CHAPTER-6

DISCLOSURE OF AUDIT REPORTS

Disclosure means to provide of all the information by a company in accordance with the requirements of a regulatory. The relieving information of the invention enabling a person skilled in the art to carry it out and forming the subject matter of the application showing a fact or condition on balance sheet or other financial statements, in side heads, in footnotes or in the text of an audit report. It means the giving out of information, either voluntarily or in compliance with legal regulations or work place units. It is a process of divulging accounting information’s, so that the content of financial statements is understood. Disclosure involves the release of information to anyone or any entity outside of the covered entity. It is a speech act of making something evident.

NEED OF AUDITORS REPORT

Due to separation of owner ship and management particularly in corporate factor, it is necessary to keep close watch on the utilization and, management of funds. It is done through the audit the accounts of the company must be audited by a duly qualified and independent person. The companies Act 1956 therefore makes it compulsory for every concern to have its accounts audited to a chartered Accountant. An audit of accounts is conducted with the following two purposes:-
(A) DETECTION AND PREVENTION OF ERRORS
(B) DETECTION AND PREVENTION OF FRAUD

In detection and prevention of Errors and mistakes, we can find out different types of following errors:-

i) **Clerical Errors**:-
   - Errors of Omission
   - Errors of Commission
   - Compensatory errors
   - Errors of duplication
   - Trial balance errors

ii) **Errors of principal**
   - In correct allocation (capital) and income expenditure
   - Omission of outstanding assets and liabilities
   - Incorrect-valuation of assets
   - In adequate provision for depreciation
   - Wrong provision for bad and doubtful debts
   - Over valuation or under valuation of closing is tock.

iii) **Local Errors**:-
   - (Only if the agreement says that auditor has to locate errors.)
   - Trial Balance checking
   - Short cut method
   - Extensive Checking

**Note:** check costs of TB of debtors and creditors.
Establish the amount of difference personal and impersonal ledger closing balances.

Try to locate the error by getting half of the differences of trial balance columns. If the difference is divisible by nine, it may mean an error or transportation of figures.

If the difference is round figure, look for total difference or carry forward balance. If detection or prevention of frauds we can find out different. Types of following frauds:-

(i) Misappropriation and defalcation
   - Misappropriation of cash
   - Omission of receipts from books
   - False entries for receipts and payments
   - Misappropriation of goods
     Especially when goods are not bulky but of higher values

(ii) Misrepresentation of accounts
    Fraud cant manipulation or falsification of accounts.
    Window dressing and secret Reserves

An audit is thus intended for the protection of the share holders interests and the auditors is expected to examine the accounts maintained by the directors and officer of the company with a view to communicate the shareholders about the true financial position of the company. That is the only safe guard, which the shareholders have
against the company being carried on in a business like manner on their
money being misapplied or misappropriated without knowing anything
about it.

At the end of every audit report the auditors presents a report. The
report is a medium of communication of auditor’s expert views on the
financial statements and it has a significant bearing on the reliability of
such statements. By expressing views in the report the auditors accepts
him a great responsibility because a larger number of persons are likely
to put relevance and belief on the financial statements. Therefore, he is
necessarily to be careful clear and objective in the matter of preparation
of the report. The report should also be as simple as the circumstances
permit. The reporting made by the auditors of TISCO, IOCL and oil are
the good Example for simple and reliable report.

It is necessary to emphasize that on auditor’s report is directly related
with the task entrusted to him. Accordingly, he is to report within the
terms and conditions of his appointment as agreed upon by him and the
client. In the case of statutory appointments, often the duties to fulfill by
auditors and the matters to be reported upon are specified by the
concerned law. In case of a non-statutory appointment decreased in
writing so that changes of ambiguities or different interpretations’ of the
terms can be eliminated or reduced.
CONTENTS OF AUDITORS REPORT

The auditor’s report is an expression of the auditor’s opinion about the fairness and integrity of the financial statements. The first part of the report is an introductory paragraph that says that it was the responsibility of the client to keep proper records and make financial statements. The next paragraph of the report is the scope in which the purpose and the scope in which the purpose and the nature of the audit are stated.

The third paragraph is the opinion portion and this is where the auditor expresses whether the financial statements are proper or not in the auditor’s opinion. When there is no problem then a “un qualified report” is issued, a qualified opinion issued when there are a few problem areas and an adverse opinion when the financial statements do not meet the criteria. The auditor’s work is veryficiatory in nature, therefore auditing is called “at test” functions. He is to verify the books of accounts and the resulting statements and mention his findings and conclusions in the report. Naturally, the report will have a fact contact and ‘opinion’ content besides other matter has considered mandatory by the auditor. It must be appreciated that what is required or expected from an auditor in his informed opinion about the credibility of accounting statements which summaries the transaction of financial year. A process of examination verification can make an opinion and evaluations are the steps that give the basis of the opinion to be expressed. Consequently where an auditor revels that a reference to certain facts are necessary in the report in order to provide his opinion meaningful he should state
such facts in the reports section (2) and (3) of section 227 of the companies Act provides a few factual statements to be made by the auditor in his reports. This fact should be stated as they are any attempt to inter part them should be avoided and they should be differentiated from the opinion part of the report. No doubt, the arguments of the fact should be left to the readers and users of the report.

The report to be self-continued should also render a part to the scope and limitations if any of the work carried out and the examinations made in a broad manner. The scope part is a significant as the opinion part because the opinion is very much conditioned by the scope of the work and the examination made. The misunderstanding about the scope of the work and the nature of the work performed in the past creates ground much litigation and therefore, it is necessary that a reference be made in the audit report itself about the scope and nature of the work performed. This has another-positive view it the scope and nature are spelt out in the report, the readers of the report will be in a position to examine and assess. The implications of the opinion more clearly and can be expected to exercise their judgment on how a work based on the opinion expressed.

It is observed from the study of auditor’s report of TISCO, IOCL, and OIC, and that auditor’s of these companies rendered ‘opinion content’ and ‘fact content’. The auditor’s of the companies under the study avoided any attempt to interpret the ‘facts’ parts. However, nature of work,
scope of audit and limitations of the work, has not been mentioned in
the auditor’s report in the companies under study.

**SIGNIFICANCE OF THE NATURE OF AUDIT EXAMINATION**

The nature of the audit examination carried out also it has a very great
impact on the value of the auditor’s opinion. That is why in the United
States of America it is a standard prince to specify that the audit
examination be made in accordance with the generally accepted
auditing standards. This conveys to the readers that generally accepted
auditing standard were adopted in carrying out the work. Thus, man
light is thrown on the audit opinion of course; the fog about in eligibility
may still not be lucid because one may unknown about the generally
accepted auditing standards. However, in U.S.A. the accepted auditing
standards are not so codified like U.S.A. This makes it difficult for our
Auditors to reckon an expression like the one used by the certified public
accountants in united states and that is why the auditors of the
companies and corporations in India do not provide any reference to
whether the audit was carried out in accordance with the generally
accepted auditing standards. The auditing practices committee of the
institute of C.A. of India is issuing statements on auditing practices from
time to time. However as per the requirements contained in sec. 227 of
the companies Act, 1956, the auditors in our country is required to state
certain facts like whether he has obtained all the information and
explanation considered necessary by him and whether the balance sheet
and the profit and loss account are in agreement with the books of
accounts.
Since the accepted auditing standards are not codified in India, the auditors of the companies RTDC, MPTDC, HPTDC did not report regarding these standards. However, auditors of the companies under study complied with performed the requirements of the section 227 of companies act. 1956.

AUDITOR’S OPINION
It the auditor is contented that the statement of accounts under report correctly and accurately summarize the transactions of the financial year and are truthfully and fairly presented, he will give an opinion that will be credibility to the accounting statements. On the other hand if the auditor is not gratified about the proper exhibition of the facts in the accounting statements or is of the persuasion that in appropriate classification, aggregation etc. have been held, he cannot emirate and unqualified opinion. He may qualify or assert reservation about the truth and fairness of the accounting statements on an overall less or as to the countenance specified in the report. This will put the readers of his report on guard and the auditor will remain defended to the extent he has qualified from changes of professional’s misconduct or negligence against him. In generally accepted auditing standards codified by the A.I.C.P.A In these standards are laid down for reporting these are the following:-

1. The report shall state whether the financial statements are presented in accordance with generally accepted principles of accounting.
2. The report shall state whether, such principles have been consistently observed in the current period in relation to the preceding period.

3. Informative disclosures in the financial statements are to the regarded as reasonably adequate unless otherwise stated in the report.

4. The report either shall contain expression of an opinion regarding the financial statements, taken as the whole or an assertion to the effect that an overall opinion cannot be expressed the reasons therefore should be stated. In all cases, where an auditor’s name is associated with financial statements the report should contain clear cut indication of the character of the auditor’s examination if any and the degree of responsibility he is taking.

The previously mentioned standards are the generally accepted standards in the U.S.A. and are in applicable in India. However, these are of extensive relevance in the matter of audit reporting anywhere in the world including India. Whether auditor discloses above lines or he considers all the above aspects in the preparation of audit report.

In the course of audit auditor entrap care to see, “whether the financial statements are prepared and presented in accordance with the principles has been maintained in case auditor discover the accounting principles are not being followed properly and consistently, he qualifies the report. It is also a pre assumption in our country that the accounting statements Comprise relevant informative disclosures unless an
exception is made clauses (5), (6), (8) and (9) of part I second schedule to the chartered accountant act, 1949 have a direct effect on the reports of the chartered accountants in India.

A chartered in practice shall be deemed guilty of professional misconduct if he fails to disclose a material fact known to him. Which is not disclosed in financial statements but disclosure of which is necessary to make the financial statement not misleading [clause (5)]. Fails to report material miss-statements known to him to appear in a financial statement with which he is concerns in a professional’s capacity [clause 8]. Fails to obtain sufficient information to wan ant the expressions of an opinion or his exceptions are sufficiently material to negate the expressions of an opinion [clause (1)] and fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances [clause (9)].

An act of a chartered accountant in practice in India filling under the afore said clause can result in his being, held to have committed a professional misconduct The very fact that these acts are not considered as desirable professionals practices have its own endurance of indirectly setting standards of reporting for the chartered accountants in India. The generally accepted procedure for audit includes a look from standards all the pronouncements of the governing professional’s body on the auditing techniques procedures For example: - In India the institute of chartered accountant of India has issued and published a
number of booklets like statements on auditing practices, guide to company audit, statements on schedule.VI to the companies Act etc.

The auditor should clearly recognize the accounting statements which are under report A report by a professionals accountant and financial statements should have the under mentioned parts:-

1) Identification of the financial statements under report
2) Nature, scope and extent of examination accomplished.
3) Statements of facts having effect on the opinion
4) The opinion,

A part from these reports should comprise a few routine but significant matters. These are the addressing of report, dating of the report and the signing of the reports. The report should be addressed to the person or person authorized by chartered accountant to make the examination e.g. Shareholders in the case of company.

The dating of the reporting critical matters may disentanglements do take place of the accounting period, to which the report concern’s has ended, some of these may have significance for the financial statements drawn up by reference to the period that has ended. Therefore, the date should be the actual date of completion of the audit. In practice, there is always a time gap between the dates of actual completion of the audit work and the preparation of the report. During this period the notes, information and explanation are premeditated to assess their collision
on the report even through the report may be actually prepared at a date later than work, it is desirable that it should be make as on the prior date to reduce the auditor’s responsibility.

However in the matter of reporting on company account the provisions of section 215 of the companies act have to be kept in mind as regards dating of the report it is possible for the auditor to report. It is on the same day on which the Board approves the statements of accounts.

The report is to be signed by the makers of the report ordinarily, a chartered accountant in practice signs the reports in the name he is registered as a practitioner under section 229 of the companies act only the person appointed as auditor of the company or, whether a firm is so appointed. Only a partner in the firm practicing in India may sign the auditor report or sign authenticate document of the company required by law. It is observed that even after being extensive relevance of the generally accepted standards issued by AICPA regarding audit report in all over the world there have not been fully accepted by the auditors of TISCO, IOCL, OIC. However, the auditors of company’s requirements of the entire pronouncement made by the ICAI viz. Accounting standards, statements and standard accounting practices etc. issues time to time.

**AUDIT REPORT UNDER THE COMPANIES ACT 1956.**

The auditors of a company are required to report on its members in terms of section 227 of the companies Act 1956 The matters which are auditors have to report could be categorized as follows:-
1) Statements of fact:, and
2) Opinion

The auditor is reporting requirements are contained in the subsections (1A), (2), (3), (4), and 4 (A). It may be recapitulated that subsections (1A) and (4A) were introduced in 1965. The former requires the auditor to inquire into specifies matters mentioned in the subsection and pursuant to the authority contained (Auditors Report) order was issued in 1975. The 1975 order has been superseded by the order issued in 1988.

Compiling with the provisions of subsections (2) and (3) above, the auditor’s of companies made statements of fact in their report on the following facts:-

a) Whether he has obtained all the information and explanation, which to the best of his knowledge and belief were necessary for the purpose of his audit

b) Whether the report on the accounts of any branch office audited under section 228 by a person other than the company’s auditor has been forwarded to him as required by the section 228 (3) (3) and how he has dealt with the same in preparing the auditor’s report.

c) Whether the company’s balance sheet & profit & loss account dealt with by the report are in agreement with the books of accounts and the returns
The opinion, which the auditors of companies expressed, is following:-

a) Whether proper books of accounts are required by law have been kept by the company as far as it appears from the examination of the books and proper returns adequate for the purpose of the audit have been received from branches not received by him.

b) Whether the accounts give the information required by the act in the manner so required and.

c) Whether the accounts give true and fair view in the cases of balance sheet, of the state of the company’ state of affairs and in the case of the profit and loss account of the profit or loss for the year.

However it should not be understood that a different statement of fact makes, it necessary to consider the same for the purpose of opinion formation. In consequent the facts in addition to their own significance which probably account for their distinct disclosure are complementary to the opinion on the side of adverse facts no favourable opinion can be provided. It should be appreciated that only certain very significant and basic facts about the accounts are required to be stated under the provisions of facts sub-section (2) and (3). The statements of facts by the auditors are very significant points to the reliability of the accounts. If the auditor is takes that he has not been able to get all information and explanations considered necessary by him, the reliability of the accounting information. Under the report would be seriously hampered sub-section (4) provides for reasons to be given in the auditor’s report if any of the matters required to be stated pursuant to sub-section (2) and
QUALIFICATIONS IN THE AUDITORS REPORT

The statutory provisions in the companies act, relating to the qualifications in the auditor report are contained in sec 227 (4A) of the Act which provides that” where the auditor’s are required in their report to answer any of the statutory affirmation in the negative or with a qualification their report shall state the reason for such an answer”.

It is therefore mandatory for the auditors to give the reason for any qualification on reservation in this report. Except this the companies Act, does not mention any thing about the form and manner of qualifying the audit report. In 1970 the council of the ICAI published the” statement on qualifications in the Auditors report, which endeavored to enumerate some principles regarding the purpose and manner of any qualification in the auditor’s report and thereby improving the standards of reporting by the chartered accountant in the relation to auditor undertaken by them. Since then the statement has been amended and revise twice, the modified statement is applicable to all audit reports signed on or after. 1st April 1984. Following are the important principles laid down in this statement.

The statement points out that, “In a majority of cases the auditor report on the accounts examined by them are found to be unqualified. This is because the right of a statutory auditor to prepare a qualified report is a
greater deterrent and prevents the managements of companies from restoring to accounting practices and methods of disclosure, which are not in accordance with the law. The results is that the auditor of a company is in a position to persuade the management of the company to accept to make such disclosures as are required by the law as in the absence of these be would qualify his report. According to the statement, a qualified report is not necessary unless the issues involved are material. However, items requiring disclosures under the law, such as the directors remuneration whether material or not here to be specifically disclose If this is not done, it is the duty of the auditor to qualify his report.

**ASPECT TO BE CONSIDERED IN QUALIFIED REPORT**

According the above-mentioned statements, “while qualifying a report it is important to:-

1) Ascertain the various items (the statement of fact and opinion) that require a qualification.

2) Realise whether the auditor are in active disagreement with something which has been done by the company or are merely unable to form an opinion say for lack of adequate information about an item.

3) Establish whether the matters in question are so material as to affect the presentation of a true and fair view of the affairs of a company or are of such nature as to affect only a particular item disclosed in the accounts and,
4) See whether the matters constituting the qualifications involve a material contravention of any requirements of the company’s act, which have a bearing on the accounts.

In majority of cases items, which are the subject matter of qualification, are not material as to impress the truth and fairness of the whole of the accounts but just create uncertainty about the specific items. In such cases, it is possible for auditors to report that in their opinion but subject to special qualification mentioned the accounts press a true and fair view. Sometime however, the items, which are the subject matter of qualification, are so material that it would be meaningless to say that subject to the qualification the account reveal a true end fair view. An extreme example should be where the auditor’s were not able to check a substantial part of the books of accounts for the accounting e.g. - when they were in police custody. In such a case, it would not be proper asset an opinion on the truth and fairness of the accounts after starting that the books of accounts were not checked and verified. In such cases, the auditors must report that either

1) They are unable to explain whether the accounts present a true and fair view or, constitute a categorized statement that in their opinion the accounts do not present a true and fair view,

Which of the above two alternatives should be adopted upon the facts of each case.

Finally, the statement reminds the auditors of a well-established principle that they must reveal full information about the subject matter
of the qualification and not merely reckon grounds for suspicious of
enquiry and leave it to the shareholders to call out the facts by diligent
inquiry. The distinction between information made in London and
general bank Case is still valid. After the study of the Auditor’s report of
companies for the 2006-07, it is observed that in main report there was
one qualification regarding excess provisions for depreciation. However,
it is explained in the notes of accounts. In the report under section 227
(4A) of the company act, there was one qualification only regarding pain
(IX)

All the above qualification in the auditor’s report indicates that auditor’s
are faithfully with the requirements of the statements on qualifications
in the Auditor’s Report.

**USE OF SEPARATE REPORT**
The institute of chartered accountants of India has also recommended in
its “Statements on qualification in Auditors Report”. That the use of
separate reports which are refused to in the reports of the auditors to
the shareholders should ask for as possible, be avoided. It is desirable
that the report should be comprehensive and in brief. It should specify
the matter in respect of which the auditors have reservations or
qualifications and the amounts involved in a clear and unambiguous
manner. The practice of drafting report subject to a detailed report or a
special report addressed to the directors of the company, running into
several pages is not desirable as they lay shareholders not in a position
to appreciate of a fact and information and the total effect there off. On
the accounts of detailed report is inevitable the auditor should take care to confirm that the separate report is also addressed to the shareholders rather than to the directors or the management. The main report to the shareholders is made subjects to such a report is also addressed to the shareholders rather than to the directors or the management and the main report to the shareholders in made subjects to such a report.

The auditors should entrap special case to ensure that it is clearly identified by reference to numbers date etc. and announced to the main report.

The qualification stated by the auditor should be in brief. No scope should be left for any misinterpretation. The statement should be as brief as possible bringing out clearly the items affected and their effect on the accounts.

Although, Normally the entire information should be given in the report. where entire information is not available, It is desirable to give as much information as possible when full information with regard to the monetary effect an profit and loss account/or balance sheet of a qualification or a government is not available, the auditor’s report should either indicate the approximate monetary effect, as the case may be.

Generally, an auditor should not involve the director’s explanations in his report in report of qualification made by him. However, if the
qualification includes a point where two opinions are possible, it may be appropriate and proper for the auditor not only, to state his own opinion in his report but also to indicate that a contrary opinion is help by the management or the company’s legal advisor as the case may be.

The auditor should confirm that on the question of fact, his report or the accounts under his are not at variance with any statement in the Board of directors report. Since the Board’s report is expected to be prepared after the auditor’s report has been received, it is rather difficult on the part of the auditors to be seen that Board’s report does not contain any fact that is different from the facts stated in the accounting statements or in his report. If any such things, access, it is advisable that the auditor, before signing his report should extract the management to draft the paragraph concerning accounts to be included in the Board’s report.

The study of Auditor’s of STDC’S for the year revealed that:-

1) Auditor’s report are in clear and unambiguous manner
2) Auditor’s reports are in brief and not several pages
3) There is no separate report on qualifications addressed to the Shareholder
4) The amount of qualification and its effect on the accounts are defined properly.
5) Auditors of the company did not involve any explanation made by the directors of the company in their report regarding qualifications made by the auditors.
AUDITORS DUTIES IN RELATION TO MANDATORY ACCOUNTING
STANDARDS SAP’S AND STATEMENTS

The preface to the statements of accounting standards, issued by the
institute of chartered accountant of India in 1979 states (Para b (1)]
While discharging their assets function it will be the duty of members of
the institute to ensure that the accounting standard is implemented in
the presentation of financial statements covered by their audit reports.
In the event of any deviation from the standard, it will be also their duty
to make adequate disclosures in their reports so that the users of such
statements may be aware of such deviations.

According to classification regarding authority attached to the
documents issued by the institute, members have issued statements
with a view to securing compliance. On matters which in the opinion of
the council are critical for the proper discharge of their functions.
Members have issued statements with a view to securing compliance.
On matters which in the opinion of the Council are critical for the proper
discharge of their functions statements therefore are mandatory,
accordingly while discharging their at least functions, it will be the duty
of members of the institute.

a) To examine whether ‘statements’ relating to accounting matters
are complied within the presentation of financial statements
covered by their audit. In the event of any deviation from the
statement it will be their duty to make adequate disclosure in
these audit reports so that the users of financial statements may
be aware of such deviations and,
b) To assure that the statements relating to auditing matters are followed in the audit of financial information covered by their audit reports. If for any member has not been above to perform an audit in accordance with such statements his report should draw attention to the material departure there from.

MANDATORY STATEMENTS ISSUED BY THE ICFAI

1. Statement on auditing practices
2. Statement on payment to auditors for other services
4. Statement on qualifications in Auditor’s Report
5. Statement on the Responsibility of joint auditor
6. Statement on the Treatment of Retirement gratuity in accounts
7. Statement or the amendments to schedule to the companies act.
8. Statement on Treatment of Interest on deferred payments. (read along with the pronouncement of the council published in the chartered accountant, March 1964 page 591)
9. Statement on provision on Depreciation in respect of extra or multiple shift allowance (Published in the chartered accountant. May 1984).
**STATEMENT ON STANDARD AUDITING PRACTICES (SAP’S):**

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<thead>
<tr>
<th>NO.</th>
<th>Title</th>
<th>Effective Date of Operation</th>
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<tbody>
<tr>
<td>SAP 1</td>
<td>Basic Principles Governing an audit</td>
<td>01-04-1985</td>
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<tr>
<td>SAP 2</td>
<td>Objective and scope of the audit of financial statements</td>
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<td>SAP 3</td>
<td>Documentation</td>
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<td>SAP 4</td>
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<td>SAP 5</td>
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<tr>
<td>SAP 6</td>
<td>Study and Evaluation of the accounting system and related Internal controls in connection with an audit</td>
<td>01-07-1989</td>
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<td>SAP 7</td>
<td>Relying upon the work on Internal Auditor</td>
<td>01-04-1989</td>
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<tr>
<td>SAP 8</td>
<td>Audit planning</td>
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<tr>
<td>SAP 9</td>
<td>Using the work of an expert</td>
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<tr>
<td>SAP 11</td>
<td>Representation by Management</td>
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It is observed that the auditors of the companies have complied with the requirements of mandatory statements and standards auditing practices Issued by institute of C.A of India, Delhi.
<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
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<td>Contingencies and events occurring after balance sheet date</td>
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<td>Prior period and extra ordinary items and changes in accounting policies</td>
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<td>Depreciation Accounting (Recommendatory)</td>
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<td>AS 7</td>
<td>Accounting for construction contacts</td>
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<td>AS 8</td>
<td>Accounting for research and development</td>
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<td>AS 9</td>
<td>Revenues recognition</td>
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<tr>
<td>AS 21</td>
<td>Consolidated financial statements</td>
<td>-</td>
</tr>
<tr>
<td>AS 22</td>
<td>Accounting for taxes &amp; income</td>
<td>-</td>
</tr>
<tr>
<td>AS 23</td>
<td>Accounting for investments in associates in consolidated financial statements</td>
<td>-</td>
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<tr>
<td>AS 24</td>
<td>Discontinuing operations</td>
<td>-</td>
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<tr>
<td>AS 25</td>
<td>Interim financial reporting</td>
<td>-</td>
</tr>
<tr>
<td>AS 26</td>
<td>Intangible assets</td>
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<tr>
<td>AS 27</td>
<td>Financial Reporting of Interests in Joint Ventures</td>
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</tr>
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<td>AS 28</td>
<td>Impairment of Assets</td>
<td>-</td>
</tr>
<tr>
<td>AS 29</td>
<td>Provisions, Contingent Liabilities and contingent Assets</td>
<td>-</td>
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In view of the partial convertibility of the rupee and other related development. The Council of ICAI had decided in 1992 to postponed the mandatory application of the AS-11 to accounts for periods Commencing on or after 1-4-93 it had also been reconsidering the standards.

As-21, As-23 and As 27 (relating to consolidated financial statements) are required to be complied with by an entity if the entity, pursuant to the requirements of a statute/regulate or voluntarily, prepares and presents consolidated financial statements.
Considering the A.S. 1 Disclosure of Accounting Policies Para 19, Disclosure of Accounting Policies should form part of the financial statements it is found that RTDC, MPTDC, HPTDC attached a list of accounting policies with the financial statements Refer the Annual Reports.

Hence, auditors of RTDC, MPTDC, HPTDC, adopted all the mandatory accounting standards, standard auditing practices and various statements while drawing their reports.

**CONCLUSIONS:**

The auditor’s report of the companies under the study i.e. RTDC, MPTDC, HPTDC normally fulfills the requirements of the act 1956. The report generally simple and clear These are having opinion part and fact part compliance have been given to the accounting standards, standard auditing practices and statements issued by the institute of C.A. of India. Adequate annexure have been attached with the audit report and requirements of MAOCARO 1988 have been compiled by the auditors. The public sector companies attached with its Annual Reports the CAG comments and other statements. However, scope of audit did not publish in the auditor’s report of companies.