

S.M GUPTA & CO.

CONTENTS OF A PERMANENT FILE:

(A)

| <u>Title</u> | <u>Information Contained</u> |
|---------------------------------------|---|
| Engagement | -Letter of Engagement <input type="checkbox"/> Yes <input type="checkbox"/> No -Correspondence with retiring auditor <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Constitution | -Copies of Memorandum and Articles of Association in case of corporate entities or <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA -Partnership agreement in case of partnership firm or <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA -Act, Regulation, bye-laws, trust deeds as applicable under which the entity functions. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA |
| Background and organization structure | -Nature and history of the business Annexure 'A' -Profile of ownership -Registered office details -Management structure including organization chart -Industry specification with reference to client's size, economic factors affecting the industry, seasonal fluctuations and demands -Facility locations, plant capacity, owned or leased, age, capital expenditure budget, etc. Products specifying diverse range along with classification -Purchase volumes, main suppliers, policies -Inventory norms, inventory levels during last five years and related ratios. Sales volumes including exports, main customers, methods of distribution, pricing policies, credit policy -Personnel showing numbers, analysis by departments or function, method of remuneration, contracts, union agreements, HR policy -Copy of audited financial statement for previous five years, if it exist. -Study and evaluation of internal controls related to accounting system -Significant audit observations of past -Statistical information showing 5 years comparison of performance indicators(major accounting ratios) industry statistics |

Systems (for larger audits this section could be held on a separate file)

- Details of methods of accounting including cost accounting, flowcharts, specimens of accounting documents, code structure and list of accounting records.
- EDP-systems security, source code security, authorization and back up policy.

Contracts, agreements, Minutes

- Lease agreements photocopies/extracts of the same
- Title deeds inspected annually by auditor
- Royalty agreements
- Minutes of continuing importance such as Director's meeting, Member's meeting

Group

- Group structure-subsidiaries, associates
- Joint venture
- Names of auditors

Other professional advisor's List

- Bankers
- Solicitors
- Investment Analysts
- Registrars
- Credit rating agency

Miscellaneous

- Details of other client information of a permanent nature

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CONTENTS OF CURRENT FILE

| <u>TITLE</u> | <u>INFORMATION CONTAINED</u> |
|---|---|
| Engagement | -Acceptance of annual reappointment |
| Accounts | -Copy of draft financial statement -Copy of final signed financial statement |
| Reports and final papers | -Copies of all draft and final reports issued to client -Correspondence with other auditors and experts -Comments received from client and letter of representation -Observations on accounts and points carried forward to next year -Final journal entries -Company accounts checklist-director's report -Audit completion report |
| Audit plan | -Planning programme -Time and cost summary -Briefing notes -Copy of planning letter to client -Points carried forward from previous year |
| Balance sheet, profit and loss Account and cash flow Statement audit-systems Testing | -Lead schedules -Audit programmes -Detailed working papers and conclusions -Company accounts and accounting standard, if any, Checklists -Queries raised and explanations received -Third party confirmations and certificates -Weaknesses identified and copy of letter of weaknesses sent to client |
| Accounts preparation | -Schedules -Trial balance -Cross-reference to audit work performed |
| Audit Programme | -Audit procedure (compliance and substantive) -Detailed working papers and conclusions -Queries raised and explanations received |
| Statistical information | -Performance indicators collected which have a bearing on the extent, nature, timing of substantive tests |