

Finalization of Financial Statements of Corporates & Non-Corporates



ICAI – Professional Forum
12th August 2026

CA. PRAMOD JAIN
FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

Legislation for AY 2026-27

S. 44AB

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

Rule 6G

- Prescribing the Forms for Report u/s 44AB

Form 3CA

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

Form 3CB

- Report in any other case

Form 3CD

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

S. 271B

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

Applicability of 44AD(44ADA) /44AB

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

- AD - No
- AB - Yes

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

- AD – No
- ADA - Yes
- AB - No

**Ms. C – Trading Turnover (all cash)– 80L; NP – 5 L;
TI- 5 L**

- AD – No
- AB - No

**Mr. D - Trading; Turnover (all cash) - 95L; Profit 9
Lacs; Commission – 6 L; NP- 15L; TI - 14L**

- AD - No
- AB - Yes

Applicability of 44AD(44ADA) /44AB

**Mr. E - Turnover (all bank) – AY 2025-26 - 150L availed
S. 44AD; AY 2026-27 – Tr 225 L (all bank) NP – 10 L; TI
- 8.50 L**

- AD - No
- AB - Yes

**Ms. F - Turnover in 1st year (all cash) – AY 2025-26 - 120L;
NP - 10L; No 44AD; Turnover (all bank) AY 2026-27 –
220L; NP – 20 L – 44AD!!**

- AD - Yes
- AB - No

Ms. G - CA Turnover (all Bank)– 60L NP – 35 L; TI- 32 L

- ADA – Yes
- AB - No

Mr. H – CA Turnover – 25 L; NP– 11.50 L ; TI- 11.50 L

- ADA – No
- AB - Yes

Applicability of 44AB – Spl. cases

Mr. I – Salaried Employee - 15 lacs; F&O Turnover 8 Lacs, Net Loss from F&O - 3 Lacs; TI - 12 Lacs

• No

Ms. J – Profession – 80 L; Business – 70 L

• Yes, B & P

M/s K Inc – Non- Resident, FTS 12 Crs.; TDS u/s 195, DTAA

• Yes

CA. L – Remuneration 90 L from firm in which partner

• No, Perizad Zorabian Irani v. PCIT Mumbai WP 1333/2021 Bombay HC

Section 44AD essentials

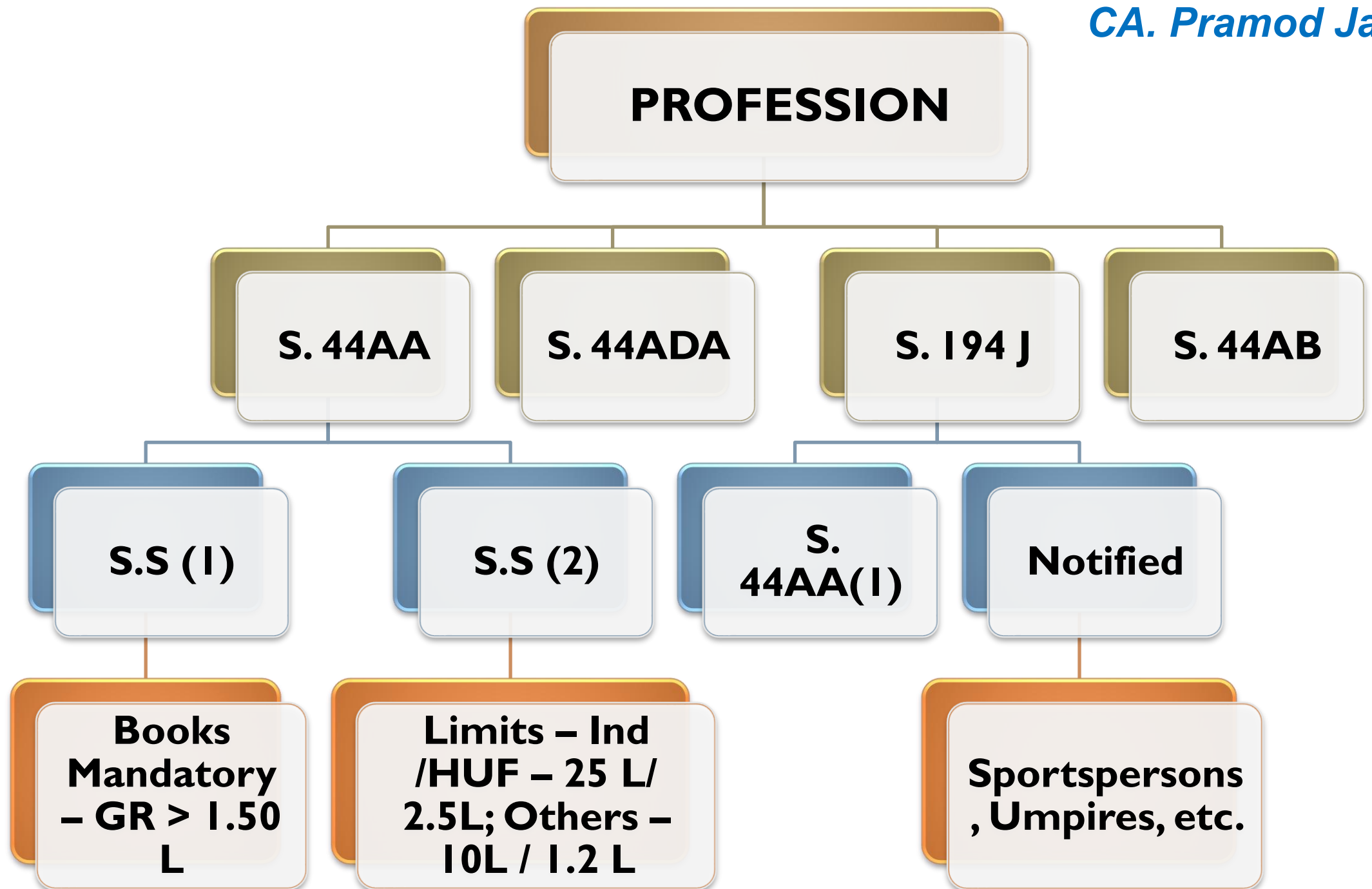
- **Should be eligible assessee**
 - **Ind., HUF, Firm (except LLP); and**
 - **No s. 10A, 10AA, 10B, 10BA & Chp VIA Part C**
- **Should be doing eligible business**
 - **Any except 44AE; and**
 - **Turnover < 2 Crs / 3 crs**
- **Section not applicable to a person carrying:**
 - **Profession u/s 44AA(I)**
 - **Commission or brokerage**
 - **Agency business**
- **Deemed profit 8% / 6% or more**
- **Commensurate with fund flow!!!**

Section 44ADA essentials

- Applicable to Individual, ~~HUF~~, Firm (excluding LLP)
- Should be engaged in profession – section 44AA(I) read with rule 6F
- Gross receipt < 50 Lakhs / 75 Lakhs
- Deemed profit 50% or more
- Commensurate with fund flow!!!

Profession – s. 44ADA

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



S. 194 J Notified List

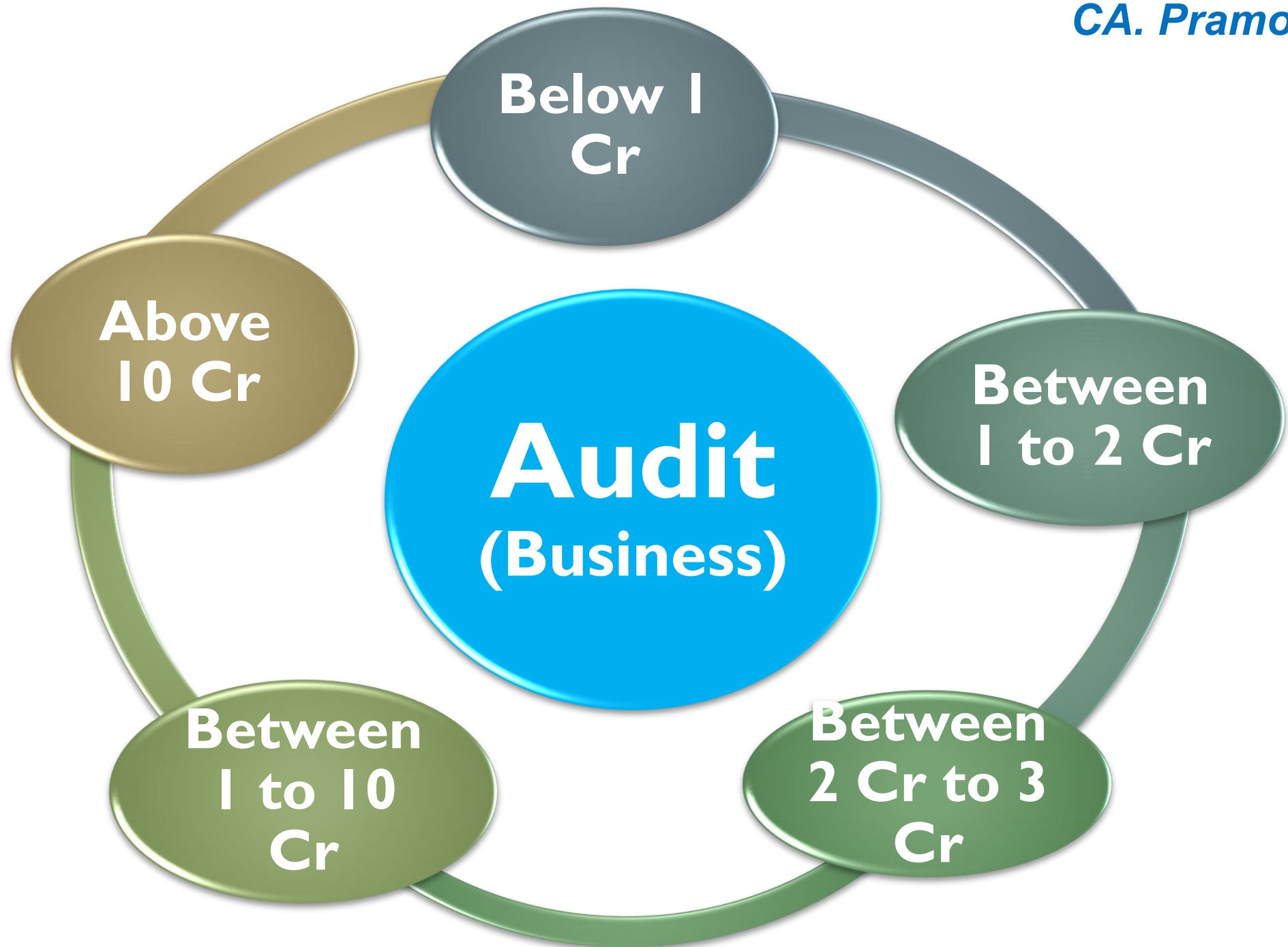
- **Sports Persons**
- **Umpires & Referees**
- **Coaches & Trainers**
- **Team Physicians & Physiotherapists**
- **Event managers**
- **Commentators**
- **Anchors**
- **Sports Columnists**

44AB(a) ???

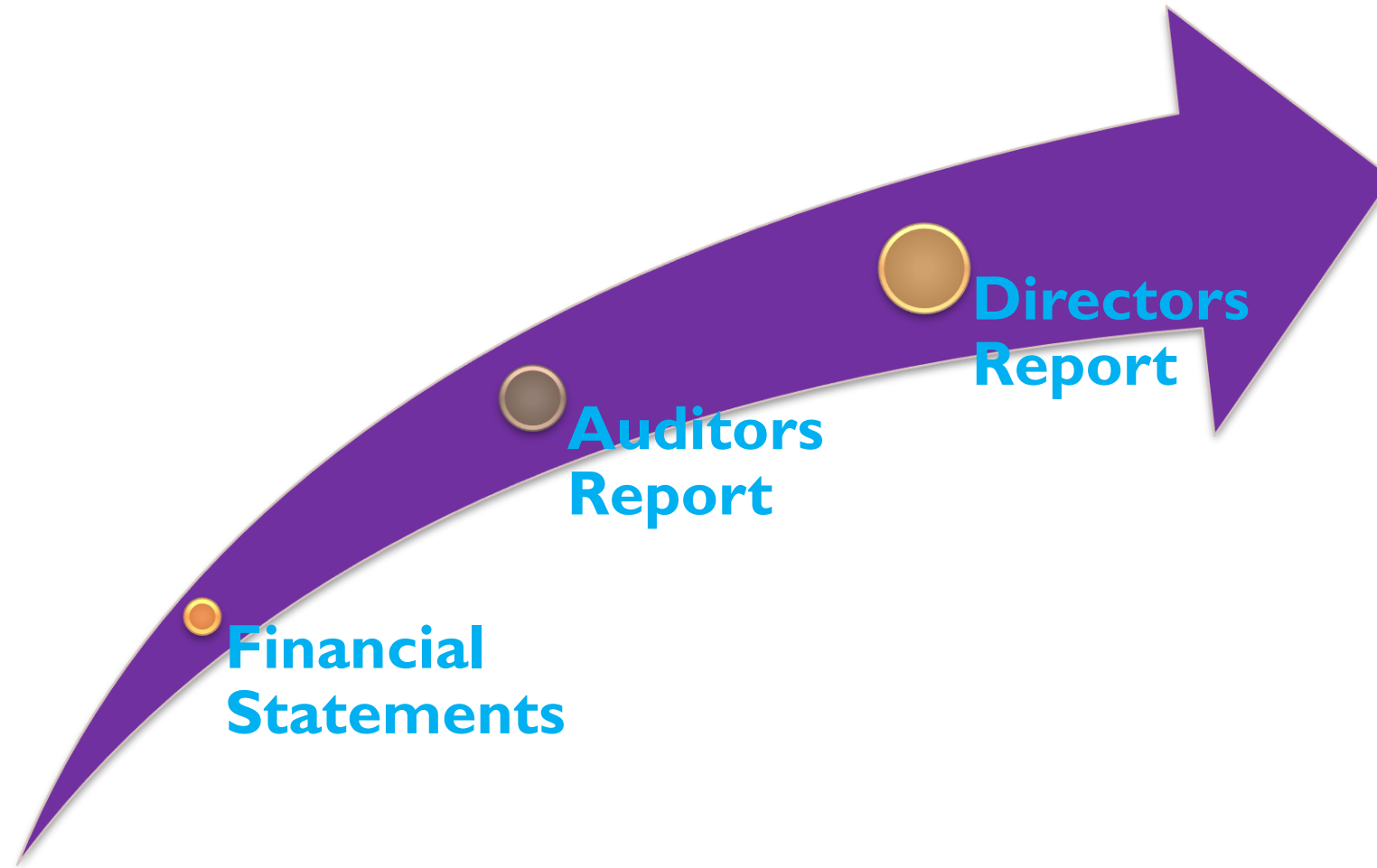
- **Payments all by banking channels**
- **Receipts:**
 - **6 Crs sales out of which 20 Lacs in Cash**
 - **Proprietor introduces capital – 25 Lacs in cash**
 - **Loans received– 50 Lacs by NEFT**
 - **Is tax audit u/s 44AB required?**
 - **Yes, as total receipts - 675 L ; cash – 45L**
- **Is it mandatory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

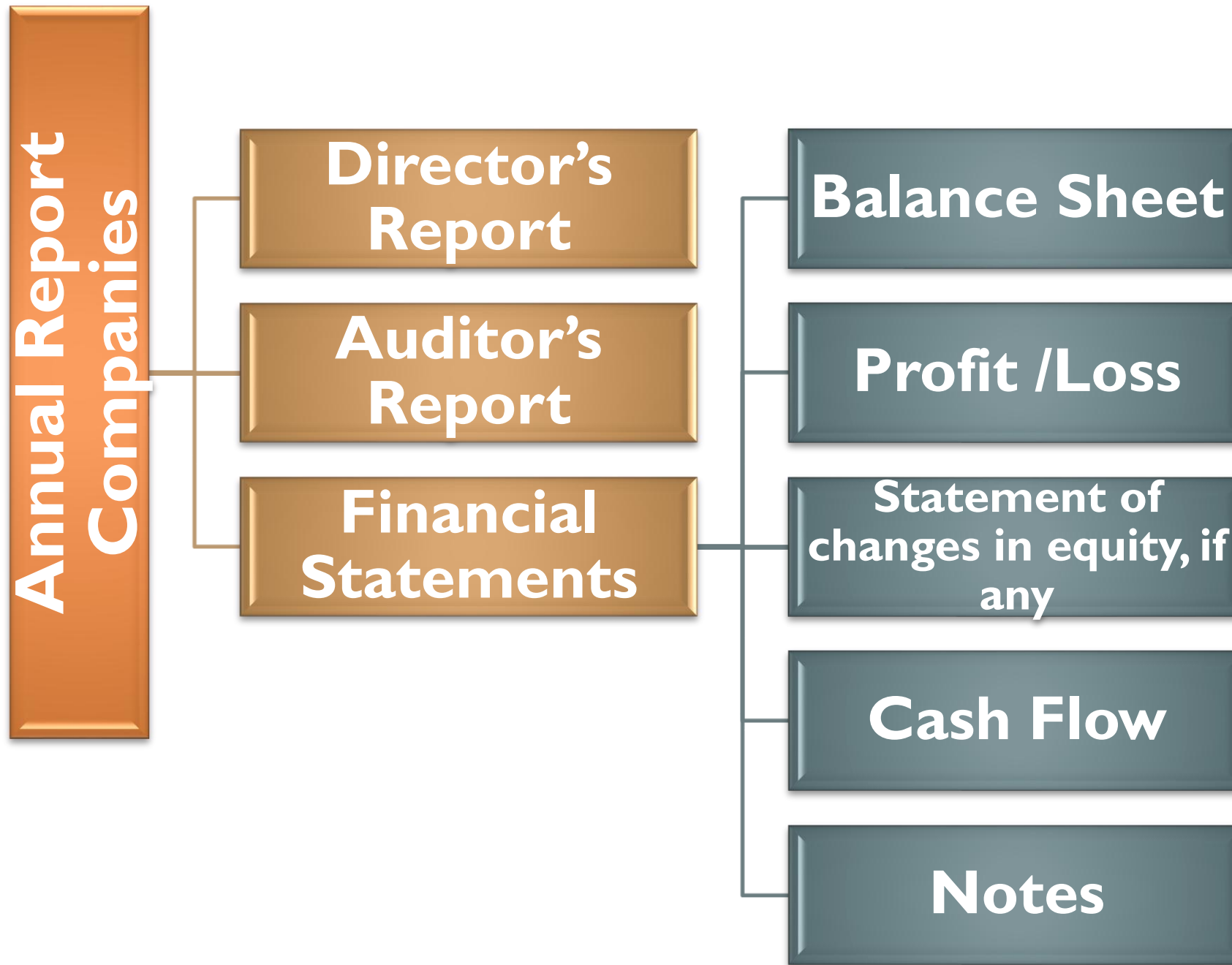
Presumptive Incomes

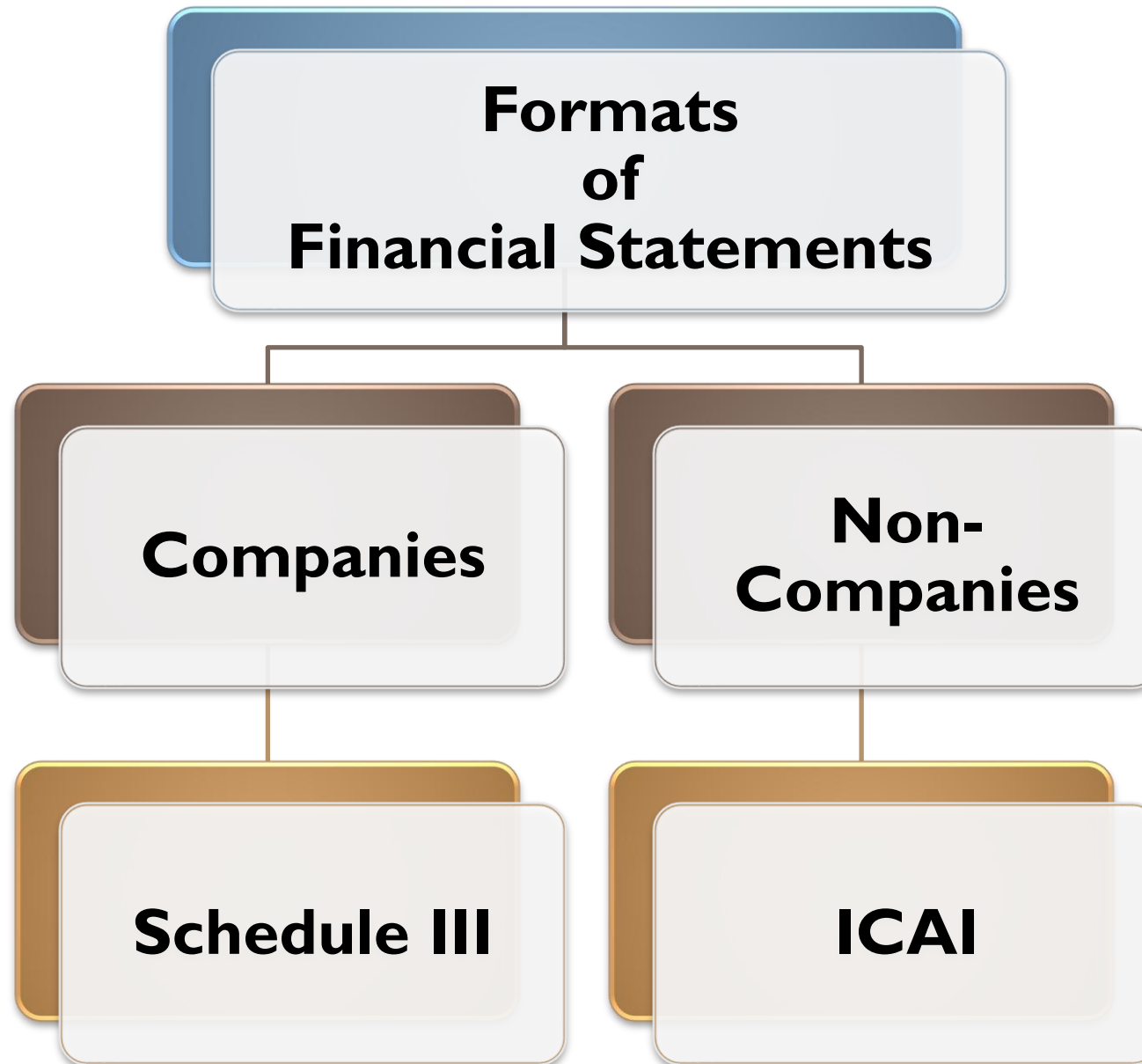
S. No.	Section	Nature of Activity	Less than Deemed Profits	Provisions for Audit	Audit Provision
I	44AD	Business	If availed 44AD & not availed in any of next 5 years, then for next 5 years - Audit	44AD(4)/ (5)	44AB(e)
2	44ADA	Profession	Audit	44ADA(4)	44AB(d)
3	44AE	Goods Carriage	Audit	44AE(7)	44AB(c)
4	44B	Shipping of NR	Not Allowed	Nil	Nil
5	44BB	Exploration of Mineral Oils by NR	Audit	44BB(3)	44AB(c)
6	44BBA	Operation of Aircraft by NR	Not Allowed	Nil	Nil
7	44BBB	Turnkey Power Projects by FC	Audit	44BBB(2)	44AB(c)



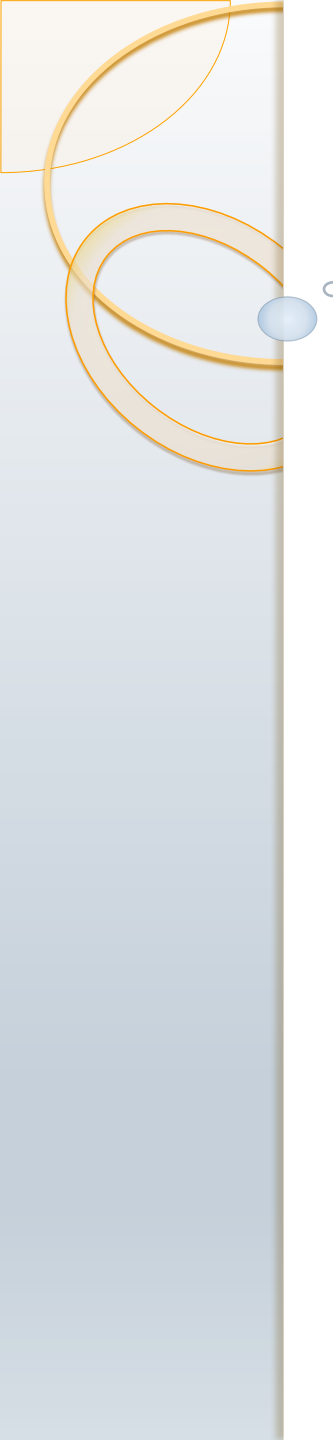
The Annual Report Process







Financial Reporting Requirement

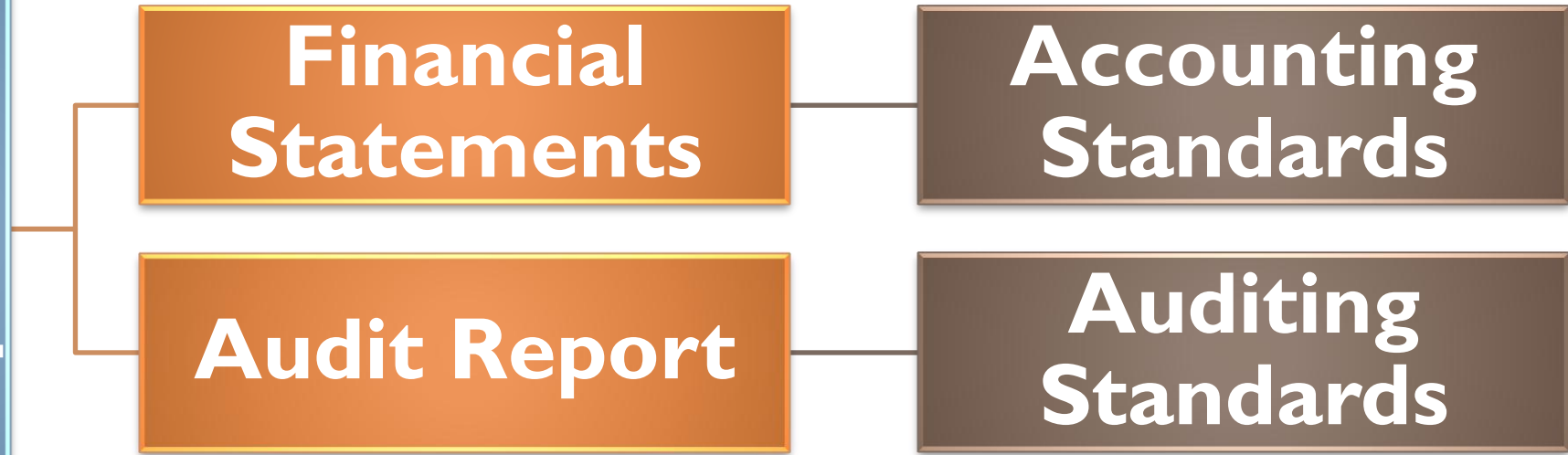


Financial Statements

Accounting Standards

Audit Report

Auditing Standards



SCHEDULE III

❖ Division I

❖ Companies (Accounting Standard) Rule 202 I

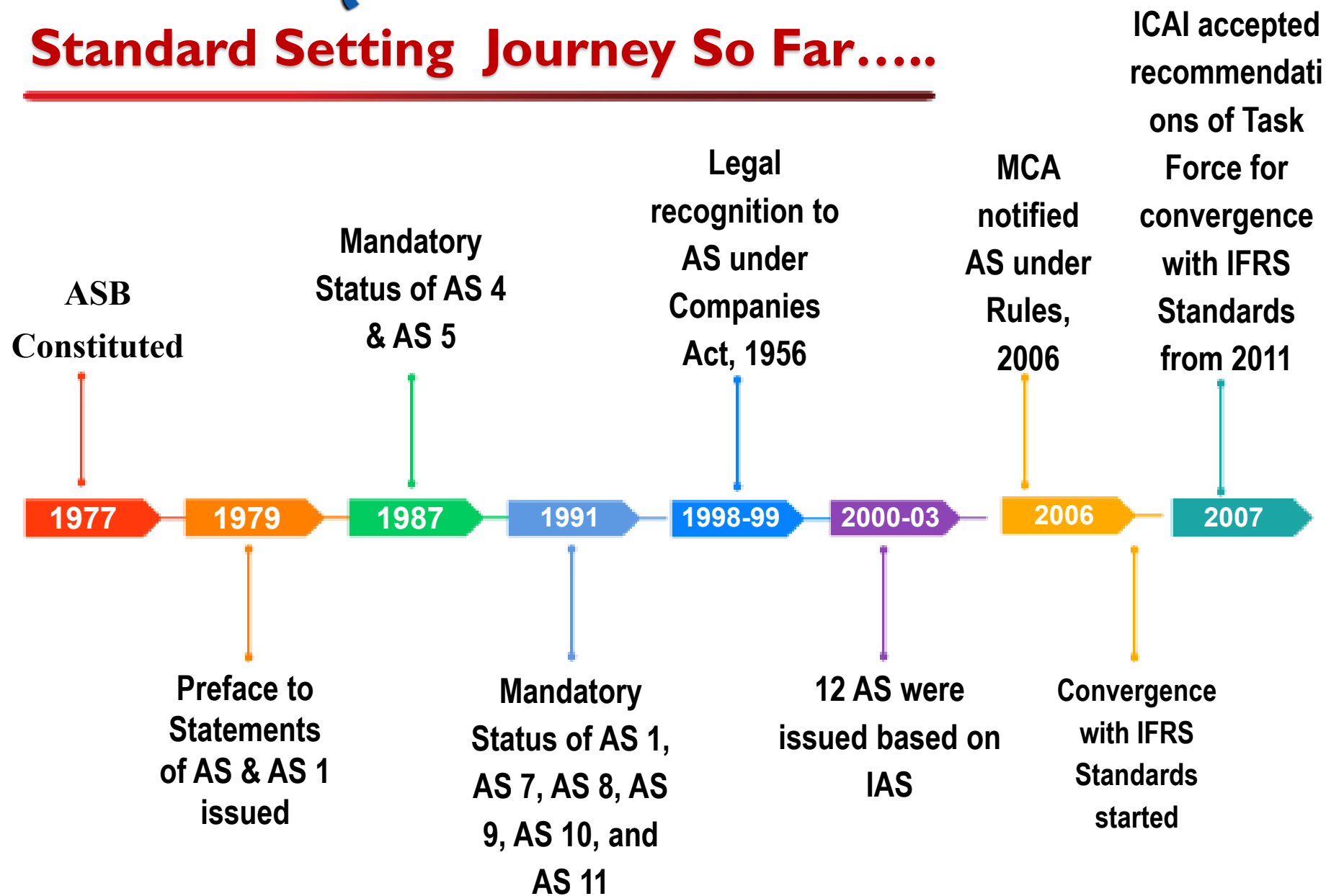
❖ Division II

❖ Ind AS

❖ Division III

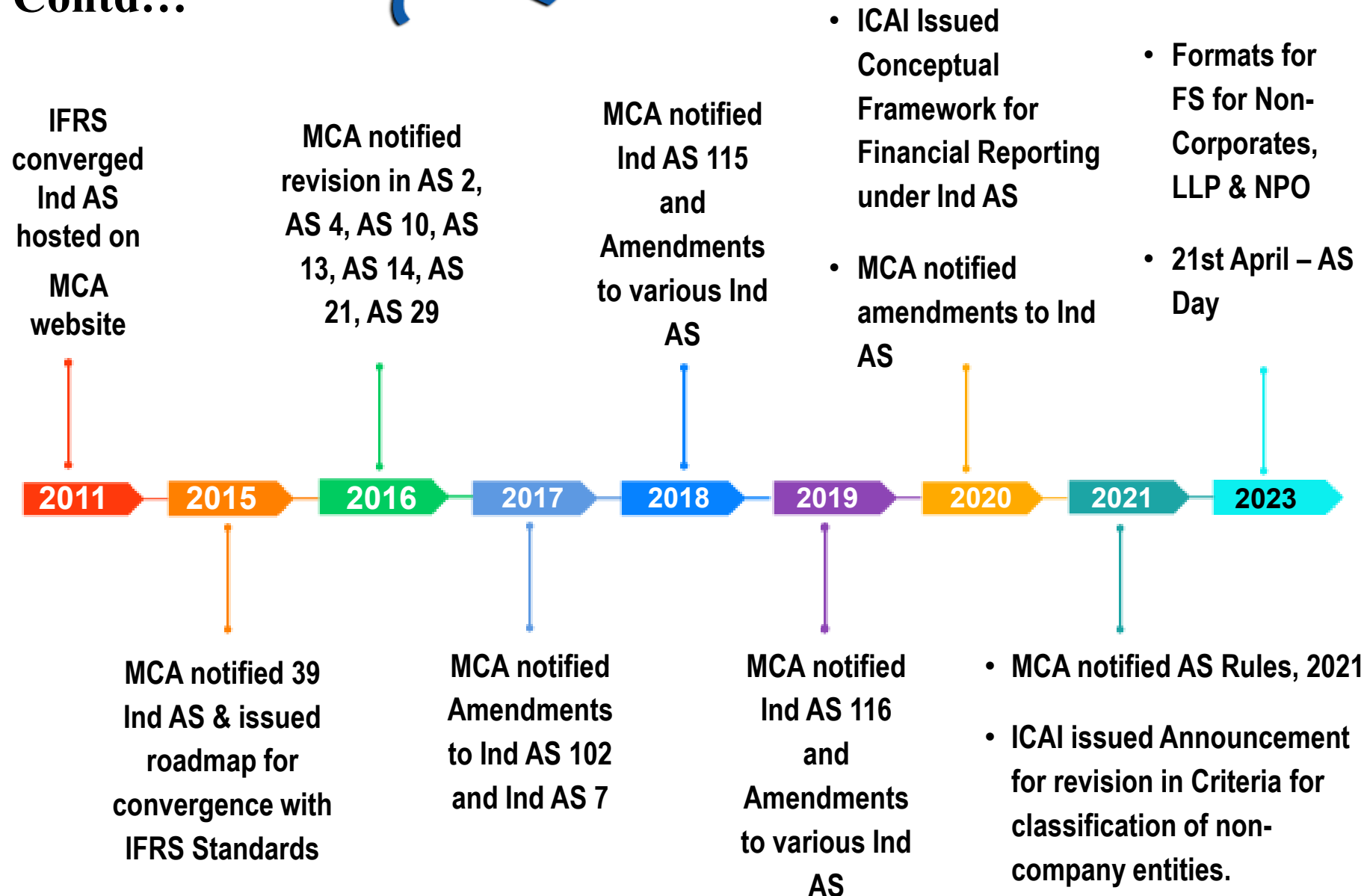
❖ NBFC – Ind AS

Standard Setting Journey So Far.....





Contd...



AS

- **Companies (Accounting Standards) Rules, 2021 notified vide notification dated 23.06.2021**
- **These have replaced Companies (Accounting Standards) Rules, 2006**
- **Effective for accounting periods commencing on or after 1st April, 2021**

AS APPLICABILITY FOR COMPANIES

Conditions	SMC		Other than SMC	
	Existing	Revised	Existing	Revised
Turnover (excluding other Income) in PY	< 50 Cr	< 250 Cr	> 50 Cr	> 250 Cr
Borrowing (including public deposit)	< 10 Cr	< 50 Cr	> 10 Cr	> 50 Cr

SMC Disclosure

- **From 1.4.2021** - “The Company is a Small and Medium Sized Company (SMC) as defined in the Companies (Accounting Standards) Rules, 2021 notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.”
- Two year wait period if change from Non-SMC to SMC

???

- **Are Financial Statements Audited during Tax audit of Prop. Partnership?**
- **Are Notes to accounts prepared for Non-Corporates?**
- **Are Accounting Standards applicable to Non-corporates?**
- **What if there is non-compliance?**
- **Where to Report such non-compliance?**

Accounting Standards



**Entities that
are to follow
AS**

Companies

**Other than
Companies**

**Companies
(Accounting
Standards)
Rules, 2021
(27 Standards)**

**Ind AS
(40 Standards)**

**AS issued by
ICAI
(27 Standards)**

AS Applicability for Non-Companies

- Effective for Accounting Periods **from 1.4.2024**. Instead of 4 levels.. Now 2 levels :
 - Large
 - Micro, Small and Medium Sized Entity (MSME)

LEVEL	TURNOVER (in immediately Preceding FY)			BORROWING (in immediately Preceding FY)	
	Existing	Revised		Existing	Revised
I Large	> 250 Cr	> 250 Cr		> 50 Cr	> 50 Cr
II MSME	50-250 Cr	≤ 250 Cr		10-50 Cr	≤ 50 Cr
III	10-50Cr	NA		2-10Cr	NA
IV	< 10 Cr	NA		< 2 Cr	NA

MSME Disclosure

Non-Corporate

- **“The Entity is a Micro Small and Medium Sized Entity (MSME) as per the announcement made by ICAI and has complied with the Accounting Standards insofar as they are applicable to an MSME.”**
- **Two year wait period if change from Large to MSME.**

AS Applicability

AS No.	Short Title	Companies		Non - Companies	
		Non-SMC	SMC	Large	MSME
1	Disclosure of Accounting Policies	Y	Y	Y	Y
2	Valuation of Inventories	Y	Y	Y	Y
3	Cash Flow Statements	Y	N/Y	Y	N
4	Events after Balance Sheet date	Y	Y	Y	Y
5	Prior Period Items & Changes in Policies	Y	Y	Y	Y
6	Depreciation (Omitted 30.3.16)	NA	NA	NA	NA
7	Construction Contracts	Y	Y	Y	Y
9	Revenue Recognition	Y	Y	Y	Y
10	Property, Plant & Equipment	Y	Y	Y	Partly
11	Changes in Foreign Exchange Rates	Y	Y	Y	Partly
12	Accounting for Government Grants	Y	Y	Y	Y
13	Accounting for Investments	Y	Y	Y	Y
14	Accounting for Amalgamations	Y	Y	Y	N
15	Employee Benefits	Y	Partly	Y	Partly

AS Applicability

CA. Pramod Jain

AS No.	Short Title	Companies		Non - Companies	
		Non-SMC	SMC	Large	MSME
16	Borrowing Cost	Y	Y	Y	Y
17	Segment Reporting	Y	N	Y	N
18	Related Party Disclosures*	Y	Y	Y	N*
19	Leases	Y	Partly	Y	Partly
20	Earning Per Share	Y	Partly	N	N
21	Consolidated Financial Statements	N/Y	N/Y	(listed)	N
22	Accounting for Taxes on Income	Y	Y	Y	Partly
23	Accounting for Associates in CFS	N/Y	N/Y	(listed)	N
24	Discontinuing Operations	Y	Y	Y	N
25	Interim Financial Reporting	Y (listed)	N**	N**	N
26	Intangible Assets	Y	Y	Y	Partly
27	Interest in Joint Ventures	N/Y	N/Y	(listed)	N
28	Impairment of Assets*	Y	Partly	Y	N*
29	Provisions, Contingent Liab. & Assets	Y	Partly	Y	Partly

AS Relaxations for MSME

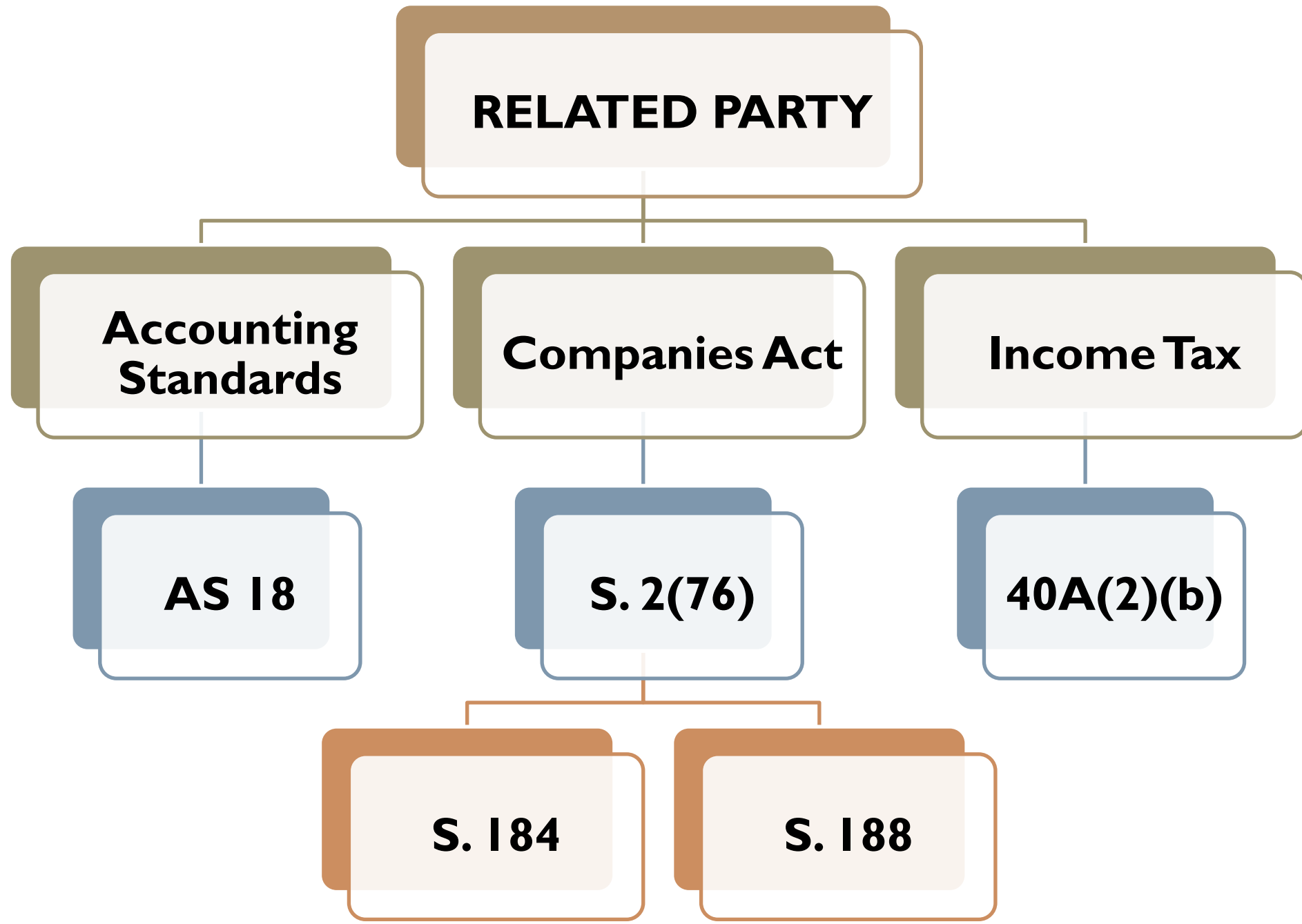
AS 10	<i>Property, Plant and Equipment</i>	May not comply with paragraph 87 relating to encouraged disclosures.
AS 11	<i>The Effects of Changes in Foreign Exchange Rates</i>	May not comply with paragraph 44 relating to encouraged disclosures.
AS 15	<i>Employee Benefits</i>	Paragraph 11 to 16, paragraphs 46 and 139, paragraphs 50 to 116, paragraphs 117 to 123, paragraphs 129 to 131. Discounting not required. Actuarial valuation not mandatory. Instead of following PUCM these entities can follow any other rational method to calculate and account for accrued liability - on assumption that such benefits are payable to all employees at the end of accounting year
AS 19	<i>Leases</i>	May not comply with paragraph 22 (c), (e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e).

AS Relaxations for MSME

AS 22	<i>Accounting for Taxes on Income</i>	To comply with current tax related provisions only. Transitional - the accumulated deferred tax asset/liability appearing in FS of immediate previous accounting period, shall be adjusted against the opening revenue reserves / owner's funds
AS 26	<i>Intangible Assets</i>	May not comply with paragraphs 90(d)(iii), 90(d)(iv) and 98
AS 28	<i>Impairment of Assets</i>	Allowed to measure value in use on basis of reasonable estimate instead of PV technique and hence, may not comply with paragraph 121 (g). May not comply with paragraphs 121(c)(ii); 121(d)(i); 121(d)(ii) and 123.
AS 29	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	May not comply with paragraphs 66 and 67

AS 18 & AS 28

- **AS 18 (Related Party)**
- **AS 28 (Impairment)**
- **Applicable if :**
 - **Turnover (excluding other income) exceeds Rs. 50 crore in the immediately preceding accounting year; or**
 - **Have borrowings in excess of Rs. 10 crore at any time during the immediately preceding accounting year**



Financial Statements Formats by ICAI

Non-Corporates

LLPs

NPOs

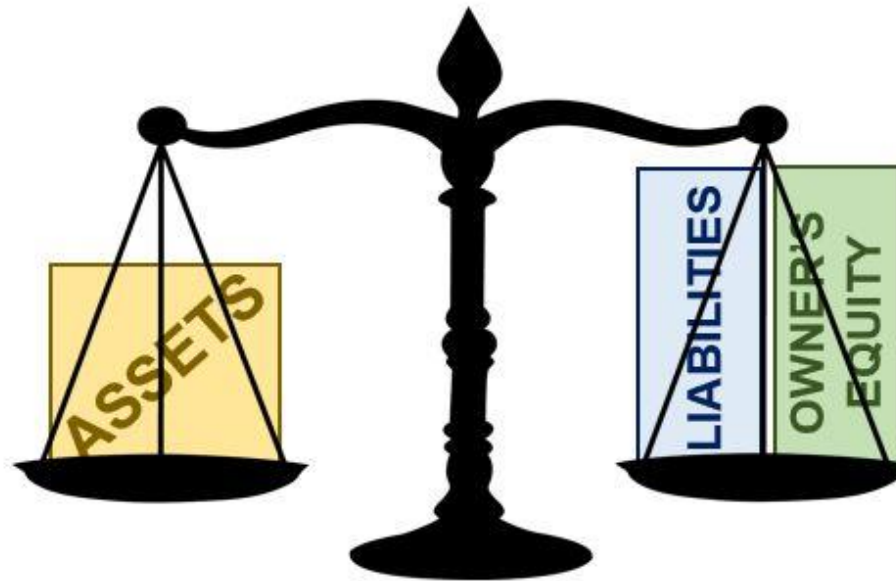
Formats of Financial Statements for Non-corporate Entities

Proprietorship

Partnership

LLP

Balance Sheet



It has to balance

Name of the Non-Corporate Entity

Balance Sheet as at

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

Balance Sheet Items

Owner's Fund

(Amount in Rs. XX)				
	Particulars	Note No	31 March 20XX	31 March 20XX
I	OWNERS' FUNDS AND LIABILITIES			
1.	Owners' Funds			
(a)	Owners' Capital Account		-	-
	(i) Owners'/Partners' Capital Account ⁴	3a		
	(ii) Owners'/Partners' Current Account ⁴	3b		

Owner's Capital Account A/c

Note - 3 Owners' Capital Account

(Amount in Rs.)									
Sr. No.	Name of Partner/ Proprietor/ Owner	Share of profit/ (loss) (%)	As at 1st April 20XX (Opening Balance)	Capital Introduced/cont ributed during the year	Remuneration for the year	Interest for the year	Withdrawals during the year	Share of Profit / Loss for the year	As at 31st March 20XX (Closing Balance)
1									-
			-	-	-	-	-	-	-
Previous Year (PY)			-	-	-	-	-	-	-

- In case of a prop, it should be sufficient to give the movement as
 - Opening balance
 - Add: Contribution
 - Add/ less : Profit / loss
 - less Withdrawals (No harm if you need to segregate withdrawals like for tax/ insurances etc)

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

Current Liabilities

3			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
3	Current liabilities			
(a)	Short-term borrowings	5	-	-
(b)	Trade payables			
(i)	Total outstanding dues of micro, small and medium enterprises	9	-	-
(ii)	Total outstanding dues of creditors other than micro, small and medium enterprises	9	-	-
(c)	Other current liabilities	10	-	-
(d)	Short-term provisions	8	-	-
			-	-
	Total		-	-

Other Current Liabilities

10		(Amount in Rs.)	
		31 March 20XX	31 March 20XX
10	Other current liabilities		
(a)	Current maturities of finance lease obligations (Refer note XX)	-	-
(b)	Interest accrued but not due on borrowings	-	-
(c)	Interest accrued and due on borrowings	-	-
(d)	Income received in advance	-	-
(e)	Unearned revenue	-	-
(f)	Goods and Service tax payable	-	-
(g)	TDS payable	-	-
(h)	Other payables (specify nature)	-	-
	Total Other current liabilities	-	-

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

Current Assets

2			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
	Current assets			
(a)	Current investments	12	-	-
(b)	Inventories	15	-	-
(c)	Trade receivables	16	-	-
(d)	Cash and bank balances	17	-	-
(e)	Short Term Loans and Advances	13	-	-
(f)	Other current assets	18	-	-
			-	-
	Total		-	-

Inventories

15	Inventories	31-March-20XX	31-March-20XX
(a)	Raw materials	-	-
(b)	Work-in-progress	-	-
(c)	Finished goods	-	-
(d)	Stock-in-trade	-	-
(e)	Stores and spares	-	-
(f)	Loose Tools	-	-
(g)	Others (Specify nature)	-	-
	Total	-	-

Other Important Disclosures

- **In case of secured loans, disclose:**
 - **Nature of security**
 - **Terms of repayment**
 - **Where loans guaranteed by owners, details thereof**
- **Details as per section 22 of MSMED Act 2006**
- **PPE schedule for previous year too**
- **Trade Receivables – more than 6 months, less than 6 months – good / doubtful**

Applicability of GN

The Accounting Standards Board has now prescribed the formats for the presentation of the financial statements of Non-corporate Entities in the form of Guidance Note, which were earlier issued as a part of Technical Guide. The objective is to standardise the formats of financial statements for these entities and to enhance the quality and comprehensiveness of the financial reporting by these entities.

This Guidance Note is relevant for the purpose of preparation of the financial statements of the above mentioned Non-Corporate Entities unless any formats/principles are specifically prescribed by the relevant Statute or Regulator or any Authority, e.g., formats have been prescribed for Trusts under Maharashtra Public Trust Rules, 1951, Autonomous Bodies under Government of India are required to compile their accounts in a uniform format of accounts as prescribed by Government of India, Ministry of Finance, Guidance has been specifically given by ICAI (e.g., Educational Institutions, Political Parties, NPOs, etc.).

Changes in Terminology

GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS OF A NON-CORPORATE ENTITY

1. (a) These formats shall apply for preparation of Balance Sheet and Statement of Profit and Loss of a non-corporate entity. Where compliance with the requirements of the relevant statute including Accounting Standards as applicable to the Non-Corporate entity require any change in treatment or disclosure including addition, amendment, substitution or deletion in the head or sub-head or any changes, inter se, in the financial statements or statements forming part thereof, the same shall be made and the formats shall be modified accordingly.
- (b) This Guidance Note uses terminology that is suitable considering the nature and business of non-corporate entities in general. However, certain non-corporate entities may need to amend the descriptions used for particular line items in the formats of financial statements and for the financial statements themselves, e.g., Association of Persons may need to use terminology “members’ funds” instead of “owners’ funds”.

STATEMENT OF PROFIT AND LOSS



Name of the Non-Corporate Entity.....
Statement of Profit and loss for the year ended
(Rupees in.....)

	Particulars	Note	Figures for the current reporting period From ____ To _____	Figures for the previous reporting period From____ To_____
	1	2	3	4
I.	Revenue from operations		xxx	Xxx
II.	Other income		xxx	Xxx
III.	Total Income (I + II)		xxx	Xxx
IV.	Expenses			
(a)	Cost of Material Consumed		xxx	xxx
(b)	Purchases of Stock-in trade		xxx	xxx
(c)	Changes in Inventories of Finished goods, WIP & Stock in trade		xxx	xxx
(d)	Employee benefits expense		xxx	Xxx
(e)	Depreciation and amortization expense		xxx	Xxx
(f)	Finance Cost		xxx	Xxx
(g)	Other expenses		xxx	xxx

Revenue from Operations

		(Amount in Rs.)	
19	Revenue from operations	31 March 20XX	31 March 20XX
(a)	Sale of products	-	-
(b)	Sale of services	-	-
(c)	Grants or donations received	-	-
(d)	Other operating revenue	-	-
	Revenue from operations (Gross)	-	-
	Less: Excise duty	-	-
	Revenue from operations (Net)	-	-

Other Income

		(Amount in Rs.)	
20	Other income	31 March 20XX	31 March 20XX
(a)	Interest income	-	-
(b)	Dividend income	-	-
(c)	Net gain on sale of investments	-	-
(d)	Other non-operating income (Please specify)	-	-
	Total other income	-	-

Partner's Interest

3. Finance Costs

Finance costs shall be classified as:

- (a) Interest expense (other than interest on partners'/members' capital);
- (b) Interest on partners'/members' capital;
- (c) Other borrowing costs;
- (d) Applicable net gain/loss on foreign currency transactions and translation.

	Particulars	Note	Figures for the current reporting period (in Rs.) From ____ To ____	Figures for the previous reporting period (in rs.) From ____ To ____
	Total expenses		xxx	xxx
V	Profit before exceptional and extraordinary items, partner's remuneration & tax (III-IV)		xxx	xxx
VI	Exceptional items		xxx	xxx
VII	Profit before extraordinary items, partner's remuneration and tax (V - VI)		xxx	xxx
VIII	Extraordinary Items		xxx	xxx
IX	Profit before partner's remuneration & tax (VII- VIII)		xxx	xxx
X	Partner's Remuneration			
XI	Profit before Tax (IX-X)			
XII	Tax expense:			
(i)	Current tax		xxx	xxx
(ii)	Excess / Short provision of tax related to earlier years			
(iii)	Deferred tax		xxx	xxx
XIII	Profit (Loss) for the period from continuing operations (XI-XII)		xxx	xxx
XIV	Profit/(loss) from discontinuing operations		xxx	xxx
XV	Tax expense of discontinuing operations		xxx	xxx
XVI	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		xxx	xxx
XVII	Profit/ (Loss) (XI + XIV)		xxx	xxx

Previous Year Figures

- Framework for preparation and presentation of financial statements
- SA 710 – Comparative Information – Corresponding Figures and Comparative Financial Statements
- To state in Other matter:
 - Para 17 - If the financial statements of the prior period were audited by a predecessor auditor.
 - Para 19 - If the prior period financial statements were not audited.

Matters for FS of Non-Corporates

- **Rounding off not mandatory**
- **Offset of income / Expenses or Assets / liability**
NOT allowed
- **Disclose Contingent liabilities**
- **Disclose PPE instead of Fixed assets or Tangible assets**
- **Can Penalties / Income tax / other than business Incomes be credited to capital A/c?**
- **Are list of Trade Receivables / Payables / Unsecured Loans mandatory?**

Derecognition / Cessation of Liability

- **Settlement of a present obligation may occur by:**
 - **payment of cash;**
 - **transfer of other assets;**
 - **provision of services;**
 - **replacement of that obligation with another obligation; or**
 - **conversion of the obligation to equity.**
- **Creditor waiving or forfeiting its rights.**

BASICS – Current vs. Non-Current

- **Current Asset - satisfies any of following criteria;**
 - **In the company's normal operating cycle it is;**
 - **Intended for sale; or**
 - **Intended to be consumed; or**
 - **Expected to be realized.**
 - **Held primarily for the purpose of being traded; or**
 - **Expected to be realized within 12 months after reporting date; or**
 - **Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.**

BASICS - Current Liability

- **Current liability if it satisfies any of the following criteria; if it is :**
 - **Expected to be settled in the company's normal operating cycle; or**
 - **Held primarily for the purpose of being traded; or**
 - **Due to be settled within 12 months after reporting date; or**
 - **The company does not have an unconditional right to defer settlement of liability for at least 12 months after reporting date. Terms of a liability that could, at option of counterparty, result in its settlement by issue of equity do not affect its classification.**

General

- **Balance Sheet Title – ‘as at’ or ‘as on’ 31st March**
- **PL Title - Statement of Profit & Loss / I & E**
- **Rounding off based on total income (earlier turnover) – Companies - Mandatory.**
 - **< Rs. 100 Crores - nearest hundreds, thousands, lakhs or millions or decimal thereof**
 - **Rs. 100 Crores or more - To the nearest lakhs or millions or crores or decimal thereof**

General

- **Comparative figures required to be disclosed for the last reporting period**
- **Linking of notes with B/S & PL**
- **B/s & PL on letterhead of Auditors ??**
- **Date of signing**
- **Payment to shareholders for 2(22)(e)**
- ❖ **Promoters' shareholding & changes during the year**

Companies - Share Capital & Reserves

- **Authorized / Paid up Capital – Check with Master Data**
- **Reconciliation of no of shares outstanding at beginning and at end of reporting period.**
- **Rights, preference & restrictions attaching to each class of shares etc.**
- **Is conversion of loans into shares in event of default in repayment – Non-cash?**
- **Share Premium A/c??**

Expenses

Disclosure on face of the PL:

- **Cost of material consumed**
- **Purchase of stock-in-trade**
- **Changes in inventories of finished goods Work-in-progress and stock in trade**
- **Employee benefit expenses**
- **Finance cost**
- **Depreciation and amortization expenses**
- **Other expenses.**

NOTES TO THE ACCOUNTS

- **Notes to the accounts classified into**
 - **Significant Accounting Policies; and**
 - **Explanatory information on P&L a/c and Balance Sheet; and**
 - **Regulatory information**
- **Accounting, reporting and disclosure norms as per Accounting Standards**

Companies - Important Notes

- **Contingent Liabilities / Commitments (to the extent not provided for)**
- **Broad Heads – Raw Material, Income, Purchases**
- **Value of imports made during the year on CIF basis:-**
 - **Raw Materials**
 - **Components (intermediaries & components) & Spare Parts (for capital equipment)**
 - **Capital Goods**

Companies - Important notes

- **Expenditure in foreign currency (accrual basis) on:**
 - **Royalty**
 - **Know-how**
 - **Professional & consultation fee**
 - **Interest**
 - **Others**
- **Dividend if paid in FC (cash Basis):**
 - **Total amount remitted during the year in FC**
 - **Total no. of non-resident shareholders**
 - **No. of shares held by them on which dividend due**
 - **Year to which dividend relates**

Companies - Important notes

- **Foreign Exchange Earnings (Accrual basis):**
 - **Export of goods (calculated on F.O.B. basis)**
 - **Royalty, know how, professional and consultation fees**
 - **Interest and dividends**
 - **Other income (indicating the nature thereof)**

Companies - Other Disclosures in Notes

- **To disclose in FS full particulars of:**
 - **Loan given;**
 - **Investment made;**
 - **Guarantee given; or**
 - **Security Provided.**
 - **Purpose for which loan or guarantee or security is proposed to be utilised by recipient of loan or guarantee or security [186(4)]**
- **Contribution during year to National Defence Fund**

Companies - Other Disclosures in Notes

- **Public Companies:**
 - **Money received from director**
- **Private companies**
 - **Money received from director**
 - **Money received from relative of director**

COMPANIES - NOTES

❖ Ageing:

- ❖ Trade Payables – MSME / Disputed / Unbilled dues
- ❖ Trade Receivable – Disputed / Doubtful / Unbilled Dues
- ❖ CWIP / Intangible Asset under Development – In Progress / temporarily suspended - overdue or has exceeded its cost compared to its original plan CWIP separately (ageing of to be completed)
- ❖ PPE / Intangible Asset Reco. - amt of change due to revaluation (if change is 10% or more in aggregate of net carrying value of each class of PPE) added

COMPANIES - NOTES

- ❖ Title deeds of Immovable Property not held in name of the Company – Includes ...if held in name of promoter, director or relative of promoter / director or employee of promoter / director – **CARO – Cl. – I(c)**
- ❖ PPE
- ❖ Investment Property
- ❖ PPE held for sale
- ❖ Stock in trade not covered

COMPANIES - NOTES

- ❖ Where Company has borrowings from banks or FIs against current assets- **CARO – Cl. 2(b) – 5 Cr sanctioned WC**
- ❖ Quarterly returns filed are in agreement with books of accounts
- ❖ If not, summary of reconciliation & reasons of material discrepancies –
 - ❖ Sanctioned but not utilized.. Still to be given
 - ❖ To be given ..even if security of Current asset is of other entity

COMPANIES - NOTES

- ❖ **Loans or Advances in nature of loans granted to promoters, directors, KMPs & related parties (Companies Act) either severally or jointly – CARO – Cl. – 3(f):**
 - ❖ Repayable on demand or
 - ❖ Without specifying any terms / period of repayment...
 - ❖ Along with % to total advances – AS 18, S. 186(4)
 - ❖ Consider relationship on date of loan – show in aggregate
 - ❖ Outstanding amount on date of B/s

COMPANIES - NOTES

- ❖ Details where a company is a declared wilful defaulter by any bank / FI / other – **CARO – Cl.- 9(b)**
- ❖ Where company has not used borrowings from banks & FIs for specific purpose for which it was taken at B/S date - Details of where used – **CARO – Cl.- 9(c) – For TL only**
 - ❖ To disclose when such borrowings are outstanding at B/s date
 - ❖ One to one relationship not to be established

COMPANIES - NOTES

- ❖ **Details of utilisation of Borrowed funds & share premium – CARO – Cl. 9(e) + Rule 11(e)**
 - ❖ **Where company has advanced.. to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:**
 - ❖ **directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or**
 - ❖ **provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries**
- ❖ **Similar – where company has borrowed....**

COMPANIES - NOTES

❖ Ratios along with line items included in numerator & denominator - explanation variation > 25% - CARO (19)

1. Current Ratio
2. Debt-Equity Ratio
3. Debt Service Coverage Ratio
4. Return on Equity Ratio
5. Inventory turnover ratio
6. Trade Receivables turnover ratio
7. Trade payables turnover ratio
8. Net capital turnover ratio,
9. Net profit ratio,
10. Return on Capital employed
11. Return on investment.

COMPANIES - NOTES

- ❖ **Relationship with struck-off Company – Investment, Drs, Crs, Shareholders, Others**
 - ❖ If restored before approval of FS – not to be given
- ❖ **Any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period, details and reasons thereof.**
- ❖ **Compliance with approved Scheme(s) of Arrangements – accounting in books of account ‘in accordance with the Scheme’ and ‘in accordance with accounting standards’ and deviation, if any**

COMPANIES - NOTES

- ❖ **Undisclosed income - not recorded in books of a/cs which are surrendered or disclosed as income during the year under Income Tax, unless immunity under scheme - also whether previously unrecorded income & related assets have been properly recorded in books of a/c during the year. – CARO – Cl. (8)**
- ❖ **Details where the Company has traded or invested in Crypto currency or Virtual Currency**

COMPANIES - NOTES

❖ **Corporate Social Responsibility (CSR)**

- 1. Amount required to be spent during the year,**
- 2. Amount of expenditure incurred,**
- 3. Shortfall at the end of the year,**
- 4. Total of previous years shortfall,**
- 5. Reason for shortfall,**
- 6. Nature of CSR activities,**
- 7. Details of related party transactions**
- 8. Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.**

Formats of Financial Statements for NPOs

Trusts

Societies



Name of the NPO.....

Balance Sheet as at

(Rs. in.....)

	Particulars	Note	31 March 20XX	31 March 20XX
I	Sources of Funds			
I	NPO Funds	3	0	0
(a)	Unrestricted Funds			
(b)	Restricted Funds			
2	Non-current liabilities			
(a)	Long-term borrowings	4	-	
(b)	Other long-term liabilities	5	-	-
(c)	Long-term provisions	6	-	-
3	Current liabilities			
(a)	Short-term borrowings	4	-	-
(b)	Payables	7		
(c)	Other current liabilities	8	-	-
(d)	Short-term provisions	6	-	-
	Total		-	-

Name of the NPO.....

Balance Sheet as at

	Particulars	Note	31 March 20XX	31 March 20XX
II	Application of Funds			
1	Non-current assets			
(a)	Property, Plant and Equipment and Intangible assets	9		
(i)	Property, Plant and Equipment			
(ii)	Intangible assets			
(iii)	Capital work in progress			
(iv)	Intangible asset under development			
(b)	Non-current investments	10	-	-
(c)	Long Term Loans and Advances	11	-	-
(d)	Other non-current assets (specify nature)	12	-	-
2	Current assets			
(a)	Current investments	10	-	-
(b)	Inventories			
(c)	Receivables	13	-	-
(d)	Cash and bank balances	14	-	-
(e)	Short Term Loans and Advances	11	-	-
(f)	Other current assets	15	-	-
	Total			

Income & Expenditure A/c



Name of the Non-Corporate Entity.....

Income and Expenditure Account for the year ended

(Rupees in.....)

	Particulars	Note	31 March 20XX			31 March 20XX		
			Unrest ricted funds	Restri cted funds	Total	Unres tricted d funds	Restri cted funds	Total
I	Income							
(a)	Donations and Grants							
(b)	Fees from Rendering of Services							
(c)	Sale of Goods							
II	Other Income	16					-	-
III	Total Income (I+II)						-	-

	Particulars	Note	31 March 20XX			31 March 20XX		
			Unrestric ted funds	Restrict ed funds	Total	Unrestr icted funds	Restrict ed funds	Total
IV	Expenses:							
(a)	Material consumed/distributed	17					-	-
(b)	Donations/contributions paid							
(c)	Employee benefits expense	18					-	-
(d)	Depreciation and amortization expense	19					-	-
(e)	Finance costs	20					-	-
(f)	Other expenses	21					-	-
(g)	Religion/charitable expenses							
(h)	Other Expenses (specify nature)							
	Total expenses						-	-
V	Excess of Income over Expenditure for the year before exceptional and extraordinary items (III- IV)						-	-

	Particulars	Note	31 March 20XX			31 March 20XX		
			Unrestric ted funds	Restrict ed funds	Total	Unrestr icted funds	Restrict ed funds	Total
VI	Exceptional items (specify nature & provide note/delete if none)						-	-
VII	Excess of Income over Expenditure for the year before extraordinary items (V-VI)						-	-
VIII	Extraordinary Items (specify nature & provide note/delete if none)						-	-
IX	Excess of Income over Expenditure for the year (VII-VIII)						-	-
	Appropriations Transfer to funds, e.g., Building fund							
	Transfer from funds							
	Balance transferred to General Fund							

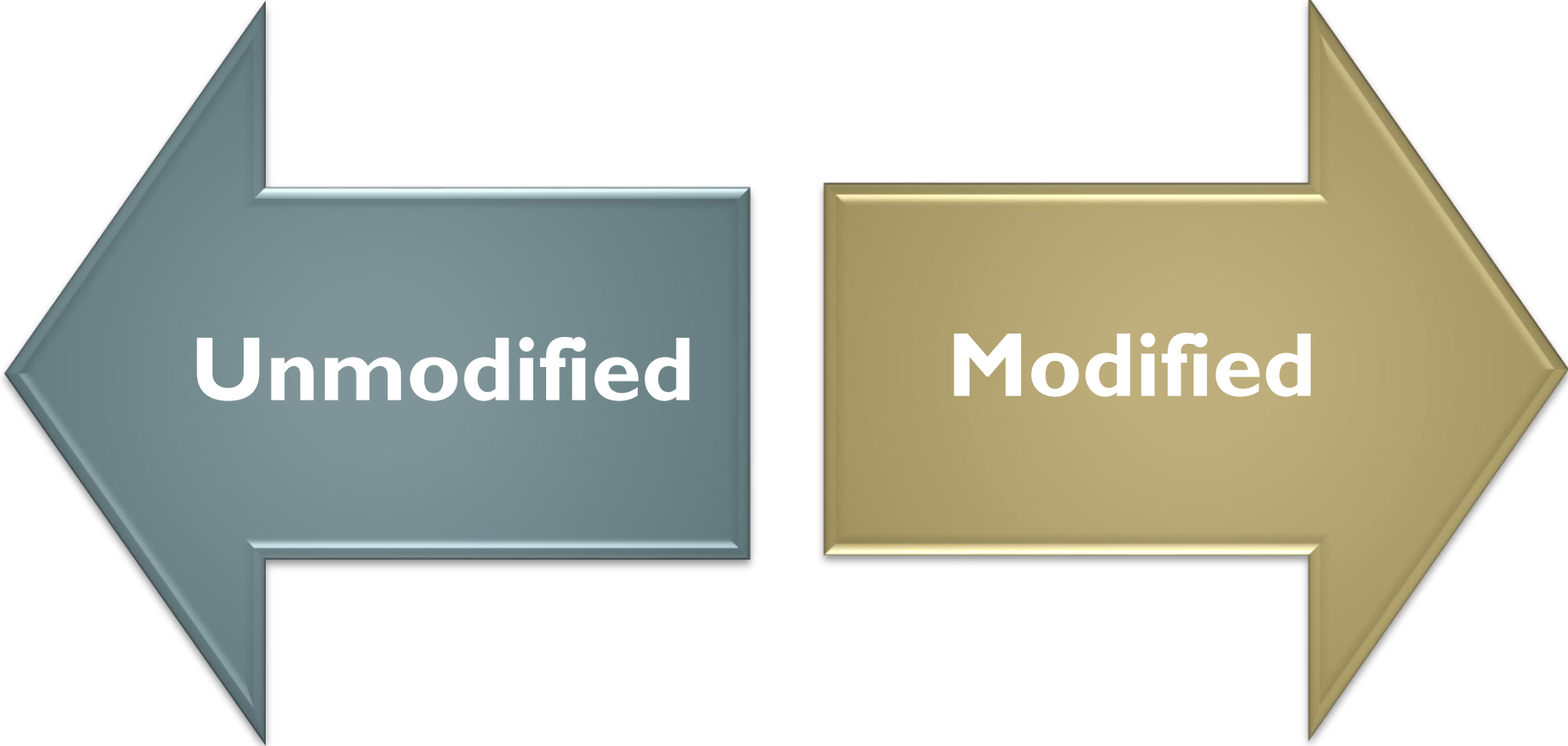
AUDIT



True and Fair View



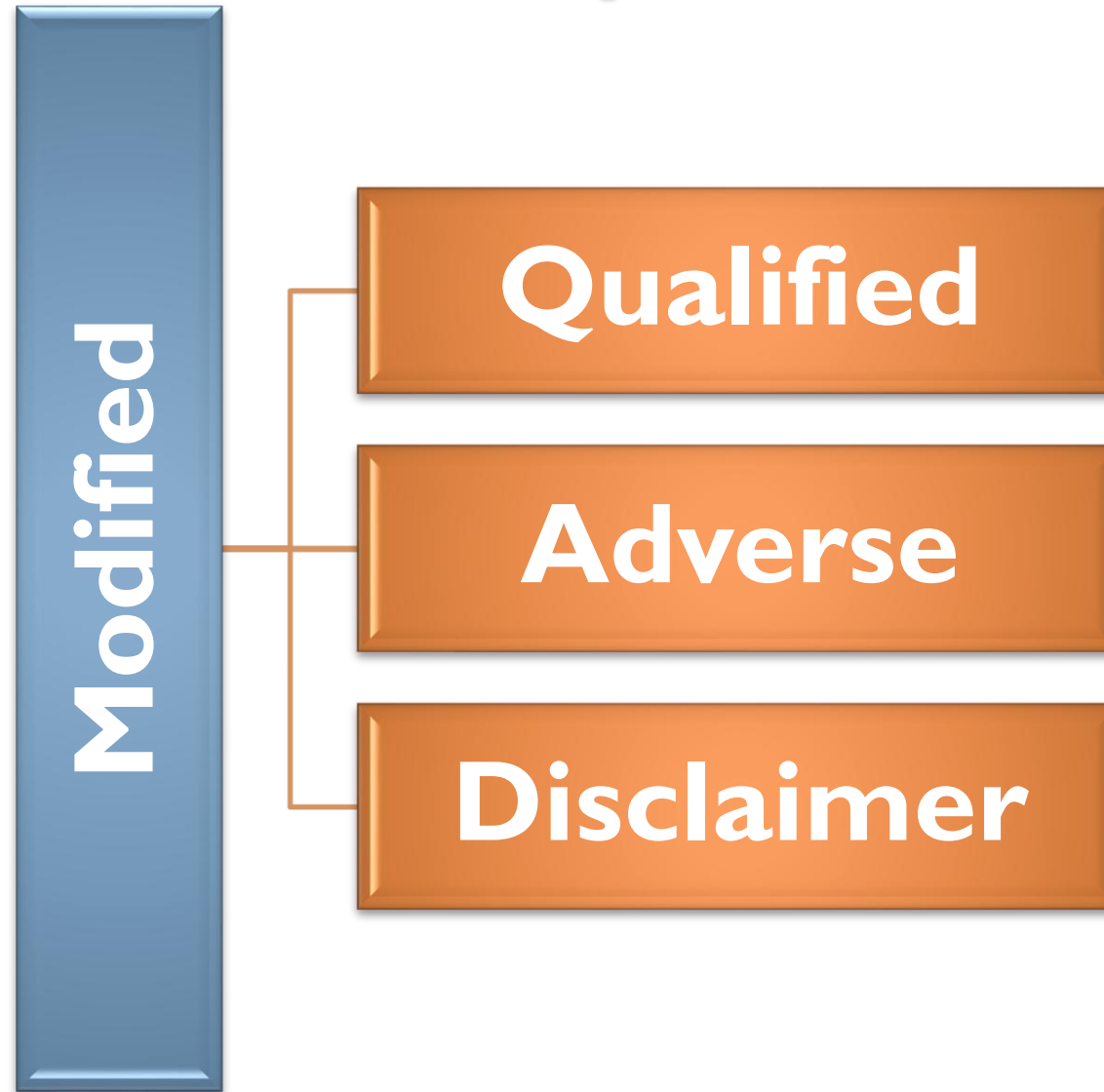
Types of Audit Reports



Unmodified

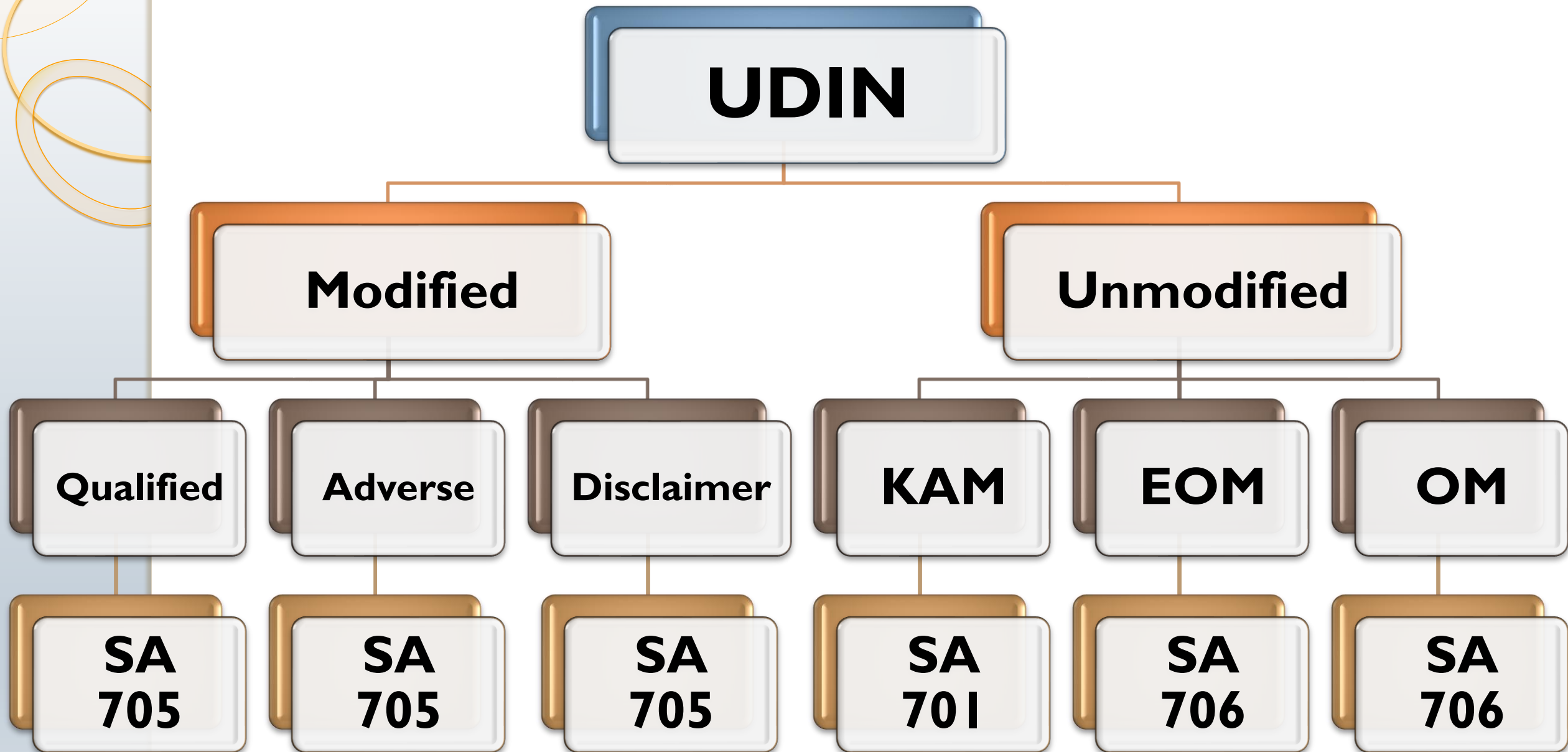
Modified

Modified Audit Reports



Modified Audit Reports

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



Tool For Audit Opinion Formation

The TOOL guides the auditor through opinion formation (Unmodified / Qualified / Adverse / Disclaimer) for standalone audits under Ind AS or AS – the tool auto-derives the opinion in Section 4.

WORKBOOK STRUCTURE

COVER

- ICAI title & Disclaimer. No entries to be done here.

INDEX & PREREQUISITE

- Enter engagement detail, Key materiality thresholds and Going Concern pathway

S0- TCWG

- Record SA 330 completion, TCWG communication, Prior period opinion, fraud indicators and Written representations.

S1- SCOPE

- Assess scope limitations

S2- MISSTATEMENTS

- Compliance check, evaluate quantitative and qualitative misstatements track and basis for modified opinion.

S3- EOM/OM

- EOM/OM para is auto derived from the index sheet and others are marked based on audit findings.

S4- CONCLUSION

- Auto derived opinion, rationale, gate status and complete engagement partner/EQR sign-off applicability.

COLOUR CODE

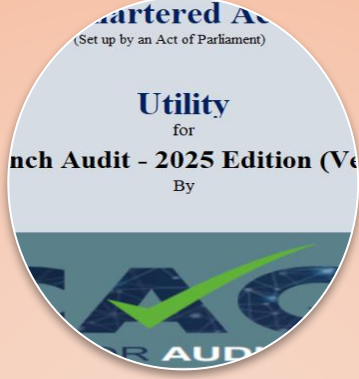
- **Blue Text** – Auto-derived cells (Do not overwrite)
- **Yellow Cells** – User input required
- **Black Text** – Enter basis / working paper references
- **Active Status** – Questions requiring response
- **Read/salmon fill** – Materiality cells. Turns red if cell is blank/zero/non-numeric or if required order of materiality threshold is violated.

GOLDEN RULES

- ☑ Complete the **Index sheet** and **clear the prerequisite gate** before proceeding.
- ☑ Follow the sheets in sequence (S0 → S1 → S2 → S3 → S4), as each depends on the previous one.
- ☑ Record the **basis and supporting working paper references** for every **Yes/No** response.
- ☑ Answer all **Active** questions; skip those marked N/A.
- ☑ Enter data only in **unlocked input cells**; WB is protected so that formulas cannot be changed.
- ☑ Designed for **standalone audits**; document SA 600 (Group Audit) matters separately.
- ☑ **Key Audit Matters (SA 701)** are outside the tool's scope and should be evaluated independently.

DO NOT

- ☒ Modify auto-derived (blue) cells.
- ☒ Treat the tool as a substitute for audit documentation or detailed WPs or audit report itself.
- ☒ Skip documenting the basis for responses.
- ☒ Sign off while any clearance gate remains blocked or pending.



**Utility for
self-
evaluation
under
AQMM v 2.0**



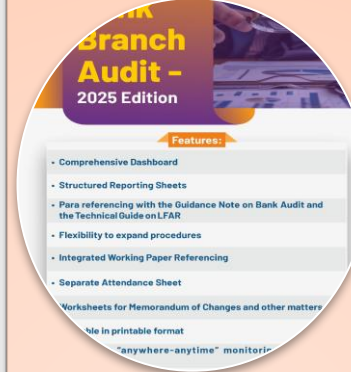
**Utility on
Engagement
Letters**



**Utility for
Determining
Materiality**



**Review &
Monitoring
Tool for
Standards
on Auditing
Compliance**



**Utility for
Bank
Branch
Audit- 2025
Edition**



**Checklist
for
Certificates**

**USE
TOOLS AND UTILITIES DEVELOPED by CAQC**

Form 3CA

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

Form 3CB

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

SA 700 – Para 3(a) – Form 3CB

- **Assessee's Responsibility for the Financial Statements**
 - The assessee is responsible for the preparation and fair presentation of the aforesaid financial statements that give true and fair view of the financial position and financial performance in accordance with the applicable Accounting Standards and financial reporting framework. The assessee is also responsible for design, implementation and maintenance of such internal controls as assessee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
 - In preparing the financial statements, assessee is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

SA 700 – PARA 3(a) – Form 3CB

- **Tax Auditor's Responsibility**

- 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, whether due to fraud or error.**
- Reasonable assurance is a high level of assurance **but is not a guarantee** that an audit conducted in accordance with Standards of Auditing **will always** detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
- As part of an audit in accordance with Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

SA 700 – PARA 3(a) – Form 3CB

- **Tax Auditor's Responsibility**

- 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.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SA 700 – Para 5 – Form 3CB / Para 3 – Form 3CA

Assessee's Responsibility for Form 3CD

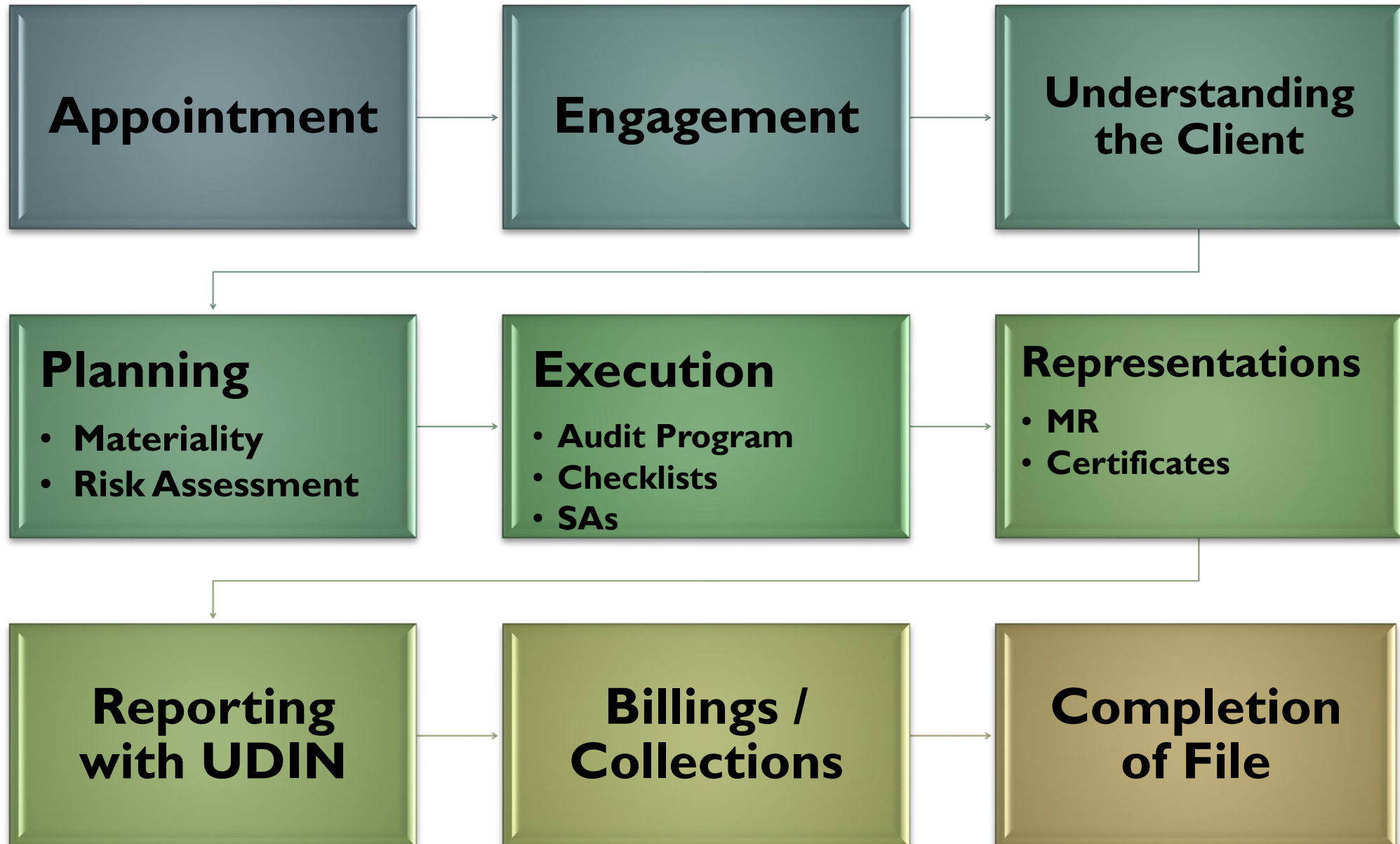
- The **assessee is responsible** for the preparation of the statement of **particulars required to be furnished under section 44AB** of the Income-tax Act, 1961 annexed herewith in **Form No. 3CD** read with Rule 6G(1)(b) **[3CB]** / Rule 6G(1)(a) **[3CA]** of Income Tax Rules, 1962 that give true and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

SA 700 – Para 5 – Form 3CB / Para 3 – Form 3CA

Tax auditor responsibility

- 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) **[3CB]** / Rule 6G(1)(a) **[3CA]** 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.

Audit Procedure



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(3,439)

Audit and Accounting

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Question added **1 hour** ago [Corporate Matters/LLP](#) By [ANAND SINGH, CA, NEW DELHI](#)

1

answer

5 views

Q. can a defense non public fund apply for CSR-1as they dont have 80G and 12A registration under income tax act

Answered By [CA PRAMOD JAIN](#)

Question added **5 hours** ago [Income Tax](#) By [CA DEVENDER SAINI, CA, CHANDNI CHOWK](#)

Ask a question:

Next

Concept by
[CA Pramod Jain](#)

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Thank You!



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