Date:

S.M.Gupta & Co

Kolkata

Dear Sirs,

**Re: Audit of accounts for the year ended …………..\_\_\_\_**

This representation letter is provided in connection with your audit of the financial statements of **XYZ Ltd** (“the Company”) as at ……………… and for the year then ended for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, under the historical cost convention on the accrual basis of accounting, of the state of affairs of the Company as at …………… and of its profit for the year then ended, in accordance with the accounting principles generally accepted in India.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with accounting standards and other recognised accounting practices and policies generally accepted in India.

We acknowledge our responsibility for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and error.

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

1. **ACCOUNTING POLICIES:**
   1. The accounting policies are in accordance with the generally accepted accounting standards in India and the accounts were drawn up in accordance with the Companies Act, 2013 (the Act).
   2. The accounting policies and practices which are material or critical in determining the results of operations for the year or financial position are disclosed in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on accrual basis.
   3. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
2. **INTERNAL CONTROL STRUCTURE:**
   1. No fraud on or by the Company has been noticed or reported during the year other than those informed to you vide a separate letter, or as stated earlier in this letter.
   2. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
   3. There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no failure to correct any major weakness in internal control system.
   4. **REGISTERS, MINUTES AND CONTRACTS:**
   5. The Minutes of the meetings of the Shareholders and Directors and the Registers required to be maintained under the Companies Act are complete and authentic.
   6. We have made available to you all significant registers, contracts and agreements and all minutes of the meetings of shareholders, directors, and committees of directors or summaries of action of recent meetings for which minutes have not yet been prepared.
   7. All matters required to be recorded in the registers and minute books of the Company have been, and are, recorded correctly.
   8. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
   9. All contracts or arrangements that need to be entered into a register in pursuance of Section 189 of the Companies Act, 2013 have been so entered. All the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**4.00 RELATED PARTY TRANSACTIONS:**

* 1. Transaction , if any, with the related parties and related amounts receivable or payable, including sales, purchase, loans, transfers, leasing arrangements, and guarantees, have been properly recorded and disclosed in the financial statements.

**5.00 CONFLICTS OF INTERESTS:**

5.01 There are no instances where any officer or employee of the Company has an interest in a Company with which the Company does business that would be a “conflict of interest.” Even where the interest exist, the transactions have been made at prices which are reasonable having regard to the prevailing market prices and are not prejudicial to the interest of the Company.

**6.00 FIXED ASSETS AND INTANGIBLES:**

* 1. The additions during the year are stated at cost and include all capital expenditure, but do not include expenditure properly chargeable to revenue. The capitalization during the year is in accordance with applicable accounting standards. No material amounts representing additions or improvements of a capital nature were charged to expense accounts.
  2. The net book value is arrived at after making above adjustments and providing depreciation and amortisation for the year. Depreciation is provided in accordance with the rates prescribed by Schedule XIV of the Companies Act, 1956 or based on the estimated useful lives of the fixed assets, whichever is higher. Intangibles are amortised on a systematic basis over the best estimate of its useful life.
  3. The net book value represents all the fixed assets and intangibles owned by the Company wherever situated.
  4. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  5. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification, except for the ones already disclosed to you and which have been properly adjusted for in these accounts.

**7.00 INVESTMENTS:**

* 1. All the investments produced to you for physical verification belong to the Company and do not include any investment held on behalf of any other person.
  2. The Company has a clear title to all its investment and there are no charges against the investments except those disclosed in the financial statements.
  3. Current investments have been carried in the financial statements at lower of cost and fair value.

**8.00 OTHER CURRENT ASSETS, LOANS AND ADVANCES :**

* 1. Sundry Debtors/Receivables represent valid claims for sales upto and including …………..
  2. The Company has not granted loans to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

**9.00 SECURED & UNSECURED LOANS:**

* 1. All the borrowings have been duly approved by the Board at its meetings.
  2. The charges under sections 77 and 79 of the Companies Act have been duly registered and a Register of charges has been maintained under section 85 of the Act.
  3. The Company has not taken loans from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  4. The Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 2(31) and any other relevant provisions of the Companies Act, 2013 and the rules framed there under in respect of deposits. No order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal on the Company.

**10.00 CURRENT LIABILITIES:**

* 1. All known liabilities have been put through the books of account and all disputed and unprovided liabilities have been disclosed as contingent liabilities.
  2. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and any other statutory dues with appropriate authorities.

**11.00 PROVISIONS:**

* 1. The Company has provided for Income-tax in respect of its assessable incomes up to and for the year …………….. in terms with the Accounting Standard 22 – Taxes on Income.

**12.00 PROFIT & LOSS ACCOUNT:**

* 1. All materials transactions have been adequately disclosed and full provision has been made in the financial statements for all claims and losses of material amount which have resulted or may be expected to result from events which occurred or from commitments which were entered into on or before the date of balance sheet.
  2. No personal expenses have been charged to revenue accounts.
  3. Except as disclosed in the financial statements, the results for the year were not materially affected by:

1. transactions of a nature not usually undertaken by the Company;
2. circumstances of an exceptional or non-recurring nature;
3. charges or credits relating to prior years; and
4. changes in accounting policies.
   1. The Company has dealt with and/or manufacture items, which are covered by the object clause of the Memorandum of Association, and has not commenced any business listed in the other objects of the Memorandum without obtaining the approval of the members by a special resolution. The Company has also complied with the FIPB approval.
   2. The Company has not given any donations exceeding the limits specified in section 181 of the Act and has not given any donations to a Political Party or to any person for a political purpose in contravention of section 182 of the Act.

**13.00 GENERAL:**

* 1. The Company has an internal audit system commensurate with the size of the Company and nature of its business.
  2. The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
  3. The financial statements are free of material mis-statements, including omissions.
  4. The Company’s accumulated losses at the end of the financial year are less than 50% of its net worth. It has not incurred any cash losses in this financial year and in the immediately preceding financial year.

**14.00 SUBSEQUENT EVENTS:**

* 1. No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements at that date or for the period then ended, other than those reflected or fully disclosed in the books of account.
  2. No events have occurred that are of such significance in relation to the Company’s affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company.

Truly Yours,

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