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

YUKTHI

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Contributions in the form of articles, stories, poems, jokes, drawings etc. are invited for the monthly e-Newsletter "YUKTHI". Students can email their contribution to *sicasaclt@gmail.com* along with name, photo and student registration number.

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EDITOR'S MESSAGE

I am feeling an immense pleasure to serve as an editor of SICASA Kozhikode.

"Unity to be real must stand the severest strain without breaking"

These words of Mahatma Gandhi help us to bring positivity among us and make us believe that anything can be made possible with excellent teamwork. Same teamwork become an aid to find our way out to conduct various activities for students under the banner of SICASA.

Euphoria, The Football league was the greatest attraction of this month. It showcase the students' excellence in extracurricular activities and cheered them up as well. Contribution of our students towards e-newsletter is also applaudable. It portrayed their creative side. We had organised an All Kerala Student Teacher Contest which helped the students to bring out the teacher in them. We have also conducted branch level debate competition and Powerpoint presentation competition. Active participation from the students end made these events successful and memorable one.

As exams are on its way, All that I have to tell you is that follow your dreams with dedication and you will surely make all of them true. Good luck and all the best for your Exam.

Thulasi MC,

Editor.

ASSERTIONS

Disclaimer: The following article is purely for giving conceptual clarity with regards to the topic assertion. 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.

NIRMAL PRASAD
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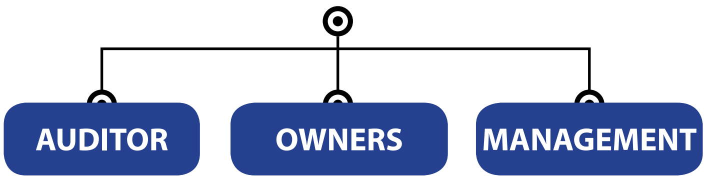
We have come across this term many a times while ransacking through the ICAI Materials but generally we either tend to ignore it or search it up in a dictionary or google; both of which are not correct ways of understanding what ASSERTIONS mean in Audit. Personally, if you spent a great deal of time to get to know the concept of assertions, your perspective of Audit theoretically and practically, is bound to change.

So let me begin with the dictionary meaning, even though I have objected it in the beginning but which I feel is good to break the ice,

To assert means to state a fact or belief confidently and forcefully.

The meaning is like this, there is someone who is stating something and he is saying that in a confident manner. In the context of audit, we simply need to identify who is this particular 'person', what is he stating.

As we know the entire audit is revolved around 3 major people.



Let's just take a quick look at the basics; We know that the owners entrust the operations of an entity to the management, who are responsible to report performance of the entity to the owners. The auditor comes to verify the reports of the entity and express his opinion on whether the reports present a true and fair view.

Now let's dig a bit deeper. From the brief flashback in the above para, it is obvious that it is the responsibility of the management to prepare the reports, which are nothing but a medium of communication to the owners about the performance of the entity. The management will present only those facts in the reports which they are confident about, right? Which means the person who is 'asserting' is none other than the management.

Part 1, who is making the assertion is clear. Now let's move into the next stage which is: - 'what are the fact that the management is stating confidently'

Suppose in a balance sheet you saw a figure 3,00,000.00 against the title Property, Plant and Equipment and Intangible Assets. You referred the notes and came to know that it represents the value of some machines. What does this mean? It indicates that

1. There is a category of asset – machine. (Existence)
2. The machines are owned by the entity. (Rights and Obligation)
3. The value 3,00,000.00 includes all the machines owned by the company i.e. no machines were left out. (Completeness)
4. The machines were valued properly i.e the machines are presented at appropriate amounts. (Valuation)

So, the management indirectly is stating these facts confidently through a single line PPE –3,00,000.00.

Now, what the auditor needs to do is to obtain audit evidences for all these facts. Let's apply this concept to the above example,

Sl. No.	Assertion	Question	How to verify the same?
1	Existence	Is there such a machinery?	The auditor can physically inspect the machines
2	Rights and Obligation	Do the entity own such machine?	The auditor can inspect the purchase invoice to check whether the machine is purchased in the name of the entity.
3	Completeness	Does the head '**Machine'** include all the machines owned by the entity?	i.) Checking the arithmetical accuracy of the movement in PPE Schedule, tally opening balances to the previous year audited financial statements.
			ii.) For additions, verify the authorisation by board, verify documents like invoices, quotation etc.
			iii.) For deletions, verify the management approval and discard note authorising the discard of the asset.

Sl. No.	Assertion	Question	How to verify the same?
4	Valuation	Whether the asset as been properly valued?	i.) Verify that the depreciation method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.
			ii.) Recalculate the depreciation amount.
			iii.) Verify whether impairment assessment has been done.

All these assertions are implied in the financial statements. But there may be cases where assertions are to be specifically mentioned. Such assertions are known by the term 'Explicit Assertions'. An example can be,

- Secured Loans 50,00,000.00

This one-line fact does not give us information like

1. The lender
2. The security against which loan is taken
3. The interest rate

So specific mentions are required with respect to these facts.

There is also one more category of assertions: Negative assertions. This means the management negatively stating a fact. This can be again Expressed or Implied.

Illustrating the above through the following example to give more clarity.

Type	Example
Expressed Negative Assertion	The management disclosed that there is no contingent liability.
Implied Negative Assertion	In the balance sheet there is no item building. This implies that the entity does not own any building as on the balance sheet date.

To sum it up, assertions are nothing but the facts which management states confidently. As an auditor, your duty is to obtain audit evidences with regard to each and every assertion. While obtaining the audit evidences factors such as source, nature, reliability, relevance are to be considered.

PRIORITIZING YOU

REEMA MUNEER
SRO0433958

Lying on my bed a late afternoon, like any other CA aspirant, even the wall made me think about myself. When we think, we compare. Compare with many other individuals around us whom we see as our equals. And with everyone's life taking a turn as the pandemic hit us all, I was again having a deep thought process going inside me or within me which made me end at the thought that, for some, the pandemic took them to a major life making the turn but for others, there was a setback. And me?

As a CA aspirant aren't we always in twists and turns? Aren't we always lying in a bed pooled with uncertainties?

So how can I pull together that 'ME' and work towards the next step which might help me exist at least now? And one thing I found was that today equating with us, everyone is facing and going through uncertainties. Hence, taking a chance let's learn from others and what the pandemic has taught our tribe, the tribe of human beings.

And this lesson is nothing else but the very basic statement that 'YOU MATTERS'.

Yes, we all forgot about exams, classes, living means, time, and every other element which were monotonous and luxurious. We saw everyone around us lowering themselves into meeting their basic needs and necessities which were the 'ESSENTIALS'. All were in prayer for having a safe life with their loved ones, and some of us even saw them falling and hugging death when we stood helpless along with the system.

So, do I need to say more?

Prioritizing 'ME' and my mental health matters over and above any uncertainties and what it takes would be to push all boundaries and focus on what we want. Now give a moment to yourself to breathe in-breath out and then think with a clear mind before you take the next move.

Why it is important to check Form 26AS before filing Income Tax Return

Pushp Kumar Sahu
CRO0553317

There is a great need and importance of thorough checking of Form 26AS before filing Income Tax Return, as it is an Annual tax statement which provide the details of tax paid, tax deducted or collected at source as the case may be of the respected assesse. Assesse has to mandatorily disclose the corresponding income in his ITR which is reflecting in the Form 26AS against which TDS/TCS has been made. It acts as a statement which provides various details like as follows;

1.) TDS/TCS Details of the Assesse: Form 26AS shows the details of tax deducted by any person or entity i.e. deductor in Part A under various sections like 194A, 194C etc. or tax collected at source u/s 206C series in Part B.

2.) Details of high volume transactions in Part E like if any assesse has been engaged in any transaction which involved a huge amount like purchase or sale of immovable property above the transaction value of 30,00,000 INR.

3.) Details of Tax paid by the assesse in Part C: Advance tax or self-assessment tax paid by the assesse during the relevant financial year. Also if any tax paid by the assesse for reasons other mentioned above like tax on regular assessment u/s 143 or in pursuance of demand notice issued u/s 156.

4.) Income tax Refund in Part D: If any amount which is refundable by the department is reflected in the Form 26AS, it is important to note that if any refund which is provided by the department, then interest will be also be a part of that refund i.e. interest on income tax refund which is separately reflected in the row which should be taken into account while filing ITR otherwise it will lead to intimation u/s 143(1) for correction later on, as such interest is taxable under the head "IFOS".

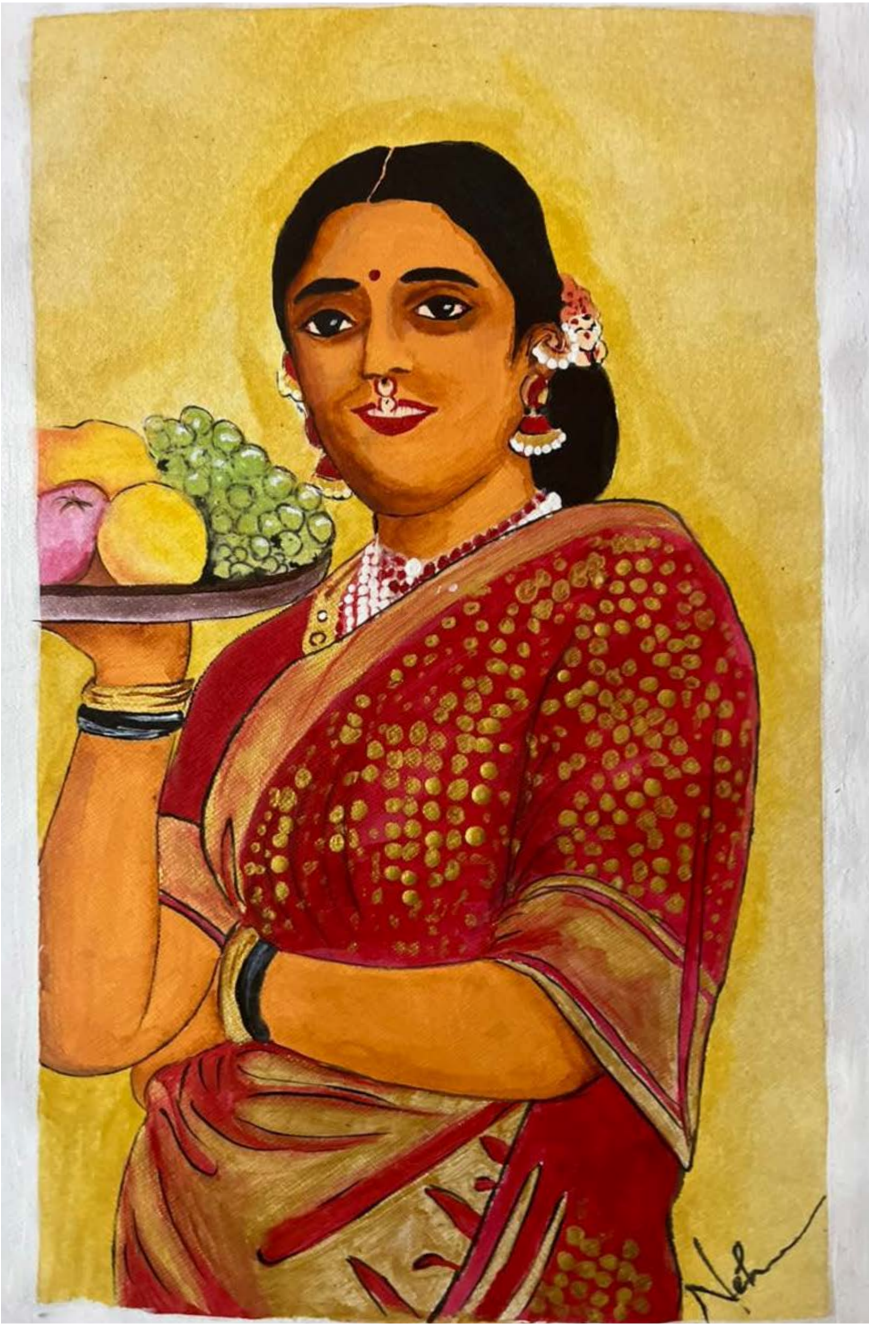
Form 26AS can also be termed as annual tax credit statement which reflects how much tax credit is accumulated during the financial year which can be used to pay taxes at the time of filing ITR.

Apart from the above, one should always check whether the income reflecting in the form is correct and best to the knowledge of assesse, as it can create problems latter on if assesse fails to show the income which is reflecting in the Form 26AS and denies the same that income does not belong to him, sometimes it happen that TDS has been made wrongly due to wrong furnishing of PAN details, therefore one should look after that Form 26AS reflects true and correct info about income and tax details.

Conclusion: At last, would like to conclude that Form 26AS is the most important statement while filing an ITR, one should always match the details with it for avoiding any notices and intimations from the department.

With best regards
Pushp kumar sahu

ART CORNER



NEHA FATHIMA V
SRO0686096

EVENTS - OCTOBER, 2021

▶ DEBATE COMPETETION - 23.10.2021

▶ SWACHH BHARAT ABHIYAN- 02.10.2021

▶ Mock Test Series- 04.10.2021 -26.10.2021

▶ EUPHORIA (Final)

▶ Congratulations