

**Ethical Standards Board**  
**The Institute of Chartered Accountants of India**  
**6<sup>th</sup> October, 2023**

**ANNOUNCEMENT**

**Sub.: Reporting requirements pertaining to Fees related disclosure to Institute under the revised requirements in Code of Ethics**

As the members are aware, the provisions pertaining to "Fees - Relative Size" contained in Volume-I of Code of Ethics [Paragraphs 410.3 to R410.6] have *inter alia* been made applicable from 1.10.2022 with certain amendments. The Announcement dt. 29.9.2022 to this effect may be accessed at <https://resource.cdn.icai.org/71662esb57665.pdf> and the revised provisions, including pertaining to the "Fees - Relative Size" may be accessed at <https://resource.cdn.icai.org/71660esb57664.pdf>.

Under the revised provisions of "Fees-Relative size", disclosure is required to be made to the Institute in case where the gross annual professional fees from an Audit client exceeds the prescribed threshold percentage for two consecutive years.

In accordance with the provisions of revised paragraphs R410.3a and R410.4 of Volume-I of Code of Ethics, where the Fees related disclosure is to be made to the Institute, the CA firm shall make the disclosure in the prescribed form duly filled and signed. The form will be sent to Ethical Standards Board via email by CA Firm. The Form prescribed for making the above disclosure is appearing below.

Ethical Standards Board

## **FORMAT OF REPORTING TO THE INSTITUTE**

### **\*Form for Disclosure to the Institute by CA Firms.**

(As per paragraph R410.3a and R410.4 of Volume-I of Code of Ethics  
to be duly filled signed form to be sent at esb@icai.in)

#### **Declarant Firm Name & FRN :**

<b>S. No.</b>	<b>Particulars</b>	<b>Remark/Statement</b>
1.	Name & Address of the Audit Client	
2.	Whether the Client mentioned above is Public Interest Entity?	Yes / No
3.	Financial year for which the reappointment has been made	
4.	Date of reappointment letter for the current year	
5.	Percentage of dependence for the year preceding the financial year for which audit reappointment has been made. (Gross annual professional fees from the client & related entities/ Total fees of firm for financial year)	
6.	Number of consecutive years for which the dependence percentage exceeds the prescribed threshold percentage	
7.	The percentage of dependence on audit client determined from total fees of audit client ( <i>mentioned at s.no 1</i> ) for audit of each year's financial statement.	Year                  Percentage
8.	Specific safeguards if any adopted by the firm (i) Peer Reviewer Certificate (ii) AQMM (iii) Any other	

#### **Declaration of Safeguards and Independence**

I/we are fully aware of the provisions of fee-relative size from paragraph 410.3 A1 to R410.6 contained in Volume-I of Code of Ethics and understand that when the total fees generated from an audit client by the firm expressing the audit opinion represent a large proportion of the total fees of that firm, the dependence on that client and concern about losing the client create a self-interest or intimidation threat.

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- If the firm's total fees do not exceed twenty lakh rupees, the provisions of fees-relative size will not be applicable.
  - It may be noted that in the case of audit of government Companies, public undertakings, nationalised banks, public financial institutions or where appointments of auditors are made by the Government or Regulators, the disclosure requirement to the Institute of fees dependency would not be applicable.

I/we understand that the safeguards to address such a self-interest or intimidation threat are

- (i) Increasing the client base in the firm to reduce dependence on the audit client.
- (ii) Having an appropriate reviewer who did not take part in the audit engagement review the work to ensure quality of the work.

I/we have taken due professional care to maintain independence in the Audit engagement of the Client M/s. ----- (mentioned in sr, no. 1 in table above) and will continue to do so.

Signature

(Name of the Signing Partner)

(Designation)

(Name of the firm)

Place:

Date: