

BOOK LET

ON

**CERTIFICATE IN FORM 3 FOR WITHDRAWAL
FROM RERA DESIGNATED BANK ACCOUNT
&
ANNUAL RERA AUDIT IN FORM 5
TO
BE ISSUED BY CHARTERED ACCOUNTANT**

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**CERTIFICATE IN FORM 3
BY CHARTERED ACCOUNTANT**

1. OVERVIEW:

The RERA strives to ensure greater financial discipline, Transparency, and efficiency in the Real estate sector as under:

- (1) By ensuring the promoters to register and to update the project with RERA before it is offered for sale, advertise or market etc assured the authenticity of a project (Section 3 , 4, 11)
- (2) A promoter shall not accept more than 10% (ten per cent) of the sale consideration from the allottees without first entering into a registered agreement for sale (Sec 13)
- (3) 70% (Seventy per cent) of the amounts realized from the allottees, shall be deposited in a separate account (RERA Designated Bank Account) to be maintained in a scheduled bank and 30% of the amount available for free use such as administration, marketing or for any other purpose. This 30% bank account is not regulated by RERA.
- (4) Amount from the RERA Designated Account can be used towards the cost of Land and construction cost till the completion of the project (Proviso to Sec 4)
- (5) Withdrawal from such accounts shall be in proportion to the percentage of completion of the project.
- (6) The promoter has to obtain certificates from Project Architect, Project Engineer and a chartered accountant in practice respectively to ascertain the percentage of completion of the project (Proviso to Sec 4)
- (7) Promoter to compensate buyer for any false or incorrect statement with full refund of payment made with interest (Sec 12,14 and 18)
- (8) The allottees are entitled to receive interest and compensation for any unjustified delays to handover the possession of the apartments from the date mentioned in the agreement for sale or allotment letter or booking form (Sec 18)
- (9) RERA Designated Bank Accounts to be annually Audited by Chartered Accountant of separate legal entity other than who has issued form 3 and Copy to be submitted or uploaded on RERA website (Proviso to sec 4 MahaRERA Regulation 4(a) explanation 1)
- (10) Provision for RERA to freeze project bank account upon non-compliance (Sec 7 and 8)
- (11) Provision for stronger financial penalties for RERA non-compliances (Sec 59 to 69)

Form 3 is the Single most important Certificate to be issued by a practicing Chartered Accountant in implementation of transparency and control by MahaRERA with respect to the Real Estate Project in Maharashtra. Hence a Chartered Accountant must understand the finer aspects of Form 3 and responsibility cast by MahaRERA.

In this booklet, a detailed discussion on the various provisions related to issue of form 3 by Chartered Accountants, precautions to be taken and checklists to use under various scenarios.

2. NEED FOR REGULATION OF BANK ACCOUNT OF PROMOTER

The need for regulating 70% of the amount realized from the allottees are as under:

- To restrict the diversion of Funds for other purposes by the promoter
- To ensure that the projects are completed as per the agreed schedule.
- To ensure the transparency in working capital management of promoters
- To ensure viability of projects on stand-alone basis.
- To gain the confidence from allottees that the funds invested by them are utilized towards the completion of the project
- To promote a healthy and transparent real estate development with regular cash flow to complete the project.

3. RERA DESIGNATED BANK ACCOUNT:

4. Application for registration of real estate projects:

- 1) *Every promoter shall make an application to the Authority for registration of the real estate project*
- 2) *The promoter shall enclose the following documents along with the application referred to in sub-section (1), namely: —*
 - a) *.....*
 - .
 - .

l) a declaration, supported by an affidavit, which shall be signed by the promoter, or any person authorised by the promoter, stating: —

A.

B.

C.

D. that seventy per cent. of the amounts realised for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose:

Provided that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project:

Provided further that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect, and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project:

Provided also

Explanation. — For the purpose of this clause, the term "schedule bank" means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934.

m) such other information and documents as may be prescribed

- (i) At the time of registration of the project, the promoter has to give a declaration supported by an Affidavit in form B prescribed by MahaRERA Rules,2017
- (ii) The declaration supported by affidavit by promoter state that a separate Bank Account shall be maintained in the scheduled bank which may be called as “RERA Designated Bank Account” for each RERA registered project.

(iii) 70% of the amount realized from the allottees will be deposited in the said separate account.

(iv) Balance 30% of the amount realized from the allottees is available to the promoter for unrestricted use such as administration, marketing or for any other purpose. This account is not regulated by MahaRERA.

(v) The amount in the separate RERA Designated Bank Account will be used to cover the cost of construction and the land cost and shall be used only for that purpose.

(vi) The promoter shall withdraw the amounts from the separate RERA Designated bank account, to cover the cost of the project, in proportion to the percentage of completion of the project.

(vii) Amounts from the separate account shall be withdrawn by the promoter after it is certified by a Project architect, Project engineer and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project

(viii) The Act and MahaRERA Rules have specified deposit and withdrawal mechanism of the designated bank account which is as follows:

<p><u>How much to be deposited?</u></p>	<ul style="list-style-type: none"> • 70% of the amounts realized from allottees [New Projects] or • 70% or 100% of the amounts realized from allottees [Ongoing Projects] * • Balance 30% in free flow account of the promoter without any restrictions.
<p><u>How much can be withdrawn?</u></p>	<ul style="list-style-type: none"> • In proportion to percentage <i>of completion of the project.</i>
<p><u>Why it can be withdrawn?</u></p>	<ul style="list-style-type: none"> • To cover the cost of the project

	[Land Cost + Construction Cost]
<u>How it can be withdrawn?</u>	<ul style="list-style-type: none"> • Only after it is certified by 3 professionals: - <ol style="list-style-type: none"> 1. Project Architect 2. Project Engineer 3. Chartered Accountant in Practice

[*Notes: In case of ongoing projects if balance estimated cost of completion of the project as on the date of commencement of the Act is less than estimated receivables, then 100% of the amounts realized from the allottees is to be deposited in RERA Designated Bank Account]

4. **Operation of RERA Designated Bank Account:**

(i) The RERA Designated Bank Account is operated by promoter and the amount is withdrawn only after the promoter obtains the certificate as stated below from 3 professionals that the withdrawal is in proportion to the percentage of completion of the project:

First Certificate [FORM- 1]	Project Architect	Certifying percentage of completion of construction work of each building/wing of project for each activity mentioned in the form
Second Certificate [FORM-2]	Engineer	Certifying actual cost incurred on construction work of each building/wing of the project and the estimated construction cost to complete the project.
Third Certificate [FORM-3]	Practicing Chartered Accountant* (Ref Note)	(1) Certifying cost incurred on construction cost and land cost . (2) Certifying proportion of cost incurred on construction and land cost to

		the total estimated cost of project (land plus construction)
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[*Note: As per circular No.2/2017 dated 31/05/2017 FORM 3 can be issued by Finance Controller or Chief Accounts Officer of public authorities, government undertakings such as MHADA, CIDCO etc.]

(ii) The certificates are **required** to be submitted to the bank at the time of withdrawal. New certificate has to be obtained before exceeding the “**withdrawal limit**” provided in the previous certificate in form 3 issued by chartered accountant in practice. This can be explained with the help of following table:

Particulars	Amount in ₹	Balance	Remarks
Limit provided by CA	100	100	[At time of Registration] Certificate to be obtained
Less: Withdrawal 1	20	80	Certificates not required to be obtained
Less: Withdrawal 2	30	50	Certificates not required to be obtained
Less: Withdrawal 3	30	20	Certificates not required to be

			obtained
Less: Withdrawal 4	20	0	Certificates not required to be obtained
Less: Withdrawal 5	Any Amount thereafter	-	Fresh certificates to be obtained before withdrawal

(iii) **Frequency of Submission of the Certificates to Bank**

The interval of submission of the certificates to Bank for the purpose of withdrawal is represented in tabular form:

GUIDELINES	OPERATION MECHANISM SPECIFIED
RERA ACT, 2016	<ul style="list-style-type: none"> The amounts from the separate account shall be withdrawn by the promoter after it is certified by 3 professionals that the withdrawal is in proportion to the percentage of completion of the project.
MAHARERA RULES & REGULATIONS	<ul style="list-style-type: none"> For the purpose of amount to be withdrawn from time to time by the promoter from the RERA Designated Bank Account in respect of each real estate project to cover the cost of project, the promoter shall submit certificates to scheduled bank for operating the said account.
CIRCULAR NO. 3/2017 DATED 07.06.2017	<ul style="list-style-type: none"> Self-Declaration to be submitted by the promoter to bank quarterly as certificates are required to be retained for audit purpose.(Now Deleted w.e.f 28.12.2021)

FAQ NO. 58 DATED 23.07.2019	<ul style="list-style-type: none"> The original certificates have to be retained by the promoter. These original certificates are required by the statutory auditor of promoter's enterprise to carry out the Audit as prescribed by RERA at the end of every financial year. Copies may also have to be submitted to the concerned bank, if demanded by them.
CIRCULAR NO. 39/2021 DATED 28th DEC 2021	<ul style="list-style-type: none"> The certificates to be submitted at the time of every withdrawal to the Bank and upload the same on the portal of MahaRERA.
CIRCULAR NO. 39A/2022 DATED 17th MAR 2022	<ul style="list-style-type: none"> If the promoter chooses to withdraw the said amount in tranches, then for every such withdrawal fresh certificates from project architect, project engineer and chartered accountant in practice need not be submitted. The copy of same certificates that entitled the promoter to withdraw the amount upto the limit as stated in the said three certificates will have to be submitted for every withdrawal along with letter from promoter recording therein the dates of the said certificates and the details of the withdrawal made and copies thereof shall be submitted online by Promoters to MahaRERA Authority

From the above, it can be seen that Rules and Regulations states that certificates are to be submitted to the bank. Whereas MahaRERA has provided that the copy of same certificates that entitled the promoter to withdraw the amount upto the limit as stated in the said three certificates will have to be submitted for every withdrawal along with letter from promoter recording therein the dates of the said certificates and the details of the withdrawal made and copies thereof shall be submitted online by Promoters to MahaRERA Authority

(iv) **Steps to be followed by Promoter for operation of RERA Designated Bank**

Account:

Step 1: Four Accounts with Scheduled Bank to be opened for following purposes.

- (i) Collection Account to deposit 100% of amount realized from the Allottees
- (ii) Auto Transfer by the end of the day 70% of the amount realized from the allottees to RERA designated Account
- (iii) Auto Transfer by the end of the day 30% of the amount realized from the allottees to Regular Operation Bank Account of promoter
- (iv) Separate Bank Account for Pass through Charges like GST, Society charges etc.

Step 2: Deposit 70% or 100% of amount realized from allottees as the case may be and (for balance 30% it may be deposited in free flow account without any restriction which is not regulated.)

Step 3: Obtain certificates from Project Architect, Engineer and practicing Chartered Accountant that the withdrawal is in proportion to the percentage of completion of the project.

Step 4: Withdraw money to cover the land cost and construction cost as per the maximum amount that can be withdrawn from the RERA Designated Bank Account by practicing chartered accountant appointed by the promoter.

Step 5: Repeat step 3 & 4 whenever limit is utilized till the time completion certificate or occupancy certificate is received, as the case may be.

(v) **Block of funds:**

The above mechanism may block the funds of the promoter entity as follows:

[₹ in crores]

Sr. No.	Heads	Promoter (Developer)	Promoter (Landowner)	Total
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1.	Land Cost	3	10	13
2.	Construction Cost	25	0	25
3.	Approval cost	5	0	5
4.	Cost of Development & interest on construction loan.	7	0	7
5.	Total cost incurred	40	10	50
6.	Realization from the allottees	60	30	90
7.	Amount deposited in RERA Designated Account 70% of [6]	42	21	63
8.	Block of funds till OC [7-5]	2	11	13

From the above table, it can be seen that promoter cannot withdraw in excess of the actual cost incurred [i.e ₹ 40 Crores] even though the amount available at his disposal was more than actual cost incurred [i.e ₹ 42 Crore]. Thus, it may lead to block of funds of promoters (Developer) due to above mechanism. Similarly, it may also lead to block of funds of Promoter(landowners).

5. **CERTIFICATE IN FORM 3 BY CHARTERED ACCOUNTANT:**

- The FORM 3 has been prescribed by MahaRERA vide Regulation 3 of Maharashtra Real Estate (Regulation and Development) (General) Regulations, 2017. The said regulation was further amended on 03.10.2019. Maharashtra Real Estate Regulatory Authority amended Maharashtra Real Estate Regulatory Authority (General) Regulations 2017 vide MahaRERA/Regulation/280/2021 called as Maharashtra Real Estate Regulatory Authority (General) (Amendment) Regulations 2021 with effect from 22nd December, 2021 wherein new format of Form 3 was introduced.
- The promoter has to obtain a certificate in form 3 issued by practicing Chartered Accountant that the amount withdrawn is in proportion to the completion of the project
- MahaRERA also has been notified as the Regulatory Authority for the union territories of Daman & Diu, and Dadra & Nagar Haveli by central Government. Accordingly, MahaRERA has prescribed three forms (Form 1, form 2 and form 3 which are similar to MahaRERA forms) by way of circular no. 10/2017 dated 04.08. 2017

6. Objectives of Form 3:

- To verify and certify the cost incurred towards Land Cost and construction cost of a registered real estate project by an independent practicing-chartered accountant.
- To facilitate and regulate that the withdrawal from the RERA Designated Bank Account is in proportion to the certified percentage of completion of project.
- The percentage of completion is calculated based on the cost of land and construction cost incurred on the project compared to the total estimated cost of land and construction to complete the project.
- To monitor cash-flows for utilization on the project vis-à-vis stages of construction by obtaining certificates from the professionals regularly while withdrawing the amount from the RERA Designated Bank Account.

- To develop confidence amongst the allottees/lenders, the stakeholders and regulators as well as Competent Authorities.
- To establish a bench mark of “ Estimated cost of project” on which basis penalties are levied under RERA.

7. Frequency:

- Form 3 has to be obtained and uploaded by the promoter on MahaRERA webportal at the time of registration of the project to determine initial withdrawal limit from RERA designated account.
- Promoter has to obtain updated form 3 as and when he has already exceeded the previous limit and has incurred additional cost since last Form 3. Promoter is required to update the status of the project with the amount incurred on the project on quarterly basis. The same is further clarified by MahaRERA that the project cost incurred to be updated on quarterly basis. Therefore, to update the land cost and construction cost incurred on the MahaRERA website (on Quarterly basis), it is advisable to obtain form 3 to ensure the accuracy of the figures updated.
- Form 3 can be updated multiple times during the project till Occupation certificate is obtained by the promoter.

8. Ongoing projects :

These are the ongoing (incomplete) projects which had not received Occupation Certificate till the date when RERA, 2016 was commenced i.e on 1st May, 2017. The registration of ongoing projects were kept live till 31st December, 2017. Now all the projects require to be registered as new projects on the webportal. This has been done as the window for registration of ongoing project had lapsed within 90 days of commencement of the Act ie. 31st July, 2017.

9. Cessation of form 3 requirement for Withdrawal:

- On receipt of Completion Certificate or Occupation Certificate, as the case may be,

along with FORM 4 issued by the project architect certifying that the project is completed, thereafter, the promoter may withdraw the entire amount from the RERA Designated Bank Account without obtaining the form 3 from practicing Chartered Accountant. **[Rule 5(i)(b)].**

10. THE PRACTICAL ASPECTS OF FORM 3 MAY BE DISCUSSED BROADLY IN FOLLOWING PARTS:

PART I- Basic structure of form 3 in case of new projects

PART II- Additional disclosure in case of ongoing projects

11. . PART I-BASIC STRUCTURE OF FORM 3 IN CASE OF NEW PROJECTS

(1) Basic Structure of Form 3:

The structure of FORM 3 as prescribed under regulation 3 of MahaRERA (General) (Amendment) Regulations, 2021 as mentioned above will have to be prepared as discussed hereunder against the note numbers mentioned in the form for easy reference to the users of this manual.

(2) About New Projects:

- All the projects which are to be registered after the commencement of the RERA (i.e after 1st May, 2017) and of which no advertisement, sales or bookings or transfers were done prior to the commencement of the Act.
- As per section 3 of the Act read with Rule 5 of MahaRERA Rules, 2017 it can be concluded that those projects which are not ongoing on the date of commencement of the Act are New Projects.
- Ongoing projects are those of which construction was not completed and the occupation certificate was also not received prior to the commencement of the Act but the project was launched by advertisement, sales, booking marketing and transfers by promoter.

FORM-3
[See Regulation 3]

CHARTERED ACCOUNTANT'S CERTIFICATE (On Letter Head) (Note1)
(TO BE SUBMITTED AT THE TIME OF REGISTRATION OF PROJECT AND FOR
WITHDRAWAL OF MONEY FROM DESIGNATED ACCOUNT) (Note2)

Date:(Note3)

To
The _____(Name & Address of Promoter) (Note4)

Subject: Certificate of Financial Progress of Work of <Project Name> having MahaRERA Registration Number _____(Only Applicable after project Registration) being developed by (Promoter's Name) and is based on the records and documents produced before me and explanations provided to me by the management of the Company. (Note5)

Table A-Estimated Cost of the Project (at the time of Registration of Project)

Sr. No (1)	Particulars (2)		Estimated Cost (At the time of Registration of Project) (Note6)
1.	(i)	Land Cost: -	(Note7)
	(a)	Value of the land as ascertained from the Annual Statement of Rates (ASR).	(Note8)
	(b)	Estimated Amount of Premium payable to obtain development rights, FSI, additional FSI, fungible area, and any other incentive under DCR from Local Authority or State Government/UT Administration or any Statutory Authority.	(Note9)
	(c)	Estimated Acquisition cost of TDR (if any).	(Note10)
	(d)	Estimated Amounts payable to State Government/UT Administration or competent authority or any other statutory authority of the State or Central Government, towards stamp duty, transfer charges, registration fees etc; and	(Note11)

		(e)	Estimated Land Premium payable as per annual statement of rates (ASR) for redevelopment of land owned by public authorities.	(Note12)
		(f)	Under Rehabilitation scheme:	(Note13)
		(i)	Estimated construction cost of rehab building including site development and infrastructure for the same as certified by Engineer.	(Note14)
		(ii)	Estimated Cost towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, cost for providing temporary transit accommodation or rent in lieu of Transit Accommodation, overhead cost, amounts payable to slum dwellers, tenants, apartment owners or appropriate authority or government or concessionaire which are not refundable and so on.	(Note15)
		(iii)	Estimated Cost of ASR linked premium, fees, charges and security deposits or maintenance deposits, or any amount whatsoever payable to any authorities towards and in project of rehabilitation.	(Note16)
		(iv)	Any other cost including interest incurred on the borrowing done specifically for construction of rehabilitation component.	(Note17)
			Sub - Total of Land Cost:	(Note18)
	(ii)		Development Cost / Cost of Construction of Building:	(Note19)
		(a)	Estimated Cost of Construction as certified by Engineer.	(Note20)
		(b)	Cost incurred on additional items not included in estimated cost (As per engineer certificate)	(Note21)
		(c)	Estimated Expenditure for development of entire project excluding cost of construction as per (i)	(Note22)

			or (ii) above, i.e. salaries, consultants fees, site overheads, development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.), absorbed cost (attributable to this project) of machineries and equipment including its hire and maintenance costs, consumables etc. All costs incurred to complete the construction of the entire phase of the project registered.	
		(d)	Estimated Taxes, cess, fees, charges, premiums, interest etc. to any Statutory Authority.	(Note23)
		(e)	Interest payable to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money lenders on construction funding or money borrowed for construction.	(Note24)
			Sub-total of Development Cost:	(Note25)
	Total Cost of the Project (Estimated)			(Note26)

Table B-Actual Cost of the Project (as on Date of Certificate)

Sr. No (1)	Particulars (2)		Amount (₹) (Note27)
	1.	(i)	Land Cost: -
	(a)	Value of the land as ascertained from the Annual Statement of Rates (ASR).	(Note29)
	(b)	Incurred Expenditure on Premiums to obtain development rights, FSI, additional FSI, fungible	(Note30)

			area, and any other incentive under DCR from Local Authority or State Government/UT Administration or any Statutory Authority.	
		(c)	Incurred Expenditure for Acquisition of TDR (if any).	(Note31)
		(d)	Amounts paid to State Government/UT Administration or competent authority or any other statutory authority of the State or Central Government, towards stamp duty, transfer charges, registration fees etc; and	(Note32)
		(e)	Land premium paid for redevelopment of land owned by public authorities.	(Note33)
		(f)	Under Rehabilitation scheme:	(Note34)
		(i)	<p>Incurred Expenditure for construction of rehabilitation building. Minimum of (a) or (b) to be considered</p> <p>(a) Cost incurred for construction of rehab building including site development and infrastructure for the same as certified by Engineer.</p> <p>(b) Incurred Expenditure for construction of rehab building as per the books of accounts as verified by the CA.</p>	(Note35)
		(ii)	Incurred Expenditure towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, cost for providing temporary transit accommodation or rent in lieu of Transit Accommodation, overhead cost, amounts payable to slum dwellers, tenants, apartment owners or appropriate authority or government or concessionaire which are not refundable and so on.	(Note36)
		(iii)	Incurred Expenditure towards ASR linked premium, fees, charges and security deposits or maintenance	(Note37)

			deposits, or any amount whatsoever payable to any authorities towards and in project of rehabilitation.	
		(iv)	Any other cost including interest incurred on the borrowing done specifically for construction of rehabilitation component.	(Note38)
			Sub - Total of Land Cost:	(Note39)
2.	(ii)	Development Cost / Cost of Construction:		(Note40)
		(a)	Incurred Expenditure for construction of rehabilitation building. Minimum of (a) or (b) to be considered (a) Construction cost incurred including site development and infrastructure for the same as certified by Engineer. (b) Actual cost of construction of incurred as per the books of accounts as verified by the CA.	(Note41)
		(b)	Cost incurred on additional items not included in estimated cost (As per engineer certificate)	(Note42)
		(c)	Incurred Expenditure for development of entire project excluding cost of construction as per (i) or (ii) above, i.e. salaries, consultants fees, site overheads, development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.), absorbed cost (attributable to this project) of machineries and equipment including its hire and maintenance costs, consumables etc. All costs incurred to complete the construction of the entire phase of the project registered.	(Note43)
		(d)	Incurred Expenditure towards Taxes, cess, fees, charges, premiums, interest etc. to any Statutory Authority.	(Note44)
		(e)	Incurred Expenditure towards interest to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money	(Note45)

			lenders on construction funding or money borrowed for construction.	
			Sub-total of Development Cost:	<i>(Note46)</i>
3.	Total Cost of the Project (Actual incurred as on date of certificate)			<i>(Note47)</i>
4.	Proportion of the Cost incurred on Land Cost and Construction Cost to the Total Estimated Cost.(Table A)			<i>(Note48)</i>
5.	Amount which can be withdrawn from the Designated Account.			<i>(Note49)</i>
6.	Less: Amount withdrawn till date of this certificate from the Designated Account.			<i>(Note50)</i>
7.	Net Amount which can be withdrawn from the Designated Bank Account under this certificate.			<i>(Note51)</i>

*Pass through charges or indirect taxes not included in incurred cost of the project *(Note52)*

Table C*(Note53)*

Statement for calculation of Receivables from the Sales of the Real Estate Project

Sold Inventory- *(Note54)*

Sr. No.	Flat No.	Carpet Area (In sq.mts.)	Unit Consideration as per Agreement/ Letter of Allotment	Received Amount <i>(Note55)</i>	Balance Receivable <i>(Note56)</i>
<i>(Note57)</i>	<i>(Note58)</i>	<i>(Note59)</i>	<i>(Note60)</i>	<i>(Note61)</i>	<i>(Note62)</i>

	Total	(Note63)	-	(Note64)	(Note65)

*Unit consideration as per agreement/letter of allotment and amount received does not include pass through charges and indirect taxes (Note66)

(Unsold Inventory Valuation) (Note67)

Sr.No.	Flat No	Carpet Area in Sq.Meters	Unit Consideration as per Ready Reckoner Rate (ASR) (Note68)
(Note69)	(Note70)	(Note71)	(Note72)

Table D(Note73)

Comparison between Balance Cost and Receivables

Sr. No (1)	Particulars (2)	Amount (₹) (3) (Note74)
1.	Estimated Balance Cost to Complete the Real Estate Project (Difference of Total Estimated Project cost less Cost incurred)	(Note75)
2.	Balance number of receivables from sold apartments as per Annexure A to this certificate (as certified by Chartered Accountant as verified from the records and books of Accounts)	(Note76)
3.	(i) Balance Unsold area (to be certified by Management and to be verified by CA from the records and books of accounts), (ii) Estimated amount of sales proceeds in respect of unsold apartments (calculated as per ASR multiplied to unsold area as on the date of certificate, to be calculated and certified by CA) as per Table C to this certificate.	(Note77)
4.	Estimated receivables of project. Sum of 2 + 3(ii)	(Note78)

5.	(To be Filled for Ongoing Projects only) Amount to be deposited in Designated Account - 70% or 100%	(Note79)
	IF 4 is greater than 1, then 70 % of the balance receivables of ongoing project will be deposited in designated Account.	(Note80)
	IF 4 is lesser than 1, then 100% of the balance receivables of ongoing project will be deposited in designated Account.	(Note81)

Table E(Note82)
Designated Bank Account Details

S. No,	Particulars	Designated Bank Account Details Actual Amount till Date (From start of bank account to till date) (Note83)
1.	Opening Balance	(Note84)
2.	Deposits	(Note85)
3.	Withdrawals	(Note86)
4.	Closing Balance	(Note87)

I hereby certify that required proportion of money, as specified in the act, collected from allottees of the project unit as indicated in Table C has been deposited in Designated RERA Bank account. (Note88)

I hereby certify that (Name of Promoter) has utilized the required proportion of money, as specified in the act, collected from allottees for this project only for land and construction of this project. (Note89)

Table F(*Note90***)**
Means of Finance

S. No.	Particulars	Estimated* (At time of Registration) (In ₹.) (Proposed and Indicative) (Note91)	Proposed / Estimated (As on the date Of the certificate) (In ₹.) (Note92)	Actual (As on the date of certificate) (In ₹.) (Note93)
1.	Own Funds	(Note94)	(Note95)	(Note96)
2.	Total Borrowed Funds (Secured) - Drawdown availed till date	(Note97)	(Note98)	(Note99)
3.	Total Borrowed Funds (Unsecured) - Drawdown availed till date	(Note100)	(Note101)	(Note102)
4.	Customer Receipts used for Project	(Note103)	(Note104)	(Note105)
5.	Total Funds for Project	(Note106)	(Note107)	(Note108)
6.	Total Estimated Cost (As per Table A)	(Note109)	(Note110)	(Note111)

Table G(*Note112***)**
Any Comments/Observations of CA

1.	
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Yours Faithfully,

Signature of Chartered Accountant (*Note113*)

FRN: _____(*Note114*)

CA. _____(*Note115*)

Proprietor / Partner (*Note116*)

M.No _____(*Note117*)

Date: _____(*Note118*)

Place: _____(*Note119*)

UDIN: _____(*Note120*)

NOTE NO.	GUIDELINES FOR FILLING UP THE DATA AGAINST EACH NOTE
1.	CHARTERED ACCOUNTANT'S CERTIFICATE (On Letter Head)
	<ul style="list-style-type: none"> • The certificate should be issued on the letter head of CA or his firm in whose name the letter of engagement is issued by the promoter. (The template of the letter of engagement is given at the end of the chapter) • If Form 3 certificate is issued on plain paper by computer generated letter head, then, it is advisable to affix the rubber stamp on every page and authenticate the same by the initials of the CA who is issuing the form.
2.	TO BE SUBMITTED AT THE TIME OF REGISTRATION OF PROJECT AND FOR WITHDRAWAL OF MONEY FROM DESIGNATED ACCOUNT
	<ul style="list-style-type: none"> • As the heading itself indicates this certificate form 3 will be used for the following purposes: <ul style="list-style-type: none"> (i) First certificate for the purpose of registration (ii) For withdrawal as and when requested by the promoter (iii) For updating the quarterly figures relating to the cost incurred on the website to ensure accuracy. • It is a mandatory document required to be uploaded at the time of

	registration of project on MahaRERA portal.
3.	DATE: _____)
	<ul style="list-style-type: none"> • It is important to mention date of issuance of certificate • The date of issuance should be in consonance with date of issuance of Form 1 and 2.
4.	To The _____ (Name & Address of Promoter)
	<ul style="list-style-type: none"> • The Form 3 needs to be addressed to Promoter as defined u/s 2(zk) of the Act
5.	SUBJECT: CERTIFICATE OF FINANCIAL PROGRESS OF WORK OF <PROJECT NAME> HAVING MAHARERA REGISTRATION NUMBER _____ (ONLY APPLICABLE AFTER PROJECT REGISTRATION) BEING DEVELOPED BY (PROMOTER'S NAME) AND IS BASED ON THE RECORDS AND DOCUMENTS PRODUCED BEFORE ME AND EXPLANATIONS PROVIDED TO ME BY THE MANAGEMENT OF THE COMPANY
	<ul style="list-style-type: none"> • It is a certificate of financial progress of Work and is to be given project wise based on the records and documents produced.
TABLE A- ESTIMATED COST OF THE PROJECT (AT THE TIME OF REGISTRATION OF PROJECT)	
6.	ESTIMATED COST (AT THE TIME OF REGISTRATION OF PROJECT)

	<ul style="list-style-type: none"> • In the entire column, estimated cost to complete the project has to be mentioned against each head of expenses. • Section 2(v)-Estimated Cost of real estate project means the total cost involved in developing the real estate project and includes the land cost, taxes, cess, development, and other charges. • This has to be captured from the certificate issued by project engineer in form 2 for construction cost and for land cost Annual State of Rates(ASR) as per Stamp duty Ready Recknor value as on the date of registration of the project with necessary working provided by promoter on his letter head with necessary supporting. • Rule 2(1)(e)- "ASR" or "Annual Statement of Rates" means the rate of land and building for different users and as notified under the provisions of the Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995 (Refer Note 100) • The on-site and off-site expenses which are not provided by project engineer need to be obtained from the promoter as a declaration on his letter head. • Estimated cost can be revised by making an application for change to MahaRERA by making payment of Rs 5000/- <p>(Procedure is discussed in a separate chapter in this manual under the head project update)</p> <ul style="list-style-type: none"> • In the form 3, if figures in the estimated column have to be revised compared to previous certificate, then the chartered accountant should insist for online application for change by promoter to be submitted to MahaRERA and get such revised estimates updated on the MahaRERA website. • In all other cases, when issuing subsequent certificate in form 3 as and when requested by the promoter, the estimated cost mentioned in the previous certificate to be incorporated.
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	<ul style="list-style-type: none"> • It is advisable to obtain from the promoter the printout of the latest figure updated on the MahaRERA website duly signed by the promoter before issuing the form 3 and the same figure which is updated on the MahaRERA website should be mentioned in the form 3. • <u>As per SA 620 :</u> The estimation of the total project costs requires technical expertise which the engineer and the architect possess. Therefore, the chartered accountant may rely on such estimated total project cost for the purpose of his certification certifying the percentage of completion of the project work. The chartered accountant. to this extent is using the work of an expert. • <u>Guidance Note on Accountant’s Report on Profit Forecasts and/or Financial Forecasts :</u> In line with the above guidance note, a chartered accountant can participate in the preparation of profit or financial forecasts and can review them, provided he indicates clearly in his report precise terms of reference , sources of information, the basis of forecasts and the major assumptions made in arriving at the forecasts, so long as he does not vouch for the accuracy of the forecasts.
7.	LAND COST (ESTIMATED)
	<ul style="list-style-type: none"> • <u>New Project:</u> In case of New Project, Estimated Land Cost shall be considered from the date of registration of the real estate project with MahaRERA. It is the projection of the land cost to be incurred during the period of the project. This is the ASR Value of the land used for the project as on the date of registration of the project. • <u>ngoing Project:</u> In case of ongoing project, Estimated Land Cost shall be considered for the entire project since its inception before the commencement of the Act till its completion and not only the balance Estimated

	<p>Land Cost to complete the project.</p> <ul style="list-style-type: none"> • <u>Phasewise development and phasewise project registration:</u> The ASR Value in proportion to the FSI to be used in the phase of the project to be registered compared to the total FSI available in the entire development in the layout. • <u>Joint development with the land owner on area sharing basis:</u> Value of the land will be NIL in the case of promoter(Developer) and the value of land will be included in the form 3 to be prepared for the promoter(Land owner). • <u>Joint Development with the land owner on revenue sharing basis:</u> The value of the land as per ASR will be incorporated here.
8.	VALUE OF THE LAND AS ASCERTAINED FROM THE ANNUAL STATEMENT OF RATES (ASR) (ESTIMATED)
	<ul style="list-style-type: none"> • Explanation I to Rule 5 states that in ascertaining the cost of completion of percentage of the project, the land cost shall be reckoned on basis of the value of the land as ascertained from the Annual Statement of Rates (ASR) prepared under the provisions of the Maharashtra Stamp Act, relevant on the date of registration of the real estate project.(Refer Note 100). • The Estimated Land Cost will be based on the ASR value as on the date of registration of the real estate project. • It is applicable for both new as well as ongoing projects.
9.	ESTIMATED AMOUNT OF PREMIUM PAYABLE TO OBTAIN DEVELOPMENT RIGHTS, FSI, ADDITIONAL FSI, FUNGIBLE AREA, AND ANY OTHER INCENTIVE UNDER OCR FROM LOCAL AUTHORITY OR STATE GOVERNMENT/UT ADMINISTRATION OR ANY STATUTORY AUTHORITY. (ESTIMATED)

	<ul style="list-style-type: none"> • It includes estimated amounts payable to MMRDA, CIDCO, MCGM, SRA, TMC and such other government bodies either in the form of premium or any other mode towards acquisition of development rights. • Acquisition cost of FSI, Additional FSI, Fungible FSI and any other Incentive FSI payable to the local authority or state government or any other statutory authority, such as for lift premium, staircase premium, etc. • ASR linked premiums payable by any promoter as per requirement of any Law, rules or regulations for obtaining rights. • A reasonable estimate should be provided with respect to premium payable for obtaining development rights. • TDR or FSI details should be verified with the details of proposed and sanctioned FSI as mentioned on the portal. • Management representation should be obtained on various premiums to be payable on the project in installments, if any, mentioned in the LOI.
10.	ESTIMATED ACQUISITION COST OF TDR (IF ANY)
	<ul style="list-style-type: none"> • It includes the estimation of the total cost of the TDR to be utilized for the purpose of the registered project. • A management representation should be obtained from the promoter as the same is not certified by the project engineer or Architect, as the case may be.
11.	ESTIMATED AMOUNTS PAYABLE TO STATE GOVERNMENT/UT ADMINISTRATION OR COMPETENT AUTHORITY OR ANY OTHER STATUTORY AUTHORITY OF THE STATE OR CENTRAL GOVERNMENT, TOWARDS STAMP DUTY, TRANSFER CHARGES, REGISTRATION FEES ETC; AND

	<ul style="list-style-type: none"> • It includes those amounts which are payable as stamp duty, registration charges or any other amount payable to statutory authority with respect to acquisition of land. • Transfer Charges payable to MHADA, BMC, MMRDA or such other statutory authorities of the State or Central government, where the land is owned by such statutory authorities, unearned increment payable to Collector. • Costs for obtaining requisite permissions from MHADA, BMC, MMRDA or such other statutory authorities of the State or Central government for development of land owned by such statutory authorities viz charges for conversion of land, premium under ULCR Act, etc.
	<ul style="list-style-type: none"> • The actual cost incurred till date of certificate as verified from books of accounts shall be included here. • The chartered accountant should verify the receipts available on record. • The amounts paid to competent authorities as defined u/s 2(p) of Rera Act should only be included here.
12.	ESTIMATED LAND PREMIUM PAYABLE AS PER ANNUAL STATEMENT OF RATES (ASR) FOR REDEVELOPMENT OF LAND OWNED BY PUBLIC AUTHORITIES
	<ul style="list-style-type: none"> • It includes Land Premium payable as per ASR to MMRDA, CIDCO, BMC or such other public authorities for redevelopment of the land owned by them.
13.	UNDER REHABILITATION SCHEME (ESTIMATED)
	<ul style="list-style-type: none"> • It includes Slum Rehabilitation Scheme which is notified under section 3B of Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971. • It also includes redevelopment projects consisting of tenants or

	<p>apartment owners.</p> <ul style="list-style-type: none"> • The projects which are approved under Public Private Partnership or In-situ rehabilitation are also included here. • As per Explanation III of Rule 5 On site expenditures such as expenditure towards clearance of land of encumbrances for temporary transit accommodation, construction of rehabilitation buildings, and any other overhead costs besides payment of ASR linked Premium, Fees and Charges, Security Deposits, etc. to any competent authority or statutory authority if so certified by an engineer or Architect then such incurred expenditure may be included in cost of land by the Promoter. • The Chartered Accountant should obtain certificate from engineer certifying estimated other overheads cost.
14.	ESTIMATED CONSTRUCTION COST OF REHAB BUILDING INCLUDING SITE DEVELOPMENT AND INFRASTRUCTURE FOR THE SAME AS CERTIFIED BY ENGINEER
	<ul style="list-style-type: none"> • Estimated Construction Cost of Rehab building will be certified by Engineer in FORM 2. • The figure can be obtained from Table A of FORM 2 wherein cost is to mentioned separately for each building. • The estimated cost includes all labour, material, equipment and machinery required to carry out entire work. • As this is an estimated cost, in case of any change observed in FORM 2 then the same should be incorporated in FORM 3 and also to be updated on the MahaRERA portal. • If Estimated Construction cost of Rehab Building is not mentioned separately the chartered accountant should request for revision of FORM 2 before issuing the certificate. • Estimated Construction cost of Rehab building and Sale Building

	cannot be clubbed together.
15.	ESTIMATED COST TOWARDS CLEARANCE OF LAND OF ALL OR ANY ENCUMBRANCES INCLUDING COST OF REMOVAL OF LEGAL/ILLEGAL OCCUPANTS, COST FOR PROVIDING TEMPORARY TRANSIT ACCOMMODATION OR RENT IN LIEU OF TRANSIT ACCOMMODATION, OVERHEAD COST, AMOUNTS PAYABLE TO SLUM DWELLERS, TENANTS, APARTMENT OWNERS OR APPROPRIATE AUTHORITY OR GOVERNMENT OR CONCESSIONAIRE WHICH ARE NOT REFUNDABLE AND SO ON
	<ul style="list-style-type: none"> • All estimated costs in relation to clearance of land for removal of occupants or any other encumbrance, rent or other payments for transit accommodation, etc. may be reported. • Other additional costs for rehabilitation/redevelopment with respect to land may be included here
16.	ESTIMATED COST OF ASR LINKED PREMIUM, FEES, CHARGES AND SECURITY DEPOSITS OR MAINTENANCE DEPOSIT, OR ANY AMOUNT WHATSOEVER PAYABLE TO ANY AUTHORITIES TOWARDS AND IN PROJECT OF REHABILITATION
	<ul style="list-style-type: none"> • It includes Costs of ASR linked premium, fees and charges payable to SRA or such other public authorities towards and in connection with the project of rehabilitation. It includes staircase premium, land premium, scrutiny fees for LOI and IOA, Open space deficiency charges, development charges, labour cess, infrastructure charges, Balcony Enclose charges etc. • Cost of security deposits or maintenance deposits, or any amount whatsoever payable to SRA or such other public authorities towards and in connection with the project of rehabilitation. It includes layout deposit, IOA deposit, basement deposit etc

	<ul style="list-style-type: none"> All amounts payable to slum dwellers, tenants, apartment owners, appropriate authority or government or concessionaire which are not refundable, and which can be part of cost and expenses of such rehabilitation scheme eg. Maintenance deposits, corpus amount, concession premium or fees, shifting charges to name a few.
17.	ANY OTHER COST INCLUDING INTEREST INCURRED ON THE BORROWING DONE SPECIFICALLY FOR CONSTRUCTION OF REHABILITATION COMPONENT (ESTIMATED)
	<ul style="list-style-type: none"> As per Circular No 7/2017 dated 04/07/2017 the estimated amount of interest on borrowing done specifically for the construction of rehabilitation component shall be included in this field. All other incidental amounts payable to slum dwellers, tenants, apartment owners or appropriate authority or government or concessionaire which are not refundable and are incurred as cost and expenses of such rehabilitation scheme, shall be allowed as part of Land cost
18.	SUB - TOTAL OF LAND COST: (ESTIMATED)
	<ul style="list-style-type: none"> The total of Estimated Cost of land will be mentioned here
19.	DEVELOPMENT COST / COST OF CONSTRUCTION:(ESTIMATED)
	<ul style="list-style-type: none"> Under this head various expenses heads are mentioned, and the respective estimated figures should be mentioned in this column with respect to sale buildings. As per Explanation II of MahaRERA Rules, 2017 the cost of construction for the purpose of sub-clause (D) of clause (I) of sub-section (2) of section 4, shall include all such costs, incurred by the Promoter such as: The on-site and off-site expenditure for the development of the Real

	<p>Estate project.</p> <ul style="list-style-type: none"> • Payment of Taxes, Fees, Charges, Premiums, Interest etc. to any Competent Authority or Statutory Authority of the Central or State Government under any laws or rules. or regulations of the time being in force. • Interest payable to any financial institutions including scheduled banks or non-banking financial companies etc. or money-lenders (under the Maharashtra Money-Lending Regulation Act, 2014) for the Real Estate Project, • It shall not include the sum which the promoter has raised and incurred by way of loan obtained from such banks, non-banking finance companies or money-lenders, for the purpose of purchase of land for the project or for obtaining the development rights over such land.
20.	ESTIMATED COST OF CONSTRUCTION AS CERTIFIED BY ENGINEER. (ESTIMATED)
	<ul style="list-style-type: none"> • Estimated Construction Cost of Sale building including internal and external development works of the layout will be certified by Engineer in FORM 2. • It is the summation of: <ul style="list-style-type: none"> (i) Estimated Cost of each building/wing in the project (Total of all Table A's) (ii) Estimated Cost of Internal and External Development Works including amenities and facilities. Table B • The figure can be obtained from Table A & Table B of FORM 2 wherein cost is to mentioned separately for each building/wing and amenities/ facilities. • The estimated cost includes all labour, material, equipment and machinery required to carry out entire work.

	<ul style="list-style-type: none"> As this is an estimated cost, in case of any revision effected in FORM 2 then the same should be incorporated in FORM 3 and also to be updated on the MahaRERA portal.
21.	COST INCURRED ON ADDITIONAL ITEMS NOT INCLUDED IN ESTIMATED COST (AS PER ENGINEER CERTIFICATE)
	<ul style="list-style-type: none"> If the increase in the actual cost of construction of the Sale Building is on account of cost incurred towards construction of additional / extra items not envisaged at the time of estimation, but required to be incurred on account of requirement of the development authorities, then the draft of the Engineer's Certificate in Form-2 permits the Engineer to revise such additional cost on account of additional / extra items and enhance then estimated cost of construction of the Sale Building. As a result of which the Developer shall be entitled to withdraw the amounts deposited in the Designated Bank Account to fund the cost required to be incurred towards construction of additional / extra items in a Sale Building.
22.	ESTIMATED EXPENDITURE FOR DEVELOPMENT OF ENTIRE PROJECT EXCLUDING COST OF CONSTRUCTION AS PER (I) OR (II) ABOVE, I.E. SALARIES, CONSULTANTS FEES, SITE OVERHEADS, DEVELOPMENT WORKS, COST OF SERVICES (INCLUDING WATER, ELECTRICITY, SEWERAGE, DRAINAGE, LAYOUT ROADS ETC.), ABSORBED COST(ATRIBUTABLE TO THIS PROJECT) OF MACHINERIES AND EQUIPMENT INCLUDING ITS HIRE AND MAINTENANCE COSTS, CONSUMABLES ETC. ALL COSTS INCURRED TO COMPLETE THE CONSTRUCTION OF THE ENTIRE PHASE OF THE PROJECT REGISTERED. (ESTIMATED)
	<ul style="list-style-type: none"> It includes Estimated Cost of On-site and Off-site expenditure for development of entire project i.e. salaries, consultants fees, site overheads, development works, cost of services (including water,

	<p>electricity, sewerage, drainage, layout roads etc.), cost of machineries and equipment including its hire and maintenance costs, consumables etc. attributable to the entire real estate project.</p> <ul style="list-style-type: none"> • All costs directly incurred to complete the construction of the entire phase of the real estate project registered. • It Specifically includes estimation of absorbed cost of machineries and equipment attributable to the project and not the purchase cost of machinery.
23.	ESTIMATED PAYMENT OF TAXES, CESS, FEES, CHARGES, PREMIUMS, INTEREST ETC. TO ANY STATUTORY AUTHORITY
	<ul style="list-style-type: none"> • It includes estimated scrutiny fees required to be paid to the competent authorities. • Estimated Development Charges and premium required to be paid to the competent authorities. • Estimated Deposits, taxes and interest required to be paid to the competent authorities. • All other costs payable to statutory authorities.
24.	INTEREST PAYABLE TO FINANCIAL INSTITUTIONS, SCHEDULED BANKS, NON-BANKING FINANCIAL INSTITUTION (NBFC) OR MONEY LENDERS ON CONSTRUCTION FUNDING OR MONEY BORROWED FOR CONSTRUCTION (ESTIMATED)
	<ul style="list-style-type: none"> • Under this head, the interest payable to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money lenders on construction funding or money borrowed for construction shall be included. • Interest payable on borrowings for the purpose of purchase of land for the project or for obtaining the development rights over such land should not be included here.

25.	SUB-TOTAL OF DEVELOPMENT COST: (ESTIMATED)
	<ul style="list-style-type: none"> • The total of Estimated Cost of Construction will be mentioned here.Total of (ii)
26.	TOTAL COST OF THE PROJECT (ESTIMATED)
	<ul style="list-style-type: none"> • It is the summation of Estimated Cost of Land and Estimated Cost of Construction. Total of (i) and (ii)

TABLE B- ACTUAL COST OF THE PROJECT (AS ON DATE OF CERTIFICATE)	
27.	COST INCURRED (AS ON DATE OF CERTIFICATE)
	<ul style="list-style-type: none"> • In this column, the cost incurred as per books of accounts or as discussed subsequently against each expense head to be mentioned. • <u>Regulation 2(v-a)-</u> incurred means amount of product or service received, creating a debt in favour of a seller or supplier and shall also include the amount of product or service received against the payment. • Explanation IV to Rule 5- All the cost items should be mutually exclusive. There should not be any double counting of costs. • Chartered accountants should verify books of accounts, bills, vouchers etc. of the promoter and derive the cost incurred
28.	LAND COST
	<ul style="list-style-type: none"> • <u>New Project:</u> In case of New Project, Incurred Land Cost shall be considered from the books of accounts available at the time of registration of the real estate project with MahaRERA. It is the actual cost incurred till date of registration of project. In case of subsequent certificate, it will be considered till the date of issuance of that certificate. • <u>Ongoing Project:</u> In case of ongoing project, Incurred Land Cost shall be considered

	<p>for the entire project since its inception before the commencement of the Act till the date of the issuance of the certificate at the time of registration.</p> <ul style="list-style-type: none"> • <u>Phasewise development and phasewise project registration:</u> The ASR Value in proportion to the FSI to be used in the phase of the project to be registered compared to the total FSI available in the entire development in the layout. • <u>Joint development with the land owner on area sharing basis:</u> Value of the land will be NIL in the case of promoter(Developer) and the value of land will be included in the form 3 to be prepared for the promoter(Land owner). • <u>Joint Development with the land owner on revenue sharing basis:</u> The value of the land as per ASR will be incorporated here.
29.	VALUE OF THE LAND AS ASCERTAINED FROM THE ANNUAL STATEMENT OF RATES (ASR).
	<ul style="list-style-type: none"> • The actual cost incurred as per books of accounts till the date of certificate should be considered. • In case land the actual cost incurred or the value on reckoned on basis of the value of the land as ascertained from the Annual Statement of Rates (ASR) prepared under the provisions of the Maharashtra Stamp Act, relevant on the date of registration of the real estate project.
30.	INCURRED EXPENDITURE ON PREMIUMS TO OBTAIN DEVELOPMENT RIGHTS, FSI, ADDITIONAL FSI, FUNGIBLE AREA, AND ANY OTHER INCENTIVE UNDER DCR FROM LOCAL AUTHORITY OR STATE GOVERNMENT/UT ADMINISTRATION OR ANY STATUTORY AUTHORITY.

	<ul style="list-style-type: none"> • It includes actual amount of consideration paid to MMRDA, CIDCO, MCGM, SRA, TMC and such other government bodies either in the form of premium or any other mode towards acquisition of development rights. • Acquisition cost of FSI, Additional FSI, Fungible FSI and any other Incentive FSI paid to the local authority or state government or any other statutory authority, such as for lift premium, staircase premium, etc. • ASR linked premiums paid by any promoter as per requirement of any Law, rules, or regulations for obtaining rights
31.	INCURRED EXPENDITURE FOR ACQUISITION OF TDR (IF ANY).
	<ul style="list-style-type: none"> • It includes the actual cost incurred on acquisition of Slum TDR, Heritage TDR, etc. • All other incidental costs directly attributable towards acquisition of TDR. • TDR acquired should be verified with the Development Rights Certificate. • The cost incurred for acquisition of TDR utilized in the registered project should be verified from the books of accounts and care should be taken to ensure it pertains to the same project.
32.	AMOUNTS PAID TO STATE GOVERNMENT/UT ADMINISTRATION OR COMPETENT AUTHORITY OR ANY OTHER STATUTORY AUTHORITY OF THE STATE OR CENTRAL GOVERNMENT, TOWARDS STAMP DUTY, TRANSFER CHARGES, REGISTRATION FEES ETC; AND
	<ul style="list-style-type: none"> • The actual cost incurred till date of certificate as verified from books of accounts shall be included here. • The chartered accountant should verify the receipts available on record.

	<ul style="list-style-type: none"> The amounts paid to competent authorities as defined u/s 2(p) of Rera Act should only be included here.
33.	LAND PREMIUM PAID FOR REDEVELOPMENT OF LAND OWNED BY PUBLIC AUTHORITIES.
	<ul style="list-style-type: none"> The amounts paid as land premium as per ASR for redevelopment of land owned by public authorities may be reported.
34.	UNDER REHABILITATION SCHEME:
	<ul style="list-style-type: none"> Onsite expenditure incurred for the rehabilitation scheme should be included in this column. ASR Linked Premium, Fees, charges, Security Deposits etc to any competent authority or statutory authority in case of rehabilitation scheme should be included here. Other overheads cost incurred for the rehabilitation scheme should be included here and it has to be commensurate with the estimated overheads cost certified by engineer.
35.	<p>INCURRED EXPENDITURE FOR CONSTRUCTION OF REHABILITATION BUILDING. MINIMUM OF (A) OR (B) TO BE CONSIDERED</p> <p>(A) COST INCURRED FOR CONSTRUCTION OF REHAB BUILDING INCLUDING SITE DEVELOPMENT AND INFRASTRUCTURE FOR THE SAME AS CERTIFIED BY ENGINEER.</p> <p>(B) INCURRED EXPENDITURE FOR CONSTRUCTION OF REHAB BUILDING AS PER THE BOOKS OF ACCOUNTS AS VERIFIED BY THE CA.</p>
	<ul style="list-style-type: none"> The amount of cost incurred for construction of Rehab Building is calculated on the basis of input materials/services used and unit cost of these items by Engineer in FORM 2.

	<ul style="list-style-type: none"> • The amount of cost incurred for construction of Rehab Building is also calculated on the basis of books of accounts as verified by Chartered Accountant in FORM 3. • Minimum of above should be considered. • As per Circular No 7/2017 dated 04/07/2017 “Clarification on CA Certificates” actual cost of construction of rehab buildings shall include cost incurred for construction of construction area, which is to be handed over to: <ul style="list-style-type: none"> • Slum dwellers under slum rehabilitation scheme. • Tenants under redevelopment of tenanted properties. • Apartment owners of the building which is under redevelopment and who are to be provided with the alternative accommodation. • Government or concessionaire in Public Private Partnership project. • Appropriate Authority under various schemes under Development Regulations. • The Chartered Accountant should verify the actual cost of construction of Rehab Building incurred as per the books of account. For this purpose, the Chartered Accountant should verify the bank statements, contracts with the contractors for construction of Rehab Building, running bills / invoices raised by the contractors for carrying out the work of construction of Rehab Building, contracts with the suppliers for supply of materials for construction of Rehab Building, running bills / invoices raised by the suppliers for supply of materials for construction of Rehab Building, bills for internal / external work in case of one composite building comprising of Rehab Building and Sale Building, bills / cost for providing infrastructure facility, etc • The Chartered Accountant should also verify the actual cost of
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	<p>construction of Rehab Building incurred as per the books of account to be included under this sub-head with the trial balance and books of account of the Promoter from the inception of the project till the date of the certificate.</p> <ul style="list-style-type: none"> • In particular, the Chartered Accountant should collate the figures under this sub-head from ledger account(s) of the Contractor's Account, Supplier's Account, Materials Lying in Stock Account, Project Work- In-Progress Account, etc., appearing in the trial balance and books of account of the Promoter. • Usually, separate accounts, contracts, records, documentation, etc., are not maintained by the Promoter for the construction of the Rehab Building and the Sale Building. The bank statements, ledger account(s) of the contractors/ suppliers would also show consolidated invoices / payments for the Rehab Building and the Sale Building. In these circumstances, it would require the Chartered Accountant to adopt a reasonable basis for apportioning the aggregate actual cost of construction incurred by the Promoter to the Rehab Building and the Sale Building separately. E.g., the Chartered Accountant may apportion the total actual cost of construction incurred on the basis of the built areas of the Rehab Building and the Sale Building. The Chartered Accountant will have to make appropriate disclosures in his certificate to this effect. • Going forward, the Chartered Accountant should insist upon the Promoter to execute separate contracts with the contractors / suppliers for the Rehab Building and the Sale Building separately. Further, the Chartered Accountant should also insist upon the Promoter to ask the contractors / suppliers to raise separate bills / invoices for the materials supplied / work done for the Rehab Building and the Sale Building separately. The Chartered Accountant should insist upon the Promoter to maintain separate ledger accounts, documents, and records for the Rehab Building
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	<p>and the Sale Building separately.</p> <ul style="list-style-type: none"> • The Actual cost incurred on cost of construction of Rehab building cannot exceed the actual cost of construction as certified by engineer in FORM 2. • In case of composite building rehab and sale portion, apportionment of costs to be considered only if material.
36.	<p>INCURRED EXPENDITURE TOWARDS CLEARANCE OF LAND OF ALL OR ANY ENCUMBRANCES INCLUDING COST OF REMOVAL OF LEGAL/ILLEGAL OCCUPANTS, COST FOR PROVIDING TEMPORARY TRANSIT ACCOMMODATION OR RENT IN LIEU OF TRANSIT ACCOMMODATION, OVERHEAD COST, AMOUNTS PAYABLE TO SLUM DWELLERS, TENANTS, APARTMENT OWNERS OR APPROPRIATE AUTHORITY OR GOVERNMENT OR CONCESSIONAIRE WHICH ARE NOT REFUNDABLE AND SO ON.</p>
	<ul style="list-style-type: none"> • It includes Costs required to be incurred by the Promoter towards settlement of tenants, illegal occupants, slum dwellers, etc occupying structures standing on the Land. • Cost of construction of temporary transit accommodation to be provided to the eligible and ineligible slum dwellers under the SRA Scheme. • Rent to the slum dwellers for procuring the transit accommodation during the construction period. • Corpus / Inconvenience/ harship compensation to the Society or its members. • Rent and Brokerage to the tenants and the society members for procuring temporary alternate accommodation during the construction period. • Shifting Charges to the tenants and the society members.

37.	INCURRED EXPENDITURE TOWARDS ASR LINKED PREMIUM, FEES, CHARGES AND SECURITY DEPOSITS OR MAINTENANCE DEPOSITS, OR ANY AMOUNT WHATSOEVER PAYABLE TO ANY AUTHORITIES TOWARDS AND IN PROJECT OF REHABILITATION.
	<ul style="list-style-type: none"> • It includes Costs of ASR linked premium, fees and charges to SRA or such other public authorities towards and in connection with the project of rehabilitation. It includes staircase premium, land premium, scrutiny fees for LOI and IOA, Open space deficiency charges, development charges, labour cess, infrastructure charges, Balcony Enclose charges etc. • Cost of security deposits or maintenance deposits, or any amount whatsoever paid to SRA or such other public authorities towards and in connection with the project of rehabilitation. It includes layout deposit, IOA deposit, basement deposit etc. • All amounts payable to slum dwellers, tenants, apartment owners, appropriate authority or government or concessionaire which are not refundable and are incurred as cost and expenses of such rehabilitation scheme eg. Maintenance deposits, corpus amount, concession premium or fees, shifting charges to name a few.
38.	ANY OTHER COST INCLUDING INTEREST INCURRED ON THE BORROWING DONE SPECIFICALLY FOR CONSTRUCTION OF REHABILITATION COMPONENT (INCURRED)
	<ul style="list-style-type: none"> • The amount of interest incurred on borrowing done specifically for the construction of rehabilitation component shall be included in this field. • If the books of accounts have treated expenditure on interest in accordance with the applicable Ind AS/ Accounting Standard relating to Borrowing Cost, there will be little difficulty for the

	<p>chartered accountant in accepting the figures. If the promoter furnishes figures of the Cost of Construction and the Land Cost which are different from the figures of the Construction Costs and Development Costs and the Cost of Land and Development Rights worked out for the regular accounting purposes, the chartered accountant will have to satisfy himself that there is sufficient reason for making departure from classification and presentation of costs adopted in the books of accounts. In case the chartered accountant is not satisfied, he may suggest to the promoter to modify the figures for the purpose of certification. In case the promoter insists that the chartered accountant should accept the figures furnished by him, the chartered accountant may refuse to issue certificate.</p> <ul style="list-style-type: none"> • The increase in construction cost of rehab building due to execution of extra/additional items as certified by the Engineer in Annexure A of the FORM 2 shall be included in this field.
39.	SUB - TOTAL OF LAND COST:
	<ul style="list-style-type: none"> • The total of Actual Cost incurred for land will be mentioned here.
40.	DEVELOPMENT COST / COST OF CONSTRUCTION:
	<ul style="list-style-type: none"> • Under this head various expenses heads are mentioned, and the respective cost incurred figures should be mentioned in this column with respect to sale buildings.
41.	<p>INCURRED EXPENDITURE FOR CONSTRUCTION OF REHABILITATION BUILDING. MINIMUM OF (A) OR (B) TO BE CONSIDERED</p> <p>(A) CONSTRUCTION COST INCURRED INCLUDING SITE DEVELOPMENT AND INFRASTRUCTURE FOR THE SAME AS CERTIFIED BY ENGINEER.</p> <p>(B) ACTUAL COST OF CONSTRUCTION OF INCURRED AS PER</p>

	THE BOOKS OF ACCOUNTS AS VERIFIED BY THE CA.
	<ul style="list-style-type: none"> • Under this head, the construction cost for the Sale Building shall be taken to be lower of (i) the actual construction cost of the Sale Building as certified by the Engineer; or (ii) the actual cost of construction of the Sale Building incurred as per books as certified by the Chartered Accountant. • The Actual cost incurred on cost of construction of Sale building cannot exceed the actual cost of construction as certified by engineer in FORM 2. • If there is increase in the actual cost of construction of the Sale Building as compared to the actual cost of construction of the Sale Building as certified by the Engineer on account of escalation or any such reason, then the Developer shall not be entitled to withdraw the additional cost incurred, until the completion of the real estate project • The Chartered Accountant should verify the actual cost of construction of Sale Building incurred as per the books of account. For this purpose, the Chartered Accountant should verify the bank statements, contracts with the contractors for construction of Sales Building, running bills / invoices raised by the contractors for carrying out the work of construction of Sale Building, contracts with the suppliers for supply of materials for construction of Sale Building. • The Chartered Accountant should also verify the actual cost of construction of Sale Building incurred as per the books of account to be included under this sub-head with the trial balance and books of account of the Promoter from the inception of the project till the date of the certificate. In particular, the Chartered Accountant should collate the figures under this sub-head from ledger account(s) of the Contractor's Account, Supplier's Account,

	<p>Materials Lying in Stock Account, Project Work- In-Progress Account, etc., appearing in the trial balance and books of account of the Promoter.</p> <ul style="list-style-type: none"> • Usually, separate accounts, contracts, records, documentation, etc., are not maintained by the Promoter for the construction of the Rehab Building and the Sale Building. The bank statements, ledger account(s) of the contractors/ suppliers would also show consolidated invoices /payments for the Rehab Building and the Sale Building. In these circumstances, it would require the Chartered Accountant to adopt a reasonable basis for apportioning the aggregate actual cost of construction incurred by the Promoter to the Rehab Building and the Sale Building separately. The Chartered Accountant will have to adopt a reasonable basis of apportioning the total actual cost of construction to the Rehab Building and Sale Building separately. E.g., the Chartered Accountant may apportion the total actual cost of construction incurred on the basis of the construction areas of the Rehab Building and the Sale Building and a certificate from Architect should be obtained. • The Chartered Accountant will have to make appropriate disclosures in his certificate to this effect. • Going forward, the Chartered Accountant should insist upon the Promoter to execute separate contracts with the contractors / suppliers for the Rehab Building and the Sale Building separately. Further, the Chartered Accountant should also insist upon the Promoter to ask the contractors / suppliers to raise separate bills / invoices for the materials supplied / work done for the Rehab Building and the Sale Building separately. The Chartered Accountant should insist upon the Promoter to maintain separate ledger accounts, documents and records for the Rehab Building and the Sale Building separately
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	<ul style="list-style-type: none"> • In a Joint Development Agreement under an area sharing arrangement, if the land owner is entitled to get constructed area, free of cost, from the Developer, then the actual cost of construction of the land owner's entitlement shall be included under this sub-head.
42.	COST INCURRED ON ADDITIONAL ITEMS NOT INCLUDED IN ESTIMATED COST (AS PER ENGINEER CERTIFICATE)
	<ul style="list-style-type: none"> • If the increase in the actual cost of construction of the Sale Building is on account of cost incurred towards construction of additional / extra items not envisaged at the time of estimation, but required to be incurred on account of requirement of the development authorities, then the draft of the Engineer's Certificate in Form-2 permits the Engineer to revise such additional cost on account of additional / extra items and enhance then estimated cost of construction of the Sale Building. As a result of which the Developer shall be entitled to withdraw the amounts deposited in the Designated Bank Account to fund the cost required to be incurred towards construction of additional / extra items in a Sale Building.
43.	INCURRED EXPENDITURE FOR DEVELOPMENT OF ENTIRE PROJECT EXCLUDING COST OF CONSTRUCTION AS PER (I) OR (II) ABOVE, I.E. SALARIES, CONSULTANTS FEES, SITE OVERHEADS, DEVELOPMENT WORKS, COST OF SERVICES (INCLUDING WATER, ELECTRICITY. SEWERAGE, DRAINAGE, LAYOUT ROADS ETC.), ABSORBED COST (ATTRIBUTABLE TO THIS PROJECT) OF MACHINERIES AND EQUIPMENT INCLUDING ITS HIRE AND MAINTENANCE COSTS, CONSUMABLES ETC. ALL COSTS INCURRED TO COMPLETE THE CONSTRUCTION OF THE ENTIRE PHASE OF THE PROJECT REGISTERED.

	<ul style="list-style-type: none"> • It includes Actual Cost of On-site and Off-site expenditure for development of entire project i.e. salaries, consultants fees, site overheads, development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.), cost of machineries and equipment including its hire and maintenance costs, consumables etc. attributable to the entire real estate project. • All costs directly incurred to complete the construction of the entire phase of the real estate project registered. • It Specifically includes absorbed cost of machineries and equipment attributable to the project and not the purchase cost of machinery. • As per the circular the cancellation amounts if any, to be paid by the promoter to the allottees should be treated as cost incurred for the project and the same can be withdrawn from the separate bank to the extent of seventy percent of the cancellation amount to be paid as thirty percent of amount realized was not required to be deposited to separate account. • As per the circular the compensation/interest amount paid by the promoter to the allottees should be treated as cost incurred for the project and the entire sum can be withdrawn from the separate bank account. However, In the judgment given by the Hon'ble Maharashtra Real Estate Authority in case of "Ms. Neha Padwal & ors. Vs. M/s CCI Projects Private limited" Hon'ble Maharashtra Real Estate Authority held that "The funds of the project cannot be used for compensating the allottees namely to pay them interest on account of delayed possession. Promoters must pay it from their own resources and properties." • As per Explanation V of MahaRERA Rules, 2017 construction cost shall not include marketing & brokerage expenses incurred towards sale of apartments. Such expenses though part of the
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	project cost, should not be borne from the amount that is required to be deposited in the designated bank account.
44.	INCURRED EXPENDITURE TOWARDS TAXES, CESS, FEES, CHARGES, PREMIUMS, INTEREST ETC. TO ANY STATUTORY AUTHORITY.
	<ul style="list-style-type: none"> • It includes scrutiny fees required to be paid to the competent authorities. • Development Charges and premium required to be paid to the competent authorities. • If the Promoter has opted for New Scheme of Taxation under GST Act then Input Tax credit is not allowed to such promoters and hence it will form part of the Construction Cost incurred. • Deposits, taxes and interest required to be paid to the competent authorities. • Income tax paid by the promoter of a Real Estate Project, shall not be allowed to be claimed as cost of the Real Estate Project. • All other such costs incurred in the Real Estate Project. • As per circular no. 7/2017 dated 04/07/2017 “Clarification on CA Certificates” those charges which are collected by the promoter on behalf of legal entity or apex body or any statutory authority or local authority also known as Pass Through Charges should be deposited preferably in a bank account opened just for the purpose of depositing such pass-through charges or any other bank account, other than the RERA Designated Bank account and shall be dealt with as per the provisions of the statute governing such charges. However, promoter shall be required to give account of the monies collected as pass through charges to the legal Entity or Apex Body as per section 5 of Maharashtra Ownership Flats Act, 1963. The Pass through charges should not be included in cost of project.

	<ul style="list-style-type: none"> As per circular no. 7/2017 dated 04/07/2017 “Clarification on CA Certificates.” The indirect taxes collected by the promoter from the allottees in GST/Service Tax/VAT etc can be deposited in a bank account, other than the RERA Designated bank account and shall be dealt with as per the provisions of the statute governing such indirect taxes. Moreover, the income tax paid by the promoter of a real estate project, shall not be allowed to be claimed as cost of the real estate project. Hence indirect taxes liability of promoter should not be included in cost of project.
<p>45.</p>	<p>INCURRED EXPENDITURE TOWARDS INTEREST TO FINANCIAL INSTITUTIONS, SCHEDULED BANKS, NON-BANKING FINANCIAL INSTITUTION (NBFC) OR MONEY LENDERS ON CONSTRUCTION FUNDING OR MONEY BORROWED FOR CONSTRUCTION.</p>
	<ul style="list-style-type: none"> The amount of interest incurred on borrowing done specifically for the construction of sale component shall be included in this field. If the books of accounts have treated expenditure on interest in accordance with the applicable Ind AS/ Accounting Standard relating to Borrowing Cost, there will be little difficulty for the chartered accountant in accepting the figures. If the promoter furnishes figures of the Cost of Construction and the Land Cost which are different from the figures of the Construction Costs and Development Costs and the Cost of Land and Development Rights worked out for the regular accounting purposes, the chartered accountant will have to satisfy himself that there is sufficient reason for making departure from classification and presentation of costs adopted in the books of accounts. In case the chartered accountant is not satisfied, he may suggest to the promoter to reclassify the figures for the purpose of certification. In case the promoter insists that the chartered accountant should accept the figures furnished by him, the chartered accountant may qualify the

	certificate.
46.	SUB-TOTAL OF DEVELOPMENT COST: (INCURRED)
	<ul style="list-style-type: none"> The total of Actual Cost of Construction incurred will be mentioned here.Total of (ii)
47.	TOTAL COST OF THE PROJECT (ACTUAL)
	<ul style="list-style-type: none"> It is the summation of Actual Cost Incurred of Land and Actual Cost of Construction. Total of (i) and (ii)
48.	PROPORTION OF THE COST INCURRED ON LAND COST AND CONSTRUCTION COST TO THE TOTAL ESTIMATED COST (INCURRED)
	<ul style="list-style-type: none"> The proportion can be derived as follows: $\frac{\text{Actual Land Cost} + \text{Actual Construction Cost}}{\text{Estimated Land Cost} + \text{Estimated Construction Cost}} \times 100$ Percentage should be mentioned in this field
49.	AMOUNT WHICH CAN BE WITHDRAWN FROM THE DESIGNATED ACCOUNT (INCURRED)
	<ul style="list-style-type: none"> The Amount that can be withdrawn from designated account: Total Estimated Cost of the Project X Percentage Completion of Project i.e Actual Cost incurred till date of certificate
50.	LESS: AMOUNT WITHDRAWN TILL DATE OF THIS CERTIFICATE FROM THE DESIGNATED ACCOUNT (INCURRED)
	<ul style="list-style-type: none"> <u>New Project:</u> In case of New Project, (i) <u>At the time of Registration:</u>

The amount will be Nil as promoter is not allowed to collect the amount before registration of project.

(ii) **Subsequent Certificate:**

The amount will be as per the bank statement of Designated Bank Account of the Promoter.

Ongoing Project:

In case of Ongoing Project at the Commencement of Act,

(i) **At the time of Registration and 1st Withdrawal:**

The Amount will be **lower** of following:

- a) 100% of the amount received from allottees till date of registration.
- b) Amount of actual cost incurred till date of certificate of chartered accountant.

- We can understand this with the help of an illustration:

(i) **Where sales consideration is more than project cost incurred**

Ex-1: ABC Pvt. Ltd. is having an ongoing project as on 01.05.2017 and approached a practicing-chartered accountant for the purpose of issuing Form 3 required for registration of the project.

Following are the details provided by the Company:

No.	Particulars	₹(in crores)
1	Estimated Cost of the Project	300
2	Total Cost incurred till date [since inception]	180
3	Amount realized from the allottees till	220

	date	
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What will be the amount to be considered as “Amount withdrawn till date”?

In this case, it can be seen that consideration received against sale of apartments till date is more than the actual incurred cost incurred. Hence, the amount withdrawn till date will be restricted to 180 Cr and nothing will be allowed to be withdrawn under this certificate [i.e 180 Cr – 180 Cr = 0] as it is considered that promoter has fully recovered the actual cost incurred till date and subsequent withdrawal will be allowed only when cost incurred details of 40 Cr [i.e 220 Cr – 180 Cr] is provided by the promoter.

(ii) Where sales consideration is less than project cost incurred

Ex-1: ABC Pvt. Ltd. is having an ongoing project as on 01.05.2017 and approached a practicing-chartered accountant for the purpose of issuing Form 3 required for registration of the project.

Following are the details provided by the Company:

No.	Particulars	₹(in crores)
1	Estimated Cost of the Project	300
2	Total Cost incurred till date [since inception]	180
3	Amount realized from the allottees till date	180

What will be the amount to be considered as “Amount withdrawn till date”?

	<p>In aforesaid illustration, it can be seen that consideration received against sale of apartments till date is less than the actual incurred cost incurred. Hence, the amount withdrawn till date will be restricted to 180 Cr and balance will be available for the promoter to be withdrawn under this certificate [i.e 220 Cr – 180 Cr = 40 Cr].</p> <p>(ii) <u>Subsequent Certificate:</u></p> <p>The amount withdrawn till date of certificate to be taken as per the bank statement of Designated Bank Account of the Promoter.</p>
51.	NET AMOUNT WHICH CAN BE WITHDRAWN FROM THE DESIGNATED BANK ACCOUNT UNDER THIS CERTIFICATE (INCURRED)
	<ul style="list-style-type: none"> • Net Amount which can be withdrawn is the maximum limit provided to the promoter and when the limit is fully utilized then new FORM 1,2 and 3 should be obtained. • Net Amount withdrawn can be derived as follows: • Net Amount = Eligible Amount – Amount withdrawn till date
52.	PASS THROUGH CHARGES OR INDIRECT TAXES NOT INCLUDED IN INCURRED COST OF THE PROJECT
	<ul style="list-style-type: none"> • Pass through charges such as maintenance, share application fees, and any other amounts collected for and on behalf of legal entity or apex body or statutory authority or local body should not form part of cost incurred. • The indirect taxes collected by the Promoter from the Allottees in the nature of GST /Service Tax /VAT etc shall be dealt with as per the provisions of the statute governing such indirect taxes. • However ineligible GST credit can be considered as cost incurred for the project.

TABLE B- ACTUAL COST OF THE PROJECT (AS ON DATE OF CERTIFICATE)	
53.	STATEMENT FOR CALCULATION OF RECEIVABLES FROM SALES OF THE REAL ESTATE PROJECT
	<ul style="list-style-type: none"> • A statement of calculation of Receivables is to be submitted for ongoing projects which are within the meaning of the first proviso to sub-section (1) of section 3 of the Act. • The name of the project for which certificate is issued has to be mentioned here. • In order to avoid any inadvertent errors, the Chartered Accountant should mention the name as printed on the MahaRERA project registration Certificate.
54.	SOLD INVENTORY
	<ul style="list-style-type: none"> • This includes the list of sold apartments in the project till the date of certificate. • Apartments is defined under Sec 2 (e) of Rera Act.
55.	RECEIVED AMOUNT
	<ul style="list-style-type: none"> • Received Amount means the amount received from allottees pertaining to sold apartments from the inception of the project till the date of certificate of Chartered Accountant.
56.	BALANCE RECEIVABLE
	<ul style="list-style-type: none"> • Balance Receivable can be derived as follows: Agreement Value – Amount Received from Allottee till date of Certificate. • The Chartered Accountant will have to verify the balance amount of receivables from sold apartments from the allotment letters

	<p>issued by the Promoter, agreement(s) for sale executed between the Promoter and the Allottees, payments of Service Tax / GST, Form 16B issued by the Allottees in the name of the Promoter for TDS deduction, Form 26AS, etc.</p> <ul style="list-style-type: none"> • It may happen that if the actual prevalent market value or the average sale price of the unsold inventory is taken into consideration then the balance receivables to be realized from the sold apartments and to be realized from unsold apartments may exceed the estimated cost of completion of the Ongoing Project. However, the Chartered Accountant is not required to consider the actual prevalent market value or the average sale rate of the unsold inventory but is required to adopt the stamp duty ready reckoner value of the unsold inventory for determining the estimated receivables of the Ongoing Project.
57.	SR. NO.
	<ul style="list-style-type: none"> • The serial numbers should be mentioned besides every apartment mentioned in the list
58.	FLAT NO.
	<ul style="list-style-type: none"> • The Flat No's List should be obtained from the promoter. • The Chartered Accountant should verify No. of Flats in the Project with Approved Layout Plan and also with Typical Floor Plans. • The Chartered Accountant should verify from the records that no single apartment has been sold to multiple allottees.
59.	CARPET AREA (IN SQ.MTS.)
	<ul style="list-style-type: none"> • In respect of Real Estate Project, the Chartered Accountant will have to state in his certificate that the carpet area as stated above in respect of the sold inventory is as per RERA only.

	<ul style="list-style-type: none"> If the carpet area is not available in sq. mts. then Chartered Accountant needs to convert the same as mentioned in this chapter.
60.	UNIT CONSIDERATION AS PER AGREEMENT/ LETTER OF ALLOTMENT
	<ul style="list-style-type: none"> The agreement value of apartments needs to be mentioned here. Check agreements executed. Consideration value of apartments allotted but not yet registered should also be mentioned in this field. Check Allotment Letters issued pending registration of agreements.
61.	FIGURE IN RECEIVED AMOUNT COLUMN
	<ul style="list-style-type: none"> Total Amount received from a particular apartment buyer should be mentioned here.
62.	FIGURE IN BALANCE RECEIVABLE COLUMN
	<ul style="list-style-type: none"> The Balance Receivable after adjusting the amount received till date of certificate from Agreement Value should be mentioned here.
63.	TOTAL CARPET AREA (IN SQ.MTS.)
	<ul style="list-style-type: none"> Total of the Rera Carpet Area in sq. mts. of all apartments should be mentioned in this field.
64.	TOTAL RECEIVED AMOUNT
	<ul style="list-style-type: none"> Summation of amount received from all apartments till date of certificate needs to be entered here.
65.	TOTAL BALANCE RECEIVABLE
	<ul style="list-style-type: none"> Summation of balance receivables of all apartments needs to be entered here.
66.	UNIT CONSIDERATION AS PER AGREEMENT/LETTER OF ALLOTMENT AND AMOUNT RECEIVED DOES NOT INCLUDE

	PASS THROUGH CHARGES AND INDIRECT TAXES
	<ul style="list-style-type: none"> • Pass through charges and GST should not be included in Unit Consideration.
67.	UNSOLD INVENTORY VALUATION
	<ul style="list-style-type: none"> • This pertains to valuation of Unsold Inventory as on date of certificate of Chartered Accountant.
68.	UNIT CONSIDERATION AS PER READY RECKONER RATE (ASR)
	<ul style="list-style-type: none"> • The Ready Reckoner rates are given on built-up area basis, the Chartered Accountant will have to convert the carpet area computed as per RERA into built-up area (i.e., Carpet area as per RERA x 1.2 1) and then apply ASR as on the date of the certificate to arrive at the amount of estimated amount of sales proceeds in respect of unsold apartments calculated as per ASR. • Unit Consideration as per ASR can be derived as follows: <ul style="list-style-type: none"> <u>Residential:</u> Rera Carpet Area X Ready Reckoner Rate (Residential) per sq. mt. <u>X 1.1</u> • <u>Commercial:</u> Rera Carpet Area X Ready Reckoner Rate (Commercial) per sq. mt. • The Chartered Accountant should make appropriate disclosures in his certificate to this effect. • <u>The important provisions for computing the market value of a flat as per the Ready Reckoner is given as under:</u> <ol style="list-style-type: none"> (i) The stamp duty Ready Reckoner contains the rate /price of an immovable property vis-à-vis open land with FSI, residential buildings, office and commercial on above floors, shop and commercial on ground floor and industrial premises. The ASR value for the period beginning from 2014 is available on

<http://www.igrmaharashtra.gov.in/eASR/frmMap.aspx>.

(ii) The rates given in the Ready Reckoner is of the built-up area in square metres. Following formulas are useful for the purpose of calculation:

Particulars	Formula	Example
Conversion of Sq. ft to Sq. mt	1 Sq. mt. = 10.7639 Sq. ft	Carpet area of Flat: 1000 Sq. ft Carpet area of Flat (in Sq. mt.): $1000/10.7639 = 92.903$
Conversion of Carpet Area to Built-up Area (For MOFA Carpet area)	Built-up Area= $1.2 * \text{Carpet Area(Mofa)}$	Carpet area of Flat: 92.903 Built-up area of Flat: $92.903 * 1.2 = 111.48$ sq.meters
Conversion of Carpet Area to Built-up Area (For RERA Carpet area) and now all plans are sanctioned as per RERA carpet only	Built-up Area= $1.1 * \text{Carpet Area(RERA)}$	Carpet area of Flat: 92.903 Built-up area of Flat: $96.619 * 1.1 = 106.281$ sq. meters

(iii) For residential premises / commercial unit / office on the above floor in a multistoried building where there is lift , the rate as given in the Ready Reckoner will be increased as under:

No.	Location of flat / commercial unit in the building	Rate
1.	On ground to 4 floors	No increase for all floors from Ground to 4 floors
2.	5 floors to 10 floors	Increase by 5% on units located between 5 to 10 floors
3.	11 floors to 20 floors	Increase by 10% on units located between 11 to 20 floors
4.	21 floors to 30 floors	Increase by 15% on units located between 21 to 30 floors
5.	31 floors and above	Increase by 20% on units located between 31 and above floors

(iv) For residential premises / commercial unit / office on the above floor where there is no lift, depending upon the floor, the Ready Reckoner rates will be reduced as under:

No.	Location of flat / commercial unit in the building	Rate to be adopted
1.	Ground floor/ stilt floor	100%
2.	First floor	100%

		3.	Second floor	95%
		4.	Third floor	90%
		5.	Fourth floor and above	80%
	<p>(v) While valuing a row house or a penthouse or a duplex flat or a bungalow, in Mumbai City and suburbs, in Group Housing Project having an area of more than 120 sq. mtrs., the value mentioned in the Ready Reckoner for that flat should be increased by 25%.</p> <p>(vi) Except bungalow on independent land, if an exclusive attached terrace is purchased along with the flat / office / shop / industry gala, then 40% of the Ready Reckoner rate applicable to such flat / office / shop / industry gala is to be taken for the terrace area. Terrace above the residential flat should be valued at 25% of the Ready Reckoner rate of the flat. Terrace above the shop / office should be valued at 40% of the Ready Reckoner rate of the shop / office.</p>			
69.	SR.NO.			
	<ul style="list-style-type: none"> The list of apartments available for sale should be serially numbered. 			
70.	FLAT NO			
	<ul style="list-style-type: none"> The Flat No's List should be obtained from the promoter. The Chartered Accountant should verify No. of Flats in the Project with Approved Layout Plan and also with Typical Floor Plans. The Chartered Accountant should verify from the records that no single apartment has been already sold should be showed as unsold unless and until there is cancellation. 			
71.	CARPET AREA IN SQ. METERS			

- Section 2(k)- carpet area means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.
- The chartered accountant should obtain a management representation wherein the carpet area as per RERA of all flats in the project is mentioned.
- The data can be obtained in following format:

Flat No.	RERA Carpet (In Sq mt)	Usable Carpet (incl EB + CB) (In Sq mt)	Total Carpet (EB +CB+FB+DB) (In Sq mt)
Flat No.1	60.29	72.18	77.94
Flat no.2	81.75	93.18	102.56
Flat no.3	81.75	72.18	77.94
Flat No.4	60.29	93.18	102.56

- EB = Enclosed Balcony, CB-Cupboard Area, FB- Flower Bed Area, DB = Dry Balcony

72. FIGURE IN UNIT CONSIDERATION AS PER READY RECKONER RATE (ASR)

- The agreement value of apartments needs to be mentioned here.
- The details should be entered flat no. wise.
- Consideration value of apartments allotted but not yet registered should also be mentioned in this field.
- It may happen that if the actual prevalent market value or the average sale price of the unsold inventory is taken into

	<p>consideration then the balance receivables to be realized from the sold apartments and to be realized from unsold apartments may exceed the estimated cost of completion of the Ongoing Project. However, the Chartered Accountant is not required to consider the actual prevalent market value or the average sale rate of the unsold inventory but is required to adopt the stamp duty ready reckoner value of the unsold inventory for determining the estimated receivables of the Ongoing Project</p>
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TABLE D- COMPARISON BETWEEN BALANCE COST AND RECEIVABLES	
73.	COMPARISON BETWEEN BALANCE COST AND RECEIVABLES
	<ul style="list-style-type: none"> • This table provides a comparison between balance cost and receivables. • Earlier the same was applicable only in case of ongoing projects.
74.	AMOUNT
	<ul style="list-style-type: none"> • Amount of Cost and Receivables needs to be mentioned
75.	ESTIMATED BALANCE COST TO COMPLETE THE REAL ESTATE PROJECT (DIFFERENCE OF TOTAL ESTIMATED PROJECT COST LESS COST INCURRED)
	<ul style="list-style-type: none"> • It is the difference between Total Estimated Project Cost and Actual Cost Incurred as per the FORM 3
76.	BALANCE AMOUNT OF RECEIVABLES FROM SOLD APARTMENTS AS PER ANNEXURE A TO THIS CERTIFICATE (AS CERTIFIED BY CHARTERED ACCOUNTANT AS VERIFIED FROM THE RECORDS AND BOOKS OF ACCOUNTS)

	<ul style="list-style-type: none"> • This amount can be obtained from the Annexure A attached with the certificate under head SOLD INVENTORY • It has to be verified from the records and books of accounts of the promoter with respect to the registered project.
77.	<p>(I) BALANCE UNSOLD AREA (TO BE CERTIFIED BY MANAGEMENT AND TO BE VERIFIED BY CA FROM THE RECORDS AND BOOKS OF ACCOUNTS),</p> <p>(II) ESTIMATED AMOUNT OF SALES PROCEEDS IN RESPECT OF UNSOLD APARTMENTS (CALCULATED AS PER ASR MULTIPLIED TO UNSOLD AREA AS ON THE DATE OF CERTIFICATE, TO BE CALCULATED AND CERTIFIED BY CA AS PER ANNEXURE A TO THIS CERTIFICATE.</p>
	<ul style="list-style-type: none"> • This amount can be obtained from the Annexure A attached with the certificate under head UNSOLD INVENTORY • It has to be certified by the Management and verified from the records and books of accounts
78.	ESTIMATED RECEIVABLES OF ONGOING PROJECT. SUM OF 2 + 3(II)
	<ul style="list-style-type: none"> • It is the summation of Balance Amount of receivables from sold inventory and estimated amount of sales proceeds form unsold inventory.
79.	<p><i>{Applicable for Ongoing Projects only}</i></p> <p>AMOUNT TO BE DEPOSITED IN DESIGNATED ACCOUNT - 70% OR 100%</p>
	<ul style="list-style-type: none"> • Percentage needs to be mentioned here.
80.	IF 4 IS GREATER THAN 1, THEN 70 % OF THE BALANCE RECEIVABLES OF ONGOING PROJECT WILL BE DEPOSITED IN DESIGNATED ACCOUNT.
	<ul style="list-style-type: none"> • If the estimated receivables of the Ongoing Project is more than the estimated cost of completion of the Ongoing Project, then the

	Chartered Accountant is required to certify that the Promoter is required to deposit 70% of the amount to be realized from the Allottees in the RERA Designated Bank Account.
81.	IF 4 IS LESSER THAN 1, THEN 100% OF THE BALANCE RECEIVABLES OF ONGOING PROJECT WILL BE DEPOSITED IN DESIGNATED ACCOUNT.
	<ul style="list-style-type: none"> • If the estimated receivables of the Ongoing Project is less than the estimated cost of completion of the Ongoing Project, then the Chartered Accountant is required to certify that the Promoter is required to deposit 100% of the amount to be realized from the Allottees in the RERA Designated Bank Account.

TABLE E- DESIGNATED BANK ACCOUNT DETAILS	
82.	DESIGNATED BANK ACCOUNT DETAILS
	<ul style="list-style-type: none"> • RERA Separate Bank Account Details needs to be mentioned here • Same Bank Account cannot be used for multiple projects
83.	DESIGNATED BANK ACCOUNT DETAILS ACTUAL AMOUNT TILL DATE (FROM START OF BANK ACCOUNT TO TILL DATE)
	<ul style="list-style-type: none"> • In every certificate details should be pertaining to cumulative balance from opening of the bank account till date of issuance of the certificate
84.	OPENING BALANCE
	<ul style="list-style-type: none"> • Opening Balance will always be NIL as the account opening date is always after RERA Registration
85.	DEPOSITS

	<ul style="list-style-type: none"> • The amount pertaining to credit side of the RERA Bank Account i.e 70% account should be mentioned here • Amount other than customer receipts should not be deposited in RERA Bank Account. • In case there are deposits other than customer receipts appropriate reconciliation needs to be provided
86.	WITHDRAWALS
	<ul style="list-style-type: none"> • The amount pertaining to debit side of the RERA Bank Account i.e 70% account should be mentioned here • Withdrawals should be only with respect to Land and Construction Cost • In case of withdrawals exists for purpose other than land and construction cost appropriate disclosures should be given
87.	CLOSING BALANCE
	<ul style="list-style-type: none"> • The closing balance should match with bank balance certificate of RERA Bank Account. • It should pertain to period end date for which the certificate is issued
88.	I HEREBY CERTIFY THAT REQUIRED PROPORTION OF MONEY, AS SPECIFIED IN THE ACT, COLLECTED FROM ALLOTTEES OF THE PROJECT UNIT AS INDICATED IN TABLE C HAS BEEN DEPOSITED IN DESIGNATED RERA BANK ACCOUNT
	<ul style="list-style-type: none"> • Sometimes, the applicable law and regulation or a contractual arrangement that an entity might have entered into, prescribe the wording of report or certificates. The wording often requires the use of word or phrase like “certify” or “true and correct” to indicate absolute level of assurance expected to be provided by the practitioner on the subject matter. Absolute assurance indicates that

	<p>a practitioner has performed procedures as considered appropriate to reduce the engagement risk to zero.</p> <ul style="list-style-type: none"> • Depending upon the nature, timing and extent of procedures that can be performed based upon the facts and circumstances of the case, a report or certificate issued by a practitioner can provide either reasonable or limited level of assurance. Therefore, whenever a practitioner is required to give a “certificate” or a “report” for special purpose, the practitioner needs to undertake a careful evaluation of the scope of the engagement, i.e., whether the practitioner would be able to provide reasonable assurance or limited assurance on the subject matter. • Hence CA should adhere to Guidance Note on Reports or Certificates issued by ICAI. • Authority may call for an explanation and recommend further action against CA in case of issuing certificates without proper opinion/references. • If 70% of amount collected from Allottees is not deposited in Separate Bank Account then appropriate disclosures should be made
<p>89.</p>	<p>I HEREBY CERTIFY THAT (NAME OF PROMOTER) HAS UTILIZED THE REQUIRED PROPORTION OF MONEY, AS SPECIFIED IN THE ACT, COLLECTED FROM ALLOTTEES FOR THIS PROJECT ONLY FOR LAND AND CONSTRUCTION OF THIS PROJECT</p>
	<ul style="list-style-type: none"> • Sometimes, the applicable law and regulation or a contractual arrangement that an entity might have entered into, prescribe the wording of report or certificates. The wording often requires the use of word or phrase like “certify” or “true and correct” to indicate absolute level of assurance expected to be provided by the practitioner on the subject matter. Absolute assurance indicates that a practitioner has performed procedures as considered appropriate

	<p>to reduce the engagement risk to zero.</p> <ul style="list-style-type: none"> • Depending upon the nature, timing and extent of procedures that can be performed based upon the facts and circumstances of the case, a report or certificate issued by a practitioner can provide either reasonable or limited level of assurance. Therefore, whenever a practitioner is required to give a “certificate” or a “report” for special purpose, the practitioner needs to undertake a careful evaluation of the scope of the engagement, i.e., whether the practitioner would be able to provide reasonable assurance or limited assurance on the subject matter. • Hence CA should adhere to Guidance Note on Reports or Certificates issued by ICAI. • Authority may call for an explanation and recommend further action against CA in case of issuing certificates without proper opinion/references. • If 70% of amount collected from Allottees is not utilized for Land and Construction Cost then appropriate disclosures need to be made.
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TABLE F- MEANS OF FINANCE	
90.	MEANS OF FINANCE
	<ul style="list-style-type: none"> • In this table the Promoter has to demonstrate the modes of finance through which Total Cost of the Project is funded.
91.	ESTIMATED* (AT TIME OF REGISTRATION) (IN ₹.) (PROPOSED AND INDICATIVE)
	<ul style="list-style-type: none"> • The Estimated Figures to be mentioned at the time of Project Registration

	<ul style="list-style-type: none"> • The figures won't be changed till the end of the project • It is Proposed and indicative
92.	PROPOSED / ESTIMATED (AS ON THE DATE OF THE CERTIFICATE) (LN ₹.)
	<ul style="list-style-type: none"> • The Estimated figures to be mentioned at the time of issuance of each certificate
93.	ACTUAL (AS ON THE DATE OF CERTIFICATE) (IN ₹.)
	<ul style="list-style-type: none"> • The actual figures needs to be mentioned as verified from books of accounts as on reporting date
94.	OWN FUNDS-ESTIMATED AT THE TIME OF REGISTRATION
	<ul style="list-style-type: none"> • How much own funds would be deployed to meet Estimated Cost of Project?
95.	OWN FUNDS-ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> • How much own funds would be deployed to meet Estimated Cost of Project in case of any change in Estimated Cost?
96.	OWN FUNDS-ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> • How much own funds are currently deployed to meet Actual Cost of Project?
97.	TOTAL BORROWED FUNDS (SECURED) -ESTIMATED AT THE TIME OF REGISTRATION - DRAWDOWN AVAILED TILL DATE
	<ul style="list-style-type: none"> • How much borrowed funds from financial institutions would be deployed to meet Estimated Cost of Project?
98.	TOTAL BORROWED FUNDS (SECURED) ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE - DRAWDOWN AVAILED TILL DATE

	<ul style="list-style-type: none"> • How much borrowed funds from Financial institutions would be deployed to meet Estimated Cost of Project in case of any change in Estimated Cost?
99.	TOTAL BORROWED FUNDS (SECURED) ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE - DRAWDOWN AVAILED TILL DATE
	<ul style="list-style-type: none"> • How much borrowed funds are currently utilised to meet Actual Cost of Project?
100.	TOTAL BORROWED FUNDS (UNSECURED) -ESTIMATED AT THE TIME OF REGISTRATION - DRAWDOWN AVAILED TILL DATE
	<ul style="list-style-type: none"> • How much borrowed funds from unsecured sources would be deployed to meet Estimated Cost of Project?
101.	TOTAL BORROWED FUNDS (UNSECURED) ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE - DRAWDOWN AVAILED TILL DATE
	<ul style="list-style-type: none"> • How much borrowed funds from unsecured sources would be deployed to meet Estimated Cost of Project in case of any change in Estimated Cost?
102.	TOTAL BORROWED FUNDS (UNSECURED) ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE - DRAWDOWN AVAILED TILL DATE
	<ul style="list-style-type: none"> • How much borrowed funds from unsecured sources are currently utilized to meet Actual Cost of Project?
103.	CUSTOMER RECEIPTS USED FOR PROJECT- ESTIMATED AT THE TIME OF REGISTRATION
	<ul style="list-style-type: none"> • How much amount from customer receipts would be used to meet Estimated Cost of Project?
104.	CUSTOMER RECEIPTS USED FOR PROJECT- ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE

	<ul style="list-style-type: none"> How much amount from customer receipts would be use to meet Estimated Cost of Project in case of any change in Estimated Cost?
105.	CUSTOMER RECEIPTS USED FOR PROJECT- ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> How much amount from customer receipts are currently utilized to meet Actual Cost of Project?
106.	TOTAL FUNDS FOR PROJECT- ESTIMATED AT THE TIME OF REGISTRATION
	<ul style="list-style-type: none"> It is summation of (Note94), (Note97), (Note100), (Note103)
107.	TOTAL FUNDS FOR PROJECT- ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> It is summation of (Note95), (Note98), (Note101), (Note104)
108.	TOTAL FUNDS FOR PROJECT- ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> It is summation of (Note96), (Note99), (Note102), (Note105)
109.	TOTAL ESTIMATED COST (AS PER TABLE A)- ESTIMATED AT THE TIME OF REGISTRATION
	<ul style="list-style-type: none"> The Estimated Cost should tally with amount mentioned (Note26) of TABLE A
110.	TOTAL ESTIMATED COST (AS PER TABLE A)- ESTIMATED AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> The Estimated Cost should tally with amount mentioned (Note26) of TABLE A
111.	TOTAL ESTIMATED COST (AS PER TABLE A)- ACTUAL AT TIME OF ISSUANCE OF CERTIFICATE
	<ul style="list-style-type: none"> The Actual Cost should tally with amount mentioned (Note47) of TABLE B

TABLE G- ANY COMMENTS/OBSERVATIONS OF CA	
112.	<ul style="list-style-type: none">• Any exceptions in land cost and construction cost• Any discrepancy in bank account operations sold & unsold inventory• Pass through charges/indirect taxes included in unit consideration• Discrepancies in deposit & utilisation of customer receipts• Other exceptions related to project

113.	<p style="text-align: center;">SIGNATURE OF CHARTERED ACCOUNTANT</p>
	<ul style="list-style-type: none"> • Name of the Chartered Accountant Firm should be mentioned here.
114.	FRN: _____
	<ul style="list-style-type: none"> • Firm Registration Number as allotted by The Institute of Chartered Accountants of India should be mentioned here.
115.	CA. _____
	<ul style="list-style-type: none"> • In this field name of Practicing Chartered Accountant signing the certificate should be mentioned. • "Chartered Accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 or any other law for the time being in force and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act. • As per circular No.2/2017 dated 31/05/2017 FORM 3 can be issued by Finance Controller or Chief Accounts Officer of public authorities, government undertakings such as MHADA, CIDCO etc.]
116.	PROPRIETOR / PARTNER
	<ul style="list-style-type: none"> • The designation of chartered accountant should be mentioned in which capacity he/she is signing the certificate
117.	M.NO _____

	<ul style="list-style-type: none"> The Membership No. of Chartered Accountant in practice signing the form should be mentioned.
118.	DATE: _____
	<ul style="list-style-type: none"> Date of signing the certificate should be mentioned. Precaution should be taken by Chartered Accountant that FORM 3 cannot be issued prior to FORM 1 and FORM 2.
119.	PLACE: _____
	<ul style="list-style-type: none"> Place of signing the FORM 3 should be mentioned in this field.
120.	UDIN: _____
	<ul style="list-style-type: none"> Unique Document Identification Number (UDIN) is 18-Digit's system generated unique number for every document certified/attested by Practicing Chartered Accountant. It can be generated on the website: https://udin.icai.org/. It must be generated only by the Chartered Accountant in Practice certifying FORM 3. UDIN has to be generated with 15 days of signing the certificate by a practicing-chartered accountant. At the time of registration of project if UDIN is not mentioned on FORM 3 uploaded then the Authority send the application for resubmission.\ To generate UDIN for FORM 3 following procedure to be followed: <ul style="list-style-type: none"> (i) Visit https://udin.icai.org (ii) Login with Membership No. and Password (iii) In Document Type Select “Certificates” (iv) Under Certificates drop-down list Select “Certificate issued under RERA” (v) Mention Date of Signing of Document in DD/MM/YYYY

	<p>(vi) <u>In Particulars following 3 can be entered:</u></p> <ul style="list-style-type: none"> • Total of Land Cost • Total of Development/Construction Cost • Percentage Completion • Net Amount which can be withdrawn from the Designated Bank Account under the certificate <p>(vii) In Document Description Period for which FORM 3 is issued can be mentioned.</p>
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12. Rules for depositing realizations from the Allottees in case of an Ongoing Project

Rule 5(1)(ii) of the General Rules provides that in respect of the Ongoing Project :

- (i) 70% of the amount to be realized from the Allottees shall be deposited in a RERA Designated Bank Account, in accordance with the provisions of Section 4(2)(1)(D) of RERA, if the estimated receivables of the Ongoing Project are more than the estimated cost of completion of the Ongoing Project;
- (i) If the estimated receivables of the Ongoing Project are less than the estimated cost of completion of the Ongoing Project, then 100% of the amount to be realized from the allottees shall be deposited in the RERA Designated Bank Account.
- (ii) Rule 4(2) of the General Rules *inter alia* provides that the estimated receivables of the Ongoing Project shall be the aggregate of (i) the balance amount of receivables from the apartments / flats / premises sold or allotted and in respect of which agreement have been executed; and (ii) estimated amount of

receivables in respect of unsold apartments / flats / premises calculated at the prevailing ASR rate on the date of issuance of certificate by the practicing Chartered Accountant.

(iii) Rule 2(e) of the General Rules defines the term "**ASR**" or "**Annual Statement of Rates**" to mean the rate of land and building for different users and as notified under the provisions of the Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995.

(iv) The valuation of unsold inventory is required to be done on the basis of the carpet area as per RERA.

(v) The foregoing provision is illustrated hereunder:

(Rs. In crores)

No.	Particulars		Scenario - 1	Scenario – 2
1.	Estimated Balance Cost to Complete the Real Estate Project (Difference between Total Estimated Project cost and Cost incurred)	Rs.	500	500
2.	Balance amount of receivables from sold apartments	Rs.	250	250
3.	Unsold Carpet Area as per RERA	sq. mtrs.	5,500	5,500
4.	Unsold Built-up Area (Unsold carpet area x 1.2)	sq. mtrs.	6,600	6,600
5.	Stamp Duty Reckoner Rate as on the date of issuance of CA certificate (as per ASR Rates)	Rs. per sq. mtr. of built-up area	5,00,000	3,00,000
6.	Estimated amount of sales proceeds in respect of unsold apartments (4 x 5)	Rs.	330	198
7.	Estimated receivables of Ongoing Project (2 + 6)	Rs.	580	448
8.	Amount to be deposited in Designated Bank Account – 70% or 100% If 7 is greater than 1, then 70% of the Estimated receivables of Ongoing Project will be deposited in Designated Bank	%	70%	100%

No.	Particulars		Scenario - 1	Scenario – 2
	Account IF 7 is lesser than 1, then 100% of the Estimated receivables of Ongoing Project will be deposited in Designated Bank Account			

Observations:

- (a) It may happen that if the actual prevalent market value of the unsold inventory is taken into consideration then the balance receivables to be realized from the sold apartments and to be realized from unsold apartments may actually exceed the estimated cost of completion of the Ongoing Project. However, since the foregoing provisions requires the Promoter to adopt the stamp duty ready reckoner value of the unsold inventory, the same may lead to blockage of some of the funds which the Promoter would have been otherwise entitled to withdraw.
- (b) Whether 70% or 100% of the realizations from the Allottees are to be deposited in the RERA Designated Bank Account shall be determined only once at the time of registration of the project and the same will continue throughout the tenure of the project. Furthermore, the “Additional Information for the Ongoing Projects” shall have to be certified by the Chartered Accountant in Form 3, only for the purpose of registration of the Ongoing Project and not subsequently at the time of withdrawal of monies from the RERA Designated Bank Account.

13. Obligations of Promoter (Land owner) vis-à-vis Joint Development arrangements with the Promoter :

By an Order bearing No. Maha-RERA/LA/32/2017 dated 11th May, 2017 and subsequent order dated 4th December, 2017 (“**Order of MahaRERA** ”), the MahaRERA in exercise of its powers vested in Regulation No. 38 of the Regulations has issued the following clarifications :

- (i) The term “Promoter (Land owner) ” has been defined to mean and include any person(s) or organization(s) who, under any agreement or arrangement with the Promoter of a real estate project is allotted or entitled to a share of total revenue generated from sale of apartments or share of the total area developed in the real estate project.

 - (ii) It is clarified therein that the liabilities of such Promoters (Land Owners) shall be as per the agreement or arrangement with the Promoters. However for withdrawal from the RERA Designated Bank Account, it is stipulated that Promoters (Land owners) shall be at par with the Promoter of the real estate project.

 - (iii) The Order of MahaRERA further stipulates that the arrangement or agreement of Promoter(s)(Land owners) with the Promoter should clearly set out the share of Promoter(s) (Land owner) and a copy of the said arrangement or agreement should be uploaded on the portal of MahaRERA, at the time of registration, along with other details of the Promoter(s) (Land owner). Such Promoter(s) (Land owner) should submit a declaration in Form B appended to the General Rules and each of the Promoters (Land owner) under an area sharing arrangement should open a separate RERA Designated bank account for deposit of 70% of the sale proceeds realized from the Allottees.
- (c) Based on the foregoing Order of MahaRERA , the following points are pertinent to be noted in a Joint Development Agreement under a **revenue sharing arrangement**, where the land owner is entitled to a share of total revenue generated from sale of apartments :

- (i) The Developer will be treated as a Promoter and the land owner will be treated as a Promoter (Land owner) for the purposes of registration of the project with the MahaRERA.
- (ii) Both the Promoter as well as the Promoter(Land owner) will have to a file a declaration in Form B with the MahaRERA at the time of registration of the project with the Authority.
- (iii) There will be only one RERA Designated Bank Account of the Promoter. The Promoter (Land owner) is not required to open his separate RERA Designated Bank Account.
- (iv) The revenues to be paid by the Promoter to the land owner shall not be considered as cost of the project and therefore cannot be withdrawn from the RERA Designated Bank Account.
- (v) The land cost incurred by the land owner or the value of the land in case of acquisition of land by the land owner by way of inheritance or gift will be merged with the land cost of the Promoter. The Promoter will be able to withdraw the land owner's share in the revenues to the extent of cost incurred by the land owner or land value, as the case may be and pay the same to the land owner. Accordingly, the Promoter i.e the Developer will be able to withdraw to the extent of aggregate cost of land and development / construction cost incurred by the Promoter and the Promoter(Land Owner).
- (vi) The revenues to be paid by the Promoter to the land owner may be paid out of withdrawals from the RERA Designated Bank Account or the

bank account of the Promoter, where 30% of the project realisations from the Allottees are deposited or out of combination of both.

- (vii) The Refundable Deposit paid by the Promoter to the land owner and payment of cost of construction by land owner to the Promoter, will be treated as cost incurred by the respective parties for the project.
 - (viii) The withdrawals from the RERA Designated Bank Account will be based on the three Certificates, from the project Architect, Engineer and Chartered Accountant.
- (d) Further, based on the foregoing Orders of MahaRERA, the following points are pertinent to be noted in case of a Joint Development Agreement under an **area sharing arrangement**, whereunder the land owner is entitled to get constructed area from the Developer :
- (i) The Developer will be treated as a Promoter and the land owner will be treated as a Promoter(Land Owner) for the purposes of registration of the project with the MahaRERA.
 - (ii) Both the Promoter as well as the Promoter (Land Owner) will have to file a declaration in Form B with the MahaRERA at the time of registration of the project with the Authority.
 - (iii) There will be two separate RERA Designated Bank Accounts, one for the Promoter and another for the Promoter (land owner). 70% of the realizations from the Allottees from the sale of the Promoter's area will

be deposited in the Promoter's RERA Designated Bank Account and 70% of the realizations from the Allottees from the sale of the Land Owner's area will be deposited in the Land Owner's RERA Designated Bank Account.

- (iv) The Promoter will be able to withdraw the amounts from his RERA Designated Bank Account to the extent of the land cost and the development cost / cost of construction incurred for the project. The cost of construction of the Land owner's area will be considered as part of the cost incurred by the Promoter and accordingly he would be able to withdraw the same from the RERA Designated Bank Account.

- (v) In case of a Land Owner, there will be no cost of construction incurred in respect of his share of area. Accordingly, the Land owner will be able to withdraw the amounts from his RERA Designated Bank Account only the cost of the land / value of land, as case may be. In the consequence, 70% of the realizations deposited in the RERA Designated Bank Account of the Land owner after making withdrawals to the extent permissible will be blocked in his RRA Designated Bank Account, until the time of receipt of occupancy certificate for the project, unless the commercial terms between the Promoter and the Land Owner are renegotiated so as to permit early withdrawal. In any event, 30% of the realizations deposited in the bank account other than the RERA Designated Bank Account of the land owner, will be available for use by the land owner.

- (vi) The Land owner and the Promoter will have to obtain separate certificates from the project Architect, Engineer and the Chartered Accountant for making withdrawals from their respective RERA Designated Bank Accounts.

- (e) In case of an **Ongoing Project, under a revenue sharing arrangement** or an area sharing arrangement between a Promoter and a Promoter(Land owner), since the whole project is considered as one single project, the project cost and the estimated receivables of the Promoter and the Promoter (Land owner) should be aggregated to determine whether 70% or 100% of the realizations from the Allottees are to be deposited in the RERA Designated Bank Account.
- (f) The foregoing Orders of MahaRERA further provides that an investor who gives monies to the Promoter at an initial stage of the project launch and through an arrangement with the Promoter is entitled to receive some percentage share of the total area developed, which is to be constructed by the Promoter but marketed and sold by the Investor, would be considered as a Promoter (Investor).
- (g) As per Clarification to Q.6 issued by the MahaRERA in its Additional FAQ 2, the Co-operative Society would also be considered as a Promoter (Land owner) under all schemes of redevelopment, where the Co-operative Society is the legal owner of the land and structure(s) standing thereon, more so in view of the fact that the Co-operative Society is causing construction of the project and is liable to admit the Allottees as its members. Accordingly, the Co-operative Society should be named as a Promoter(Land owner) in application for registration of the project with the MahaRERA. However, the Co-operative Society is neither required to sign the declaration in Form 'B' nor required to open a RERA Designated Bank Account as it is not sharing any area or sale proceeds. While registering the project with the MahaRERA under the redevelopment scheme, the arrangement between the Promoter and the Co-operative Society should be considered as a revenue sharing arrangement to comply with the procedural requirements of registration.

- (h) Lenders or persons who have lent money to the Promoter are not to be considered as Promoters (Land owner/ Investor) of the Project. The mortgage of the project need to be disclosed while applying for registration or thereafter under the head encumbrances.

AUDIT BY CHARTERED ACCOUNTANT UNDER MAHARERA (FORM NO. 5)

1. OVERVIEW :

- (1) RERA ensures strict financial discipline on the utilization of amount realized from the allottees as under:
 - (i) that 70% of the amount realized from the allottees are deposited by the promoter in the RERA designated bank account.
 - (ii) 30% of the amount realized from the allottees may be deposited in another bank account of the promoter and the same can be used without any restrictions.
 - (iii) Amount from separate RERA designated bank account can be withdrawn in proportion to the completion of the project.
 - (iv) The withdrawal amount should cover towards the land and construction cost
 - (v) Before withdrawal certificate from project architect(in form 1), project engineer(in form 2) and the Chartered Accountant (in form 3) has to be obtained certifying the percentage of project completed and the amount that can be withdrawn from the RERA designated Account.
 - (vi) To have proper check and balance, the promoter is required to get his RERA designated Bank Account audited by another independent practicing chartered Accountant obtain an annual audit certificate (in form 5) confirming that:
 - (a) the amount collected for a particular real estate project has been utilized for that project.
 - (b) the withdrawal of funds from the real estate project has been in compliance with the proportion to the percentage of completion of the project.
- (2) In this chapter , a details discussion is done on following aspects:
 - (i) The various provisions of Act, Rules, Regulations, circulars about the Annual Audit to be carried out by chartered accountant appointed by the promoter

- (ii) The records and documents to be obtained and verified by Chartered Accountant
- (iii) Check list,
- (iv) Procedures to be followed
- (v) Precautions to be taken
- (vi) Qualification, if any for contravention to be reported.
- (vii) Discussion on each figures to be incorporated in the certificate
- (viii) Penal provisions etc.

2. LEGAL PROVISIONS:

Sections

- 2 (s) - "Development"
- 2 (t) - "Development works"
- 2 (v) - "Estimated cost of Real estate Project"
- 2 (w) - "External development works"
- **2 (zb) - "Internal development works"**
- **4 (2) (l) (D) - Promoter to deposit 70% of amount realized in Designated account.**
- **Third proviso to 4 (2) (l) (D) - Promoter to get his accounts audited by a CA**

Rules & Regulations

- ¹2 (e) - "ASR" or "Annual Statement of Rates"
- ¹2 (p) - "Phase of a Real Estate Project"
- ¹2 (q) - "Redevelopment Scheme"
- ¹Rule 5 – Withdrawal of amounts deposited in Designated account
- ²Amendment Rules, 2019 notified on 6th June 2019.
- ³Regulation 3 - Format of Certificates (Form 1 to Form 4)
- ³**Regulation 4 (a) - Issuance of "The Annual report on Statement of accounts" in Form 5 by CA.**
- ⁴**Amendment Regulations, 2019 notified on 3rd October 2019.**
- ⁵**Amendment Regulations, 2021 notified on 22nd December, 2021.**

¹ ***THE MAHARASHTRA REAL ESTATE (REGULATION AND DEVELOPMENT) (REGISTRATION OF REAL ESTATE PROJECTS, REGISTRATION OF REAL ESTATE AGENTS, RATES OF INTEREST AND DISCLOSURE ON WEBSITE) RULES, 2017.***

² THE MAHARASHTRA REAL ESTATE (REGULATION AND DEVELOPMENT) (REGISTRATION OF REAL ESTATE PROJECTS, REGISTRATION OF REAL ESTATE AGENTS, RATES OF INTEREST DISCLOSURE ON WEBSITE) (AMENDMENT) RULES, 2019. (notified on 6TH June 2019)

³ THE MAHARASHTRA REAL ESTATE REGULATORY AUTHORITY (GENERAL) REGULATIONS 2017.

⁴ THE MAHARASHTRA REAL ESTATE REGULATORY AUTHORITY (GENERAL) (AMENDMENT) REGULATIONS 2019. (notified on 3rd October 2019) .

⁵ **THE MAHARASHTRA REAL ESTATE REGULATORY AUTHORITY (GENERAL) (AMENDMENT) REGULATIONS 2021.** (notified on 22nd December, 2021) .

3. MahaRERA orders and circulars

Sr.No	Date	Reference	Subject Matter
1	11.05.2017	Office Order Maha- RERA/LA /32 /2017	Clarification on Withdrawals in the case of Co- promoter
2	31.05.2017	Circular No1/2017	Clarification regarding “License Number” of engineer
3	31.05.2017	Circular No 2/2017	Recognition of heads of Finance Department of government-controlled development authorities, autonomous bodies etc
4	07.06.2017	Circular No.3/2017	Self Declaration to be submitted by the promoter to the bank
5	28.06.2017	Circular No.5/ 2017	Clarification on Operating Designated Bank A/c
6	04.07.2017	Circular No.7/2017	Clarification on CA Certificate
7	17.07.2017	Circular No 8/2017	Standard Operating Procedure for Updating Registered Projects and Revising / Correcting Information with respect to Registered projects and

			Registered Real Estate Agents
8	08.11.2017	Circular No 11/2017	Procedure for Transferring or Assigning Promoter's Rights and Liabilities to a Third Party
9	4.12.2017	Circular No 12/2017	Landowners / Investors having Area / Revenue Share in Real Estate Project to be treated as Promoter (landowner / investor)
10	04.12.2017	Circular No 13/2017	Co- Promoter is known as Promoter (Land owner / Investor)
11	01.11.2017	Circular No 14/2017	Amendment to the Circular on Standard Operating Procedure for Updating Registered Projects and Revising / Correcting information with respect to Registered Project and Agents
12	26.11.2018	Circular No 21/2018	Circular on Disclosure of Information Regarding Project Professionals
13	28.03.2019	Order No 8/2019	Revocation of Registration of Project
14	04.06.2019	Circular No 24/2019	Revised - Procedure for Transferring or Assigning Promoter's Rights and Liabilities to a Third Party (earlier circular no 11)
15	02.04.2020	Order No 13/	Revision of Project

		2020	Registration Validity and Extended Timeline for Statutory Compliances, in view of Covid 19 Pandemic
16	18.5.2020	Order No 14 /2020	Invoking Force Majeure for Covid-19 Pandemic
17	09.04.2021	Circular No 29/2021	Promoter's disclosure of Sold / Booked Inventory (Building Wise) in the Project.
18	07.06.2021	Circular No 32/2021	Standardized Format for Declaration about Commencement Certificate. (Format -D)
19	28.12.2021	Circular No 39/2021	The certificates to be submitted at the time of every withdrawal to the Bank and upload the same on the portal of MahaRERA.
20	17.03.2022	Circular No 39A/2022	If the promoter chooses to withdraw the said amount in tranches, then for every such withdrawal fresh certificates from project architect, project engineer and chartered accountant in practice need not be submitted. The copy of same certificates that entitled the promoter to withdraw the amount upto the limit as stated in the said three certificates will have to be submitted for every

			withdrawal along with letter from promoter recording therein the dates of the said certificates and the details of the withdrawal made and copies thereof shall be submitted online by Promoters to MahaRERA Authority
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4. Scope of the Audit As per section 4(2)(1)(D) of RERA:

<p><i>Section 4. Application for registration of real estate projects:</i></p> <p>3) <i>Every promoter shall make an application to the Authority for registration.....</i></p> <p>4) <i>The promoter shall enclose the following documents along with the application referred to in sub-section (1), namely: —</i></p> <p style="padding-left: 40px;"><i>(a)</i></p> <p style="padding-left: 80px;">.</p> <p style="padding-left: 80px;">.</p> <p><i>l) a declaration, supported by an affidavit, which shall be signed by the promoter or any person authorized by the promoter, stating:—</i></p> <p style="padding-left: 40px;"><i>E.;</i></p> <p style="padding-left: 40px;"><i>F.</i></p> <p style="padding-left: 40px;"><i>G.</i></p> <p style="padding-left: 40px;"><i>H. that seventy per cent of the amounts realized for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the</i></p>

land cost and shall be used only for that purpose:

Provided that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project:

Provided further that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect, and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project:

Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by a chartered accountant in practice and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilized for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project.

Explanation. — For the purpose of this clause, the term "schedule bank" means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934.

4.1 From the above legal provision made under section 4(2)(1)(D) of RERA, the scope of Annual audit of statement of Accounts as per third proviso to the said section can be discussed are as under:

- (i) **Audit of separate RERA Designated Bank Account:** The promoter has to provide the details of :
- (a) Project Registration details and documents.
 - (b) 70% of the amount realized and deposited in a separate RERA Designated Account or
 - (c) Deposited in any other Bank account in violation of the provisions
 - (d) Deposit of Pass Through Charges & any other amount in a separate RERA Designated Bank Account in violation of the provisions
 - (e) The details of withdrawal done from those Bank accounts
 - (f) Supporting for utilization of the withdrawal is to cover land and construction cost of the registered project

- (g) Respective certificates obtained for the purpose of withdrawal from the professionals i.e., Architect, Engineer and Chartered Accountants that the withdrawal is in proportion to the completion of the project.
- (h) 30% of the amount realized from the allottees which are deposited in any other Bank account of the promoter the utilization of which need not be verified and certified by the auditor.
- (ii) **Project wise Audit report:** The promoter has to get his accounts audited for each registered project separately, even if, those projects are registered on phase wise manner.
- (iii) **Promoter to get his accounts audited:** The promoter has to appoint an auditor which is practicing chartered accountant to carry out the audit. The responsibility to get the audit done is cast on the promoter.
- (iv) **Period to complete the audit:** The promoter has to obtain the annual audit report within within six months after the end of every financial year.
- (v) **The qualification of the auditor:** The auditor shall be a chartered accountant in practice and through circular No.2, MahaRera has recognized the heads of the finance department i.e., Finance Controller, Chief Account Officer etc., of government controlled development authorities, autonomous bodies as deemed to be chartered accountant for issuing Form – 5.
- (vi) **Statement of account to be duly certified and signed by CA:** It is the responsibility of the promoter to produce a statement of accounts duly certified and signed by such chartered accountant. In other words, the promoter has to obtain the duly certified annual statement of account and upload on the website of the Authority within 6 months of close of the financial year.
- (vii) **Verification of records:** The auditor has to carry out the audit of books of accounts and records of the registered project in order to issue the certificate of audit and the promoter is liable to produce all the records as may be demanded by the auditor and provide necessary explanations to the queries raised by the auditor.
- (viii) **Audit Certificate:** The auditor after completing the verification and audit shall ~~to~~ certify that
 - (a) ~~that~~ the amounts collected for a particular project have been utilized for the project and
 - (b) the withdrawal has been in compliance with the proportion to the percentage of completion of the project.
- (ix) **Documents to be verified includes:** Certificates issued by Project Architect, Project Engineer and the Chartered Accountant who has issued the certificate for withdrawal of the amount from the separate RERA Designated Account.

5. Audit or certification

- (i) **Ascertaining facts in respect of the two aspects:**

From the scope of examination laid down in third Proviso to sub-clause (D) of clause (I) of sub-section (2) of section 4, it is seen that the reporting is about the ascertaining of facts in respect of the two aspects referred to in the preceding paragraph. Viz:

- (a) that the amounts collected for a project have been utilized on the project; and
- (b) that the withdrawals made from time to time from the separate bank account were made in accordance with the percentage of completion of the project.

(ii) This section does not prescribe the auditor to express any opinion on accounts:

The verification is not about expressing any opinion on the accounts as a whole or part, or on any other aspect of accounts.

(iii) Difference between audit and certification:

An audit exercise usually involves formation and expression of an opinion, whereas certification involves verification and reporting of facts as per examination.

(iv) The RERA contemplates obtaining the certificate and not audit report:

Therefore, the exercise contemplated in the third proviso to sub-clause (D) of clause (I) of sub-section (2) of section 4 is more akin to certification than it is to audit.

6. Role of Rules prescribed

Some appropriate Governments have framed Rules regarding the audit. The Rules may explain certain terms like:

- (i) the "project cost", "land cost",
- (ii) "cost of construction", etc., and
- (iii) may prescribe the format of certificates or audit report.
- (iv) The Rules, in such cases, may also alter the scope of audit which cannot be less than the scope laid down by third proviso to sub-clause (D) of clause (I) of sub-section (2) of section 4 of the Act.

7. The annual report on statement of accounts in Form 5 prescribed under Regulation 4 of MahaRERA (General) Regulations 2017

Additional Disclosures by Promoters on the Website and Project site :-

Regulation 4.

In addition to all the details of the proposed Real Estate project, to be uploaded by the promoter on his webpage on the website of the Authority, as required under sub-section (1) of section 11 of the Act and clause (1) and (2) of Rule 3 of the Maharashtra Real Estate (Regulation and Development) (Registration of Real Estate Projects, Registration

of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017, the promoter shall additionally upload the following details :-

(a) The annual report on statement of accounts, in Form 5 [issued in accordance with the third proviso to section 4 (2) (1) of the Act] duly certified and signed by the chartered accountant who is the statutory auditor of the promoter's enterprise.

Explanation 1 :- The chartered accountant certifying the progress of the registered real estate project for the purpose of withdrawal of amounts from the separate account should be a different entity than the chartered accountant who is the statutory auditor of the promoter's enterprise.

Explanation 2 :- If the Form 5 issued by the statutory auditor reveals that any certificate issued by the project architect, engineer or the chartered accountant has false or incorrect information and the amounts collected for a particular project have not been utilized for the project and the withdrawal has not been in compliance with the proportion to the percentage of completion of the project, the Authority, in addition to taking penal actions as contemplated in the Act and the Rules, shall also take up the matter with the concerned regulatory body of the said professionals of the architect, engineer or chartered accountant, for necessary penal action against them, including dismemberment

"The said certificate is only in respect of the amount to be deposited and withdrawn from the separate Bank Account. The Chartered Accountant shall further certify that the withdrawal from the Separate Bank Account of the said project has been in accordance with the proportion to the percentage of completion of the project." (para in inverted comma is inserted by MahaRERA (General) (Amendment) Regulations, 2019 on 3rd October, 2019)

From the regulation 4 of MahaRERA(General) regulations, 2017, following aspects are discussed :

(i) Disclosure on the website of MahaRERA:

Promoter has to upload the following documents on the website of the Authority

- (a) all the details of the proposed Real Estate project, to be uploaded by the promoter on his webpage on the website of the Authority, as required under sub-section (1) of section 11 of the Act.
- (b) all the details of the proposed Real Estate project, as per clause (1) and (2) of Rule 3 of the Maharashtra Real Estate (Regulation and Development) (Registration of Real Estate Projects, Registration of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017,
- (c) annual audit report on statement of accounts

(ii) The annual report on statement of accounts to be issued in Form 5:

The regulation has prescribed the standard format in form 5 for annual report on the statement of accounts to be issued by the chartered Accountant.

(iii) Statutory auditor of the promoter's enterprise:

- (a) *Form 5 needs to be certified and signed by the chartered accountant who is the statutory auditor of the promoter's enterprise.*
- (b) Third proviso to sec 4(2)(1)(D) mandates accounts shall be Audited by a Chartered Accountant in practice but does not say whether Tax, Statutory or any other Chartered Accountant.
- (c) However, Regulations / Notification issued by State RERA Authorities have mentioned on header of the format of certificate – stating Statutory Auditor of the Promoter shall issue the Report
- (d) As per this regulation, Auditor appointed by the promoter under section 4(2)(1)(D) for carrying out the audit of the annual statement of Accounts of a particular project is known as the Statutory Auditor.
- (e) The auditor appointed by the promoter under any Statute can certify the Accounts under RERA (may be Auditor as per Sec 139 of the Companies Act, Tax Auditor, GST Auditor etc) as long as Chartered Accountant is holding Certificate of Practice (not the employee of the promoter, who is on role of the promoter).
- (f) In case, the promoter is obliged to get the accounts audited under any other statute and that statutory auditor for any reasons, does not accept the engagement of carrying out the audit as per section 4(2)(1)(D) of the RERA, then the promoter may engage any practicing chartered accountant who is other than the Chartered Accountant entity issuing the form 3.
- (g) Through circular No.2, MahaRera has recognized the heads of the finance department i.e., Finance Controller, Chief Account Officer etc., of government controlled development authorities, autonomous bodies as deemed to be chartered accountant for issuing Form – 5.

(iv) Two different entities to certify form 3 and form 5:

The Chartered Accountant issuing form 5 should be a different entity than the CA who has issued certificate in form 3 for the purpose of withdrawal of amounts from the separate RERA Designated Account.

(v) Penal action by Authority against professionals who have issued certificate for withdrawals which are not in compliance with the Act, Rules, Regulations, Circulars, orders etc.

The Authority, in addition to taking penal actions as contemplated in the Act and the Rules, shall also take up the matter with the concerned regulatory body of the said

professionals of the architect, engineer or chartered accountant, for necessary penal action against them, including dismemberment, if the form 5 issued by the statutory auditor reveals that:

- (a) any certificate issued by the project architect, engineer or the chartered accountant has false or incorrect information and
- (b) the amounts collected for a particular project have not been utilized for the project and
- (c) the withdrawal has not been in compliance with the proportion to the percentage of completion of the project

(vi) Objective and scope is limited to audit of the separate RERA Designated Bank Account:

The said certificate is only in respect of:

- (a) the amount to be deposited and withdrawn from the separate RERA Designated Bank Account.
- (b) The Chartered Accountant shall further certify that the withdrawal from the Separate Bank Account of the said project has been in accordance with the proportion to the percentage of completion of the project.
- (c) to calculate & certify the percentage completion of the real estate project (i.e. Total Cost Incurred divided by Total Estimated Project Cost).

8. All the provisions applicable for issuing the form 3 are also applicable to issue the audit certificate in form 5:

- (i) The chartered Accountant who has been engaged by the promoter to issue annual statement of accounts of a particular project is required to keep in mind all the provisions applicable for deposit and withdrawal from the separate RERA designated Account of a real estate project.
- (ii) All the provisions applicable for deposit and withdrawal from the separate RERA designated account are discussed in detail in this manual under following chapters.
 - (a) RERA Designated Bank Account Operations,
 - (b) Financial Planning Framework for real estate project
 - (c) Architect Certificate in form 1 certifying the percentage of work completed of different activities of the real estate project.
 - (d) Engineer Certificate in form 2 certifying the total estimated cost of construction of the project and the estimated incurred cost of the construction on a particular date.
 - (e) Certificate of Chartered Account in form 3 issued for the purpose of withdrawal.

CA issuing form 5 need to go through the above chapters thoroughly before issuing form no 5 and also the records are maintained as applicable to their respective scenarios.

9. **Different Bank Account for Pass Through Charges:**

The promoter has to operate a different bank account for the Pass Through Charges, Taxes collected like VAT, Service Tax, SGST, CGST & any other taxes which has been prescribed as under:

- (1) MahaRERA vide Circular No. 7/2017 dated 4th July, 2017 – Clarification on CA. Certificate, the relevant portion is reproduced as under:

The Promoter to deposit the Pass Through Charges (amount collected for and on behalf of Legal Entity or Apex Body or any statutory authority or local body) should be deposited preferably in a designated bank account opened just for the purpose of depositing such Pass Through Charges or in any other bank account of the promoter and should not be deposited in the separate bank account. However, Promoter shall be required to give account of the monies collected as Pass Through Charges to the Legal Entity or Apex Body,

(2)

The indirect taxes collected by the Promoter from the Allottees in the nature of GST /Service Tax/VAT etc can also be deposited in a bank account. other than the Separate Bank Account and shall be dealt with as per the provisions of the statute governing such indirect taxes.

- (2) Provisions under section 5 of MOFA, 1963 to maintain an exclusive and separate bank account for passthrough charges:

This has been clearly mentioned in section 5 and 5A of Maharashtra Ownership Flats Act, 1963(MOFA) which reads as under:

*5. The promoter shall **maintain a separate account in any bank** of sums Promoter to taken, by him, from persons-intending-to--take-or-who have taken flats, as maintain separate advance or deposit, including any sums so taken towards the share capital account of for the formation of co-operative society or a company, or towards the sums taken as advance outgoings (including ground rent, if any, municipal or other local taxes, or deposit taxes on income, water charges, electricity charges, revenue assessment, and to be trustee interest on any mortgage or other encumbrances, if any); and he shall hold therefor the said moneys for the purposes for which they were given and shall disburse and disburse the moneys for those purposes and shall on demand in writing by an officer them for appointed by general or special order by the State*

Government for the purposes for which purpose, make full and true disclosure of all transactions in respect of that given. account.

2[5A. The State Government may, by notification in the Official Gazette Competent appoint an officer, not below the rank of the District Deputy Registrar of Authority. Co-operative Societies, to be the Competent Authority, for an area or areas to be specified in such notification and different officers may be appointed as Competent Authority for different local areas, for the purposes of exercising the powers and performing the duties under sections 5, 10 and 11 of this Act.]

10. Comparison of Form 3 and form 5.

Sr.No	Particulars	Form 3	Form 5
1	Purpose of Forms	Certificate for withdrawal of funds from a separate account. The practicing chartered account will certify the cost incurred on construction cost and the land cost. The CA is also required to certify the proportion of cost incurred on construction and land cost to the total estimated cost of the project and also certify the amount that can be withdrawn under current certificate	Annual report on the statement of accounts from Statutory auditor. It will certify that amount collected for a particular project has been utilized only for such project and withdrawal has been in compliance with the proportion to the percentage of completion and to calculate & certify the percentage completion of the real estate project (i.e. Total Cost Incurred divided by Total Estimated Project Cost)
2	Provisions Under RERA	Second proviso to section 4(2)(1)(D)	Third proviso to section 4(2)(1)(D)
3	Forms Prescribed under MahaRERA (General)	Prescribed under regulation 3	Prescribed under regulation 4

	Regulations, 2017		
4	Time Interval or frequency to obtain forms.	Form 3 is required to be obtained by the promoter: (a) at the time of project registration and (b) when the promoter wishes to withdraw money from the separate account (c) When the promoter wants to update the incurred cost of land and construction on quarterly basis to ensure the authenticity of the amount.	The Promoter has to obtain Form 5 “An annual report on the statement of accounts” within 6 months from the end of the financial year and
5	Type of CA	To be obtained from practicing chartered accountant other than the statutory auditor or the Auditor entity who is issuing form 5.	To be obtained from Statutory auditor or a different CA who has been engaged by promoter to get the accounts audited but cannot be CA or CA firm who has issued form 3.
6	Submission to the Authority	Only at the time of registration of the project	Every year within 6 months from the close of financial year
7.	Certificates to be relied upon / verified for issuing the respective certificates	Certificates to be relied upon for issuing this certificate/s Form 1 issued by Project Architect Form 2 issued by Project Engineer	Certificates to be relied upon and verified for issuing this certificate Form 1 issued by Project Architect Form 2 issued by Project Engineer Form 3 issued by Chartered Accountants.
8	Books and records to be examined and relied upon.	All the books, registers, bank statements and documents and the explanations provided by the management of the company regarding the : (a) List of allottees, allotment letters issued, Agreement	The auditor has to call for all the books, registers, bank statements and documents and the explanations provided by the management of the company to the CA who

		<p>for Sale (AFS) executed etc.</p> <p>(b) Total amount realized from the Allottees,</p> <p>(c) Amount deposited in the separate RERA Designated Bank Account</p> <p>(d) Amount withdrawn from the above account</p> <p>(e) Shifting of separate RERA Designated Bank Account, if any.</p> <p>(f) Complete details of all the expenses that were incurred on the project with respect to Land Cost, Construction cost, Interest cost and other cost related to the project with necessary supporting.</p> <p>(g) Expenses which were met from the RERA designated Bank accounts which are not prescribed.</p>	<p>has issued form 3 for the purpose of withdrawal from the RERA Designated Account.</p> <p>In addition, he also need to verify the certificates issued by Architect, Engineer and Chartered Accounts for the purpose of withdrawal</p>
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11. GUIDELINES TO PREPARE THE ANNUAL REPORT ON STATEMENT OF ACCOUNTS IN FORM 5 UNDER REGULATION 4 OF MAHARERA:

11.1 THE PRACTICAL ASPECTS OF FORM 5 MAY BE DISCUSSED BROADLY IN FOLLOWING PARTS:

PART I- Basic structure of form 5 in case of new projects

PART II- Additional disclosure in case of ongoing projects

PART III- The forms to be issued under different scenarios as under:

- a) FORM 5 in the cases where promoter has purchased or owned the land.
- b) FORM 5 in the cases of Join Development Agreement,
 - (i) REVENUE SHARE ARRANGEMENT WITH LANDOWNER
 - (ii) AREA SHARE ARRANGEMENT WITH LANDOWNER
- c) FORM 5 In the case of Redevelopment of Housing Societies through promoters

- d) FORM 5 in case of Self redevelopment by Housing Societies themselves.
- e) FORM 5 in the case of Slum/ Other Rehabilitation Schemes of Government.
- f) FORM 5 in case of stalled projects taken over by Promoter(Landowner) due to litigations.
- g) FORM 5 in case of stalled projects taken over by another developer
- h) FORM 5 in case of stalled projects taken over by the Association of Allottees.
- i) FORM 5 in case of plotted development
- j) FORM 5 in case of phasewise project registration in a layout.

(All the above scenarios are discussed in detail in the chapter CA Certificate in form3 which are equally applicable to the CA issuing form 5 and the same may be referred by the Auditor. In order to avoid repetition the same is not discussed once again in this chapter.)

11.2 Form 5 i.e Certificate of Annual Report on Statement of Accounts :

This certificate in form 5 has been prescribed vide Maharashtra Real Estate Regulatory Authority (General) (Amendment) Regulations, 2021 which is as reproduced hereunder. In order to explain the contents of the form 5 to user of this manual, against each item, a note number (*Note1, Note2.....*) in italic has been mentioned, which are not prescribed in form 5.

FORM 5

(See Regulation 4)

ON THE LETTER HEAD OF CHARTERED ACCOUNTANT
(WHO IS ANNUAL AUDITOR OF THE PROMOTER'S COMPANY/FIRM)(*Note1*)

ANNUAL REPORT ON STATEMENT OF ACCOUNTS

CHARTERED ACCOUNATNT'S CERTIFICATE (On Letter Head)

Date_____

To,

[NAME AND ADDRESS OF PROMOTER] (Note 2)

SUBJECT : Report on Statement of Accounts on project fund deposit, utilization and withdrawal by [Promoter] _____(Note3) for the period from _____(Note4) to _____(Note4) with respect to MahaRERA Regn. Number _____)(Note4)

1. This certificate is issued accordance with provisions of the Real Estate (Regulation and Development) Act, 2016 read along with the Maharashtra Real Estate (Regulation and Development)(Registration of Real Estate Projects, Registration of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017 ((Note5).
2. I/We have obtained all the necessary information and explanation from the firm, during the course of our audit, which in my/our opinion are necessary for the purpose of this certificate (Note6)
3. I/We hereby confirm that I/We have examined the prescribed registers, books and documents, and the relevant records of [Promoter] _____ for the period ended _____ and hereby certify that(Note7):

A. Deposits :

Sr No	Particulars	For this Fiscal Year	Total for this project till date
1	Total Amount Collected from allottees	(Note8)	(Note9)
2	% of amount to be deposited as per act	(Note10)	(Note11)
3	Amount to be deposited as per act (1 * 2)	(Note12)	(Note13)
4	Total amount deposited in the Designated Bank Account	(Note14)	(Note15)
5	% of amount deposited in Designated Bank Account [4 / 1 * 100]	(Note16)	(Note17)
6	Shortfall / Excess deposit (3 - 4)	(Note18)	(Note19)

* Amount collected / deposited at Sr. No. 1 & 2, shall not include pass through charges and indirect taxes.

Has the required proportion of money collected from allottees of the project units, as specified in the act, deposited in the Designated RERA Bank Account? (Yes / No)

_____ (Note20)

If No, The amount not Deposited _____ (Note21)

B. Withdrawals :

Sr No	Particulars	For this Fiscal Year	Total for this project till date
1	Opening Balance of Designated Bank Account	(Note22)	(Note23)
2	Total Deposits	(Note24)	(Note25)
3	Total Amount Withdrawn	(Note26)	(Note27)
4	Closing Balance	(Note28)	(Note29)

As specified in the act, all the amounts withdrawn during the year from RERA Bank Account were within the withdrawal limit as certified under the relevant Form1, Form 2 and Form 3 issued during the reporting period? (Yes / No)

_____ (Note30)

If No, details are as follows :

Sr.	Date of withdrawal	Amount of excess withdrawal
1	(Note31)	(Note32)

C. Utilisation :

I/We certify that, the promoter _____ has utilised the amounts withdrawn from the designated bank account towards project cost only, as specified in the act.

If No, details are as follows :

Sr.	Date	Amount not utilised for Project Cost
1	(Note33)	(Note34)

D. Any Qualification / Observations of CA

Sr No	Particulars
1	(Note35)

Yours Faithfully,

Signature of Chartered Accountant (Note36)

FRN: _____

CA. _____

Proprietor / Partner

M.No _____

Date: _____

Place: _____

UDIN: _____

Agreed and accepted by (Note 37)

Signature of Promoter

Name: _____

Date: _____

11.3 Guidelines for preparing the form 5 under each of the notes mentioned above:

Note No	Guidelines to fill the data and necessary explanation for each note number mentioned in the prescribed for 5.
1	<p>ON THE LETTER HEAD OF CHARTERED ACCOUNTANT (WHO IS ANNUAL AUDITOR OF THE PROMOTER'S COMPANY/FIRM)</p> <ol style="list-style-type: none">1. Form 5 certificate has to be given on letter head of Chartered Accountant or his firm in whose name the letter of engagement is issued by the promoter. (The template of the letter of engagement is given at the end of the chapter as Annexure 1).2. Form 5 should not be on plain paper.3. If Form 5 certificate is issued on plain paper by computer generated letter head, then, it is advisable to affix the rubber stamp on every page and authenticate the same by the initials of the CA who is issuing the form.
2	<p>[NAME AND ADDRESS OF PROMOTER]</p> <ol style="list-style-type: none">(1) Name of the promoter in whose name the project is registered and the registered address of the promoter, as mentioned in the MahaRERA website.(2) The auditor should verify the same from the MahaRERA website and retain a copy of the same duly certified by the promoter.

	<p>(3) The promoter may change the promoter name and the address by making the change application to MahaRERA, in such a case, necessary documents to be obtained and verified by the auditor.</p>
3	<p>SUBJECT : Report on Statement of Accounts on project fund deposit, utilization and withdrawal by [Promoter] _____</p> <p>(1) Name of the promoter has to be mentioned as per MahaRERA website.</p> <p>(2) It is a report on Statement of Accounts of a particular project concerning 70% of the amount realized from the Allottees and its utilization</p> <p>(3) It is advisable to prepare a proper fund flow statement of the separate RERA Designated Account.</p> <p>(4) If any part of 70% of the amount realized from the allottees are deposited in any other Bank account, the same needs to be accounted for and then its withdrawal from that account.</p> <p>(5) If any part of the Pass through Charges, Loan amount or any other amount are deposited in the separate RERA Designated Account then the same needs to be adjusted for.</p> <p>(6) The consolidated fund flow statement of 70% of the amount realized from the allottees need to be prepared duly signed and approved by the promoter.</p> <p>(7) Sample fund flow statement for a project has been given at the end of the chapter as annexure 2.</p>
4	<p>for the period from ____ (Note4) to _____ (Note4) with respect to MahaRERA Regn. Number _____) (Note4)</p> <p>(1) Period of the report starts , in the first year ,from the date of registration of the project and In the subsequent year, it will be 1st April of the financial year</p> <p>(2) With respect to the ongoing project the date will start from the date of obtaining the Commencement certificate.</p> <p>(3) The end period will be 31st March of the financial or the issuance of Form – 4 by the Project Architect or the date of receipt of Occupation certificate whichever is earlier.</p>

	<p>(4) Since the certificate has to be issued project wise, the name of the project has to be properly mentioned. The Auditor should mention the name of the project in as reflecting in MahaRera Registration Certificate.</p> <p>(5) Many times, the promoter registers the project phase wise, each project name is differentiated by wing number; Say A wing or B Wing.</p> <p>(6) Auditor has to obtain the registration certificate duly authenticated by the promoter.</p>
5	<p>This certificate is issued accordance with provisions of the Real Estate (Regulation and Development) Act, 2016 read along with the Maharashtra Real Estate (Regulation and Development)(Registration of Real Estate Projects, Registration of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017</p> <p>(1) This certificate is issued in accordance with provisions of the RERA “Rules”, “Regulations”, “Circulars”, “Orders” etc governing the RERA Designated Account, deposit, withdrawal and its utilization.</p> <p>(2) In addition to normal auditing skill and knowledge, the auditor should get acquainted with the relevant “Rules”, “Regulations”, “Circulars”, “Orders” etc issued by MahaRERA regarding the regulation of RERA designated account and then ensure that the promoter has scrupulously complied them.</p>
6	<p>I/We have obtained all the necessary information and explanation from the firm, during the course of our audit, which in my/our opinion are necessary for the purpose of this certificate:-</p> <p>(1) The auditor has to prepare a checklist of the information required and obtain that information from the promoter before starting the audit. The list of books and records to be obtained from the promoter are given in Note 7 hereafter.</p> <p>(2) The copy of the Bank Statement of RERA designated Account for the audit period.</p> <p>(3) The copy of the Bank statement of other accounts maintained by the Promoter.</p> <p>(4) Deposits and withdrawals done etc in those accounts.</p> <p>(5) System adopted to deposit and withdraw from the RERA Designated Account (like 3 accounts system (a) 100% for collection (b) 70% transferred to RERA</p>

	<p>Designated Account (c) 30% transferred to promoter regular operation Account.</p> <p>(6) After going through the information provided by the promoter, the auditor may by sending an email demand necessary explanation & clarifications in case of doubts. These should be maintained as the Audit working papers.</p> <p>(7) The promoter should be requested to give the same as the management representation on the letter head duly signed by him.</p>															
7	<p>I/We hereby confirm that I/We have examined the prescribed registers, books and documents, and the relevant records of [Promoter] _____ for the period ended _____ and hereby certify that:</p> <p>1) The Auditor need to examine the following registers, books, documents and relevant records for the period ended Means:</p> <p>(a) For the period ended till the close of financial year or</p> <p>(b) till the end of the project upon receipt of Form – 4 by the Project Architect, whichever is earlier.</p> <p>2) In the subsequent year of registration, the period ended means, the financial year ended 31st March or the closure of the project after obtaining the architect certificate in form 4 along with Occupation certificate or the completion certificate as the case may be.</p> <p>3) Illustration 1:</p> <table border="1"> <thead> <tr> <th>Sr.No</th> <th>Particulars</th> <th>Dates</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Project registered on</td> <td>10th October, 2017</td> </tr> <tr> <td>2</td> <td>Certified to be completed by Architect in form 4</td> <td>28th February, 2021</td> </tr> <tr> <td>3</td> <td>Period of Audit for entire project</td> <td>10th Oct, 2017 to 28th February, 2021</td> </tr> <tr> <td>4</td> <td>The Audit period for the financial year 2020-21</td> <td>1st April, 2020 To 28th February, 2021</td> </tr> </tbody> </table>	Sr.No	Particulars	Dates	1	Project registered on	10 th October, 2017	2	Certified to be completed by Architect in form 4	28 th February, 2021	3	Period of Audit for entire project	10 th Oct, 2017 to 28 th February, 2021	4	The Audit period for the financial year 2020-21	1 st April, 2020 To 28 th February, 2021
Sr.No	Particulars	Dates														
1	Project registered on	10 th October, 2017														
2	Certified to be completed by Architect in form 4	28 th February, 2021														
3	Period of Audit for entire project	10 th Oct, 2017 to 28 th February, 2021														
4	The Audit period for the financial year 2020-21	1 st April, 2020 To 28 th February, 2021														

4) **Illustration 2:**

Sr.No	Particulars	Dates
1	Project registered on	10 th October, 2017
2	Certified to be completed by Architect in form 4	30 th April, 2021
3	Period of Audit for entire project	10 th Oct, 2017 to 30 th April, 2021
4	The Audit period for the financial year 2020-21	1 st April, 2020 To 31 st March, 2021
5	The Audit period for the financial year 2021-22	1 st April, 2021 To 30 th April, 2021

- 6) The books, registers and documents to be examined by CA.
- (1) Accounting records – Audited or-Unaudited Financial Statements.
 - (2) If the Financial statements are not audited under any other laws, then self attested books of accounts and self attested financial statements.
 - (3) Copy of application filed for registration of project under RERA
 - (4) Details of calculations considered to arrive at estimated cost of project.
 - (5) All project related documents like land documents, sanctions, clearances, NOC's
 - (6) Amount incurred towards acquisition of land or TDR etc
 - (7) All government fees, challans for all clearances and sanctions etc.
 - (8) All bank statements of RERA Designated Bank Accounts and other bank accounts related to the project.
 - (9) Statement of Allottees along with amount received along with supporting
 - (a) Application form / Booking form

	<p>(b) Allotment letters issued</p> <p>(c) Invoices / Demand letters issued</p> <p>(d) Receipts issued to the customers</p> <p>(e) Credit Notes issued</p> <p>(f) List of agreement of sales entered, advances received, balance receivables etc</p> <p>(10) Amount received as loans along with loan confirmation from the lenders</p> <p>(11) List of customers who cancelled the booking / Agreement to Sale alongwith the amount returned / returnable or transferred to any other projects</p> <p>(12) Money realized from allottees, 70 % deposit made to RERA designated bank account or in any other bank accounts.</p> <p>(13) All development expenses bills, vouchers, invoices for both onsite and offsite expenditures.</p> <p>(14) Advance paid for supply of materials or services vouchers, references etc</p> <p>(15) Variance to estimated project and reasons there on</p> <p>(16) Certificates from Project Architect (form 1), Project Engineer (form 2) and CA (form 3) for withdrawal of money from the RERA designated Bank Account based on percentage of completion of the project.</p> <p>(17) Project Loan or other loan statements</p> <p>(18) Interest calculation / attribution towards the RERA project.</p> <p>(19) Indirect taxes / GST paid from time to time – reconciliation / assurance</p> <p>(20) TDS made by buyers @ 1 % – reconciliation / assurance as per 26AS.</p> <p>(21) Any other relevant documents related to the 70% of the amount realized from the allottees, their withdrawal and utilization thereof.</p> <p>(22) Copy of Company Audit report/ Income Tax Audit report and/or Audited Financial statements.</p> <p>(23) List of brokers who are working for the project and payments made</p> <p>(24) The Consolidated statements of amount appropriated to various project during the financial year and other office and marketing expenses not appropriated to any of the projects.</p>
8	Total Amount Collected from allottees (For this Fiscal Year)

	<p>(1) “Amount Collected” “DURING THE YEAR” for the Project - The Annual Auditor has to Certify the 70% of the Total Amount Collected from the Allottees from beginning of the Financial year i.e., 1st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA) up to end of Financial Year i.e., 31st March (except the year in which Completion Certificate is issued by Architect in Form -4 then, the date of issuance of Form-4).</p>
9	Total Amount Collected from allottees (Total for this project till date)
	<p>(1) “Amount Collected” “TILL DATE” for the Project - The Annual Auditor has to certify the 70% of the Total Amount Collected from the allottees from the Date of Registration of Project with Maharera upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion certificate is not issued during the financial year under audit then, it will always be the financial year ending.</p>
10	% of amount to be deposited as per act (For this Fiscal Year)
	<p>(1) In case of new projects i.e. projects commenced on or after commencement of this Act the % of amount to be deposited as per act is 70%. The Annual Auditor has to certify the 70% of the Total Amount Collected from the allottees from beginning of the Financial year i.e., 1st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA) upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion certificate is not issued during the financial year under audit then, it will always be the financial year ending.</p> <p>(2) In case of on-going projects the % of amount to be deposited as per act is to work out independently by the Annual Auditor. The working of the % of amount to be deposited is to be done in the same manner as the working of the Table D of Form 3.</p>

	<p>(a) If the estimated receivables of the Ongoing Project is more than the estimated cost of completion of the Ongoing Project, then the Chartered Accountant is required to certify that the Promoter is required to deposit 70% of the amount to be realized from the Allottees in the RERA Designated Bank Account.</p> <p>(b) If the estimated receivables of the Ongoing Project is less than the estimated cost of completion of the Ongoing Project, then the Chartered Accountant is required to certify that the Promoter is required to deposit 100% of the amount to be realized from the Allottees in the RERA Designated Bank Account.</p>
11	% of amount to be deposited as per act (Total for this project till date)
	<p>(1) In case of new projects i.e. projects commenced on or after commencement of this Act the % of amount to be deposited as per act is 70%. The Annual Auditor has to certify the 70% of the Total Amount Collected from the allottees from the Date of Registration of Project with Maharera upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion certificate is not issued during the financial year under audit then, it will always be the financial year ending.</p> <p>(2) In case of on-going projects the % of amount to be deposited as per act is to work out independently by the Annual Auditor. The working of the % of amount to be deposited is to be done in the same manner as the working of the Table D of Form 3.</p> <p>(a) If the estimated receivables of the Ongoing Project is more than the estimated cost of completion of the Ongoing Project, then the Chartered Accountant is required to certify that the Promoter is required to deposit 70% of the amount to be realized from the Allottees in the RERA Designated Bank Account.</p>

	(b) If the estimated receivables of the Ongoing Project is less than the estimated cost of completion of the Ongoing Project, then the Chartered Accountant is required to certify that the Promoter is required to deposit 100% of the amount to be realized from the Allottees in the RERA Designated Bank Account.
12	Amount to be deposited as per act (1 * 2) (For this Fiscal Year)
	Simple mathematical calculation Value in Note No. 12 = Value as per Note No.8 x Value as per Note No.10
13	Amount to be deposited as per act (1 * 2) (Total for this project till date)
	Simple mathematical calculation Value in Note No. 13 = Value as per Note No.9 x Value as per Note No.11
14	Total amount deposited in the Designated Bank Account (For this Fiscal Year)
	<p>(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account from beginning of the Financial year i.e., 1st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA) upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier.</p> <p>(2) The Annual Auditor certifying the amounts finds any deviation from the provisions of the Act, Rules, Regulations, Circulars or Orders, the same need to report as an observation.</p> <p>(3) The example could be, the amount realized from the allottees is deposited in another account. In that case, what is the amount deposited in another account</p>

15	Total amount deposited in the Designated Bank Account (Total for this project till date)
	<p>(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account from the Date of Registration of Project with Maharera upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion certificate is not issued during the financial year under audit then, it will always be the financial year ending.</p> <p>(2) The Annual Auditor certifying the amounts finds any deviation from the provisions of the Act, Rules, Regulations, Circulars or Orders, the same need to report as an observation.</p> <p>(3) The example could be, the amount realized from the allottees is deposited in another account. In that case, what is the amount deposited in another account</p>
16	% of amount deposited in Designated Bank Account $[4 / 1 * 100]$ (For this Fiscal Year)
	<p>Simple mathematical calculation</p> <p>Value in Note No. 16 = Value as per Note No.14 / Value as per Note No.8 x 100</p>
17	% of amount deposited in Designated Bank Account $[4 / 1 * 100]$ (Total for this project till date)
	<p>Simple mathematical calculation</p> <p>Value in Note No. 17 = Value as per Note No.15 / Value as per Note No.9 x 100</p>
18	Shortfall / Excess deposit (3 - 4) (For this Fiscal Year)

	<p>Simple mathematical calculation</p> <p>Value in Note No. 18 = Value as per Note No.12 - Value as per Note No.14</p>
19	Shortfall / Excess deposit (3 - 4) (Total for this project till date)
	<p>Simple mathematical calculation</p> <p>Value in Note No. 19 = Value as per Note No.13 - Value as per Note No.15</p>
20	Has the required proportion of money collected from allottees of the project units, as specified in the act, deposited in the Designated RERA Bank Account? (Yes / No)
	<p>(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account based on the figures derived from Table A–Deposits. The Annual Auditor has to mention his remark by putting YES / NO in the remark column.</p> <p>(2) The Annual Auditor may issue Qualifications / Observations in this regard in the Table D at the end of this Form No.5.</p>
21	If No, The amount not Deposited _____
	<p>(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account based on the figures derived from Table A–Deposits. The Annual Auditor has to mention the amount of Shortfall as per Note No. 19 for the period from the date of registration of the project with MahaRERA) upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier.</p> <p>(2) The Annual Auditor may issue Qualifications / Observations in this regard in the Table D at the end of this Form No.5.</p>
22	Opening Balance of Designated Bank Account (For this Fiscal Year)

	(1) The Annual Auditor has to certify the actual amount of opening balance of the Designated Bank Account as beginning of the Financial year i.e., 1 st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA)
23	Opening Balance of Designated Bank Account (Total for this project till date)
	(1) The Annual Auditor has to certify the actual amount of opening balance of the Designated Bank Account as on the Date of Registration of Project with Maharera.
24	Total Deposits (For this Fiscal Year)
	<p>(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account from beginning of the Financial year i.e., 1st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA) upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. (Same figure of Note No.14)</p> <p>(2) The Annual Auditor certifying the amounts finds any deviation from the provisions of the Act, Rules, Regulations, Circulars or Orders, the same need to report as an observation.</p> <p>(3) The example could be, the amount realized from the allottees is deposited in another account. In that case, what is the amount deposited in another account</p>
25	Total Deposits (Total for this project till date)
	(1) The Annual Auditor has to certify the actual amount of funds deposited in Designated Bank Account from the Date of Registration of Project with Maharera upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion

	<p>certificate is not issued during the financial year under audit then, it will always be the financial year ending. (Same figure of Note No.15)</p> <p>(2) The Annual Auditor certifying the amounts finds any deviation from the provisions of the Act, Rules, Regulations, Circulars or Orders, the same need to report as an observation.</p> <p>(3) The example could be, the amount realized from the allottees is deposited in another account. In that case, what is the amount deposited in another account</p>
26	Total Amount Withdrawn (For this Fiscal Year)
	<p>(1) The Annual Auditor has to certify the actual amount of funds withdrawn from Designated Bank Account from beginning of the Financial year i.e., 1st April (except for the 1st year of the project, in which case, the period will begin from the date of registration of the project with MahaRERA) upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier.</p> <p>(2) The Annual Auditor may give his reconciliation statement / observations for any irregularity / other charges debited in the Designated Bank Account in the Table D at the end of this Form No.5.</p>
27	Total Amount Withdrawn (Total for this project till date)
	<p>(1) The Annual Auditor has to certify the actual amount of funds withdrawn from Designated Bank Account from the Date of Registration of Project with Maharera upto the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End, whichever is earlier. If completion certificate is not issued during the financial year under audit then, it will always be the financial year ending.</p> <p>(2) The Annual Auditor may give his reconciliation statement / observations for any irregularity / other charges debited in the Designated Bank Account in the Table D at the end of this Form No.5.</p>

28	Closing Balance (For this Fiscal Year)
	(1) The Annual Auditor has to certify the actual amount of closing balance of the Designated Bank Account at the end of the the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End.
29	Closing Balance (Total for this project till date)
	(1) The Annual Auditor has to certify the actual amount of closing balance of the Designated Bank Account at the end of the the Date of Issuance of Completion Certificate by Architect in Form -4 or respective Financial Year End.
30	As specified in the act, all the amounts withdrawn during the year from RERA Bank Account were within the withdrawal limit as certified under the relevant Form1, Form 2 and Form 3 issued during the reporting period? (Yes / No)
	(1) The Annual Auditor has to certify the actual amount withdrawn during the year from RERA Bank Account were within the withdrawal limit as certified under the relevant Form1, Form 2 and Form 3 issued during the reporting period. (2) The Annual Auditor has to mention his remark by putting YES / NO in the remark column. (3) The Annual Auditor may issue Qualifications / Observations in this regard in the Table D at the end of this Form No.5.
31	If No, details are as follows :
32	

	<p>(1) The Annual Auditor has to work out the amount of actual withdrawal available and the amount actually withdrawn from the Designated Account.</p> <p>(2) If the answer to the above Note No. 30 is No. then the Annual Auditor has to provide list of such withdrawals without obtaining Form1, Form 2 and Form 3 issued during the reporting period or without proper limit of withdrawal as per Form1, Form 2 and Form 3 issued during the reporting period.</p> <p>(3) The Annual Auditor may issue Qualifications / Observations in this regard in the Table D at the end of this Form No.5.</p>
33 34	<p>I/We certify that, the promoter _____ has utilised the amounts withdrawn from the designated bank account towards project cost only, as specified in the act.</p> <p>If No, details are as follows :</p>
	<p>(1) The Annual Auditor has to work out the amount of actual utilization for the project from the amount actually withdrawn from the Designated Account.</p> <p>(2) The Annual Auditor has to report a list of such withdrawals without utilization of the same for the project during the reporting period.</p> <p>(3) The Annual Auditor certifying the amounts finds any deviation from the provisions of the Act, Rules, Regulations, Circulars or Orders, the same need to be listed here.</p> <p>(4) Funds have been diverted to other projects or for other purposes, need to be reported.</p> <p>(5) The Annual Auditor may issue Qualifications / Observations in this regard in the Table D at the end of this Form No.5.</p>
35.	Any Qualification / Observations of CA

	(1) The Annual Auditor may issue Qualifications / Observations in this Form No.5.
36	<p>(Signature and Stamp/Seal of the Signatory CA)</p> <p>Name of the Signatory</p> <p>Place : _____</p> <p>Full Address : _____</p> <p>Date : _____</p> <p>Membership No.: _____</p> <p>UDIN : _____</p> <p>Contact No. : _____</p> <p>E mail : _____</p> <p>(1) All the details of the Chartered Accountant signing the report should be mentioned here.</p> <p>(2) The FRN. i.e. Firm Registration number of the Chartered Accountant's firm, if the engagement letter received in the name of the firm and the CA is issuing the form 5 in the name of the firm</p> <p>(3) UDIN number need to be generated and incorporated at the relevant place.</p> <p>(4) The official seal to be affixed on all pages and also at end near the signature of the Chartered Accountant.</p> <p>(5) The contact number and the emails need be mentioned.</p>
37	<p>Agreed and accepted by</p> <p>Signature, Name of the Promoter</p> <p>(1) All the details of the promoter agreed and accepted all facts and figures mentioned in Form No. 5 should be mentioned here.</p>

11.4 Table- 1 Sample calculation of Amount Collected & Withdrawn from RERA Designated Bank Account during the year and till date where, the Bank Account has been opened by the bank in the format of Collection A/c (100%), RERA Designated Bank A/c (70%) & Free Operation Account (30%)

(In Rupees)

SN.		Particulars / Descriptions	Collection A/c (100%)	RERA Designated Bank A/c (70%)	Free/ Regular Operation A/c (30%)
1		Total Amount Deposited in collection A/c during the FY 2020-21 by 10 out of 11 allottees. It also includes a) 20,000/- towards GST b) 80,000/- towards Society Deposit c) Loan of Rs.1.00 lacs	1,02,00,000	71,40,000	30,60,000
2	Add	1 Allottee wrongly deposited the amount in Free / Regular bank account of the Promoter			10,00,000
3	Add	Other Receipts and transactions in Free A/c			10,00,000
4	Less	2 Allottees wrongly deposited the GST charges @1% in Collection A/c	-20,000	-14,000	
5	Less	1 Allottee wrongly deposited the Society Deposit charges of Rs.80,000/- in Collection A/c	-80,000	-56,000	
6	Less	Loan amount	-1,00,000	-70,000	
7	Add	Adjustment for Entry at serial No. 2	10,00,000	7,00,000	
8		Amount Collected During the Year in Collection & RERA Designated Bank A/c (1+4+5+6+7)	1,10,00,000	77,00,000	
9		Balance as on 31 st March 2021 or Date of issuance of Form -4 in respective bank account	0	1,00,000	10,00,000

10		Opening Balance as on 1 st April 2020		1,00,000	
11		Amount Withdrawn during the FY 20-21 from RERA Designated A/c (8-9+10)		77,00,000	
12		Amount Collected as per last year Form-5	10,00,000	7,00,000	
13		Amount Withdrawn as per last year Form-5		6,00,000	
14		Amount Collected Till Date from the Designated Bank account (8+12)		84,00,000	
15		Amount Withdrawn Till Date from the Designated Bank Account (11+13)		83,00,000	

11.5 Table- 2 Sample calculation of Amount Collected & Withdrawn from RERA Designated Bank Account during the year and till date where, the Bank Account has been opened by the bank in the format of Collection A/c (100%) only.

(In

Rupees)

SN		Particulars / Descriptions	Collection A/c (100%)	Working for (70%) A/c	Other Bank A/c
1		Total Amount Deposited in collection A/c during the FY 2020-21 by 10 out of 11 allottees. It also includes a) 20,000/- towards GST b) 80,000/- towards Society Deposit c) Loan of Rs.1.00 lacs d) Rs.10.00 lacs from Other receipts (1,12,00,000-12,00,000)	1,00,00,000	70,00,000	
2		1 Allottees wrongly deposited the amount in Other bank account of the Promoter			10,00,000
3	Add	Adjustment for Entry at serial No. 2	10,00,000	7,00,000	

4		Amount Collected During the Year in Collection & RERA Designated Bank A/c (1+3)	1,10,00,000	77,00,000	
5		Balance as on 31 st March 2021 in Collection Account	1,00,000	1,00,000	10,00,000
6		Opening Balance as on 1 st April 2020		1,00,000	
7		Amount Withdrawn during the FY 20-21 from RERA Designated Bank A/c (4-5+6)		77,00,000	
8		Amount Collected as per last year Form-5		7,00,000	
9		Amount Withdrawn as per last year Form-5		6,00,000	
10		Amount Collected Till Date from the RERA Designated Bank account (4+8)		84,00,000	
11		Amount Withdrawn Till Date from the RERA Designated Bank Account (7+9)		83,00,000	

12. Necessary qualification and comments in form 5:

- (1) This certificate in form 5 shall be submitted to authorities online and thus becomes a public document.
- (2) Any person or the allottee may obtain these forms by filing application under Right to information(RTI)
- (3) The comments in this section are purely a matter of interpretation and not binding on any regulatory authorities. There can be no assurance that the regulatory authorities will not take a position contrary to the comments or views of chartered accountants who are issuing the form in 3 and 5. Therefore, it is always advisable for the Chartered Accountants to incorporate the remarks, comments and necessary qualifications at the end of the certificate under the heading, important notes, to disclose the stand or the views taken by the Chartered Accountant while issuing the form 3 or 5.

13. Disclosure on Website:

- (1) There are no explicit provisions either in Act or Regulations or Rules requiring Form 3 to be uploaded under quarterly updation of project. However, Section 11(1)(e) reads “The promoter shall. enter all details of the proposed project. quarterly up-to-date status of the project” which is often interpreted as “uploading of Form 3 along with Form 1 & Form 2”. Interestingly, the “SOP for updating registered projects” issued by MahaRERA, provides field to voluntarily upload Form 3 unlike mandatory uploading of Form 1 (Architect’s certificate) & Form 2 (Engineer’s certificate) and 2A (Quality Assurance certificate by Engineer).
- (2) As far as Form 5 is concerned, Regulation 4 clearly mandates to upload the annual report on statement of accounts (i.e. Form 5), duly certified and signed by the chartered accountant who is the statutory auditor of the promoter’s enterprise.

14. Responsibilities of the Promoter –

- (1) Promoter to maintain the complete financial and other information relating to project
- (2) Provide such information to Chartered Accountant to obtain RERA Audit Report (form -5) on annual basis within the time specified in the Act. (i.e within 6 months from the close of the financial year).
- (3) Submit this report to authority online within the time specified in the Act.
- (4) Reconcile the amount receivables from the customers
- (5) Also reconcile the amount received from the customers, amount utilized and balance money in bank account as at the end of financial year.
- (6) Follow best practices / Standard Operating Procedures (SOP’s) for operating the RERA designated Bank account and also for all other statutory compliances.
- (7) The cost of the project as per RERA has to be reconciled as per books for Audit and compliance under other statutes like GST, Income Tax, ROC etc
- (8) Maintain and update books of accounts from time to time
- (9) Maintain Project-wise cost data for RERA registered Projects. (rather company than company wise)
- (10) Take support of consultants and experts to understand the importance, implementation as per Act, Rules, Regulations, orders and circulars etc.

15. Best Practices:

- (1) The Promoter may have appointed external professionals to obtain certificates from time to time. The Chartered Accountant issuing Form- 5 should consult those professionals who had issued the earlier certificates.
- (2) All the RERA Audit reports has to be in conformity with assurance standards issued by the ICAI.
- (3) RERA Audit Report to be backed up with adequate documentation by way of Management Representation letter and the basis of preparing such certificates. In case the regulators suggest a format at a later date or issue any clarification in this regard, the above-suggested template may suitably be aligned.
- (4) The sample Management representation letter is provided as annexure 3 at the end of this chapter)

16. RERA Audit – Challenges

- (1) Sufficient Knowledge of Act and Rules – Both promoter and professionals
- (2) Information filled during registration is erroneous – What stand will the Auditor take?
- (3) Record/ Data/ Expenses are maintained RERA Project wise and accounts are maintained Promoter-wise.
- (4) Allocation of common expenses with respect to RERA projects
 - a. Basis of allocation
 - b. Loan availed and interest apportionment to RERA project-wise
- (5) Reconciliation at various stages of work / records / data.
- (6) Clarity on the statute, as it's a new law.
- (7) In case of single RERA registration – information from Landlord and compliance there on under RERA being a Promoter (Land Owner)

17. RERA Audit – Tips to professionals

- (1) *Don't be biased on the information and report*
- (2) *Don't be under the influence of Promoters*
- (3) *Don't be casual on report / certification*
- (4) *Collect sufficient documents / information and facts*
- (5) *If you don't know, ask others*
- (6) *If you are not sure – disclose it at the end of annual statement of account.*

18. CASE STUDIES

18.1.1 Case Study 1: Who can be appointed as Auditor for issuing Form-5: –

Facts: “ABC & Associates” a chartered accountancy partnership firm having 3 partners A, B & C. Partner A of “ABC & Associates” certified & issued “Form – 3” for registering the project “P-1” of “XYZ” Promoter in FY 2017-18. Thereafter, “ABC & Associates” has not issued any form – 3 for Project “P-1” of “XYZ” Promoter for FY 2018-19, FY 2019-20 & FY 2020-21.

“XYZ” Promoter also has a second real estate project by the name “P-2” which was registered in FY 2017-18 for which “ABC & Associates” a chartered accountancy firm had not issued any certificate for any financial year.

Question 1: Can the “ABC & Associates” a chartered accountancy firm, issue Form – 5 for project “P-1” of “XYZ” promoter for FY 2020-21?

Answer: NO, because during the tenure of the real estate project, if any CA firm has issued Form-3 then till the completion of that project that CA firm cannot issue Form – 5.

Question 2: Can Partner B of “ABC & Associates” a chartered accountancy firm, issue Form – 5 for project “P-1” of “XYZ” promoter for FY 2020-21?

Answer: NO, because the firm issuing Form -5 should be a different entity & hence Partner B of “ABC & Associates” a chartered accountancy firm cannot issue Form – 5.

Question 3: Can the “ABC & Associates” a chartered accountancy firm, issue Form – 5 for project “P-2” of “XYZ” promoter for FY 2020-21?

Answer: YES, “ABC & Associates” can do Audit in Form- 5 for Project “P-2” of Promoter “XYZ” because it’s Project wise and not Promoter wise. As “P-2” is a different project of the same promoter “XYZ” and as “ABC & Associates” a chartered accountancy firm has not issued any Form-3 for that project for any financial year.

Question 4: Can “XYZ” promoter appoint two different chartered accountancy firm for two different real estate projects “P-1” and “P-2” for FY 2020-21?

Answer: YES, Promoter “XYZ” can appoint two different chartered accountancy firm for two different real estate projects “P-1” and “P-2” for FY 2020-21.

Question 5: Can “XYZ” promoter appoint same chartered accountancy firm for two different real estate projects “P-1” and “P-2” for FY 2020-21?

Answer: YES, Promoter “XYZ” can appoint same chartered accountancy firm for two different real estate projects “P-1” and “P-2” for FY 2020-21 provided such firm has not done certification in Form-3 for any of the project for any financial year.

Table 3 – Tabular presentation for above five (5) questions.

Projects	“ABC & Associates”	“MNO & Associates”	Financial Year
P1	Not Eligible	Eligible	2017-18
P1	Not Eligible	Eligible	2018-19
P1	Not Eligible	Eligible	2019-20
P1	Not Eligible	Eligible	2020-21
P2	Eligible	Eligible	2017-18
P2	Eligible	Eligible	2018-19
P2	Eligible	Eligible	2019-20
P2	Eligible	Eligible	2020-21

18.2 Case Study 2:

Facts of the case:

Gagan Builders (Promoter) had registered Real Estate Project with two towers in the FY 2019-20. The financial & execution details are as follows:

For Project “Gagan – 1”, the promoter, had registered the project on 15-09-19. The promoter had executed the Joint Development Agreement (JDA) with the three joint landowners as on 01-12-18. The JDA specified that out of the three landowners “L1” will have Area Share of 15% and Rs.5 crores was paid upfront, “L2” will have Area Share of 10%, Revenue Share of 5% and Rs.5 crores was paid upfront, and “L3” will have Revenue Share of 20%. The JDA also specified that the Landowners “L1” & “L2” will retain & utilize the 15 % & 10% of the land cost respectively for issuance of their Form – 5. In the year of registration of the project with Maharashtra the land cost as per ASR was Rs.100 crores which was divided between the Gagan Builders (Promoter), “L1” & “L2” in the ratio of 75:15:10 respectively. The promoter had paid Rs.10 crores to “L1” and “L2”.

The project also had two investors, “Inv-1” invested Rs.50 crores and had to be paid Interest & revenue share of 5 % and “Inv-2” invested Rs.50 crores and had to be paid Area share of 10 %. Also it was agreed that “Inv-2” will get the right to claim the expenditure to the tune of 10% of the cost incurred by Gagan Builders. The project had 200 flats and the upcoming inventory was divided as per the information specified above.

Table – 4: The details of expenditure on the part of Gagan Builders (Promoter) is as follows:

(Rupees in crores)

Expenses Head	Estimate	Incurred as per Rera 2019-20	Incurred as per Rera 2020-21	Total	As per Books of Accounts
Land Cost*	75.00	75.00	0.00	75.00	**10.00
Sanctioning Cost	30.00	15.00	10.00	25.00	25.00
TDR Cost	60.00	25.00	30.00	55.00	55.00
Registration Cost	10.00	6.40	3.60	10.00	10.00
Development Cost of 2 Towers	60.00	20.00	30.00	50.00	50.00
Common Development Cost	6.00	2.50	3.50	6.00	6.00
Interest cost paid for the project	15.00	3.00	5.00	8.00	8.00
Total	256.00	146.90	82.10	229.00	164.00
Less cost to be apportioned towards Inv-2. (10% of cost incurred)		14.69	8.21	22.90	
Net cost incurred for the project		132.21	73.89	206.10	

* Note: Land cost has been taken on the basis of the ASR value for the year in which project is registered with MahaRERA as per the Amendment dated 6th June 2019 & as per the terms of Joint Development Agreement (JDA).

* *Note: Rs.10.00 crore paid to L1 & L2 by Gagan Builders.

Table – 5: The details of expenditure on the part of Promoter Landowner “L1”, “L2” and Investor “Inv - 2” is as follows:

(Rupees in crores)

	Expenses Head	Estimate	Incurred as per Rera 2019-20	Incurred as per Rera 2020-21	Total	As per Books of Accounts
L1 - Promoter Landowner	Land Cost*	15.00	15.00	0.00	15.00	2.00
	Total	15.00	15.00	0.00	15.00	2.00
L2 - Promoter Landowner	Land Cost*	10.00	10.00	0.00	10.00	2.00
	Total	10.00	10.00	0.00	10.00	2.00
Inv-2 - Promoter Landowner	Cost Apportioned		14.69	8.21	22.90	**50.00
	Total		14.69	8.21	22.90	50.00

* Note: Land cost has been taken on the basis of the ASR value for the year in which project is registered with MahaRERA as per the Amendment dated 6th June 2019 & as per the terms of Joint Development Agreement (JDA).

* *Note: Rs.50.00 crore is paid by “Inv-2” to Gagan Builders as loan.

Table – 6: Amount received by different entities against the sale of inventory for FY 2019-20 & FY 2020-21 in their respective Separate (Designated) Rera Account.

(Rupees in crores)

	Gagan Builder		L1		L2		Inv 2	
	100%	70%	100%	70%	100%	70%	100%	70%
(A) From Sale of Flats 2019-20	10.00	7.00	0.00	0.00	3.00	2.10	10.00	7.00
(B) From Sale of Flats 2020-21	30.00	21.00	2.00	1.40	5.00	3.50	30.00	21.00
(C) Total Amount Collected till 31-03-21 (A+B)		28.00		1.40		5.60		28.00
Adjustment for 2020-21								
(D) Less: GST wrongly deposited in Rera A/c	1.00	0.70	0.00	0.00	0.00	0.00	0.00	0.00
(E) Add: Amount not deposited in Rera A/c	2.00	*1.40	0.00	0.00	0.00	0.00	0.00	0.00
(F) Total Amount collected till 31-03-21 after Adjustment (C-D+E)		28.70		1.40		5.60		28.00
(G) Balance as on 31-03-21		0.20		0.10		0.15		0.10
(H) Total Amount Withdrawn till 31-03-21 after Adjustment (F-G)		28.50		1.30		5.45		27.90

Cost incurred till 31-03-21 (as per Table 3 & 4)		206.10		15.00		10.00		22.90
Whether Withdrawal is as per percentage of completion of the Project?		Yes		Yes		Yes		NO

Q1. Who all will have to obtain Form-5 for FY 2020-21?

A. In this case Gagan Buiders (as the promoter of the scheme), “L1” and “L2” (as the Promoter (Landowner) with area share) and “Inv-2” as promoter (Investor) with area share have to obtain Form – 5 for FY 2020-21.

Q2. Should all the entities enlisted in answer to Q1, obtain the Form-5 from the same Chartered Accountant?

A. No, there is no such requirement as per statute. All the entities are independent to obtain Form-5 from the chartered accountant they appoint. Only condition is that the CA should not have issued Form-3 for that project for any of the financial year.

Q3. Why “L3” & “Inv-1” are not supposed to get Form-5 from Chartered Accountant?

A. As “L3” & “Inv-1” have only revenue share in the project they are not supposed to get Form-5 from Chartered Accountant.

Q4. Who has contravened the provision of the Act, Rules & Regulations of the RERA?

A. “Inv-2” has contravened the provision of the RERA Act, as he has withdrawn the amount in excess of what he was eligible. The Chartered Accountant of “Inv-2” should disclose the details of contravention in Form-5.

Q5. Whether the Maharera Authority can extend the due date of audit?

A. “NO” because, the time limit has been specified in the RERA Act & so it’s outside the purview of the Maharera authority. It can only be done through an amendment to the act. However, the Maharera authority has the power to waive of the penalty, if any applied due to non-filing of report within the due date.

19. Annexure and formats

Annexure 19.1(A)

(DRAFT RESOLUTION FOR APPOINTMENT OF CHARTERED ACCOUNTANT) [COMPANY] FOR ISSUE OF FORM 5)

CERTIFIED TRUE COPY OF RESOLUTION PASSED AT THE BOARD OF DIRECTORS MEETING OF XYZ COMPANY PRIVATE LIMITED HELD ON _____ AT _____

APPOINTMENT OF M/S. _____ (FRN: _____) AS CA FIRM OR CA _____ (Membership No. _____) FOR THE PURPOSE OF ISSUING ANNUAL REPORT ON STATEMENT OF ACCOUNTS IN FORM 5 FOR THE PROJECT KNOWN AS _____

“RESOLVED THAT pursuant to the second provision to section 4(2)(1)(D) of the Real Estate (Regulation and Development) Act, 2016 and other applicable provisions (including any modification or re-enactment thereof), if any, M/s. _____ (FRN: _____) OR CA. _____ (Membership No _____), which/ who has given their /his consent to act as a Chartered Accountant Firm for the purpose of certifying the Annual Report on Statement of Accounts in form 5 of the registered real estate project known as _____ (MahaRERA registration No _____) to certify that 70% of the amount realized from the allottees in respect of the said project has utilized to cover the land cost and the construction cost of the said project only and the withdrawal from the designated bank account(s) of the said project has been in accordance with the proportion to the percentage of completion of the project for the purpose of withdrawal of amounts from the separate RERA Designated Bank Account of the said project. The said CA /firm is appointed with effect from _____ upto the date of the completion of the project as certified by Project Architect in form 4 along with Occupation certificate or the completion certificate as the case may be.

RESOLVED FURTHER THAT any director and/or authorized representative of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary and to sign and execute all necessary documents, applications,

representations for the purpose of giving effect to the aforesaid resolution along with filing of necessary documents for the registration of the project and updation with MahaRERA.

FOR XYZ COMPANY PRIVATE LIMITED

DIRECTOR

DIN:

PLACE:

DIRECTOR

DIN:

PLACE:

Note:

- (1) This resolution may be modified considering the proprietary or partnership or any other form of the organization of the promoter and the CA firm or the individual practicing CA.
- (2) Based on the above resolution, a covering letter may be issued to the CA firm or CA to whom the promoter has appointed to carry out the audit in form 5.
- (3) Similarly, it is required, that a consent from the CA firm or the particular CA may be obtained before passing the resolution as well as issue of the appointment letter).
- (4) Consent letter from the Auditor and the NOC if need to be obtained from the previous auditor may be suitably changed as per the template in given in the chapter on CA certificate in form 3.

Annexure 19.1(B)

(ON THE COMPANY LETTERHEAD)

(DRAFT LETTER TO FORM 5-CHARTERED ACCOUNTANT FIRM CONVEYING APPOINTMENT)

Date: _____

To,

[NAME OF FIRM]

Chartered Accountants

Address

Dear Sir,

Sub: Your Appointment as Chartered Accountant Firm for issuing Annual Report on Statement of Accounts in form 5 as per Regulation 4 of MahaRERA (General) Regulations, 2017 for our company for project _____(name) (Regn No _____) situated at _____(location) effective from _____ till the completion of the project.

This is to inform you that with reference to your written consent in terms of the provisions of second proviso to section 4(2)(1)(D) the Real Estate (Regulation and Development) Act, 2016 read with Rule 5 the Maharashtra Real Estate (Regulation and Development) Rules, 2017 provided by you, board of directors of our company/ we have approved the appointment of your Firm M/s. _____ (FRN. _____) as Chartered Accountant Firm for the purpose of issuing FORM 5 for every financial year ending of the project _____(name) at _____(location) till the project completion in form 4 is received from the project architect along with Occupation certificate or the completion certificate as the case may be. You will be paid the remuneration as mutually agreed between us.

The certified true copy of the resolution passed at the Board meeting of the Company in respect of your appointment as Chartered Accountants Firm for issuing FORM 5 of the Company is enclosed for your reference and record.

Thanking you,

Yours faithfully,

FOR XYZ COMPANY PRIVATE LIMITED

DIRECTOR

DIN:

Place:

Encl: - As above

Annexure 9.1(C)

(ON THE CA FIRM LETTERHEAD)

(LETTER OF ENGAGEMENT)

To,

The Promoter (*name of Entity*)

Address

Dear Sirs,

I / We refer to the letter dated _____ informing me / us about my / our (re) appointment/ratification to issue Annual Report on Statement of Account in form 5 for the project _____ (*name*) situated at _____ (*location*) bearing MahaRERA registration no. _____. You have requested that I / we verify and issue the Form 5 –Annual Report on Statement of Account for the end of every financial year till the project is completed based on the Architect Certificate in form 4. You have asked us to issue form 5 for the said project as defined under second proviso to section 4(2)(1)(D) the Real Estate (Regulation and Development) Act, 2016 read with Rule 5 the Maharashtra Real Estate (Regulation and Development) Rules, 2017 and Regulation 3 & 4 of MahaRERA (General) Regulations, 2017, ('The Act & Rules'), for the period beginning [Date of Declaration in FORM B] . The records and documents of the Company include, where applicable, standalone, or consolidated financial statements of the Company and of all its subsidiaries, associate companies, and joint ventures under which the said project is undertaken. I am / We are pleased to confirm my / our acceptance and my / our understanding of this **assurance** engagement by means of this letter.

My / Our verification will be conducted with the objective of me / our certifying actual cost incurred if the aforesaid financial statements give the information required by the 'The Act & Rules' in the manner so required, and give a true and fair view in conformity with the applicable accounting principles generally accepted in India, of the books of accounts of the Company for the period for which certificate is required, and its profit/loss for the period ended on that date.

In forming my / our opinion on the percentage of completion of the project and acceptability of Estimated Cost, I / we will rely on the work of Auditors Expert i.e

Architects & Engineers appointed by the Company and my / our report would expressly state the fact of such reliance.

I / We will issue my / our certificate in accordance with the Standards on Assurance Engagements (SAE) 3000-3399 issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that I / we comply with ethical requirements and plan and perform the verification to obtain reasonable assurance about whether the books of accounts and documents are free from material misstatements. A verification involves performing procedures to obtain assurance about the amounts and the disclosures in books of accounts. The procedures selected depend on the chartered accountant's judgment, including the assessment of the risks of material misstatement of the books of accounts and documents, whether due to fraud or error.

A verification also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the percentage completion of the project as per certificate issued by Architect ,Engineer and CA who has issued form 3 for the purpose of withdrawal from the RERA designated Bank Account respectively..

Because of the inherent limitations of a certificate, including the possibility of collusion or improper management override of controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the verification is properly planned and performed in accordance with the SAEs.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the books of accounts in order to design verification procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the verification of actual cost incurred that we have identified during the verification of the cost.

A verification of end use of the amount withdrawn from the separate account is beyond our scope in accordance with the provisions of the Act, Rules, Regulations, and circulars.

My / Our verification will be conducted on the basis that the Management and those charged with governance acknowledge and understand that they have the responsibility:

(a) For the preparation of books of accounts of the project that give a true and fair view in accordance with the applicable Financial Reporting Standards and other generally accepted accounting principles in India. This includes:

- Compliance with the applicable provisions of ‘The Act & Rules’;
- Proper maintenance of accounts and other matters connected therewith;
- The responsibility for the preparation of the books of accounts on a going concern basis;
- The preparation of the books of accounts in accordance with, the applicable accounting standards, circulars of MahaRERA and providing proper explanation relating to any material departures from those accounting standards and circulars;
- Selection of accounting policies and applying them consistently and making judgments and estimates that are reasonable and prudent to give a true and fair view profit and loss of the Company as on date of issuing the certificate and of the state of affairs of the Company for that period.
- Taking proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the “‘The Act & Rules’ for preventing and detecting fraud and other irregularities.
- Laying down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- Devising proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(b) Identifying and informing me / us of financial transactions or matters that may have any adverse effect on the project.

(c) Identifying and informing me / us of

- amounts of all product or services received, creating a debt in favour of the seller or supplier and
- amounts of all product or services received against payment to seller or supplier.

(d) Identifying and informing me / us of

- fixed deposit being made from the monies lying in the separate account and whether there is lien or charge on such fixed deposit.

(e) To provide me / us, inter alia, with:

(i) Access, at all times, to all information, including the books, accounts, vouchers and other records and documentation of the Company relating to the project, whether kept at the Head Office or elsewhere, of which the Management is aware that are relevant to the preparation of the certificate such as records, documentation and other matters. This will include books of account maintained in electronic mode;

(ii) Access, at all times, to the records of all the subsidiaries (including associate companies and joint ventures as per Explanation to Section 129(3) of the 2013 Act) of the Company in so far as it relates to the consolidation of its financial statements with respect to the project undertaken;

(iii) Access to certificates of Auditors Expert i.e FORM 1 & 2 including those issued by CA in form 3.

(iv) Additional information that I / we may request from the Management for the purposes of my / our verification;

(v) Unrestricted access to persons within the Company from whom I / we deem it necessary to obtain verification evidence. This includes my / our entitlement to require from the officers of the Company such information and explanations as I / we may think necessary for the performance of my / our duties as the chartered accountant for issuing withdrawal certificate for the project; and

(vi) All the required support to discharge my / our duties as the chartered accountant for issuing withdrawal certificate for the project as stipulated under the RERA Act, 2016/Rules/Regulations on certification and applicable MahaRERA orders and circulars.

As part of my / our verification process, I / we will request from the Management written confirmation concerning representations made to me / us in connection with my / our verification.

I / We also wish to invite your attention to the fact that my / our verification process is subject to 'peer review' / 'quality review' under the Chartered Accountants Act, 1949. The reviewer(s) may inspect, examine, or take abstract of my / our working papers during the course of the peer review/quality review.

I / We may involve specialists and staff from my / our affiliated network firms to perform certain specific verification procedures during the course of my / our verification.

The objective and the scope of our engagement is limited to certify that 70% of the amount realized from the allottees in respect of the said project has utilized to cover the land cost and the construction cost of the said project only and the withdrawal from the RERA designated bank account(s) of the said project has been in accordance with the proportion to the percentage of completion of the project for the purpose of withdrawal of amounts from the separate RERA Designated Bank Account of the said project.

{Other relevant information}

{Insert Other information, such as fee arrangements, billings and other specific terms, as appropriate.}.

I / We look forward to full cooperation from your staff during my / our verification.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for my / our verification of the records and documents, issuance of FORM 5 including our respective responsibilities.

Yours faithfully,

(signature)

(Name of the Member)

(Designation)

(Name of the Firm)

Date:

Place:

Annexure 19.2

SPECIMEN OF THE FUND FLOW STATEMENT OF THE PROEJCT MAY BE PREPARED BEFORE CERTIFYING THE ANNUAL REPORT ON STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH IN FORM - 5 TO BE GIVEN BY STATUTORY AUDITOR OF THE PROMOTER / CO-PROMOTER ENTERPRISE

Sr. No.	Particulars	Amounts (Rs.)
A.	Amount collected for the Project :	
(i)	Sales Realisations/Advances from the Allottees	
(ii)	Interest and other receipts from the Allottees	
(iii)	Total Amount realized from the Allottees.....	
B.	70% of the amount realized from the project deposited in the (i)RERA Designated Bank A/c Rs._____ (ii) Other Bank Account (by oversight)Rs._____ Total 70% of the amount realized from the Allottees.....	
C.	Amount withdrawn during the year from.... (i)RERA Designated Bank A/c Rs._____ (ii) Other Bank Account (by oversight)Rs._____ For the purpose of land & Construction Cost Rs....	
D	Balance available from RERA Designated Bank A/c.....	
D	Funds utilized for the Project:	
i.	Land Cost :	
A	ASR Value or the cost of acquisition which is more	

Sr. No.	Particulars	Amounts (Rs.)
b.	Acquisition Cost of Land or Development Rights, lease Premium, lease rent, interest cost incurred or payable on Land Cost and legal cost	
c.	Amount of Premium payable to obtain development rights, FSI, additional FSI, fungible area, and any other incentive under DCR from Local Authority or State Government or any Statutory Authority	
d.	Acquisition cost of TDR (if any)	
e.	Amounts payable to State Government or competent authority or any other statutory authority of the State or Central Government, towards stamp duty, transfer charges, registration fees etc; and	
f.	Land Premium payable as per annual statement of rates (ASR) for redevelopment of land owned by public authorities	
g.	<p>Under Rehabilitation scheme</p> <p>(i) actual cost of construction of rehab building</p> <p>(ii) Cost towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, cost for providing temporary transit accommodation or rent in lieu of Transit Accommodation, overhead cost.</p> <p>(iii) Cost of ASR linked premium, fees, charges and security deposits or maintenance deposit, or any amount whatsoever payable to any authorities towards and in project of rehabilitation.</p>	
	Sub-Total of Land Cost (D) (i)	
ii.	Development Cost/ Cost of Construction :	
a.	<p>(i) Cost of Construction incurred as per the books of account or as per the estimate given by the Engineer whichever is lower.</p> <p>(ii) On-site and off-site expenditure for development of entire project excluding cost of construction as per (i) above, i.e. salaries, consultants fees, site overheads, development works, cost of services (including water, electricity, sewerage, drainage, layout roads</p>	

Sr. No.	Particulars	Amounts (Rs.)
	etc.), cost of machineries and equipment including its hire and maintenance costs, consumables etc.	
b.	Payment of Taxes, cess, fees, charges, premiums, interest etc to any statutory Authority including GST	
c.	Principal sum and interest payable to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money lenders on construction funding or money borrowed for construction	
	Sub-Total of Development Cost (D)(ii)	
E.	Total of Land Cost and Development Cost / Cost of Construction for RERA (D)(i) + (D)(ii)	
F.	Other Payments :	
a.	Mobilisation advance given to the Contractors	
b.	Refundable Deposit given to the land owner	
c.	Amounts refunded to the Allottees on cancellation of bookings	
d.	Interest and Compensation paid to Allottees	
e.	Repayment of deposits to the Contractors	
	Total of Other Payments	
G.	Other Costs	
a.	Marketing, brokerage, sales and advertisement cost	
b.	Indirect expenses of the Project	
c.	Salary of Managing Directors and other directors	
d.	Income Tax	
e.	Other corporate overheads	
	Total of Other Costs	
H.	Total Project Cost (E + F + G)	

Note:

- (1) Each of the amount need to be verified from the form 3 issued by the CA for the purpose of withdrawal from the RERA Designated Bank Account.
- (2) The form 3 issued nearest to the date of close financial year need be reconciled to the figures on the close of financial year.
- (3) The deposits done in other bank accounts by oversight to the extent of

- 70% need to be accounted for.
- (4) The above fund flow for the 100% of the amount realized from the allottees and the other sources of funds like project loan, capital invested, investors contribution etc may be included in this fund flow to cross verify the figures.

Annexure 3.

(To be obtained on Promoter head)

Management Representation Letter

To,
M/s _____,
Chartered Accountants,
_____,
_____,

Dear Sir(s),

Sub: Annual Report on Statement of Accounts for the year/ period ended _____

Ref: MahaRERA Registered Project Name: _____ Regn. No _____

This representation letter is provided in connection with your Annual Report on Statement of Accounts for the period / year ended of MahaRERA registered project Name _____ vide its registration No. _____ for the purpose of audit and certify that

- (a) 70% of the amount realized from the allottees in respect of the said project has utilized to cover the land cost and the construction cost of the said project only and
- (b) the withdrawal from the RERA designated bank account(s) of the said project has been in accordance with the proportion to the percentage of completion of the project for the purpose of withdrawal of amounts from the separate RERA Designated Bank Account of the said project.

We acknowledge our responsibility for maintaining the separate RERA Designated Bank Account to deposit 70% of the amount realised from the Allottees and utilise the said amount to cover the cost of land and construction in proportion to the percentage of completion of the project in accordance with the provisions of Real Estate (Regulation and Development) Act, 2016, MahaRERA Rules, 2017, MahaRERA(General) Regulations, MahaRERA Orders, circulars etc

Necessary financial statements as required under RERA as applicable to the registered real estate project including the regulatory requirements of the MahaRERA are maintained by us.

We confirm to the best of our knowledge and belief, the following representations:

1. **Accounting Policies** – The accounting policies, as approved by the board of directors of the company, have been duly followed. There are no changes in the accounting policies followed by us during the current year. The company has been consistently following the policy of apportionment of the land and construction cost to all applicable projects.

2. **The Estimate of cost :**

(a) Land Cost and other related costs :

These are based on the ASR Value or the actual cost as may be estimated to be incurred to complete the project. The cost has been apportioned based on the FSI utilised for the particular project out of the total FSI available on the entire layout.

(b) Cost of Construction and development works:

This is based on the certificate given by the engineer considering the sanction plan and the total construction to be done in respect of the said project.

(c) Both the estimated cost are available on the website of the Registered Project and the same is duly authenticated and attached to the representation.

3. **Land cost Incurred :**

3.1 The land cost has been considered as the cost of acquisition or value of land reckoned on basis of the value of the land as ascertained from the Annual Statement of Rates

(ASR) prepared under the provisions of the Maharashtra Stamp Act, relevant on the date of registration of the real estate (Explanation I to Rule 5 of MahaRERA Rules, 2017).

3.2 All other related expenses like TDR, FSI acquisition, premium payment etc are based on the actual cost paid for which necessary supporting are provided.

3.3 Interest cost on the borrowings done to purchase the land or to incur any related payment of premium etc to the Competent Authority has been included.

4. Construction Cost Incurred:

- Under this head, the construction cost incurred for the said project has been properly accounted for as per books of account.
- Wherever, the apportionment of the cost has to be done as per the policy of the company between different projects, the same has been done accordingly.
- The policy document for apportionment is attached herewith.

5. Books of accounts and records –

We have made available to you all the following books, records and document related to the above project.

- (1) Accounting records – Audited and Audited Financial Statements.
- (2) If the Financial statements are not audited under any other laws, then self attested books of accounts and self attested financial statements.
- (3) Copy of application filed for registration of project under RERA
- (4) Details of calculations considered to arrive at estimated cost of project.
- (5) All project related documents like land documents, sanctions, clearances, NOC's
- (6) Amount incurred towards acquisition of land or TDR etc
- (7) All government fees, challans for all clearances and sanctions etc.
- (8) All bank statements of RERA Designated Bank Accounts and other bank accounts related to the project.
- (9) Statement of Allottees along with amount received along with supporting
 - a. Application form / Booking form
 - b. Allotment letters issued

- c. Invoices / Demand letters issued
 - d. Receipts issued to the customers
 - e. Credit Notes issued
 - f. List of agreement of sales entered, advances received, balance receivables etc
- (10) Amount received as loans along with loan confirmation from the lenders
 - (11) List of customers who cancelled the booking / Agreement to Sale alongwith the amount returned / returnable or transferred to any other projects
 - (12) Money realized from allottees, 70 % deposit made to RERA designated bank account or in any other bank accounts.
 - (13) All development expenses bills, vouchers, invoices for both onsite and offsite expenditures
 - (14) Advance paid for supply of materials or services vouchers, references etc
 - (15) Variance to estimated project and reasons there on
 - (16) Certificates from Project Architect (form 1) , Project Engineer (form 2) and CA for withdrawal (form 3) of money from the RERA designated Bank Account based on percentage of completion of the project.
 - (17) Project Loan or other loan statements
 - (18) Interest calculation / attribution towards the RERA project.
 - (19) Indirect taxes / GST paid from time to time – reconciliation / assurance
 - (20) TDS made by buyers @ 1 % – reconciliation / assurance as per 26AS.
 - (21) Any other relevant documents related to the 70% of the amount realized from the allottees, their withdrawal and utilization thereof.
 - (22) Copy of company Audit report/ Income Tax Audit report and Audited Financial statements.
 - (23) List of brokers who are working for the project and payments made to them.
 - (24) The Consolidated statements of amount appropriated to various project during the financial year and other office and marketing expenses not appropriated to any of the projects. .

6. Reports:

- (1) Attached herewith is the Fund flow statement of the 100% amount realised from the allottees and the deposit of 70% in RERA designated Bank Account and its withdrawal.
- (2) Previous year Annual Report on statement of Accounts

(3) Consolidated statement of account of the company/ firm in which different project are registered and their respective cost apportioned with the total figure matching with the audited / unaudited financial statement duly authenticated by us.

(4) Thanking you.

Yours faithfully,

For & on behalf of _____

(Proprietor/ Partner/ Director

Place:

Dated: