



# PANKAJ SANDESH & ASSOCIATES

## CHARTERED ACCOUNTANTS

19 SHAKTI COLONY MALL ROAD KARNAL 132001

### INDEPENDENT AUDITOR'S REPORT

To

The Council of the Institute of Chartered Accountants of India

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Karnal Branch of the Institute of Chartered Accountants of India ("the Branch"), which comprise the Balance Sheet as at March 31<sup>st</sup> 2020, the Statement of Income and Expenditure and Cash Flow Statement for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements are prepared in all material respects in accordance with the Chartered Accountants Act, 1949, and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Branch as at March 31<sup>st</sup> 2020, its surplus and its cash flows for the half year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Chartered Accountants Act, 1949 that give a true and fair view of the state of affairs, financial performance and cash flows of the Branch in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Institute and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, the management is responsible for assessing the Institute'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 the management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Institute's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matters

Additional details are enclosed in Annexure – "A"



## Report on Other Legal and Regulatory Requirements

Further, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account have been kept by the Karnal Branch so far as appears from our examination of those books;
- c) Balance Sheet, Statement of Income and Expenditure, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

For Pankaj Sandesh & Associates.  
Chartered Accountants  
FRN 021252N



Mayank Jindal  
Partner  
Membership Number 527031  
UDIN:- 20527031AAAABA6229

Place of Signature  
Date 08/06/2020

**ADDITIONAL INFORMATION****Auditor's Observation**

1. Yes, books are being maintained in online Tally ERP Cloud on regular basis and financial statements are prepared from the books of accounts maintained in on-line Tally only.
2. As per information provided to us and verify from financial data, inter unit balances is with Head Office and Faridabad Branches of NIRC and there is no confirmation from same office is on record.
3. Branch is normally regular in depositing statutory dues except sometime payment of TDS is being done late and for same late deposit interest is pending for payment. As per informed to us, no EPF and ESI are deducted on salary paid to employees since number of employees at branch level is less than 10 but it's advisable to deduct ESI/EPF as per applicable rules. Branch has transfer all the liability of GST toward Faridabad branch of NIRC of ICAI but no such payment made by branch toward Faridabad branch for such transfer.
4. As informed to us branch has complied with the requirements of Micro, Small and Medium Enterprises Development (MSMED), Act 2006.
5. As informed to us Branch has formed the purchase committee during the year and all the purchase recommendation are done by purchasing committee after regular quotation received from different vendors except in case of venue booked for member seminar or any other student event.
6. **Observation regarding Fixed Assets of Branch:-**
  - A. Branch is regular in maintaining Fixed Assets Register. During the year under audit, Computers are purchase as per recommendation from Head Office for IT lab. Further old 20 Computers were disposed-off as per instruction of ICAI IT Committee. But Transfer entry was not updated in fixed assets register of branch.
  - B. Fixed Assets purchased during the year have been allotted unique identification code but not updated in fixed assets register.
  - C. As per informed to us, Fixed Assets have been physically verified by management at reasonable interval. As informed to us during the audit period only old computers were hand over as per ICAI instruction.
  - D. Yes Capital grant released by head office is being only used for purpose it was sanctioned and same is properly recorded in books.
  - E. Yes, branch hold the procession of Immovable property and registry is pending in the name of ICAI.



7. **Observation regarding Inventories of Publications at Branch:-**

- A. Yes, Inventories have been kept of Publication received from Central office and issuance thereof but not updated regularly by branch. It is updated only when its demanded by Head Office
- B. No Physical verification of inventories is carried out by branch.
- C. No such Stock statement sent to head office on half yearly basis.

8.

- a) Yes, expenditure towards Seminar and conference are properly accounted for and met out the source generated by way of participation fees and seminar/CPE grant (if any) released by Head Office.
  - b) No Separate ledger account is being maintained for each of the seminar/Conference/workshop/any other program organized during the period. As informed to us, Tally not allow branch to open separate account for single seminar.
  - c) Seminar account is not open separately but account is regular updated as per seminar/conference/workshop/ any other program held. Detail of Seminar conducted and expenditure incurred is maintained in separate sheet in excel.
  - d) No such non educational activity is organized by Karnal Branch of NIRC of ICAI during the period under audit.
  - e) Their exist the opening balance of Rs 50,574/- total outstanding in respect of dues from members on account of seminar fees pending related to previous year. Out of same Rs 31900 was recovered by branch during the year. Now balance of Rs 18674/- is pending related to previous years.
9. As per informed to us and verify from record produce before us, no such fund of the Karnal Branch is applied either directly or indirectly for making any payment to the members of the Managing Committee except reimburse of expense incurred by them in connection with the business of the managing committee of Karnal Branch of NIRC of ICAI.
10. (A) Yes, Investment is earmarked corresponding to funds to be earmarked for specific purpose and same are in agreement.
- (B) No, such funds has been transfer from/in capital reserve, general reserve or/and earmarked funds during the period.
- (C) No such funds applied during the period.
11. As per information provided to us, Branch is not printing and publishing newsletters.
12. Yes all the revenue grants received and receivable as per entitlement of the branch are duly accounted in the books.
13. Yes capital grant are recognized only on receipt basis.



14. No such material departure notice while comparing the actual income and expenditure with the budget estimates approved by the council.
15. Branch has not taken any insurance of premises and other assets

16. Weak Areas:-

- a) During the year under audit, Branch made payment in cash exceeding Rs 10000/- during the year and same is reported here:-

Date	Amount paid in excess of Rs 10000	Nature of Payment
15.01.20	36225/-	Electricity Bill Paid
11.02.20	15200/-	Paid to Banquet Hall for Seminar

- b) There is old outstanding amount receivable of Rs 8368/- in books and same is outstanding since long.

