

Frequently Asked Questions (FAQs)
on
Management Representation Letter



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword

The primary objective of an audit is to express an independent opinion on the financial statements with the objective of enhancing users' confidence in the financial reporting. An independent audit conducted in accordance with the Standards on Auditing, serves as a critical trust-building mechanism, reinforcing the credibility of financial information relied upon by a wide array of stakeholders.

A cornerstone of such an audit is the collection of sufficient and appropriate audit evidence, which forms the basis of the auditor's opinion and support the conclusions drawn. Among the various forms of audit evidence, written representations from management serve as an important and necessary source. These written statements, confirm specific matters or supplement other audit evidence obtained during the course of audit.

Obtaining a Management Representation Letter is a fundamental aspect of the audit process. It provides the auditor with corroborative evidence and formal confirmation of management's responsibilities—particularly in relation to the preparation of financial statements in accordance with the applicable financial reporting framework, and the obligation to provide all relevant and complete information necessary for the audit. Thus, management representations play a critical role in supporting the reliability and sufficiency of the overall audit evidence gathered.

I am pleased to note that the Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has brought out this publication, *“Frequently Asked Questions (FAQs) on Management Representation Letter”*. The publication includes responses to common queries on the subject, as well as illustrative templates such as a sample Representation Letter, Format for Updating Management Representation Letter, Format for Additional Considerations, and SA 580 Compliance Checklist. I am also happy to note that the publication is written in simple language, and is both practical and comprehensive.

I commend CA. Sripriya Kumar, Chairperson, CA. Ravi Kumar Patwa, Vice-Chairman and all members of AASB for their commendable efforts in bringing out this publication for the benefit of the members.

I am confident that the members would find this publication useful in their professional assignments.

August 06, 2025
New Delhi

CA. Charanjot Singh Nanda
President, ICAI

Preface

An audit is an independent and systematic examination of an entity's financial information, and accounting records to determine whether they are reliable and compliant with applicable financial reporting framework and relevant legal and regulatory requirements. The purpose of an audit is to increase users' confidence in the financial statements by enabling the auditor to express an opinion on whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework. While management is responsible for the preparation and presentation of the financial statements, the auditor obtains reasonable assurance through sufficient and appropriate audit evidence that they are free from material misstatement due to fraud or error. Standards on Auditing (SAs) outline the overall responsibilities of the independent auditor in conducting audits. In essence, an audit serves as a vital trust-building mechanism, reinforcing the credibility of financial information relied upon by a wide range of stakeholders.

Management representations are an important source of obtaining additional audit evidence. Auditors also need to obtain management representations to support other audit evidence obtained during the course of audit. Auditors also need to obtain formal confirmation from the management of the entity regarding their responsibilities for preparing financial statements in accordance with the applicable financial reporting framework and providing necessary and complete information to the auditor for purposes of audit. Accordingly, management representations are a fundamental and important part of audit process.

It gives us immense pleasure to place in hands of the members, this publication, "*Frequently Asked Questions (FAQs) on Management Representation Letter*", released by the Auditing and

Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI). The publication contains frequently asked questions (FAQs) on management representation letter and responses to these FAQs. For the benefit of the members, the publication also contains four Appendices which include illustrative templates on Representation Letter, Format for Updating Management Representation Letter, Format for Additional Considerations, and SA 580 Compliance Checklist. "Appendix I: Illustrative Representation Letter" includes a comprehensive format of management representation letter. The publication will enable auditors to comply with requirements of SA 580, "Written Representations" and to obtain the necessary management representations effectively.

We would like to thank our Honourable President, CA. Charanjot Singh Nanda and Honourable Vice-President, CA. Prasanna Kumar D., for their guidance and support in various endeavours of the Board.

We are extremely grateful to all members of the study group *viz.* CA. Chinnasamy Ganesan, CA. Prabhakar P S, CA. Deepa Agarwal and CA. Dhananjay Gokhale for their valuable contribution in developing this publication.

We wish to place on record high appreciation of all Board members and special invitees to the Board *viz.* CA. Jay Chhaira, CA. Piyush Sohanraji Chhajed, CA. Chandrashekhar Vasant Chitale, CA. Vishal Doshi, CA. Arpit Jagdish Kabra, CA. Durgesh Kabra, CA. Purushottamlal Khandelwal, CA. Priti Paras Savla, CA. Babu Abraham Kallivayalil, CA. Dayaniwas Sharma, CA. Sridhar Muppala, CA. Sanjib Sanghi, CA. Abhay Chhajed, CA. (Dr.) Anuj Goyal, CA. Satish Kumar Gupta, CA. Gyan Chandra Misra, CA. Pankaj Shah, CA. Pramod Jain, CA. Rajesh Sharma, CA. (Dr.) Sanjeev Kumar Singhal, CA. Vinay Mittal, CA. Jagdeesh Vishwanath Dhongde, CA. Devendra Kumar Somani, CA. Manish Agarwal, CA. Heneel Kamleshkumar Patel, CA. Ranganathan P K, CA. Rajeesh Gupta, CA. Sandeep Sharma, CA. Narasimhan J, CA.

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We also thank CA. Megha Saxena, Secretary, AASB and staff of AASB for their contribution in finalising this publication.

We are confident that the publication would be well received by the members and other interested readers.

CA. Ravi Kumar Patwa
Vice Chairman, AASB

CA. Sripriya Kumar
Chairperson, AASB

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Chapter 1

Introduction and Overview

1.1 Standard on Auditing (SA) 580 deals with the auditor's responsibility to obtain written representations from management and, where appropriate, those charged with governance. In addition to SA 580, other Standards on Auditing also specify requirements for written representations and these are also required to be duly considered by practitioners, in the conduct of their engagements.

1.2 Written representations are written statements by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.

1.3 The need for obtaining written representations arises from the auditor's requirement to obtain corroborative audit evidence and formal confirmation from management regarding their responsibilities for preparing financial statements in accordance with the applicable financial reporting framework and providing necessary and complete information to the auditor. Specifically, written representations serve the following key purposes:

- Confirm management's responsibility with regard to the financial statements.
- Support other audit evidence.
- Response to reliability issues.
- Mandatory requirement for certain assertions as required by other SAs.
- Legal and professional safeguards to document management's accountability and offer protection to the auditor.

1.4 Audit evidence is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based. Written representations are hence necessary information that the

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auditor requires in connection with the audit of the entity's financial statements. Accordingly, similar to responses to inquiries, written representations are also audit evidence.

1.5 It is to be noted that although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. The nature or extent of other audit evidence should not be affected by the fact that management representations have been obtained.

1.6 The purpose of this publication is to provide practical guidance on implementation of the principles laid down in SA 580 (hereinafter referred as "the Standard"). SA 580 is effective for audits of financial statements for periods beginning on or after April 1, 2009.

1.7 The objectives and main requirements of SA 580 are placed below. Users are also advised to read the entire text of SA 580 for additional clarity.

Requirements	Description
Objectives	<p>To obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor;</p> <p>To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations, if determined necessary by the auditor or required by other SAs; and</p> <p>To respond appropriately to written representations provided by management</p>

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Requirements	Description
	and, where appropriate, those charged with governance, or if management or, where appropriate, those charged with governance do not provide the written representations requested by the auditor.
Management from Whom Written Representations Requested	The Standard requires the auditor to obtain written representations from management having responsibility for the financial statements and having knowledge of the matters concerned.
Written Representations about Management's Responsibilities	
Preparation of the Financial Statements	(A) The Standard requires the auditor to request management to provide written representations that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework.
Information Provided and Completeness of Transactions	(B) The Standard requires the auditor to request management to provide a written representation that: <ul style="list-style-type: none"> • It has provided the auditor with all relevant information and access, and • All transactions have been recorded and are reflected in the financial statements.
Description of Management's Responsibilities in the Written Representations	Management's responsibilities in the written representations required by paragraphs (A) and (B) above should be described in the manner in which these responsibilities are described in the terms of the audit engagement.

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Requirements	Description
Other written representations, date, period, and form of written representations	
Other Written Representations	If, in addition to written representations required by other SAs, the auditor determines it necessary to obtain other written representations to support other audit evidence, the auditor is required to request such written representations.
Date of and Period(s) Covered by Written Representations	The date of the written representations shall be as near as practicable to, but not after the date of the auditor's report. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.
Form of Written Representations	The written representations shall be in the form of a representation letter addressed to the auditor.
Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided	
Doubt as to the Reliability of Written Representations	<p>If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor is required to determine its possible effect on the reliability of representations and audit evidence in general.</p> <p>If written representations are inconsistent with other audit evidence, the auditor is required to perform audit procedures to</p>

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Requirements	Description
	<p>attempt to resolve the matter. If the matter remains unresolved, the auditor is required to reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and the auditor is required to determine its possible effect on the reliability of representations and audit evidence in general.</p> <p>If the auditor concludes that the written representations are not reliable, the auditor is required to take appropriate actions, including determining the possible effect on the auditor's opinion.</p>
<p>Requested Written Representations Not Provided</p>	<p>If management does not provide requested written representation(s), the auditor is required to:</p> <ul style="list-style-type: none"> • Discuss the matter with management; • Re-evaluate the integrity of management and evaluate its effect on the reliability of representations and audit evidence in general; and • Take appropriate actions, including determining the possible effect on the auditor's opinion.
<p>Written Representations about Management's Responsibilities</p>	<p>The auditor is required to disclaim the auditor's opinion if:</p> <ul style="list-style-type: none"> • The auditor concludes that there is sufficient doubt about the integrity of management such that the written

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Requirements	Description
	representations required by paragraphs (A) and (B) above are not reliable; or <ul style="list-style-type: none">• Management does not provide such written representations.

Chapter 2

FAQs

Question 1: What is the scope of the Standard?

Response: This standard deals with the auditor's responsibility to obtain written representations from management and, where appropriate, those charged with governance.

Question 2: What are “Written Representations”?

Response: Written representations are written statements provided by the management of an entity to the auditor to confirm certain matters or to support other audit evidence.

Written representations do not include financial statements, the assertions therein, or supporting books and records.

Question 3: What is the need for obtaining written representations?

Response: The need for obtaining written representations arises from the auditor's requirement to obtain corroborative audit evidence and formal confirmation from management regarding their responsibilities for preparing financial statements in accordance with the applicable financial reporting framework and providing necessary and complete information to the auditor. Specifically, written representations serve the following key purposes:

1. *Confirm Management's Responsibility:* Written representations confirm that management acknowledges and believes it has fulfilled its responsibility for preparing financial statements in accordance with the applicable financial reporting framework, and providing complete and necessary information to the auditor.
2. *Support Other Audit Evidence:* Written representations provide additional support for audit evidence, especially in areas where

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other forms of audit evidence may be limited or not directly observable—such as management’s intent or judgment.

3. *Respond to Reliability Issues:* If the auditor doubts the reliability of management or the written representations conflict with other audit evidence, further action or even modification of the audit opinion may be required.
4. *Mandatory Requirement for Certain Assertions:* Some assertions—like those relating to completeness of information, fraud risk disclosures, or compliance with laws—must be supported by written representations as required by other SAs (e.g., SA 240, SA 250).
5. *Legal and Professional Safeguard:* These representations reduce the risk of misunderstanding, protect the auditor legally, and document management’s accountability.

Question 4: What are the other Standards on Auditing which specifically require Written Representations?

Response: The specific requirements of written representations given in other Standards on Auditing are given in the table below. However, the list is not a substitute for considering the requirements and related application and other explanatory material in Standards on Auditing.

Standard on Auditing (SA)	Relevant Paragraph	Text of standard/ Requirement
SA 240	39	The auditor shall obtain written representations from management and, where applicable, those charged with governance that: (a) They acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;

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Standard on Auditing (SA)	Relevant Paragraph	Text of standard/ Requirement
		<p>(b) They have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</p> <p>(c) They have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:</p> <ul style="list-style-type: none"> (i) Management; (ii) Employees who have significant roles in internal control; or (iii) Others where the fraud could have a material effect on the financial statements; and <p>(d) They have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</p>
SA 250	16	The auditor shall request management and, where appropriate, those charged with governance to provide written representations that all known instances of non-compliance or suspected non-compliance with laws

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Standard on Auditing (SA)	Relevant Paragraph	Text of standard/ Requirement
		and regulations whose effects should be considered when preparing financial statements have been disclosed to the auditor.
SA 450	14	The auditor shall request a written representation from management and, where appropriate, those charged with governance whether they believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A summary of such items shall be included in or attached to the written representation.
SA 501	12	The auditor shall request management and, where appropriate, those charged with governance to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and appropriately accounted for and disclosed in accordance with the applicable financial reporting framework.
SA 540	22	The auditor shall obtain written representations from management and, where appropriate, those

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Standard on Auditing (SA)	Relevant Paragraph	Text of standard/ Requirement
		charged with governance whether they believe significant assumptions used in making accounting estimates are reasonable.
SA 550	26	<p>Where the applicable financial reporting framework establishes related party requirements, the auditor shall obtain written representations from management and, where appropriate, those charged with governance that:</p> <p>(a) They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and</p> <p>(b) They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</p>
SA 560	9	The auditor shall request management and, where appropriate, those charged with governance, to provide a written representation in accordance with SA 580, "Written Representations" that all events occurring subsequent to the date of the financial statements and for which the

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Standard on Auditing (SA)	Relevant Paragraph	Text of standard/ Requirement
		applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
SA 570 (Revised)	16(e)	Requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future actions and the feasibility of these plans.
SA 710	9	As required by SA 580, the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any prior period item that is separately disclosed in the current year's statement of profit and loss.
SA 720 (Revised)	13(c)	When some or all of the document(s) determined in (a) will not be available until after the date of the auditor's report, request management to provide a written representation that the final version of the document(s) will be provided to the auditor when available, and prior to its issuance by the entity, such that the auditor can complete the procedures required by this SA.

Question 5: What is the evidential value of Written Representations?

Response: Written representations are an important source of audit evidence. If management modifies or does not provide the requested written representations, it may alert the auditor to the possibility that one or more significant issues may exist. Further, a request for written, rather than oral, representations in many cases may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.

However, written representations do not provide sufficient appropriate audit evidence on their own about the matter(s) they deal with. Furthermore, receipt of reliable written representations does not affect the nature or extent of other audit evidence required by the auditor about the fulfillment of management's responsibilities, or about specific assertions.

Written representations are not a substitute for performing audit procedures necessary to afford a reasonable basis for auditor's opinion. Written representations from management ordinarily confirm representations explicitly or implicitly given to the auditor, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

The auditor obtains written representations from management to complement other audit procedures.

In some circumstances, evidential matter that can be obtained by the application of audit procedures other than inquiry is limited; therefore, the auditor obtains written representations to provide additional evidential matter.

Written representations are not to be used as:

- A substitute for performing other audit procedures; or
- As the sole source of evidence on significant audit matters.

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Question 6: Can written representations constitute the sole source of audit evidence?

Response: Written representations cannot constitute the sole source of audit evidence. Written representations are an important source of audit evidence, however, they do not provide sufficient appropriate audit evidence on their own about the matters they address. Written representations are not a substitute for other audit evidence and must not be used as the sole basis for auditor's conclusion on any material assertion or matter in the financial statements. The reasons for this include the following:

1. *Lack of Independence:* Written representations are obtained from management, which makes them internally generated and less reliable than external or objective evidence.
2. *Nature of Assertions:* Certain assertions, such as management's intent, future plans, or judgments, may require written representations, but still need to be supported by other procedures.
3. *Audit Risk Considerations:* Sole reliance on written representations may increase audit risk, particularly if written representations are inconsistent with other evidence or the auditor has concerns about management's integrity or competence.

It is pertinent to note that even when management confirms a matter in writing (e.g. assumptions used in estimates or completeness of disclosures), the auditor should still perform appropriate audit procedures to obtain corroborative evidence.

Question 7: What are the objectives of the auditor in obtaining written representations?

Response: The objectives of the auditor in obtaining written representations are as below:

(a) Fulfillment of management's responsibility for preparation of financial statements and providing necessary information to the auditor

- To obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the

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preparation of the financial statements and for the completeness of the information provided to the auditor.

(b) Supporting other audit evidence obtained by auditor

- To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations, if determined necessary by the auditor or required by other SAs.

(c) Responding appropriately to written representations provided/ not provided

- To respond appropriately to written representations provided by management and, where appropriate, those charged with governance, or if, they do not provide the requested written representations.

Question 8: Who should provide Written Representations to the auditor?

Response: The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned. Written representations are requested from those responsible for the preparation and presentation of the financial statements.

Those individuals may vary depending on the governance structure of the entity, and relevant law or regulation; however, management (rather than those charged with governance) is often the responsible party.

Written representations may therefore be requested from the entity's chief executive officer and chief financial officer, or other equivalent persons in entities that do not use such titles. In some circumstances, however, other parties, such as those charged with governance, are also responsible for the preparation and presentation of the financial statements. For example, in the case of a company registered under the Companies Act, 2013, it would be considered as sufficient compliance if the management representation letter is issued by the Board of Directors of the Company.

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Question 9: What are Written Representations about management's responsibilities in respect of preparation of financial statements?

Response: The response to this FAQ is linked with the requirements of paragraph 6 of SA 210, "Agreeing the Terms of Audit Engagements". In accordance with paragraph 6 of SA 210, the auditor before commencing the audit work, should agree with the management that the management acknowledges and understands its responsibility for the preparation and presentation of financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation. When the audit is completed, the management should provide to the auditor a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the terms of the audit engagement.

The auditor should request written representations from management that it has fulfilled its responsibilities:

- For the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- For the completeness of transactions and information provided to the auditor (i.e., that all transactions have been recorded and are reflected in the financial statements and that all relevant information and access to the entity's records has been provided to the auditor).
- For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The auditor should request management to describe its responsibilities in the management representations letter in the same manner that they are described in the terms of the audit engagement or to reference those responsibilities to the terms of the audit engagement.

Question 10: What are Written Representations about management's responsibilities in respect of information provided and completeness of transactions?

Response: The auditor shall request management to provide a written representation that:

- It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement, and
- All transactions have been recorded and are reflected in the financial statements.

Question 11: Why is it important for auditor to take Written Representations about management's responsibilities referred to in FAQ 9 and 10?

Response: The audit evidence obtained during the audit that management has fulfilled the responsibilities referred to in FAQ 9 and 10 is not sufficient without obtaining confirmation from management that it believes that it has fulfilled those responsibilities. This is because the auditor is not able to judge solely on other audit evidence whether management has prepared and presented the financial statements and provided information to the auditor on the basis of the agreed acknowledgement and understanding of its responsibilities.

For example, the auditor could not conclude that management has provided the auditor with all relevant information agreed in the terms of the audit engagement without asking it whether, and receiving confirmation that, such information has been provided.

It is important to note that such written representations are fundamental to the conduct of an audit. If the management does not provide such written representations or the auditor concludes that such written representations are not reliable, the auditor is required to disclaim the auditor's opinion in accordance with SA 705(Revised).

Question 12: When it is necessary for the auditor to ask management to reconfirm in their Written Representations about its responsibilities stated in FAQ 9 and 10?

Response: In the following situations, it may be necessary for the auditor to ask management to reconfirm its acknowledgement and understanding in their written representations about its

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responsibilities stated in FAQ 9 and 10:

- Those who signed the terms of the audit engagement on behalf of the entity no longer have the relevant responsibilities.
- The terms of the audit engagement were prepared in a previous year.
- There is any indication that management misunderstands those responsibilities.
- Changes in circumstances make it appropriate to do so.

Question 13: What are other (additional) written representations about the financial statements which the auditor may consider necessary?

Response: In addition to the written representations referred to in FAQ 9, the auditor may consider it necessary to request other written representations about the financial statements. Such written representations may supplement, but do not form part of, the written representation referred to in FAQ 9. They may include representations about the following:

- Whether the selection and application of accounting policies are appropriate.
- Whether matters, relevant under the applicable financial reporting framework, have been recognized, measured, presented or disclosed in accordance with that framework.
- Representations about specific assertions in the financial statements.

Question 14: When auditor may consider it necessary to request other (additional) Written Representations about information provided and completeness of transactions?

Response: The auditor should carefully evaluate the aspects on which written representations may be taken to provide evidence that the auditor considered all the relevant information made available by the management in forming the audit opinion. In addition to the written representation required by FAQ 10, the auditor may consider it necessary to request management to

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provide a written representation that it has communicated to the auditor all deficiencies in internal control of which management is aware or other than those disclosed to the auditor, the management and those charged with governance are not aware of any other deficiency in internal controls over financial reporting.

Question 15: When auditor may consider it necessary to request Written Representations about “specific” assertions?

Response: The auditor may consider it necessary to request management to provide written representations about specific assertions in the financial statements; in particular, to support an understanding that the auditor has obtained from other audit evidence of management’s judgment or intent in relation to, or the completeness of, a specific assertion.

For example, if the intent of management is important to the valuation basis for investments, it may not be possible to obtain sufficient appropriate audit evidence without a written representation from management about its intentions.

Although such written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own for that assertion.

Question 16: Explain the date and period(s) covered by the Written Representations

Response: The written representations are dated as near as practicable to, but not after, the date of the auditor’s report on the financial statements.

Because written representations are necessary audit evidence, the auditor’s opinion cannot be expressed, and the auditor’s report cannot be dated, before the date of the written representations. Furthermore, because the auditor is concerned with events occurring up to the date of the auditor’s report that may require adjustment to or disclosure in the financial statements, the written representations are dated as near as practicable to, but not after, the date of the auditor’s report on the financial statements.

The written representations are for all periods referred to in the auditor’s report because management needs to reaffirm that the written representations it previously made with respect to the prior periods remain appropriate.

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Question 17: What is the form of written representation?

Response: The written representations shall be in the form of a representation letter addressed to the auditor.

Some laws or regulations may, however, require management to make a written public statement about its responsibilities. Although such statement is a representation to the users of the financial statements, or to relevant authorities, the auditor may determine that it is an appropriate form of written representation in respect of some or all of the representations required by FAQ 9 and 10. Consequently, the relevant matters covered by such statement need not be included in the representation letter.

Factors that may affect the auditor's determination include:

- Whether the statement includes confirmation of the fulfillment of the responsibilities referred to in FAQ 9 and 10.
- Whether the statement has been given or approved by those from whom the auditor requests the relevant written representations.
- Whether a copy of the statement is provided to the auditor as near as practicable to, but not after, the date of the auditor's report on the financial statements.

A formal statement of compliance with law or regulation, or of approval of the financial statements, would not contain sufficient information for the auditor to be satisfied that all necessary representations have been consciously made. The expression of management's responsibilities in law or regulation is also not a substitute for the requested written representations. **Appendix I** to this publication provides an illustrative format of a management representation letter as relevant for Companies.

Question 18: What are the management's responsibilities in situations where current management were not present during all periods referred to in the auditor's report?

Response: Situations may arise where current management were not present during all periods referred to in the auditor's report. Such persons may assert that they are not in a position to provide some or all of the written representations because they were not in place during the period.

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This fact, however, does not diminish such persons' responsibilities for the financial statements as a whole. Accordingly, the requirement for the auditor to request from them written representations that cover the whole of the relevant period(s) still applies.

Question 19: Explain the auditor's responsibility in case of identified inconsistencies between one or more written representations and other audit evidence

Response: If written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter and reconsider the reliability of other representations made by management. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general.

In the case of identified inconsistencies between one or more written representations and audit evidence obtained from another source, the auditor may consider whether the risk assessment remains appropriate and, if not, revise the risk assessment and determine the nature, timing and extent of further audit procedures to respond to the assessed risks.

Based on the circumstances, the auditor should consider whether his reliance on management's representations relating to other aspects of the financial statements is appropriate and justified.

Question 20: What are auditor's responsibilities in case of doubts as to the reliability of Written Representations?

Response: If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor shall determine the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general.

Such concerns may cause the auditor to conclude that the risk of management misrepresentation in the financial statements is such that an audit cannot be conducted.

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In such a case, the auditor may consider, where possible, withdrawing from the engagement, unless those charged with governance put in place appropriate corrective measures. Such measures, however, may not be sufficient to enable the auditor to issue an unmodified audit opinion. If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate actions, including determining the possible effect on the auditor's opinion in accordance with SA 705(Revised), "Modifications to the Opinion in the Independent Auditor's Report".

Question 21: What are auditor's responsibilities in case management fails or refuses to provide Written Representations (other than those referred to in FAQ 9 and 10)?

Response: If management fails or refuses to provide written representations (other than those referred to in FAQ 9 and 10), the auditor shall:

- (a) Discuss the matter with management;
- (b) Re-evaluate the integrity of management and evaluate its possible effect on the reliability of representations (oral or written) and audit evidence in general; and
- (c) Take appropriate actions, including determining the possible effect on the auditor's opinion in accordance with SA 705(Revised).

Question 22: What are auditor's responsibilities in case management fails or refuses to provide Written Representations referred to in FAQ 9 and 10?

Response: If management fails or refuses to provide written representations referred to in FAQ 9 and 10, the auditor shall disclaim the auditor's opinion in accordance with SA 705(Revised).

As explained in FAQ 11, the auditor is not able to judge solely on other audit evidence whether management has fulfilled the responsibilities referred to in FAQ 9 and 10. Therefore, if the auditor concludes that the written representations about these matters are unreliable, or if management does not provide those written

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representations, the auditor is unable to obtain sufficient appropriate audit evidence. The possible effects on the financial statements of such inability are not confined to specific elements, accounts or items of the financial statements and are hence pervasive. SA 705(Revised) requires the auditor to disclaim auditor's opinion in such circumstances.

Question 23: When is there a need for updating management representation letter?

Response: In some circumstances it may be appropriate for the auditor to obtain a written representation about a specific assertion in the financial statements during the course of the audit. Where this is the case, it may be necessary to request an updated written representation.

There are other circumstances in which an auditor should obtain updating representation letters from management. If a predecessor auditor is requested by a former client to reissue (or consent to the reuse of) his or her report on the financial statements of a prior period, and those financial statements are to be presented on a comparative basis with audited financial statements of a subsequent period, the predecessor auditor should obtain an updated representation letter from the management of the former client. The updated management representation letter should state (a) whether any information has come to management's attention that would cause them to believe that any of the previous representations should be modified, and (b) whether any events have occurred subsequent to the balance-sheet date of the latest financial statements reported on by the auditor that would require adjustment to or disclosure in those financial statements.

Question 24: What if Written Representations are modified from that requested by the auditor?

Response: A written representation that has been modified from that requested by the auditor does not necessarily mean that management did not provide the written representation.

However, the underlying reason for such modification may affect

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the opinion in the auditor's report. Following two cases are discussed here:

- The written representation about management's fulfillment of its responsibility for the preparation and presentation of the financial statements may state that management believes that, except for material non-compliance with a particular requirement of the applicable financial reporting framework, the financial statements are prepared and presented in accordance with that framework. The requirement in paragraph 19 of SA 580 (Disclaim an opinion) does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effect of the non-compliance on the opinion in the auditor's report in accordance with SA 705 (Revised).
- The written representation about the responsibility of management to provide the auditor with all relevant information agreed in the terms of the audit engagement may state that management believes that, except for information destroyed in a fire, it has provided the auditor with such information. The requirement in paragraph 19 of SA 580 (Disclaim an opinion) does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effects of the pervasiveness of the information destroyed in the fire on the financial statements and the effect thereof on the opinion in the auditor's report in accordance with SA 705 (Revised).

Question 25: Can I have an illustrative format of a Management Representation Letter to be provided by a client under this Standard?

Response: An illustrative format of management representation letter to be obtained in the case of Companies is placed in **Appendix I** to this publication. This is only an illustrative template and users are advised to exercise professional discretion in adapting the same to actual client engagement contexts.

Question 26: Management has furnished a representation letter for the audit engagement. Certain matters in the earlier representation have undergone a change. How should a revised representation letter be obtained?

Response: An illustrative format of a letter wherein a client can provide revisions to previously provided representation letter is placed in **Appendix II** to this publication. This is only an illustrative template and users are advised to exercise professional discretion in adapting the same to actual client engagement contexts.

Question 27: Can you please provide any additional matters for consideration in Management Representation Letters?

Response: Certain additional considerations beyond those generally applicable are placed in **Appendix III** to this publication. This is only an illustrative template and users are advised to exercise professional discretion in adapting the same to actual client engagement contexts and also cognize for other additional considerations.

Question 28: Can you provide a quick checklist to enable compliance with SA 580?

Response: A Checklist is placed in **Appendix IV** to this publication. This is only an illustrative template and users are advised to exercise professional discretion in adapting the same to actual client engagement contexts.

Question 29: Can the auditor accept a qualifying language in Written Representations?

Response: In some cases, management may include in the written representations qualifying language to the effect that representations are made to the best of its knowledge and belief.

It is reasonable for the auditor to accept such wording if the auditor is satisfied that the representations are being made by those with appropriate responsibilities and knowledge of the matters included in the representations.

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Question 30: Is the auditor of the consolidated financial statements required to obtain a separate written representation letter from the management of each component (subsidiary, associate, joint venture), especially when component auditors are involved?

Response: As per SA 580, the auditor should obtain written representations from the parent's management, who is responsible for the preparation and fair presentation of the consolidated financial statements (CFS).

The parent's management must confirm their responsibility for the completeness and accuracy of components' financial information used in the consolidation. When component auditors are involved, the group auditor may review documentation or representations obtained by the component auditors considering the principles enunciated in SA 600, "Using the Work of Another Auditor".

Question 31: What are the important matters on which representations need to be obtained for Consolidated Financial Statements?

Response: SA 580, read in conjunction with SA 600, mandates the group auditor to obtain specific written representations from the parent's management on all matters material to the consolidated financial statements. The auditor should exercise due care and caution to ensure that the representations are complete in respect of the engagements handled by them. Some important matters include the following:

- Completeness of the list of components included in the consolidation.
- Appropriateness and accuracy of the financial information used for consolidation.
- Approval and appropriateness of consolidation adjustments, such as elimination of intra-group balances and transactions.
- Consistency of accounting policies applied across the group.
- Disclosure of related parties and reportable segments.

These representations support the group auditor's assessment of whether the consolidated financial statements present a true and fair view.

Question 32: Are there any specific documentation requirements or audit evidence that the group auditor should maintain in relation to the representations about consolidation adjustments, especially when the consolidation process is centrally handled by the parent company and not by individual components?

Response: Yes. The group auditor must document and retain:

- The written representation letter from the parent's management, confirming the accuracy and completeness of consolidation adjustments.
- Evidence of the consolidation process, including workpapers showing how intra-group transactions and balances have been eliminated.
- Review and validation of centralized consolidation workings performed at the parent level.
- Controls over the consolidation process (especially under Ind AS), such as reconciliation between component submissions and consolidated balances.
- Communication with component auditors, if any, regarding material misstatements, subsequent events, or audit findings impacting consolidation.

These documentation requirements are aligned with SA 230, "Audit Documentation".

Question 33: Considering Indian regulatory requirements (e.g., ICAI's Guidance Note on Audit of Consolidated Financial Statements, CARO reporting requirements, SEBI LODR obligations), are there any additional written representations or disclosures that should be obtained from the parent's management to cover the completeness and compliance of component information included in the consolidated financial statements?

Response: Yes. The group auditor must consider the following Indian regulatory requirements, and may need to seek additional written representations accordingly while reporting on such

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requirements in the auditor's report on consolidated financial statements:

- CARO 2020: Clause 3(xxi) of CARO 2020 requires the auditor to comment whether there have been any qualifications or adverse remarks by the respective auditors ("component auditors") in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements. It further requires the auditor to provide the details of the companies and the paragraph numbers of the respective CARO report containing the qualifications or adverse remarks. It may be noted that ICAI has issued the "Guidance Note on the Companies (Auditor's Report) Order, 2020 (Revised 2022 Edition)" which provides guidance on reporting requirements of CARO 2020.
- SEBI LODR Regulations 2015 (Regulation 33): Listed companies must disclose audited/un-audited status and audit qualifications of subsidiaries.
- ICAI's Guidance Note on Audit of Consolidated Financial Statements: It highlights management's responsibility for identifying all components (including structured entities/ special purpose vehicles).

So, written representations should explicitly address:

- Disclosure of all components, including those recently acquired/disposed.
- Status of audit/review of each component.
- Impact of any audit modifications or emphasis of matter raised by component auditors.
- Compliance with Applicable Financial Reporting Framework.

Appendices

Appendix I

Illustrative Representative letter

General Instructions

This is an Illustrative Representation Letter based on SA 580, "Written Representations" and presented to cover various legal and regulatory requirements. **The illustrative format contains the following and is for "Company" form of organization.** In case of other types of entities such as Partnerships, LLPs, Trusts etc., auditors may consider to modify the same as relevant and necessary.

- Representations concerning the financial statements and components thereof
- Representations on Internal Financial Controls Over Financial Reporting - Section 143(3)(i) of the Companies Act, 2013
- Representations on C&AG Directions - Section 143(5) of the Companies Act, 2013
- Representations on CARO 2020 - Section 143(11) of the Companies Act, 2013
- Representations on Fraud Reporting - Section 143(12) of the Companies Act, 2013
- Representations under Rule 11(a),(b),(c),(f) of the Companies (Audit and Auditors) Rules, 2014
- Representations under Rule 11(e) of the Companies (Audit and Auditors) Rules 2014 on funds advanced/ received through intermediaries
- Representations under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on Audit Trails of Accounting Software

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- Representations on Standards on Auditing including Non-Compliance with Laws and Regulations (NOCLAR), Going Concern etc.

Users are requested to ensure that each paragraph of this illustrative format is read with precision to obtain representations that are relevant to the engagement and based on the actual circumstances on each aspect as relevant to the entity audited by the Practitioner.

Where necessary, tables may be inserted to provide additional details in respect of a representation.

**ON THE LETTER HEAD OF THE CLIENT
MANAGEMENT REPRESENTATION LETTER IN
CONNECTION WITH THE STATUTORY AUDIT OF M/S
FOR THE YEAR ENDED**

To

.....

Chartered Accountants

1. This representation letter is provided in connection with your audit of the financial statements of ABC Company Private Limited for the year ended March 31, 20XX for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, (or give a true and fair view) in accordance with the applicable accounting standards in India. We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as under:

Representations concerning the financial statements and components thereof

2. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the financial statements in accordance with the applicable accounting Standards in India; in particular the financial statements are fairly presented (or give a true and fair view) in accordance with the applicable accounting standards in India.
3. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - All additional information that you have requested from us for the purpose of the audit;

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- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence [as well as to our affiliates/components, their records, their personnel and their auditors for purposes of the audit of consolidated financial statements].
4. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 5. The company has maintained proper books of account as required by law.
 6. The company's Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity (where applicable) and the Cash Flow Statement (where applicable) dealt with by your audit report are in agreement with the books of account maintained by the company.
 7. In our opinion, the financial statements comply with the applicable accounting standards referred to in section 133 of the Companies Act, 2013, read with the relevant rules.
 8. The company has no branches.

OR

Proper returns adequate for the purposes of your audit have been received from branches not visited by you (if any), and the accounts of those branches have been appropriately dealt with in preparing the financial statements.

9. On the basis of written representations received from the directors as on [Date], and taken on record by the Board of Directors, none of the directors is disqualified as on [Date] from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
10. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements. We believe that the selection and application of accounting policies are appropriate. The financial statements are prepared on accrual basis.

Property, Plant & Equipment (PPE)

11. The Company has no property, plant and equipment.

OR

The net book values at which PPE are stated in the Balance Sheet are arrived at after taking into account all capital expenditure on additions thereto but no expenditure properly chargeable to revenue; after eliminating the cost and accumulated depreciation related to items sold, discarded, demolished or destroyed; after charging depreciation on assets put to use during the financial year.

12. Depreciation has been determined on the basis of assessment of remaining useful life of the PPE as per Schedule II of the Companies Act, 2013.

13. The management has physically verified the PPE during the year.

14. Any others

Intangible Assets

15. The Company has no intangible assets.

OR

Intangible Assets as on 31st March 20XX consisted of the following and the same has been appropriately disclosed as per requirements of AS/ Ind AS and Schedule III:

16. Any others

Capital Work in Progress (CWIP) and Intangible Assets under Development

17. The Company has no Capital Work in Progress and Intangible Assets under Development.

OR

We have appropriately disclosed in note ___ to the financial statements, project wise details of ageing of Capital Work in Progress and/or Intangible Assets under Development along with completion schedule including overruns from the expected date of completion and/or original cost of completion. Further,

FAQs on Management Representation Letter

the Company does not have any temporarily suspended projects other than those disclosed in note XX to the (standalone/consolidated) financial statements.

18. Any others

Investments

19. The company does not hold any investments.

OR

The Company holds the following investments which are appropriately accounted for, valued, held in the name of the company and properly disclosed:

20. Details of investments pledged as security for loans taken by the company are as under:

21. Any others

Long Term Loans and Advances

22. The Company has no long-term loans and advances.

OR

The unsecured long-term loans and advances in the books of account as on 31st March 20XX are considered good and fully recoverable and adequately provided for potential losses and have been properly disclosed in the financial statements of the Company in terms of notes and disclosures under relevant AS/Ind AS and Schedule III requirements.

23. Any others

Other Non-Current Assets

24. The non-current assets in the books of account as on 31st March 20XX are considered good and fully recoverable and adequately provided for potential losses and have been properly disclosed in the financial statements of the Company in terms of notes and disclosures under relevant AS/Ind AS and Schedule III requirements.

25. Any others

Inventories

26. Inventories as on 31st March 20XX consisted of the following and the same has been appropriately disclosed as per requirements of AS/ Ind AS and Schedule III:
27. All quantities were determined by actual physical count or weight or measurement that was taken under our supervision and in accordance with written instructions as on 31st March 20XX.
28. All goods included in the inventory are the property of the company; none of the goods are subject to any charge except as stated in the financial statements.
29. Inventories do not include goods sold to customers for which delivery is yet to be made.
30. Inventories have been valued on the following basis:
31. No item of inventories has a net realisable value (NRV) in the ordinary course of business which is less than the amount at which it is included in inventories and have been appropriately considered for such NRV being less than cost.
32. No provisions are required at this stage for the slow-moving/ damaged/ obsolete inventories.

OR

Adequate provisions are carried in the financial statements.

33. Any others

Trade Receivables

34. The items appearing in the financial statements as at 31st March 20XX, except to the extent stated therein, are considered good and fully recoverable and the same has been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.
35. The ageing of trade receivables is disclosed correctly.
36. Any others

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Cash and Cash Equivalents

37. The company is operating the following bank accounts and has no other bank accounts other than those mentioned below and the same has been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.

Insert Table

S No	Particulars	Balance as on 31st March 20XX
1	(Name of the bank) / Type of Account	
2		

38. Physical balance of cash as on 31st March 20XX has been duly certified by the management and amounts to Rs. _____
39. Any others

Short Term Loans and Advances

40. The items appearing in the financial statements as at 31st March 20XX, except to the extent provided for, are considered good and fully recoverable and the same has been appropriately disclosed as per requirements of AS/Ind AS and Schedule III and is presented below.
41. Any others

Other Current Assets

42. In the opinion of the Board of Directors, other current assets have a value on realization in the ordinary course of the company's business which is equal to the amount at which they are stated in the financial statements and the same has been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.
43. Any others

Deposits

44. Deposits as stated under are correctly reflected in the financial statements.

OR

The Company has no amounts which are required to be classified and disclosed as deposits.

45. Any others

Share Capital

46. We have properly recorded or disclosed in the financial statements, the share/capital stock repurchase options and agreements, and shares/capital stock reserved for options, warrants, conversions and other requirements.

47. In the opinion of the management, the prices, at which preferential allotments have been made, are not prejudicial to the interests of the Company. The prices have been arrived at in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (in case of listed companies) by computing the fair value of the shares valued on the following basis:

48. There are no shareholders holding more than 5% shares in the Company as on the balance sheet date except as disclosed in note [XX] of the financial statements. The said information has been furnished based on the [legal/beneficial] ownership of the shares.

49. In respect of each class of shares, we have appropriately disclosed in note XX to the financial statements, details of shareholding of Promoters as at 31st March 20XX. Further, we have appropriately disclosed to you the number and percentage of shares at the beginning of the year and percentage change in Promoter shareholding during the year.

50. Any others

Borrowings from Banks/ Financial Institutions

51. All borrowings from banks/ financial institutions and other sources have been appropriately disclosed as per requirements of AS/ Ind AS and Schedule III.

52. Any others

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Other Liabilities

53. We have recorded all known liabilities in the financial statements and the same have been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.
54. We have disclosed to you, and 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, including all covenants, conditions or other requirements of all outstanding debt. [There has been no breach of any covenant attached to the borrowings.]
55. Any others

Contingent Liabilities

56. Notes to the financial statements include all guarantees that we have given to third parties, contingent liabilities in the nature of pending litigations and all other contingent liabilities and the same have been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.
57. Contingent liabilities disclosed in the notes to the financial statements do not include any contingencies which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.
58. At the Balance Sheet Date, there are no other outstanding commitments for capital expenditure, except those disclosed in the notes to the financial statements as contingent liabilities.
59. Any others.

Provision for Claims and Losses

60. Provision has been made in the books of account for all known losses and claims of material amounts and the same have been appropriately disclosed as per requirements of AS/Ind AS and Schedule III.
61. Any others.

Related Party Transactions

62. We confirm the completeness of the list of related parties and related party relationships as stated in note XX of the (standalone/consolidated) financial statements, and information provided regarding the identification of such related parties. We have disclosed to you the identity of the Company’s related parties and all related party relationships and related party transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities, and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. All transactions are at arm’s length, in the ordinary course of business of the company, and have been appropriately accounted for in accordance with applicable AS/Ind AS requirements. All related party transactions have been appropriately accounted for and disclosed in the (standalone/consolidated) financial statements in accordance with AS 18, ‘Related Party Disclosures’/ Ind AS 24, ‘Related Party Disclosures’ and Section 186(4), Section 188 of the Companies Act, 2013, CARO 2020, SEBI LODR Regulations, 2015 as applicable.
63. The full details of the related party transactions are given below, and we confirm that these transactions are fully compliant with all laws and regulations and are not prejudicial to the interests of the company.

Name of Party	Relationship	Nature of Transaction	Amount	Balance outstanding

64. Any others.

Statement of Profit and Loss

65. Except as disclosed in financial statements, the results for the period were not materially affected by:

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- a) transactions of a nature not usually undertaken by the Company.
 - b) transactions of an exceptional or non-recurring nature.
 - c) charges or credits relating to prior years.
 - d) changes in accounting policies.
66. No personal expenses are charged to the revenue accounts of the entity.
67. Any others

Other matters

68. The company has obtained the list of MSME suppliers and the company has addressed all relevant statutory requirements in terms of existing laws and regulations including MSMED Act, 2006 and the Companies Act 2013 and relevant disclosure requirements. No claims have been raised against the company under the 'Interest on Delayed Payments to Small Scale & Ancillary Undertakings Act, 1993 /MSMED Act, 2006'.
69. The company has not had any transaction with struck off companies.
70. The company has not had any 'Crypto Currency' transactions during the year.
71. The Minutes of the meetings of the Shareholders and Directors and the Registers required to be maintained under the Companies Act, 2013 are complete and authentic. All matters required to be recorded in the registers and minute books of the Company have been recorded correctly.
72. We have made available to you all significant registers, contracts and agreements. Further we have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date:
73. Any others

Representations on Internal Financial Controls Over Financial Reporting - Section 143(3)(i) of the Companies Act, 2013

(Note: This representation is reproduced from Guidance Note on Audit of Internal Financial Controls Over Financial Reporting)

(Link: <https://resource.cdn.icai.org/39249aasb28733.pdf>)

74. This representation is provided in connection with your audit of the internal financial controls over financial reporting in the audit of ABC Company Limited (“the Company”) in conjunction with your audit of the standalone/consolidated financial statements of the Company for the year ended March 31, 20X1.
75. This is for the purpose of expressing an opinion as to whether the Company had, in all material respects, an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) and the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed by the Central Government in accordance with Section 143(10) of the 2013 Act, to the extent applicable to an audit of internal financial controls over financial reporting.
76. We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:
77. We are responsible for establishing and maintaining adequate and effective internal financial controls based on [mention control criteria] and the preparation and presentation of the financial statements as set out in the terms of the audit engagement dated [insert date] and, in particular, the assertions to you on the internal financial controls in accordance with the _____ [for example, “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated

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in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”].

78. We have performed an evaluation and made an assessment of the adequacy and effectiveness of the company's internal financial controls and based on the following control criteria [mention the control criteria].
79. We have not used the procedures performed by you during the audit of internal financial controls over financial reporting as part of the basis for our assessment of the effectiveness of internal financial controls.
80. Based on the assessment carried out by us and the evaluation of the results of the assessment, we conclude that the Company has an adequate internal financial controls system that was operating effectively as at the March 31, 20X1 [balance sheet date] (or) Except for the below mentioned deficiencies noted during our assessment and evaluation of internal financial controls, the other relevant controls were determined adequate and were operating effectively as at March 31, 20X1 [balance sheet date].
- (brief of design deficiencies)
 - (brief of deficiencies in operating effectiveness)
81. We have disclosed to you all deficiencies in the design or operation of internal financial controls identified as part of management's evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal financial controls in previous paragraph.
82. There were no instances of fraud resulting in a material misstatement to the company's financial statements and any other fraud that does not result in a material misstatement to the company's financial statements but involves senior management or management or other employees who have a significant role in the company's internal financial controls. (or) The following instances of fraud that resulted in material

misstatement of financial statements in earlier years and frauds involving senior management or management or other employees who have a significant role in the company's internal financial controls were noted: (list instances and amounts involved).

83. The control deficiencies identified in the previous engagement of audit of internal financial controls and communicated to the Company and those charged with governance have been remediated, except for the following: (list control deficiencies not remediated as at the balance sheet date) (This issue is not applicable in the first year when the Company is subject to an audit of internal financial controls under the Companies Act, 2013).
84. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
85. We have provided you with:
 - All information, such as records and documentation, and other matters that are relevant to your assessment of internal financial controls;
 - Additional information that you have requested from us;
 - Unrestricted access to those within the entity.
 - Audit reports of the component auditors, including their report under Section 143(3)(i) of the Act for the following subsidiary companies, jointly controlled companies, and associate companies to whom reporting under Section 143(3)(i) is applicable:
 - There are no other subsidiary companies, jointly controlled companies, and associate companies of the company to whom reporting under Section 143(3)(i) is applicable and whose auditors have not issued their report under Section 143(3)(i) of the Act.
 - In the case of the following subsidiary companies, jointly controlled companies, and associate companies of the

FAQs on Management Representation Letter

company to whom reporting under Section 143(3)(i) is applicable, the respective component's year end is other than that of the Company:

With respect to these components, we have provided to you the audit reports of the component auditors, including their report under Section 143(3)(i) of the Act for their respective financial year under the Act that has been considered in the preparation of the consolidated financial statements of the Company.

86. There are no changes in the internal financial controls system from March 31, 20X1 [balance sheet date] till the date of this representation letter. (or) The following changes have been made to the internal financial controls system since March 31, 20X1 [balance sheet date] and the date of this letter: (list changes and reason for the change).
87. These changes include corrective actions taken by us with regard to significant deficiencies or material weaknesses noted with respect to the following: (list significant deficiency or the material weakness and the related change in internal controls).
88. The following changes to internal financial controls system have been proposed as on date of this representation letter but have not yet been implemented: (list proposed changes and reason for the proposed change).
89. The changes to the internal financial controls since March 31, 20X1 [balance sheet date] and the proposed changes that are under consideration by the Company do not impact our assessment, evaluation and conclusion of the internal financial controls system as at March 31, 20XX [balance sheet date]
90. [Any other matters that the auditor may consider appropriate].

Representations on C&AG Directions - Section 143(5) of the Companies Act, 2013

(Note: In case of any exceptions which require adverse or non-affirmative comment by the auditor, representations may be obtained as appropriate)

Clause I

91. All the investments (both quoted and unquoted) made directly by the Company or through Trusts, for post-retirement benefits of the employees have been accounted for in accordance with the applicable accounting standards. Adequate supporting documentation has been maintained in respect of all these investments.

OR

92. Any other as relevant

Clause II

93. The Company has an IT System to process all the accounting transactions. None of the transactions have been processed outside the IT System.

OR

94. Any other as relevant

Clause III

95. The funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies have been properly accounted for as per the applicable accounting standards or norms and the funds received have been utilized as per its terms and conditions. The accounting of interest earned on grants received has been done as per terms and conditions of the grant.

OR

96. Any other as relevant

Clause IV

97. The Company has identified the key risk areas which may affect the company. The company has formulated, considering global best practices, a risk management policy to mitigate these risks. The Company has identified its data assets, and these assets have been valued appropriately in accordance with the applicable accounting standards.

OR

98. Any other as relevant

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Clause V

99. The Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable.

OR

100. Any other as relevant

Representations on CARO 2020 - Section 143(11) of the Companies Act, 2013

101. Clause 3(i)-Property, Plant and Equipment and Intangible Assets

- The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- The company is maintaining proper records showing full particulars of intangible assets.
- The Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- We confirm that:
 - Items of Property, Plant and Equipment are physically verified by the company in accordance with the policy of the company.
 - The periodicity of the physical verification of Property, Plant and Equipment is appropriate.
 - The details of the material discrepancies noticed during such physical verification are as given below.
- The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease

agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

- The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- No proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- We confirm our response to your inquiry that no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

102. Clause 3(ii)-Inventory and Working Capital

- The inventory has been physically verified by the management at reasonable intervals and the coverage and procedure of such verification is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during physical verification.
- The company has been sanctioned working capital limits of Rs. 6 crores, in aggregate, from XX bank on the basis of security of current assets of the company. The quarterly returns or statements filed by the company with XX bank are in agreement with the books of account of the company.
- In respect of working capital loan of Rs. 10 crores taken by the company from XX bank, we confirm that there are no discrepancies noticed on comparison of quarterly returns or statements filed with XX bank with the books of account of the company.

103. Clause 3(iii)-Investments, Guarantees, Securities and Loans

- During the year, the company has granted loan of Rs. 2 crores to X limited, subsidiary of the company. Except this, the company has not provided any guarantee or security or granted loans or advances in the nature of loans, secured or

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unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

- The company has not made any investments, provided guarantees, given security or granted loans that are prejudicial to the company's interest.
- In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal and receipts of interest are regular.
- In respect of loans granted by the company, there are no overdue amounts remaining outstanding as at the balance sheet date.
- We have taken the following steps for recovery of total amount overdue for more than ninety days in respect of loans granted by the company.
- No loan or advance in the nature of loan has been renewed or extended or fresh loans granted by the company to settle the overdues of existing loans given to the same parties.
- The company has not granted any loans or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment.

104. Clause 3(iv)-Loan to Directors and Investment by Company

- The company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

105. Clause 3(v)-Deposits or Amounts which are Deemed to be Deposits

- The company has not accepted any deposits or amounts which are deemed to be deposits during the year.

106. Clause 3(vi)-Cost Records

- The company is required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 and such accounts and records have been duly made and maintained by the company.

107. Clause 3(vii)-Statutory Dues

- The company is regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues. There are no undisputed amounts payable in respect of the above statutory dues which were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- There are no statutory dues referred to above which have not been deposited on account of any dispute.
- As on balance sheet date, the details of cases where the statutory dues are considered disputed are as given below. Further, the details of cases where the statutory dues are undisputed and have remained outstanding for a period of more than six months from the date they became payable, are as given below.

108. Clause 3(viii)-Disclosure of Undisclosed Transactions

- There were no transactions previously unrecorded in the books of account, which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- In respect of your inquiries for reporting under CARO 2020, we furnish the following details and confirm completeness of such details:
 - Details of the income which are not recorded in the books of account and have been disclosed/surrendered by the company during the year.
 - Year wise listing of amount disclosed/ surrendered.
 - The reasons for non-disclosure earlier and source of income are as given below.
 - The impact of such unrecorded transactions on the financial statements are as given below.

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109. Clause 3(ix)-Loans or Other Borrowings

- The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- The company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- The company has utilized the term loans for the purpose for which they were obtained.
- The company has not used short-term funds for long-term purposes.
- The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- The company has not raised any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

110. Clause 3(x)-Funds Raised and Utilisation

- The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- We confirm the completeness of disclosures in financial statements regarding the end-use of moneys raised by initial public offer made by the company.
- The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

111. Clause 3(xi)-Fraud and Whistle-blower Complaints

- No fraud by the company and no fraud on the company has been noticed or reported during the year.
- The accountant of the company had misappropriated funds amounting to rupees ten lakhs during the preceding year and the year under audit. Investigations are in progress and the accountant has been dismissed and arrested. The company

has withheld his terminal benefits and it is estimated that the amount misappropriated may not exceed the terminal benefits due to the accountant. The company is also adequately covered by fidelity insurance cover.

- No report under section 143(12) of the Companies Act 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- No whistle-blower complaints have been received by the company during the year.
- We have provided you details of all whistle blower complaints received by the company during the year.

112. Clause 3(xii)-Nidhi Company

- The company is not a Nidhi Company under the provisions of the Companies Act 2013.

113. Clause 3(xiii)-Related Party Transactions

- All transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and the relevant details have been disclosed in the financial statements as required by AS 18, Related Party Disclosures.

114. Clause 3(xiv)- Internal Audit

- The company has an internal audit system commensurate with the size and nature of its business.
- The reports of the Internal Auditors for the period under audit were considered by the management.

115. Clause 3(xv)-Non-cash Transactions with Directors

- The company has not entered into any non-cash transactions with directors or persons connected with them which attracts provisions of Section 192 of the Companies Act, 2013.
- During the year, the company has signed an agreement with director Y, wherein, in exchange for 2% shares of the company, the director would transfer his car in the name of the company.

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116. Clause 3(xvi) - Registration under RBI Act

- The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- The Company has not conducted any Non-Banking Financial activities or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India, as required under the Reserve Bank of India Act, 1934.
- The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- The Group has three CIC as part of the Group, and the details thereof are given below.
- Subsidiary X of the company is a CIC as per RBI regulations and it is registered with RBI as per RBI regulations. Subsidiary Y of the company is a CIC as per RBI regulations; however, it is not required to be registered with RBI as per RBI regulations. Accordingly, it is not registered with RBI.

117. Clause 3(xvii)-Cash Losses

- The company has not incurred cash losses in the financial year and in the immediately preceding financial year.

118. Clause 3(xviii)-Resignation of Statutory Auditors

- There has been no resignation of the statutory auditors during the year.

119. Clause 3(xix)-Material Uncertainty on Meeting Liabilities

- In our opinion, no material uncertainty exists as at the balance sheet date, regarding the Company's ability to meet its liabilities existing at the balance sheet date, as and when they fall due, within a period of one year from the balance sheet date.
- As on balance sheet date, the ageing schedule and expected dates of realization of financial assets including trade

receivables are as given below. As on balance sheet date, the details of financial liabilities and statutory liabilities etc. and their due date of payment are as given below. Further, we have not noticed any material event or transaction post balance sheet date which could impact the paying capacity of the company.

120. Clause 3(xx)-CSR Compliance

- The company is covered under section 135 of the Companies Act, 2013. The company has transferred the unspent amount in respect of other than ongoing projects to a Fund specified in Schedule VII to the Companies Act 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to section 135(5) of the Companies Act, 2013.
- The details of amount spent in respect of projects other than ongoing projects formulated in pursuance of the company's CSR Policy are as given below.
- The company is covered under section 135 of the Companies Act, 2013. The company has transferred the unspent amount under section 135(5) of the Companies Act 2013, in respect of ongoing projects to a special account in compliance with the provisions of section 135(6) of the Companies Act, 2013.
- The details of amount spent in respect of ongoing projects formulated in pursuance of the company's CSR Policy are as given below.

121. Clause 3(xxi)-Consolidated Financial Statements – Qualifications/Adverse Remarks in CFS

- There have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the subsidiaries of the company included in the consolidated financial statements of the Group.

Representations on Fraud Reporting - Section 143(12) of the Companies Act, 2013

(Note: This representation is reproduced from Guidance Note on Reporting on Fraud under Section 143(12) of the Companies Act, 2013)

(Link: <https://resource.cdn.icai.org/41297aasb-gn-fraud-revised.pdf>)

122. This representation letter is provided in connection with our reply dated ___ to you pursuant to your letter dated ___ on fraud suspected by you and reported to us under Rule 13 of the Companies (Audit and Auditors) Rules, 2014, as amended by the Companies (Audit and Auditors) Amendment Rules, 2015.
123. We understand that the fraud reported by you is as follows:
(Details of fraud reported by the Auditors)
124. We acknowledge that because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the audit is properly planned and performed by the auditor in accordance with the Standards on Auditing and that the matter reported by you in your letter dated ___ is not exhaustive or complete list of frauds against the Company that may exist.
125. We acknowledge our responsibility for the prevention and detection of fraud. Our responsibility also includes informing you about any fraud detected and remedied by the management, any incidence of fraud reported through the vigil mechanism or through any other internal or external sources. We acknowledge that we are also responsible to take appropriate action when a fraud is detected or reported through any of the sources.
126. In particular we confirm that we are responsible for the following:

- a) Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements which are free from material misstatements, whether due to fraud or error.
 - b) To set up a vigil mechanism for reporting suspected fraud and administer the mechanism effectively.
 - c) Take appropriate action to detect the fraud and wrongful gain or loss, if any, incurred on account of the fraud.
 - d) Take appropriate action against the fraudsters.
 - e) Address the control weaknesses which were the root cause for fraud and strengthen the internal control system.
127. We confirm the following representations in respect of fraud noted and reported during the year/period, other than for the matters reported by you:
- 1. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices [except for *(insert appropriate description)*].
 - 2. We have disclosed to you all changes/deficiencies in the design or operation of internal controls over financial reporting identified as part of our assessment, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal controls over financial reporting.
 - 3. We acknowledge our responsibilities for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

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4. We are not aware of any/We have disclosed to you all significant facts relating to any frauds or suspected frauds known that may have involved (i) Management; (ii) Employees who have significant roles in accounting and internal control; or (iii) Others.
5. To the best of our knowledge and belief, the Company has not made any improper payments or payments which are illegal or against public policy.
6. The Company has complied with all aspects of contractual agreements which 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.
7. We have no plans or intentions which may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
8. We have made available to you all books of account, supporting documentation and minutes of all meetings of the shareholders and the Board of Directors and Committees of the Board and all other details with regard to action taken by the management to evaluate the fraud reported by you.
9. We have acted in good faith and in the best interests of the Company regarding the action taken by the management to evaluate the fraud reported by you.
10. We have not withheld from you any relevant information that we are aware of and would have an implication on the process of your responsibilities to report fraud under the statute.
11. The conclusions reached by us are based on the rationale of facts and data that were identified during the investigation/other action taken by us to evaluate the fraud reported by you.

12. We believe that appropriate action has been taken against employees/officers involved in the fraud and we confirm that appropriate controls have been put in place to ensure that such incidences are avoided in the future.
128. With effect from 1st April 2014, the provisions of the Companies Act, 2013 ('the Act') have become applicable to the Company. We understand that Section 143(12) of the said Act read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014, as amended by the Companies (Audit and Auditors) Amendment Rules, 2015 requires the auditors to report on fraud to the Board or the Audit Committee prior to reporting the same to the Central Government. We are aware that the Board or the Audit Committee is required to consider the report of the auditor and respond on the matter reported within 45 days of the date of the report of the auditor.
129. Insofar as the matter reported by you in your letter dated ____ and our reply thereto dated _____, we confirm the following:
 1. We have carried out an investigation into the matter reported by you towards which _____, an independent agency/the Company's internal auditor/Senior Management of the Company were engaged to investigate the matter.
 2. Status of the investigation commissioned by the Board or the Audit Committee.
 - 1. Investigation complete and Board or the Audit Committee concurs with the auditor on the suspected fraud***
 1. We concur with your assessment of suspected fraud based on the following: (State details and the reasons for occurrence).
 2. The persons allegedly involved in the matter are: (list names and designations, DIN (if a Director is involved) and PAN of the person.

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3. Based on the investigation carried out, we confirm that the period to which the fraud relates is _____.
4. The estimate of amounts involved in the fraud as determined by the investigation is Rs. _____.
5. We have initiated the following steps with immediate effect to mitigate the recurrence of such fraud. (State steps taken to mitigate such risk in future).
6. We have initiated the following actions on the persons involved in the fraud (List action taken on the concerned persons.) [or] Pending closure of the internal hearings of the Committee of Ethics of the Company, no action has been taken on the persons involved.

II. Investigation complete and Board or the Audit Committee does not concur with the auditor on the suspected fraud

1. State reasons for not concurring with the auditor's assessment of suspected fraud with persuasive evidence supporting the Board or the Audit Committee conclusion.
2. We believe that the investigation commissioned by us was independent, comprehensive, objective, unbiased and did not involve any scope limitations. Specifically, the investigation focused on the following areas that are impacted by the suspected fraud reported by you: (list areas)
3. We confirm that no fraud has been or is being committed against the Company by its officers or employees as reported by you.

III. Investigation is in progress

1. As on date of this letter, the investigation commissioned by the Board or the Audit Committee is in progress.
2. Management to state items in I.1 to I.6 to the extent applicable.

130. We acknowledge that your report on suspected fraud under Section 143(12) of the Act is made in good faith to comply with the requirements of the law and, therefore, cannot be considered as breach of maintenance of client confidentiality requirements or be subject to any suit, prosecution or other legal proceeding since it is done in pursuance of the Act or of any rules or orders made thereunder.

Representations under Rule 11(a),(b),(c),(f) of the Companies (Audit and Auditors) Rules, 2014

Rule 11(a)

131. The company does not have any pending litigations.

OR

The company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the applicable accounting standards. The detailed list of litigations is as presented below:

- Petitioner/Respondent
- Relevant Laws and Regulations
- Forum (e.g. National Company Law Tribunal, National Green Tribunal, Court)
- Case No.
- Date of Filing
- Synopsis of Matter
- Status (Pending/Closed)
- Present or Potential Financial Impact

Rule 11(b)

132. The company does not have any long-term contracts, including derivative contracts requiring provision for material foreseeable losses.

OR

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The company has made appropriate provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, including derivative contracts.

Rule 11(c)

133. The company does not have any amount required to be transferred to the Investor Education and Protection Fund.

Rule 11(f)

134. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Companies Act, 2013.

OR

The Board of Directors of the Company has not proposed any final dividend for the year which would require compliance with Section 123 of the Companies Act, 2013.

Representations under Rule 11(e) of the Companies (Audit and Auditors) Rules 2014 on funds advanced/ received through intermediaries

(Note: This representation is reproduced from Implementation Guide on Reporting under Rule 11(e) and Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014)

(Link: <https://resource.cdn.icai.org/70151aasb56099.pdf>)

A. For Standalone Financial Statements

Funding Party¹

Scenario 1 – Funding, understanding and onward lending or investing in the same year

135. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been

¹ Whilst reporting in respect of funding party will be required if a foreign entity is an Intermediary in terms of Rule 11(e)(i), no reporting will be required in respect of such foreign entity as an Intermediary under Rule 11(e)(ii) since reporting under Rule 11(e) applies only to companies covered under the Act.

advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 2 – The company has not funded in the capacity of a Funding Party

136. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(a) - Funding made by the Funding Party in year 1. Understanding with the Intermediary for onward lending or investing on behalf of the Funding Party reached in year 2 before the date of audit report for year 1

Year 1:

137. To the best of our knowledge and belief, on the date of the audit report, other than as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded

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in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(b) - Funding made by the Funding Party in year 1. Understanding with the Intermediary for onward lending or investing on behalf of the Funding Party reached in year 2 after the date of audit report for year 1

Year 1:

138. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of the audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Year 2:

139. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Intermediary²

Scenario 1 – Receipt of funds, understanding and onward lending or investing in the same year

140. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Scenario 2 – The company has not received funds in the capacity of an Intermediary (including situations where funds have been received by the company but the understanding of onward lending or investing on behalf of the Funding Party has not yet been reached)

141. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(a) – Funds received from the Funding Party in year 1. Understanding with the Funding Party for onward lending or investing on behalf of the Funding Party reached in year 2 before the date of audit report for year 1

² Whilst reporting in respect of intermediary will be required if a foreign entity is a Funding Party in terms of Rule 11(e)(i), no reporting will be required in respect of such foreign entity as the Funding Party under the said Rule since reporting under Rule 11(e) applies only to companies covered under the Act.

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Year 1:

142. To the best of our knowledge and belief, on the date of the audit report, other than as disclosed in the note X to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(b) – Funds received by the Funding Party in year 1. Understanding with the Funding Party for onward lending or investing on behalf of the Funding Party reached in year 2 after the date of audit report for year 1

Year 1:

143. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of the audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Year 2:

144. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or

provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

B. For Consolidated Financial Statements

Funding Party³

Scenario 1 – Funding, understanding and onward lending or investing in the same year

145. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 2 – No funding in the capacity of a Funding Party

146. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified

³ Whilst reporting in respect of funding party will be required if a foreign entity is an Intermediary in terms of Rule 11(e)(i), no reporting will be required in respect of such foreign entity as an Intermediary under Rule 11(e)(ii) since reporting under Rule 11(e) applies only to companies covered under the Act.

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in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(a) - Funding made by the Funding Party in year 1. Understanding with the Intermediary for onward lending or investing on behalf of the Funding Party reached in year 2 before the date of audit report for year 1

Year 1:

147. To the best of our knowledge and belief, on the date of this audit report, other than as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(b) - Funding made by the Funding Party in year 1. Understanding with the Intermediary for onward lending or investing on behalf of the Funding Party reached in year 2 after the date of audit report for year 1

Year 1:

148. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities

with the understanding, whether recorded in writing or otherwise, as on the date of this report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Year 2:

149. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Intermediary⁴

Scenario 1 – Receipt of funds, understanding and onward lending or investing in the same year

150. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the

⁴ Whilst reporting in respect of intermediary will be required if a foreign entity is a Funding Party in terms of Rule 11(e)(i), no reporting will be required in respect of such foreign entity as the Funding Party under the said Rule since reporting under Rule 11(e) applies only to companies covered under the Act.

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understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 2 – No funds received in the capacity of an Intermediary (including situations where funds have been received by the company but the understanding of onward lending or investing on behalf of the Funding Party has not yet been reached)

151. To the best of our knowledge and belief, as disclosed in the note X to the accounts, no funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(a) – Funds received from the Funding Party in year 1. Understanding with the Funding Party for onward lending or investing on behalf of the Funding Party reached in year 2 before the date of audit report for year 1

Year 1:

152. To the best of our knowledge and belief, on the date of this audit report, other than as disclosed in the note X to the accounts, no funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other

persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Scenario 3(b) – Funds received from the Funding Party in year 1. Understanding with the Funding Party for onward lending or investing on behalf of the Funding Party reached in year 2 after the date of audit report for year 1

Year 1:

153. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company or any of such subsidiaries, associates and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Year 2:

154. To the best of our knowledge and belief, other than as disclosed in the note X to the accounts, no funds have been received by the Company or any of its subsidiaries, associates and joint ventures which are companies incorporated in India from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, associates and joint ventures shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Representations under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on Audit Trails of Accounting Software

(Note: This representation is reproduced from Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition))

(Link: <https://resource.cdn.icai.org/78922aasb63149.pdf>)

155. This representation letter is provided in conjunction with your audit of the standalone/ consolidated financial statements of the Company for the year ended March 31, 20XX, for the purpose of reporting as to whether the accounting software used by the Company for maintaining its books of account, has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.
156. We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:
- a. We are responsible for establishing and maintaining adequate and effective controls based on [mention control criteria] in respect of use of accounting software that entails the requisite features as specified by the Account Rules.
 - b. We have performed an evaluation and made an assessment of the adequacy and effectiveness of the company's accounting software in term of recording audit trail of each and every transaction.
 - c. We have not used the procedures performed by you during the audit as part of the basis for our assessment of the effectiveness of audit trails of accounting software.

- d. Based on the assessment carried out by us and the evaluation of the results of the assessment, we conclude that the Company uses accounting software for maintaining its books of account which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled and the audit trail been preserved by the company as per the statutory requirements for record retention except for the below mentioned exceptions noted during our assessment and evaluation.
 - a. (brief of deficiencies)
 - b. (brief of the impact)
- e. We have disclosed to you all deficiencies identified as part of management's evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies or would lead to material weaknesses in internal financial controls.
- f. There were no instances of fraud resulting in a material misstatement to the company's financial statements and any other fraud that does not result in a material misstatement to the company's financial statements but involves senior management or management or other employees who have a significant role in the company's internal financial controls. (or) The following instances of fraud that resulted in material misstatement of financial statements in earlier years and frauds involving senior management or management or other employees who have a significant role in the company's internal financial controls were noted: (list instances and amounts involved).
- g. The deficiencies identified in the previous engagement and communicated to the Company and those charged with governance have been remediated, except for the

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following: (.....) (This issue is not applicable in the first year)

- h. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in accounting software.
- i. We have provided you with:
 - All information, such as records (including SOC report) and documentation, and other matters that are relevant to your assessment of accounting software;
 - Additional information that you have requested from us;
 - Unrestricted access to those within the entity.
 - Audit reports of the component auditors, including their report under Section 143(3)(i) of the Act for the following subsidiary companies, jointly controlled companies and associate companies to whom reporting under Section 143(3)(i) is applicable.
 - There are no other subsidiary companies, jointly controlled companies and associate companies of the company to whom reporting under Section 143(3)(i) is applicable and whose auditors have not issued their report under Section 143(3)(i) of the Act.
 - In the case of the following subsidiary companies, jointly controlled companies and associate companies of the company to whom reporting under Section 143(3)(i) is applicable, the respective component's year end is other than that of the Company:

With respect to these components, we have provided to you the audit reports of the component auditors, including their report under Section

143(3)(i) of the Act for their respective financial year under the Act that has been considered in the preparation of the consolidated financial statements of the Company.

- j. There are no changes in the accounting software from March 31, 20XX [balance sheet date] till the date of this representation letter. (or) The following changes have been made to the accounting software since March 31, 20XX [balance sheet date] and the date of this letter: (list changes and reason for the change).
- k. These changes include corrective actions taken by us with regard to significant deficiencies with respect to the following: (list significant deficiencies).
- l. The following changes to accounting software have been proposed as on date of this representation letter but have not yet been implemented: (list proposed changes and reason for the proposed change).
- m. The changes to the accounting software since March 31, 20XX [balance sheet date] and the proposed changes that are under consideration by the Company do not impact our assessment, evaluation and conclusion of the accounting software as at March 31, 20XX [balance sheet date]
- n. [Any other matters that the auditor may consider appropriate.]

Representations on Standards on Auditing, including Non-Compliance with Laws and Regulations (NOCLAR), Going Concern etc.

157. We acknowledge that we are responsible to determine that the Company's business activities are conducted in accordance with laws and regulations. We are responsible to identify and address any non-compliance with applicable laws or regulations.

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[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws or regulations.]

We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), including non-compliance matters:

- involving financial improprieties.
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Company’s (standalone/consolidated) financial statements.
- related to laws and regulations that have an indirect effect on amounts and disclosures in the (standalone/consolidated) financial statements, but compliance with which may be fundamental to the operations of the Company’s business, its ability to continue in business, or to avoid material penalties.
- involving management, or employees who have significant roles in internal control, or others.
- in relation to any allegations of non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.
- during the year, the Company has received certain whistle blower complaints for certain transactions which are currently being investigated and the details of which have been disclosed to you.

We are summarising the various instances of non-compliance with laws or regulations including whistle blower complaints during the year as follows:

- i.
- ii.

[When management is not aware of the occurrence of non-compliance with laws or regulations, or has not received allegations of non-compliance with laws or regulations.]

We have no knowledge of any identified or suspected non-compliance with laws or regulations that may have affected the Company (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial improprieties.
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Company’s (standalone/consolidated) financial statements.
- related to laws and regulations that have an indirect effect on amounts and disclosures in the (standalone/consolidated) financial statements, but compliance with which may be fundamental to the operations of the Company’s business, its ability to continue in business, or to avoid material penalties.
- involving management, or employees who have significant roles in internal control, or others.
- in relation to any allegations of non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.
- there are no whistle blower complaints received by the Company during the year.

158. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance or deficiencies in financial reporting practices including accounting software, except as follows:

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- a. matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of non-compliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. matters referred to in the letters dated [date] issued to you by the Company's General Counsel and the Company's Tax Counsel.
 - c. matters referred to in the letter of comments received from the [name of regulator] regarding
 - d. any other
159. To the best of our knowledge and belief, the Company has not made any improper payments or payments which are illegal or against any regulations.
160. The Company has complied with all aspects of contractual agreements which 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.
161. We are unaware of any violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the (standalone/consolidated) financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the (standalone/consolidated) financial statements).
162. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (SA 540)
163. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable accounting standards in India. (SA 550)

164. All events subsequent to the date of the financial statements and for which applicable accounting standards in India require adjustment or disclosure have been adjusted or disclosed. (SA 560)
165. All known actual or possible litigation and claims whose effects should be considered while preparing the financial statements are appropriately accounted for and disclosed in accordance with the applicable accounting standards in India. (SA 501)
166. We have made assessment of the entity's ability to continue as a going concern. During our assessment, no events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern. [SA 570(Revised)]
167. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. (SA 450)
168. There is no prior period item that is required to be separately disclosed in the current year's statement of profit and loss. (SA 710) [in case, accounting standards are applicable accounting standards]
- OR
- There is no restatement made to correct a material misstatement in prior period financial statements that affect the comparative information. (SA 710) [in case, Indian accounting standards are applicable accounting standards]
169. The final version of the other information (if any, which will not be available until after the date of auditor's report) will be provided to you when available, and prior to its issuance by the entity, such that you can complete the procedures required by SA 720(Revised). [SA 720(Revised)]
170. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud. (SA 240)

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171. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (SA 240).
172. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves (SA 240):
- Management;
 - Employees who have significant roles in internal control;
 - Others where the fraud results in a material misstatement in the financial statements.
173. Where the frauds, if any, could have a material effect on the financial statements, we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. (SA 240)
174. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. (SA 250)
175. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. (SA 550)

Yours faithfully,
For [Name of Entity]
Name
Designation: Director

Appendix II

Illustrative Format for Updating Management Representation Letter

The following letter is presented for illustrative purposes only. Management need not repeat all of the representations made in the previous representation letter.

If matters exist that should be disclosed to the auditor, they should be indicated by listing them following the representation. For example, if an event subsequent to the date of the balance sheet has been disclosed in the financial statements, the final paragraph could be modified as follows: "To the best of our knowledge and belief, except as discussed in Note X to the financial statements, no events have occurred."

[Date]

To [Auditor]

In connection with your audit(s) of the [identification of financial statements] of [name of entity] as of [dates] and for the [periods] for the purpose of expressing an opinion as to whether the [consolidated] financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of [name of entity] in conformity with accounting principles generally accepted in India, you were previously provided with a representation letter under date of [date of previous representation letter]. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

To the best of our knowledge and belief, no events have occurred subsequent to [date of latest balance sheet reported on by the auditor] and till the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

[Management]

Appendix III

Illustrative Format for Additional Considerations

Representation letters ordinarily should be tailored to include additional appropriate representations from management relating to matters specific to the entity's business or industry. The following is a list of additional representations that may be appropriate in certain situations. This list is not intended to be all-inclusive. The auditor should also consider the effects of relevant pronouncements issued by ICAI subsequent to the issuance of this publication.

General	
Condition	Illustrative Examples
Unaudited interim financial information accompanies the financial statements.	The unaudited interim financial information accompanying [presented in Note X to] the financial statements for the [identify all related periods] has been prepared and presented in conformity with generally accepted accounting principles applicable to interim financial information. The accounting principles used to prepare the unaudited interim financial information are consistent with those used to prepare the audited financial statements.
The impact of a new accounting principle is not known.	We have not completed the process of evaluating the impact that will result from adopting, [XXX, Name], as discussed in Note [X]. The company is therefore unable to disclose the impact that adopting [XXX] will have on its financial position and the results of operations when such [XXX] is adopted.

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<p>There is justification for a change in accounting principles.</p>	<p>We believe that [describe the newly adopted accounting principle] is preferable to [describe the former accounting principle] because [describe management's justification for the change in accounting principles].</p>
<p>Financial circumstances are strained, with disclosure of management's intentions and the entity's ability to continue as a going concern.</p>	<p>Note [X] to the financial statements discloses all of the matters of which we are aware that are relevant to the company's ability to continue as a going concern, including significant conditions and events, and management's plans.</p>
<p>The possibility exists that the value of specific significant property, plant and equipment or certain identifiable intangible assets may be impaired.</p>	<p>We have reviewed property, plant and equipment and certain identifiable intangible assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of such assets might not be recoverable and have appropriately recorded the adjustment.</p>
<p>The entity engages in transactions with special purpose entities.</p>	<p>We have evaluated all transactions involving special purpose entities to determine that the accounting for such transactions is in accordance with generally accepted accounting principles. Specifically indicate appropriate accounting principles.</p>
<p>The work of a specialist has been</p>	<p>We agree with the findings of specialists in evaluating the [describe assertion] and</p>

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<p>used by the entity.</p>	<p>have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.</p>
<p>Assets</p>	
<p>Condition</p>	<p>Illustrative Examples</p>
<p><u>Cash</u> Disclosure is required of compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements.</p>	<p>Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.</p>
<p><u>Financial Instruments</u> Management intends to and has the ability to hold to maturity debt securities classified as held-to-maturity.</p>	<p>Debt securities that have been classified as held-to-maturity have been so classified due to the company's intent to hold such securities, to maturity and the company's ability to do so. All other debt securities have been classified as available-for-sale or trading.</p>

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<p>Management considers the decline in value of debt or equity securities to be temporary.</p>	<p>We consider the decline in value of debt or equity securities classified as either available-for-sale or held-to-maturity to be temporary.</p>
<p>Management has determined the fair value of significant financial instruments that do not have readily determinable market values.</p>	<p>The methods and significant assumptions used to determine fair values of financial instruments are as follows: [describe methods and significant assumptions used to determine fair values of financial instruments]. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.</p>
<p>There are financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk.</p>	<p>The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:</p> <ol style="list-style-type: none"> 1. The extent, nature, and terms of financial instruments with off-balance-sheet risk. 2. The amount of credit risk of financial instruments with off-balance-sheet risk and information about the collateral supporting such financial instruments. 3. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
<p><u>Receivables</u> Receivables have</p>	<p>Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising</p>

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been recorded in the financial statements.	on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
<u>Inventories</u> Excess or obsolete inventories exist.	Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value.
<u>Investments</u> There are unusual considerations involved in determining the application of equity accounting.	[For investments in common stock that are either non-marketable or of which the entity has a 20 percent or greater ownership interest, select the appropriate representation from the following:] <ul style="list-style-type: none"> • The equity method is used to account for the company's investment in the common stock of [investee] because the company has the ability to exercise significant influence over the investee's operating and financial policies. • The cost method is used to account for the company's investment in the common stock of [investee] because the company does not have the ability to exercise significant influence over the investee's operating and financial policies.
<u>Deferred Charges</u> Material expenditures have been deferred.	We believe that all material expenditures that have been deferred to future periods will be recoverable.
<u>Deferred Tax Assets</u> A deferred tax asset exists at the	The recognition and measurement of deferred tax assets have been carried out in accordance with the requirements of AS 22, "Accounting for Taxes on Income," or

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balance-sheet date.	Ind AS 12, "Income Taxes," as may be applicable. The company has assessed the realizability of deferred tax assets based on estimates of future taxable income. Where required under AS 22, virtual certainty supported by convincing evidence has been established in respect of deferred tax assets arising from unabsorbed depreciation and carry forward of losses.
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Liabilities	
Condition	Illustrative Examples
<p><u>Debt</u> Short-term debt could be refinanced on a long-term basis and management intends to do so.</p>	<p>The company has excluded short-term obligations totaling [amount] from current liabilities because it intends to refinance the obligations on a long-term basis. [Complete with appropriate wording detailing how amounts will be refinanced as follows:]</p> <ul style="list-style-type: none"> • The company has issued a long-term obligation [debt security] after the date of the balance sheet but prior to the issuance of the financial statements for the purpose of refinancing the short-term obligations on a long-term basis. • The company has the ability to consummate the refinancing, by using the financing agreement referred to in Note [X] to the financial statements.
Tax-exempt bonds have been issued.	Tax-exempt bonds issued have retained their tax-exempt status.

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<p><u>Taxes</u> Management intends to reinvest undistributed earnings of a foreign subsidiary.</p>	<p>We intend to reinvest the undistributed earnings of [name of foreign subsidiary].</p>
<p>Contingencies Estimates and disclosures have been made of environmental remediation liabilities and related loss contingencies.</p>	<p>Provision has been made for any material loss that is probable from environmental remediation liabilities associated with [name of site]. We believe that such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately described in the company's financial statements.</p>
<p>Agreements may exist to repurchase assets previously sold.</p>	<p>Agreements to repurchase assets previously sold have been properly disclosed.</p>
<p><u>Pension and Post-retirement Benefits</u> An actuary has been used to measure pension liabilities and costs.</p>	<p>We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.</p>
<p>There is involvement with a multiemployer plan.</p>	<p>We are unable to determine the possibility of a withdrawal liability in a multiemployer benefit plan. Or We have determined that there is the possibility of a withdrawal liability in a multiemployer plan in the amount of Rs. [XX].</p>
<p>Post-retirement benefits have been</p>	<p>We do not intend to compensate for the elimination of post-retirement benefits by</p>

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<p>eliminated.</p>	<p>granting an increase in pension benefits. Or We plan to compensate for the elimination of post-retirement benefits by granting an increase in pension benefits in the amount of Rs. [XX].</p>
<p>Employee layoffs that would otherwise lead to a curtailment of a benefit plan are intended to be temporary.</p>	<p>Current employee layoffs are intended to be temporary.</p>
<p>Management intends to either continue to make or not make frequent amendments to its pension or other post-retirement benefit plans, which may affect the amortization period of prior service cost, or has expressed a substantive commitment to increase benefit obligations.</p>	<p>We plan to continue to make frequent amendments to its pension or other post-retirement benefit plans, which may affect the amortization period of prior service cost. Or We do not plan to make frequent amendments to its pension or other post-retirement benefit plans.</p>
<p>Equity</p>	
<p>Condition</p>	<p>Illustrative Example</p>
<p>There are capital stock repurchase options or agreements or capital stock reserved for options,</p>	<p>Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions, or other requirements have been properly disclosed.</p>

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warrants, conversions, or other requirements.	
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Income Statement	
Condition	Illustrative Examples
There may be a loss from sales commitments.	Provisions have been made for losses to be sustained in the fulfillment of or from inability to fulfill any sales commitments.
There may be losses from purchase commitments.	Provisions have been made for losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
Nature of the product or industry indicates the possibility of undisclosed sales terms.	We have fully disclosed to you all sales terms, including all rights of return or price adjustments and all warranty provisions.

Appendix IV

Illustrative SA 580 Compliance Checklist

S. No.	Particulars	(client management) discussed with	supporting document reference	(auditor) reviewed by	date
1.	<p>Did the letter address all representations required by SA 580 and did it include all financial statement periods covered by the auditor's report?</p> <p>Whether all aspects relating to financial statements, CARO, ICOFR, CAG directions, Schedule III additional matters, audit trails etc. have been covered?</p>				
2.	<p>Was the standard letter appropriately modified to address unique individual client or engagement circumstances (a review of the financial statements should be made to ensure that all significant items were appropriately addressed)?</p>				

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3.	Did the signed management representation letter include the Summary of Uncorrected Misstatements (including disclosure items where appropriate)?				
4.	Was the date of the written representations as near as practicable to but not after the date of auditor's report?				
5.	<p>Where the engagement team received the management representation letter as of the date of the auditor's report but there was a substantial delay in actually issuing the report, did the engagement team request an updated letter?</p> <p>It is not necessary to request a client to duplicate the content of the original letter; however, the engagement team should have at a minimum, requested the entity to make its representations current by referring to the previous letter and informing them of any material subsequent developments.</p>				

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6.	Where possible, was the updated letter(s) signed by the persons who signed the original representation letter?				
7.	Are all representations as applicable given under different Standards on Auditing covered?				
8.	Were representations adequately corroborated through performance of other appropriate audit procedures, where practicable?				
9.	If not, did the engagement team investigate the circumstances and, where necessary, reconsider the reliability of other representations made by management?				
10.	Whether any qualifying language is used in case of reconfirmation of management's responsibilities?				