



**The Institute of Chartered
Accountants of India**
(Setup by an Act of Parliament)



XBRL India

Webinar on Exposure Draft of Amendments in XBRL Taxonomies: 2021-22

CARO (Companies Auditor's Report Order) 2020 Changes

6th January, 2022

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CARO 2016 v 2020 : Reconciliation

Particulars	Clauses	Sub-clauses
Total Nos. as per CARO 2016	16	10
Added	7	17
Removed	(1)	-
Modified	2 (2)	5 (5)
Regrouping	(1)	4 (3)
Total Nos. as per CARO 2020	21	28

List of Clauses Added

- Surrender or disclosure of unrecorded income in tax assessment
- Internal audit system and internal audit report consideration by statutory auditor
- Cash losses in FY or immediately preceding FY
- Resignation of statutory auditor and consideration thereof by incoming auditor
- Any material uncertainty of meeting its liability
- Transfer to CSR fund
- Auditor of CFS to consider remarks by component auditors in CARO

Resignation of Statutory Auditor

(xviii) Resignation of Statutory Auditor:

Whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors;

- ICAI Guidance Note on Resignation or Withdrawal from engagement to perform audit of financial statements
- Documents – Resignation letter, ADT-3 Form, Listed Co SEBI Annex-A

(xix) Material uncertainty of meeting its liability

On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that **no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities** existing at the date of balance sheet **as and when they fall due** within a period of one year from the balance sheet date;

Responsibility on Auditor of Consolidated FS

(xxi) Consolidated Financial Statements:

Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks.

Clauses Modified/sub-clause added

Records of Intangible assets

Revaluation of
PPE/Intangible Assets during
the year

Proceedings for holding any
benami property

Inventory Verification-
coverage and procedure
appropriate; Discrepancies of
10% or more in the aggregate
for each class of inventory

Working capital sanctioned
>5 crore – quarterly
returns/statement filed in
sync with books of accounts

Investments, guarantee or
security or loans by the
company – Details with
classification for S/A/JV and
others

Clauses Modified/sub-clause added

Evergreening of loan?

Details of Loan with *repayable on demand* or *without* specifying any terms or period of repayment

Deemed Deposits (in addition to Deposits) complied with laws/regulations?

Fund raised for short term used for long term?

Funds taken for meeting obligation of S/A/JV?

Auditor has considered whistle-blower complaints received during the year?

Reporting of Fraud by the company or any fraud on the Company *by its officers or employees*



THANK YOU

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