



The Institute  
of Chartered  
Accountants of  
India  
(Set up by an act of  
Parliament)

# The Chartered Accountant STUDENT

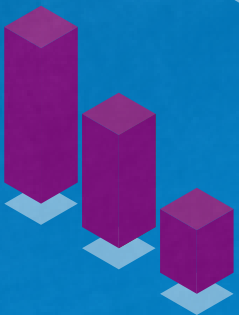
Your monthly guide to CA news, information and events



**Final  
Financial Reporting**

**Intermediate  
Auditing and Assurance**

**Foundation  
Business Mathematics,  
Logical Reasoning & Statistics**



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**SWACHH BHARAT - A STEP TOWARDS CLEANLINESS**



Dear Students,

At the outset, I feel delighted to inform you that the Students Journal has reached the milestone of 25 years of its publication. The Journal in your hand is the first issue in its twenty-sixth year. The journey of Excellence and Relevant content that has continued unabated over the past 25 years has facilitated in equipping our students with multifarious skills as well as in augmenting their exam preparations. It also keeps you posted about the contemporary advancements in the accountancy world thereby making it an inseparable part of your academic life.

### Effective Use of Time Post Examinations

By the time this edition of the Journal reaches you, May 2022, CA Examinations for Intermediate and Final levels would have concluded. After a brief interlude, you should gear up for your future academic and professional endeavours and redefine your strategies. While awaiting results,

- Use your time pragmatically
- Develop new technical skills
- Bolster your proficiency in your weak areas as for attaining success. You must transform your weaknesses into your strength

*"The remedy for weakness is not brooding over weakness, but thinking of strength."* -Swami Vivekananda.

I convey my best wishes for your Examination results. I wish luck to the students gearing up for the forthcoming Foundation Examination. I sincerely hope that your undaunted efforts will unlock the doors of success.

### Moving towards New scheme of Education and Training

As I already stated in earlier issues of the Journal, proposed revised Scheme of Education and Training has been submitted to Ministry of Corporate Affairs (MCA) for approval. We are in regular dialogue with the MCA and on receipt of in-principle approval from the Ministry, the proposed scheme would be released for public comments along with detailed questionnaire seeking views of all the stakeholders on different aspects of the scheme. Do give us your inputs, so that they can be duly considered while finalising the scheme.

We propose to hold extensive webinars and outreach meetings at regional offices and branches and you are encouraged to participate. After following the due consultative process, the proposed scheme of Education and Training finalised would reflect the considered views of a wide range of stakeholders, including academicians, corporate heads, members in practice, members in industry and of course, our dear students. This will ensure that the resultant structure is dynamic, contemporary and commensurate with the requirements of the present times.

### Four Weeks Residential Programme on Professional Skills Development

On account of rapid globalisation, revolution in information technology and emerging challenges in the business development, the persona of the Chartered Accountancy students need to be constantly bolstered equipping them with a versatile personality with global skillset so that they can meet present expectations.

Resultantly, the Four Weeks Residential Programme was conceptualised to provide a unique opportunity to the students to sharpen their communication, decision-making, teamwork, and creative problem solving & leadership skills. In the words of Jim Rohn - *"Personal development – the never ending chance to improve not only yourself, but also to attract opportunities and affect others."*

With relaxations in the Covid-19 restrictions, Students Skills Enrichment Board (Board of Studies-Operations) has resumed the aforesaid programme in physical mode and commenced two new batches of the same from 9<sup>th</sup> May, 2022 at Centres of Excellence, Hyderabad and Jaipur. The programme has received an encouraging response from the students. We propose to organise more such programmes in the coming months.

### CA Students National Talent Search, 2022 - Elocution Contest

As a step towards facilitating your holistic development and enrichment, the Grand Finale of CA Students National Talent Search, 2022 on the Theme 'Achievements @ 75' under the banner 'Azadi ka Amrit Mahotsav' will be organised on 8<sup>th</sup> of June at New Delhi. The Branch Level Talent Search – Elocution Contests were conducted in around 85 branches in the month of April this year. The winners of the same participated in the Regional Level Talent Search-Elocution Contests organised in the succeeding month. In the Grand Finale, the twenty winners of the Regional Level contests will compete for the trophy. Such programmes help in shaping your persona and developing oratory skills.

### Second Round of Campus Placement Programme

In the last two issues of the Students Journal, I mentioned about the significant job offers made at the campus placement programmes of ICAI held in the months of March and April. You will be pleased to know that our newly qualified CAs were provided with another opportunity in 'Second Round Campus Placement Programme' held in the month of May. This programme was specifically designed to provide placement opportunities to newly qualified CAs by way of the interviews conducted through virtual mode and received a great response.

Before I conclude, I also urge all of you to work towards building a sustainable environment, contributing and implementing sustainable habits to encourage awareness and action for the protection of our natural environment.

Wishing you all the best!

Yours sincerely,

*Debashis Mitra*

CA. (Dr.) DEBASHIS MITRA  
PRESIDENT, ICAI



### My Dear Students,

It is worth recognising that *"Adversity and testing circumstances reveal the character of an Individual"*. The essence of the above, lies in the manner that we face the challenges that we encounter and overcome them.

Examination is an essential mechanism that helps to assess our preparation and drives us towards specific career opportunities. However, I believe that examinations might test your memory and understanding but cannot ascertain anybody's intellect.

I wish to comfort all the students who have just faced the May 2022 examination. After studying hard for months with endless sleepless nights, this is your time to relax mentally as well as physically. So go ahead and please take a much-deserved break.

*"Time values those who value time"*. This old proverb holds immense significance for students. Those who have been able to decode this mantra have reaped the fruits of success both professionally and personally.

I consider this as a perfect occasion to share with all of you, a few **Power Tips** to judiciously utilise this time available with you post exams.

### Investing Time Wisely

You should understand that time is invaluable. I advise you to chalk out a plan for yourself for the coming months to ensure that there is no time lag in your learning and growth. You may visit **ICAI Digital Learning Hub** and go through the courses hosted there such as Blockchain Technology and Accountancy, Information Systems Audit, Embracing Robotic Process Automation, etc. I would like to mention that more than 200 courses have been offered by the Institute with different time durations. You may explore these courses on **ICAI Digital Learning Hub** and utilise your time effectively.

### Adequate emphasis to Reading and Consistent Learning

It is high time that we inculcate a habit of Regular Reading that would not only enhance our knowledge but also keep us updated on what's happening around us. You may either enrol or subscribe to a current affairs specialist magazine or any online portal that provides you updated analytical analysis of latest happenings that are of significance. Also, may consider devoting some time, may be an hour, daily to read the relevant news. The same shall help you at the time of facing interviews. Making some short and crisp note would do the trick for you.

### Doubt Solving

This is the best time when we can introspect and extract our doubts and can approach either our peers or teachers who can

clarify them. The same would go a long way in strengthening our knowledge of core fundamental concepts and provide us ample vision to approach the concepts analytically.

I would like to put my appreciation on record for the students who have responded enthusiastically to the 'ICAI BOS' mobile app. Over 2,25,000 plus users have downloaded the app and enhanced their learning skills. It is a one-stop destination to get all the learning materials offered by Board of Studies (Academic) to our students. You can access this app any time anywhere. Students can also clarify their doubts from the 'Ask Your Query' feature. The BOS faculty resolve their doubts and queries within 72 hours.

More than 6,000 plus queries have been resolved so far. The Board of studies (Academic) of ICAI is also working on enhancing the app by introducing the access to members with limited features.

### Participate in Student Conferences and Conventions

To meet the challenges of a highly competitive professional world, you need to hone your oratory skills. CA Students' Conferences are the real platform where you can show-case your hidden talents and witness the amazing performance of your fellow students. These conferences provide an excellent opportunity for networking as well. I wish a greater number of you would come forward to participate in the upcoming conferences, which would ultimately help in your professional development by enhancing your presentation and communication skills. The extra – curricular activities will empower you to boost your confidence level and will offer the best platform to demonstrate your skills before your peers.

### Mock Test Papers and Counselling Sessions

Board of studies (Academic) has conducted Mock Test Paper series I for all levels & II for Intermediate and Final levels. 89 branches have conducted the Mock test Series I & II at their place and students have reaped the benefits. BOS (Academic) has conducted the Special Counselling Sessions to resolve students' queries and provide specific guidance with respect to each paper in the Intermediate & Final for May 2022 examination. I extend my best wishes to the students appearing for the Foundation examinations in June. Mock Test Papers Series – II for June 2022 CA Foundation Examination is commencing from May 30, 2022. I advise all of you to attend the Mock Tests being conducted by the respective regional/branch offices.

Students, during the next few months, please remember that nothing that happens in the present can determine what happens in future. Life offers us choices, twists and turns in our path and a lot of that journey may not be what we had imagined. Sometimes, the things work out exactly the way we had wanted them to be and the other times they may be totally different. We need to assimilate the uncertainty and proceed ahead with undaunted spirit. Everyday offers us new opportunities to begin again with renewed vigour and determination.

*"Don't take rest after your first victory because if you fail in second, more lips are waiting to say that your first victory was just luck"*—Rightly said by world renowned Space Scientist and Former President of India, Dr. A.P.J. Abdul Kalam Azad. So, dear students, rejuvenate yourself and replenish your talent to be back into action fiercely “.

Yours sincerely

**CA. ANIKET SUNIL TALATI**  
VICE PRESIDENT, ICAI



## My Dear Students,

Warm Greetings!!

At the outset, I along with my Vice-Chairman, CA Vishal Doshi, feel immense pride in proclaiming that with this edition, we embark our successful journey of completion of 25 years of Students' Journal publication. Since June 1997, the Journal publication has been playing an instrumental role in enriching its students with insights about incessant endeavors of BoS(A) and its various resources for imparting the best education to its students.

### Progress under CRET for Revised scheme of Education and Training

The in-principal approval from Ministry of Corporate Affairs (MCA) on our Revised scheme of Education and Training is awaited. On receipt of the said approval, we shall initiate the process of webhosting the proposed scheme on the public domain for seeking suggestions of the stakeholders including you as well. I would encourage you to provide your significant inputs and recommendations through the Form hosted on the Institute's website. Furthermore, BoS(A) is also strategising to conduct outreach meetings, seeking pertinent inputs from the members in practice and industry, members in public services, academicians, students, and their parents. I advise you earnestly to provide your feedback with due diligence and futuristic attitude so that the scheme emerges as most appropriate for the profession as a whole - both nationally and globally in contemporary and relevant domain areas.

### Hindi Booklet on MCQs and Case Scenarios

With great pleasure, I would like to inform to the Hindi medium students at Intermediate level that the BoS(A) has web-hosted the Booklets on MCQs and Case Scenarios for the Paper 2: Corporate and Other Laws, Paper 4: Taxation, Paper 6: Auditing and Assurance and Paper 7: Enterprise Information Systems and Strategic Management on the Institute's website.

### Under Literacy Drive, uploading of learning resources available at ICAI DLH at SWAYAM platform of Ministry of Education

As you are all aware that ICAI Digital Learning Hub is an integrated Learning Management System (LMS) that provides rich and valuable contents in a holistic manner to help its stakeholders – students and members, to keep up their continuous professional development and updates on contemporary

practices and innovations. Likewise, **Study Webs of Active Learning for Young Aspiring Minds (SWAYAM)**, a programme initiated by Government of India in July 2017 provides free of cost video lecture, specially prepared reading material that can be downloaded/printed, self-assessment tests through tests and quizzes and an online discussion forum for clearing the doubts. As a suo motu exercise in nation building in accountancy and commerce education, the Council has accorded its approval to approach the Ministry of Education to suggest them to upload the courses available on ICAI Digital Learning Hub at the SWAYAM portal to make the courses more popular for public at large and enhance their employability.

### Capsule Insights

The highlight of this edition is comprehensive **Capsules based on Paper 1: Financial Reporting for CA Final, Paper 6: Auditing and Assurance for CA Intermediate and Paper 3: Business Mathematics, Logical Reasoning and Statistics for CA Foundation**. It comprises major concepts which are concisely crafted and presented using illustrations, diagrams, and flowcharts; thereby making it a perfect single reference point for revision.

Before I conclude, I would emphasize that the Students' Journal has evolved for betterment throughout these 25 years. With the belief in the famous quote by Brian Tracy - "*Practice the philosophy of continuous improvement, get a little bit better every single day*"; I would like to invite your innovative ideas and suggestions to further make the Students' Journal more relevant and worthwhile for you.

All the best for your future endeavors!!

**CA. DAYANIWAS SHARMA**  
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)



**Dear Students,**

Since the May 2022 Exams are over and was successfully conducted by the Institute, I hope all students who appeared in the exams have attempted with the best of their academic knowledge, capability and intellectuality. It is necessary to take a well deserving break from studies to recharge yourself before next academic and professional pursuits are taken up. Utilise this break to rejuvenate yourself in other dimension of personality by pursuing your hobby in creativity, sports, participation in Conferences, Seminars, other activities organised for the benefits of students by the Institute. Utilise your time to complete training programmes (ICITSS and AICITSS) and supplement your knowledge to head start your career for academic and professional longevity.

It is heartening to inform that by conducting a variety of courses and events, the Board is developing an integrated ecosystem by imparting training to students to enhance their skill sets through experiential learning and at the same time providing excellent networking opportunities to meet their peers. This would indeed go a long way in preparing a prudent workforce by guiding young CA aspirants to face the challenges ahead.

## Four Weeks Residential Program

I am pleased to inform the student's fraternity that the flagship Four Weeks Residential Programme on Professional Skills Development has commenced from 9<sup>th</sup> May, 2022 at Centres of Excellence situated at Hyderabad and Jaipur with residential campuses having state of art facilities. Besides excellent academic and skill development training, there are facilities for yoga training, indoor and outdoor games and opportunities for students to participate in cultural activities. Students will also be taken for a one-day city tour to help them know the culture and history of these cities. This programme therefore provides a conducive environment to help the Chartered Accountancy students in imbibing the skills required for evolving businesses.

All CA Students who have completed one year of articleship, but before appearing for the Final Examination are invited to join the course. Next batch have already been announced and would be commencing from 6<sup>th</sup> June, 2022 at both places i.e Hyderabad and Jaipur. It is my humble request to all of you to enrol for this course where not only you will be groomed but will get opportunity to exchange your knowledge, viewpoint with students of other region/cities.

## Practical Training Module

I am pleased to inform you that the Board has taken up an important initiative to standardize the practical aspect of training for students undergoing articleship .In this direction, a Live

Webinar series is being conducted on every weekends to enhance the knowledge of article students through module-based training in important areas such as Direct Tax, Indirect Tax, e-filing etc. All the students are requested to kindly get benefited from the same to gain practical insights about the important concepts.

## CA Students National Talent Hunt

I am happy to inform all the students that the Board had successfully conducted the CA Students' National Talent Search, 2022 - Elocution Contest at Branch level and Regional Level. Twenty Winners of Regional Level will participate at CA Students' National Level – Elocution Contest to be held on 8<sup>th</sup> June, 2022 commemorating the celebrations of 'Azadi Ka Amrit Mahotsav' at New Delhi.

It is my humble appeal to participate enthusiastically in the event and enthral the audience with your knowledge, charisma, eloquence and rhetoric skills. You will also get an excellent platform to interact with highly talented peers from other regions.

## CA Students Conferences

I am pleased to inform that National conference will be organised at Aurangabad on 25<sup>th</sup> & 26<sup>th</sup> June while Mega CA Students Conference at Guwahati on 18<sup>th</sup> & 19<sup>th</sup> June. You are requested to kindly consider participation in these conferences which will cover topics of professional relevance.

Please don't wait for the perfect moment, take the moment and make it perfect!

All the events as mentioned above, will prepare you to make the best out of the opportunity. At ICAI, we believe in the making of dynamic individuals in the society.

We create not the future instead we craft you for the future. There are strong challenges to great efforts but, always remember, great effort bears the sweet fruit of success.

May the beacon of truth and knowledge show us the right path.

Regards

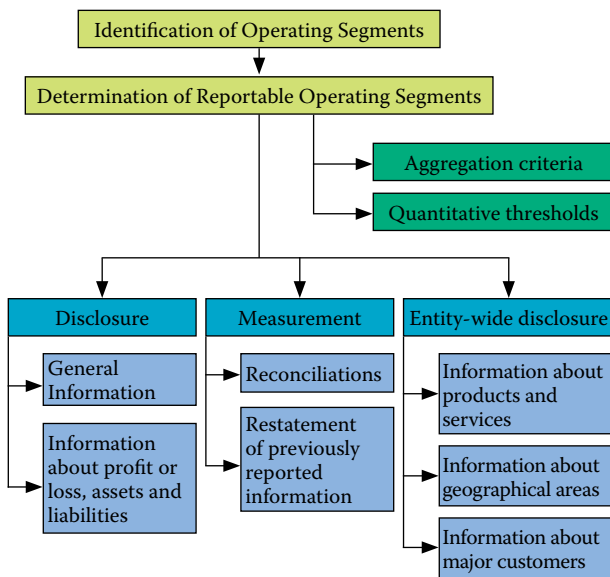
**CA SUSHIL KUMAR GOYAL**  
CHAIRMAN, STUDENTS SKILLS ENRICHMENT BOARD  
(BOARD OF STUDIES-OPERATIONS)

CA FINAL - PAPER 1 - FINANCIAL REPORTING

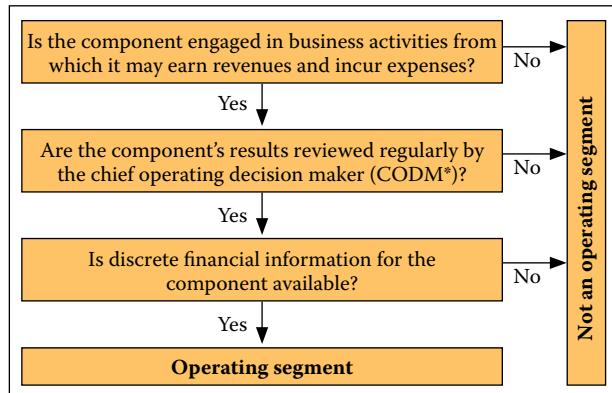
This capsule in Final Paper 1: Financial Reporting is eighth in the series. Many of the Ind AS have already been covered in the capsules on Financial Reporting published in July, 2018; May, 2019; August, 2019; October, 2019; November, 2020; July/August, 2021 and October, 2021 issues of this Journal. For a comprehensive revision of the Ind AS, students should also refer to these capsules along with the amendments notified after their release, if any. In this capsule, we have covered significant provisions of Ind AS 108 and Ind AS 21 through pictorial/tabular presentations for better understanding and quick revision. Students are advised to refer the study material or bare text of these two standards for comprehensive study and revision. Under no circumstances, this capsule substitutes the detailed study of the material provided by the Board of Studies. Further, students are advised to enhance their ability to address the issues and solve the problems based on Ind AS by working out the examples, illustrations and questions given in the study material, revision test papers and mock test papers.

IND AS 108: OPERATING SEGMENTS

Overview



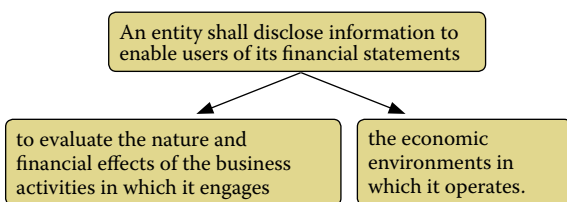
Identification of Operating Segment (a component of an entity)



\* The term 'Chief Operating Decision Maker' (CODM) identifies a function, **not necessarily a manager with a specific title**. The chief operating decision maker of an entity may be

- chief executive officer, or
- chief operating officer, or
- a group of executive directors or others.

Core Principle



Important points:

1. If an entity that is not required to apply Ind AS 108 chooses to disclose information about segments that does not comply with Ind AS 108, it should not describe the information as segment information.
2. **If a financial report contains both** the consolidated financial statements of a parent that is within the scope of Ind AS 108 as well as the parent's separate financial statements, **segment information is required only in the consolidated financial statements.**

Important Points regarding identification of operating segment

1. An operating segment may engage in business activities for which it has yet to earn revenues.
2. An entity's post-employment benefit plans are not operating segments.
3. If CODM uses more than one set of segment information, other factors may identify a single set of components as constituting an entity's operating segments, like
  - a. the nature of the business activities of each component,
  - b. the existence of managers responsible for them, and
  - c. information presented to the board of directors.
4. If the characteristics for identifying the operating segment apply to more than one set of components of an organisation but there is only one set for which segment managers\* are held responsible, that set of components constitutes the operating segments.

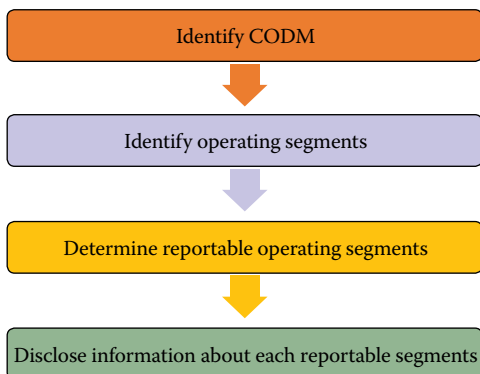
\* The term '**segment manager**' identifies a function, **not necessarily a manager with a specific title**. He is directly accountable to and maintains regular contact with the chief operating decision maker. A CODM may also be a segment manager for some operating segments.

## Reportable segments

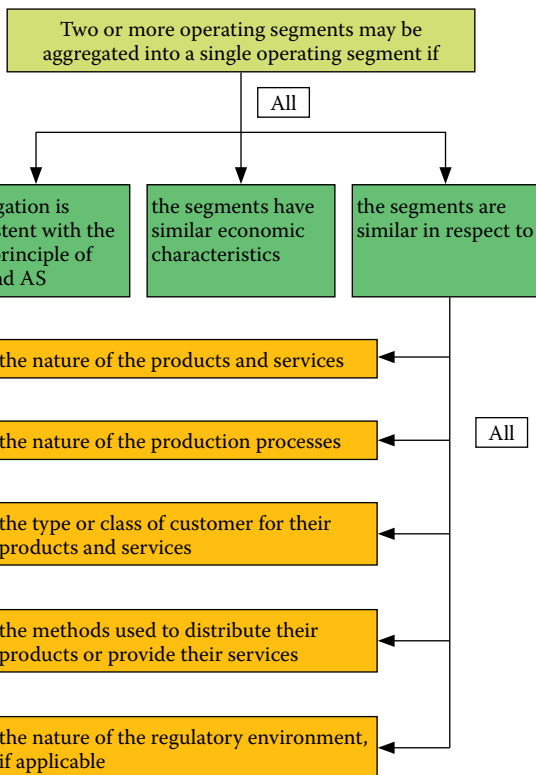
An entity should report separately information about each operating segment that:

- (a) has been identified as operating segment or results from aggregating two or more of those segments (as per aggregation criteria); **AND**
- (b) exceeds the quantitative thresholds.

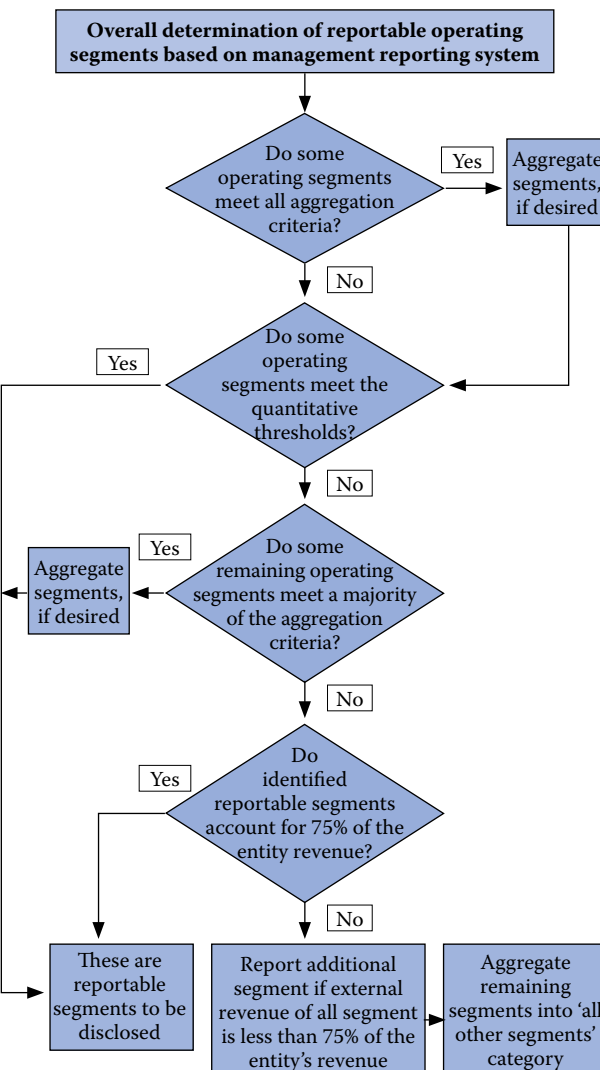
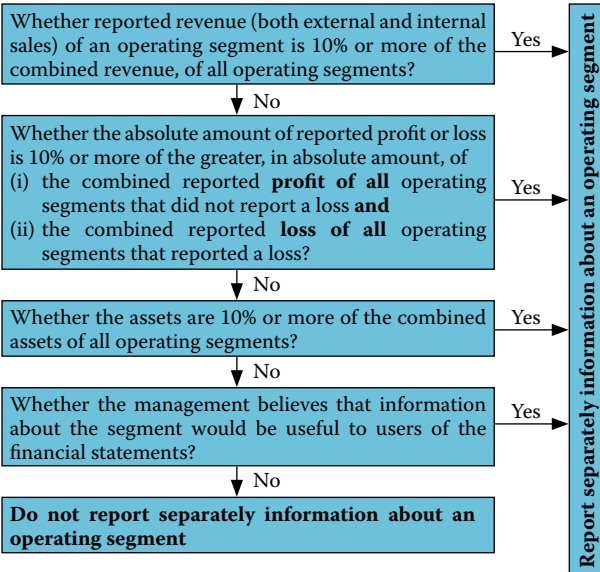
Standard specifies other situations in which separate information about an operating segment should be reported.



## Aggregation Criteria



## Quantitative Thresholds Criteria





## Important points:

1. The information about two or more operating segments that do not meet the quantitative thresholds may be combined to produce a reportable segment only if the operating segments have similar economic characteristics and share a majority of the aggregation criteria.
2. Based on the management judgement, information about immediate preceding period reportable operating segment shall continue to be reported separately in the current period even if it no longer meets the criteria for reportability.
3. If a new operating segment is identified as a reportable segment in the current period in accordance with the quantitative thresholds, segment data for a prior period presented for comparative purposes shall be restated, if practicable.

## Disclosure

An entity shall disclose the following for **each period** for which a statement of profit and loss is presented

**General information:**

- (a) factors used to identify the entity's reportable segments, including the basis of organisation
- (b) the judgements made by management in applying the aggregation criteria ie
  - (i) a brief description of the operating segments that have been aggregated and
  - (ii) the economic indicators that have been assessed;
- (c) types of products and services from which each reportable segment derives its revenues.

**Information about reported segment profit or loss, including**

- specified revenues and expenses included in reported segment profit or loss,
- segment assets,
- segment liabilities; and
- the basis of measurement.

**Reconciliation of the totals of segment revenues, reported segment profit or loss, segment assets, segment liabilities and other material segment items to corresponding entity amounts**

## Note:

1. An entity shall report a measure of profit or loss for each reportable segment.
2. An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

## Measurement

1. The amount of each segment item reported should be the measure reported to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.
2. Adjustments and eliminations made in preparing an entity's financial statements are included in the measure of reporting of segment items only if that is used by the chief operating decision maker.
3. If CODM uses only one measure, then that measure shall be used for reporting operating segment. However, if CODM uses more than one measure, then the reported measures should be those that are most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

## Reconciliations

An entity shall provide **reconciliations of all** of the following:

- (a) the total of the reportable segments' revenues to the entity's revenue.
- (b) the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations.
- (c) the total of the reportable segments' assets to the entity's assets if the segment assets are reported.
- (d) the total of the reportable segments' liabilities to the entity's liabilities if segment liabilities are reported.
- (e) the total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity.

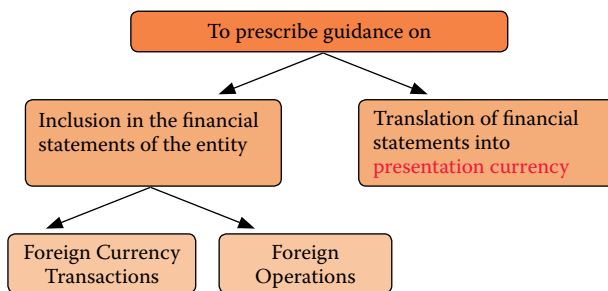
All material reconciling items shall be separately identified and described.

## Other information to be disclosed

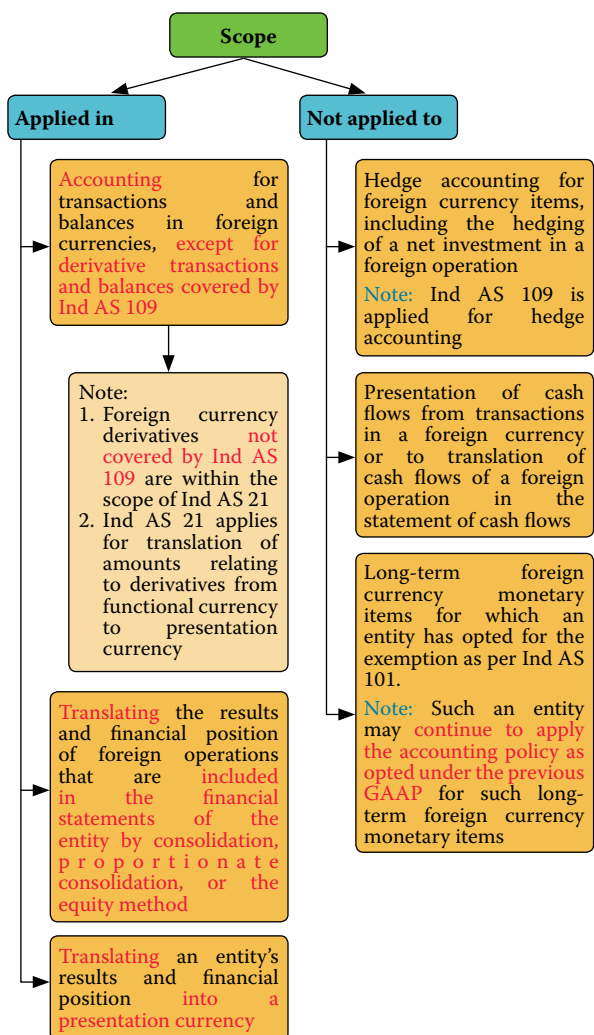
1. An entity should report the following geographical information, if possible:
  - (a) revenues from external customers
    - (i) attributed to the entity's country of domicile and
    - (ii) attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, those revenues should be disclosed separately alongwith the basis.
  - (b) non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts
    - (i) located in the entity's country of domicile and
    - (ii) located in all foreign countries in total in which the entity holds assets. If assets in an individual foreign country are material, those assets should be disclosed separately.
2. If revenues from transactions with a single external customer amount to 10% or more of an entity's revenues, the entity should disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues.

## INDIAN ACCOUNTING STANDARD 21: THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

### Objective



### Scope



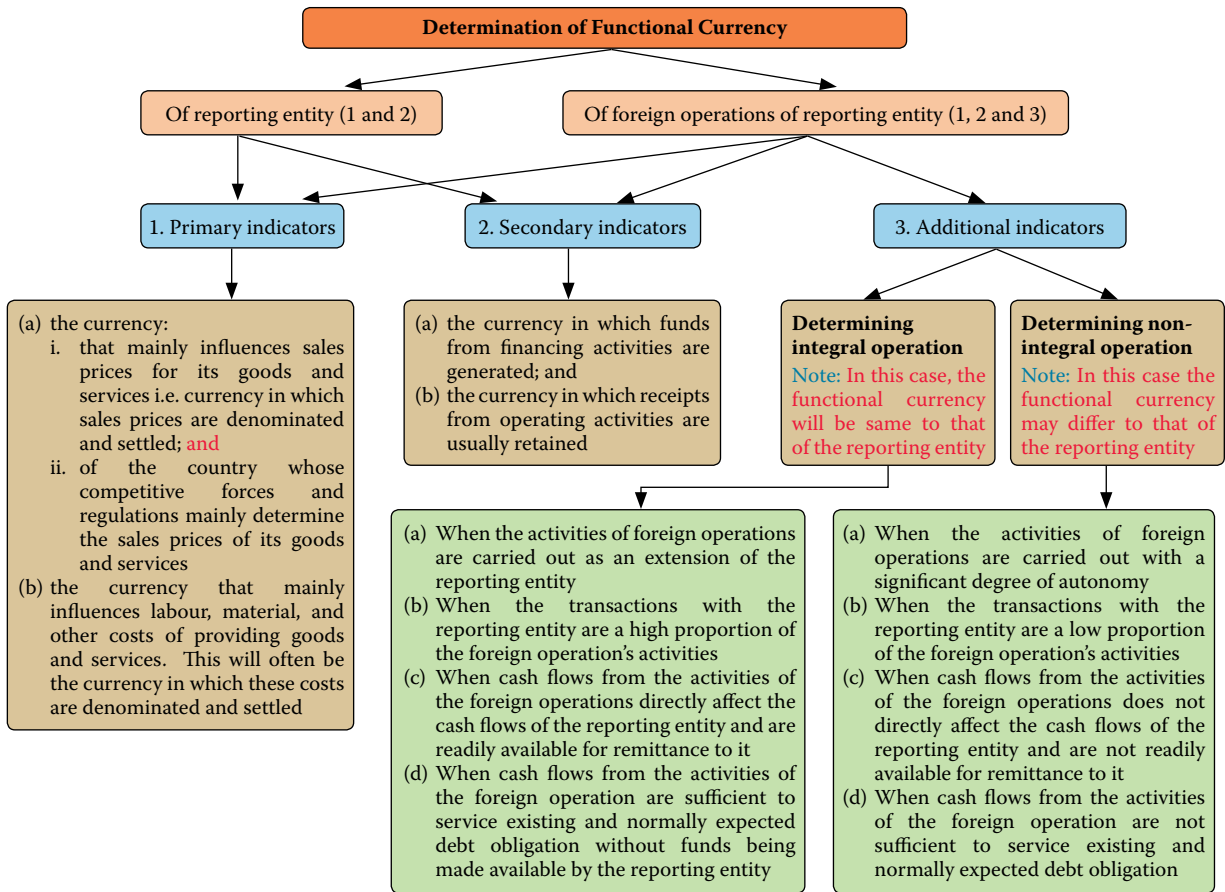
### Key Definitions

1.	<b>Functional currency</b>	It is the currency of the <b>primary economic environment</b> in which the entity operates <i>Note:</i> The primary economic environment will normally be the one in which it primarily generates and expends cash i.e. it operates
2.	<b>Foreign operation</b>	It is a <b>subsidiary, associate, joint venture or branch of a reporting entity</b> , the activities of which are based or conducted in a country or currency other than those of the reporting entity
3.	<b>Presentation currency</b>	<ul style="list-style-type: none"> <li>It is the <b>currency in which the financial statements are presented.</b></li> <li>The presentation currency may be different from the entity's functional currency</li> </ul>
4.	<b>Spot exchange rate</b>	It is the <b>exchange rate for immediate delivery</b>
5.	<b>Closing rate</b>	It is the <b>spot exchange rate at the end of the reporting period</b>
6.	<b>Exchange difference</b>	It is the <b>difference</b> resulting from translating a given number of units of one currency into another currency at different exchange rates
7.	<b>Monetary items</b>	Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency
8.	<b>Net Investment in Foreign Operation</b>	It is the amount of the reporting entity's interest in the net assets of that operation

### Functional Currency

- The functional currency is normally the currency of the country in which the entity is located. It might, however, be a different currency
- An entity measures its assets, liabilities, equity, income and expenses in its functional currency
- All transactions in currencies other than the functional currency are foreign currency transactions
- For determination of functional currency of an entity, emphasis should be on the currency that determines the pricing of the undertaken transactions, rather than focusing on the currency in which those transactions are denominated
- Once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions

**Determination of Functional Currency**

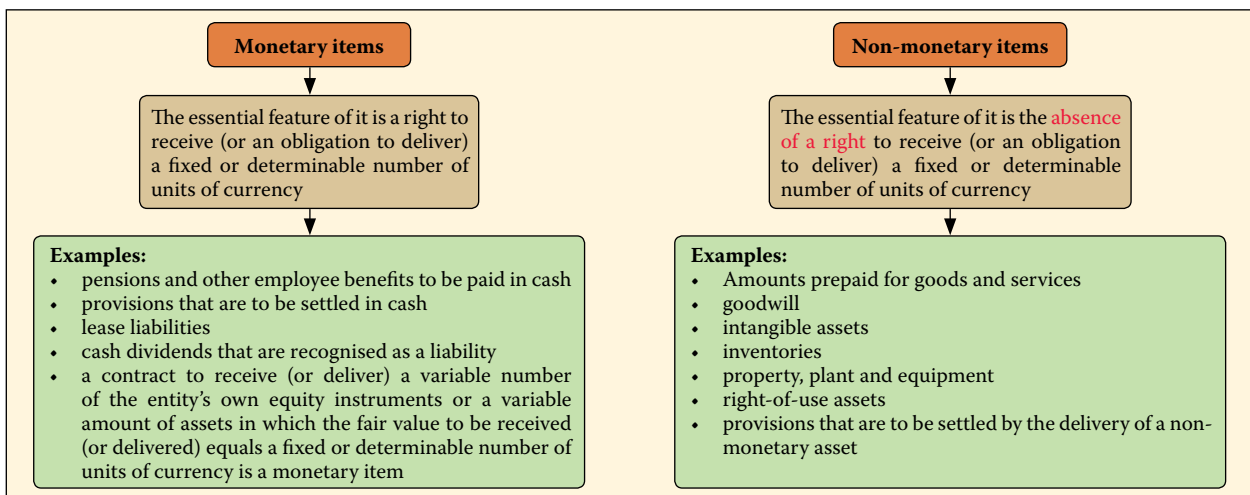


**Note:**

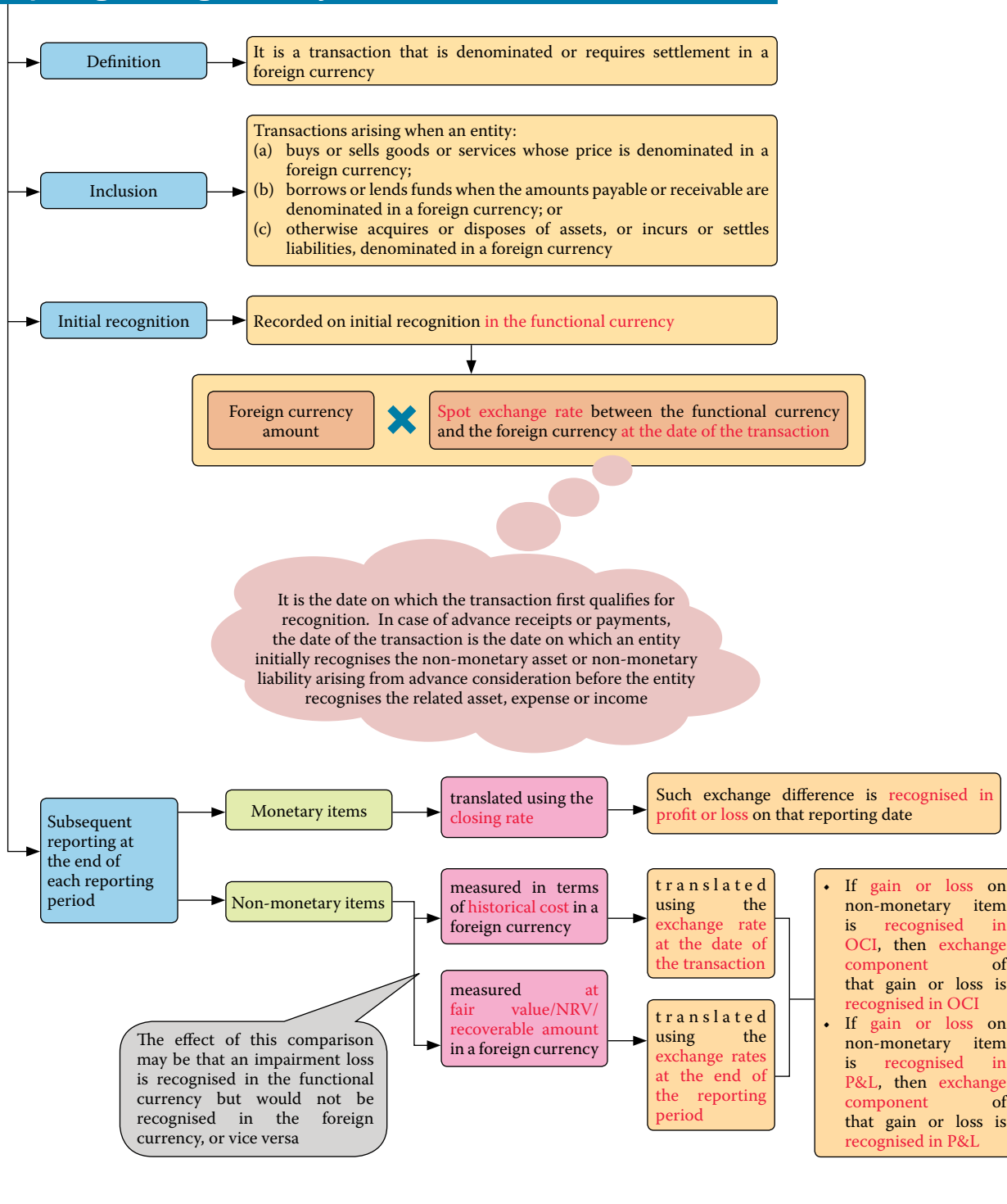
When the above indicators are mixed and the functional currency is not obvious, the management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Accordingly, management has to give priority to the primary indicators before considering the other indicators, which provide additional supporting evidence to determine an entity's functional currency.

**Monetary & Non-monetary items**



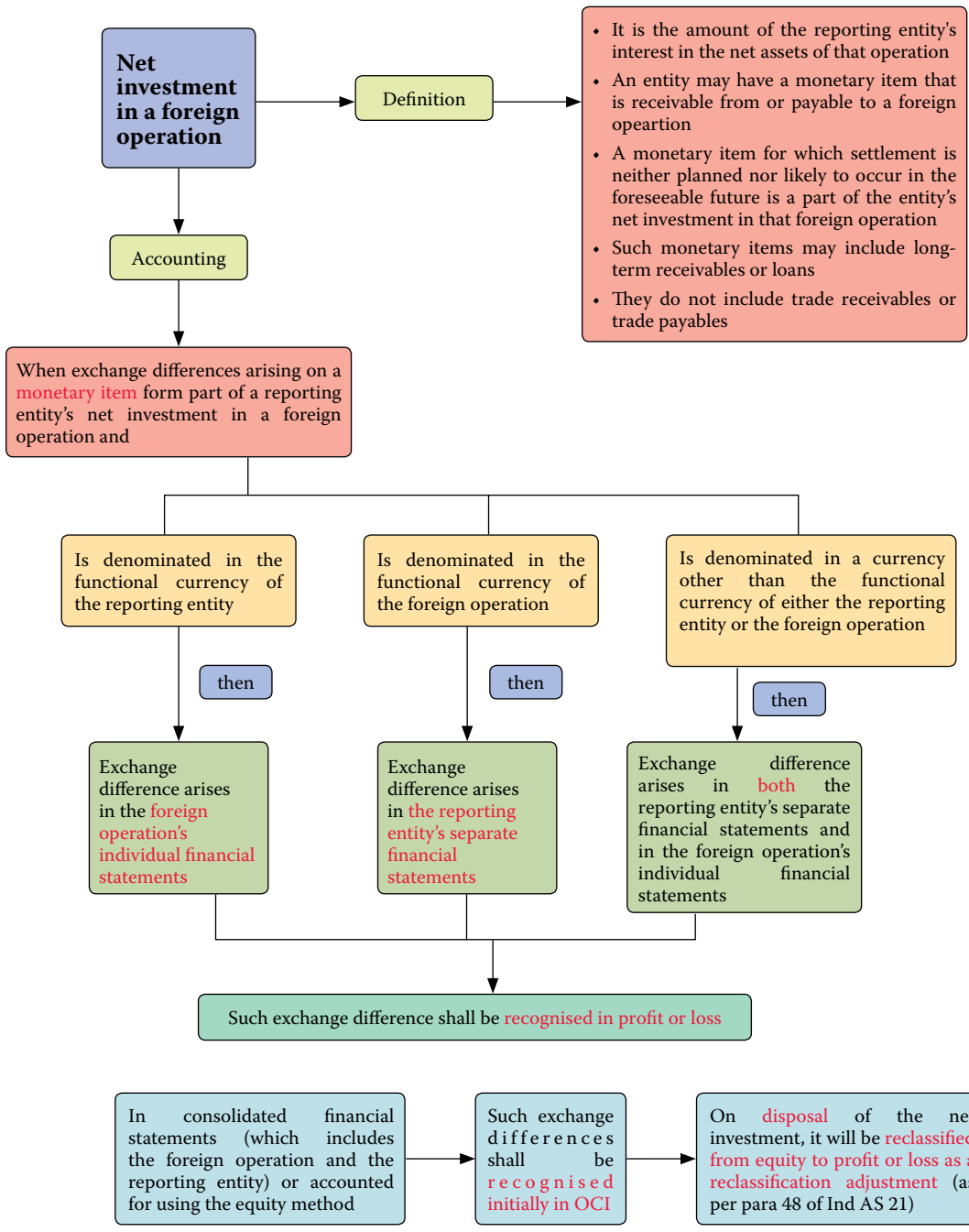
## Reporting of Foreign Currency Transactions



**Note:**

- For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used, for example, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.
- If exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate.

Net investment in a foreign operation

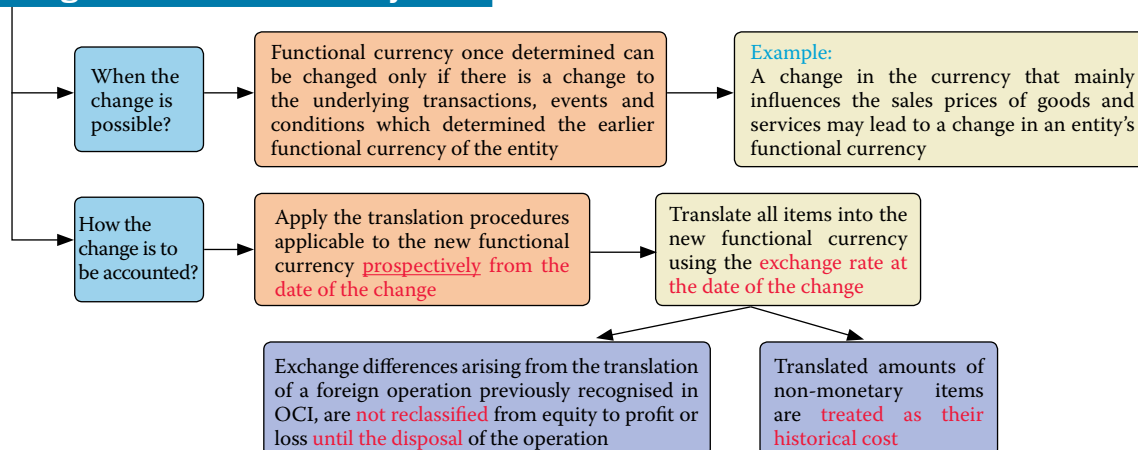


*“Do not make your goal to be the best. Best is a label. It’s something someone else decides for you.*

*‘Better’ is more personal.”*

*– Baryshnikov*

## Change in Functional Currency



## Translation to the presentation currency

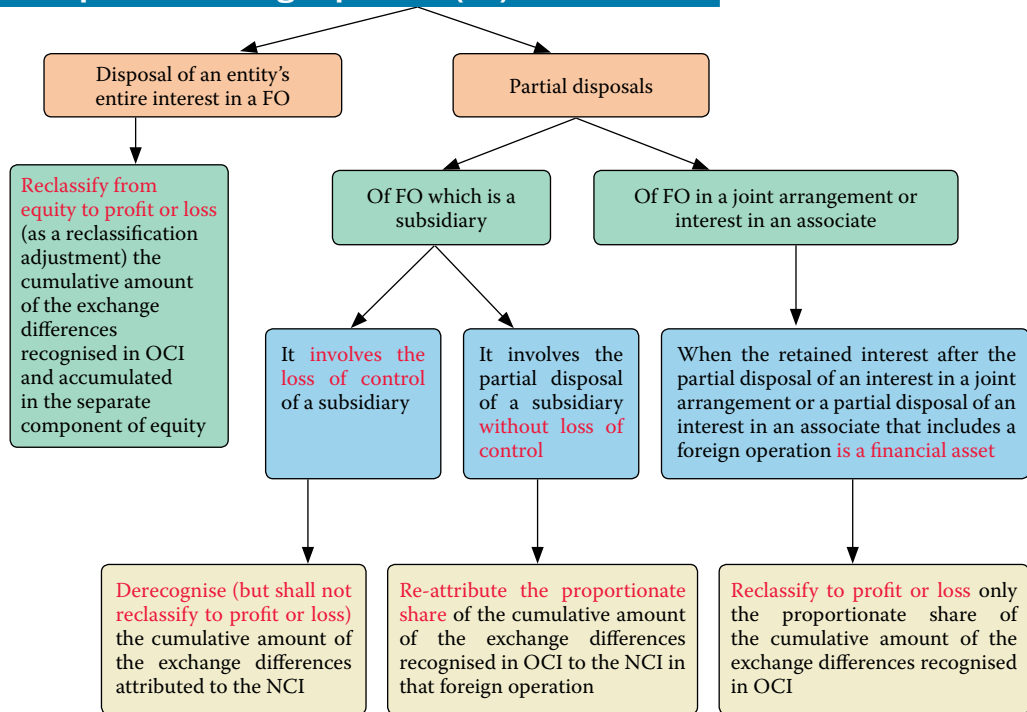
1.	Why to translate?	<ul style="list-style-type: none"> <li>An entity may <b>present its financial statements in any currency</b> (or currencies).</li> <li>If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency</li> </ul>												
2.	When entity's functional currency is <b>not</b> the currency of a hyperinflationary economy	<p>The results and financial position are translated into a different presentation currency using the following procedures:</p> <table border="1"> <thead> <tr> <th>S.N.</th> <th>Item</th> <th>Translation procedures</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Assets and liabilities (including comparatives)</td> <td><b>Translated at the closing rate</b> at the date of that balance sheet</td> </tr> <tr> <td>2.</td> <td>Income and expenses (including comparatives)</td> <td>Translated at <b>exchange rates at the dates of the transactions</b></td> </tr> <tr> <td>3.</td> <td>All resulting exchange differences</td> <td><b>Recognised in OCI</b></td> </tr> </tbody> </table>	S.N.	Item	Translation procedures	1.	Assets and liabilities (including comparatives)	<b>Translated at the closing rate</b> at the date of that balance sheet	2.	Income and expenses (including comparatives)	Translated at <b>exchange rates at the dates of the transactions</b>	3.	All resulting exchange differences	<b>Recognised in OCI</b>
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3.	All resulting exchange differences	<b>Recognised in OCI</b>												
3.	When entity's functional currency is the currency of a hyperinflationary economy	<p>The results and financial position are translated into a different presentation currency using the following procedures:  <b>All amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) are translated at the closing rate</b> at the date of the most recent balance sheet</p> <p style="text-align: center;"><b>Comparative amounts shall not be adjusted for subsequent changes in the price level or subsequent changes in exchange rates</b></p> <p><b>Note:</b>            The entity shall <b>restate</b> its financial statements in accordance with Ind AS 29 <b>before applying the translation method, except for comparative amounts</b> that are translated into a currency of a non-hyperinflationary economy.</p>												
4.	Translation of a foreign operation (FO) in CFS	<ul style="list-style-type: none"> <li>The incorporation of the results and financial position of a FO with those of the reporting entity follows normal consolidation procedures</li> <li>However, an intragroup monetary asset (or liability), whether short-term or long-term, <b>cannot be eliminated</b> against the corresponding intragroup liability (or asset) <b>without showing the results of currency fluctuations</b> in the consolidated financial statements</li> <li>Such an exchange difference is recognised either in profit or loss or OCI. (Refer chart on net investment in FO)</li> <li>Any <b>goodwill</b> arising on the acquisition of a FO and any <b>fair value adjustments</b> to the carrying amounts of assets and liabilities arising on the acquisition of that FO shall be treated as assets and liabilities of the foreign operation. Thus, they shall be <b>expressed in the functional currency</b> of the foreign operation <b>and shall be translated at the closing rate</b></li> </ul>												

**Note:**

Tax effects of all exchange differences

**Gains and losses** on **foreign currency transactions** and **exchange differences arising on translating the results and financial position** of an entity (including a foreign operation) into a different currency may have tax effects as per Ind AS 12, Income Taxes.

**Disposal or partial disposal of a foreign operation (FO)**



**Note:**

A write-down of the carrying amount of a FO, either because of its own losses or because of an impairment recognised by the investor, does not constitute a partial disposal. Hence, no part of the foreign exchange gain or loss recognised in OCI is reclassified to profit or loss at the time of a write-down.

**Disclosure**

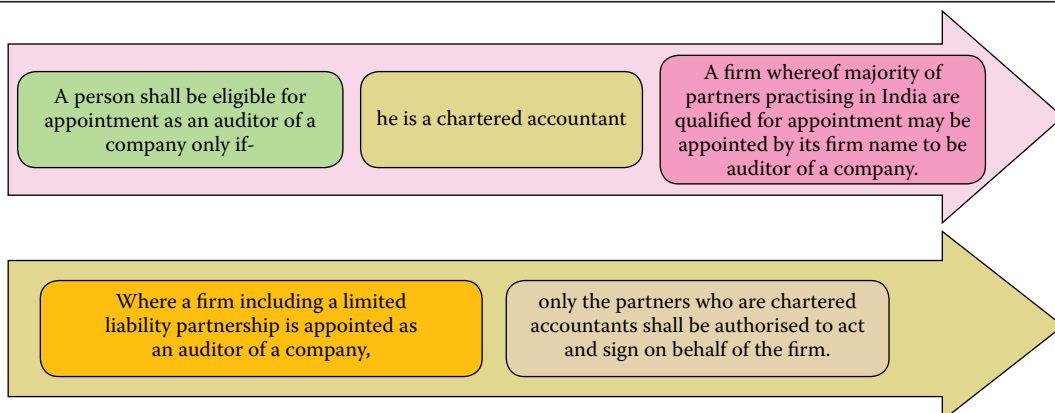
S. No.	Scenarios	Disclose
1.	In case of foreign currency transaction	<ul style="list-style-type: none"> <li>The amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at FVTPL as per Ind AS 109</li> <li>Net exchange differences recognised in OCI and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period</li> </ul>
2.	In case of change in the functional currency of either the reporting entity or a significant foreign operation	<ul style="list-style-type: none"> <li>The fact that there is a change in the functional currency</li> <li>The reason for the change in functional currency; and</li> <li>The date of change in functional currency</li> </ul>
3.	When the presentation currency is different from the functional currency	<ul style="list-style-type: none"> <li>The fact that the presentation currency is different from the functional currency;</li> <li>Disclosure of the functional currency</li> <li>The reason for using a different presentation currency</li> <li>Description that the financial statements is complying with all Ind AS</li> </ul> <p>In case financial statements are not in compliance with all Ind AS, then</p> <ol style="list-style-type: none"> <li>clearly identify the information as supplementary information to distinguish it from the information that complies with Ind AS;</li> <li>disclose the currency in which the supplementary information is displayed; and</li> <li>disclose the entity's functional currency and the method of translation used to determine the supplementary information</li> </ol>

This Capsule on Paper 6: Auditing & Assurance at Intermediate Level covers selected Topics of Chapter 10-Company Audit and this should not be taken as a substitute for the detailed study of the Chapter. Students are advised to refer to the relevant Study Material, MCQs & Case Scenarios Booklet and RTP for comprehensive study & revision.

### CHAPTER 10 - COMPANY AUDIT

#### Eligibility, Qualifications and Disqualifications of an Auditor: Section 141 of the Companies Act, 2013

##### Eligibility and Qualifications of an Auditor



##### DISQUALIFICATIONS OF AN AUDITOR:

Under sub-section (3) of section 141 along with Rule 10 of the Companies (Audit and Auditors) Rules, 2014 (CAAR), **the following persons shall not be eligible for appointment as an auditor of a company, namely-**

- (a) a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;
- (b) an officer or employee of the company;
- (c) a person who is a partner, or who is in the employment, of an officer or employee of the company;
- (d)

a person who, or his relative or partner -

(i) is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company; \*

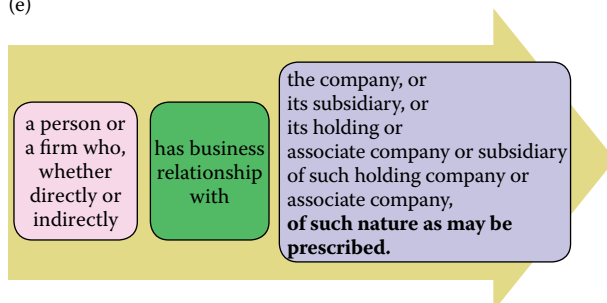
(ii) is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of ₹5,00,000; or

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of ₹1,00,000.

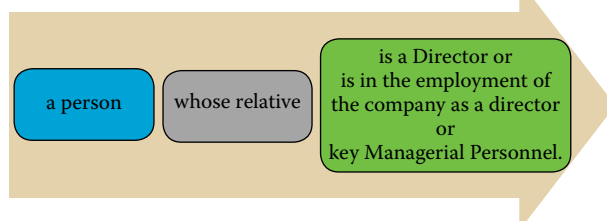
\*The relative may hold security or interest in the company of face value not exceeding ₹1,00,000.

In the event of acquiring any security or interest by a relative, above the threshold prescribed, the corrective action to maintain the limits as specified shall be taken by the auditor within 60 days of such acquisition or interest.

(e)



(f)

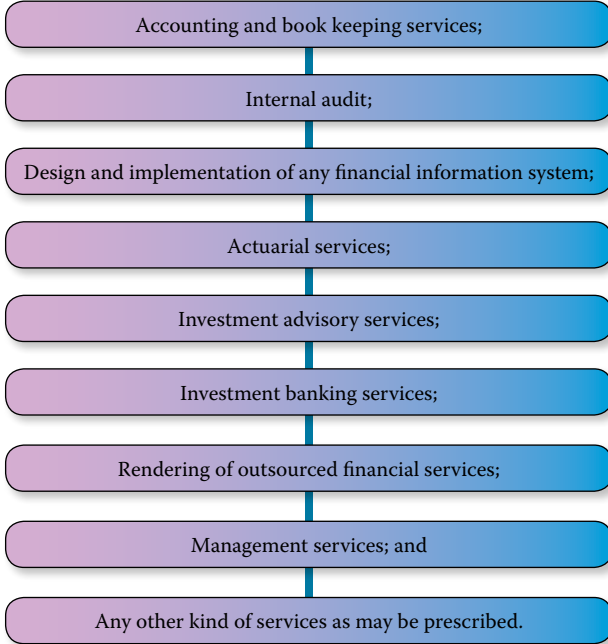


(g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its auditor, if such person or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty companies other than one person companies, dormant companies, small companies and private companies having paid-up share capital less than ₹100 crore.



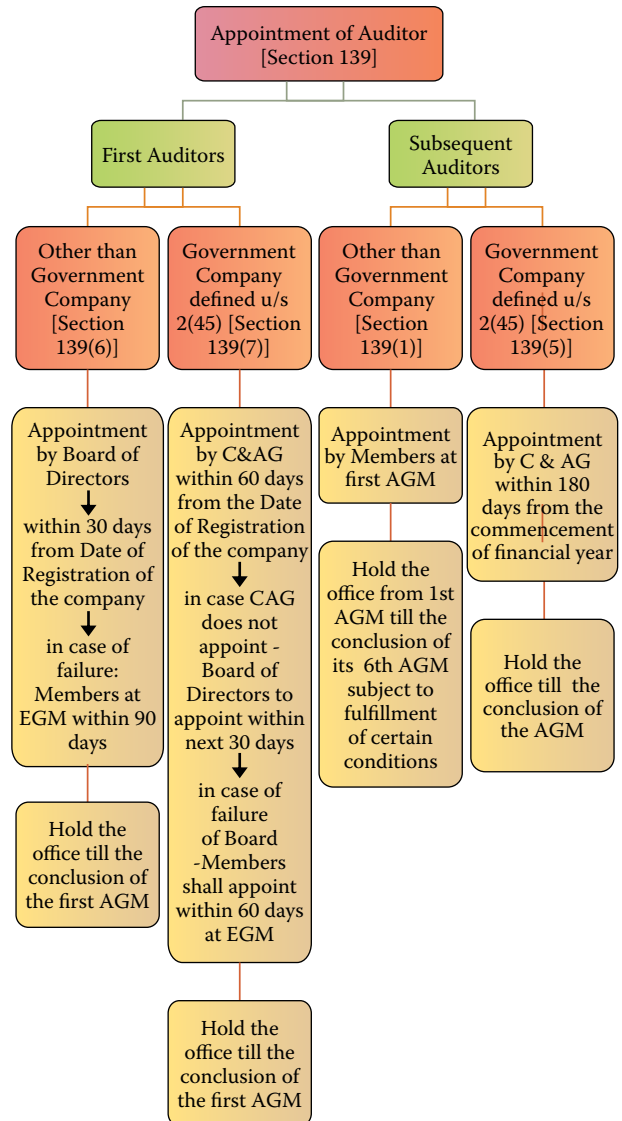
- (h) a person who has been convicted by a Court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction.
- (i) a person who, directly or indirectly, renders any service referred to in section 144 to the company or its holding company or its subsidiary company.

## CERTAIN SERVICES NOT TO BE RENDERED BY THE AUDITOR AS PER SECTION 144 OF THE COMPANIES ACT, 2013

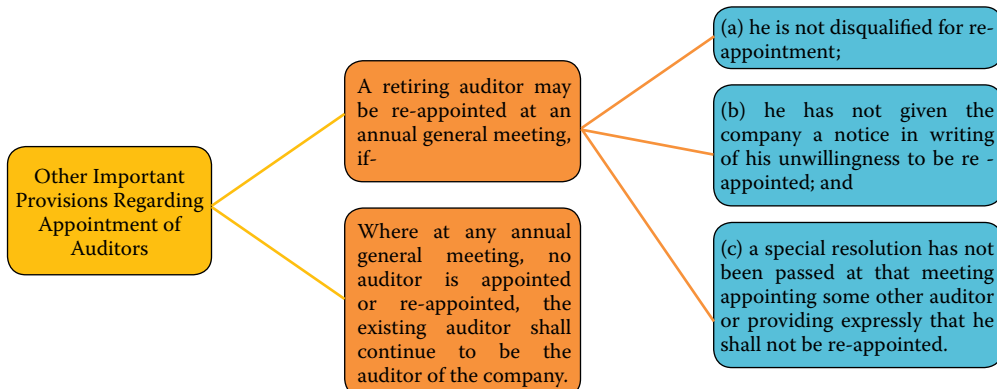


Where a person appointed as an auditor of a company incurs any of the disqualifications mentioned in **sub-section (3) of Section 141** after his appointment, he shall vacate his office as such auditor and such vacation shall be deemed to be a casual vacancy in the office of the auditor.

## SECTION 139: APPOINTMENT OF AUDITORS



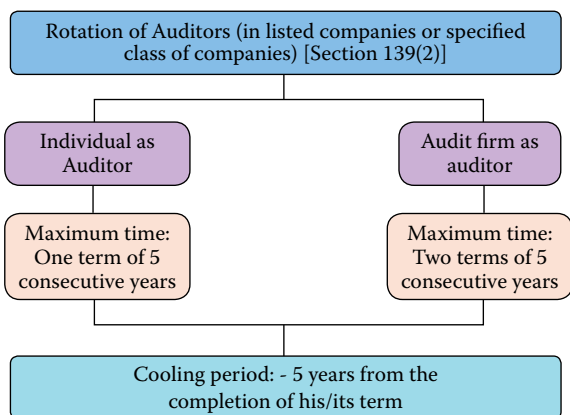
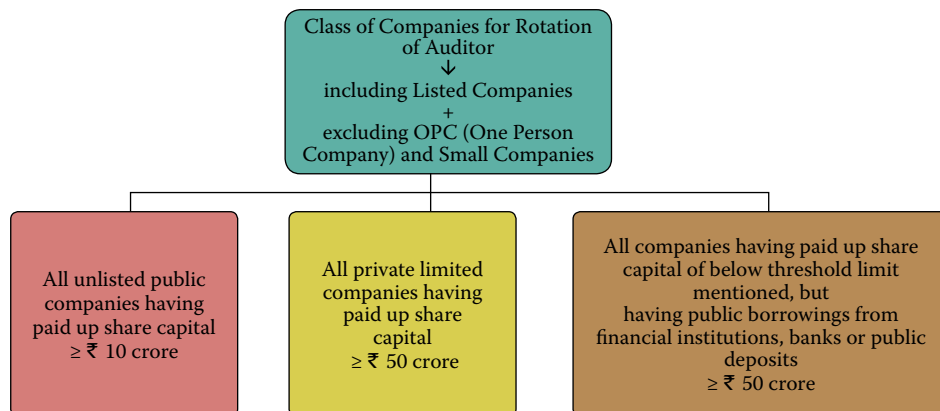
## OTHER IMPORTANT PROVISIONS REGARDING APPOINTMENT OF AUDITORS



# AUDITING AND ASSURANCE

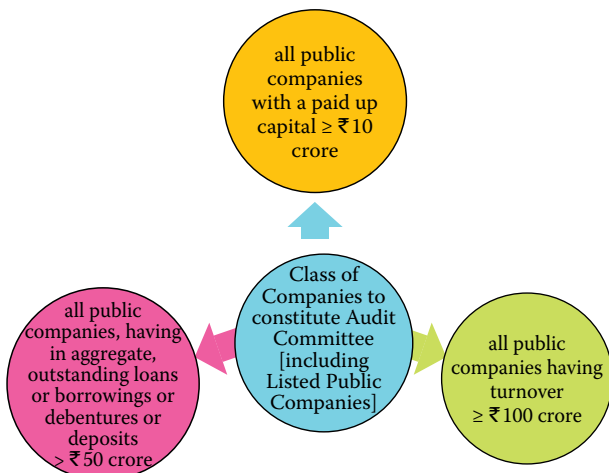
## ROTATION OF AUDITOR

Applicability of Section 139(2)-Rotation of Auditor:

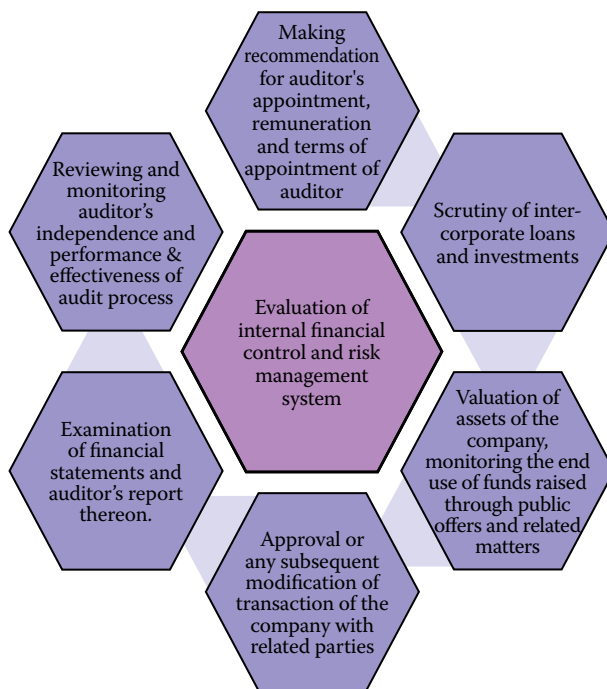


Further, as on the date of appointment, no audit firm which has common partner/s to the other audit firms whose tenure has expired in a company immediately preceding the Financial Year, shall be appointed as auditor of the same Company for a period of 5 years.

## APPLICABILITY OF SECTION 177 CONSTITUTION OF AUDIT COMMITTEE

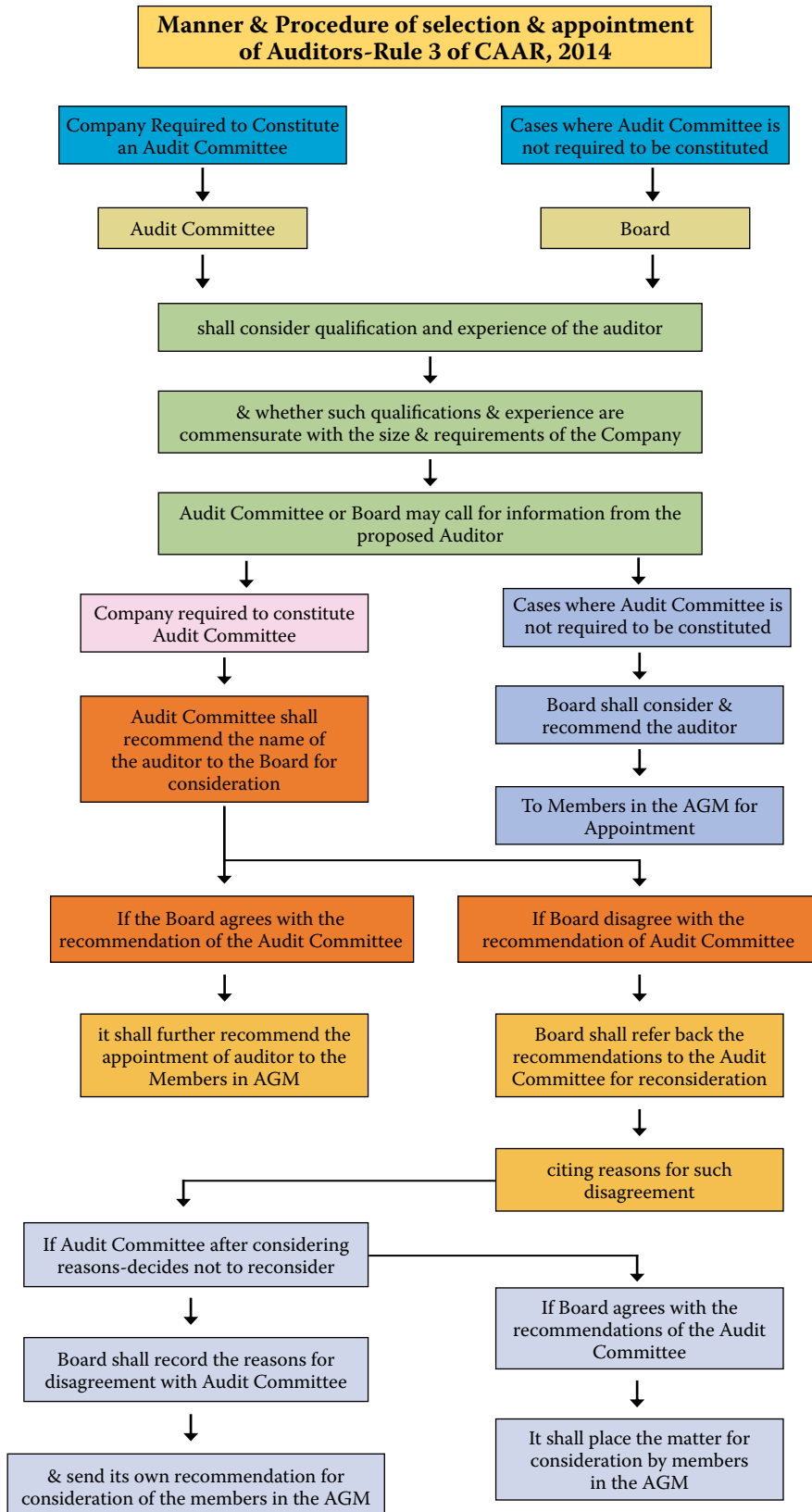


## FUNCTIONS OF AUDIT COMMITTEE



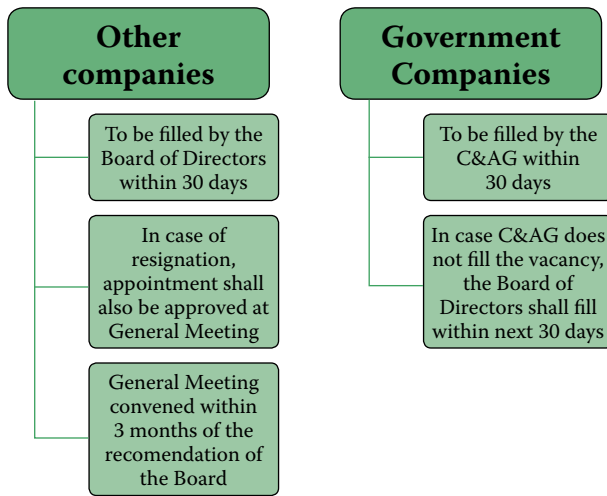
*"Talent is cheaper than table salt. What separates the talented individual from the successful one is a lot of hard work."*

– Stephen King

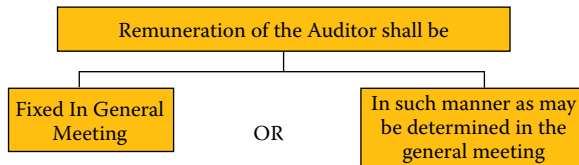


# AUDITING AND ASSURANCE

## FILLING OF CASUAL VACANCY {SECTION 139(8)}



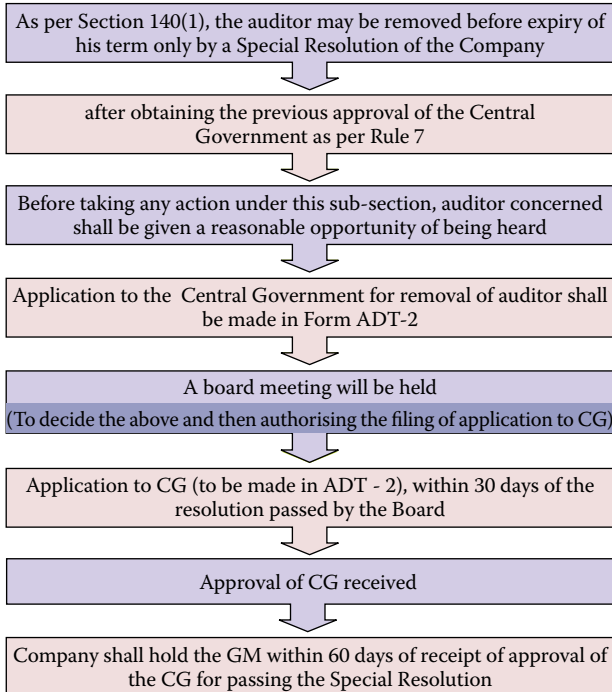
### Auditor's Remuneration Section 142



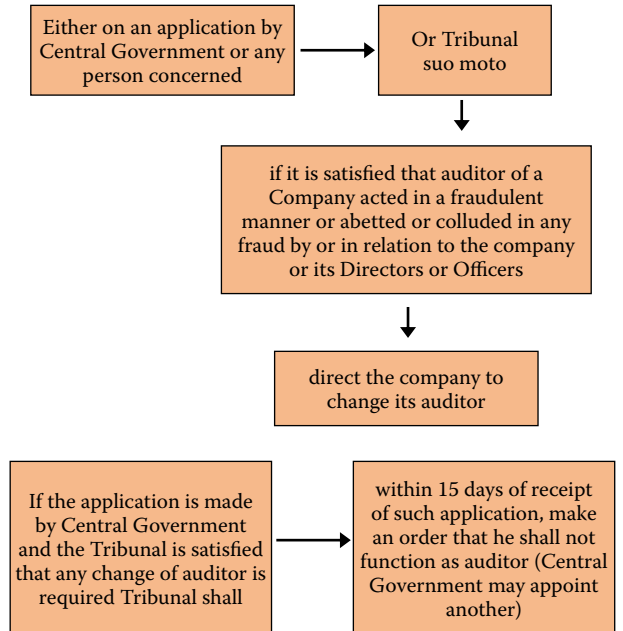
Note: Board may fix remuneration of the First Auditor appointed by it.

## Section 140: Removal, Resignation of auditor and giving of special notice

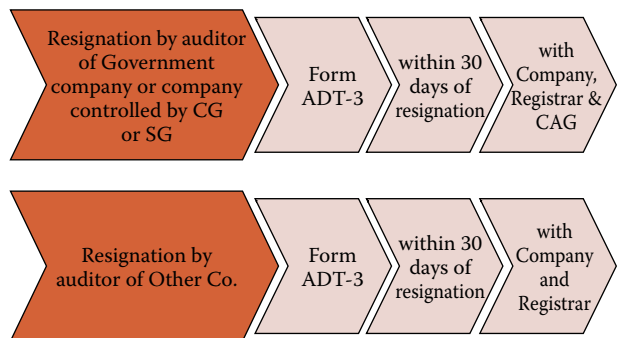
### Removal of Auditor before expiry of term: Section 140(1)



Direction by Tribunal in case Auditor acted in a Fraudulent Manner under section 140(5)



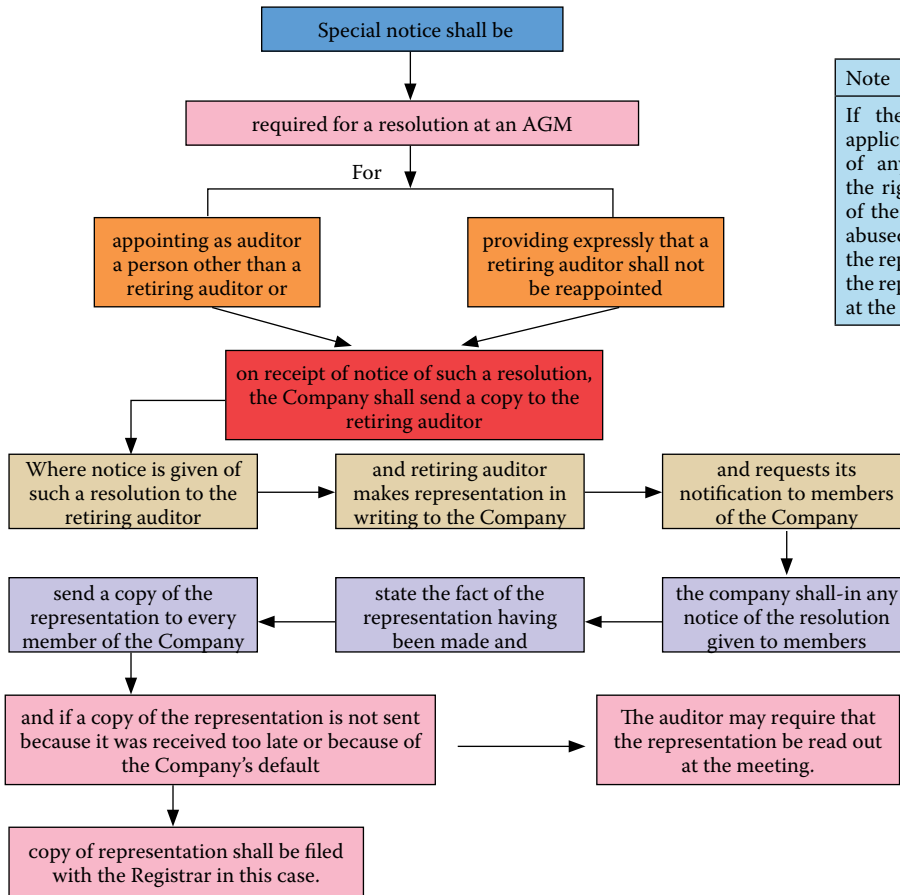
## RESPONSIBILITY OF AUDITOR TO COMMUNICATE IN CASE OF CASUAL VACANCY BY RESIGNATION OF AUDITOR {SECTION 140 (2)}



• In case of failure, the auditor shall be liable to a penalty of fifty thousand rupees or the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of Two lakh rupees as per section 140(3).

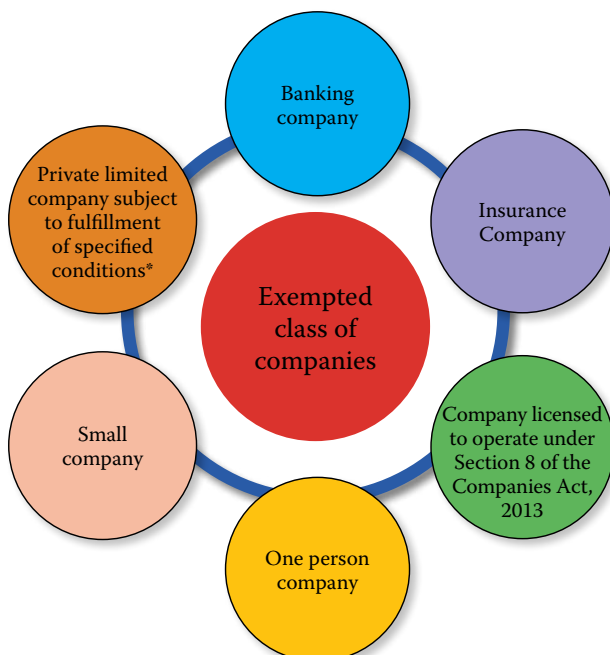
*A successful man is one who can lay a firm foundation with the bricks, others have thrown at him*  
– David Brinkley

## Appointment of Auditor other than Retiring Auditor Section 140(4)



**Note**  
If the Tribunal is satisfied on an application either of the company or of any other aggrieved person that the rights conferred by section 140(4) of the Companies Act, 2013 are being abused by the auditor, then, the copy of the representation may not be sent, and the representation need not be read out at the meeting.

## Reporting under Companies (Auditor's Report) Order, 2020



\*a private limited company, not being a subsidiary or holding company of a public company, having a paid up capital and reserves and surplus not more than one crore rupees as on the balance sheet date and which does not have total borrowings exceeding one crore rupees from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act (including revenue from discontinuing operations) exceeding ten crore rupees during the financial year as per the financial statements.

### Paragraph 3: Matters to be included in auditor's report under CARO 2020:

Auditor's Report (under CARO 2020) shall include a statement on the following matters:

(i)(a)



(A) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;



(B) whether the company is maintaining proper records showing full particulars of intangible assets

# AUDITING AND ASSURANCE

(b) whether these Property, Plant and Equipment have been-

physically verified by the management at reasonable intervals.

whether any material discrepancies were noticed on such verification and if so,

whether the same have been properly dealt with in the books of account.

(c) whether the title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company. If not, provide the details thereof in the format below:-

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*
-	-	-	-	-	*also indicate if in dispute

(d) whether the company has revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and, if so,

whether the revaluation is based on the valuation by a Registered Valuer;

specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets.

(e) whether any proceedings have been initiated or are pending against the company for holding any benami property.

if so, whether the company has appropriately disclosed the details in its financial statements.

(ii)

(a) whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account;

(b) whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details.

(iii) whether during the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, if so,-

(a) whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate-

(A) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates;

(B) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates;

(b)

whether the investments made, guarantees provided, security given and

the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided

are not prejudicial to the company's interest;

(c)

in respect of loans and advances in the nature of loans,

whether the schedule of repayment of principal and payment of interest

has been stipulated and whether the repayments or receipts are regular;

(d)

if the amount is overdue,

state the total amount overdue for more than ninety days,

and whether reasonable steps have been taken by the company for recovery of the principal and interest;

(e)

whether any loan or advance in the nature of loan granted which has fallen due during the year,

has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties, if so,

specify the aggregate amount of such dues renewed or extended or settled by fresh loans and

the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans];

(f)

whether the company has granted any loans or advances in the nature of loans

either repayable on demand or without specifying any terms or period of repayment, if so,

specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

(iv) in respect of loans, investments, guarantees, and security, whether provisions of sections 185 and 186 of the Companies Act have been complied with, if not, provide the details thereof.

(v) in respect of deposits accepted by the company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not.

(vi) whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act and whether such accounts and records have been so made and maintained.

(vii)

(a) whether the company is regular in depositing 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 to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;

(b) where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned (a mere representation to the concerned Department shall not be treated as a dispute).

(viii) whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 if so, whether the previously unrecorded income has been properly recorded in the books of account during the year.

(ix) (a) Whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported as per the format below:-

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
	lender wise details to be provided in case of defaults to banks, financial institutions and Government.				

(b) whether the company is a declared wilful defaulter by any bank or financial institution or other lender;

(c) whether term loans were applied for the purpose for which the loans were obtained; **if not, the amount of loan so diverted and the purpose for which it is used may be reported;**

(d) whether funds raised on short term basis have been utilised for long term purposes, **if yes, the nature and amount to be indicated;**

(e) whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, **if so, details thereof with nature of such transactions and the amount in each case;**

(f) whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, **if so, give details thereof and also report if the company has defaulted in repayment of such loans raised.**

(x)

(a) whether money raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raised, if not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;

(b) whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and **if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance.**

(xi)

(a) whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;

(b) whether any report under sub-section (12) of section 143 of the Companies Act 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;

(c) whether the auditor has considered whistleblower complaints, if any, received during the year by the company.

(xii) (a) whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability;

(b) whether the Nidhi Company is maintaining ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;

(c) whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof.

(xiii) whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

(xiv)

(a) whether the company has an internal audit system commensurate with the size and nature of its business;

(b) whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor.

# AUDITING AND ASSURANCE

(xv) whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act have been complied with.

(xvi)

(a) whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained;

(b) whether the company has conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

(c) whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil such criteria;

(d) whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group.

(xvii) whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses.

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

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

(xx)

(a) whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;

(b) whether any amount remaining unspent under subsection (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of subsection (6) of section 135 of the said Act.

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

## CROSSWORD SOLUTION – MAY 2022

<sup>1</sup> D	<sup>2</sup> E	<sup>3</sup> B	<sup>4</sup> E	N	T	<sup>5</sup> U	<sup>6</sup> R	<sup>7</sup> E	<sup>8</sup> S	
<sup>9</sup> R	M	P	D			<sup>10</sup> C	F	X	U	
<sup>11</sup> D	P	C	R		<sup>12</sup> P		<sup>13</sup> I	P	R	
<sup>14</sup> O	L			<sup>15</sup> C	E		<sup>16</sup> D	E	P	<sup>17</sup> R
	<sup>18</sup> O	<sup>19</sup> F	F	E	R			<sup>20</sup> N	L	U
<sup>21</sup> O	Y	O		<sup>22</sup> C	T		<sup>23</sup> D	D	U	
<sup>24</sup> L	E	G	A	L			<sup>25</sup> T	I	S	<sup>26</sup> S
<sup>27</sup> E	E	G			<sup>28</sup> X	U	M	T		E
D			<sup>29</sup> A	B	B		<sup>30</sup> F	U	<sup>31</sup> E	B
	<sup>32</sup> C	<sup>33</sup> E	A		<sup>34</sup> R	<sup>35</sup> D		<sup>36</sup> R	E	I
	<sup>37</sup> M	G	T		<sup>38</sup> L	A	B	E	L	

*"If there is no struggle, there is no progress."*

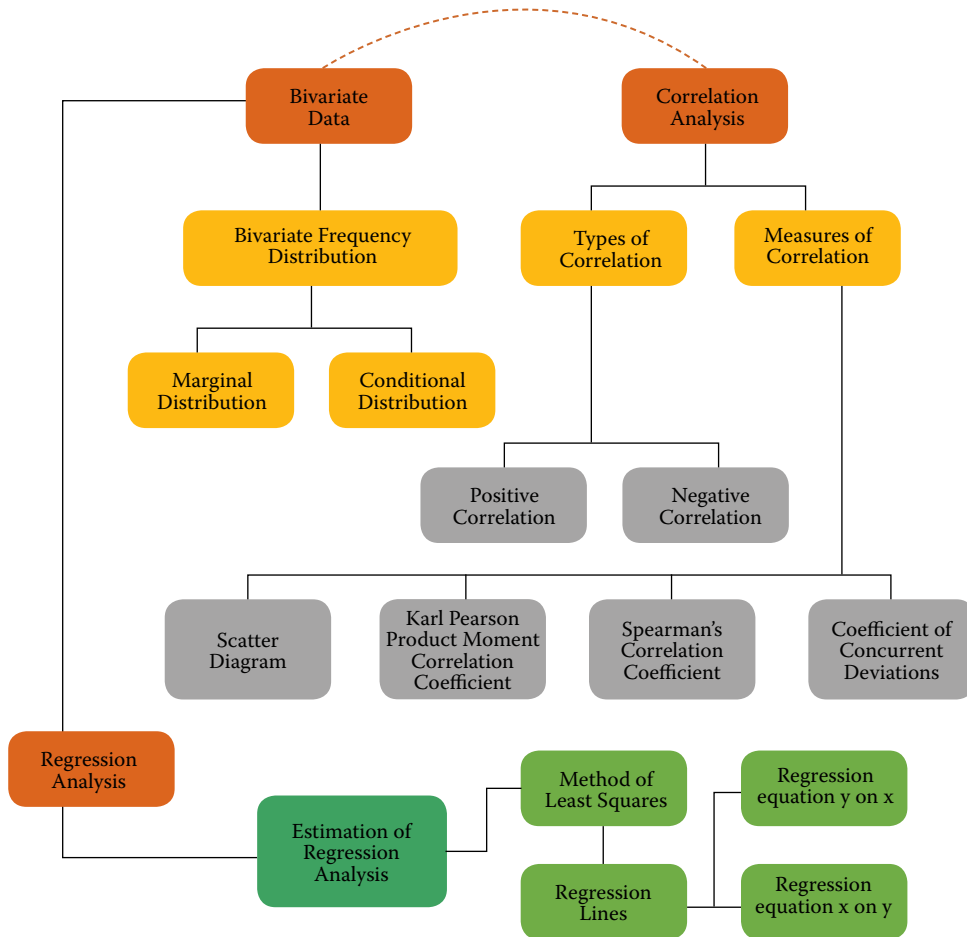
*– Frederick Douglass*



**CA FOUNDATION - PAPER 3 - BUSINESS MATHEMATICS,  
LOGICAL REASONING AND STATISTICS**

At the foundation level with regards to Paper 3: Business Mathematics, Logical Reasoning and Statistics, Chapter 17: Correlation and Regression is very important for students not only to acquire professional knowledge but also for examination point of view. Here in this capsule an attempt is made for solving and understanding the concepts of Correlation and Regression.

**CHAPTER 17 OVERVIEW: CORRELATION AND REGRESSION**



**Univariate Distribution:** Statistical measure relating to Univariate distribution i.e. distribution of one variable like height, weight, mark, profit, wage and so on. However, there are situations that demand study of more than one variable simultaneously. A businessman may be keen to know what amount of investment would yield a desired level of profit or a student may want to know whether performing better in the selection test would enhance his or her chance of doing well in the final examination. With a view to answering this series of questions, we need to study more than one variable at the same time.

**Bivariate Data:** When data are collected on two variables simultaneously, they are known as bivariate data and the corresponding frequency distribution, derived from it, is known as Bivariate Frequency Distribution. If  $x$  and  $y$  denote marks in Maths and Stats for a group of 30 students, then the corresponding bivariate data would be  $(x_i, y_i)$  for  $i = 1, 2, \dots, 30$  where  $(x_i, y_i)$  denotes the marks in Mathematics and Statistics for the student with serial number or Roll Number 1,  $(x_2, y_2)$ , that for the student with Roll Number 2 and so on and lastly  $(x_{30}, y_{30})$  denotes the pair of marks for the student bearing Roll Number 30.

**Correlation Analysis and Regression Analysis** are the two analyses that are made from a multivariate distribution i.e. a distribution of more than one variable. In particular, when there are two variables, say  $x$  and  $y$ , we study bivariate distribution. We restrict our discussion to bivariate distribution only.

Correlation analysis helps us to find an association or the lack of it between the two variables  $x$  and  $y$ . Thus, if  $x$  and  $y$  stand for profit and investment of a firm or the marks in Statistics and Mathematics for a group of students, then we may be interested to know whether  $x$  and  $y$  are associated or independent of each other. The extent or amount of correlation between  $x$  and  $y$  is provided by different measures of Correlation namely Product Moment Correlation Coefficient or Rank Correlation Coefficient or Coefficient of Concurrent Deviations. In Correlation analysis, we must be careful about a cause-and-effect relation between the variables under consideration because there may be situations where  $x$  and  $y$  are related due to the influence of a third variable although no causal relationship exists between the two variables.

Regression analysis, on the other hand, is concerned with predicting the value of the dependent variable corresponding to a known value of the independent variable on the assumption of a mathematical relationship between the two variables and also an average relationship between them.

As in the case of a Univariate Distribution, we need to construct the frequency distribution for bivariate data. Such a distribution takes into account the classification in respect of both the variables simultaneously. Usually, we make horizontal classification in respect of  $x$  and vertical classification in respect of the other variable  $y$ . Such a distribution is known as Bivariate Frequency Distribution or Joint Frequency Distribution or Two way classification of the two variables  $x$  and  $y$ . Frequency Distribution, we can obtain two types of univariate distributions which are known as:

- Marginal distribution: Marginal distributions always divide the column or row totals by the table total
- Conditional distribution: To calculate a conditional distribution, you must first establish a condition. For instance, we could ask what the distribution of gender is among students who watched the last football game. So, the condition here would be that the student watched the game. In particular, if there are  $m$  classifications for  $x$  and  $n$  classifications for  $y$ , then there would be altogether  $(m + n)$  conditional distribution.

Correlation Analysis: While studying two variables at the same time, if it is found that the change in one variable is reciprocated by a corresponding change in the other variable either directly or inversely, then the two variables are known to be associated or correlated. Otherwise, the two variables are known to be dissociated or uncorrelated or independent. There are two types of correlation.

Positive correlation

Negative correlation

The two variables are known to be uncorrelated if the movement on the part of one variable does not produce any movement of the other variable in a particular direction. As for example, Shoe-size and intelligence are uncorrelated

If two variables move in the same direction i.e. an increase (or decrease) on the part of one variable introduces an increase (or decrease) on the part of the other variable, then the two variables are known to be positively correlated.

If the two variables move in the opposite directions i.e. an increase (or a decrease) on the part of one variable results a decrease (or an increase) on the part of the other variable, then the two variables are known to have a negative correlation.

For example, height and weight yield and rainfall, profit and investment etc. are positively correlated.

The price and demand of an item, the profits of Insurance Company and the number of claims it has to meet etc. are examples of variables having a negative correlation.

## Measures of correlation:

- Scatter diagram
- Karl Pearson's Product moment correlation coefficient
- Spearman's rank correlation coefficient
- Coefficient of concurrent deviations

(a) **SCATTER DIAGRAM:** This is a simple diagrammatic method to establish correlation between a pair of variables. Unlike product moment correlation coefficient, which can measure correlation only when the variables are having a linear relationship, scatter diagram can be applied for any type of correlation – linear as well as non-linear i.e. curvilinear. Scatter diagram can distinguish between different types of correlation although it fails to measure the extent of relationship between the variables. Each data point, which in this case a pair of values  $(x, y)$  is represented by a point in the rectangular axes of coordinates. The totality of all the plotted points forms the scatter diagram. The pattern of the plotted points reveals the nature of correlation. In case of a positive correlation, the plotted points lie from lower left corner to upper right corner, in case of a negative correlation the plotted points concentrate from upper left to lower right and in case of zero correlation, the plotted points would be equally distributed without depicting any particular pattern. The following figures show different types of correlation and the one-to-one correspondence between scatter diagram and product moment correlation coefficient.

Figure 1: Showing Positive Correlation

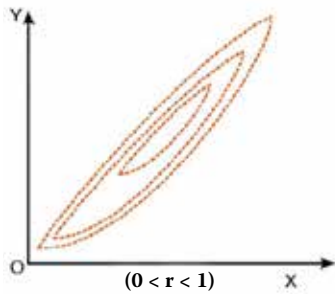


Figure 2: Showing Perfect Correlation

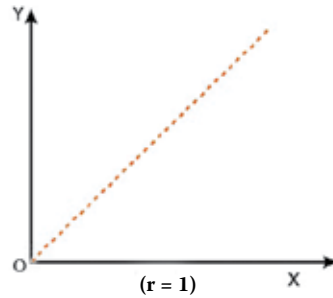


Figure 3: Showing Negative Correlation

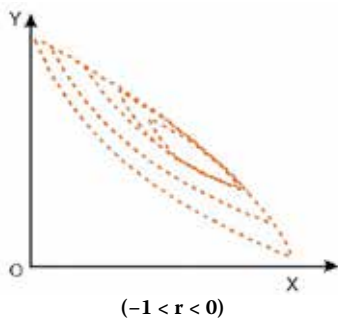


Figure 4: Showing Perfect Negative Correlation

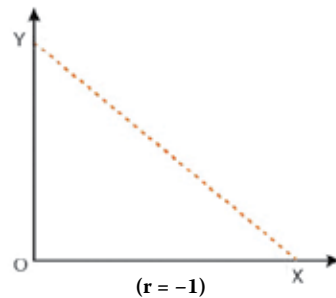


Figure 5: Showing No Correlation

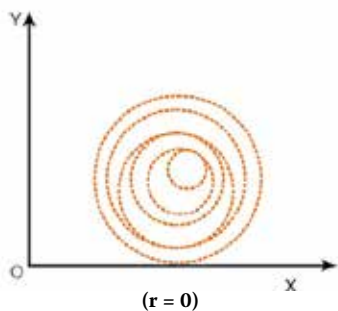
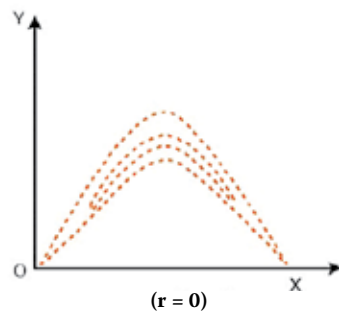


Figure 6: Showing Curvilinear Correlation



## (b) KARL PEARSON'S PRODUCT MOMENT CORRELATION COEFFICIENT

This is by far the best method for finding correlation between two variables provided the relationship between the two variables is linear. Pearson's correlation coefficient may be defined as the ratio of covariance between the two variables to the product of the standard deviations of the two variables. If the two variables are denoted by  $x$  and  $y$  and if the corresponding bivariate data are  $(x_i, y_i)$  for  $i = 1, 2, 3, \dots, n$ , then the coefficient of correlation between  $x$  and  $y$ , due to Karl Pearson, is given by

$$r = r_{xy} = \frac{\text{Cov}(x, y)}{S_x \times S_y}$$

$$\text{where, cov}(x, y) = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{n} = \frac{\sum x_i y_i}{n} - \bar{x} \bar{y}$$

$$S_x = \sqrt{\frac{\sum (x_i - \bar{x})^2}{n}} = \sqrt{\frac{\sum x_i^2}{n} - \bar{x}^2} \quad \text{and} \quad S_y = \sqrt{\frac{\sum (y_i - \bar{y})^2}{n}} = \sqrt{\frac{\sum y_i^2}{n} - \bar{y}^2}$$

A single formula for computing correlation coefficient is given by

$$r = \frac{n \sum x_i y_i - \sum x_i \times \sum y_i}{\sqrt{n \sum x_i^2 - (\sum x_i)^2} \sqrt{n \sum y_i^2 - (\sum y_i)^2}}$$

In case of a bivariate frequency distribution, we have

$$\text{Cov}(x,y) = \frac{\sum_{ij} x_i y_j f_{ij}}{N} - \bar{x} \times \bar{y}$$

$$S_x = \sqrt{\frac{\sum_i f_{io} x_i^2}{N} - \bar{x}^2} \text{ and } S_y = \sqrt{\frac{\sum_i f_{oj} y_j^2}{N} - \bar{y}^2}$$

where  $x_i$  = Mid-value of the  $i^{\text{th}}$  class interval of  $x$ ,  $y_j$  = Mid-value of the  $j^{\text{th}}$  class interval of  $y$   
 $f_{io}$  = Marginal frequency of  $x$ ,  $f_{oj}$  = Marginal frequency of  $y$   
 $f_{ij}$  = frequency of the  $(i, j)^{\text{th}}$  cell,  $N$  = Total frequency

**PROPERTIES OF CORRELATION COEFFICIENT**

- (i) **The Coefficient of Correlation is a unit-free measure:** This means that if  $x$  denotes height of a group of students expressed in cm and  $y$  denotes their weight expressed in kg, then the correlation coefficient between height and weight would be free from any unit.
- (ii) **The coefficient of correlation remains invariant under a change of origin and/or scale of the variables under consideration depending on the sign of scale factors.**

This property states that if the original pair of variables  $x$  and  $y$  is changed to a new pair of variables  $u$  and  $v$  by effecting a change of origin and scale for both  $x$  and  $y$  i.e.

$$u = \frac{x-a}{b} \text{ and } v = \frac{y-c}{d}$$

where  $a$  and  $c$  are the origins of  $x$  and  $y$  and  $b$  and  $d$  are the respective scales and then we have

$$r_{xy} = \frac{bd}{|b||d|} r_{uv}$$

$r_{xy}$  and  $r_{uv}$  being the coefficient of correlation between  $x$  and  $y$  and  $u$  and  $v$  respectively, the two correlation coefficients remain equal and they would have opposite signs only when  $b$  and  $d$ , the two scales, differ in sign.

- (iii) **The coefficient of correlation always lies between -1 and 1, including both the limiting values i.e.**  
 $-1 \leq r \leq 1$

**(c) SPEARMAN'S RANK CORRELATION COEFFICIENT:**

When we need finding correlation between two qualitative characteristics, say, beauty and intelligence, we take recourse to using rank correlation coefficient. Rank correlation can also be applied to find the level of agreement (or disagreement) between two judges so far as assessing a qualitative characteristic is concerned. As compared to product moment correlation coefficient, rank correlation coefficient is easier to compute, it can also be advocated to get a first hand impression about the correlation between a pair of variables.

Spearman's rank correlation coefficient is given by

$$r_r = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

where  $r_r$  denotes rank correlation coefficient and it lies between -1 and 1 inclusive of these two values.

$d_i = x_i - y_i$  represents the difference in ranks for the  $i$ -th individual and  $n$  denotes the number of individuals.

In case  $u$  individuals receive the same rank, we describe it as a tied rank of length  $u$ . In case of a tied rank, formula is changed to

$$r_r = 1 - \frac{6 \left[ \sum_i d_i + \sum_j \frac{(t_j^3 - t_j)}{12} \right]}{n(n^2 - 1)}$$

In this formula,  $t_j$  represents the  $j^{\text{th}}$  tie length and the summation extends over the lengths of all the ties for both the series.

**(d) COEFFICIENT OF CONCURRENT DEVIATIONS**

A very simple and casual method of finding correlation when we are not serious about the magnitude of the two variables is the application of concurrent deviations. This method involves in attaching a positive sign for a  $x$ -value (except the first) if this value is more than the previous value and assigning a negative value if this value is less than the previous value. This is done for the  $y$ -series as well. The deviation in the  $x$ -value and the corresponding  $y$ -value is known to be concurrent if both the deviations have the same sign. Denoting the number of concurrent deviation by  $c$  and total number of deviations as  $m$  (which must be one less than the number of pairs of  $x$  and  $y$  values), the coefficient of concurrent

deviation is given by

$$r_c = \pm \sqrt{\frac{2c-m}{m}}$$

If  $(2c-m) > 0$ , then we take the positive sign both inside and outside the radical sign and if  $(2c-m) < 0$ , we are to consider the negative sign both inside and outside the radical sign.

Like Pearson's correlation coefficient and Spearman's rank correlation coefficient, the coefficient of concurrent deviations also lies between -1 and 1, both inclusive.

**Spurious Correlation:** There are some cases when we may find a correlation between two variables although the two variables are not causally related. This is due to the existence of a third variable which is related to both the variables under consideration. Such a correlation is known as spurious correlation or non-sense correlation. As an example, there could be a positive correlation between production of rice and that of iron in India for the last twenty years due to the effect of a third variable time on both these variables. It is necessary to eliminate the influence of the third variable before computing correlation between the two original variables.

**Correlation Coefficient:** Correlation Coefficient measuring a linear relationship between the two variables indicates the amount of variation of one variable accounted for by the other variable. A better measure for this purpose is provided by the square of the correlation coefficient, known as 'coefficient of determination'. This can be interpreted as the ratio between the explained variance to total variance i.e.

$$r^2 = \frac{\text{Explained variance}}{\text{Total variance}}$$

Thus, a value of 0.6 for  $r$  indicates that  $(0.6)^2 \times 100\%$  or 36 per cent of the variation has been accounted for by the factor under consideration and the remaining 64 per cent variation is due to other factors.

Coefficient of non-determination: The 'coefficient of non-determination' is given by  $(1-r^2)$  and can be interpreted as the ratio of unexplained variance to the total variance.

Coefficient of non-determination =  $(1-r^2)$

## ECONOMIC UPDATES

- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting on May 4<sup>th</sup>, 2022) decided to: Increase the policy repo rate under the liquidity adjustment facility (LAF) by 40 basis points to 4.40 per cent with immediate effect.  
Source: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53652](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53652)
- The outstanding internal and external debt and other liabilities of the Government of India at the end of 2022-2023 is estimated to ₹152,17,910.29 crore, as against ₹135,87,893.16 crore at the end of 2021-2022 (RE). The amount outstanding under internal and external debt reflects the liability of Government as represented by the book value of the outstanding debt.  
Source: <https://www.indiabudget.gov.in/doc/rec/annex9.pdf>
- Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected last January.

Source: <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

- Most advanced economies are rebounding in 2021 from the recession conditions, induced to stem the pandemic. Their key challenge is the medium and longer-term direction and nature of economic growth, both in terms of avoiding the policy reversals that marred the decade following the global financial crisis and making a definitive shift to a zero-carbon energy system, in line with the aims of the Paris Agreement.  
Source: [https://unctad.org/system/files/official-document/tdr2021\\_en.pdf](https://unctad.org/system/files/official-document/tdr2021_en.pdf)
- Economists' desires of simplicity and uniformity in tax system are often in conflict with political interests, as political system creates numerous specialised benefits for groups or individuals through tax system (Peters 1991). Tax policy is often perceived as extremely technical by politicians and citizens, and therefore political entrepreneurs often find it easier to create benefits by taxation (read tax incentives/exemptions) than through public expenditures (Manley 1970, Witte 1985).  
Source: [https://www.nipfp.org.in/media/medialibrary/2022/04/WP\\_380\\_2022.pdf](https://www.nipfp.org.in/media/medialibrary/2022/04/WP_380_2022.pdf)

## FINANCE UPDATES

### Goldman Sachs becomes the first American bank to offer Over-The-Counter crypto trading

Goldman Sachs achieved a milestone by announcing the first-ever over-the-counter crypto trade. It is considered one step further in the expansion of digital assets. This non-deliverable bitcoin option was facilitated by Galaxy digital.  
<https://economictimes.indiatimes.com/news/international/us/goldman-sachs-becomes-the-first-american-bank-to-offer-over-the-counter-crypto-trading/articleshow/90359122.cms>

### NSE to launch India's first international ESG platform at GIFT IFSC

NSE IFSC Ltd. is launching an International Sustainability Platform, a first of its kind ESG platform in India, at GIFT IFSC. It is expected to get operationalised in the second half of 2022 subject to regulatory approvals.  
<https://www.thehindubusinessline.com/markets/nse-to-launch-indias-first-international-esg-platform-at-gift-ifsc/article65344589.ece>

### RBI takes futures, NDF route to protect Rupee

Recently the Reserve Bank of India (RBI) has deviated from its traditional stance of spot selling of dollars to preserve the foreign exchange reserve. Instead, it sold dollars in the futures market and the offshore non-deliverable forwards (NDF) markets to prevent a reduction in India's foreign exchange reserves. This step is taken to save the rupee from further fall.  
<https://economictimes.indiatimes.com/news/economy/finance/rbi-takes-futures-ndf-route-to-protect-rupee-forex/articleshow/91479504.cms>

### SEBI proposes confidential 'pre-filing' of IPO documents to safeguard information

Recently Securities Exchange Board of India (SEBI) has proposed to allow companies targeting stock market initial public offerings (IPOs) to submit a confidential 'pre-filing' document, in an effort aimed at safeguarding their sensitive business information.  
The initial offer document will only need to be filed with the SEBI and the stock exchanges, and the company can decide whether to go public or not after the regulator issues its observations.  
[https://www.business-standard.com/article/markets/sebi-proposes-confidential-pre-filing-of-ipo-documents-to-safeguard-info-122051101100\\_1.html](https://www.business-standard.com/article/markets/sebi-proposes-confidential-pre-filing-of-ipo-documents-to-safeguard-info-122051101100_1.html)

### Relief for brokers as SEBI relaxes norms for calculating peak margins

Recently SEBI has relaxed the norms for calculating peak margins by brokers. It has allowed margins to be fixed at the beginning of the day, doing away with the earlier requirement of changing them frequently on intraday basis.  
[https://www.business-standard.com/article/markets/relief-for-brokers-as-sebi-relaxes-norms-for-calculating-peak-margins-122051100516\\_1.html](https://www.business-standard.com/article/markets/relief-for-brokers-as-sebi-relaxes-norms-for-calculating-peak-margins-122051100516_1.html)

### RBI, SEBI exploring possibility to set uniform hours for all markets

The RBI and the SEBI are exploring the possibility of synchronising trading time for all markets - stocks, bonds, currency and commodities. The aim is to ensure ease of operations for investors betting across asset classes as well as for the back-end staff at intermediaries.  
<https://mintgenie.livemint.com/news/markets/rbi-sebi-explore-possibility-to-set-uniform-hours-for-all-markets-report-151649645984727>

## DATA ANALYSIS BASIC CONCEPT

Data Analysis cases through different tools will be covered in subsequent editions.

### Data

Data are raw facts (raw means, the facts that have not yet been processed to reveal their meaning). Processed Data is called Information.

### Types of Data

Character Data	Graphical Data	Audio/video data visualisation
Character Data are string of ASCII character and also known as Text. Most used applications are Word, Wordpad, Notepad, Excel and Powerpoint.	Graphical Data represent in the form of Images, Graphs, Charts, Pictures, etc. It represent through pictures elements (pixel).	Audio/Video data is a media storage format for sound/music and moving pictures etc.

### Unit of Measurement

In computer terminology, the unit of measurement of data can be in bit, byte, kilobyte, megabyte, gigabyte, terabyte, petabyte, exabyte, zettabyte, yottabyte. It ranges from  $2^1$  to  $2^{80}$ .

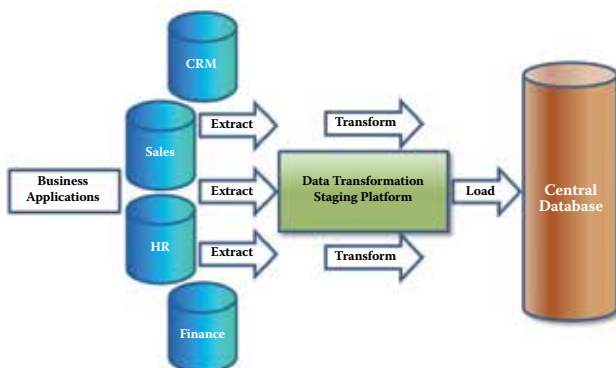
### Data Analysis

Data Analysis is defined as “a process of cleaning, transforming, and modelling data to discover useful information for business decision-making. The purpose of data analysis is to extract useful information from data and taking the data driven decision. Thus, data analysis is a process that involves methods and techniques from taking raw data, mining data to gather relevant information required for the business’s primary goals, drilling down this information to get some resultants, facts, and figures for improvement of the organisation.

### ETL in Data Analytics



ETL stands for ‘Extract, Transform, and Load’. It allows the analyst to gather data from multiple sources, standardise and consolidate it into a single centralised location. It also allows us to work on different types of data together. The process of ETL plays a key role in data integration strategies.



### Types of Data Analysis

Major six types of Data Analysis techniques are:



#### 1. Text Analysis

Text analysis, also known as **text mining**, is the process of recognising patterns in text data using databases and data mining tools. It is about parsing texts to extract machine-readable facts from databases and data mining tools. The main objective of Text Analysis is to create structured data out of free text content like emails, social media conversations, survey responses, online reviews, and more.

#### Example:

Text Classification	Topic Analysis
It is the process of categorising the text into a group of words. For Example: Understanding audience sentiment from social media, detection of spam and non-spam emails.	Topic analysis is the act of breaking down an assignment question or research topic so that one can understand it in detail. For Example: Research paper.

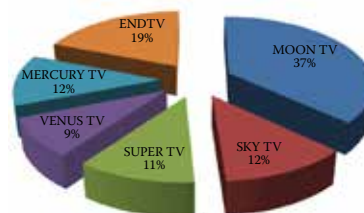
#### 2. Statistical Analysis

“It’s the science of collecting, exploring, and presenting large amounts of data to discover underlying patterns and trends”. Statistical Analysis shows “*What has happened?*” by using historical data in the form of Charts and Dashboards. Statistical Analysis could be based on the whole population or a sample thereof and includes the collection, analysis, interpretation, presentation, and modelling of data.

#### Example:

Analysis Through Various Charts  
Link: Pie Chart, Bar Chart, etc.

Channels	MOON TV	SKY TV	SUPER TV	VENUS TV	MERCURY TV	ENDTV
Population watching	37%	12%	11%	9%	12%	19%



Statistical Analysis categorised into two types:

Descriptive Analysis	Inferential Analysis
Descriptive Analysis helps in describing the data. It gets the summary of data for example mean, deviation, percentages, or frequency. Using descriptive analysis, we do not get to a conclusion. However, we understand and profile the data in such a presentable way that makes the data meaningful.	Inferential Analysis used to generalise the population based on the drawing inference from the samples. It is necessary that the samples should be representative of the population and should not be biased. In this type of analysis, different conclusions can be drawn from the same data by selecting different samples.

### 3. Exploratory Analysis

It is the exploration of data set to look at patterns. It refers to the critical process of performing initial investigations on data to discover patterns, spot anomalies, test hypotheses and to check assumptions with the help of summary statistics and graphical representations.

Example:

Models like Hypotheses, ANOVA, etc.

### 4. Diagnostic Analysis

Diagnostic Analysis means diagnosis's of the cause of any issue by studying/analysing the pattern in the data using Statistical Analysis.

Example:

Lockdown caused by COVID-19 and consequent closure of retail outlets causes the decline in Economy.

### 5. Predictive Analysis

Predictive analysis as the name implies is used to predict future events. It is about "What might happen?" It is based upon the historical data and new data and behaviour, using the statistical algorithm and machine learning techniques determines the likelihood of future outcomes, trends. Businesses use predictive analytics to increase the competitive advantage and reduce the risk related to an unpredictable future. Assurance and forensics use it to compare Actuals with Predictions to look at anomalies and variances.

Example:

Sales during Quarter IV will be 5% higher than the same during Last Year.

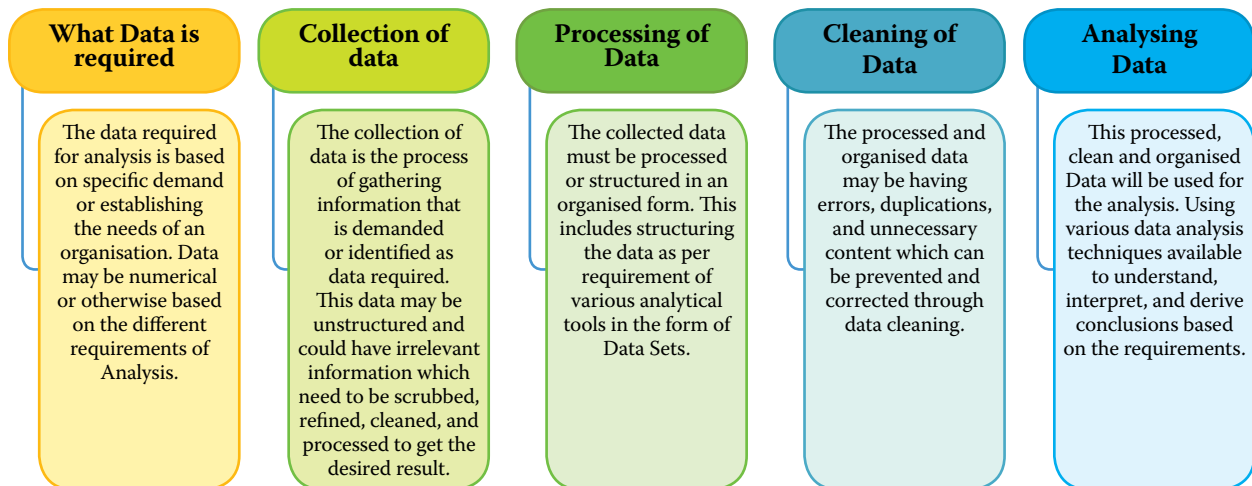
### 6. Prescriptive Analysis

Prescriptive Analysis as the name implies tries to answer the question 'What should be done?' It combines insight from all analysis we discussed above to identify the best possible action for a situation. The objective of the prescriptive analysis is to provide advice that aims to find the optimal recommendation for a decision-making process.

Example:

Shifting to a hybrid model of physical and virtual store may result in an increase of 16% sale during year 2022-23.

## STEPS IN DATA ANALYSIS



*"You can't use up creativity. The more you use, the more you have."*

– Maya Angelou



**The Institute of Chartered Accountants of India**

(Set up by an Act of Parliament)

# **NATIONAL LEVEL**

## **CA STUDENTS'**

### **ELOCUTION CONTEST 2022**

**Wednesday 8<sup>th</sup> JUNE, 2022 | The Lalit, New Delhi**

Organised by: **SSEB, Board of Studies-Operations, ICAI**



**THEME : ACHIEVEMENTS @ 75**



**Top 20 REGIONAL  
LEVEL WINNERS  
PARTICIPATION AT  
NATIONAL LEVEL**



**Programme will be live  
Telecasted on ICAI TV.**







# The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Organised by Students Skills Enrichment Board  
(Board of Studies-Operations)

## Four Weeks Residential Programme on Professional Skills Development

Jaipur (For Boys) & Hyderabad (For Girls)



### 6th June to 2nd July 2022

#### Learning Outcomes



- Articulation Skills
- Leadership Qualities
- Art of Negotiation
- Personality Development
- Open-Mindedness
- Effective Communication Skills
- Interpersonal Managerial Skills



#### Salient Features

- Waiver of Payment of Fees to top 10 Rank Holders of Intermediate Exam
- Part of Practical Training.
- Exemption from Management and Communication Skills (MCS) forming part of AICITSS



Venue:	Participants :	Fees:	Date (From & To):
Centre of Excellence (CoE), <b>Jaipur</b>	Boys (CA Students)	<del>Rs. 48,000/-</del> Rs. 12,000	6th June 2022 to 2nd July 2022



Venue:	Participants :	Fees:	Date (From & To):
Centre of Excellence (CoE), <b>Hyderabad</b>	Girls (CA Students)	<del>Rs. 48,000/-</del> Rs. 12,000	6th June 2022 to 2nd July 2022



For Jaipur Registration  
(For Boys)  
<https://bit.ly/3yu8Mht>



For Hyderabad Registration  
(For Girls)  
<https://bit.ly/3M636OU>

**Registration on First come First basis and batches will be allotted as per eligibility.**

Eligibility- CA students who have completed one year of articleship are eligible to join the course.

Disclaimer - The scheme of Four weeks Residential Program may be modified or altered at any time. All decisions about the aforesaid scheme shall be at the sole discretion of ICAI and binding on all. ICAI reserves the right to change the dates and other modalities as per the requirement.

For further assistance –  
+91 9958121521/  
01203045988/929  
[smita.taneja@icai.in](mailto:smita.taneja@icai.in)

# ANNOUNCEMENT

## NATIONAL CONFERENCE - AURANGABAD

Dates: 25<sup>th</sup> & 26<sup>th</sup> June, 2022

Venue: BAMU University, Aurangabad

Organised by: SSEB, Board of Studies-(Operations), ICAI

Hosted by: Aurangabad Branch of WIRC of ICAI & Aurangabad Branch of WICASA of ICAI

Theme: "Legal path Vs Technological Path"

Day 1	
10.00 AM to 10.30 AM	<b>Inaugural Session</b>
10.30 AM to 12.15 PM	<b>Technical Session I: Topic: Indirect Tax -GST</b> – 1. Input Tax Credit as per GSTR 2B; 2. Fake Invoicing under GST and E Invoicing; 3. Reconciliation of Books and GST Returns and Data Analysis of it.
12.15 PM to 1.15 PM	<b>Special Session I:</b> Interaction with Chairman and Vice-Chairman, SSEB, Board of Studies- (Operations), ICAI
01.15 PM to 02.00 PM	<b>Special Session II:</b> Topic: "New CRET Policy & Future of CA Student".
03.00 PM to 04.15 PM	<b>Technical Session II: Topic: Company Law-</b> 1. Company Law – New SCH-III; 2. CARO – 2020 Applicability Reporting Requirements; 3. Sustainability report
04.15 PM to 06.30 PM	<b>Moot Court Session:</b> 1. Direct Tax Case: Cash Transactions and its Penal provisions & 2. Indirect Tax Case: Disallowance of GST due to Supplier Default
Day 2	
10.00 AM to 11.30 AM	<b>Technical Session III: Topic: Direct Tax – Income Tax-</b> 1. Section 148A Impact on Assessee; 2. Section 153C Impact on Assessee; 3. Faceless Assessment under Income Tax.
11.30 AM to 12.30 PM	<b>Motivational Session: Special Address by Eminent Speaker.</b>
12.30 PM to 01.45 PM	<b>Shark Tank Session</b>
02.30 PM to 04.00 PM	<b>Technical Session IV: Topic: Information Technology-</b> 1. RBI Digital Currency Myth and Reality; 2. Financial Cyber Crime; 3. Impact of Technology on MSME sector

**Students Eligible to attend the Students Conference:** Students who have registered as Intermediate Students/ Students who are pursuing their Articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (Foundation Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences)

**Registration fees** Rs. 900/- per student

**Payment Mode**

**Link -** <https://bosactivities.icai.org/>

CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BOS-O; CA. Sridhar Muppala, Conference Co- Chairman & Vice-Chairman, SSEB, BOS-O; CA. Umesh Sharma, Conference Director, Central Council Member, ICAI; CA. Yogesh Agrawal, Chairman, Aurangabad Branch of WIRC of ICAI & CA. Mahesh Indani, Chairman, Aurangabad Branch of WICASA of WIRC, Conference Coordinators.

## MEGA CA STUDENTS CONFERENCE - GUWAHATI

Dates: 18<sup>th</sup> & 19<sup>th</sup> June, 2022

Venue: ICAI Bhawan, Manik Nagar, Guwahati

Organised by: SSEB, Board of Studies-Operations, ICAI

Hosted by: Guwahati Branch of EIRC of ICAI & Guwahati Branch of EICASA of ICAI

Theme: "Antah Prerna"- "Inspire Yourself"

Day 1	
10.00 AM to 10.30 AM	<b>Inaugural Session</b>
10.30 AM to 12.15 PM	<b>Technical Session I: Topic: Accounting &amp; Auditing-</b> 1. ABCD - Artificial Intelligence/ Block Chain/ Cyber Security/ Data Analytics (Use in Accounts and Audit); 2. Forensic Accounting - Contemporary issues & way forward; 3. Future of Accounting Profession Over the Period
12.15 PM to 1.15 PM	<b>Special Session I:</b> Interaction with Chairman and Vice-Chairman, SSEB, Board of Studies- (Operations), ICAI
02.15 PM to 03.15 PM	<b>Motivational Session I:</b> Eminent Speaker
03.15 PM to 05.00 PM	<b>Technical Session II: Topic: Corporate Law-</b> 1. Revised Sch III & CARO 2020; 2. Business Responsibility & Sustainability Reporting – Way forward; 3. Companies (Auditing & Auditors) Rules, 2014 – A paradigm shift.
Day 2	
10.00 AM to 11.30 Am	<b>Technical Session III: Topic: Taxation-</b> 1. Tax Planning, Tax Avoidance & Tax Evasion; 2. Is GST Helping Economic Growth; 3. Taxability of Crypto Currency – Emerging Issues in Tax Law.
11.30 AM to 12.30 PM	<b>Motivational Session II:</b>
12.30 PM to 01.30 PM	<b>Special Session II: Topic: Ethical Values in Profession/Importance of Articleship.</b>
02.30 PM to 04.00 PM	<b>Technical Session IV: Topic: Economics-</b> 1. Indian Unicorn Era – A New Beginning; 2. 5 Trillion Economy- A way Forward; 3. Journey of Wealth Creation through Equity Market.
04.00 PM to 5.00 PM	<b>Special Session III:</b> Topic: Azadi ka Amrit Mahotsav, Future of Chartered Accountant in Government Services.

**Students Eligible to attend the Students Conference:** Students who have registered as Intermediate Students/ Students who are pursuing their Articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (Foundation Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences)

**Registration fees** Rs. 900/- per student

**Payment Mode**

Students to Register on the Portal at <http://bosactivities.icai.org/>

CA. Sushil Kumar Goyal, Conference Chairman & Conference Director, Chairman, SSEB, BOS- O; CA. Sridhar Muppala, Conference Co-Chairman & Vice-Chairman, SSEB, BOS- O; CA. Gaurab Garodia, Chairman, Guwahati Branch of EIRC of ICAI & CA. Anjani Kumar Mundhra, Chairman, Guwahati Branch of EICASA of ICAI, Conference Coordinators.

## NATIONAL CONFERENCE – JAIPUR

Dates: 9<sup>th</sup> & 10<sup>th</sup> July, 2022

Venue: Birla Auditorium, Jaipur

Organised by: SSEB, Board of Studies-(Operations), ICAI

Hosted by: Jaipur Branch of CIRC of ICAI & Jaipur Branch of CICASA of ICAI

Theme: “अभ्युदय”: Lighting The Future Beyond All Limits

Day 1	
9.30 AM to 10.30 AM	<b>Inaugural Session</b>
10.30 AM to 11.30 AM	<b>Special Session I: Interaction with Chairman and Vice-Chairman, SSEB, Board of Studies- (Operations), ICAI</b>
11.30 AM to 1.30 PM	<b>Technical Session I: Topic: Income Tax-</b> 1. Income Based Taxation v/s Expense Based Taxation; 2. Taxation on Digital Assets; 3. Determination of Residential Status.
2.30 PM to 3.30 PM	<b>Motivation Session II: Topic:</b> Persuasive Communication
3.30 PM to 5.30 PM	<b>Technical Session II: Topic: Auditing-</b> 1. Audit Documentation; 2. Future of Audit in digital era; 3. Expectation v/s Reality w.r.t. to Standards on Auditing.
Day 2	
10.00 AM to 12.00 NOON	<b>Technical Session III: Topic: GST: A Journey of 5 Years-</b> 1. ITC-Limitation on Availment; 2. Search & Seizure- an overview; 3. Professional Liabilities under GST.
12.00 NOON to 1.00 PM	<b>Special Session III: Topic:</b> Success Stories of Renowned CAs
2.00 PM to 3.30 PM	<b>Technical Session IV: Topic: IND AS-</b> 1. Possible Challenges in Implementation of IND AS for MSME; 2. Fair value measurement in IND AS; 3. IND AS 16-PPE.
3.30 PM to 5.00 PM	<b>Motivational Session: Topic:</b> Simple Habits for Happy Life.

**Students Eligible to attend the Students Conference:** Students who have registered as Intermediate Students/ Students who are pursuing their Articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (Foundation Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences)

<b>Registration fees</b>	<b>Rs. 500/- per student</b>	<b>Payment Mode</b>	Students to register on Portal at <a href="http://bosactivities.icaai.org/">http://bosactivities.icaai.org/</a>
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CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BOS-O; CA. Sridhar Muppala, Conference Co-Chairman & Vice-Chairman, SSEB, BOS-O; CA. Prakash Sharma & CA. Rohit Ruwatia Agarwal, Conference Directors, Central Council Members, ICAI; CA. Kuldeep Gupta, Chairman, Jaipur Branch of CIRC of ICAI & CA. Yash Gupta, Chairman, Jaipur Branch of CICASA of ICAI, Conference Coordinators.



The Institute of Chartered Accountants of India

[Set up by an Act of Parliament]

Post Box No.7112, 'ICAI BHAWAN', Indraprastha Marg, New Delhi – 110002

## IMPORTANT ANNOUNCEMENT

17<sup>th</sup> May, 2022

### Subject: Information System Audit – Assessment Test (ISA – AT), July 2022

Members are hereby informed that the next Information Systems Audit (ISA) Course Assessment Test (Old as well as New Syllabus) which is open to the members of the Institute will be held on 9<sup>th</sup> July 2022 (Saturday) from 9 AM to 1 PM (IST) at the following cities provided that sufficient number of candidates offers themselves to appear there from.

Name of the State (No. of Cities)	Name of the Examination City
Andhra Pradesh (4)	Guntur, Ongole, Vijayawada, Visakhapatnam
Assam (1)	Guwahati
Bihar (1)	Patna
Chhattisgarh (2)	Durg, Raipur
Chandigarh (1)	Chandigarh
Delhi / New Delhi (1)	Delhi / New Delhi
Gujarat (4)	Ahmedabad, Rajkot, Surat, Vadodara
Haryana (7)	Faridabad, Gurgaon (Gurugram), Hisar, Panipat, Rewari, Rohtak, Sirsa
Jammu & Kashmir (1)	Jammu
Jharkhand (2)	Dhanbad, Ranchi
Karnataka (2)	Bengaluru, Hubli
Kerala (3)	Ernakulam (Kochi), Thiruvananthapuram, Thrissur
Madhya Pradesh (4)	Bhopal, Gwalior, Indore, Jabalpur
Maharashtra (10)	Ahmednagar, Akola, Aurangabad, Kolhapur, Mumbai, Nagpur, Nashik, Pune, Solapur, Thane
Odisha (1)	Bhubaneswar
Punjab (2)	Jalandhar, Ludhiana
Rajasthan (6)	Bhilwara, Bikaner, Jaipur, Jodhpur, Kota, Udaipur
Tamil Nadu (3)	Chennai, Coimbatore, Tirupur
Telangana (1)	Hyderabad
Uttar Pradesh (10)	Agra, Allahabad (Prayagraj), Bareilly, Ghaziabad, Kanpur, Lucknow, Mathura, Meerut, Noida, Varanasi
Uttarakhand (1)	Dehradun
West Bengal (2)	Kolkata, Siliguri

The Council reserves the right to withdraw any centre at any stage without assigning any reason. The above Test is open only to the Members of the Institute who are already registered with the Institute for the ISA course and fulfill the eligibility criterion laid down. The fee payable for the above Assessment Test is ₹2000/-. An application for admission to the Information Systems Audit (ISA) Course - Assessment Test is required to be made on-line at [isaat.icaiaexam.icaai.org](http://isaat.icaiaexam.icaai.org) from 20<sup>th</sup> May, 2022 to 2<sup>nd</sup> June, 2022 and remit the examination fee of ₹2000/- on-line by using VISA or MASTER or MAESTRO Credit / Debit Card / Rupay Card / Net Banking / Bhim UPI.

(S. K. Garg)

Additional Secretary (Examinations)

## CROSSWORD - JUNE 2022

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### ACROSS

- A piece of software designed to carry out a particular task is \_\_\_\_\_.
- \_\_\_\_\_ is an agreement to form a free-trade area between the cooperating states.
- A document that transfers the title of property from one owner to another.  
Abb: Supreme Court.
- A network protocol for delivering audio and video over IP networks.
- An instant video messaging platform for iOS, Android, and Windows mobile devices.
- \_\_\_\_\_ is the integrated management of main business processes, often in real time.
- A unique 11-digit alphanumeric code that is used for online fund transfer transactions.
- \_\_\_\_\_ is a symbol to indicate that the preceding mark is a trademark, specifically an unregistered trademark.  
Abb: Common Admission Test.
- An Indian natural gas distribution company that supplies natural gas as cooking and vehicular fuel.
- A forum of professional accounting bodies in the South Asian Association of Regional Cooperation region of eight nations.
- It is established in each state for regulation of the real estate sector.
- A questionnaire prepared by RBI which an auditor has to answer.
- A curve that represents the combinations of the interest rate and income such that money supply and money demand are equal.
- \_\_\_\_\_ is a test for admission for all UG Prog in all Central University for academic session 2022-23.
- A method used to account for inventory that records the most recently produced items as sold first.
- The apex body in India for the formulation, coordination, and promotion of biomedical research.
- A computer or program fails suddenly \_\_\_\_\_.
- The total desired or planned expenditure on goods and services in the economy.
- The governing body of the National Olympic Committees (NOCs)
- As per Ind AS, a \_\_\_\_\_ is a parent and all its subsidiaries.
- The Toronto-Dominion Bank is also referred as \_\_\_\_\_ Bank.
- The value of the shares issued by a company.

- Scottish form of not, used after an auxiliary verb.
- \_\_\_\_\_ describes the breaking of degeneracies of electron orbital states.
- A slang term for someone who's incredibly exceptional, authentic, or 'old-school'.
- A commercial AM radio station in Farmersville, Texas.
- A national level, institutionalised, electronic, transparent spot market.
- A non-governmental trade association and advocacy group headquartered in New Delhi.
- A compilation of rules and orders of GOI to be followed with matters involving public finances.

### DOWNWARD

- \_\_\_\_\_ involves dividing your investments among different assets, such as stocks, bonds, and cash.
- Abb: Long-Term Failure Rate.
- An American worldwide manufacturing company based in Stamford, Connecticut.
- \_\_\_\_\_ is typically cash or liquid assets being held or obtained for expenditures.
- Abb: Industrial Development Leasing Company of Bangladesh Limited.
- A body for cooperation between Latin American countries in the field of education, science, technology.
- A private, non-profit foundation dedicated to the growth and strengthening of democratic institutions around the world.
- \_\_\_\_\_ is to let the air out of something.
- A process in which a business or other organisation administers its interactions with customers, typically using data analysis to study large amounts of information.
- A tax on goods and services sold domestically for consumption.
- \_\_\_\_\_ 2020 is a new format for issue of audit reports in case of statutory audits of companies under Companies Act, 2013.
- \_\_\_\_\_ provides market like exposure to the developed Europe space.
- An admission requirement for many graduate schools in the US and Canada.
- The free trade arrangement of the

- South Asian Association for Regional Cooperation.
- An essential element of the system that enables clients to perform a "data-driven" analysis for a given process, organisation, IT system, project/event or custom entity.
- A company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange.
- A technology used primarily to identify and process checks.
- A specialised agency of the United Nations responsible for international public health.
- \_\_\_\_\_ flags are indicators or warning of any impending danger or inappropriate behaviour.
- A series of audio wave is \_\_\_\_\_.
- It's an informal way to refer to a person, especially a male.
- \_\_\_\_\_ are year notations for the Gregorian calendar, the world's most widely used calendar era.
- An Italian high-end luxury fashion house.
- An \_\_\_\_\_ system consists of a tiny radio transponder, a radio receiver and transmitter.
- \_\_\_\_\_ media service is a media service offered directly to viewers via the internet.
- The percentage of a bank's total deposits that it needs to maintain as liquid cash.
- An American multinational investment bank and financial services company.
- \_\_\_\_\_ Overseas Education is rapidly growing EdTech Company in India.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002