

Issue of Certificates by Chartered Accountants



**Chartered Accountant Association,
Ahmedabad
28th April 2025**

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



OVERALL

- **Frameworks**
- **Statements**
- **Standards**
- **Guidance Notes**
- **Technical Guide**
- **Clarifications**
- **Practice Manuals**
- **Studies**
- **Other Materials**

What is NOT Assurance

- Engagements covered by Standards on Related Services (SRS), such as agreed-upon procedures and compilation engagements
- Preparation of tax returns where no assurance opinion/conclusion is expressed
- Consulting (or advisory) engagements, such as management and tax consulting.

Certificates

- **How are they issued?**
- **For what??**
- **Guidance Note on Reports or Certificates for Special Purposes**
- **UDIN**

Objective

1. To express

- **An opinion (in a reasonable assurance engagement)**

or

- **A conclusion (in a limited assurance engagement)**

2. regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report.

GN Illustrations

- 1. Turnover/Net Worth/Net Profit/Working Capital/similar engagement pursuant to a Tender requirement**
- 2. Annual Activity Certificate for Indian Branch Office/Liaison Office of Foreign Companies**
- 3. Manner of Utilization of Funds required under SEBI (LODR) Regulations, 2015**
- 4. Statement of Fixed Assets for the Last Two Years in Respect of One of the Project of an Entity**

Certificate Format

- **Title**
- **Addressee**
- **EL / Agreement**
- **Matter to be certified**
- **Management Responsibility**
- **Practitioner's Responsibility**
- **Opinion**
- **Restriction of Use**
- **Signatures with UDIN**

Reasonable Assurance – E.g.

- **In our opinion, the entity has complied, in all material respects, with XYZ law**
- **In our opinion, the Statement of Net Worth is properly prepared, in all material respects, based on XYZ criteria**
- **In our opinion, the (appropriate party's) statement that the entity has complied with XYZ law is, in all material respects, fairly stated.**

Limited Assurance – E.g.

- **Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that [the entity] has not complied, in all material respects, with XYZ law**
- **Based on the procedures performed and evidence obtained, we are not aware of any material amendments that need to be made to the assessment of key performance indicators for them to be in accordance with XYZ criteria**

Form of Expression

- For compliance engagements - “in compliance with” or “in accordance with.”
- For engagements when the applicable criteria describe a process or methodology for the preparation or presentation of the subject matter information - “properly prepared.”
- For engagement when the principles of fair presentation are embodied in the applicable criteria - “fairly stated.”

Example

Independent Practitioner's Report on the Statement of Annual Turnover for financial years ended.....and..... (specify periods)

The Board of Directors

[Name of the Company]

[Company Address]

1. This Report is issued in accordance with the terms of our engagement letter/agreement dated [specify date].
2. The accompanying Statement of Annual Turnover for financial years endedand..... (specify period) contains the details as required pursuant to compliance with the terms and conditions contained in [refer to the clause] of the Tender document issued by [refer to the authority] dated (specify date) with reference [specify the contract reference if available] (hereinafter referred to as the "Tender Document"), which we have initialed for identification purposes only.

Example

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of [Name of the Company] (hereinafter the “Company”) including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Tender Document and provides all relevant information to [Name of the authority].

Example

Practitioner's Responsibility

5. Pursuant to the requirements of the Tender Document, it is our responsibility to provide a reasonable assurance whether the amounts in the Statement of Annual Turnover for the year ended (specify period) have been accurately extracted from the audited financial statements.
6. The audited financial statements referred to in paragraph 5 above, have been audited by us, on which we issued an unmodified audit opinion vide our report(s) dated (specify dates) respectively. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Example

Opinion

9. Based on our examination, as above, we are of the opinion that the amounts in the Statement in respect of Annual Turnover have been accurately extracted from the audited financial statements for the years ended [date] and [date]

Restriction on Use

10. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to enable comply with requirement of Tender Document and to submit the accompanying Statement to [specify the authority] and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.

Chartered Accountants

FRN

Signature / (Name) / (Designation)

Membership No.

Place of Signature

Date

UDIN

Procedure

- **Engagement Letter**
- **Plan**
- **Identity the risk**
- **Verify**
- **Written Representation**
- **Prepare Report (Certificate)**
- **Signature**
- **Generate UDIN**

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