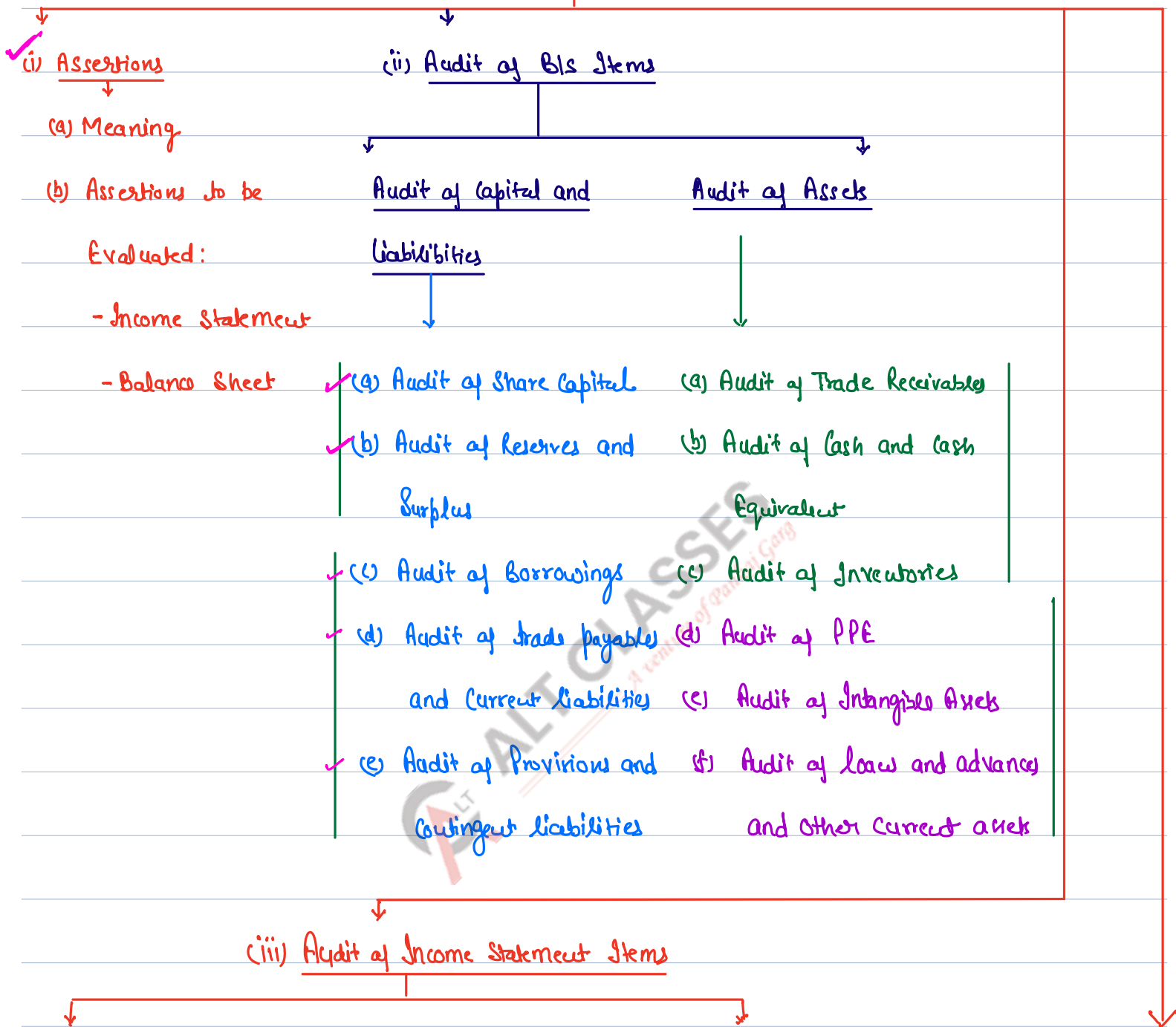


# Chapter-9 "Audit of Items of F.S." (Lecture-1)



## (iii) Audit of Income Statement Items

- (a) Audit of Sale of Products and Services
- (b) Audit of other Incomes (Interest, dividend, Profit on sale of Investments, etc.)

- (a) Audit of Purchases
- (b) Audit of Employee Benefit Expense
- (c) Audit of Depreciation and Amortisation
- (d) Audit of other Expenses (Power and Fuel, Rent, Repairs, Insurance Travelling Exp. etc.)

## (iv) Other Misc. Provisions

- (a) Disclosure of CSR Activities
- (b) Rounding off
- (c) Details of Benami Properties
- (d) Ratios
- (e) Details of Cryptocurrency and virtual currency.

(i) Assertions: As per SA 315, assertions can be defined as "Representations by the management that are embodied in the F.S., as used by auditor to consider the potential misstatements that may occur.

Assertions used in the F.S.:

↓  
Items of Income Statement

↓ (Income and Expenses)

(a) Occurrence

(b) Completeness

(c) Cut-off

(d) Measurement

(e) Presentation and Disclosure

↓  
Items of Balance Sheet

↓ (Assets and Liabilities)

(a) Existence

(b) Completeness

(c) Cut-off

(d) Valuation

(e) Rights and obligation

(f) Presentation and disclosure

(ii) Audit of Share Capital:

(A) Assertions: (i) Existence (ii) Completeness (iii) valuation and (iv) Presentation and Disclosure

(B) Audit Procedures: (i) General

(ii) Special Cases: (a) Issue of shares at Premium

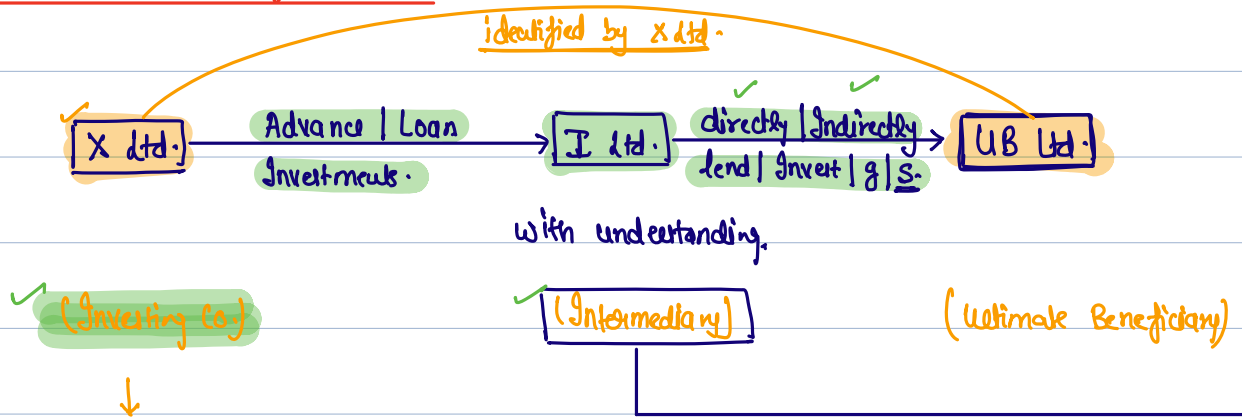
(b) " " " at discount

(c) " " Sweat Equity shares

(d) Reduction of share capital

(C) Disclosure requirements as per Sch-III:

## (D) Addl. Disclosure requirements:



- date and amount of funds advanced / loaned or invested in Intermediaries with complete detail of each intermediary.
- date and amount of fund further advanced or loaned or invested by such intermediaries along with complete details of ultimate beneficiaries
- date and amount of guarantee or security provided to or on behalf of ultimate beneficiaries.
- declaration that relevant provisions of FEMA, 1999 and Companies Act, 2013 has been complied with and transactions are not violative of PMCA, 2002.

(Prevention of Money Laundering Act, 2002)

- date and amount of fund received from funding parties with complete details of each funding party.
- date and amount of funds further advanced / loaned / invested with other intermediaries along with complete details of other intermediaries or ultimate beneficiaries.
- date and amount of guarantee, security provided to or on behalf of the ultimate beneficiaries.
- declaration that relevant provisions of FEMA, 1999 and Companies Act, 2013 has been complied with and transactions are not violative of PMCA, 2002.

### (iii) Audit of Reserves and Surplus:

(a) Meaning of Reserves and Provisions:

(b) Reserves vs. Provisions:

(c) Types of Reserves: Capital and Revenue

(d) Assertions to be Examined:

i) Existence	ii) valuation
iii) Completeness	iv) Presentation and Disclosure

(e) Audit Procedures: - from book -

(f) Disclosure Requirements:

(A) Sch-III:

(Noting - H.W.)

(B) Ind AS Compliant Sch-III: