THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SETUP BY AN ACT OF PARLIAMENT)
KOZHIKODE BRANCH OF SICASA

YUKTHI

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Joint Secretary's Message

Hey CA Aspirants, I am so glad that I have got this opportunity of being a part of this family called SICASA Kozhikode. It's been 5 months since we are together as a team, doing the best we could that is beneficial for our CA students' community. Since the restrictions imposed due to pandemic is relived, our committee had the opportunity to organize offline events and programmes that couldn't be held for past two years.

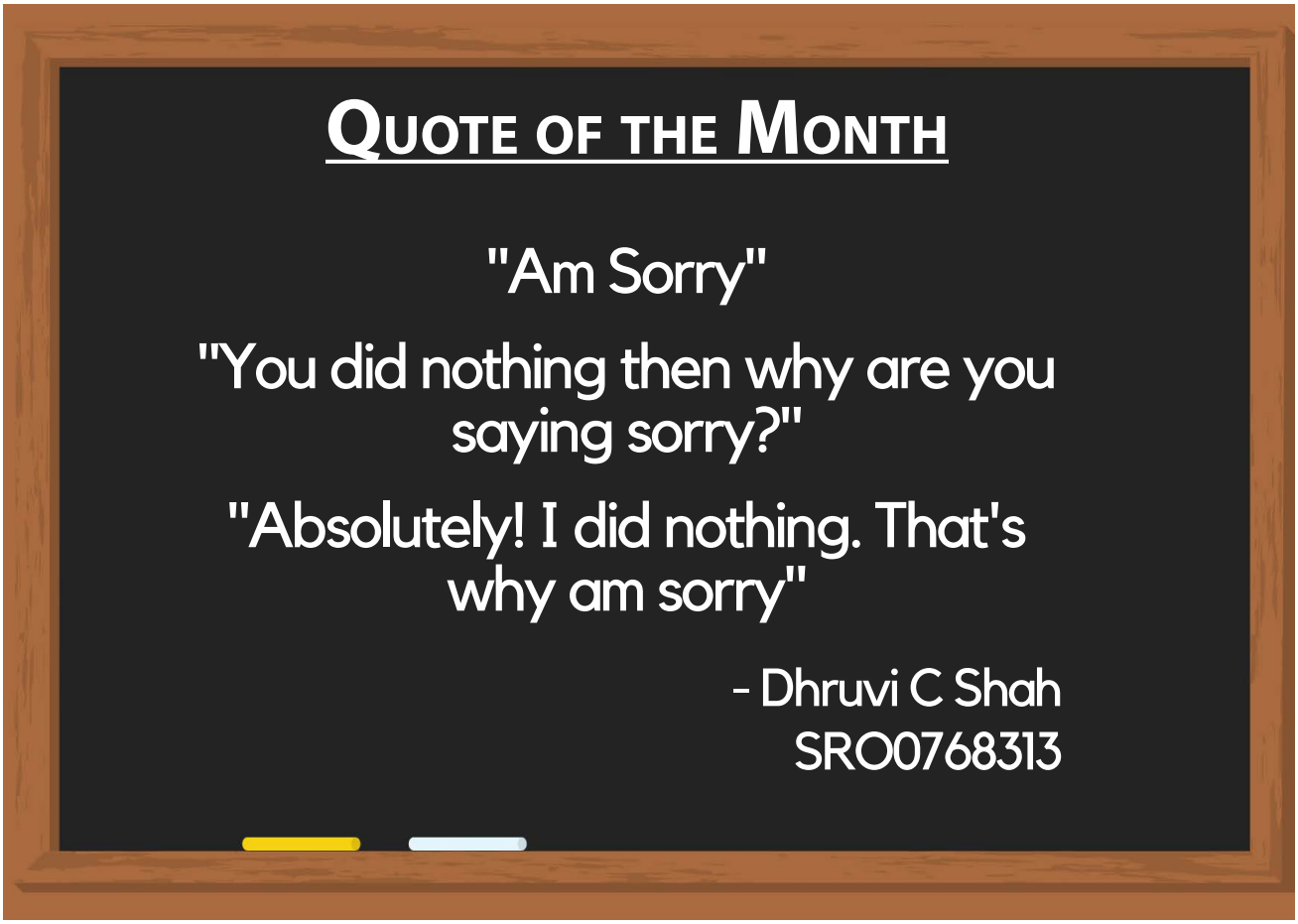
It was a challenge that we gracefully took up, and the hurdles that was brought up against us was handled by us with consistent hard work and determination that ultimately gave a fruitful reward at the end of the day. I have always made an effort to stand by my team members, whenever they were in need and also been a voice of my dear CA student's. Being in this committee with dynamic personalities not only helped me to develop but also to be a better human being.

Talking about our events, long awaited cultural fest "Evolve" was conducted after two years, and the number of participations itself was a reflection of the success we achieved. An overwhelming evening, we all had experienced with ample number of performances, games and dances filled with joy and memories. These are some of those days which I am going to remember and feel nostalgic.

Managing our committee along with the audit was a great challenge that I had to face, but I was lucky enough that I was surrounded by a supportive team and friends who helped me get through this period. I am thankful of each person who has given me support and strengthen me mentally.

I would like to extend my best wishes to those appearing in November 2022 examination. Always try to light that fire within yourself to crack the upcoming exams and prepare well with hard work and enthusiasm. Hope all of you get through with flying colours.

Enjoy learning & enjoy the joy ride of becoming a CA.



"There was a time in my life, were I was drowning very badly and I did not know what was happening with me. Things started getting different. May be I was battling depression. I wanted to share this with someone very badly. I tried talking to my close ones. Few of them did not understand, few thought that I am over thinking and some of them understood it but wanted to stay out of it. At that point I understood one thing,I was so obsessed with people around and their life that I forgot about myself. And in my difficult times when nobody stood by me it was just myself and few magnets who always stood by me and taught me swimming so I did not drown. Am telling you all this just to let you know that it's a phase and it's normal but people may not understand and that's ok, but it's important to talk about it. You're not alone we are into it together"

"Am sorry"

"You did nothing then why are you saying sorry?"

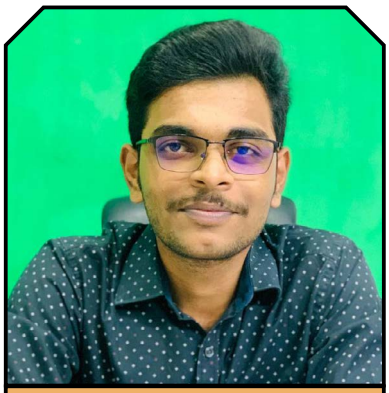
"Absolutely! I did nothing. That's why am sorry. I thought it was all just in the mind. I know you were drowning and I did not know what to do so I preferred to stay out of it and I did not even stay to listen but remember from now am always here.. yes, depression is a phase and it's ok to feel the way you're feeling but it's not ok to not talk about it.

Mental health is equally important."

"nice to see that you understood"

SA 570 Going Concern

Disclaimer: The following article is purely for giving conceptual clarity with regards to the topic. The language used in this article is not consistent with the ICAI Materials. While answering the questions in the exam one should make use of the wordings given in the ICAI Materials.



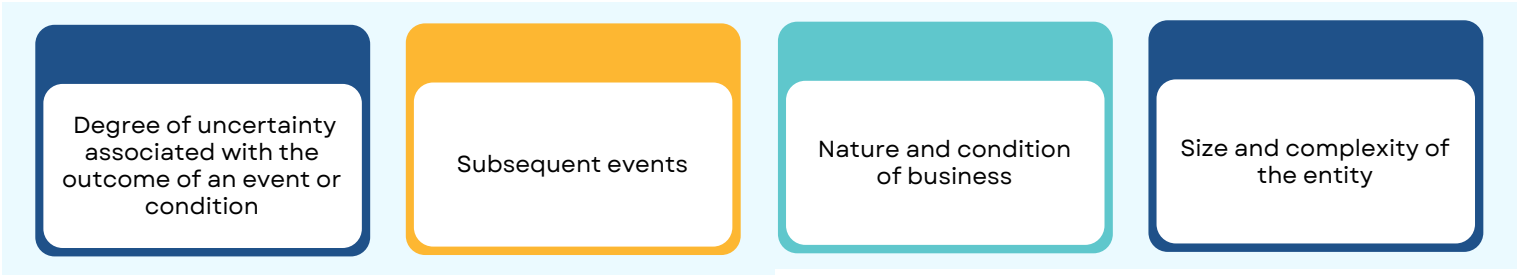
CA. Nirmal Prasad

Introduction

- We all are familiar with the 'Going Concern Assumption' (GCA) which states that the financial statements are to be prepared on the basis that an enterprise will continue its operations for the foreseeable future and neither there is intention nor there is a need to materially curtail the scale of operation.
- If the financial statements are prepared on a different basis then the matter is to be disclosed in the financial statements.
- When this assumption holds good, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

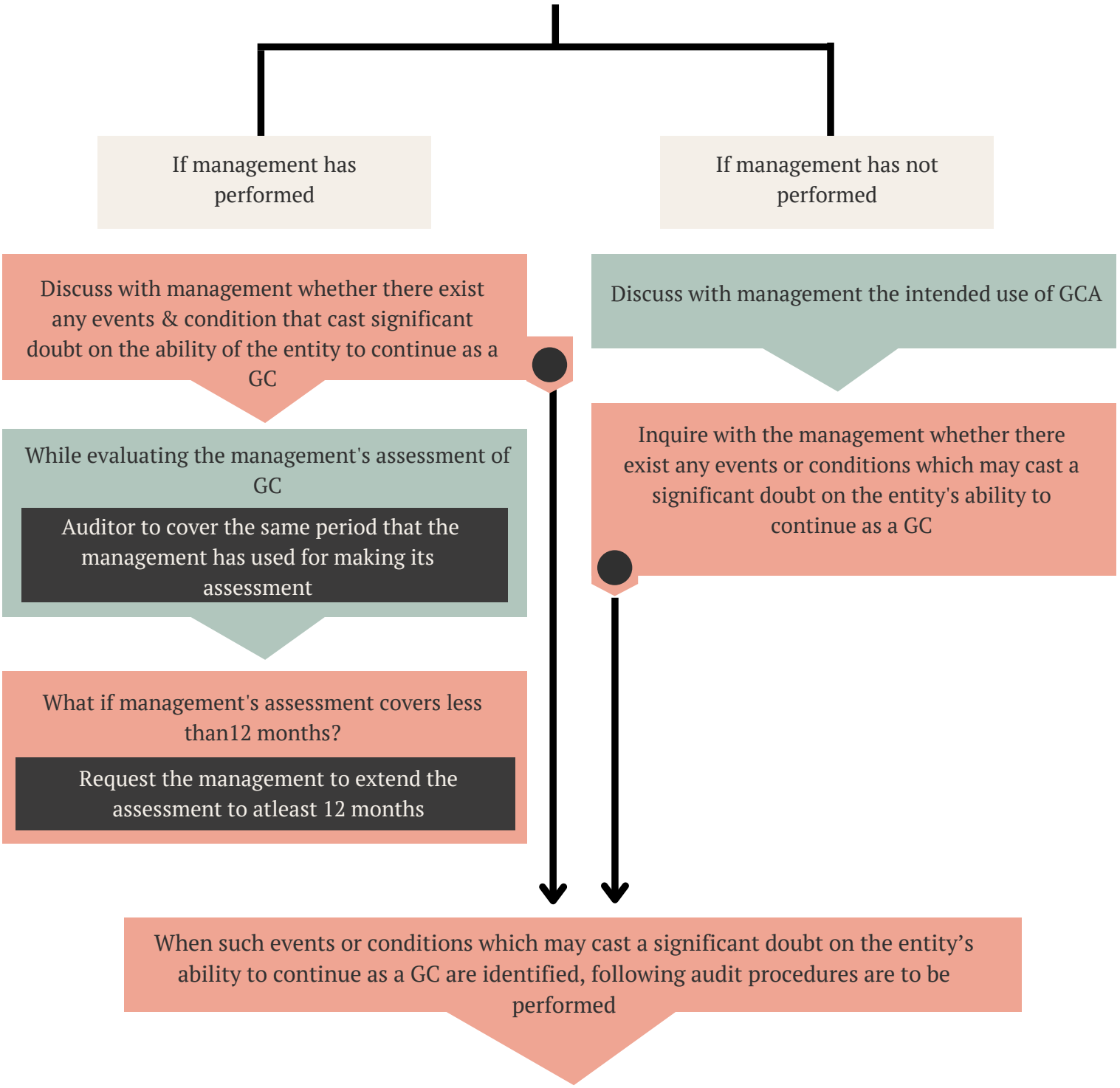
Assessment of the entity's ability to continue as a going concern

- The management is responsible for the preparation of financial statements of an entity, so clearly it is the management's responsibility to assess the entity's ability to continue as a going concern.
- The assessment involves making judgment at a particular point in time, about inherently uncertain future outcomes of events or condition, which takes into account following factors (but are not limited to the same):-



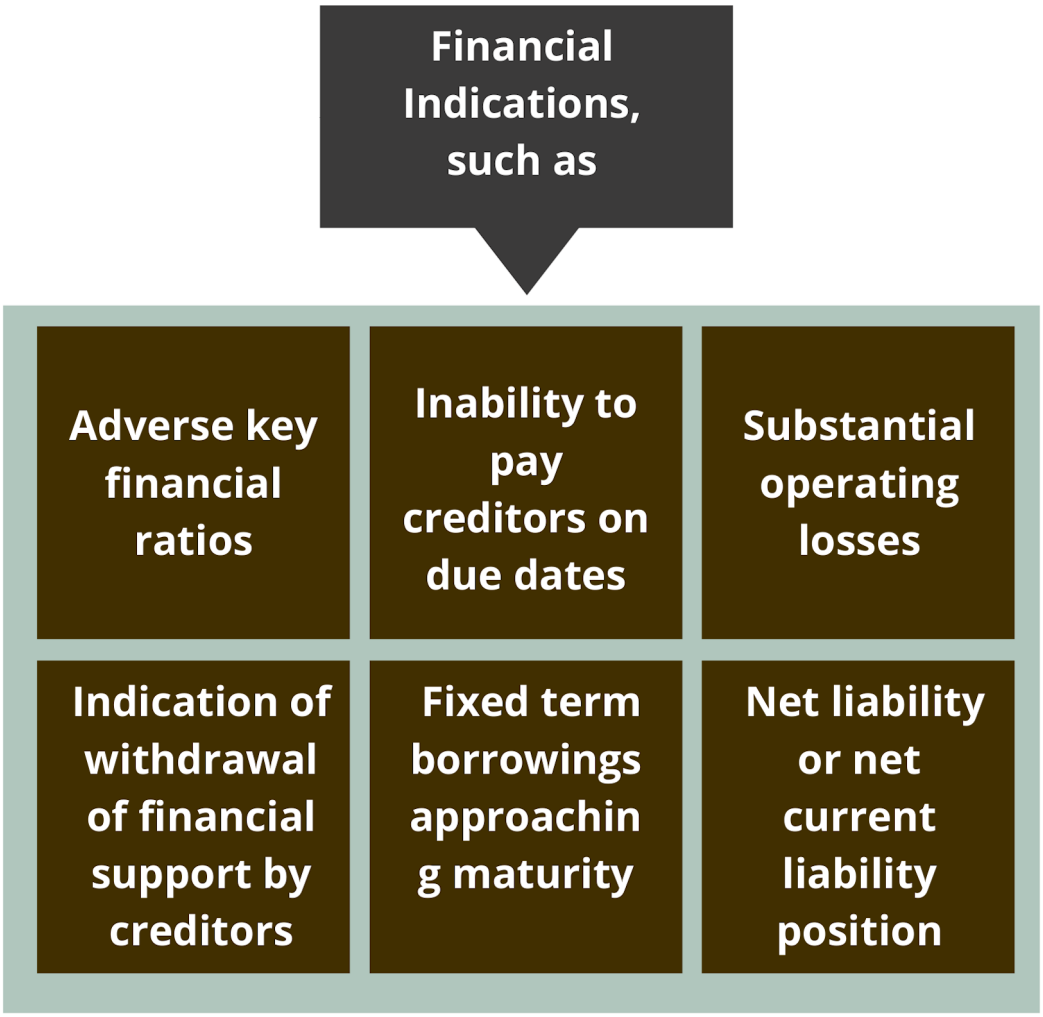
Auditor's responsibilities and requirements of SA 570

- As an auditor you are responsible for obtaining sufficient and appropriate audit evidence to conclude whether the management's use of GCA is appropriate or not.
- While performing Risk Assessment Procedures – The auditor shall determine whether there exist events or conditions that may cast a significant doubt on the entity's ability to continue as a going concern.
- Auditor shall determine whether the management has performed a preliminary assessment of the entity's ability to continue as a going concern:-



- Where the management has not yet performed the assessment management to make its assessment
- Evaluate the management's plan for future
- Consider the reliability of cash flow forecast
- Consider the availability of additional facts or information since the date of management's assessment
- Request written representation with respect to their plans for future action and feasibility of those plans

- **Indicators of such events and conditions: -**



Operating Indications, such as

- Management intention to liquidate the entity or to cease operations
- Loss of key management without replacement
- Loss of major market, key customer or principal suppliers
- Labour difficulties
- Emergence of a highly successful competitor

Other Indications, such as

- Non-compliance with capital or other statutory requirements
- Pending legal or regulatory proceedings against entity result in claims entity unable to safety
- Changes in law or regulation or Govt. policy expected to diversely affect the entity
- Uninsured or under insured catastrophe when they occur

Reporting

► Having understood what are the audit procedures to be performed, we now need to know the reporting requirements under various scenarios. This is given in the following chart: -

In case the use of GCA is inappropriate → Auditor to express adverse opinion

The use of GCA is appropriate but a material uncertainty exists.
In such a case the financial statements are required to disclose the matter.
Accordingly reporting will depend on whether such disclosures are made

If disclosure has been made → Unmodified opinion & → An additional section in the auditors report with the heading:- "Material Uncertainty Related to Going Concern"

If disclosure has not been made → Qualified or Adverse opinion → In the Basis of Qualified or Adverse Opinion state that such events or conditions that may cast a significant doubt on the entity's ability to continue as a going concern exist and that the financial statements do not adeq-uately disclose this matter

This section is used to :-

- Draw attention to the note in financial statement that discloses the matter and
- State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not modified in respect of the matter.

If management is unwilling to make or extend its assessment → Consider the implication in the audit report.

Money, Savings and Investment

Abhishek Kumar
ERO0188631

I am starting with these three words which are very essential for everyone. You know well that money is everything "paisa bolta hai". Strangely, we are dependent upon money because if we have money then we can enjoy our life better with family.

In childhood, when we get Rs. 1 or 2 then we are going to the shop for buying chocolates and we feel happy. Our parents also give us money to buy them. But when we get addicted to chocolates then our parents tell us that if we eat chocolates then we get a cavity in our teeth.

This situation seems strange but this is the starting point of the importance of money in our life. We think if we have money then we can buy many but we can't because we need to respect our parent's talk.

Further, when we are going to school then we also get pocket money from our parents and fulfil our needs. But this time no one is here to stop us and guide us to keep our money in the bank or our piggy bank "Chukri" as savings because this is the time to keep the money for the future. No one knows when we required this money in the needed time.

Pic Source: @dreamstime.com

Saving is an essential part of our life which must be learned by youngsters because this is the time when our requirement list is huge but after purchasing everything, we lose our money and feel noting. We become helpless just because of money.

Requirements have no end. If our money goes out of our pocket then it will rarely come back to us. So, we need to keep the habit of savings. Now the question is how to create savings and where to keep them.

Suppose, If you are a minor, you can approach banks for a minor account or if you attain the age of 18 or more you can easily open your bank account. Try to keep your money which is your savings in banks. Nowadays, there are many options available in the bank through Internet banking from where you can start your savings by opening RD Accounts. Remember never to keep a huge amount in one RD. Make them in small amounts for a different period so that if you have a requirement then you can use them at maturity. For example,

If You have Rs. 1000/- monthly savings then you can invest Rs. 500/- in RD & PPF and the rest Rs.500 in your Bank Account like,

- Rs. 100 per month – in one RD for 2 years
- Rs.100 per month - in Second RD for 3 years
- Rs.100 per month – in the third RD for 5 or 6 years and
- Rs.200 per month - in PPF account for 15 years
- Rs. 500 per month – in Bank Account

This lump-sum amount can help you to keep your saving continue which will help you in the future.

Apart from this, there are many government schemes but, in my view, these are the safest mode of creation of Savings.

Now, the question is if we are saving our money in banks then what is the importance of Investment?

In layman's language, Investment is the term that is used to invest our money for the future benefit of our family. In taxation, Investments are covered under deduction under Chapter VI-A (Section 80C to 80 U) in which every section says about a different type of investment that can reduce our

income for computation of Tax. But for every student, this chapter is very important for their life because it helps them to understand the required savings in the form of Investment.

When we mature, our responsibility becomes too much for parents and family. We think about Investment in many areas like

1. Insurance premium- For their health care.
2. Mediclaim -To cover our family health protection.
3. Pension Funds – For retirement purposes and many more.

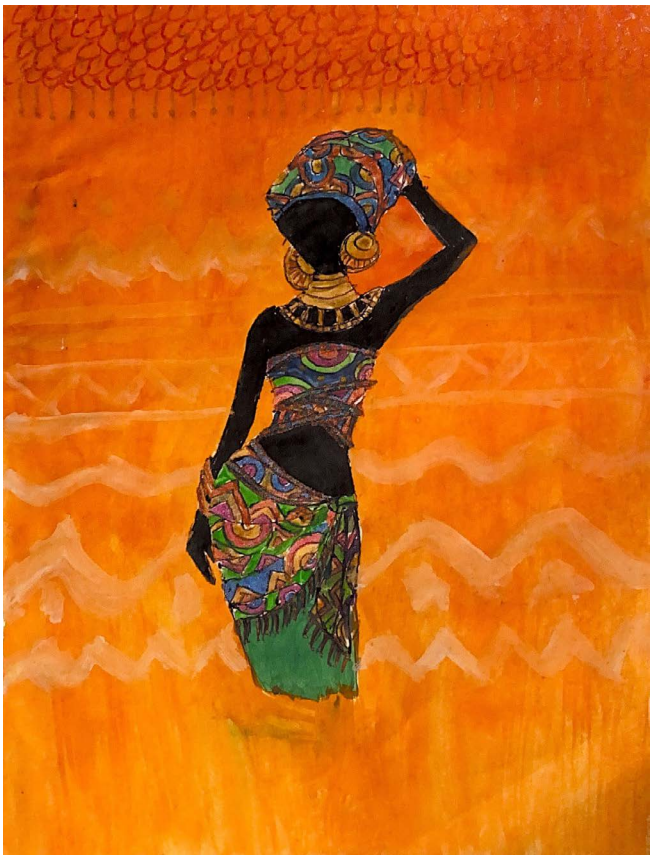
In the last, I would like to suggest our readers keep the habit of Savings and also teach your dear ones about it and secure your future without losing your earned money by any wrong decision.

The above article is belonging to my own experience which is very much important for the students like us because I realise that "aap kitne bhi ache firm / organization me kaam kar lo matters karta hai apka depth of Knowledge aur us se bhi jyada aap ke pass kitna savings hai aur wo bhi aese ki jarurat par aapka easily kaam ho jaye".

Saving is more precious than earning money.

Start saving your money and make a strength for your future.

ART CORNER



DRISYA KRISHNA
SRO0567063

ADITHYA T K
SRO0677852

Knowledge Section
Clause 44 of the Form 3CD

The Clause 44 of the Form 3CD is effective for Assessment Year 2022-23 i.e. for the Financial Year 2021-22 because the compliance of this clause was kept in abeyance till 31/03/2022 but for all the reports submitted after that date the clause is mandatory. Since the audits for the Financial Year 2021-22 are under process hence we should study how to report and comply this clause and how the Assesssee under audit will submit the data under this clause. The primary duty of submission of the details is of Auditee and for verification of the information supplied under this clause can be verified form the GSTR-2A, GSTR-2B, AIS and other records available with the dealer. Most of the information required for this clause is already available with the Law makers in the form of GSTR-2A and AIS and what is the use of this information in Form 3CD is better known to the lawmakers but since the clause is there hence the Assesssee and Auditor has to follow and comply it.

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News Updates in ICAI Website

Top audit bodies end discord over small businesses

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

Institute of Chartered Accountants of India president Debashis Mitra.

Two of India's top audit regulators have buried their differences over a proposal to relax the statutory audit requirement of small businesses, following a change of guard at the helm of both institutions.

Last September, the Institute of Chartered Accountants of India (ICAI) opposed a consultation paper from the National Financial Reporting Authority (NFRA) proposing to ease the statutory audit requirement for small businesses. While ICAI is India's accounting rule maker and self-regulator of auditors, NFRA is the audit watchdog set up by the government.

ICAI president Debashis Mitra said in an interview that the two bodies now work in a complementary manner, indicating the end of sharp differences over the framework of statutory audit and the tension between the two institutions.

"We work in a complementary manner. We respect the NFRA just as I would also like to think the NFRA respects ICAI. Today we are not on a collision course. We are on the same page on the issue of audit quality. We both believe the audit quality needs to be very high," Mitra said in the interview.

Both institutions have held talks over key audit matters and regularly exchange views, a government official said on condition of anonymity. An email sent to NFRA on Tuesday seeking comments for the story remained unanswered till press time.

In March, former finance secretary Ajay Bhushan Pandey took over as chairperson of NFRA after the term of the watchdog's first chairperson, Rangachari Sridharan, ended last year. Under Sridharan's watch, NFRA sought public comments on the audit framework for small businesses, which met with resistance from ICAI. ICAI, too, has a new president, as the term of the accounting rule maker is limited to one year.

The NFRA consultation paper sought comments on whether or not small and medium firms need to be given relaxation on statutory audit requirements and what should be the threshold. ICAI then pointed out that NFRA has no jurisdiction over small businesses to decide whether or not they need to be audited.

"That was a consultative paper by NFRA. ICAI took the stand that we were never consulted. We also said NFRA does not deal with these kinds of companies as it deals with public interest entities. Subsequent to that, I think we have not heard anything on that, neither from NFRA nor from the government," Mitra said.

That consultation paper gave details of how small firms get their audit done. NFRA's preliminary analysis then showed that the fees paid to auditors by a large majority of micro, small and medium companies were way below what an audit, when performed in compliance with the letter and spirit of the standards of auditing, would require. The watchdog then said it was appropriate to revisit the requirement of compulsory statutory audit for all companies.