



STEP BY STEP APPROACH TO CO-OPERATIVE SOCIETY AUDIT

Presented by:
CA Vijay Joshi

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HISTORY OF COOP SOCIETIES IN INDIA

- The first report on cooperative societies in British India by Sir Fredric Nicholson stressed the need for 'establishment of audit as well as efficiency of such audit'.
- Various privileges and concessions by government stressed the need for a compulsory annual Government Audit.
- The objective was to prevent fraud on unintelligent ryots by examining all books, registers and accounts with particular attention to overdue debts and valuation of assets and liabilities.
- Thus, act passed in 1912 included the system of audit of coop societies through the agency of Government Officers responsible to Registrar with subsequent legislations following the same.
- With passage of time, burden on Registrar increased and in 1986, concept of societies getting their accounts audited by qualified auditors came into being.

AUDIT – MEANING AND SCOPE

- Concept of audit has undergone considerable change during the course of time.
- ICAI Definition –
 - ‘the independent examination of financial information of any entity, whether profit oriented or not and irrespective of its size or legal form, when such a examination is conducted with a view to expressing an opinion thereon.’
- However, in the minds of general public, prevention and detection of frauds and embezzlements constitutes an important function.
- This is also reflected in coop societies act with law providing certain matters to be specifically reported by an auditor.

AUDIT – MEANING AND SCOPE

- The audit under sub-section (1) of section 81 of Maharashtra Co-operative Societies Act, 1960 shall include an examination of overdue debts, if any, the physical verification and valuation of assets and liabilities, verification of cash balance and securities, certification of the profits or losses, compliance with the transparency law and other laws applicable.....’.
- In addition to above, the law also casts responsibility of reporting –
 - whether he has obtained all the information necessary for his audit;
 - whether proper books of accounts have been kept by the society;
 - whether report on the accounts of branch audited by a person other than auditor have been forwarded to him and how he has dealt with the same in preparing the auditor’s report;
 - whether balance sheet and profit and loss account are in agreement with books of accounts.

SPECIAL FEATURES OF COOP SOC AUDIT

- The special features of audit of co-operative society:
 - Examination of overdue debts
 - Overdue interest
 - Certification of bad debts
 - Valuation of assets and liabilities
 - Adherence to cooperative principles
 - Observation of the provisions of acts and rules
 - Furtherance to public welfare & safeguarding of public funds
 - Assessment of damages
 - Adherence to accounting policies, accounting and auditing standards
 - Special report to Registrar
 - Audit Classification of society
 - Discussion of report with the Managing Committee
- Thus, we find that auditor is acting in dual capacity of independent as well as discussing the report with those governing the society.
- This feature of dual capacity and the expectations from auditor makes the coop soc audit peculiar and different from company audit.

RESPONSIBILITIES OF THE AUDITOR

- The auditor of a co-operative society has not merely to check and certify the correctness of the balance sheet and the profit and loss account, but has to examine many other things.
- Co-operative audit embraces all the circumstances, which determine the general position of the society and its achievements.
- For example:
 - in case of co-operative credit societies and banks, the auditor has to see that the loans are given for proper objects and periods and on adequate security as per latest concepts of co-operative finance.
 - in case of agricultural marketing societies, he has to see that the society has undertaken pooling, grading and joint sale of members' produce and does not act merely as a commission agents.
 - in case of farming societies, he has to see that the lands been pooled and cultivated jointly.
 - in case of other societies, he has to see that the business is conducted on proper lines in accordance with co-operative principles and that all canons of business and financial propriety are being duly observed.

RESPONSIBILITIES OF THE AUDITOR

- The auditor has to certify the true and fair position of the financial statements, as per Coop Soc Act, 1912 or MSC Act, 1960 as applicable.
- However, what constitutes “true and fair” view has not been defined in Companies act as well as cooperative Societies act.
- Considering this, the Institute of Chartered Accounts of India has constituted Accounting standards Board and the Auditing practices Committee, has issued accounting standards and standard auditing practices.
- The intention behind this is, to describe the accounting principles and the methods of applying these principles in the preparation and presentation of financial statements so that they give a true and fair view.
- It is also intended to bring in uniformity in conducting audit and reporting with adherence to fair value accounting principles as far as permissible under the circumstances.

REPORTING REQUIREMENTS UNDER MAHARASHTRA COOPERATIVE SOCIETIES ACT, 1960 AND RULES

- Applicable sections are S. 81 and 82 and Rule 69, 73 and 74 from act and rule for independent audit.
- Whereas Registrar also can order inspection and audit under section 83 and 84.
- The detailed contents of section are required to be inspected and commented by the auditor.
- Similarly Rule 69 (4) and (6) also mandate specific comments and disclosure by the auditor.
- These are discussed in subsequent slides.

REQUIREMENTS OF SECTION 81(2)

- The audit under sub -section (1) shall include examination or verification of the following items, namely:-
 - (i) overdues of debts, if any;
 - (ii) cash balance and securities and a valuation of the assets and liabilities of the society;
 - (iii) whether loan and advances and debts made by the society on the basis of security have been properly secured and the terms on which such loans and advances are made or debts are incurred are not prejudicial to the interest of the society and its members;
 - (iv) whether transactions of the society which are represented merely by book entries are not prejudicial to the interest of the society;
 - (v) whether loans and advances made by the society have been shown as deposits;
 - (vi) whether personal expenses have been charged to revenue account;
 - (vii) whether the society has incurred any expenditure in furtherance of its objects;
 - (viii) whether the society has properly utilised the financial assistance granted by Government or Government undertakings or financial institutions, for the purpose for which such assistance was granted;
 - (ix) whether the society is properly carrying-out its objects and obligations towards members.

REQUIREMENTS OF RULE 69(4)

- The audit memorandum shall state;-
 - (i) whether the auditor had obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;
 - (ii) whether in his opinion proper books of accounts, as required by the Act, these rules and the by-laws of the society have been kept by the society so far as it appears from the examination of these books; and
 - (iii) whether the balance sheet and profit and loss account examined by him are in agreement with the books of accounts and returns of the society.

REQUIREMENTS OF RULE 69(6)

- The audit memorandum shall also contain schedules with full particulars of;—
 - (i) all transactions which appear to be contrary to the provisions of the Act, the rules or the by-laws of the society;
 - (ii) all sums which ought to have been but have not been brought into account by the society;
 - (iii) any material impropriety or irregularity in the expenditure or in the realisation of moneys due to the society;
 - (iv) any money or property belonging to the society which appear to the auditor to be bad or doubtful debt; and
 - (v) any other matters specified by the Registrar in this behalf.

OTHER REQUIREMENTS

- The deadline for finalisation of accounts by society is 45 days from the end of financial year i.e. 15th May.
- The society needs to hand over the books of accounts within 15 days from the finalisation to auditor i.e. 1st June.
- The audit shall be completed within 4 months from the end of financial year i.s. by 31st July. [S.81 and Rule 69]
- Format of Audit Report
 - Form N-1 = For Co-operative Banks
 - Form N-2 = For all other societies
- Other than audit report, an auditor is also required to submit Audit Memo1 which is general form for all societies and Audit Memo 28 which is applicable to Housing Societies.
- Audit Report is required to be submitted to the Society and to the Registrar as also to be uploaded along with financial statements and audit certificate.

BALANCE SHEET AS ON 31/03/....

Previous Year	Liabilities	Current Year	Previous Year	Assets	Current Year
***	I. Share Capital: Authorised Share Capital	***	***	I. Cash and Bank balances (a) Cash on hand	***
***	Issued Subscribed & Paid up Capital		***	(b) Cash in banks	***
***	Purchased by the Govt.	***	***	(i) Current Account	***
***	Purchased by Co-op Societies	***	***	(ii) Savings Banks Account	***
***	Purchased by Individuals	***	***	(iii) Call Deposits on Banks	***
***	Shares in Advance	***		II. Investments	
(***)	Less: Calls in arrears	(***)	***	(a) Government Securities	***
***	Add: Calls in advances	***	***	(b) Other Trustee Securities	***
	I-A. Subscription towards shares:	***	***	(c) Non-Trustee Securities	***
			***	(d) Shares of other co-operative Societies	***
			***	(e) Shares, Debentures or Bonds of companies registered under the Companies Act	***
***	II. Reserve Fund and Other Funds:		***	(f) Fixed Deposits	***
***	(a) Statutory Reserve Funds	***			***
***	(b) Building Fund	***			***
***	(c) Special Development Fund	***	***	III. (1) Investment of Staff Provident Fund	***
***	(d) Bad and Doubtful Debts Reserve	***	***	(2) Advances against Staff Provident Fund	***
***	(e) Investment Depreciation Fund	***			***
***	(f) Dividend Equalisation Fund	***		IV. Loans and Advances:	
***	(g) Bonus Equalisation Fund	***	***	1. (a) Loans	***
***	(h) Reserve for overdue interest	***	***	(b) Overdrafts	***
***	(i) Other Funds	***	***	(c) Cash credits	***
***	III. Staff Provident Fund:	***	***	(i) against pledge of goods	***
			***	(ii) against hypothecation of goods	***
			***	(iii) clean	***
***	IV. Secured Loans:	***	***	2. Loans due by Managing Committee Members	***
***	(a) Debentures	***	***	Loans due by Secretary and other employees	***
***	(b) Loans, overdrafts and cash credits from banks	***			***
***	(c) Loans from Government	***		V. Sundry Debtors	
***	(d) Other secured loans	***	***	(1) Credit Sales	***
	V. Unsecured Loans:		***	(2) Advances	***
***	(a) Loans, cash credits and overdrafts from Central Banks	***	***	(3) Others	***
***	(b) From Government	***			***
***	(c) From others	***	***	VI. Current Assets:	
***	(d) Bills payable	***	***	(1) Stores and spare parts	***
			***	(2) Loose tools	***
			***	(3) Stock-in-trade	***
			***	(4) Works in progress	***

ABC CO-OPERATIVE SOCIETY LTD.

Address Line

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/....

Previous Year	Expenditure	Current Year	Previous Year	Income	Current Year
	To Interest			By Members Contribution	
***	(a) Paid	***	***	Electricity Charges	***
***	(b) Payable	***	***	Maintenance Charges	***
***	To Bank Charges	***	***	Municipal Taxes	***
***	To Salaries and Allowances of Staff	***	***	Parking Charges	***
***	To Contribution to Staff Provident Fund	***	***	Sub-letting Charges	***
***	To Salary and Allowances of Managing Director	***	***	Water Charges	***
***	To Attendance fees and travelling expenses of Directors and Committee Members	***	***	Building Repair Fund	***
***	To Travelling expenses of staff	***	***	Municipal Tax Arrears	***
***	To Rent, rates and taxes	***	***	Sinking Fund	***
***	To Postage, Telegram and Telephone charges	***			
***	To Printing and Stationery	***		By Interest Received	
***	To Audit fees	***	***	(a) On loans and advances	***
***	To General expenses	***	***	(b) On investments	***
***	To	***	***	By Dividend received on shares	***
	Bad Debts written off or provision made for bad debts				
***	To Depreciation on fixed assets	***	***	By Commission	***
***	To Land Income and Expenditure account	***		By Miscellaneous Income	
***	To Other Items	***	***	(a) Share Transfer fees	***
***	To Net Profit carried to Balance Sheet	***	***	(b) Rent	***
			***	(c) Rebate in interest	***
			***	(d) Sale of forms	***
			***	(e) Other items	***
			***	By Land Income and Expenditure accounts	***
***		***	***		***

As per our report of even date
For XYZ Associates
(Chartered Accountants)

For ABC Co-operative Society Ltd.

MNP
(Proprietor)

Date:

(Chairman)

(Secretary)

(Treasurer)

Place:

RECTIFICATION REPORT IN FORM 'O'

- In Maharashtra, within 3 months from the date of receipt of the report from the Auditor, society needs to submit 'Rectification Report' in Form 'O' to Registrar as well as to Auditor.
- Auditor shall offer his comments to the replies by Society.
- In addition to above, an auditor shall also upload the same on the website of the Government.
- Even where there are no remarks, it is advisable to upload Form 'O' with NIL Remark and NIL reply by Auditor.

Form 'O' - Rectification report under Section 82/87

(See Rule 73)

Rectification report under Section 82/87

Date of Audit : _____

Period covered : _____

No. and date of order under Section 83/84: _____

Name and designation of person carrying
out audit, inquiry or inspection :

Serial No. of the objection in the Audit Memo or report of the Officer carrying out inquiry or inspection	Observations made by the Auditor or officer carrying out inquiry or inspection	Explanation of the society and remarks regarding action taken by it to rectify the irregularities and implement the suggestion made by the Auditor or Officer carrying out inquiry or inspection	No. and date of the resolution of the committee approving the report	Remarks
1	2	3	4	5



**STEP BY STEP
AUDIT
OF
CO-OP HOUSING SOCIETY**

SOCIETY SEEKS AVAILABILITY OF AUDITOR

- Starting point of every audit is 'Appointment'.
- As we are aware, Registrar has maintained the Panel of Auditors for carrying out the audit of all the co-operative societies registered with the co-op. dept.
- In the case of co-operative society, it is necessary that before a Society appoints the auditor, it should write to proposed Auditor and seek his availability, eligibility and Panel No.
- This letter from Society is necessary in case of new appointment as well as re-appointment, since it is possible that a change might have occurred in the position of any auditor so empaneled.

AUDITOR CONVEYS AVAILABILITY

- After receipt of such a letter, the auditor should reply indicating his availability or otherwise.
- In case, he is not willing or is not eligible, he may indicate appropriately.
- However, where he is eligible and willing to carry out audit, he should clearly state the fact and convey his willingness along with his empanelment no.

APPOINTMENT IN ANNUAL GENERAL MEETING

- Society appoints the auditor in Annual General Meeting held thereafter.
- Section 75 prescribes requirements to hold Annual General Meeting.
- The resolution so passed shall state ideally the name of auditor, his empanelment no and authority to secretary or some Managing Committee member to communicate with Auditor.
- For this purpose, a letter along with copy of resolution stated above and the name and address of previous auditor is sent to Auditor.

AUDITOR TO RESPOND

- Every such letter when received can be responded only after the Auditor communicates with previous auditor stated in the letter.
- After communication process is over, he shall communicate his acceptance.
- Interestingly, an Auditor is required to communicate with Previous Auditor and not insist on NOC or wait indefinitely for such NOC. Where fees of previous auditor are pending, the subsequent auditor shall insist on payment before issuing his report.
- Such acceptance can be by way of separate letter OR in the form of engagement letter as stated in SA 210 or as near thereto as possible.

ACCEPTANCE AND AUDIT ORDER

- After receipt of acceptance letter from Auditor, society uploads copy of resolution through its log in and auditor uploads his acceptance through his log in.
- After completion of the above, an audit order is generated in the name of Auditor so appointed.
- It is advised by the Registrar to generate Audit Order by 31st October.
- Hard copy of the appointment letters and resolutions received can also be submitted to DSA office in case of technical difficulties.

MANAGEMENT REPRESENTATION LETTER

- Having generated Order appointing Auditor, the society now writes a Management Representation Letter giving details about society, its office bearers, General Meetings and Managing Committee meetings held, any capital assets acquired, investments and such other particulars as are applicable.
- The DRAFT of such letter can be referred to SA 580.
- However, contents of such letter shall differ per case basis and it is for auditee to include maximum particulars as it is for enabling smooth completion of audit.

AUDIT PLAN

- Auditor has to devise appropriate strategy for completion of audit.
- He should call for previous year's Financial Statements and note various points:
 - Whether those are audited?
 - Are there any material inconsistencies?
 - Are there any misstatements commented upon?
 - Whether the closing balances of previous year are matching with the opening balances of current year?
 - Assessment of scope and risk
- Taking into consideration the above, an auditor should plan his audit keeping in mind the resources available with him.



Accounting Standards applicable to Co-op Society Audit

BACKGROUND

- Audit of Co-operative Societies has been the domain of few professionals.
- Less attention given by Professionals
- Co-operative societies are regulated by State Laws.
- Regulators showed lesser dynamism till recent past
- Co-existence of ICAI and GDCA approved auditors
- Gap in understanding in both of them though the object of both is same.

BACKGROUND

- Preface to the Statement of Accounting Standards (3.3)-The exact wordings are:
- Accounting Standards are designed to apply to the general purpose financial statements and other financial reporting, which are subject to the attest function of the members of the ICAI. Accounting Standards apply in respect of any enterprise (whether organised in corporate, co-operative¹ or other forms) engaged in commercial, industrial or business activities, irrespective of whether it is profit oriented or it is established for charitable or religious purposes. Accounting Standards will not, however, apply to enterprises only carrying on the activities which are not of commercial, industrial or business nature, (e.g., an activity of collecting donations and giving them to flood affected people). Exclusion of an enterprise from the applicability of the Accounting Standards would be permissible only if no part of the activity of such enterprise is commercial, industrial or business in nature. Even if a very small proportion of the activities of an enterprise is considered to be commercial, industrial or business in nature, the Accounting Standards would apply to all its activities including those which are not commercial, industrial or business in nature.

BACKGROUND

- Co-operative societies are not an exception to the applicability of accounting standards, as the Financial Statements prepared by co-operative societies are General Purpose Financial Statements.
- The term ‘General Purpose Financial Statements’ includes balance sheet, statement of profit and loss, a cash flow statement (wherever applicable) and statements and explanatory notes which form part thereof, issued for the use of various stakeholders, Governments and their agencies and the public.

BACKGROUND

- The financial statements prepared by the co-operative society includes balance sheet, statements of profit and loss, statements and explanatory notes which form part of financial statements.
- Thus, it is amply clear that Accounting Standards pronounced by ICAI are squarely applicable to the co-operative societies.
- It is the responsibility of management of such societies to ensure that relevant accounting standards are followed while recording transactions in the books of accounts of the relevant society and the same is verified by the auditor while furnishing his report thereon.

ROLE OF AUDITOR

- At the time of expressing of opinion on the Financial Statements of the society, an auditor has to ensure such compliance or report non-compliance thereof in his report.
- Format of Audit Report under SA 700 reads as under:
- ‘An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of financial statements’.
- It is possible that previous year’s audit is not carried out by member of ICAI, in which case it is all the more necessary for the auditor to see whether earlier years’ financial statements comply with the accounting standards before giving the audit report or comment appropriately in his report for any deviation so noticed.

APPLICABILITY OF ACCOUNTING STANDARDS

- For the purpose of applicability of Accounting Standards, enterprises are classified into three categories, viz., Level I, Level II and Level III.
- Level II and Level III enterprises are considered as SMEs.
- The criteria for different levels are given below.

LEVEL I ENTERPRISES

- **Enterprises which fall in any one or more of the following categories, at any time during the accounting period, are classified as Level I enterprises:**
 - Enterprises whose equity or debt securities are listed whether in India or outside India.
 - Enterprises which are in the process of listing their equity or debt securities as evidenced by the board of directors' resolution in this regard.
 - Banks including co-operative banks.
 - Financial institutions.
 - Enterprises carrying on insurance business.
 - All commercial, industrial and business reporting enterprises, whose turnover for the immediately preceding accounting period on the basis of audited financial statements exceeds Rs. 50 crore. Turnover does not include 'other income'.
 - All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs.10 crore at any time during the accounting period.
 - Holding and subsidiary enterprises of any one of the above at any time during the accounting period.

LEVEL II ENTERPRISE

- Enterprises which are not Level I enterprises but fall in any one or more of the following categories are classified as Level II enterprises:
 - All commercial, industrial and business reporting enterprises, whose turnover for the immediately preceding accounting period on the basis of audited financial statements exceeds Rs. 40 lakhs but does not exceed Rs. 50 crore. Turnover does not include 'other income'.
 - All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs. 1 crore but not in excess of Rs. 10 crore at any time during the accounting period.
 - Holding and subsidiary enterprises of any one of the above at any time during the accounting period.

LEVEL III

- Enterprises which are not covered under Level I and Level II are considered as Level III enterprises.

APPLICABILITY OF ACCOUNTING STANDARDS

- The following may also be noted in respect of applicability of Accounting Standards to Small and Medium Sized Enterprises (SMEs):
 - An enterprise, which does not disclose certain information pursuant to the exemptions/relaxations available to an SME, should disclose the fact.
 - Where an enterprise has previously qualified for any exemption/relaxation (being under Level II or Level III), but no longer qualifies for the relevant exemption/relaxation in the current accounting period, the relevant standards/requirements become applicable from the current period. However, the corresponding previous period figures need not be disclosed.
 - Where an enterprise has been covered in Level I and subsequently, ceases to be so covered, the enterprise will not qualify for exemption/relaxation available to Level II enterprises, until the enterprise ceases to be covered in Level I for two consecutive years. Similar is the case in respect of an enterprise, which has been covered in Level I or Level II and subsequently, gets covered under Level III.

APPLICABILITY OF ACCOUNTING STANDARDS

- Accounting Standards are applicable to the Co-operative Societies.
- Their recognition, measurement and disclosure criteria will depend on, the level to which the society belongs.
- Following are some of the accounting standards along with some of the essential points that must be considered while conducting audit of a co-operative society.

AS 1: DISCLOSURE OF SIGNIFICANT ACCOUNTING POLICIES

- Accounting Assumptions
 - Going Concern
 - Consistency
 - Accrual
- Cash v Accrual System of Accounting
- Disclosure of Accounting Policies
- Compliance with respective statutes
- Principal of Materiality

AS 2: VALUATION OF INVENTORY

- Societies are
 - Dairy/Milk Societies
 - Sugar Factories
 - Spinning Mills
 - Consumers' Societies
 - Agricultural Process Societies, etc.
- Cost of Purchase, Cost of Conversion, Other Costs
 - 'Lower of the cost or Net Realisable Value'
 - Difficulty in arriving at such valuation for paucity of detailed accounting / cost records
- In the case of housing societies, inventory may not be present unless such society has undertaken major repair or renovation work and the material has been procured by the society with labour job being carried out by the contractor.

AS 3: CASH FLOW STATEMENT

- Applicable to Level I enterprise

AS 4: CONTINGENT EVENTS & EVENT AFTER BALANCE SHEET DATE

- Events occurring after Balance Sheet Date are also important with a view to assess impact on the financial statements under reporting.
- These may include various events like legal notices, court proceedings, general body minutes of such meetings after year end but before audit completion.

AS 5: PRIOR PERIOD ITEMS & CHANGE IN ESTIMATES

- Change in an accounting policy v/s Change in Accounting estimates
- Prior period items – error / omission / commission
- Separate disclosure for prior period items
- Disclosure for change in accounting policies/estimates
- In this case, management of housing societies are not aware importance of such estimates.
- However, providing for expenses and liabilities is a matter of concern for auditor as recent developments from office of District Special Auditor have mandated auditor to look into this area as well.

AS 6: DEPRECIATION ACCOUNTING

- The depreciation is a systematic charge of the economic use of the asset over its useful life.
- Determination of useful life and method of depreciation is an issue with many societies
- The co-operative societies act and/or rules are silent on the matter of rates/manner/method of depreciation
- Depreciation is provided in majority cases as per rates and manner under Income Tax Act.
- The disclosure requirement as per AS 6:
- The question is whether professionals as auditors are disclosing depreciation schedule correctly?

AS 9: REVENUE RECOGNITION

- Recognition in the case of sale – Transfer of significant risk and reward of ownership
- No significant uncertainty exists regarding amount of consideration
- Interest is recognised on time proportion basis and no significant uncertainty as to measurability and collectability exists
- Other income in the case of housing societies like mobile tower rent, hoarding rent, sale of scrap etc. needs to be accounted appropriately.

AS 10: ACCOUNTING FOR FIXED ASSETS

○ **Determination of Cost for Accounting**

○ **Non-monetary Consideration**

- When a fixed asset is acquired in exchange for another asset, its cost is usually determined by reference to the fair market value of the consideration given. It may be appropriate to consider also the fair market value of the asset acquired if this is more clearly evident.
- An alternative accounting treatment that is sometimes used for an exchange of assets, particularly when the assets exchanged are similar, is to record the asset acquired at the net book value of the asset given up; in each case an adjustment is made for any balancing receipt or payment of cash or other consideration.
- Examples: UPS/Computers & its peripherals, Generating Sets etc.

AS 10: ACCOUNTING FOR FIXED ASSETS

○ Revaluation of Fixed Assets:

- An increase in net book value arising on revaluation of fixed assets is normally credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution of dividend.
- A decrease in net book value arising on revaluation of fixed assets is charged to profit and loss statement except that, to the extent that such a decrease is considered to be related to a previous increase on revaluation that is included in revaluation reserve, it is sometimes charged against that earlier increase. It sometimes happens that an increase to be recorded is a reversal of a previous decrease arising on revaluation which has been charged to profit and loss statement in which case the increase is credited to profit and loss statement to the extent that it offsets the previously recorded decrease.

AS 10: ACCOUNTING FOR FIXED ASSETS

- Disclosure:
- The following information should be disclosed in the financial statements:
 - Gross and net book values of fixed assets at the beginning and end of an accounting period showing additions, disposals, acquisitions and other movements;
 - expenditure incurred on account of fixed assets in the course of construction or acquisition; and
 - revalued amounts substituted for historical costs of fixed assets, the method adopted to compute the revalued amounts, the nature of indices used, the year of any appraisal made and whether an external valuer was involved, in case where fixed assets are stated at revalued amounts.

AS 12: ACCOUNTING FOR GOVT. GRANTS

- In this case, the standard prescribes that Grant received for acquisition for specific asset should be deducted from cost of the asset and if need be, the asset may be shown at a nominal value.
- Alternatively, the asset may be recorded at its cost of acquisition and continued to be depreciated in the normal way. The Grant so received should be recorded as Reserve with the amount equivalent to the depreciation charged on the asset to be reduced every year.
- Other grants for reimbursement of revenue expenditures should be treated as 'income'.
- These are not applicable in the case of housing societies.
- However, in a case of housing society, individual members contributed for benches made from siporex material to be erected in the compound of society premises and society permitted to mention names of such members or their relatives or near and dear ones on such benches. These benches were used for senior citizens in the society and its maintenance was undertaken by society.

AS 14: ACCOUNTING FOR AMALGAMATION

- This situation is more likely to happen in case of a multi state co-op bank as has been experienced in the recent past.
- However, in the case of housing societies, there may not be any situation warranting application of this standard.

AS 15: EMPLOYEE BENEFITS

- Employee benefits are all forms of consideration given by an enterprise in exchange for service rendered by employees.
 - Employment benefits includes :
 - Retirement benefits – e.g.. Gratuity and pension
 - Other benefits – e.g. medical care, leave encashment etc.
- Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity (a fund) and will have no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods
- Defined benefit plans are post-employment benefit plans other than defined contribution plans.

AS 15: EMPLOYEE BENEFITS

- Applicability :
- Level I enterprises
 - Actuarial valuation with discounting factor – for short term benefits, long term benefits and post employment benefits.
- Disclosures as per AS 15.
- Level II and Level III enterprises are exempted from following
 - (average number of persons employed during the period is 50 or more)
- Recognition and measurement of short term accumulating compensated absences which are not vesting (para 11 to 16).
- Discounting of amounts that fall due for more than 12 months.
- Accounting for defined benefit plans – recognition, measurement and disclosure (para 50 to 123).
- However, small and medium size housing societies may not be liable to such disclosure unless for large housing project, it's a single housing society having appointed employees for undertaking various works.

AS 16: BORROWING COSTS

- Qualifying Assets
- Nature of Borrowing Cost
- Disclosure of Cost of borrowing
- Housing societies undertaking expansion or major renovation by themselves may be liable for disclosure.

AS 22: TAXES ON INCOME

- Provision for Income Tax Liability
- Netting off of provision for tax and Advance Tax / TDS for disclosure.
- Calculation of Differed Tax / Liability and presentation in the financial statement.
- Identification of temporary / permanent differences.
- Disclosure of components of differed tax.

AS 28: IMPAIRMENT OF ASSETS

- The objective of this Statement is to prescribe the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount.
- An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset.
- If this is the case, the asset is described as impaired and the society is required to recognise an impairment loss.
- It is also essential to know when a society should reverse an impairment loss and make certain disclosures for impaired assets.

AS 28: IMPAIRMENT OF ASSETS

- Recognition and Measurement
 - If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss.
 - An impairment loss should be recognised as an expense in the statement of profit and loss immediately, unless the asset is carried at revalued amount in accordance with another Accounting Standard (see Accounting Standard (AS) 10, Accounting for Fixed Assets), in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard.
- Situations of Impairment losses in Co-operatives:
 - Plant or Machinery/ Equipments of Dairy or Sugar Factory.
 - Buildings and others assets .
- At each Balance Sheet date it should be assessed whether any indication that any asset may be impaired. If such indication exist then method through which the recoverable amount is arrived at.



Standards on Auditing - Compliance



AUDIT OF COOPERATIVE SOCIETY

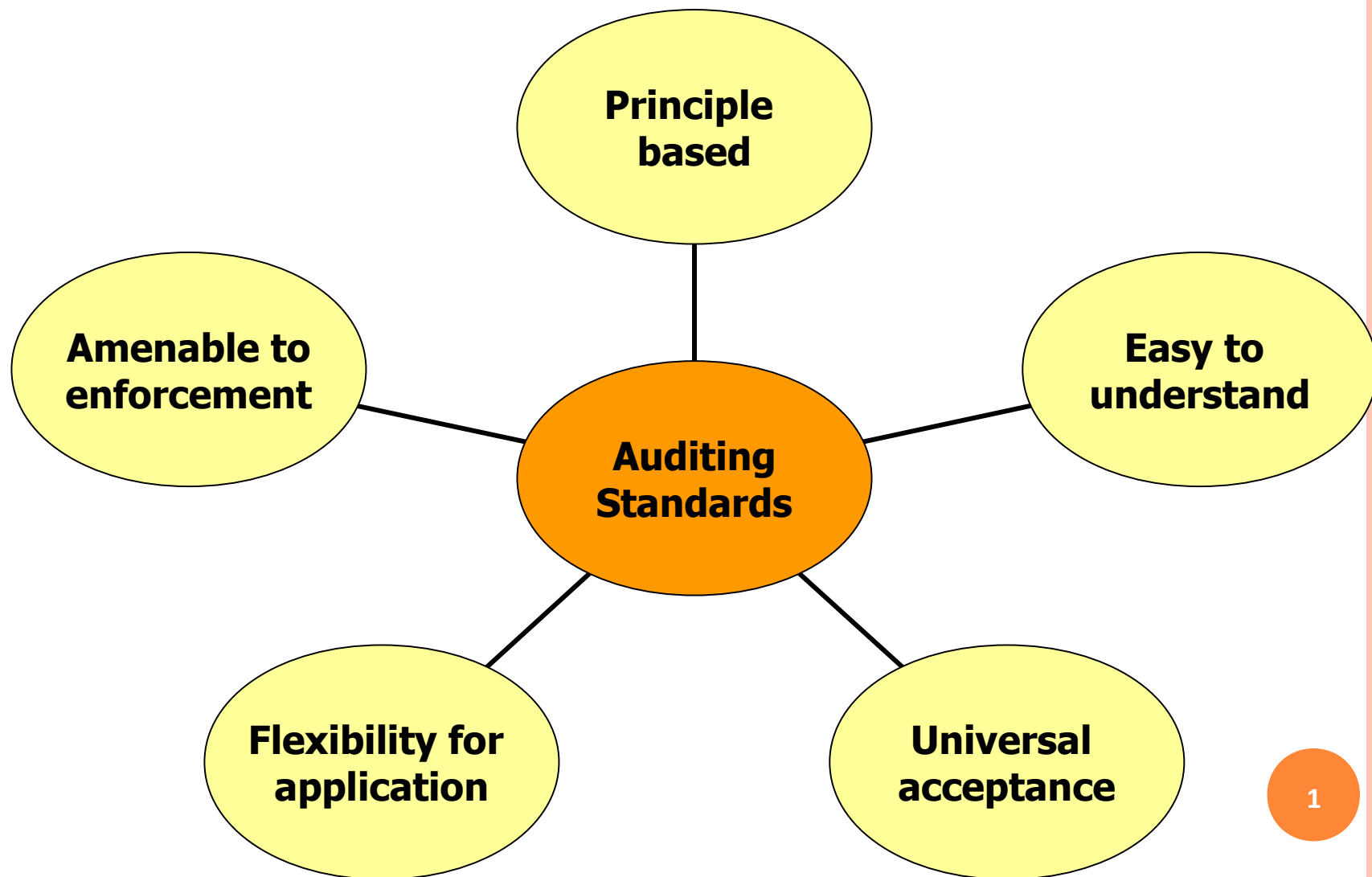
- An audit is common for all the organisation with general definition being given in
- It is different for cooperative societies depending upon the activities undertaken.
- Specific compliances are necessary apart from general audit compliances.



WHY AUDITING

- Economic consequences – Impact of using unreliable information
 - Enhancing credibility of financial information
 - Conflict of interest – Users vs. Preparers
 - Remoteness – Physical, Legal
- (A vital part of Economic Infrastructure)

EFFECTIVE AUDITING STANDARDS - ESSENTIALS



A New Framework

Structure of Engagement & quality Control Standards

**Chartered Accountants Act, 1949,
Code of Ethics and other relevant pronouncements of the ICAI**

Standards on Quality Control (SQC)

Services covered by the pronouncements of AASB

Assurance Services

Related Services

Framework for Assurance Engagements

Audits and reviews of historical financial information

Assurance Engagements other than audits or reviews of historical financial information

Standards on Auditing (SAs) 100 - 999

Standards on Review Engagements (SREs) 2000 - 2699

Standards on Assurance Engagements (SAEs) 3000 - 3699

Standards on Related Services (SRSs) 4000 - 4699

COMPLIANCE WITH SAS

- Compliance with SAs
 - Mandatory
 - Departure only if alternate audit procedures achieve objective of SAs
 - Document reasons for departure
 - Document alternative procedures
 - Report to draw attention
- SA not applicable if situation outlined in SA is absent.
 - Document alternative procedures performed

Audit, Assurance & Review

While AUDIT is an independent examination of financial statements for expressing an opinion thereon, whereas assurance is provided by such an examination and report.

Review on the other hand provides a negative assurance report giving only a moderate level of assurance on the reliability of the financial statements.

Review and Related Services

While REVIEW provides at least negative assurance, the RELATED SERVICE provides practically no assurance.

It includes various activities carried out by a professional on the specific agreed procedures with the related party.

CAN ENGAGEMENT RISK BE ZERO?

NO.

- Selective testing
- Inherent limitations of internal controls
- Persuasive nature of evidence
- Use of judgment in gathering & evaluating evidence
- Characteristics of subject matter

LIST OF STANDARDS ON AUDITING

Standard No	Description
SA 210	Agreeing the Terms of Audit Engagement
SA 220	Quality Control for Audit of Fin. Stmts
SA 230	Audit Documentation
SA 240	Auditor's Responsibilities relating to Fraud
SA 250	Consideration of Laws & Regulations in Audit of Fin.Stmt
SA 260	Communication with those charged with Governance
SA 300	Planning an Audit of Financial Statements
SA 320	Materiality in Planning and Performing an Audit
SA 450	Evaluation of Misstatements identified during the Audit
SA 500	Audit Evidence
SA 505	External Confirmations
SA 580	Written Representations
SA 610	Using the work of Internal Auditor
SA 700	Forming an Opinion and Reporting on Financial Statements
SA 705	Modification to the Opinion in the Independent Auditor's Report

STANDARDS ON AUDITING

- The list given earlier is only indicative and the Auditor has to choose appropriate standard and its applicability based on each case.
- Appropriate documentation is necessary.
- It is possible to revise the applicability during the course of an audit based on findings during the course of audit.
- We shall examine few standards now.

ENGAGEMENT DOCUMENTATION

- Firm to establish time limits appropriate to nature of engagement to assemble files – **not more than 60 days in case of audit**
- Maintain confidentiality, safe custody, integrity, accessibility and irretrievability
- Policies/procedures for retention of engagement documentation is no shorter than ten years from the date of the auditor's report, or if later, the date of the group auditor's report
- Ownership of documentation - Property of the firm

SA 230 : AUDIT DOCUMENTATION

Record of:

- audit procedures performed
- relevant audit evidence obtained
- conclusions reached

Also known as “working papers”, “work papers”

SA 230 : AUDIT FILE

- one or more folders or other storage media
- in physical or electronic form
- containing records that comprise audit documentation for a specific engagement

SA 240 RESPONSIBILITY FOR FRAUD PREVENTION

- Those charged with governance
 - Oversight of management policies
 - Consider potential for management override of controls
 - Consider potential for management's inappropriate influence on financial reporting

- Management
 - Establish proper policies
 - Emphasis on ethics and honesty

SA 240

THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS

Responsibility of Auditor

- Obtain reasonable assurance that financial statements are free of material misstatements.

Subject to:

- Inherent limitations of audit
- Fraud – deliberately concealed so difficult to detect

But exercise **PROFESSIONAL SKEPTICISM**.

SA 240: ASPECTS COVERED UNDER REQUIREMENTS

1. Professional skepticism
2. Discussion among engagement team
3. Risk Assessment Procedures and Related Activities
4. Identification & assessment of risks of material misstatements
5. Responses to assessed risks of material misstatement
6. Evaluation of audit evidence
7. Auditor unable to continue engagement
8. Management representations
9. Communications to management and those charged with governance
10. Communication to regulatory authorities
11. Documentation

SA 240: PROFESSIONAL SKEPTICISM

- Attitude that *includes*:
 - Questioning mind
 - Critical assessment of audit evidence
 - Reliability of audit evidence
 - Controls over preparation & maintenance of information
- Do not take client integrity and honesty for granted
- Documents may be accepted as genuine if no contrary indications.
 - But when in doubt, may:
 - Confirm directly with 3rd party
 - Engage expert to assess authenticity

SA 240: AUDITOR UNABLE TO CONTINUE THE ENGAGEMENT

- Exceptional circumstances
- Determine professional & legal responsibilities & reporting to:
 - Appointing authority
 - Regulator
- Consider if withdrawal is appropriate
- If withdraws:
 - Discuss reasons with management & those charged with governance
 - Determine legal/ professional requirement to report to the appointing authority, regulator

SA 240: COMMUNICATIONS – MANAGEMENT & THOSE CHARGED WITH GOVERNANCE

- To management:
 - Fraud identified/ information indicating fraud
 - Timely basis
 - Appropriate level

- To those charged with governance:
 - Management fraud; **OR**
 - Frauds by employees having significant role in internal control; **OR**
 - Frauds by others where they result in material misstatement in financial statements



SA 240: COMMUNICATION – REGULATORS

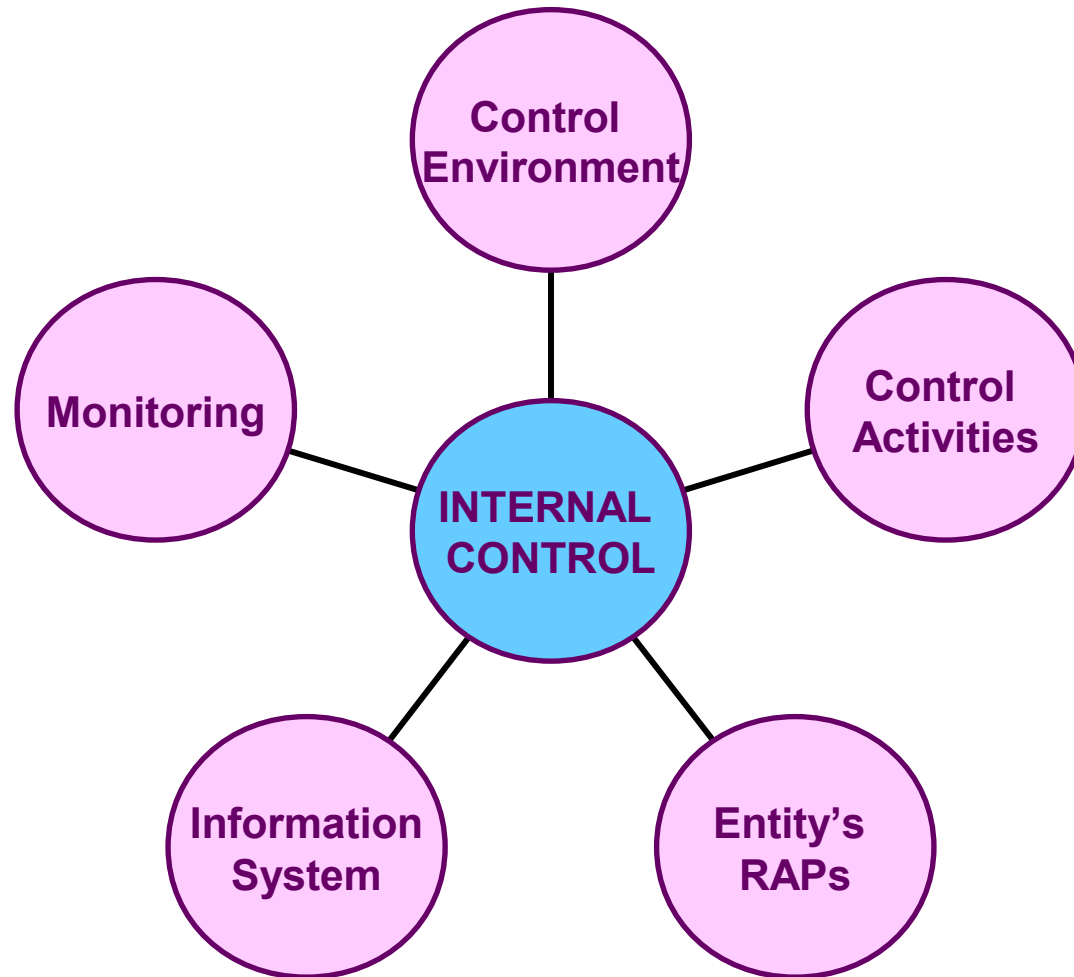
- Actual/ suspected fraud
- Determine duty to report to regulator
- Legal/ regulatory responsibilities normally override client confidentiality requirements
- Seek legal advice to determine appropriate course having regard to PUBLIC INTEREST

SA 315 - SMALL ENTITY CONSIDERATIONS

- Do not have formal processes to measure & review financial performance
- Inquire management for any informal process
- Since no performance/review measurement exists, it leads to increased risk of undetected & uncorrected misstatements.



SA 315 - INTERNAL CONTROL – COMPONENTS



SA 315 - SMALLER ENTITY CONSIDERATIONS (*PARA A72 – A74*)

- Those charged with governance may not be independent/ outside members.
- Governance role undertaken by owner.
- No documentary evidence on existence of control environment.
- Attitudes, awareness and actions of owner are of particular importance

SA 315 - SMALLER ENTITY CONSIDERATIONS (*PARA A89-A90*)

- Underlying concepts same as in larger entities, but less formal
- Some controls may not be relevant due to direct owner oversight
- Relate mainly to transaction cycles
- Understand CARA:
 - Necessary for assessing risk of material misstatement at assertion level and designing audit procedures responsive to risk
 - Response to IT risks

SA 330:THE AUDITOR'S RESPONSES TO ASSESSED RISK

○ Tests of Controls

- Audit Procedure for evaluating operating effectiveness of controls in preventing/ detecting & correcting material misstatement **at assertion level**

○ Substantive Procedures

- Analytical Procedures designed to detect material misstatements at assertion level:
 - **Tests of details** – *classes of transactions/ account balances/ disclosures*
 - **Substantive analytical procedures**

SA 540:

Accounting Estimates Examples

- Allowance for doubtful accounts
- Inventory Obsolescence
- Warranty obligations
- Depreciation method or asset useful life
- Provision against the carrying amount of an investment
- Outcome of long term contracts
- Financial Obligations/Costs arising from litigation settlements and judgments

SA 540

Fair Value Accounting Estimates – Examples

- Complex financial instruments, which are not traded in an active and open market
- Share-based payments
- Property or equipment held for disposal
- Certain assets or liabilities acquired in a business combination, including goodwill and intangible assets
- Transactions involving the exchange parties without monetary consideration

700 – 799: Audit Conclusions & Reporting

- SA 710 – Comparatives
- SA 700 – The Auditor’s Report on Financial Statements

SA 700, AUDITOR'S REPORT ON FINANCIAL STATEMENTS*

- A clear written expression of opinion on the whole
- Basic Elements – Title/Addressee/Opening/Scope para/Opinion para/Date of Report/Place/Auditor's Signature
- Opening para
 - Identify FSs (Entity's name/period/Management's responsibility)
 - Auditor's Responsibility
- Scope – Description of Audit Function (Test check/Accounting Principles/Estimates/GAAS/Audit provides reasonable assurance)
- Opinion – Identify FRF/a true & fair view/statutory requirement
- Date – Date not earlier than date on which FSs are approved by the Management.
- Place of Signature – Specific location where auditor's report is signed

* *Effective from April 1, 2003*

SA 700

- Unqualified Report – A True and Fair View:
 - Accordance with FRRF
 - GAAP consistently applied
 - Complies with relevant statutory requirements
 - Adequate disclosure of all material matters relevant to proper presentation subject to statutory requirements.

SA 700 : MODIFIED REPORT

- Matters That Do Not Affect the Auditor's Opinion
 - Emphasis of matter
- Matter That Do Affect the Auditor's Opinion
 - Qualified opinion
 - Disclaimer of opinion
 - Adverse opinion

MATTERS THAT DO NOT AFFECT THE AUDITOR'S OPINION

- Going Concern Question not resolved but adequate disclosure made in FSs
- Significant uncertainty resolution of which dependent upon future events and may affect the FSs
- Reference to non-observance of A/S in respect of those enterprises which are not subjected to any auditor under statute

SA 700, MATTERS THAT DO AFFECT THE AUDITOR'S OPINION

○ (A) **Qualified Opinion**

- Effect of disagreement with the Management (selection of accounting policies; method of application; adequacy of disclosures) is not so material and pervasive as to require an adverse opinion.
- Limitation of scope (imposed by Management; timing of appointment) is not so material and pervasive as to require a disclaimer of opinion.
- “Subject to” or “Except for”

○ (B) **Disclaimer of Opinion**

- Limitation on scope – Material and pervasive auditor is unable to obtain sufficient and appropriate audit evidence
- Describe limitation and indicate possible adjustments.

○ (C) **Adverse Opinion**

- Disagreement is so material and pervasive – Qualification is not adequate to disclose the misleading or incomplete nature of FSs

CONTENTS OF AUDIT REPORT

- **Audit report shall generally include following items :**
 - Fraud
 - Misutilisation of funds and properties
 - Misapplication of funds
 - Manipulation of accounts
 - Falsification of accounts
 - Auditor shall quantify shortfall in various provisions over profit or loss and state clearly that after considering the effects of all provisions whether there is profit or loss to the society.
 - Serious infringement of provisions of Act, Rules, Byelaws and notification.
 - Misutilisation of capital / loan / grant received from Government.
 - In case of banks, property sold under Securitization Act 2002 below Reserve Price.
 - Contravention of unit exposure norms and sectoral exposure norms in case of UCB, MSCB and DCCB.
 - Transactions with relatives of Board of Directors, companies, firms in which directors are interested are not at the reasonable rates.

COMPLETION OF AUDIT

- After completion of audit, an auditor shall issue his report containing his opinion on the financial statements examined by him in accordance with above standards.
- In the case of co-operative society, the prescribed Format is given in Form N1–applicable to Co-operative societies carrying out the business of banking and Form N2 – applicable to Other Co-operative Societies.
- These forms have been adopted from SA 700.
- Auditor also raises his bill for professional fees and submits a copy of the entire set to auditee.

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Department of Co-Operation, Marketing and Textiles, Maharashtra



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- Kalam 4
- Contact Us



Key person

- Shri Devendra Fadnis**
Honorable Chief Minister,
Maharashtra State
- Shri. Chandrakant Patil**
Minister for Cooperation,
Marketing & Textiles,
Maharashtra State
- Shri Dadaji Dagdu Bhuse**
State Minister Cooperation,
Maharashtra State

Latest Updates

- The Online application submission (online payment) and Challan Payment of GDCA / CHM Exam 2018 have extended to 16th March 2018 and 18th March 2018 respectively.
- GDCA and CHM 2016 result is declared, Click here to view
- Revised Auditor Panel List - Click to Download
- [More News Update](#)

Welcome to Department of Co-Operation, Marketing & Textiles Maharashtra

The Department of Cooperation, Marketing and Textiles plays an important role in an agro-industrial economy and particularly so in the sphere of rural credit. The activities of the Department are associated with rural finance, agricultural marketing, industrial co-operatives, regulated markets and money-lending business.

The department is responsible for administration and monitoring of Cooperative Sector, Agriculture Produce Marketing Sector and Textiles Sector in the state. Our focus is to improve the quality of life of our stakeholder especially cooperative society members who have are strengthening this sector.

HelpDesk Number : 022-40293000 [More About Us](#)

[Revised Auditor Panel List - Click to Download](#)

Other Links

Registrar Login	Auditor Login	Society Login
Locate Office and Officers	Key Statistics	CCRCS Website
Sugar Commissioner Website	Official Seating Arrangements	Empanelled Auditors
Credit Cooperative Information System		

Social Links

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- [Connect to Twitter](#)
- [Connect to Google+](#)

Documents

- [Downloads](#)
- [eSahakar](#)
- [Citizen Charter](#)

Log in details screen

Login



Department of Co-Operation Marketing and Textiles, Maharashtra



User Name

Password

Login

[Forgot Password](#)

[New User Click Here](#)
[Society Registration User Manual](#)
[Home](#)

Create a New Account

Password should be a combination of alphabets, numbers & at least one special character. Min length must be 8 characters.

Account Information

Account Type:

User Name:

E-mail:

Password:

Confirm Password:

Create User





Update Profile



Department of Co-Operation, Marketing and Textiles, Maharashtra



General Options

- 
Update Profile
- 
Deemed Conveyance
- 
Mandatory Returns
- 
Auditor Selection

Update Profile Details

Department of Co-Operation, Marketing and Textiles, Maharashtra



Society Register

+ Marked fields are mandatory

<< Dashboard

Registration

Registration No. *	BOM/WP/HSG/TC/3109/	Registration Date *	26/02/1988
--------------------	---------------------	---------------------	------------

Society Basic Details

Society Type *	गृहनिर्माण संस्था (100 पैसा कमी सम्रासद असणाऱ्या)		
Society Name *	VASANT SMRUTI CO-OPERATIVE HOUSING SOCIETY LIMITED		
Society Code *	C0009	Society Class *	C
Housing Society Type	--Select--		

Address of Society during registration

Address *	PLOT NO.58		
Road/Street	PANDURANG WADI	Near/Opposite	GOREGAON (EAST)
District *	Mumbai 4	Taluka *	Ward P
Village/City *	Goregaon East	Pincode *	400063

Update Profile Details

Society Member Profile

Jurisdiction Label	--Select--	Jurisdiction	
No. Of Member	12	No. Of Active Member	12
No. Of Dormant Member	0	No. Of Units (Applicable Only In Case Of Housing)	0

Society Management Profile

Name Of Chairman	mrs.vaishali sohani	Mobile No.	0
Name Of Secretary	Mr.Raviraj Gandhe	Mobile No.	9820378448
Name Of Liquidator		Mobile No.	0
No. Of committee Member	5	Last Election Date	
Tenure Of Managing committee(Months)	0	Last AGM Date	
Last Audit Date	10/06/2014	Audit Year	2014
Audit Class (As Per Last Audit)	--Select--	Paid Up Share Capital (As Per Last Audit Balanced Sheet)	3000.00

Upload Society Registration

Choose File No file chosen View Vasant Smruti co-op-Soc -Registration certificate.pdf

Submit Information

Update Print Cancel

Auditor Selection

Department of Co-Operation,
Marketing and Textiles, Maharashtra



Auditor Selection

[< Back](#)

- Auditor Filter**
- List Of Interests
- List of Accepted Auditors

Select Financial Year	2015-2016 ▼
Select District	Mumbai 4 ▼
Select Taluka	Ward P ▼
Select Auditor Type	Individual Chartered Accou ▼
Auditor Name	<input type="text"/>

[Search](#) [Reset](#)

List of Interest by Society



**Department of Co-Operation,
Marketing and Textiles, Maharashtra**



Auditor Selection

[< Back](#)

- Auditor Filter
- List Of Interests**
- List of Accepted Auditors

List of Interests Sent by Society

No data was returned.

List of Interests Recieved by Society

No data was returned.

List of Auto Assigned Auditor

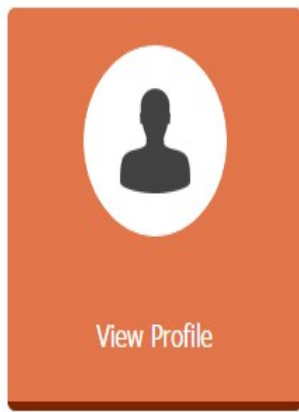
No data was returned.

Auditor Log in Screen

Welcome vijay1258! | Log Out | Change Password



Department of Co-Operation Marketing and Textiles, Maharashtra



View Profile



Society Selection

Approval by Society

Department of Co-Operation,
Marketing and Textiles, Maharashtra



DASHBOARD

Society Selection

- Society Filter
- List of Interests
- List of Accepted Societies

List of Approved Societies by Society

Sm.	Registration No.	Society Name	District	Taluka	Audit Class	Society Type	Audit Year	Order Generated	Audit Report	Detail
1	BOM/WP/HSG/TC/3109/87-88	VASANT SMRUTI CO-OPERATIVE HOUSING SOCIETY LIMITED	Mumbai	Ward P 4	B	गृहनिर्माण संस्था(100 पेसा कमी सभासद असणाऱ्या)	2015-2016	No	No	View
2	BOM/HSG/L - 8839	NEW TRISHUL CO-OPERATIVE HOUSING SOCIETY LTD	Mumbai	Ward K 3 East	B	100 व त्यापेक्षा जास्त सभासद असणाऱ्या गृहनिर्माण संस्था	2014-2015	Yes	No	View

List of Approved Societies by Auditor

Instructions :

Revoke the Order only when Auditor Generated Order other than the Society authorised by Society to Audit i.e for Wrong Society.
लेखापरीक्षण करण्यासाठी संस्थेद्वारे प्राधिकृत अथवा चुकीच्या संस्थेसंदर्भात महालेखापरीक्षक आदेश देतील, तेव्हाच आदेश मागे घ्या.

Sm.	Registration No.	Society Name	District	Taluka	Audit Class	Society Type	Audit Year	Order Generated	Audit Report	Detail	Action
1	MUM/WP/HSG/TC/8580	GOREGAON SHREE SHALAKA CHS LTD.	Mumbai	Ward P 4	B	गृहनिर्माण संस्था(100 पेसा कमी सभासद असणाऱ्या)	2013-2014	Yes	No	View	Revoke
2	MUM/WP/HSG/TC/8580	GOREGAON SHREE SHALAKA CHS LTD.	Mumbai	Ward P 4	B	गृहनिर्माण संस्था(100 पेसा कमी सभासद असणाऱ्या)	2014-2015	Yes	No	View	Revoke
3	BOM/WP/HSG/TC/3109/87-88	VASANT SMRUTI CO-OPERATIVE HOUSING SOCIETY LIMITED	Mumbai	Ward P 4	B	गृहनिर्माण संस्था(100 पेसा कमी सभासद असणाऱ्या)	2015-2016	No	No	View	Revoke

Auditor Approval Screen



Department of Co-Operation,
Marketing and Textiles, Maharashtra



Auditor Selection

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- Auditor Filter
- List Of Interests
- List of Accepted Auditors**

List of Approved Auditor by Auditor

Sr No.	Auditor Name	Auditor Type	Audit Class	Audit Year	Order Generated	Audit Order	Status	Detail
1	V.P.JOSHI & CO.	Individual Chartered Accountant Firm	Grade B1	2014-2015	Yes	No	Approve	View

List of Approved Auditor by Society

Sr No.	Auditor Name	Auditor Type	Audit Class	Audit Year	Order Generated	Audit Order	Status	Detail
1	V.P.JOSHI & CO.	Individual Chartered Accountant Firm	Grade B1	2015-2016	No	No	Approve	View

List of Auto Approved Auditor by DDR

Sr No.	Auditor Name	Auditor Type	Audit Class	Audit Year	Order Generated	Audit Order	Status	Detail
1	VIJAYASHRI RAMESH NAIK	Certified Auditor Individual	Grade B4	2015-2016	Yes	No	Approve	View

Attachment

Near / Opposite	GOREGAON (EAST)		
District	Mumbai 4	Taluka	Ward P
Village	Goregaon East	Pincode	400063
Other Contact Details			
Email ID			
Phone Number	9820378448	Landline Number	0
Society Member Profile			
Jurisdiction			
No. of Member	12	No. of Active Member	
No. of Dormant Member	0	No. of Units	0
Society Management Profile			
Name of Chairman	mrs.vaishali sohani	Mobile Number	0
Name of Secretary	Mr.Raviraj Gandhe	Mobile Number	9820378448
Name of Liquidator		Mobile Number	0
No. of Committee Member	5	Last Election Date	
Tenure of the Managing Committee (Months)		Last AGM Date	
Last Audit Date		Audit Year	
Audit Grade (As Per Last Audit)		Paid up Share Capital	
Registration Certificate	View		

Society Review			
Expressed On:	22/03/2016 18:26:05	Action Status:	Approve
Action Date:	11/04/2016 17:54:14	Action By:	V.P.JOSHI & CO.
Remark	Appointment accepted as per letter dated 10.08.2015 wide AGM held dated 09.08.2015	Order Generated Date:	

Sl. No.	Particulars	Letter Date	Documents
1	Society Resolution / DDR Audit Order	22/03/2016 18:30:17	View
2	Auditor Consent Letter	11/04/2016 17:54:14	View

Society Review

Expressed On:	04/12/2015 17:57:44	Action Status:	Approve
Action Date:	04/12/2015 17:57:44	Action By:	VASANT SMRUTI CO-OPERATIVE HOUSING SOCIETY LIMITED
Remark		Order Generated Date:	05/12/2015 11:18:27

Sm.	Particulars	Letter Date	Documents
1	Society Resolution / DDR Audit Order	04/12/2015 17:57:44	View
2	Auditor Consent Letter	04/12/2015 17:57:44	View
3	Generated Order	05/12/2015 11:18:27	View

Audit Register

Audit Detail

Deposit	<input type="text" value="890"/>	Member Loan	<input type="text" value="0"/>
Government Aid	<input type="text" value="0"/>		
Audit Start Date	<input type="text" value="30/06/2015"/>	Audit End Date	<input type="text" value="10/07/2015"/>
Submit Audit Report	<input type="button" value="Choose File"/> No file chosen View		

Rectification of Audit Report

Submission of Rectification Report	<input type="button" value="Choose File"/> No file chosen View
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Audit Fraud Detail

[Update](#)





Department of Co-Operation, Marketing and Textiles, Maharashtra



Mandatory Returns

Select Year : [Back](#)

1	Mandatory Return 1	Annual Report of Activities	As per Section 79(1A)	File Return
2	Mandatory Return 2	Abridged Audit Report	Vasant Smruti co-op-Soc -Audit Report 2015.pdf	View / Delete
2 (a)	Mandatory Return 2	Balance Sheet	Vasant Smruti co-op-Soc -BS 2015.pdf	View / Delete
2 (b)	Mandatory Return 2	Profit and Loss	Vasant Smruti co-op-Soc -PL 2015.pdf	View / Delete
3	Mandatory Return 3	Plan for Surplus Distribution	vasant smruti surplus allocation 2015.pdf	View / Delete
4	Mandatory Return 4	List of Amendment to ByLaws	vasant smruti by law amendment 2015.pdf	View / Delete
5	Mandatory Return 5	Date of holding AGM and Election	Vasant Smruti co-op-Soc -Date of AGM 2015.pdf	View / Delete
6	Mandatory Return 6	Name of Auditor and Return Consent	Vasant Smruti CHS FY 14-15 - Consent Letter.pdf	View / Delete



Annual Report Of Activities For Housing Societies

Instructions:

- a) Amount to be entered in actuals e.g. 132345789.45 should not be entered as thousands or lakhs or crores e.g. 13.23.
- a) Amount to be entered in actuals e.g. 132345789.45 should not be entered as thousands or lakhs or crores e.g. 13.23.
- c) Amount should match the Balance Sheet.

Financial Year	2014-2015		
Name of Society	VASANT SMRUTI CO-OPERATIVE	Registration Number	BOM/WP/HSG/TC/3109/87-88
Registration Date	02/26/1988	Address	PLOT NO.58,PANDURANG WADI,
No. Of Members	12	No. Of Active Members	12
Contribution Per Member Per Month	950	Contribution Collected During The Current Year	138163
Contribution Arrears During The End Of The Year (No. Of Members)		Contribution Arrears During The End Of The Year (Amount)	12282
No. Of Board Meeting Held During The Year	4	Surplus Or Deficit At The End Of The Year	5215
Capital Work Executed During The Year	0	Current Repairs Made During The Year (State Amount)	48755
Details Of Deemed Conveyance	old society consturcted 1988	No. Of Flats Units Transferred During The Year	0
Transfer Fee Collected During The Year	0		

Submit **Cancel** **Print**

COMMON MISTAKES BY AUDITORS



COMMON MISTAKES THAT CO-OP. SOCIETY STATUTORY AUDITORS MAKE

- Appointment By Management Committee and not by General Body and still audit is accepted.
- Audit is accepted even when not there in the Audit Panel maintained and approved by the State.
- Audit is accepted without communicating with previous auditor.
- Audit commenced without the consent letter and audit engagement letter given to the society.
- Audit accepted even knowing that the previous audits are not done and society is advised to get the previous audits done by the auditor appointed by the Registrar.
- Audit Rectification Report for previous year is not called for or not verified.

COMMON MISTAKES THAT CO-OP. SOCIETY STATUTORY AUDITORS MAKE

- Audit is conducted without reading the Bye laws applicable to Housing Society.
- System generated printouts are not called for w.r.t. books of accounts and Financial statements such as Balance sheet and Income & Expenditure Account.
- Cash and Cheque vouching and posting not checked and verified.
- Comparative analysis exercise of current year's Expenses and Incomes over previous year's Expenses and Incomes not done. Same way with provision and prepaid expenses and incomes.
- Inadequate provisioning not commented upon or brought to the notice of the society.
- Objections not raised for the slashed up Expenses or slashed down Incomes as well as for provisions and prepaid expenses or incomes.

COMMON MISTAKES THAT CO-OP. SOCIETY STATUTORY AUDITORS MAKE

- Vouchers , Expense Ledgers and members personal ledgers are not scrutinised.
- Bank Balance conformations and certificates not verified.
- Physical FDs not verified with Investment Register.
- Bank FD Interest Certificates for all the FDs not verified.
- Major contract allotted by the society is not enquired and file not verified.
- Suspense Ledgers are not enquired upon or enquiry on how the Suspense Ledger is nullified is not made.
- Bank Reconciliation statement is not verified.
- The Minutes books wherein the decisions taken or resolutions passed may have bearing or impact on the accounts of the society are not verified.
- The TDS ledger is not scrutinized and enquiries on its compliance is not made.

COMMON MISTAKES THAT CO-OP.SOCIETY STATUTORY AUDITORS MAKE

- Elections and its procedure if applicable followed properly or not is not ensured.
- Total for Balance Sheet and Income & Expenditure Account of inner as well as outer columns not checked physically in case of word/excel form of Balance sheet and Income and Expenditure Account.
- Not discussing the Draft report with the Mgt. committee and not taking their sign off.
- Not taking the management representation before signing the financial statements and submission of Audit report Or management representation obtained but dated after the date of signing the audit report.
- Not putting the Membership No, Audit Panel No , Firm Registration No. while signing the Audit Report.

BALANCE SHEET AS AT 31ST MARCH, 21

FUNDS & LIABILITIES		CURRENT YEAR	PREVIOUS YEAR	INVESTMENTS & ASSETS		CURRENT YEAR	PREVIOUS YEAR
BUILDING FUND		1,015,108.00	754,137.00	BUILDING:-		969,970.00	709,970.00
Balance B/fd.	754,137.00			Tenancy Right in Office Premises.	709,970.00		
Addition during year	250,000.00			F.D.R. in Bank	260,000.00		12,232.00
Add.: Interest for the year (A/c No Bank Interest)	971.00						
PRIZE & GIFT FUND		23,811.00	23,811.00	FURNITURE:-		7,181.00	7,979.00
WELFARE FUND		121,180.00 ✓	112,180.00	Balance as per last A/Sheet	7,979.00		
Bal. B/fd..	112,180.00			Less:- Dep. For the Year	798.00		
Addition during year	9,000.00			Prize & Gift Fund		30,000.00 ✓	30,000.00
OFFICE MAINTENANCE FUND		50,000.00	50,000.00	[FDR in Bank]			
PATRIKA PRAKASAN FUND		21,000.00	-	Welfare Fund		140,000.00 ✓	110,000.00
LIFE MEMBERSHIP FUND		137,442.00	122,420.00	[GOI BOND in Bank]	110,000.00		
Balance b/fd..	122,420.00				40,000.00		
Addition during year	15,022.00			Office Maint. Fund		50,000.00 ✓	50,000.00
INCOME & EXPENDITURE A/C		79,342.00	88,480.50	[GOI BOND in Bank]			
Balance b/fd.	68,480.50			Patrika Prakasan Fund		21,000.00	
Add:- Excess of Income over Expend. during the year	10,861.50			[FDR in Bank]			
				Life Membership		140,000.00 ✓	126,003.00
				[FDR in Bank]			
				F.D.R. in Bank (Others)			50,000.00
				Balance in Bank (A/c)		6,205.00	12,732.00
				Balance in Bank (A/c)		81,529.00	33,896.00
				T.D.S		187.00 ✓	
				Cash in Hand		1,811.00	948.50
		1,447,883.00 ✓	1,131,028.50 ✓			1,447,883.00 ✓	1,143,260.50 ✓

AS PER OUR AUDIT REPORT OF EVEN DATE

FOR

HA, MUMBAI

FOR
CHARTERED ACCOUNTANTS

PLACE : MUMBAI

RECTIFICATION OF ERRORS POINTED OUT IN AUDIT

- Co-operative audit is not merely critical, but curative. The duties of the auditor of a cooperative society do not end merely by pointing out errors and irregularities noticed by him, but he has also to suggest ways for avoidance of their repetition.
- It is, therefore, necessary that the society follow-up the suggestions made by the auditor and takes due steps to remedy the defects pointed out by him in his audit memo.

RECTIFICATION OF ERRORS POINTED OUT IN AUDIT

- Co-operative Societies Act, requires every society to explain to the Registrar, within three months of the receipt of the audit report, the defects or irregularities pointed out by the auditor and take steps to rectify the defects, remedy the irregularities and report to the Registrar the action taken by it thereon.
- The Registrar may also make an order directing the society or its officers to take such action as may be specified in the order to remedy the defects within the time specified therein.
- The Registrar or the person authorized by him shall scrutinize the audit rectification report and inform the society within six months from the date of receipt thereof.
- If a society fails to rectify the defects disclosed in the course of or as a result of audit or fails to rectify the defects as directed by the Registrar, the Registrar may himself take steps to have the defects rectified and may recover the cost from the officer or officers of the society, who, in his opinion, has or have failed to rectify the defects. Sub-Section (1) of section 79 also empowers the

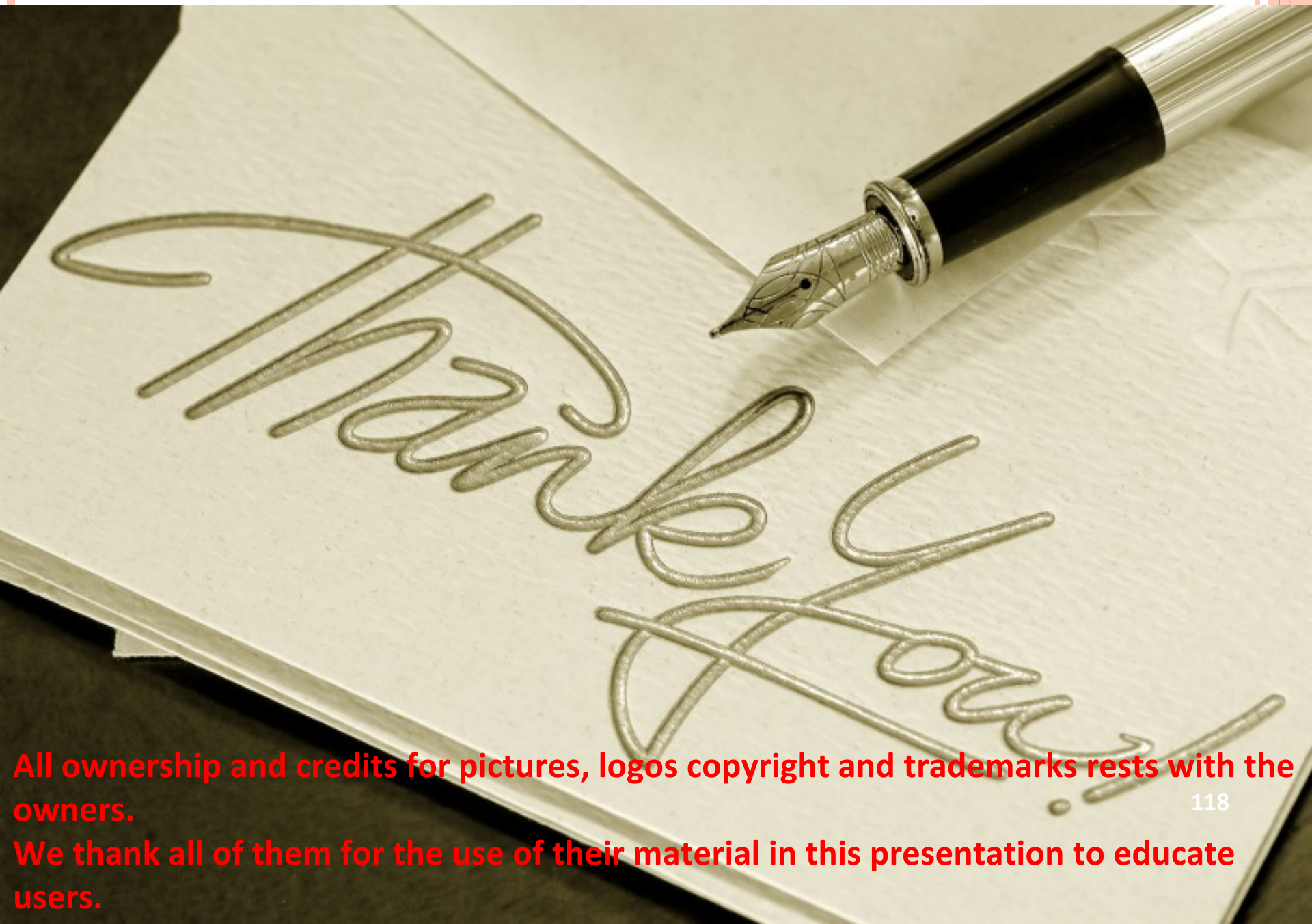
CONCLUDING OBSERVATIONS

- Apply Professional Judgement
- Technical knowledge, skill and experience
- Intuitive skills – To deal with any situation
- Nose for Truth
- Auditor Responds

It is better to be careful lest it costs you

FINAL THOUGHTS....





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