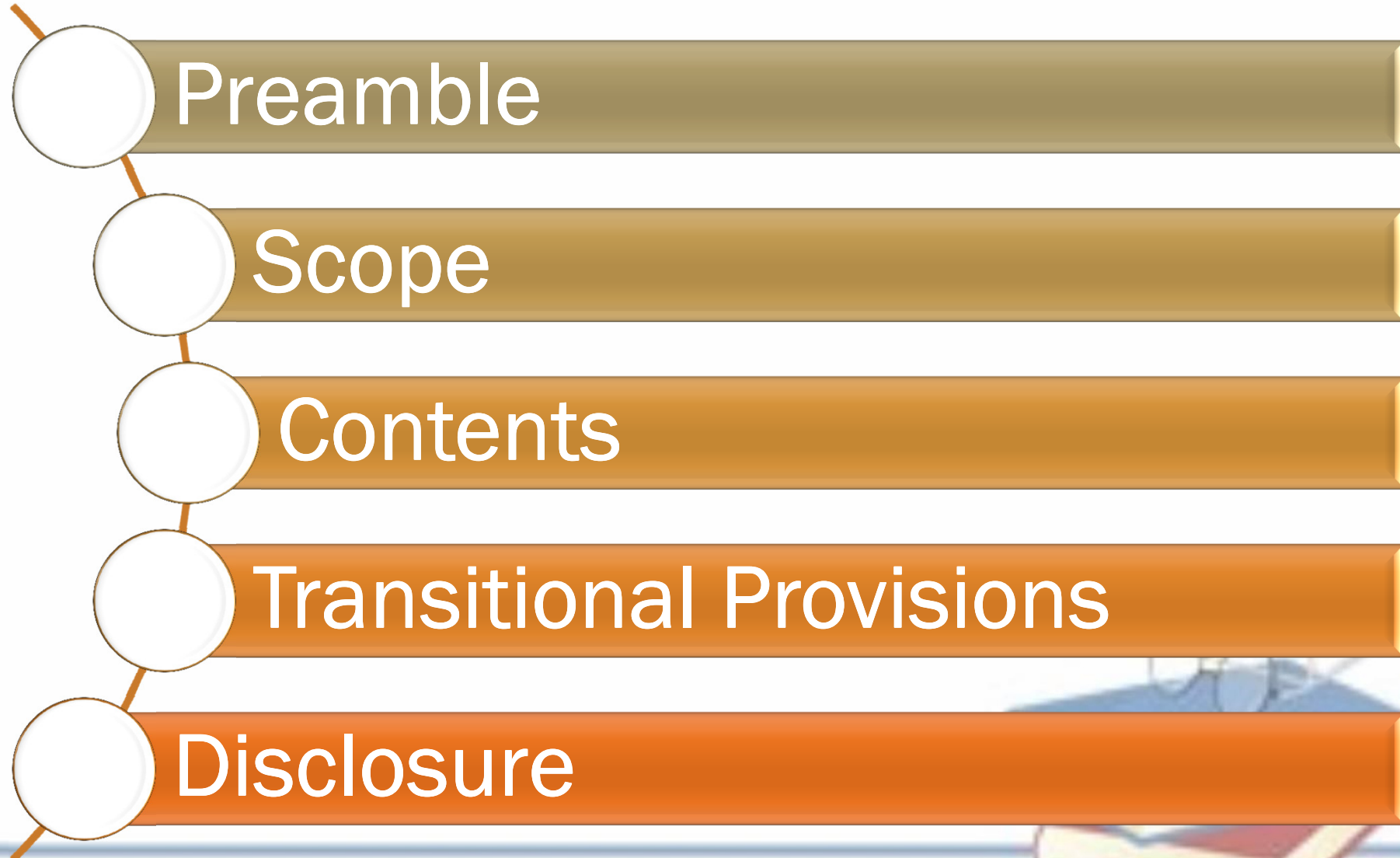
Disclosure

- **Para 13 of Form 3CD & ITR**

CORRESPONDING AS / IND AS

ICD S	Name of ICDS	Correspondi ng AS	Corresponding Ind AS
I	Accounting Policies	1 & 5	1 & 8
II	Valuation of Inventories	2	2
III	Construction Contracts	7	11
IV	Revenue Recognition	9	11
V	Tangible Fixed Assets	10	16
VI	Changes in Foreign Exchange Rates	11	21
VII	Government Grants	12	20
VIII	Securities	13	109
IX	Borrowing Costs	16	23
X	Provisions, Contingent Liabilities & Contingent Assets	29	37

STRUCTURE



PREAMBLE

- 1. This Income Computation and Disclosure Standard is applicable for computation of income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" and not for the purpose of maintenance of books of account.**
- 2. In the case of conflict between the provisions of the Income-tax Act, 1961 ('the Act') and this Income Computation and Disclosure Standard, the provisions of the Act shall prevail to that extent.**



WHAT TO DO

Get the FS
prepared
complying AS
/ Ind AS

Check & List
out the
applicable
ICDS

Note Differences
in accounting
policy as per AS
in books & ICDS

Does any of
those relate to
any ICDS?

Is there any
adjustment
required in
computation from
Profit as per Books
& IT?

If different, effect
on profit /loss to
be disclosed in
Form 3CD & ITR

If yes, disclosure
may be required
in 3CD & ITR too

Verify related
ICDS
disclosures in
Form 3CD

Fill ICDS effect
details in ITR

ACCOUNTING POLICIES

If in books as per
AS / Ind AS



Effect and
disclosure in
Form 3CD

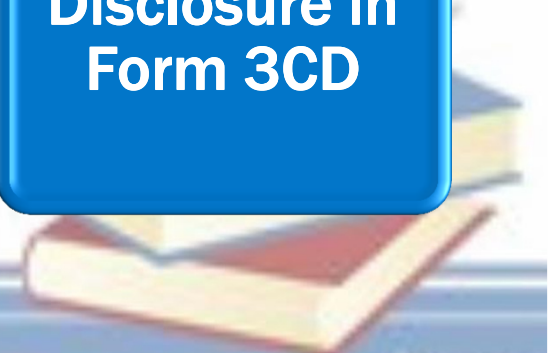
If in books as
per ICDS



Qualify in
Audit Report



Disclosure in
Form 3CD



ICDS CHECKLIST

ICDS	Name of ICDS	Whether Applicable	Amounts in ITR & 3CD	Disclosures in 3CD	Remarks
I	Accounting Policies	Yes			
II	Valuation of Inventories				
III	Construction Contracts				
IV	Revenue Recognition	Yes			
V	Tangible Fixed Assets				
VI	Changes in Foreign Exchange Rates				
VII	Government Grants				
VIII	Securities				
IX	Borrowing Costs				
X	Provisions, Contingent Liabilities & Contingent Assets				

FORM 3CD –CLAUSE - 13

- ✖ (a) Method of accounting employed in previous year – Mercantile / cash
- ✖ (b) Change in method of accounting applied
- ✖ (c) If, yes, effect thereof on profit / loss
- ✖ (Old d) Deviation in method of accounting from accounting standards prescribed u/s 145 and effect thereof on P/L
- ✖ ICDS reporting brought in w.e.f. 1.4.2017



FORM 3CD – CLAUSE - 13

- ✗ (d) – whether any adjustment is required to be made to the profits or loss for complying with the ICDS notified u/s 145(2)
- ✗ (e) – Is, yes, give details
- ✗ (f) – Disclosure as per ICDS
 - + For 8 standards
 - + Two omitted as no disclosure required as per the standard:
 - ✗ Changes in Foreign Exchange Rates
 - ✗ Securities



FORM 3CD – CLAUSE – 13(E)

ICD S	Name of ICDS	Increase in Profit	Decrease in Profit	Net (Rs.)	Descripti on
I	Accounting Policies	14 Ch			
II	Valuation of Inventories				
III	Construction Contracts				
IV	Revenue Recognition				
V	Tangible Fixed Assets				
VI	Changes in Foreign Exchange Rates				
VII	Government Grants				
VIII	Securities				
IX	Borrowing Costs				
X	Provisions, Contingent Liab & Assets				
	Total				

FORM 3CD – CLAUSE – 13(F)

ICDS	Name of ICDS	Disclosures	Descrip.
I	Accounting Policies	500 Character	
II	Valuation of Inventories		
III	Construction Contracts		
IV	Revenue Recognition		
V	Tangible Fixed Assets		
VII	Government Grants		
IX	Borrowing Costs		
X	Provisions, Contingent Liab & Assets		

ITR

Schedule ICDS Effect of Income Computation Disclosure Standards on profit		
Sl. No.	ICDS	Amount
(i)	(ii)	(iii)
I	Accounting Policies	
II	Valuation of Inventories	
III	Construction Contracts	
IV	Revenue Recognition	
V	Tangible Fixed Assets	
VI	Changes in Foreign Exchange Rates	
VII	Government Grants	
VIII	Securities	
IX	Borrowing Costs	
X	Provisions, Contingent Liabilities and Contingent Assets	
XI	Total Net effect (I+II+III+IV+V+VI+VII+VIII+IX+X)	0

✗ **Is there any impact of this disclosure on Computation in ITR automatically?**

WHAT IF ICDS NOT FOLLOWED

- ✖ Section 145(3) - AO has the power to make best judgment assessment u/s. 144 if he is not satisfied about the :-
 - + Correctness or completeness of the accounts of the assessee ; or
 - + Method of accounting is not regularly followed ;or
 - + **Income not computed as per ICDS**
- ✖ Hence ICDS has to be mandatorily followed or else best judgement assessment can be done by Assessing Officer.



I - ACCOUNTING POLICIES



ICDS I – ACCOUNTING POLICIES

- ✖ **Materiality and Prudence not followed. Only substance over form. No prudence as:**
 - + **ICDS III - Non recognition of expected loss from construction contract & provisioning for loss on onerous contract**
 - + **ICDS IV - Reasonable certainty of ultimate collection is ignored for recognition of revenue through rendering of service and on Rent, interest, royalty and dividend**
 - + **ICDS VII – Govt. grants to be recognized not later than its actual receipt even if condition w.r.t to such grant has not met.**



ICDS I – ACCOUNTING POLICIES

- ✖ **Selection of accounting policy so as to represent a true and fair view of:**
 - ✖ **State of affairs; and**
 - ✖ **Income of business, profession or vocation.**
- ✖ **Change in accounting policy only if reasonable cause. AS 5 – only if required by statute, compliance with AS or more appropriate presentation of FS**
- ✖ **Reasonable cause is an existing concept conferring flexibility in deserving cases - FAQ**



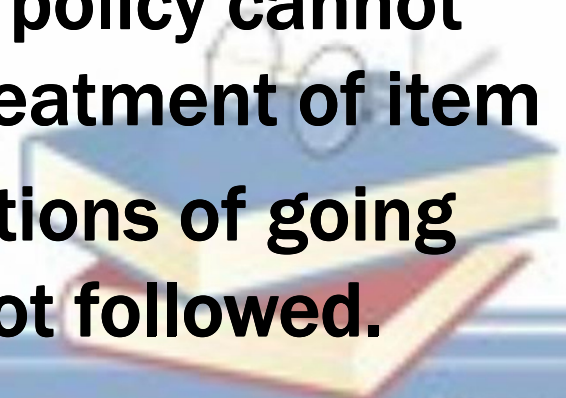
ICDS I – ACCOUNTING POLICIES

- ✖ **No deduction of expected losses or marked to market loss unless as per other ICDS**
- ✖ **FAQ - Marked to Market loss or expected loss as well as Marked to Market gain or expected gain not to be recognised unless as per ICDS**



ICDS I – DISCLOSURES

- ✖ All significant accounting policies
- ✖ Change in accounting policy which has material effect including amount to the extent ascertainable
- ✖ If change in accounting policy to have material effect in later years, then disclosure to be made:
 - + In year of adoption as well as
 - + In 1st year of material effect - not as per AS
- ✖ Disclosure or change in accounting policy cannot remedy a wrong or inappropriate treatment of item
- ✖ If fundamental accounting assumptions of going concern, consistency and accrual not followed.



ICDS I – PRACTICAL IMPLICATIONS

- ✖ **Disclosure of all significant accounting policies in Clause 13 (f) of Form 3CD, wherever applicable:**
 - + Give complete
 - + Where similar may refer of policies in notes to FS
- ✖ **Disallowances or deductions to be disclosed in ICDS schedule in Form 3CD as well as ITR (other than those covered by other ICDS):**
 - + Marked to market loss / gain
 - + Expected losses
- ✖ **Take care of change in accounting policies having material effect in the year of effect too.**



FORM 3CD – CLAUSE – 13(E)

ICDS	Name of ICDS	Increase in Profit	Decrease in Profit	Net (Rs.)	Description
I	Accounting Policies	2000		2000	Mark to Market Loss on Derivatives
	Total			2000	



FORM 3CD – CLAUSE – 13(F)

ICDS	Name of ICDS	Disclosures
I	Accounting Policies	<ul style="list-style-type: none">Refer to the significant accounting policies mentioned at Note No. _ to the Financial Statements



CA. Pramod Jain

II – VALUATION OF INVENTORIES



ICDS II – VALUATION OF INVENTORIES

- ✖ Inventory to be valued at cost or NRV whichever is lower.
- ✖ By-products, scrap or waste material are immaterial, they shall be measured at NRV and this value shall be deducted from the cost of the main product.
- ✖ Does not include WIP dealt by other ICDS.
- ✖ Cost of inventories to include:
 - + Cost of purchases;
 - ✖ Includes all duties & taxes . AS 2 excludes refundable from taxing authorities



ICDS II – VALUATION OF INVENTORIES

- + **Costs of services; (earlier for service provider, now deleted)**

- × Includes labour and other costs of personnel directly engaged in providing the service including supervisory personnel and attributable overheads

- + **Costs of conversion; and**

- + **Other costs incurred in bringing the inventories to their present location and condition**

- × **Cost Formulae**

- + **Specific identification of cost**

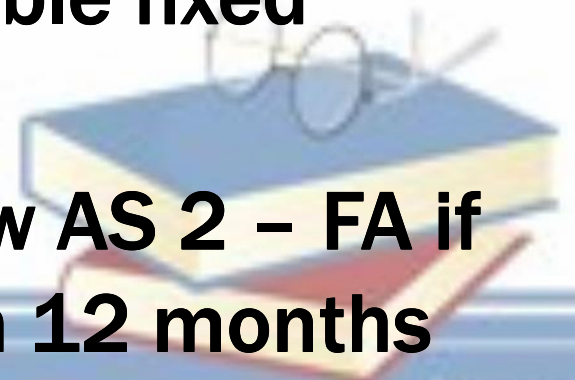
- + **FIFO**

- + **Weighted Average**



ICDS II – VALUATION OF INVENTORIES

- ✗ Techniques for measurement of cost:
 - + Standard Cost
 - + Retail method (An average percentage for each retail department is to be used)
- ✗ ICDS - Machinery spares, which can be used only in connection with a tangible fixed asset and their use is expected to be irregular, to be dealt with in accordance with the ICDS V (Tangible fixed assets)
- ✗ The New AS 10 PPE read with new AS 2 – FA if expected to be used for more than 12 months



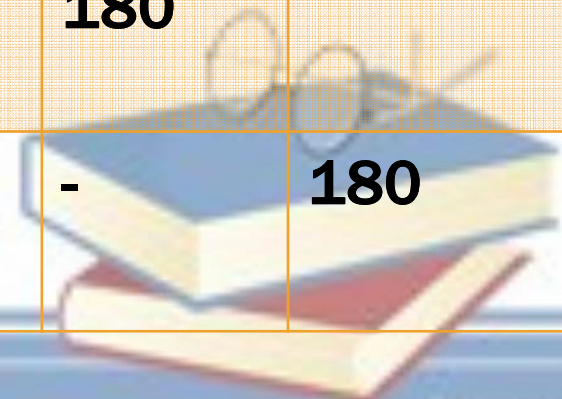
ICDS II – TAX DUTIES

- ✗ **AS**: The costs of purchase shall consist of purchase price including duties & taxes (**other than those subsequently recoverable by the enterprise from the taxing authorities**), freight inwards & other expenditure directly attributable to the acquisition. (Exclusive method).
- ✗ **ICDS**: The costs of purchase shall consist of purchase price including duties and taxes, freight inwards & other expenditure directly attributable to the acquisition. (Inclusive method)
- ✗ **Already under S. 145A since 1.4.1999**



ICDS II – TAX DUTIES

Sl. No.	Particulars	Increase in profit (Rs)	Decrease in profit (Rs)
1	Increase in cost of opening stock on inclusion of excise duty on which CEN VAT credit is available/availed		20
2	Increase in purchase cost of raw material on inclusion of excise duty on which CEN VAT credit is available/availed		180
3	Increase in sales of finished goods on inclusion of excise duty	180	
4	Excise duty paid on sale of finished goods as a result of its inclusion in sales	-	180



ICDS II – TAX DUTIES

5	Increase in closing stock of raw material on inclusion of excise duty	40	-
6	Increase in closing stock of finished goods on inclusion of excise duty	60	-
7	Increase in excise duty on closing stock of finished goods as a result of its inclusion in closing stock of finished goods	-	60
8	Accounting of CENVT credit availed and utilised on raw materials consumed in payment of excise duty on finished goods accounted on the basis of raw material consumed	160	-
	Total	440	440

ICDS II – PARTNERSHIP FIRMS

- ✖ In case of dissolution of a partnership firm or AOP / BOI, notwithstanding whether business is discontinued or not, the inventory on the date of dissolution shall be valued at the NRV.
- ✖ Judicial Precedents:
 - + In cases of dissolution of firm, the stock-in-trade will have to be valued at the prevailing market price while preparing a/cs if the business of firm is discontinued- *A.L.A. Firm v. CIT [1991] 55 Taxman 497(SC)*
 - + Where firm got dissolved due to death of a partner & business was reconstituted with remaining partners & business continued without any interruption, closing stock was to be valued at cost or MP, whichever was lower, & not at market value -*Sakthi Trading Co. v. CIT [2001] 118 Taxman 301 (SC)*

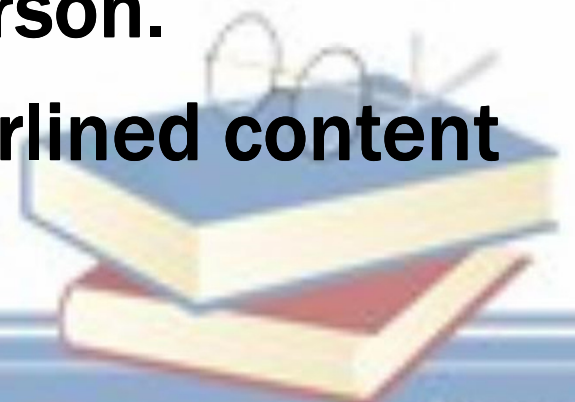
ICDS II – VALUATION OF INVENTORIES

- ✗ **No Interest / borrowing cost unless as per ICDS IX**
 - + Where inventories require a period of 12 months or more to bring them to a saleable condition
- ✗ **No change in method of valuation without reasonable cause**
- ✗ **Value of the inventory as on beginning of PY shall be:**
 - + Cost of inventory available, if any, on day of commencement of business when the business has commenced during the PY;
 - + Value of the inventory as on the close of the immediately preceding PY, in any other case.



ICDS II – DISCLOSURES

- ✖ Accounting policies adopted in measuring inventories including the cost formulae used. Where Standard Costing has been used as a measurement of cost, details of such inventories and a confirmation of the fact that standard cost approximates the actual cost;
- ✖ The total carrying amount of inventories and its classification appropriate to a person.
- ✖ AS – same as above except underlined content



ICDS II – PRACTICAL IMPLICATION

✖ Disclosures

- + Same as per AS 2, but if standard cost used..
State whether it approximates the actual cost**
- + Carrying amount??**
- ✖ If there is change in method of valuation of
inventory its change in accounting policy...
follow AS 1 disclosure**
- ✖ Take care at time of dissolution of partnership
firm**



ICDS II – PRACTICAL IMPLICATION

- ✖ **Disclosure for not following inclusive method of valuation of inventory – non-compliance of s. 145A – already reporting at Para 14(b) of Form 3CD– refer Para 23 of ICAI Tax Audit Guidance Note**
- ✖ **Borrowing costs for inventories only if they require a period of 12 months or more to bring them to a saleable condition**



FORM 3CD – CLAUSE – 13(E)

ICD S	Name of ICDS	Increase in Profit	Decrease in Profit	Net (Rs.)	Description
II	Valuation of Inventories	10000		10000	<ul style="list-style-type: none">Difference over cost to NRV in case of dissolution of firm. Valued at lower in books
	Total			10000	



FORM 3CD – CLAUSE – 13(F)

ICDS	Name of ICDS	Disclosures
II	Valuation of Inventories	<ul style="list-style-type: none">• Refer to the significant accounting policies mentioned at Note No. _ to the Financial Statements• For carrying amount and classification refer Note No. _ of Balance Sheet• Inventories are not inclusive of duties and taxes, yet there is no effect on profits, refer to Para 14(b) of Form 3CD• The assessee is following Standard Costing as a measurement of cost, and that approximates the actual cost

THANK YOU



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