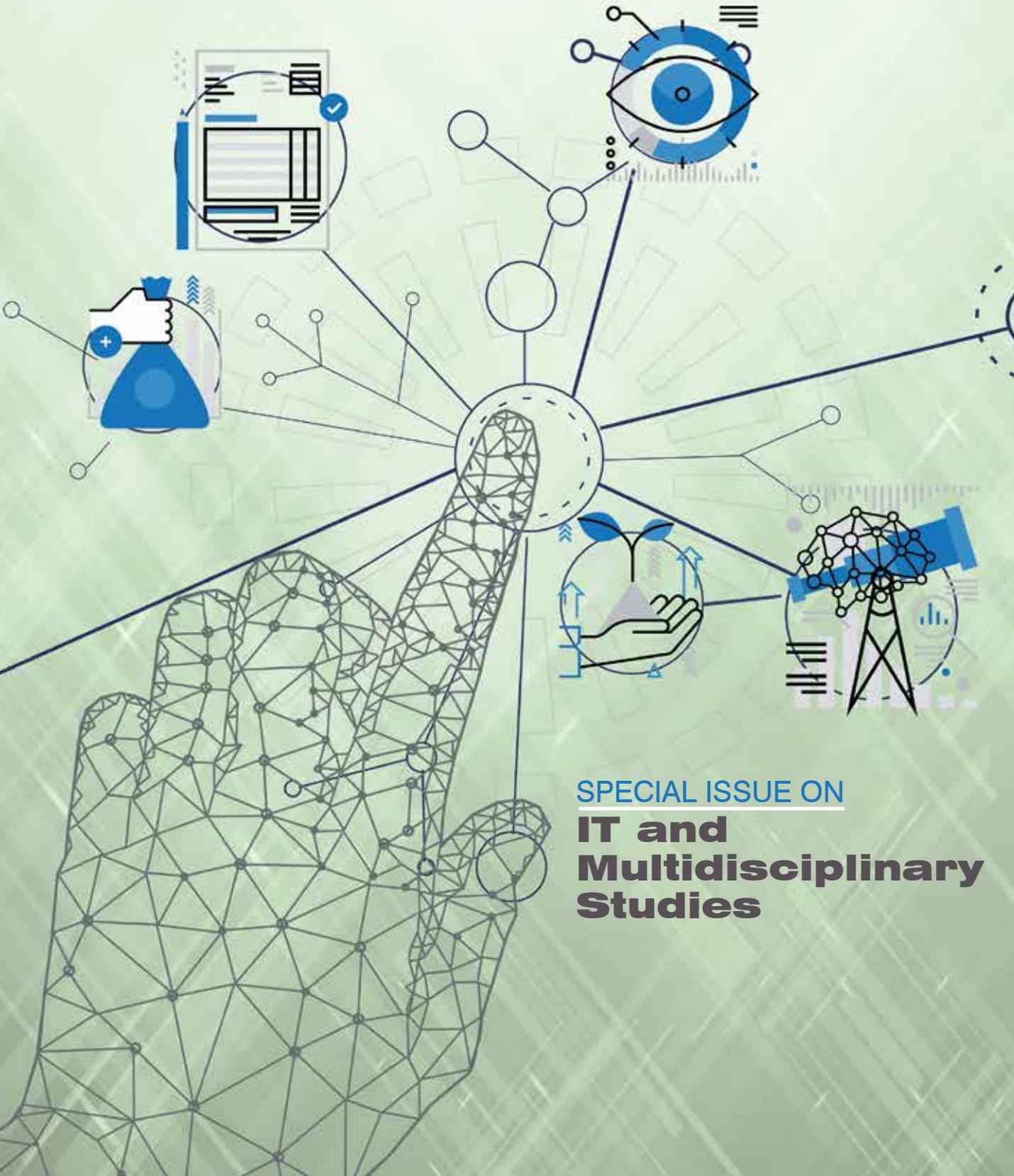




The Institute
of Chartered
Accountants of
India
(Set up by an act of
Parliament)

The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events



SPECIAL ISSUE ON
IT and
Multidisciplinary
Studies

Board of Studies (2019-20)

Chairperson

CA. Kemisha Soni

Vice-Chairman

CA. Durgesh Kumar Kabra

Members

CA. Prafulla Premasukh Chhajed, President (Ex-officio)
 CA. Atul Kumar Gupta, Vice-President (Ex-officio)
 CA. Anil Satyanarayan Bhandari, Mumbai
 CA. Tarun Jamnadas Ghia, Mumbai
 CA. Nandkishore Chidamber Hegde, Mumbai
 CA. Nihar Niranjan Jambusaria, Mumbai
 CA. Dheeraj Kumar Khandelwal, Mumbai
 CA. Chandrashekhar Vasant Chitale, Pune
 CA. Shrinivas Yeshwant Joshi, Mumbai
 CA. Aniket Sunil Talati, Ahmedabad
 CA. Babu Abraham Kallivayalil, Kochi
 CA. Dayaniwas Sharma, Hyderabad
 CA. Prasanna Kumar D, Visakhapatnam
 CA. Rajendra Kumar P, Chennai
 CA. M P Vijay Kumar, Chennai
 CA. Ranjeet Kumar Agarwal, Kolkata
 CA. Sushil Kumar Goyal, Kolkata
 CA. (Dr.) Debashis Mitra, Kolkata
 CA. Manu Agrawal, Kanpur
 CA. Prakash Sharma, Jaipur
 CA. Rajesh Sharma, New Delhi
 CA. Charanjot Singh Nanda, New Delhi
 CA. Pramod Kumar Boob, Rajasthan
 Dr. P.C.Jain, New Delhi
 Dr. Ravi Gupta, New Delhi
 Shri Vijay Kumar Jhalani, New Delhi

Co-opted Members

CA. Viral Kiran Mehta, Mumbai
 CA. Anil Parakh, Nagpur
 CA. Mahavir Shantilal Jain, Thane
 CA. Harshal Vilas Muttha, Pune
 CA. Lalit Garg, Ambala
 CA. Paresh Chandrabhan Bagrecha, Nashik
 CA. Milind Mansukhlal Jangada, Ahmednagar
 CA. Raju Shah, Ahmedabad
 CA. Atul Bheda, Mumbai

ANNUAL SUBSCRIPTION RATES

CA Students	Members and Others	Overseas
₹200	₹500	US \$ 100

Total Circulation: 3,00,414

Check your Address: All students should check their mailing address printed on back cover. In case, there is any change or the PIN Code (Postal Index Code) is either missing or is incorrect, kindly inform immediately the concerned Regional Office, giving full particulars of your address alongwith correct PIN Code. This would enable us to ensure regular and prompt delivery of the Journal.

Correspondence with regard to subscription, advertising and writing articles

Email: writesj@icai.in

Non-receipt of Students' Journal

Email: nosj@icai.in

Cover Image Courtesy: www.shutterstock.com
 Inside image: www.shutterstock.com

INSIDE

- [03](#) President's Communication
- [04](#) Vice-President's Communication
- [05](#) Chairperson's Communication
- [06](#) CA Final: Multidisciplinary Case Study
- [18](#) CA Intermediate (IIPCC): Information Technology
- [31](#) CA Foundation: Logical Reasoning
- [32](#) News Updates
- [34](#) Announcements
- [36](#) Crossword

President and Editor-in-Chief

CA. Prafulla P. Chhajed, Mumbai

Vice President

CA. Atul K. Gupta, New Delhi

Chairperson and Editor

CA. Kemisha Soni, Indore

Vice-Chairman

CA. Durgesh Kumar Kabra, Mumbai

Director- Board of Studies

CA. Vandana D. Nagpal

Office

Board of Studies, The Institute of Chartered, Accountants of India, ICAI Bhawan, A-29, Sector-62, Noida-201 309. Phone : 0120-3045907

Head Office

The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110 104.

Editorial Support

Dr. Ruchi Agarwal, Assistant Secretary

Ms. Taruna Kohli, Assistant Secretary

EDITOR: CA. Kemisha Soni

Printed and published by CA. Vandana D. Nagpal, on behalf of The Institute of Chartered Accountants of India, New Delhi.

PUBLISHED at the Institute's Office at Indraprastha Marg, New Delhi and printed at Spenta Multimedia Pvt. Ltd., Plot 15,16 & 21/1, Village Chikhli, Morivali, MIDC, Ambernath (West), Dist. Thane

The views and opinions expressed or implied in THE CHARTERED ACCOUNTANT STUDENT are those of the authors and do not necessarily reflect those of ICAI. Unsolicited articles and transparencies are sent at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of ICAI.

DISCLAIMER: The ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Journal.

SWACHH BHARAT - A STEP TOWARDS CLEANLINESS



My Dear Students,

As the year 2019 draws to an end, it is time to introspect, to take stock of your achievements as well as what still remains to be achieved in your **to do** list. As you reflect upon your activities/ accomplishments during the year, you would realize that positive outcomes are a result of good guidance, meticulous planning and impeccable execution of your action plan. Any activity, big or small, important or mundane, needs clarity of thought, sincere and timely efforts, attention to details and good intent to yield desirable results.

For all those who have just written their November 2019 exams, I extend my best wishes. I am sure that you shall come out with flying colours. This is period to de-stress your mind, to replenish your vigor and vitality, to constructively think and plan for your career and professional pursuits. You can seek guidance from your Principal, your mentor regarding your professional aspirations, technical/skill training and preparation for better career prospects. Those of you who are yet to complete the training programs viz. ICITSS and AICITSS, can seek guidance/register for batches.

Recognition by NARIC, United Kingdom

We at ICAI work relentlessly with an objective to provide best resources and opportunities for you, our students and members/CA professionals not just in India but abroad as well. As part of our persistent endeavor to provide higher levels in academic and professional excellence, the Institute had engaged UK NARIC (The National Recognition Information Centre for the United Kingdom), to conduct an independent benchmarking study for evaluating the comparability of the ICAI Intermediate and Final level in the context of the UK and UAE education systems. It is heartening to inform that UK NARIC has benchmarked ICAI Intermediate course and final course separately as being comparable to a Bachelor's degree and Master's degree standard respectively in context of the both UK & UAE education system.

This would not only provide opportunities for higher studies in UK, Middle East and other foreign jurisdictions accepting NARIC evaluation but also strengthen your position as ICAI members/ semi qualified professionals globally by enabling the prospective employers in industry worldwide to assess the CA qualification from ICAI vis a vis international accounting institutions thus enhancing your employability globally.

Campus Placements

It is a matter of pride for all of us that our esteemed Institute is becoming a popular destination amongst reputed

organisations at the national as well as international level who are looking for confident and competent entry-level professionals through campus recruitment in taxation, audit and other financial profiles. You would be pleased to know that in the recently concluded Campus Placement Programme organised in Sep-October across the country, the highest salary offered for domestic and international postings was ₹ 24 Lac and ₹ 36 Lac per annum respectively. A total of 1994 jobs were offered in smaller and bigger centres, out of which 1935 jobs have been accepted as of now. This shows that, there is significant demand for Indian Chartered Accountants in the job market globally and it is constantly growing.

Subject Capsules: Nuggets of Knowledge

I am pleased to note that the monthly capsule is becoming increasingly popular amongst our students as it presents relevant details succinctly and appropriately for a quick revision. The current issue features selected questions in **Logical Reasoning for CA Foundation**, summarized content on **Information Technology for CA IPCC/Intermediate** and chosen cases for the **Elective paper of CA Final on Multidisciplinary Case Studies**. I hope the latest edition will evince your interest and serve the purpose to provide synopsis versions of pertinent topics in the subjects.

National, International and Regional Conferences for CA Students

Board of Studies (BOS) of ICAI is organizing several student conferences in the current month, comprising an array of regional conferences across the nation, in addition to National conferences at Chennai, Mumbai and Indore and International Conference at Pune on the theme **"Path for Success: Learn, Adapt and Accelerate"**. These events are congregations of knowledgeable professionals, would provide an opportunity for the students to witness the best of talent, knowledge and experience as well as to understand and appreciate the impact of developments and innovations in the realm of accounting education and profession within and across the borders. These Conferences would cover contemporary issues in accounting, technology currently being used in industry, competencies/skill-sets required by accounting professionals in industry and practice. Forthcoming events will provide a wonderful platform for you to interact, share your knowledge/experiences and learn about diverse socio-economic and cultural environments prevailing in different parts of the nation and across the world. I am sure that the participants will be benefitted from the discourses, deliberations/technical sessions at the conference.

As students, you must attend these events to enrich your repertoire. They are stepping-stones that exhort you to devise your own mechanism to tackle problems/issues, helping you to explore new pathways to learning. Remember, **"Every wall is a door"**. Every challenge is a hidden opportunity beckoning you. It is said, **"It's not what you've got; it's what you use that makes a difference"**.

I extend my heartiest best wishes for a peaceful, warm and wonderful Christmas!

CA. PRAFULLA P. CHHAJED
PRESIDENT, ICAI

VICE PRESIDENT'S COMMUNICATION ||



Dear Students,

The year 2019 is ending and reminding us that another year of our life is blending into history. If January is the month of resolutions, December is the month for introspection. It is the month to look back, analyse and find out what we have achieved and what we further wish to achieve. It is also the month to accelerate the pace to achieve one's targets. I am happy for all of you who appeared for the November 2019 examinations would now be in a state of mental peace, as the examinations are over. I convey my best wishes to all of you for the best of results. Do not take stress about the results as you have worked hard and given your best. You are bound to achieve success and we are there with you to help you in fulfilling your dreams. Just stay calm, take some break, spend time with family and friends, refresh yourself and focus on the next step.

For the accomplishment of any goal in life, a person needs a persistent mind, vigorous endeavour and unshakable determination. You have to cultivate these qualities if you wish to ensure a bright future and an honourable and worthy career. While facing different situations in life, you have to learn to practice equitability and kindness. Equal-mindedness and a sense of oneness with all are the benchmarks of a true human being. You have to play an important role to contribute overall growth and progress of our society, profession and country.

"The difference between the impossible and the possible lies in a person's determination."

I am happy to inform that to facilitate the knowledge grinding and updating of students, Board of Studies is organizing a two-day International Conference for CA Students at Pune based on the theme "**Path for success – Learn, Adapt and Accelerate**" on 14th and 15th December 2019. I can undoubtedly say that the theme of the forthcoming conference is very relevant in the context of today's national and global scenario. I believe that the conduct of this conference will be intellectually stimulating and worth participating. It will also be an excellent opportunity for all of you to

interact with the keynote speakers, subject experts, eminent accounting professionals and other students participating from different parts of the country and world. I sincerely advise each one of you to actively participate in this knowledge-sharing event and the other conferences scheduled for December and thereafter. All these conferences will provide avenues for learning, self-expression and self-development for all of you. Active participation in these conferences would prove to be fruitful and memorable experience for each one of you.

Board of Studies is conducting *e-pathshala - Live Virtual Classes* for Intermediate and Final students targeting May 2020 examinations. It is my sincere advice to you to get yourself enrolled for these classes as you get a chance to not only attend the classes by reputed faculty but also get your doubts clarified by sitting at home and that too at affordable price.

I am happy to announce that the Study Materials for May, 2020 examination for Foundation, Intermediate and Final (both groups), based on the revised/trimmed syllabi, have been published. These Study Materials are based on the updated provisions of law/standards applicable for May, 2020 examination. Students may note that these study materials have also been webhosted at the BoS Knowledge Portal. I am sure you would benefit immensely by reading these value-added Study Materials.

Wishing you all the best for a wonderful time ahead.

Yours sincerely



CA. ATUL K. GUPTA
VICE PRESIDENT, ICAI, NEW DELHI



Supplement your Knowledge

Since you have about 4 to 6 weeks time at hand, you can work out on a relaxed regimen, where among other activities you allocate about 2-3 hours daily to supplement your knowledge beyond curriculum by reading leading economic dailies or journals or acquire knowledge from the internet or business magazines. You need to keep abreast with the current global business environment and accounting trends so that you can supplement your knowledge to prepare for group discussions and interviews. While it is important to be aware about major business news, it is more important to study in depth certain concepts of strategic importance such as GST, IFRS, Bankruptcy Code, International taxation, Transfer Pricing, Costing and Valuation so that you can discuss, analyze and opine on matters regarding these. This study/research can be utilized for paper presentation in conferences. It will not only enhance your technical knowledge but also enrich your presentation and articulation skills. You also need to benchmark your skills vis a vis industry requirements to enhance your employability.

Attend/Participate in Student Conferences

The BoS is organizing a series of student conferences across the length and breadth of the country, As many as **23 conferences** are lined up for the current month, including **National conferences at Chennai, Mumbai and Indore and International Conference at Pune**. You may view the schedule at <https://resource.cdn.icai.org/50311bos39976.pdf> and register online at the **Student Activity Portal** for the conference/event going to be held in and around your area. For further clarifications, you may contact the BOS/branch.

I urge you to attend and actively participate in these conferences. These not only provide the much-needed technical exposure but also present a wonderful opportunity to hear firsthand doyens from industry, stalwarts from practice and leading policy makers who frame industry guidelines. This would give you an idea about where the profession is headed in times to come. Besides, you get to meet peers from other regions /countries and share knowledge and discuss pertinent issues in accounting.

The current issue features select few questions in **Logical Reasoning for CA Foundation**, summarized content on **Information Technology for CA Intermediate** and carefully chosen cases for the **Elective paper for CA Final on Multidisciplinary Case Studies**. I urge you to read the feature intently for reviewing vital topics in the said subjects.

As students, you must inculcate a habit of learning something new each day, whether it is through reading, practising or observation. Learning is a continuous process and must go on, whether you are a student or a member professional. As the great martial artist, Bruce Lee once said: **Learning is never cumulative, it is a movement of knowing, which has no beginning and no end!**

Best Wishes for a warm Christmas!

CA. KEMISHA SONI
CHAIRPERSON, BOARD OF STUDIES, ICAI

Dear Students,

Another year is coming to an end to give way to the new one. As the year wraps up, you must introspect earnestly your activities, habits, skills, knowledge level, strengths, shortcomings and most importantly your achievements. While your activities and habits give you an idea about the pattern of your actions and your daily routine, your skills and knowledge help you to assess your capability. Your strengths and shortcomings make you realize how good you are, barring certain oddities. Your achievements, however small they might be, they give you positive reinforcements to keep up the good work. Enumerate your aspirations that you had envisaged for the year vis a vis your actions. Once you revisit these, evaluate and analyse intently, you will come to realize where you currently are and what it takes to reach where you wish to. This will enable you to **define** what to do, **devise** how to do and determine the effort and time required to accomplish the same.

I extend my best wishes for all those who have just taken their exams in November 2019. May the Goddess of light Lakshmi lights your path ahead and the Goddess of knowledge guides your way towards success. I sincerely hope that you meet with success and live your dreams.

Post Exams Relax!

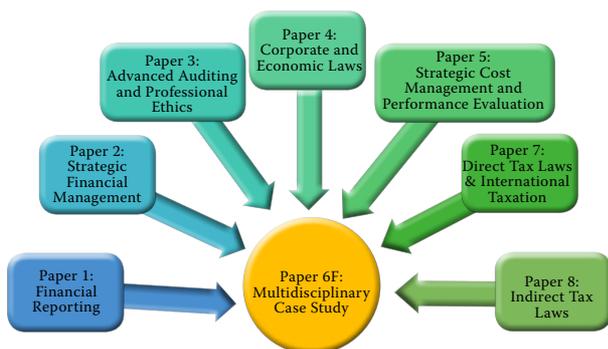
Being engrossed in studies throughout the previous month, you deserve some rest now. You can relax yourself by playing your favorite sport, hitting the gym/spa to **revitalize** yourself and **regain** your energy level. You may spend quality time with your friends/family or go for outings, picnics or excursions. The idea is to take a break from studies for a short while to **refresh** your mind. However, you must ensure that this relaxation must not continue for long as a lot lies ahead of you!

Plan Ahead

It is about time you identified the aspect/area of the profession that interests you the most and assess your knowledge in your chosen respective area. You must make concerted efforts to enhance your knowledge about the same, so that you can seamlessly adjust to the work profile and environment when you join Articleship/practical training. This will not only help you to define your career trajectory but also guide you to identify your prospective employers as you prepare to join the profession in future.

CA FINAL (NEW) - PAPER 6F - MULTIDISCIPLINARY CASE STUDY

As students are aware that no books are separately released for Paper 6F Multidisciplinary Case Study, they are advised to refer the study material of the core subjects at the Final Level.



Standards/ Guidance Notes/ Legislative Amendments etc. applicable for above-mentioned core papers would also be applicable as it is to the Paper 6F Multidisciplinary Case Study. Students need to keep in mind that this paper involves application of all the core papers, thus conceptual understanding of each and every topic is required to look for the relevant topic from the reference material in the examination hall.

Students must also be aware that, from November, 2019 examination, the competent authority has decided that the question paper of this subject would contain 5 case studies of 25 marks each, out of which student has to attempt any 4. In each case study carrying 25 marks, MCQs would be for 10 marks and descriptive questions involving computation/ analysis/ interpretation would be for 15 marks in the ratio of 40:60 between MCQs and descriptive questions. Thus, while choosing which case studies to attempt, student may first go through all the case studies at one glance and then decide which of the four case studies out of five he/ she has prepared well with maximum topics coverage. Students must divide their four hours between four case studies to be answered meticulously. Once the case studies have been opted, give them a comprehensive reading while attempting the same. Try to note down the topics covered and then refer the same from the reference material.

Some of the illustrative case studies have been provided below for practice purpose. Students are suggested to solve the same in examination condition and check for the answers only after attempting all the case studies.

Case Study 1

Mr. Tinuraj, owner of M/s TR Textiles, is born and brought up in Uttar Pradesh, India. He has an experience of more than 35 years in textiles manufacturing industry through setting up his firm in 1984. Under his leadership M/s TR Textiles (the Firm) has achieved assorted growth in its textile business throughout India. The Firm is a prominent player in the leading textile conglomerates of the country possessing modern technologies with larger capacity, constituting everything from fibre to garments. Today, M/s TR Textiles is developing as an unified textile powerhouse, manufacturing yarns, fabrics, acrylic fiber and garments.

Due to the fact that the textile industry contributes significantly towards the growth of the economy via exports, Mr. Tinuraj,

for the past 10 years, is exporting premium quality yarns, dyed yarns in acrylic and a variety of production garments to Asia Pacific regions. Approximately 28 % of the total yarns produced is exported which has made M/s TR Textiles as one of the largest exporters of cotton yarn to some of the growing markets of Asia Pacific regions.

To enhance the export business, Mr. Tinuraj used to travel various locations of the continent. For the past two years, he stayed out of India for about 600 days. During the current Financial Year also, he spent 300 days in travelling. His travelling session in days from Financial Year 2012 – 13 to Financial Year 2016 – 17 is given below:

Financial Year	Number of days
2012 – 13	250
2013 – 14	250
2014 – 15	300
2015 – 16	490
2016 – 17	

During the current Financial Year 2019 - 20, Mr. Tinuraj made a profit of ₹ 20 crore from the business in Uttar Pradesh, India [including profit of ₹ 15 crore made by exporting under Letter of Undertaking (LUT) to Bhutan of ₹ 150 crore (the invoice for which is raised/ payments received in Indian currency)] along with profit of ₹ 60 crore earned from business in Malaysia which Mr. Tinuraj controls from Uttar Pradesh. However, only ₹ 10 crore out of profit earned from business in Malaysia, received in India through a credit in Bharat Bank of India, the bank account maintained by him in Banaras Branch, Uttar Pradesh.

While his stay in China for 15 days out of total travelling of 300 days in the current financial year 2019 - 20, Mr. Tinuraj received a major aggregate assignment of ₹ 100 crore in Delhi, India through its marketing team (discussion was on ₹ 125 crore project, however could garb only ₹ 100 crore project in the end). However, he could only manage to make profit of ₹ 18 crore through managing the entire business from China. This assignment includes a Government order for making uniforms for a commando unit which is exempted from GST under a special notification. The fabric used as raw material is exclusively procured for the exempt supply, but thread and lining material procured for the collars are also used for taxable supply. The turnover of the taxable supply and exempted uniforms is ₹ 75 crore and ₹ 25 crore respectively, the ITC on thread and lining material procured is ₹ 1,00,000 and ₹ 3,00,000 respectively.

Mr. Tinuraj used to make huge investments to intensify the scope of his business. From such investments he made major amount of income as follows:

Investments	Income from Investments
HK Development Bonds, Hong Kong	Interest of ₹ 2 crore (out of which ₹ 0.70 crore received in Bharat Bank of India)
Shares of Taj Tashu Steel Ltd., Bhutan	Dividend of ₹ 1 crore received in Bhutan
Shares of Taj Raman Ltd., India	Dividend of ₹ 0.50 crore
15 % Debentures of Taki Motors Ltd., India	Interest of ₹ 3 crore (out of which ₹ 0.50 received in Junshi Bank, Bhutan)

After so much of earnings and striving to earn more, Mr. Tinuraj wanted to budget his finances following the mantra 'Budget Your Money'. He wanted to protect the money from unwanted expenses and taxes. Knowing that this system of controlling cost includes preparation of budgets; co-ordinating the departments and establishing responsibilities; comparing actual performance with the budgeted and acting upon results to achieve maximum profitability, Mr. Tinuraj wanted to involve senior managers while preparing for budget. However, the managers do not want to get involved into such major task of budgetary control. Mr. Tinuraj explains his view-point that if managers do not get involved in the process, they may find the budget too challenging and therefore reduce their effort. That in turn would distort any evaluation. The participation of managers in setting targets for themselves tends to improve motivation and performance. Moreover, the budget is framed to act as a plan for the managers. The managers may therefore pursue this plan at the cost of other critical success factors that emerge in the internal or external environment of the firm. For example, a production manager may continue to use the planned materials mix even if the sales department are indicating that customers would desire a different product design and the purchasing department have accommodated their purchases accordingly. The production manager then has to choose between the plan and inter departmental coordination.

Mr. Tinuraj further explains that many of the conflicts arise due to the human nature of a budgetary control system. Managers may not always follow organisational goals, they may not always think long term, they may be cautious of moving away from the plan etc. This provides a conflict between many of the goals of a budgetary control system which needs to be considered at a strategic level when implementing such a system. Thus, it would be appropriate if managers take the ownership of their targets if they have been involved while preparing for it. For budget preparation in future with the managers participation, Mr. Tinuraj provided a budget prepared by him w.r.t. assignment received in Delhi (which he managed from China) for reference purpose as follows:

(In crore)

Particulars	Budget	Actual	Variance
Sales/ Production (units)	12	10	(2)
Sales (₹)	125	100	(25)
Less: Variable Cost (₹)	76	62	14
Less: Fixed Costs (₹)	19	20	(1)
Profit (₹)	30	18	(12)
While preparing budget, total market size assumed was 24 units, however it turned out to be 22.50 units later on.			

The above budget outlay really helped out the managers while participating in the budget preparation process.

Questions

Part A- Multiple Choice Questions (2 Marks each)

1. Many of the conflicts arise due to the human nature of a budgetary control system. Managers may not always follow organisational goals, they may not always think long term, they may be cautious of moving away from the plan etc. This provides a conflict between many of the goals of a budgetary control system which needs to be considered at a strategic level when implementing such a system. Thus, involving managers while preparing for budget may overcome these conflicts. However, there are certain

disadvantages too for such involvement. State which of the following may be considered as a disadvantage for involving managers in the budget preparation process.

- Managers may take the ownership of its target as their budget.
 - Managers would not have an option of blaming unrealistic goals as an excuse for not achieving budget expectations.
 - Managers may decide among themselves to adjust the proposed budget so that it is easier for them to attain the cost targets they have set.
 - Managers may feel that they are being venerated for the value that their experience brings to the running of the business.
- Market leadership is something that every entrepreneur strives to achieve. It is the position with largest market share for goods and/ or services. Same way, Mr. Tinuraj wanted to achieve this market share in Delhi. To help him understand his market share/ leadership in Delhi, calculate the Budgeted Market Share (in percentage) and Actual Market Share (in percentage), from the information given in the budget made for the purpose of Delhi assignment.
 - 50% , 44%
 - 50% , 42%
 - 53% , 44%
 - 53% , 42%
 - A Planning Variance simply compares a revised standard to the original standard. From the information given in the budget made for the purpose of Delhi assignment, calculate the Sales Volume Contribution – Planning Variance (market size variance).
 - ₹ 3,06,00,000 F
 - ₹ 3,06,00,000 A
 - ₹ 4,08,00,000 F
 - ₹ 4,08,00,000 A
 - The aggregate assignment of ₹ 100 crore in Delhi, India includes a government order for making uniforms for a commando unit. Calculate the eligible Input Tax Credit available under this assignment.
 - ₹ 5,00,000
 - ₹ 4,00,000
 - ₹ 3,00,000
 - ₹ 2,00,000
 - An Operational Variance simply compares the actual results against the revised amount. It would be calculated after the planning variances have been established and are thus a realistic way of assessing performance. From the information given in the budget made for the purpose of Delhi assignment, calculate the Sales Volume Contribution – Operational Variance (market share variance).
 - ₹ 5,87,52,000 F
 - ₹ 5,87,52,000 A
 - ₹ 5,50,80,000 F
 - ₹ 5,50,80,000 A

Part B- Descriptive Questions

- From the information given in the case study, determine the residential status of Mr. Tinuraj by stating the relevant provisions of the Income Tax Act, 1961 for the Assessment Year 2020 - 21. (5 Marks)
- Compute the total income in the hands of Mr. Tinuraj for the A. Y. 2020 – 21 if he were a Resident and ordinarily resident or Resident but not ordinarily resident or Non-resident considering the additional information as follows:
 - Closing bank balance of Bharat Bank of India as ₹ 60 Lakh (including savings bank account interest of ₹ 1.8 Lakh)
 - Wedding Gift received from a friend in Bhutan ₹ 0.45 Lakh. (6 Marks)
- If a supply is exempted from tax according to relevant provisions of the CGST Act, 2017, the output suffers no

tax, however, the inputs and input services have suffered tax and since availment of tax credit on input side is not permitted, it becomes a cost for the supplier. Then there comes the concept of zero rating of supplies which aims to correct this anomaly. A 'zero rated supply' means export of goods/ services/ both; or supply of goods/ services/ both to a Special Economic Zone developer or a Special Economic Zone unit.

In the above context, Mr. Tinuraj is not sure about the treatment of supply/ sales to Bhutan as export under LUT or as local supply, for the purpose of claiming exemption from IGST, as the invoice has been raised/ payment received in Indian currency. Please guide. (4 Marks)

Case Study 2

THE INDIAN AGRICULTURIST

Mr. Harnek Singh is an Indian resident who has been working in Agriculture and its allied activities for the past 30 years. As a Farmer, he has been a witness to the Green Revolution and the White Revolution in the Indian economy. Being not much educated, he gave all his life to the laborious work of Agriculture but always wanted his children to study well and contribute towards the nation in their own ways as their father has been doing by playing the role of a Farmer - a Community that feeds the whole nation and without which the Indian Economy's growth may come at loggerheads. He himself is very much established in his farming activities and majorly produces Sugarcane along with other agricultural produce. His Wife Mrs. Singh is a homemaker and runs a Dairy Farm which she is running successfully for the past many years. His elder son Gopi, a Graduate, has established himself as an industrialist and successfully runs a Sugar Mill for which he procures Sugarcane majorly from his father's farm in addition to other Sugarcane growing Farmers. In the mill, he produces majorly Refined Sugar with Baggaese and Jaggery as the By-Products. Mr. Harnek Singh's younger son, Harpreet, was studying Agricultural and Allied Sciences in UK and has just returned to India 2 months ago to help his Family in their respective Businesses with the adoption of new techniques and quality developments he has learnt about during his Foreign studies. While studying abroad, he would usually study about taxes on Agriculture and the allied activities but was clueless about applicability of various taxes on Agricultural & allied activities in India except for that he had heard that income from Agriculture is exempt from tax in India. He wants to help his family by expanding the respective businesses and giving them a Corporate set-up. He, himself had studied Liquor Sciences abroad and wants to set up a Wine Distillery here in his village where he would grow Grape vines, harvest them and then produce wine from them for sale in the national as well as Global market. Having no knowledge of the Indian Accounting and Tax structure related to Agriculture, he approaches CA Arun Khemka who has his office in the city nearest to his village to discuss about the set-up he has planned for his family as well as his Wine business. He wants to get a Preliminary knowledge of the Accounting and Taxation aspects related to these businesses so that he can employ all the required resources in the most rational and economical manner possible. His father, Mr. Harnek Singh, has had no experience ever with accounting or taxes, being an agriculturist, so it is only he and his elder brother who know about the basics.

CA Arun Khemka, after a long discussion with Harpreet on understanding the current business set up of the Family and what Harpreet plans to do and how he plans to modify the current set up of such businesses assures him of the best services possible he can render. He tells him that the major aspects involved in this would be of Accounting, Income tax and GST and he would deliberate to him on some of the basic

concepts applicable to these businesses relating to these fields and what would be required to be done at his end, is possible only after Harpreet has a genuine knowledge of these subjects. He tells him that he will be able to deliver quality services to Harpreet as a Client only if the latter can provide him with all the requisite facilities, knowledge and working of the Family business.

Accounting Aspects in Agriculture

CA Arun tells Harpreet that Agricultural Accounting was never an issue in India till now and there were no special rules relating to it as it was completely voluntary but now since he plans to expand and modernise his Father's agriculture activities, he must know about the Indian Accounting Standard 41 known as the IndAS 41 on AGRICULTURE.

IndAS 41, Agriculture is the first standard that specifically covers the accounting and reporting requirements for the primary sector. Prior to this standard, there were no established guidance on agriculture and allied industry. IndAS 41 Agriculture sets out the accounting for agricultural activity, the management of the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets).

IndAS 41 addresses following key critical issues:

- When should a biological asset or agricultural produce be recognised on the Balance Sheet?
- At what value should a recognised biological asset or agricultural produce be measured?
- How should the differences in value of a recognised biological asset or agricultural produce be accounted for between two different reporting dates?
- What should be the key disclosures?

This Standard shall be applied to account for the biological assets; agricultural produce at the point of harvest; and government grants when they relate to agricultural activity, with its own exceptions listed in the Standard itself where it is not applicable. It also lays down the definitions of various important terms related to agriculture such as Agricultural Activity, Biological Asset, Biological transformation, Agricultural Produce, Harvest, Fair Value, Bearer Plant, etc.

Entities are required to recognise a biological asset or agricultural produce when, and only when, all of the following conditions are met:

- the entity controls the asset as a result of past events; Control over biological assets or agricultural produce may be evidenced by legal ownership or rights to control, for example legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning.
- it is probable that future economic benefits associated with the asset will flow to the entity; and Future economic benefits are expected to flow to the enterprise from its ownership or control of the asset. The future benefits are normally assessed by measuring the significant physical attributes.
- the fair value or cost of the asset can be measured reliably.

Direct Taxation - Income Tax on Agriculture

As per the Indian Income tax law, agricultural income is not to be included in the total income of the assessee. The reason for totally exempting agricultural income from the scope of central income-tax is that under the Constitution, the Central Government has no power to levy a tax on agricultural income. The term "Agriculture" has not been defined in the Act.

However, it is taken into consideration if a Person has both Agricultural and Business income more than the prescribed limits while calculating tax on the Business Income and this process is known as Partial Integration of agricultural Income with non- agricultural income.

“Agriculture” means tilling of the land, sowing of the seeds and similar operations. It involves basic operations and subsequent operations. However, the term ‘agriculture’ cannot be extended to all activities which have some distant relation to land like dairy farming, breeding and rearing of livestock, butter and cheese making and poultry farming. Agricultural income is exempt, whether it is received by the tiller or the landlord. However, non-agricultural income does not become agricultural merely on account of its indirect connection with the land.

Agricultural income may arise in any one of the following three ways:

- It may be rent or revenue derived from land situated in India and used for agricultural purposes.
- It may be income derived from such land by agriculture or the performance of a process ordinarily employed by a cultivator or receiver of rent in kind to render the produce fit to be taken to the market or the sale of such agricultural produce in the market.
- Lastly, agricultural income may be derived from any farm building required for agricultural operations.

Sometimes, to make the agricultural produce a saleable commodity, it becomes necessary to perform some kind of process on the produce. The income from the process employed to render the produce fit to be taken to the market would be agricultural income. The ordinary process employed to render the produce fit to be taken to market includes thrashing, winnowing, cleaning, drying, crushing etc. However, if marketing process is performed on a produce which can be sold in its raw form, income derived therefrom is partly agricultural income and partly business income like in the case of Rubber, Tea, Coffee or Sugarcane where if these are subjected to manufacturing process and the manufactured product is sold, the profit on such sale will consist of agricultural income as well as business income. That portion of the profit representing agricultural income will be exempted. Rules 7, 7A, 7B & 8 of Income-tax Rules, 1962 provides the basis of apportionment of income between agricultural income and business income.

For Example - Rule 7: Where income is partially agricultural income and partially income chargeable to income-tax as business income, the market value of any agricultural produce which has been raised by the assessee or received by him as rent in kind and which has been utilised as raw material in such business or the sale receipts of which are included in the accounts of the business shall be deducted. No further deduction shall be made in respect of any expenditure incurred by the assessee as a cultivator or receiver of rent in kind.

Determination of market value - There are two possibilities here:

- The agricultural produce is capable of being sold in the market either in its raw stage or after application of any ordinary process to make it fit to be taken to the market. In such a case, the value calculated at the average price at which it has been so sold during the relevant previous year will be the market value.
- It is possible that the agricultural produce is not capable of being ordinarily sold in the market in its raw form or after application of any ordinary process. In such case, the market value will be the total of the following:

- The expenses of cultivation;
- The land revenue or rent paid for the area in which it was grown; and
- Such amount as the Assessing Officer finds having regard to the circumstances in each case to represent at reasonable profit.

Position as per Goods & Service Tax

The Following Agriculture related services are exempt from the payment of GST via the Entries mentioned therein:

Entry No.	Description of services
24	Services by way of loading, unloading, packing, storage or warehousing of rice.
24A	Services by way of warehousing of minor forest produce.
53A	Services by way of fumigation in a warehouse of agricultural produce.
54	Services relating to cultivation of plants and rearing of all life forms of animals, except some, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—
	<ol style="list-style-type: none"> agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; supply of farm labour; processes carried out at an agricultural farm which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; loading, unloading, packing, storage or warehousing of agricultural produce; agricultural extension services; services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce. services by way of fumigation in a warehouse of agricultural produce.
55	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except some, for food, fibre, fuel, raw material or other similar products or agricultural produce.

With a long and productive discussion on all these aspects of Agricultural Accounting & its Taxation, Harpreet started with the work of modernising the respective businesses of his Family and set up his own Wine distillery in the village after following all licensing and procedural compliances.

Questions

Part A- Multiple Choice Questions (2 Marks each)

- Harpreet grows grape vines, harvests the grapes & produces wine. Select the most appropriate option stating the IndAS applicability as per the respective activities covered above.
 - Growing (IndAS 16); Harvesting (IndAS 41); Wine

- Production (IndAS 2).
 (b) Growing (IndAS 41); Harvesting (IndAS 16); Wine Production (IndAS 2).
 (c) All are covered under IndAS 41.
 (d) Growing & Harvesting (IndAS 41) & Wine Production (IndAS 2).
2. The term 'Agricultural produce' includes any produce out of rearing of all life forms of animals, except the rearing of _____ for food, fibre, fuel, raw-material or other similar products under the GST law.
 (a) Fish.
 (b) Silkworms.
 (c) Sheep.
 (d) Horses.
3. Which of the following processes that make the agricultural produce marketable are not covered under GST Exemption?
 (a) Harvesting.
 (b) Packing for Primary Market.
 (c) Packing for Retail Market.
 (d) Fumigating & Curing.
4. The application of Scientific research and knowledge to agricultural practice through farmer education or training is known as-
 (a) Kissan Jagao Muhim.
 (b) Agricultural Extension Services.
 (c) Notified Agricultural Scientific Research Services.
 (d) Agricultural Development Services.
5. The GST exempts loading, Packing & warehousing of certain agricultural products. However, such exemption is not available in the case of-
 (a) Green tea leaves.
 (b) Potatoes.
 (c) Jaggery.
 (d) Whole Pulse Grains.

Part B- Descriptive Questions

6. (a) "IndAS 41 applies to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest". State the exceptional circumstances as mentioned in the IndAS on which IndAS 41 doesn't apply. (4 Marks)
 (b) State with reasons whether the following statements are correct/incorrect:
 (i) Income arising to Mr. Harnek Singh from transfer of Agricultural land situated in urban area is agricultural income.
 (ii) X was the managing agent of Gopi's Sugar Mill. He was entitled for a commission at the rate of 10% p.a. on the annual net profits of the company. A part of the company's income was agricultural income from the sale of sugarcane grown by the Company in its fields and sold further. X claimed that since his remuneration was calculated with reference to income of the company, part of which was agricultural income, such part of the commission as was proportionate to the agricultural income was exempt from income tax.
 (iii) Mrs. Singh owned 100 acres of agricultural land, a part of which was used as pasture for cows. The lands were purely maintained for manuring and other purposes connected with agriculture and only the surplus milk after satisfying her family's needs was sold. The question arose

whether income from such sale of milk was agricultural income in the hands of Mrs. Singh?

- (iv) Harpreet is a shareholder in certain tea companies, 60% of whose income was exempt from tax as agricultural income. He claimed that 60% of the dividend received by him on his shares in those companies was also exempt from tax as agricultural income. (1 Mark x 4 = 4 Marks)
7. Mrs. Singh, as seen in the above case is into Dairy Farming. She owns a dairy herd, of 3 years old cattle as at April 1, 2018 with a fair value of ₹ 13,750 and the no. of the cattle in the herd was 250. The fair value of 3 years cattle as at March 31, 2019 was ₹ 60 per cattle. The fair value of 4 years cattle as at March 31, 2019 is ₹ 75 per cattle. Calculate the measurement of group of Cattle as the March 31, 2019 stating price & physical change separately. (3 Marks)
8. Gopi grows sugarcane and uses the same for the purpose of manufacturing sugar in his factory. 30% of sugarcane produced is sold for ₹ 10 lacs, and the cost of cultivation of such sugarcane is ₹ 5 lacs. The cost of cultivation of the balance sugarcane (70%) is ₹ 14 lacs and the market value of the same is ₹ 22 lacs. After incurring ₹ 1.5 lacs in the manufacturing process on the balance sugarcane, the sugar was sold for ₹ 25 lacs. Compute Gopi's Business income and Agricultural income. (4 Marks)

Case Study 3

Background

VayuSanchar Limited is a leading telecommunications company of India headquartered in Delhi. The Company ranks among the top four network service providers. It offers 2G, 3G and 4G wireless services under post-paid and pre-paid connectivity, fixed line telephone services and mobile commerce. It operates more than 2,260 telecom towers across 12 telecom circles.

The Company's dream is to boost the lives of customers. Its passion is to win customers for life through an exceptional experience. During the current year, the company also launched Unified Payments Interface (UPI) enabled digital payments allowing payments to any bank account of different merchants through smartphones, to beat the rivalries. This bitter relationship between VayuSanchar Limited and HawaSanchar Limited, Lucy Limited & Magadh Limited (the rivalries) in network service providers, has spilled over to the high-speed broadband to corporates segment, as all the four companies battle for monopoly in market share.

VayuSanchar Limited launched its hyper speed VS Fibre broadband service, matching the price of other network service providers. This plan comes with unlimited landline calls along with premium online membership to the latest movies released through VS Fibre Application (the App).

Employees' Wellbeing

In addition to boosting the lives of its customers, the company also believe in looking after the wellbeing of its employees. For this, it has established a Code of Conduct, Human Rights Policies demonstrating its commitment towards protection of Human Rights. In addition to this, the company has set up Internal Complaint Committee, to prevent sexual harassment at workplace, comprising a Presiding Officer who is a senior level woman employee, two employees who are committed to the cause of women having experience in social work along

with legal knowledge, one independent member from outside the organization who expertise in dealing with such matters. All the members need to hold office for a period not exceeding three years from the date of nomination as member. The Committee is responsible for dealing with all matters related to the subject.

Besides having an Internal Complaint Committee, company went through an intermittent vacancy of the woman director on 19th June, 2018, the vacancy of which was filled on 18th September, 2018 by the Board, though, the immediate Board meeting held on 18th August, 2018.

Accounting and Auditing Perception

The Balance Sheet of VayuSanchar Limited as at 31st March is given below:

ASSETS	2019 Amount (₹)	2018 Amount (₹)
Non-Current Assets		
Property, Plant and Equipment	8,44,00,000	7,17,40,000
Other Non-Current Assets	3,92,00,000	2,79,40,000
Current Assets		
Financial Assets:		
Investments	1,95,00,000	2,12,00,000
Cash and Cash Equivalents	74,00,000	1,44,60,000
Trade Receivables	1,35,00,000	1,26,60,000
Total	16,40,00,000	14,80,00,000
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	4,30,00,000	4,30,00,000
Other Equity:		
Reserve and Surplus	3,56,00,000	2,25,00,000
Liabilities		
Non-Current Liabilities:		
Long Term Borrowings	2,25,00,000	3,90,00,000
Current Liabilities:		
Financial Liabilities		
Trade Payables	2,55,00,000	1,70,00,000
Payables for Expenses	2,24,00,000	1,49,00,000
Other Current Liabilities	1,50,00,000	1,16,00,000
Total	16,40,00,000	14,80,00,000

Other information: The company made a net profit after tax of ₹ 1,40,00,000 during the current year and paid interim dividend of ₹ 9,00,000. The value of Property, Plant and Equipment have been arrived after deducting ₹ 15,00,000 on account of depreciation. However, the company also sold one of its Property, Plant and Equipment for ₹ 9,00,000, the carrying amount of which was ₹ 8,00,000 at the end of the year 2019.

The company has the practice of releasing quarterly reports containing financial and operating highlights, key developments, results of operations, stock market highlights, ratio analysis, summarised financial statements, etc. These reports are submitted to the Delhi Stock Exchange, where it has listed security receipts, and are also hosted on the Company's website.

The 23rd Annual General Meeting of the company held on 8th August, 2019 at Sky Force Auditorium, Delhi where statutory auditor's report were adopted.

The extracts of Independent Auditor's Report to the members of VayuSanchar Limited for the Financial Year 2018-19 along with Notes to the Individual Financial Statements and Annexures are given below:

Report on the Individual Financial Statements

We have audited the Individual Financial Statements of VayuSanchar Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit & Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Responsibilities of Management for the Individual Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Individual Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our responsibility is to express an opinion on these Individual Financial Statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Individual Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Individual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Individual Financial Statements. The procedures selected depend on the auditor's judgment, including identifying and assessing the risks of material misstatement of the Individual Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management. It further describes the auditor's responsibilities to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Individual Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Individual Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to **Note 18** to the Individual Financial Statements which describes the uncertainties related to the legal outcome of Department of Telecommunications demand with respect to one-time spectrum charges.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure C**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Notes to Individual Financial Statements stated as follows:

18. On February 9, 2014, Department of Telecom issued a demand for ₹ 24,00,000 towards levy of one-time spectrum charge. The demand includes a prospective charge of ₹ 20,00,000 for GSM spectrum held beyond 3.5 MHz for the period from February 1, 2014, till the expiry of the initial terms of the respective licenses along with retrospective charge of ₹ 4,00,000 for GSM spectrum held beyond 5.1 MHz for the period from February 1, 2010 to December 31, 2013.

In view of the Company, said demand amounts to modification of financial terms of the licenses issued in the past. A petition being filed by the Company, the Hon'ble High Court of Delhi, vide its order dated February 28, 2014, has directed the Department of Telecom to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the matter is currently pending with the Hon'ble High Court of Delhi.

25. Contingent Liabilities- Claims against the Company not acknowledged as debt

Customs Duty

During the current Financial Year, the custom authorities issued a demand notice for custom duty with regard to import of certain software on the basis of the fact that the software was preloaded in the hardware at the time of import. In response to that, the company filed an application to the Hon'ble Central Excise and Service Tax Appellate Tribunal ("CESTAT") opposing the demand of custom authorities, contending that such imports shall not be subject to custom duty as it is an operating software which is exempted from any custom duty. However, the CESTAT has passed an order in favour of the custom authorities. Consequently, the Company has filed an appeal with the Hon'ble Supreme Court against the CESTAT order, which is still unheard.

Annexure C to the Independent Auditor's Report

- (ii) As elucidated to us, the inventories, except for those lying with the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed.
- (iii) As elucidated to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (xi) In our opinion and as elucidated to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013, except that the commission of ₹ 34,570 to non-executive directors is in excess by ₹ 18,200, basis the lower limits approved by the Shareholders of the Company.

Questions

Part A- Multiple Choice Questions (2 Marks each)

1. While reporting on Companies (Auditor's Report) Order, 2016 (the Order) under the head Other Legal and Regulatory Requirements, the auditor included a statement on payment of managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. State whether the reporting is in accordance with the reporting requirement under the Order.
 - (a) Yes, the auditor has reported as per the reporting requirement which requires stating the amount involved in case of qualified answer.
 - (b) No, the auditor has not reported as per the reporting requirement which requires stating the steps taken by the company for securing refund of the same.
 - (c) No, the auditor has not reported as per the reporting requirement which requires stating the period of default upto the date of seeking Shareholders' approval for which excess commission was paid.
 - (d) No, the auditor has not reported as per the reporting requirement which requires stating the compliance of section 198 of the Companies Act, 2013.
2. Every listed company shall appoint at least one woman

director on the Board in compliance of the provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. In the given case, the company went through an intermittent vacancy of the woman director, which was filled later on. State whether the appointment of another woman director by the Board to fill the intermittent vacancy is valid.

- (a) The intermittent vacancy of a woman director can only be filled by the shareholders not later than coming annual general meeting. Thus, the appointment is invalid.
 - (b) The intermittent vacancy of the woman director shall be filled by the Board. There is no such compliance for time limit. Thus, the appointment is valid.
 - (c) The intermittent vacancy of a woman director can only be filled by the Board not later than immediate next Board Meeting or two months from the date of such vacancy whichever is later. Thus, the appointment is invalid.
 - (d) The intermittent vacancy of a woman director can only be filled by the Board not later than immediate next Board Meeting or three months from the date of such vacancy whichever is later. Thus, the appointment is valid.
3. The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). The objective of the LODR Regulations are streamlining and consolidating the provisions of various listing agreements in operation for different segments of the capital markets. State which of the following companies is not covered under LODR Regulation for the purpose of its compliances.
- (a) VayuSanchar Limited which has established a Code of Conduct, Human Rights Policies towards protection of Human Rights. In addition to this, the company has also set up Internal Complaint Committee to prevent sexual harassment at workplace.
 - (b) HawaSanch Limited, a public company, which has a paid up capital of ₹ 100 crore.
 - (c) Lucy Limited which has a paid up capital of ₹ 10 crore and listed non-convertible debt securities.
 - (d) Magadh Limited which has listed securitised debt instruments on a recognised stock exchange.
4. Regarding demand notice for custom duty from the custom authorities, state, whether the company needed to provide for the provision/ liability/ contingent liability in the books of VayuSanchar Limited.
- (a) A provision is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Thus, provision shall be made in the financial statements, instead of showing it to the notes to financial statements.
 - (b) It is a liability of uncertain timing and amount, thus, the demand shall be recognised as a liability.
 - (c) It is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Thus, the presentation as contingent liability under notes to financial statements is correct.

(d) It is a present obligation that arises from past events but is not recognised because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability. Thus, the presentation as contingent liability under notes to financial statements is correct.

5. Referring the Independent Auditor's Report to the members of VayuSanchar Limited, the auditor has included a section with the heading "Auditor's Responsibilities for the Audit of the Financial Statements.". Elucidate, what shall not be stated under this section of the Auditor's Report.
 - (a) Auditor's responsibilities for identifying and assessing the risks of material misstatement of the financial statements.
 - (b) Auditor's responsibilities for obtaining an understanding of internal control relevant to the audit in order to design audit procedures.
 - (c) Auditor's responsibilities for assessing the entity's ability to continue as a going concern.
 - (d) Auditor's responsibilities for evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates.

Part B- Descriptive Questions

6. Referring the presentation made by the auditor regarding Emphasis of Matter paragraph in the Auditor's Report, state the conditions for including such paragraph. Also give certain examples of cases where the auditor may consider necessary to include an Emphasis of Matter paragraph. Consequently, state, whether the reporting made by the auditor in the Auditor's Report is in accordance with the relevant Standards on Auditing. (7 Marks)
7. Considering the Balance Sheet of VayuSanchar Limited and 'Other information' as provided along with the facts mentioned below, construct a statement of cash flows under indirect method.
 - (i) Income tax paid during the current year is ₹ 30,00,000.
 - (ii) Other Non-Current Assets and Current Liabilities do not contain any element of Financing and Investing Activities. (8 Marks)

Answers

Case Study 1

Part A

1. (c) Managers may decide among themselves to adjust the proposed budget so that it is easier for them to attain the cost targets they have set.
Reason: Besides having advantages of involving managers in budget preparation, there are disadvantages too where managers may alter the proposed budget so that it is easier for them to attain the cost targets they have set.
2. (a) 50% , 44%

Reason:

Budgeted Market Share (in %)	$= \frac{12 \text{ crore units}}{24 \text{ crore units}} = 50\%$
Actual Market Share (in %)	$= \frac{10 \text{ crore units}}{22.50 \text{ crore units}} = 44\%$

3 (b) ₹ 3,06,00,000 A

Reason: Calculation of Sales Volume Contribution – Planning Variance

Budgeted Market Share (in %) = $\frac{12 \text{ crore units}}{24 \text{ crore units}} = 50\%$
Budgeted Contribution = ₹ 125 crore – ₹ 76 crore = ₹ 49 crore
Average Budgeted Contribution (per unit) = $\frac{₹ 49 \text{ crore}}{12 \text{ crore units}} = ₹ 4.08$
Sales Volume Contribution – Planning Variance = Budgeted Market Share (in %) x [Actual Industry Sales Quantity (in units) - Budgeted Industry Sales Quantity (in units)] x Average Budgeted Contribution (per unit) = 50% x [22.50 crore units – 24 crore units] x ₹ 4.08 = ₹ 3,06,00,000 A

4. (c) ₹ 3,00,000

Reason: Thread and lining material are inputs which are used for making taxable as well as exempt supplies. Therefore, credit on such items will be apportioned and credit attributable to exempt supplies will be reversed in terms of rule 42 of the CGST Rules.

Credit attributable to exempt supplies = Common credit x (Exempt turnover/ Total turnover)

Common credit = ₹ 3,00,000 + ₹ 1,00,000 = ₹ 4,00,000

Exempt turnover = ₹ 25 crore

Total turnover = ₹ 100 crore [₹ 25 crore + ₹ 75 crore]

Credit attributable to exempt supplies = (₹ 25 crore / ₹ 100 crore) x ₹ 4,00,000 = ₹ 1,00,000.

Ineligible credit of ₹ 1,00,000 will be reversed. Credit of ₹ 3,00,000 will be eligible credit.

5. (d) ₹ 5,50,80,000 A

Reason: Calculation of Sales Volume Contribution – Operational Variance

Actual Market Share (in %) = $\frac{10 \text{ crore units}}{22.50 \text{ crore units}} = 44\%$
Budgeted Market Share (in %) = $\frac{12 \text{ crore units}}{24 \text{ crore units}} = 50\%$
Budgeted Contribution = ₹ 125 crore – ₹ 76 crore = ₹ 49 crore
Average Budgeted Contribution (per unit) = $\frac{₹ 49 \text{ crore}}{12 \text{ crore units}} = ₹ 4.08$
Sales Volume Contribution – Operational Variance = [Actual Market Share (in %) - Budgeted Market Share (in %)] x Actual Industry Sales Quantity (in units) x Average Budgeted Contribution (per unit) = (44% - 50%) x 22.50 crore units x ₹ 4.08 = ₹ 5,50,80,000 A

Part B

6. Determination of residential status of Mr. Tinuraj for the Assessment Year 2020 - 21

Under section 6(1) of the Income Tax Act, 1961, an individual is said to be resident in India in any previous

year, if he satisfies any one of the following conditions:

- (i) He has been in India during the previous year for a total period of 182 days or more, or
- (ii) He has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days in the previous year.

In the given case, period of stay of Mr. Tinuraj during the current Financial Year = 366 – 300 = 66 days. Thus, the first condition of staying in India during the previous year for a total period of 182 days or more is not met.

Calculation of period of stay during 4 preceding previous years:

Financial Year	Number of days
2018 – 19 & 2017 – 18 [(365 days x 2 years) – 600 days]	130
2016 – 17 & 2015 – 16 [(365 days + 366 days) – 490 days]	241
Total	371

Mr. Tinuraj has been in India for a period more than 60 days during previous year 2018-19 and for a period of more than 365 days during the 4 immediately preceding previous years. Therefore, since he satisfies one of the basic conditions under section 6(1), he is a resident for the assessment year 2020-21.

Further, a not-ordinarily resident person is one who satisfies any one of the conditions specified under section 6(6) of the Income Tax Act, 1961, i.e.,

- (i) If such individual has been non-resident in India in any 9 out of the 10 previous years preceding the relevant previous year, or
- (ii) If such individual has during the 7 previous years preceding the relevant previous year been in India for a period of 729 days or less.

Computation of period of stay during 7 preceding previous years:

Financial Year	Number of days
2018-19	130
2017-18	
2016-17	241
2015-16	
2014-15 (365 days – 300 days)	65
2013-14 (365 days – 250 days)	115
2012-13 (365 days – 250 days)	115
Total	666

Since Mr. Tinuraj satisfies condition (ii) above of staying in India for a period of 729 days or less during the 7 previous years preceding the relevant previous year, he is a not-ordinarily resident during the assessment year 2020-21.

Therefore, Mr. Tinuraj is a resident but not ordinarily resident during the previous year 2019-20 relevant to the assessment year 2020-21.

7. Computation of total income in the hands of Mr. Tinuraj for the A. Y. 2020 – 21

Particulars	Resident and ordinarily resident (₹)	Resident but not ordinarily resident (₹)	Non-resident (₹)
Profit from the business in Uttar Pradesh, India	20 crore	20 crore	20 crore
Profit from business in Malaysia which is controlled from Uttar Pradesh, out of which ₹ 10 crore received in India	60 crore	60 crore	10 crore
Profit from business in Delhi but managed entire business from China	18 crore	18 crore	18 crore
Interest on HK Development Bonds, Hong Kong	2 crore	0.70 crore	0.70 crore
Dividend on shares of Taj Tashu Steel Ltd., Bhutan	1 crore	-	-
Dividend on shares of Taj Raman Ltd., India [Exempted under section 10(34)]	-	-	-
Interest on debentures of Taki Motors Ltd., India	3 crore	3 crore	3 crore
Interest on savings bank account in Bharat Bank of India	0.018 crore	0.018 crore	0.018 crore
Gift on the occasion of wedding [not taxable]	-	-	-
Gross Total Income	104.018 crore	101.718 crore	51.718 crore
Less: Deduction under section 80TTA [Interest on savings bank account subject to a maximum of ₹ 10,000]	.001 crore	.001 crore	.001 crore
Total Income	104.017 crore	101.717 crore	51.717 crore

8. GST on Export to Bhutan: As per relevant RBI Master Circular, there is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999. Further, it is also clarified that the acceptance of LUT for supplies of goods to Nepal or Bhutan or SEZ unit/

Developer will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with the applicable RBI guidelines.

Consequently, export of goods to Nepal or Bhutan fulfils the condition of GST Law regarding taking goods out of India. Hence, export of goods to Nepal and Bhutan will be treated as zero rated and consequently will also qualify for all the benefits available to zero rated supplies under the GST regime.

Thus, the sales made by Mr. Tinuraj to Bhutan will be treated as zero rated being export under LUT without payment of IGST.

Case Study 2

Part A

1. (a) Growing (IndAS 16); Harvesting (IndAS 41); Wine Production (IndAS 2).

Reason: The grape vines are bearer plants that continually generate crops of grapes which are covered by IndAS 16, Property, Plant and Equipment. When the entity harvests the grapes, their biological transformation ceases and they become agricultural produce covered by IndAS 41, Agriculture. Wine involves a lengthy maturation period. This process is similar to the conversion of raw materials to a finished product rather than biological transformation hence treated as inventory in accordance with IndAS 2, Inventories.

2. (d) Horses.

Reason: Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products' under Entry 54 include activities like breeding of fish (pisciculture), rearing of silk worms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry, etc.

3. (c) Packing for Retail Market.

Reason: The processes of packaging in retail packs of agricultural products, which make the agricultural products marketable in retail market, would NOT be covered in this entry. Only such processes are covered in the relevant entry of exemption which makes agricultural produce marketable in the primary market.

4. (b) Agricultural Extension Services

Reason: Item (f) of the entry exempts Agricultural extension services which mean application of scientific research and knowledge to agricultural practices through farmer education or training.

5. (c) Jaggery.

Reason: Products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehulled or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce and therefore the exemption from GST is not available to their loading, packing, warehousing etc. [Circular No. 16/16/2017 GST dated 15.11.2017].

Part B

6. (a) **IndAS 41 does not apply to:**

- land related to agricultural activity: for example, the land on which the biological assets grow, regenerate and/or degenerate (IndAS 16 Property, Plant and Equipment and IndAS 40 Investment Property);

- (ii) bearer plants related to agricultural activity. Such bearer plants are covered within the scope of IndAS 16, Property, plant and Equipment. However, this Standard applies to the produce on those bearer plants.
- (iii) government grants related to bearer plants (IndAS 20 Accounting for Government Grants and Disclosure of Government Assistance).
- (iv) intangible assets associated with the agricultural activity, for example licenses and rights are covered under IndAS 38 Intangible Assets.

(b) (i) Incorrect.

Reason: As per Explanation 1 to section 2(1A), the capital gains arising from the transfer of such urban agricultural land would not be treated as agricultural income under section 10 but will be taxable under section 45.

(ii) Incorrect.

Reason: Since, X received remuneration under a contract for personal service calculated on the amount of profits earned by the company, such remuneration does not constitute agricultural income.

(iii) Incorrect.

Reason: The regularity with which the sales of milk were effected and quantity of milk sold showed that Mrs. Singh carried on regular business of producing milk and selling it as a commercial proposition. Hence, it was not agricultural income.

(iv) Incorrect.

Reason: Dividend is derived from the investment made in the shares of the company and is hence, not an agricultural income.

7. Measurement of group of Cattle as the March 31, 2019

Particulars	Amount (Rs.)
Fair value as at April 1, 2018	13,750
Increase due to Price change [250 x {60 - (13,750/250)}]	1,250
Increase due to Physical change [250 x {75-60}]	3,750
Fair value as at March 31, 20X9	18,750

8. Computation of Business income and Agricultural income

Particulars	Business Income	Agricultural Income	
	(Rs.)	(Rs.)	(Rs.)
Sale of Sugar			
Business income			
Sale Proceeds of sugar	25,00,000		
Less: Market value of sugar (70%)	22,00,000		
Less: Manufacturing exp.	1,50,000		
	1,50,000		
Agricultural income			
Market value of sugar (70%)		22,00,000	
Less: Cost of cultivation		14,00,000	8,00,000
Sale of sugarcane			
Agricultural Income			
Sale proceeds of sugarcane (30%)		10,00,000	
Less: Cost of cultivation		5,00,000	
			5,00,000
			13,00,000

Case Study 3

Part A

1. (b) No, the auditor has not reported as per the reporting requirement which requires stating the steps taken by the company for securing refund of the same. **Reason:** As per clause (xi) of Para 3 of CARO, 2016, the auditor of a company has to report whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same.
2. (d) The intermittent vacancy of a woman director can only be filled by the Board not later than immediate next Board Meeting or three months from the date of such vacancy whichever is later. Thus, the appointment is valid. **Reason:** As per section 149(1) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board shall fill the vacancy by 18th August, 2018 or by 18th September, 2018 (i.e. 3 months from the date of such vacancy) whichever is later. In the given case, it has been filled on 18th September, 2018, thus the appointment is valid.
3. (b) Hawa Sanch Ltd., a public company, which has a paid up capital of ₹ 100 crore. **Reason:** The LODR Regulations shall apply to the listed entity who has listed designated securities on recognised stock exchange.
4. (c) It is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Thus, the presentation as contingent liability under notes to financial statements is correct. **Reason:** As per Ind AS 37, a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. In the given case, the appeal is pending before the court which is a possible obligation because the liability for payment arising or not is dependent on the outcome of court decision.
5. (c) Auditor's responsibilities for assessing the entity's ability to continue as a going concern. **Reason:** As per SA 700, the auditor's report shall include a section with a heading "Responsibilities of Management for the Financial Statements.". This section of the auditor's report shall describe management's responsibility for assessing the entity's ability to continue as a going concern.

Part B

6. SA 706 'Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report', provides that if the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report provided:

- (a) The auditor would not be required to modify the opinion in accordance with SA 705 'Modifications to the Opinion in the Independent Auditor's Report' as a result of the matter; and
- (b) When SA 701 'Communicating Key Audit Matters in the Independent Auditor's Report' applies, the matter has not been determined to be a key audit matter to be communicated in the auditor's report.

Examples of circumstances where the auditor may consider it necessary to include an Emphasis of Matter paragraph are:

- (a) An uncertainty relating to the future outcome of exceptional litigation or regulatory action.
- (b) A significant subsequent event that occurs between the date of the financial statements and the date of the auditor's report.
- (c) Early application (where permitted) of a new accounting standard that has a material effect on the financial statements.
- (d) A major catastrophe that has had, or continues to have, a significant effect on the entity's financial position.

In the given case, the auditor has included a paragraph on Emphasis of Matter which describes the uncertainties related to the legal outcome of Department of Telecommunications demand with respect to one-time spectrum charges. Further, the opinion is also not modified in respect of this matter.

Thus, all the conditions and circumstances have been considered by the auditor while including a paragraph on the Emphasis of Matter.

Therefore, the reporting is in accordance with SA 706.

Particulars	Amount (₹)	Amount (₹)
Change in Operating Assets and Liabilities		
Less: Increase in Other Non-Current Asset (₹ 3,92,00,000 - ₹ 2,79,40,000)	(1,12,60,000)	
Less: Increase in Trade Receivables (₹ 1,35,00,000 - ₹ 1,26,60,000)	(8,40,000)	
Add: Increase in Other Current Liabilities (₹ 1,50,00,000 - ₹ 1,16,00,000)	34,00,000	
Add: Increase in Trade Payables (₹ 2,55,00,000 - ₹ 1,70,00,000)	85,00,000	
Add: Increase in Payables for Expenses (₹ 2,24,00,000 - ₹ 1,49,00,000)	75,00,000	
	2,57,00,000	
Less: Income Tax Paid	(30,00,000)	
Cash inflow from Operating Activities	2,27,00,000	2,27,00,000
Cash Flows from Investing Activities		
Sale of Property, Plant and Equipment during the year	9,00,000	
Purchase of Property, Plant and Equipment during the year [₹ 8,44,00,000 - (₹ 7,17,40,000 - ₹ 15,00,000 - ₹ 8,00,000)]	(1,49,60,000)	
Sale of Investments (₹ 2,12,00,000 - ₹ 1,95,00,000)	17,00,000	
Cash outflow from Investing Activities	(1,23,60,000)	(1,23,60,000)
Cash Flows from Financing Activities		
Interim Dividend paid	(9,00,000)	
Long Term Borrowings paid (₹ 3,90,00,000 - ₹ 2,25,00,000)	(1,65,00,000)	
Cash outflow from Financing Activities	(1,74,00,000)	(1,74,00,000)
Net Cash outflow from all the Activities		(70,60,000)
Add: Opening Cash and Cash Equivalents		1,44,60,000
Closing Cash and Cash Equivalents		74,00,000

7. Statement of Cash Flows of VayuSanchar Limited

Particulars	Amount (₹)	Amount (₹)
Cash Flows from Operating Activities		
Net Profit after Tax	1,40,00,000	
Add: Income Tax Paid	30,00,000	
Net Profit before Tax	1,70,00,000	
Add: Depreciation	15,00,000	
Less: Gain on Sale of Machine	(1,00,000)	
	1,84,00,000	

CROSSWORD SOLUTION – NOVEMBER 2019

¹ F	² O	³ R	T	⁴ R	⁵ A	N		⁶ S	A	⁷ H	⁸ A	⁹ S	R	A	T
¹⁰ C	U	T	T	E	R					¹¹ T	I	T	L	E	
¹² R	B	I		¹³ A	C	¹⁴ T		¹⁵ B		¹⁶ M	L	A			¹⁷ A
A				¹⁸ L	H	A	¹⁹ S	A		L		²⁰ R	²¹ I	²² A	S
				²³ I	M	A	G	²⁴ E				²⁵ T	E	S	S
²⁶ F	²⁷ D		²⁸ C	²⁹ R	E	E	P	E	R			U		I	I
	³⁰ I	³¹ R	A	A				³² L	G			³³ P	³⁴ A	N	G
³⁵ Q	U	E	S	T	I	³⁶ O	³⁷ N		³⁸ O	³⁹ W	N		⁴⁰ P	I	N
		⁴¹ S	H	I		U	O			A		⁴² S	I	N	E
⁴³ L	I	E		F		⁴⁴ T	O	Y		⁴⁵ C	F	O		E	E
⁴⁶ P	R	E	S	I	⁴⁷ D	E	N	T		K		S	⁴⁸ I		
			⁴⁹ H	E	I	R				⁵⁰ C	O	N			⁵¹ L
⁵² I	⁵³ D	⁵⁴ L		D	N		⁵⁵ I	⁵⁶ N	⁵⁷ T	⁵⁸ E	R		⁵⁹ C	⁶⁰ O	E
⁶¹ I	T	A	T			⁶² M	A	L	W	A	R	E		⁶³ D	X
	⁶⁴ U	N	O			E		⁶⁵ S	O	T			⁶⁶ A	D	

Corrigendum

Corrigendum in respect of Announcement of Four Weeks Residential Programme in November, 2019 of CA Student Journal

Date(s) mentioned in the aforesaid announcement be read as 29th January, 2020 to 25th February 2020 instead of 29th January, 2020 to 25th August, 2020. Inconvenience caused in this respect is regretted.

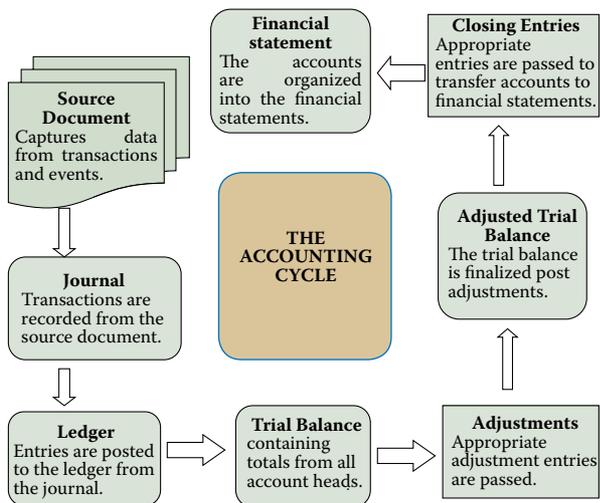
Director, Board of Studies

The capsule on IIPCC (old) Paper 7A: Information Technology that covers Chapter 1 “Business Process Management & IT” and Chapter 2 “Information Systems and IT Fundamentals” of subject is another step of Board of Studies in its endeavour to provide quality academic inputs to IIPCC students of Chartered Accountancy course. This capsule intends to assist students in their quick revision of Chapters 1 and 2 and should not be taken as a substitute for the detailed study of these chapters. Students are advised to refer to the relevant study material and Revision Test Paper for comprehensive study and revision.

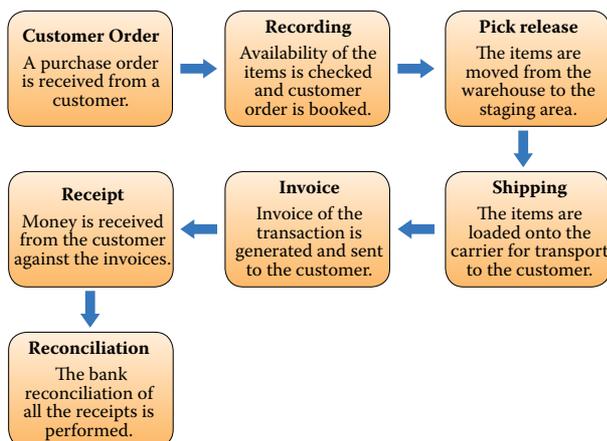
CHAPTER 1: BUSINESS PROCESS MANAGEMENT & IT

This chapter deals with the basic concepts of Business Process Management, Business Process Reengineering; different approaches used in mapping business system and the significance of each approach; benefits and risks associated with implementation of BPM and BPR Project.

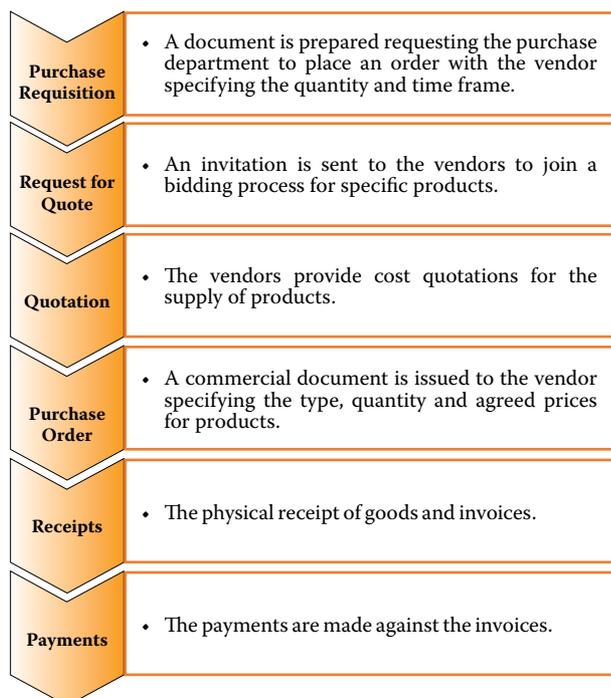
Business Process Flow- A Business Process is a prescribed sequence of work steps performed in order to produce a desired result for the organization. A business process is initiated by a particular kind of event, has a well-defined beginning and end, and is usually completed in a relatively short period. Examples of Business Processes are: Accounting, Sales and Purchase.



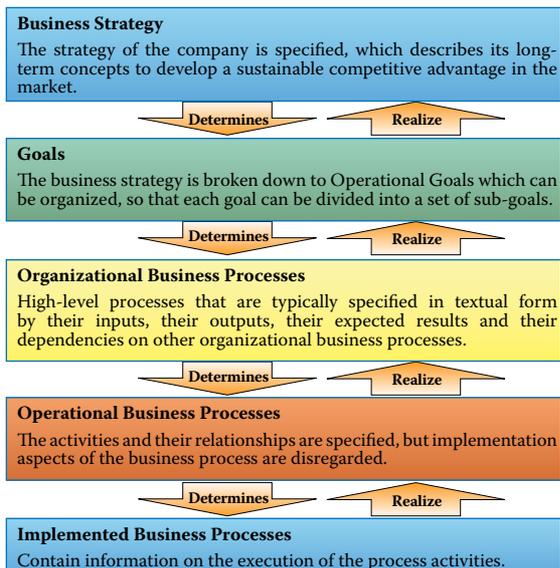
Order to Cash Process (O2C) Flow Cycle



Purchase to Pay (P2P) Cycle



Classification of Business Processes



Business Process Management (BPM) - "The achievement of an organization's objectives through the improvement, management and control of essential business processes".

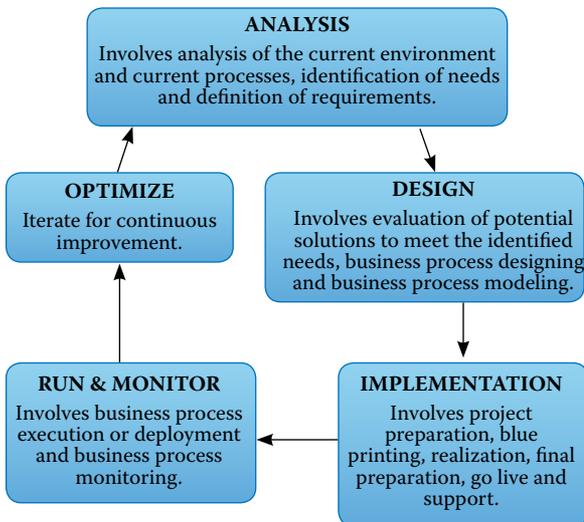
BPM's Principles

- Business processes are organizational assets that are central to creating value for customers;
- By measuring, monitoring, controlling, and analyzing business processes, a company can deliver consistent value to customers;
- As the basis for process improvement - business processes should be continuously improved; and
- Information technology is an essential enabler for BPM.

BPM's Practices

- Strive for process-oriented organizational structure;
- Appoint process owners;
- Senior management needs to commit and drive BPM and execution of BPM process improvements should take a bottom-up approach;
- Put in place information technology systems to monitor, control, analyze, and improve processes;
- Work collaboratively with business partners on cross-organizational business processes;
- Continuously train the workforce and continuously improve business processes;
- Align employee bonuses and rewards to business process performance;
- Utilize both incremental (e.g., Six Sigma) and more radical (e.g., BPR) methodologies to implement process improvement.

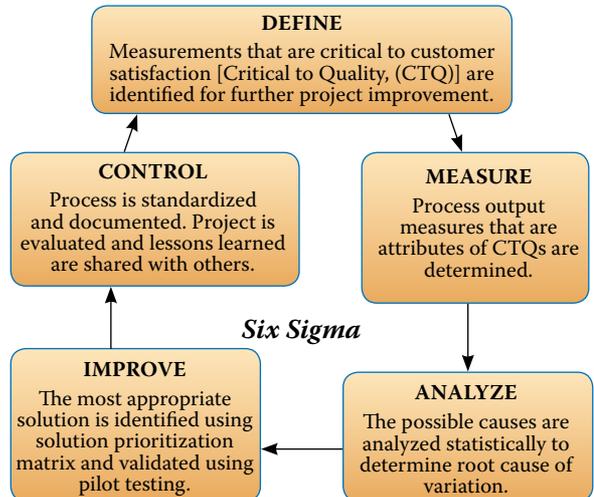
Business Process Management Life Cycle (BPM - L Cycle)



Theories of Process Management

Under the BPM framework, **Business Process Re-engineering (BPR)** and incremental process improvement methodologies (i.e., **Six Sigma**, **TQM**, etc.) are tools that organizations can use to implement process improvement.

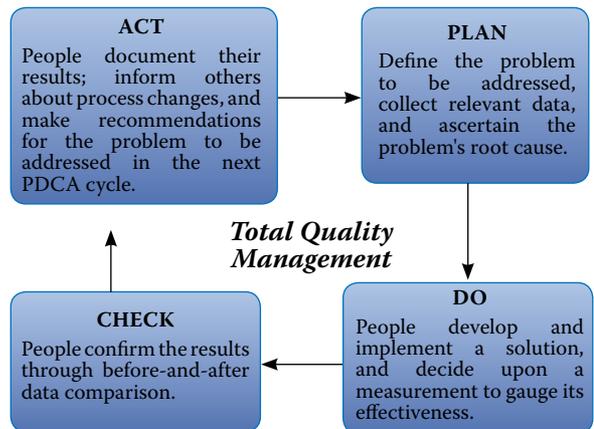
Six Sigma - A set of strategies, techniques, and tools for process improvement. It follows a life-cycle having phases: **Define, Measure, Analyze, Improve and Control** (or **DMAIC**).



Six Sigma

- "BPR is the fundamental rethinking and radical redesign of processes to achieve dramatic improvement, in critical, contemporary measures of performance such as cost, quality, service and speed?"
- **Business Process Reengineering** is based on the understanding that the products and services a company offers to the market are provided through business processes, and a radical redesign of these processes is the road to success.

Total Quality Management (TQM) is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback. TQM processes are divided into four sequential categories: **Plan, Do, Check, and Act** (the **PDCA cycle**).



Total Quality Management

Control refers to the policies, procedures, practices and organization structures that are designed to provide reasonable assurance that business objectives are achieved and undesired events are prevented, detected or corrected.

BPR Success factors: BPR implies not just change but dramatic change in the way a business functions. Research has identified some key factors for BPR projects to succeed. These factors are as follows:

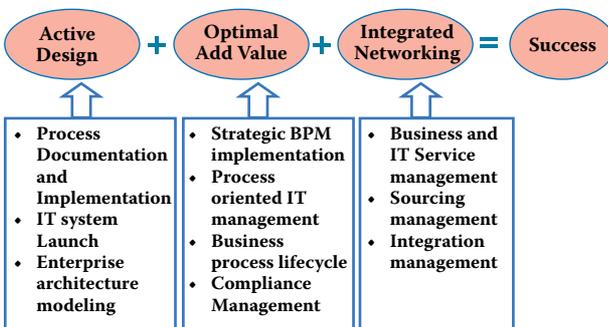
- **Organization wide commitment:** Changes to business processes would have a direct impact on processes, organizational structures, work culture, information flows, infrastructure & technologies and job competencies. This requires strong leadership, support and sponsorship from the top management.

- **BPR team composition:** A BPR team is formed which would be responsible to take the BPR project forward and make key decisions and recommendations. The BPR team would include active representatives from top management, business process owners, technical experts and users.
- **Business needs analysis:** It is important to identify exactly what current processes need reengineering. A series of sessions are held with the process owners and stakeholders and all the ideas would be evaluated to outline and conceptualize the desired business process.
- **Adequate IT infrastructure:** Adequate investment in IT infrastructure in line is of vital importance to successful BPR implementation. An IT infrastructure is a set of hardware, software, networks, facilities, etc. in order to develop, test, deliver, monitor, control or support IT services.
- **Effective change management:** BPR involves changes in people behavior and culture, processes and technologies. An effective change management process would consider the current culture to foster a change in the prevailing beliefs, attitudes and behaviors effectively.
- **Ongoing continuous improvement:** BPR is an ongoing process hence innovation and continuous improvement are key to the successful implementation of BPR.

- ### BPM Implementation
- BPM is actually paper-based standard operating procedures taken to their most productive level – throughout the initiation of increasingly business-centric technological advances.
 - The key to a successful BPM implementation is to consider it not just as an improvement programs but make it an integral part of business strategy.
 - An effective BPM implementation has to result in the institutionalization of process improvement as a fundamental management practice. This can be effectively achieved through proactive and predictive management of relevant business processes.

Key factors and related considerations in implementing BPM	
Factors	Key Considerations
Scope	A single process, a department, the entire company
Goals	Process understanding, improvement, automation, re-engineering, optimization
Methods to be used	Six Sigma, BPM Life Cycle Method, TQM, Informal methods
Skills Required	Consultants, Train Employees, Formal Certification, Basic Education, Existing Skill sets
Tools to be used	White-Boards, Sticky Notes, Software For Mapping, Documenting, Software for Simulation, Comprehensive BPMS
Investments to Make	Training, Tools, Time
Sponsorship/ Buy-in Needed	Executive Level, Department Level, Process Owner Level, Employee Level

Need for BPM Implementation



Business Process Automation (BPA) is a strategy that is used to optimize and streamline the essential business processes, using the latest technology to automate the functions involved in carrying them out.

Benefits	
Saving on costs	Automation leads to saving in time and labor costs.
Staying ahead in competition	Today, in order to survive, businesses need to adopt automation.
Fast service to customers	This was not the initial reason for adoption of BPA but gradually business managers realized that automation could help them to serve their customers faster and better.
Risks	
Risk to jobs	Jobs that were earlier performed manually by several employees would post-automation would be mechanized, thereby posing a threat to jobs.
False sense of security	Automating poor processes will not gain better business practices.

BPM Technology

BPM Technology can complement existing (and future) investments in applications and give organizations the ability to implement a real – time process improvement without the extensive process conversion efforts as the original business processes already exist.

The process architecture of BPM contains four layers:

- The **Database layer** physically contains data;
- **Application Layer** contains applications and process logic;
- **Presentation Layer** is what users see;
- **Process Layer** is an independent layer linking various independent applications needed to execute a single end to end business process.

Value Chain Automation

Value chain refers to separate activities which are necessary to strengthen an organization's strategies and are linked together both inside and outside the organization. The idea of the Value Chain is based on the process view of organizations, the idea of seeing a manufacturing (or service) organization as a system, made up of subsystems each with inputs, transformation processes and outputs.

Six business functions of the value chain are as follows:

- Research and development
- Design of products, services, or processes
- Production
- Marketing and sales
- Distribution
- Customer service

Accounting Systems Automation

An **Accounting Information System (AIS)** is defined as a system of collection, storage and processing of financial and accounting data that is used by decision makers.

Accountants and Auditors must study and understand AIS and related concepts so that they can accomplish the functions of accounting, general accounting reports and using accounting reports. The Accounting Information System is the mechanism that allows accountants to perform their accounting functions and tasks. **Basic Functions of an Accounting Information System.**

1	Collect and store data	Collect and store data about organization's business activities and transactions by capturing transaction data from source documents and posting data from journals to ledgers.
2	Record transaction	Record transactions data into journals. These journals present a chronological record of what occurred and provide management with information useful for decision making.
3	Safeguard organisational assets	Provide adequate controls to ensure that data are recorded and processed accurately by safeguarding organizational assets (data and systems).

- **Processing Cycles of an Accounts BPM:** These are namely **Financing Cycle, Revenue Cycle, Expenditure Cycle, Human Resource Cycle, and Production Cycle.**

Financing Cycle	The cycle consists of a set of transactions leading to the recognition of a major economic event on the financial statements.
Revenue Cycle	It includes transactions surrounding the recognition of revenue involving accounts like Sales, Accounts Receivable, Inventory and General Ledger.
Expenditure Cycle	It includes transactions surrounding the recognition of expenditures involving accounts like Purchases, Accounts Payable, Cash Disbursements, Inventory and General Ledger, preparation and recording of purchase orders; receipt of goods and the recording of the cost of inventory; receipt of vendor invoices; recording of accounts payable and preparation and recording of cash disbursements.
Human Resource Cycle	This involves activities of hiring and paying employees.
Production Cycle	This involves the recurring set of business activities and related data processing operations associated with the manufacturer of products including activities like converting raw materials and labor into finished goods.

- **General Ledger & Reporting System:** The information processing operations involved in updating the general ledger and preparing reports, summarize the results of an organization's activities. An important function of the AIS is to efficiently and effectively collect and process the data about a company's transactions.

- **Data Processing Cycle:** In the data processing cycle, the processes of business activities about which data must be collected and processed are identified. Further, the activities, resources affected by that event, the agents who participate in that event and the event of interest could be the input, output, processing, storage, alerts, controls and feedback.

Data Processing Cycle

The **Data Processing Cycle** consists of following basic steps with alerts, controls and feedback at each step.

Data Input	Involves the activities like capturing the data, implementing control procedures, recording in journals, posting to ledgers and preparation of reports.
Data Storage	Involves organizing the data in master file or reference file of an automated system for easy and efficient access.
Data Processing	Involves addition, deletion and updating of the data in the transaction file, master file or reference file.
Information Output	Involves generation of documents and managerial reports in printable or electronic form for addressing queries.

Benefits of BPMS

Automating repetitive business processes

- Processes such as report creation and distribution or the monitoring of or reporting on company's Key Performance Indicators (KPI) reduces the manual operational costs and helps employees to concentrate on activities that are important to the success of business.

BPMS works by 'loosely coupling' with a company's existing applications

- Enables to monitor, extract, format and distribute information to systems and people; in line with business events or rules.

Operational savings

- BPM focuses on optimization of processes. The processes that are repetitive are optimized and lead to reduced expenses which translate to immediate cost savings.

Reduction in the administration involved in compliance and ISO activities

- The BPM is ideally suited to support companies in their quest for process improvement and compliance/governance certification.
- It gives full control over process and document change, clarity of inherent risks, and ease with which process knowledge is communicated across the company.

Freeing-up of employee time

- There is a hard cost associated with employee time as well as soft costs associated with losing business or lowered productivity.
- Another area where time comes into play is in opportunity costs.

Business Risks of failure of IT

Reasons for failure of BPMS

- Superficial or deficient executive involvement;
- Deficient project management;
- Breakdown in gap analysis;
- Limited options for customization of the BPM software is required;
- Not flexible enough or too complicated to be customized to meet the precise workflow and business process;
- Failure to identify future business needs;
- Inadequate assessment of the need for change management;
- Persistent compatibility problems with the diverse legacy systems of the partners;
- Resources not available when desirable;
- Software fails to meet business needs;
- System may be over-engineered when compared to the actual requirements; and
- Technological obsolescence.

Information as a Business Asset

Information becomes an asset for an organization if it is useful, digital, accessible, relevant, accurate, trust-worthy, searchable, understandable, spatially enabled and shareable at the time when required. Information can be treated as a valuable commodity if it can be used effectively.

Information that is accurate and encompassing will allow decision-makers to better an organization's performance. Without reliable information, the decision-making process can be badly hampered and an informed decision impossible to make.

To achieve operational performance, it is important to ensure that Information Technology infrastructure is tailored to an organization that is able to meet an organization's needs for Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), Business Intelligence (BI), Data Warehousing, Data Migration and Replication.

Approaches to Mapping Systems

Approaches to Mapping systems- Documentation includes the flowcharts, narratives and other written communications that describe the inputs, processing and outputs of an Accounting Information System. Documentation also describes the logical flow of data within a computer system and the procedures that employees must follow to accomplish application tasks.

Reasons why documentation is important to Information Systems

• Depicting how the system works

- Documentation is required to help employees understand how a system works, assist accountants in designing controls for it, demonstrates to managers that it will meet their information needs, and assists auditors in understanding the systems that they test and evaluate.

• Training users

- Documentation also includes user guides, manuals, and similar operating instructions that help people learn how an Information System operates.

• Designing new systems

- Documentation helps system designers develop new systems in much the same way that blueprints help architects design building.

• Controlling system development and gap maintenance costs

- Helps system designers develop object-oriented software, which is software that contains modular, reusable code that further avoid writing duplicate programs and facilitate changes when programs must be modified later.

• Standardizing communications with others

- Documentation aids such as E-R Diagrams, System Flowcharts, and Data Flow Diagrams are more standardized tools and they are more likely to be interpreted the same way by all parties viewing them.

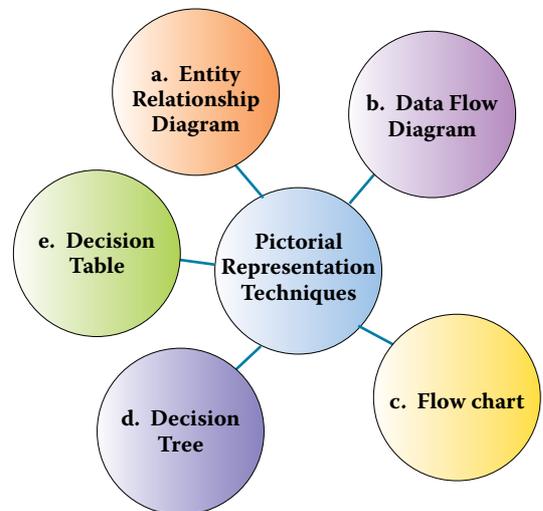
• Auditing information systems

- Documentation helps depict audit trails, documentation helps auditors determine the strengths and weaknesses of a system's controls.

• Documenting business processes

- Documentation helps managers better understand how their businesses operate what controls are involved or missing from critical organizational activities, and how to improve core business activities.

Pictorial Representation for Mapping Business Processes

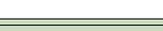


a. ER Diagram: An Entity-Relationship (ER) diagram is a data modeling technique that creates a graphical representation of the entities, and the relationships between entities, within an information system.

Shapes	Type of Relationship
Boxes are commonly used to represent entities .	One-to-One relationship (1:1)
Diamonds are normally used to represent relationships .	One-to-Many relationship (1:N)
Ovals are used to represent attributes .	Many-to-One relationship (M:1)
	Many-to-Many relationships (M:N)
Advantages	Limitations
<ul style="list-style-type: none"> • ER Modeling is simple and easily understandable. It is represented in business users' language and it can be understood by non-technical specialist. • Intuitive and helps in Physical Database creation. • Can be generalized and specialized based on needs. • Can help in database design. • Gives a higher level description of the system. 	<ul style="list-style-type: none"> • Physical design derived from E-R Model may have some amount of ambiguities or inconsistency. • Sometime diagrams may lead to misinterpretations.

b. Data Flow Diagram (DFD) is a graphical representation of the flow of data through an information system. The major DFD component's symbols are as follows:

Entity	An entity is the source or destination of data. Entities are often represented as rectangles.
Process	The process is the manipulation or work that transforms data, performing computations, making decisions (logic flow), or directing data flows based on business rules.
Data Store	A data store is where a process stores data between processes for later retrieval by that same process or another one.
Data Flow	Data flow is the movement of data between the entity, the process and the data store. Data flow portrays the interface between the components of the DFD.

Meaning	Symbols
Process	 or 
Data Store	 or 
Entity	
Data Flow	

Types of DFD

Logical Data Flow Diagram	A logical DFD focuses on the business and how the business operates. It describes the business events that take place and the data required and produced by each event. The logical model reflects the business.
----------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Physical Data Flow Diagram	A physical DFD shows how the system will be implemented. The physical model depicts the system.
-----------------------------------	-------------------------------------------------------------------------------------------------

Advantages of DFD	Limitations of DFD
<ul style="list-style-type: none"> It aids in describing the boundaries of the system. It is beneficial for communicating existing system knowledge to the users. A straightforward graphical technique which is easy to recognize. DFDs can provide a detailed representation of system components. It is used as the part of system documentation file. DFDs are easier to understand by technical and nontechnical audiences. It supports the logic behind the data flow within the system. 	<ul style="list-style-type: none"> It make the programmers little confusing concerning the system. The biggest drawback of the DFD is that it simply takes a long time to create, so long that the analyst may not receive support from management to complete it. Physical considerations are left out.

c. Flow Chart is a type of diagram that represents an algorithm, workflow or process, showing the steps as boxes of various kinds, and their order by connecting them with arrows. It allows the programmer to compare different approaches and alternatives on paper and often shows interrelationships that are not immediately apparent.

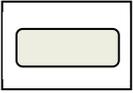
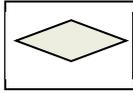
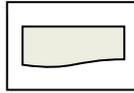
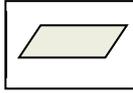
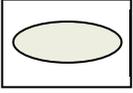
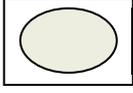
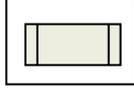
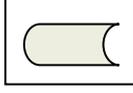
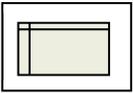
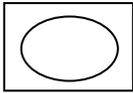
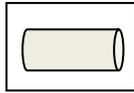
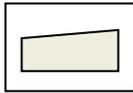
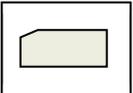
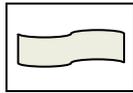
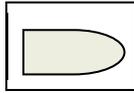
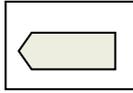
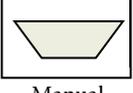
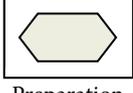
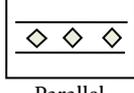
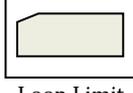
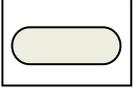
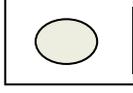
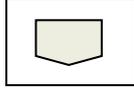
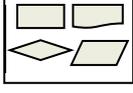
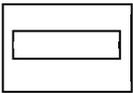
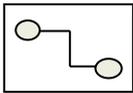
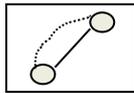
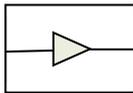
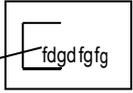
Advantages of using Flowchart

- Quicker grasp of relationships
- Effective Analysis
- Communication
- Documentation
- Efficient coding
- Orderly check out of problem
- Efficient program maintenance

Limitations of using Flowchart

- Complex logic
- Modification
- Reproduction
- Link between conditions and actions
- Standardization

Basic Flowchart Shapes

			
Process	Decision	Document	Data
			
Start 1	Start 2	Pre-defined Process	Stored Data
			
Internal Storage	Sequential Data	Direct Data	Manual Input
			
Card	Paper Tape	Delay	Display
			
Manual Operation	Preparation	Parallel Mode	Loop Limit
			
Terminator	On-page Reference	Off-page Reference	Flowchart shapes
			
Auto height Text	Dynamic Connector	Line curve Connector	Control Transfer
			
Annotation			

d. A Decision Tree also termed as an **Inference** or **Logical tree** is a collection of a basis (condition) and a conclusion (action).

- A decision tree is a decision support tool that uses a tree-like graph or model of decisions and their possible consequences, including chance event outcomes, resource costs, and utility.
- Decision Trees are measured to be one of the most accepted approaches for representing classifier.

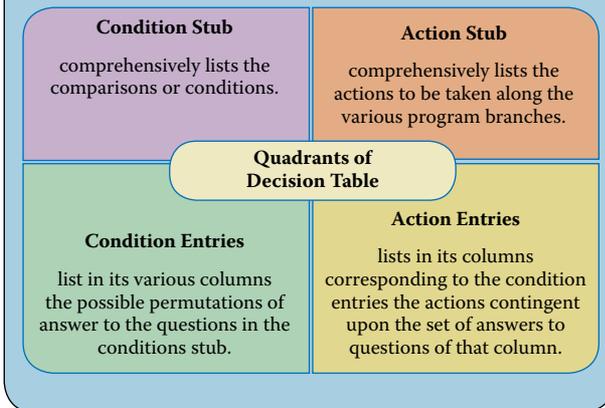
Advantages of using Decision Tree

- Are simple to understand and interpret. People are able to understand decision tree models after a brief explanation.
- Possible scenarios can be added.
- Worst, best and expected values can be determined for different scenarios.

Limitations of using Decision Tree

- For data including categorical variables with different number of levels, information gain in decision trees are biased in favor of those attributes with more levels.
- Calculations can get very complex particularly if many values are uncertain and/or if many outcomes are linked.

e. A **Decision Table** is a table which may accompany a flowchart, defining the possible contingencies that may be considered within the program and the appropriate course of action for each contingency.



Advantages of using Decision Table

- **Easy to Draw** – Decision Tables are easy to draw and modify as compared to flowcharts.
- **Compact Documentation** – The documentation in the form of decision tables is compact since one decision table may replace few pages of a flowchart.
- **Simplicity** – It is easier to follow a particular path in one column of a decision table than it is to go through several pages of the flowcharts.
- **Direct Codification** - The decision tables can be directly coded into a program.
- **Better Analysis** – A decision table shows various alternatives and their respective outcomes side by side for better analysis of the problem.
- **Modularity** – The complex problems would require complex decision tables which can be easily broken down to micro-decision tables.
- **Non-technical** – No knowledge of computer language or CPU working is necessary for drawing decision tables.

Limitations of using Decision Table

- All programmers may not be familiar with Decision Tables and therefore flow charts are more common.
- Flowcharts can better represent a simple logic of the system rather than a decision table.
- The decision tables do not express the total sequence of the events needed to solve the problem.

CHAPTER 2: INFORMATION SYSTEMS AND IT FUNDAMENTALS

This chapter deals with importance and impact of IT in auditing; Information System Layers; Information System Life Cycle; and various computing technologies.

Need for Information Technology

<p>Communication Capabilities</p>	<ul style="list-style-type: none"> • Enterprises can now integrate their business functions and segments spread across different geographical areas. • Enterprises equipped with email, video conferencing equipment and internal chat rooms provide an efficient way to communicate and conduct business. • VOIP service allows people across the world to make free, unlimited, superior quality voice calls via its innovative peer-to-peer software. Example - Skype. • WhatsApp Messenger is a cross-platform mobile messaging application which allows us to exchange messages without having to pay for SMS. It is available for: iPhone, BlackBerry, Android, Windows phone etc. • Team-ware, Collaboration Software or Groupware software allow collective and collaborative working of teams from different geographical locations on an online and real-time basis.
<p>Data and Information Management</p>	<ul style="list-style-type: none"> • Most enterprises store digital versions of documents on servers, storage devices and on cloud economically and employees benefit from immediate access to the documents they need regardless of their geographical location.
<p>Automated Processes</p>	<ul style="list-style-type: none"> • Used to optimize and streamline the essential business processes, using the latest technology to automate the functions involved in carrying them out. • Allows the organizations to extract maximum benefit by using the available resources to their best advantage, while keeping the operational cost as low as possible.

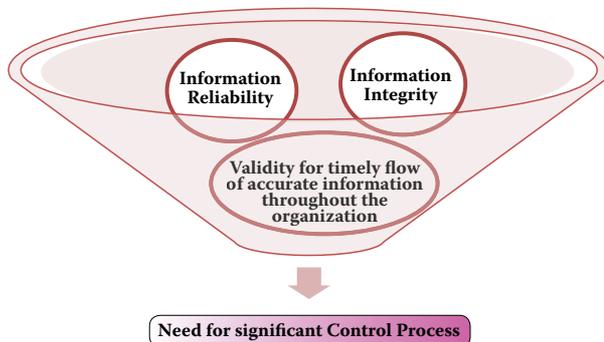
Audit Objectives

<p>EXISTENCE</p> <ul style="list-style-type: none"> • Verify that the assets, liabilities, ownership, and/or activities are real.
<p>AUTHORIZATION</p> <ul style="list-style-type: none"> • Verify that events have occurred in accordance with management's intent.
<p>VALUATION</p> <ul style="list-style-type: none"> • Verify that the accounting values fairly present items worth.
<p>CUTOFF</p> <ul style="list-style-type: none"> • Verify that the transaction is re-coded in the proper accounting period.
<p>COMPLIANCE</p> <ul style="list-style-type: none"> • Verify that the processing is in compliance with governmental laws and regulations, generally accepted accounting procedures, and organization's policies and procedures.
<p>OPERATIONAL</p> <ul style="list-style-type: none"> • Verify that the program, area, or activity is performed economically, efficiently, and effectively; • Assisting management in finding ways to implementing internal control recommendations; • Participating in specifying and designing computer control and other features for systems to be installed; • Determining whether efficient use is made of the organization's Computer resources; and • Determining whether Computer system used accomplishes the business objectives and goals.

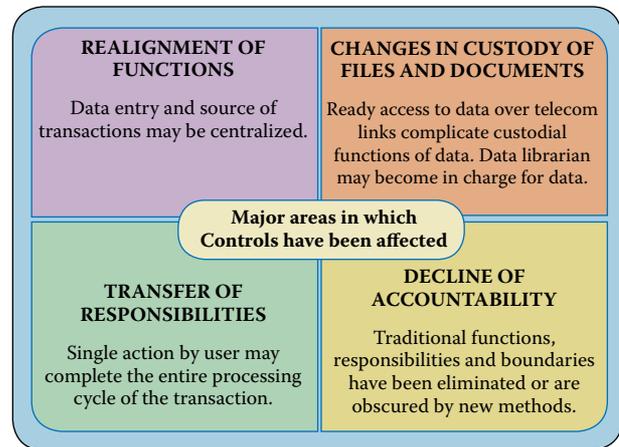
Audit Procedures

Study Technical Aspects	<ul style="list-style-type: none"> Gather evidential matter relating to technical aspects of systems under study, including all relevant documentation describing the computer facility, application programs, operating procedures, security procedures and so on.
Use Unique Techniques	<ul style="list-style-type: none"> Require application of unique techniques to these efforts. For example, the audit planning step includes review of technical documentation and interviewing technical specialists. The auditor must understand the procedures for testing and evaluating Computer Controls.
Audit Software Usage	<ul style="list-style-type: none"> These procedures include the use of generalized audit software to survey the contents of data files, the use of specialized software to assess the contents of operating system parameter files and flow-charting techniques for documenting the automated applications.

Need for Controls in Information Systems



<p>Safeguarding assets to maintain data integrity to achieve system effectiveness and efficiency is a significant control process.</p> <p>Information Systems Control Procedure may include</p> <ul style="list-style-type: none"> Strategy and Direction; General Organization and Management; Access to IT resources, including data and programs; System development methodologies and change control; Operation procedures; System Programming and Technical support functions; Quality Assurance Procedures; Physical Access Controls; Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP); Network and Communication; Database Administration; and Protective and detective mechanisms against internal and external attacks.



From IT perspective, various IT processes that are usually involved in a typical business enterprise:

Database access and changes	Provides access to data via ODBC (Open DataBase Connectivity) connections, data updates, and file transfers.
File replication and Data backup	Protects valuable data by backing up databases and key systems.
Systems and Event Log monitoring	Reviews and analyzes the event log and critical systems, and create multistep corrective action, such as restarting a server service. With BPA, these processes run automatically when certain events occur.
Job Scheduling	Automates processes that perform a variety of daily or unscheduled tasks.
Application Integration	Automates IT and business processes by combining applications that drive business. Complex processes such as database queries, data transformation and spreadsheet integration can be automated.
File Transfers	Can be automated to deliver and retrieve data on set schedules.
Printing	Automated to simplify print jobs.

Business Process Automation - Critical pillars		
INTEGRATION	ORCHESTRATION	AUTOMATION
Allows applications and operating systems not only to read data that the systems produce, but also to pass data between the component applications of the business process and to modify the data as necessary.	Enables the ability to bring tasks that exist across multiple computers and different business departments or branches under one umbrella that is the business process itself.	Orchestration and integration unite with automation to deliver the capability to provide a rules-based process of automatic execution that can span multiple systems and enable a more effective, nimble and efficient business process.

Steps involved in implementing Business Process Automation (BPA)	
Step 1: Define why we plan to implement BPA?	The answer to this question will provide justification for implementing BPA.
Step 2: Understand rules/ regulation under which it needs to comply with?	The underlying issue is that any BPA created needs to comply with applicable laws and regulations.
Step 3: Document the process, we wish to automate.	The current processes which are planned to be automated need to be correctly and completely documented at this step.
Step 4: Define the objectives/goals to be achieved by implementing BPA.	This enables the developer and user to understand the reasons for going for BPA. The goals need to be precise and clear.
Step 5: Engage business process consultant.	Once the entity has been able to define the above, the entity needs to appoint an expert, who can implement it for the entity.
Step 6: Calculate the ROI for project.	The answer to this question can be used for convincing top management to say 'yes' to the BPA exercise.
Step 7: Development of BPA.	Once the top management grant their approval, the right business solution has to be procured and implemented or developed and implemented covering necessary BPA.
Step 8: Testing the BPA.	Before making the process live, the BPA solutions should be fully tested.

Computing Technologies

Servers: Servers are often dedicated, meaning that they perform no other tasks besides their server tasks.

- From a **hardware perspective**, a **Server** is a computer (Hardware) or device on a network dedicated to run one or more services (as a host), to serve the needs of the users of other computers on a network.
- In the context of **client-server architecture**, a **Server** is a computer program running to serve the requests of other programs, the "clients".

Types of Servers

File Server	A computer and storage device dedicated to storing files. Any user on the network can store files on the server.
Print Server	A computer that manages one or more printers.
Network Server	A computer that manages network traffic.
Database Server	A computer system that processes database queries.
Application Server	A program that handles all application operations between users and an enterprise's backend business applications or databases.

Web Server

A computer that delivers (serves up) web pages. Every web server has an IP address and possibly a domain name.

Mail Server

Mail server moves/stores mail over corporate networks.

Instruction Set

Instruction set is the set of machine code instructions that the processor can carry out. CPU (Processor), the center piece of the computer's architecture, is in charge of executing the instructions of the currently loaded program.

Instruction Set Architecture (ISA) is related to the programming of a computer – that is, how the computer understands what each element in its basic language means, what instructions are to be carried out and in what order, etc.

The instructions may be Data Movement Instructions, Transfer of Control, Arithmetic/Logical Instructions; Input/Output and some miscellaneous instructions that handle interrupts and activities.

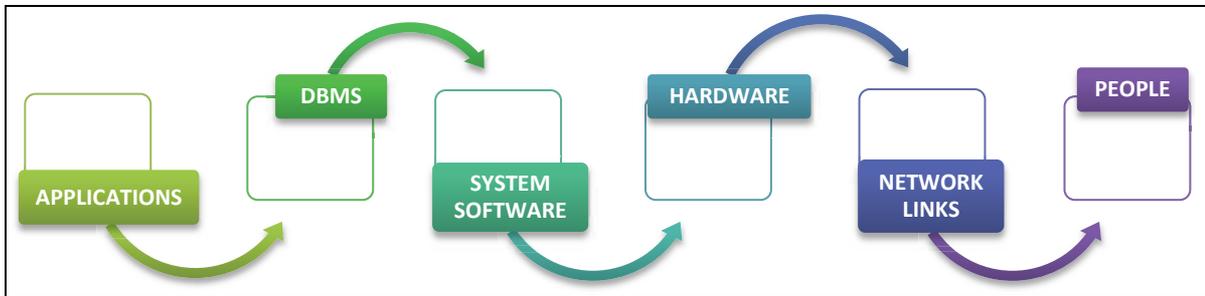
Types of instructions are as follows:

Fixed Length Instructions	Variable Length Instructions
Fixed - length instructions are commonly used with RISC processors.	Variable - length instructions are commonly used on CISC machines.
All machine code instructions are of the same length i.e. fixed length.	Each instruction uses exactly the amount of space it requires.
Since each instruction occupies the same amount of space, memory space is wasted by this form of instruction.	The variable length instructions reduce the amount of memory space required for a program.
They make the job of fetching and decoding instructions easier and more efficient, i.e. they can be executed in less time than the corresponding variable length instructions.	These instructions take relatively more time for execution.

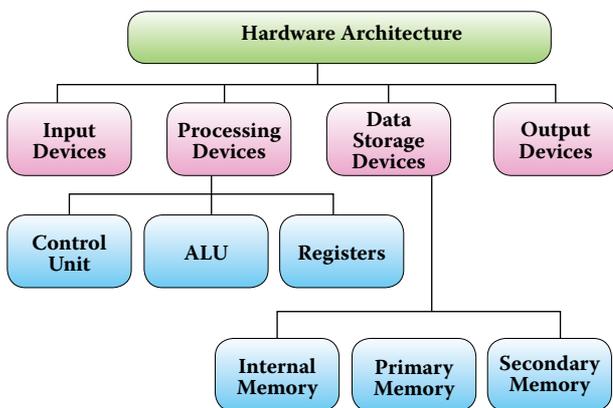
Classification of Instruction Set: An important aspect of computer architecture is the design of the instruction set for the processor, which is of two types:

- **Complex Instruction Set Computer (CISC):** If the control unit contains a number of micro-electronic circuitry to generate a set of control signals and each micro-circuitry is activated by a micro-code, this design approach is called **CISC design**. Examples of CISC processors are: Intel 386, 486, Pentium, Pentium Pro, Pentium II, Pentium III processors etc.
- **Reduced Instruction Set Computer (RISC):** To execute each instruction, if there is separate electronic circuitry in the control unit, which produces all the necessary signals, this approach of the design of the control section of the processor is called **RISC design**. It is also called hard-wired approach. Examples of RISC processors: IBM RS6000, MC88100 processors etc.

Information System Layers



Hardware is the tangible portion of our computer systems; something we can touch and see.



Application Software: This includes all that computer software that cause a computer to perform useful tasks beyond the running of the computer itself. The different types of application software are as follows:

- Application Suite** { Has multiple applications bundled together. Related functions, features and user interfaces interact with each other. E.g. MS Office 2010 which has MS Word, MS Excel, MS Access etc.
- Enterprise Software** { Addresses an enterprise's needs and data flow in a huge distributed environment. E.g. ERP Applications like SAP.
- Enterprise Infrastructure Software** { Provides capabilities required to support enterprise software systems. E.g. email servers, Security software.
- Information Worker Software** { Addresses individual needs required to manage and create information for individual projects within departments. E.g. Spreadsheets, CAAT (Computer Assisted Audit Tools) etc.
- Content Access Software** { Used to access contents and addresses a desire for published digital content & entertainment. E.g. Media Players, Adobe Digital etc.

Educational Software

Holds contents adopted for use by students. E.g. Examination Test CDs.

Media Development Software

Addresses individual needs to generate and print electronic media for others to consume. E.g. Desktop Publishing, Video Editing etc.

Advantages of Application software

- **Addressing User needs:** It meets the exact needs of the user.
- **Less threat from virus:** The threat of viruses invading custom-made applications is very small.
- **Regular updates:** Licensed application software gets regular updates from the developer for security reasons.

Disadvantages of Application software

- Development is costly.
- Infection from Malware.

System Software is computer software that is designed to operate the computer hardware and to give and maintain a platform for running application software. One of the most important and widely used system software is computer operating systems.

An **Operating System (O/S)** is a set of computer programs that manages computer hardware resources and acts as an interface with computer applications programs.

Variety of Activities performed by O/S

Performing Hardware functions

- Acts as an intermediary between the application program and the hardware.

User Interfaces

- Provides user interface by accessing how we interface with our system.

Hardware Independence

- Provides Application Program Interfaces (API), which can be used by application developers to create application software, thus obviating the need to understand the inner workings of OS and hardware. Thus, OS gives us hardware independence.

Memory Management

- Allows controlling how memory is accessed and maximize available memory & storage.

Task Management

- Facilitates a user to work with more than one application at a time i.e. multitasking and also allows more than one user to use the system i.e. timesharing.

Networking Capability

- Provides systems with features & capabilities to help connect computer networks.

Logical Access Security

- Provides logical security by establishing a procedure for identification & authentication using a User ID and Password.

File Management

- Keeps a track of where each file is stored and who can access it, based on which it provides the file retrieval.

Network Links: Computer Network is a collection of computers and other hardware interconnected by communication channels that allow sharing of resources and information. Each component, namely the computer in a computer network is called a 'Node'.

Benefits of Computer Network

Distributed nature of information

Resource Sharing

Computational Power

Reliability

User communication

Types of Computer Network

Connection Oriented Networks

- Wherein a connection is first established and then data is exchanged, like it happens in case of telephone networks.

Connectionless Networks

- Where no prior connection is made before data exchanges. Data which is being exchanged in fact has a complete contact information of recipient and at each intermediate destination, it is decided how to proceed further, like it happens in case of postal networks.

Important Definitions in Networking

Routing

Refers to the process of deciding on how to communicate the data from source to destination in a network.

Bandwidth

Refers to the amount of data which can be sent across a network in given time.

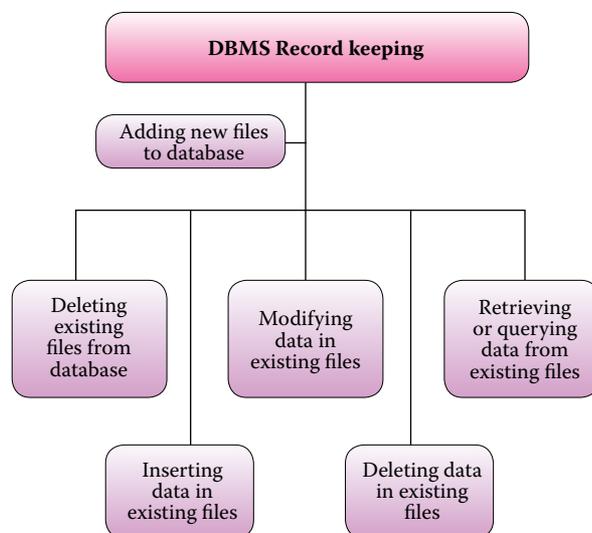
Resilience

Refers to the ability of a network to recover from any kind of error like connection failure, loss of data etc.

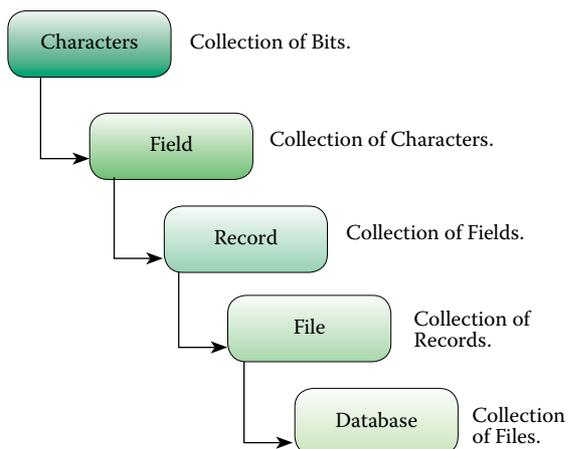
Contention

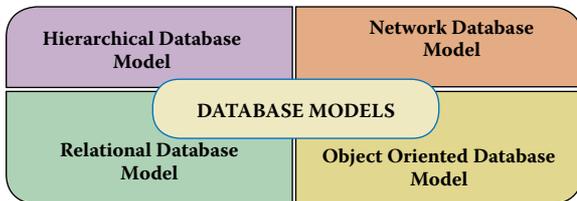
Refers to the situation that arises when there is a conflict for some common resource in a network.

Database Management Systems (DBMS)



DBMS - Basic Concepts





Advantages of DBMS

Permitting data sharing

- In DBMS, the same information can be made available to different users.

Minimizing Data Redundancy

- In a DBMS, duplication of information or redundancy is, if not eliminated, carefully controlled or reduced.

Integrity can be maintained

- Data integrity is maintained by having accurate, consistent, and up-to-date data. Updates and changes to the data only have to be made in one place in DBMS ensuring Integrity.

Program and file consistency

- The file formats and programs are standardized. This makes the data files easier to maintain because the same rules and guidelines apply across all types of data.

User-friendly

- DBMS makes the data access and manipulation easier for the user and also reduces the reliance of users on computer experts to meet their data needs.

Improved security

- DBMS allows multiple users to access the same data resources which could lead to risk to an enterprise if not controlled. Security constraints can be defined.

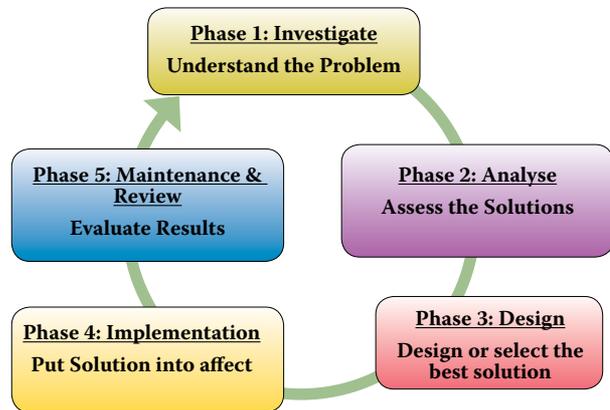
Achieving program/data independence

- In a DBMS, data does not reside in applications but data bases program & data are independent of each other.

Faster application development

- In the case of deployment of DBMS, the data is already therein databases, application developer has to think of only the logic required to retrieve the data in the way a user needs.

Information System Life Cycle



Phase 1: System Investigation - Examines 'What is the problem and is it worth solving?'

- Technical feasibility:** Does the technology exist to implement the proposed system or is it a practical proposition?
- Economic feasibility:** Is proposed system cost-effective: if benefits do not outweigh costs, it's not worth going ahead?
- Legal feasibility:** Is there any conflict between the proposed system and legal requirements?
- Operational feasibility:** Are the current work practices and procedures adequate to support the new system?
- Schedule feasibility:** How long will the system take to develop, or can it be done in a desired time-frame?

Phase 2: System Analysis - Examines 'What must the Information System do to solve the problem?'

- Interviewing staff:** at different levels from end-users to senior management;
- Examine current business:** systems documents and output including current order documents, computer system procedures and reports used by operations and senior management;
- Sending out questionnaires:** that have to be carefully constructed to elicit unambiguous answers; and
- Observation of current procedures:** by spending time in various departments. A time and motion study can show where procedures could be more efficient or to detect bottlenecks.

Phase 3: System Designing - Examines 'How will the Information System do, that it must do to obtain the solution to the problem?'

- Hardware platform:** Computer, network capabilities, input, storage and output devices;
- Software:** Programming language, package and database;
- Outputs:** Report layouts and screen designs;
- Inputs:** Documents, screen layouts and validation procedures;
- User interface:** How users will interact with the computer system;
- Modular design:** Of each program in the application;
- Test plan:** Develop test data;
- Conversion plan:** How the new system is to be implemented; and
- Documentation:** Including systems and operations documentation. Later, a user manual will be produced.

Phase 4: System Implementation - Examines 'How will the Solution be put into effect?'

Implementation can be put in place either through **Installation** or **Conversion**.

Installation involves following major activities:

- Installing the new hardware, which may involve extensive re-cabling and changes in office layouts;
- Training the users on the new system; and
- Conversion of master files to the new system or creation of new master files.

Conversion involves following activities:

- **Direct Changeover:** The user stops using the old system one particular day and starts using the new system from thereon, usually over a weekend or during a slack period.
- **Parallel Conversion:** The old system continues alongside the new system for a few weeks or months.
- **Phased Conversion:** Used with larger systems that can be broken down into individual modules which can be implemented separately at different times.
- **Pilot Conversion:** New system will first be used by only a portion of the enterprise, for example at one branch or factory.

Phase 5: System Maintenance and Review - Evaluates results of solution and modifies the system to meet the changing needs.

Perfective Maintenance This implies that while the system runs satisfactorily, there is still room for improvement.

Adaptive Maintenance All systems will need to adapt to changing needs within a company.

Corrective Maintenance Problems frequently surface after a system has been in use for a short time, however thoroughly it was tested. Any errors must be corrected.

Cloud Computing

Cloud Computing is defined as the use of various services, such as software development platforms, servers, storage, and software, over the Internet, often referred to as the "Cloud." Cloud Computing Environment involves the following:

PUBLIC CLOUD: Composition of two or more private, community or public clouds that remain unique entities but are bound together, offering the benefits of multiple deployment models, is internally & externally hosted.

COMMUNITY CLOUD: Shared by several organizations; externally hosted, but may be internally hosted by one of the organizations.

PRIVATE CLOUD: Used for a single organization; can be internally or externally hosted.

HYBRID CLOUD: Provisioned for open use for the public by a particular organization who also hosts the service.

Cloud Computing Architecture refers to the components and subcomponents that typically consist of a Front end platform (fat client, thin client, mobile device), Back end platforms (servers, storage), a cloud based delivery, and a network (Internet, Intranet, Intercloud).

Front End	Back End
The Front End of the cloud computing system comprises of the client's devices (or it may be a computer network) and some applications are needed for accessing the cloud computing system. Existing web browsers such as Firefox, Microsoft's internet explorer or Apple's Safari.	In cloud computing, the Back End is cloud itself which may encompass various computer machines, data storage systems and servers.

Service Models of Cloud Computing

Infrastructure as a Service (IaaS)
Provides clients with access to server hardware, storage, bandwidth and other fundamental computing resources.

Software as a Service (SaaS)
In this, an application is hosted as a service provided to customers across the Internet by removing the need to install and run an application on a user's own computer.

Platform as a Service (PaaS)
Provides clients with access to the basic operating software and optional services to develop and use software applications without the need to buy and manage the underlying computing infrastructure.

Network as a Service (NaaS)
Involves optimization of resource allocation by considering network and computing resources as a whole. Example - VPN, Mobile N/w Virtualization.

Communication as a Service (CaaS)
Allows businesses to selectively deploy communication devices and modes on a pay-as-you-go, as-needed basis. This approach eliminates the large capital investments. Examples are: Voice over IP (VoIP), Instant Messaging (IM), Collaboration and Videoconferencing.

Mobile Computing

Mobile Computing: Defined as the use of portable computing devices like laptop/handheld computers in conjunction with mobile communications technologies to enable users to access Internet and data on their home/ work computers from anywhere in the world.

Its components are as follows:

Mobile Communication	Mobile Hardware	Mobile Software
Refers to the infrastructure put in place to ensure that seamless and reliable communication goes on.	Includes mobile devices or device components that receive or access the service of mobility.	It is the actual program that runs on the mobile hardware.
These would include devices such as Protocols, Services, Bandwidth and Portals necessary to facilitate and support the stated services.	They would range from Portable laptops, Smart phones, Tablet PC's to Personal Digital Assistants.	This is the engine of that mobile device. In other terms, it is the operating system of that appliance.

CHAPTER 11. SEATING ARRANGEMENTS

The process of making group of people to sit as per a prefixed manner is called seating arrangement these questions, some conditions are given on the basis of which students are required to arrange objects, either in a row or on in circular order.

1. Six Children A, B, C, D, E and F are sitting in a row facing towards North. C is sitting between A and E, D is not at the end. B is sitting immediate right of E, F is not at the right of end, but D is sitting 3rd left of E. Which of the following is right of D.

(a) A (b) F (c) E (d) C

Explanation: Answer (a)

According to the question A, B, C, D, E and F are sitting as follows.



Clearly A is sitting to the right of D.

2. Read the following information carefully and then answer the questions (i), (ii) and (iii).

Six friends A, B, C, D, E and F are sitting on a bench, facing towards North.

- I. A is sitting next to B.
- II. C is sitting left to D.
- III. D is not sitting with E.
- IV. E is on the left end of the bench.
- V. C is third position from right.
- VI. A is on the right side of B and to the right side of E.
- VII. A and C are sitting together.
- VIII. F is sitting Right of D.

- (i) At what position A is sitting?
 - (a) Between B and C (b) Between D and C
 - (c) Between E and D (d) Between C and E
- (ii) What is position of B?
 - (a) Second from right (b) Centre
 - (c) Extreme left (d) Second from left
- (iii) What is position of D?
 - (a) Extreme from left (b) Extreme right
 - (c) Third from left (d) Second from right.

Explanation: Arrangement according to the question is as follows.



- 2(i) Answer (a), A is sitting between B and C
- 2(ii) Answer (d), B is sitting second from left.
- 2 (iii) Answer (d), D is second from right

3. Read the following information carefully to answer the questions (i) and (ii)

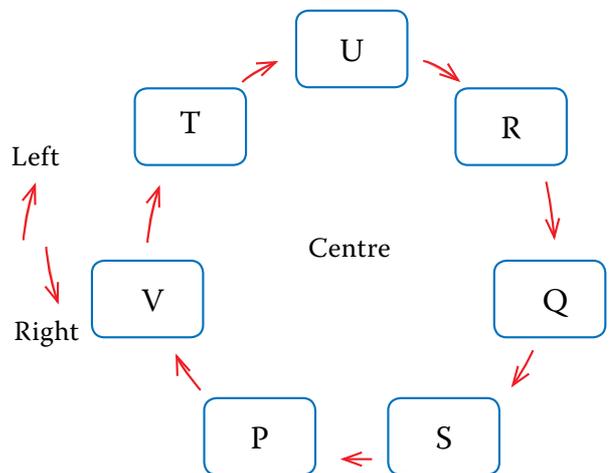
- I. P, Q, R, S, T, U, and V are sitting along a circle facing the centre
- II. P is between V and S
- III. R, who is second to the right of S, is between Q and U
- IV. Q is not neighbour of T

- (i) Which of the following statement is a correct statement?
 - (a) V is between T and P (b) S is second to left of V
 - (c) R is third to the left of P (d) P is to the immediate right of S

(ii) What is the position of P ?

- (a) P is immediate left of S (b) to the immediate left of V
- (c) 2nd to the left of R (d) 2nd to the right of Q

Explanation: Following seating arrangement is formed from the given information.



- (i) Answer (a), based on diagram V is sitting T and P .
- (ii) Answer (a), based on diagram P is immediate left of S.

4. Read the following information carefully to answer the questions given below:

- Seven boys A, B, C, D, E, F and G are standing in a line
- I. G is between A and D
 - II. F and A have one boy between them
 - III. D and C have two boys between them.
 - IV E is immediate right of F.
 - V. C and B have three boys between them

- (i) Who is second from right?
 - (a) C (b) G (c) E (d) F
- (ii) Who is standing in the centre?
 - (a) A (b) D (c) C (d) G

Explanation: Arrangements according to the question.



- (i) Answer (d), Clearly F is second from right.
- (ii) Answer (a), Clearly A is standing in the centre.

SEBI provides clarity on code of conduct under insider trading rules

Markets regulator Securities Exchange Board of India (SEBI) has said code of conduct under the insider trading norms is applicable on promoters, and not just on persons designated by the board of a company.

Besides, the markets watchdog said that any trade by promoters during closure of trading window would be considered tantamount to violation of provisions under the insider trading rules.

The Prohibition of Insider Trading (PIT) regulations make it mandatory for every listed public company to lay down a code of conduct for prevention of insider trading in the securities of the firm and these framework need to be observed by its designated persons. https://www.business-standard.com/article/pti-stories/sebi-provides-clarity-on-code-of-conduct-under-insider-trading-rules-119101501258_1.html

Smelling anomaly, watchdog may tighten rules for P-notes

The capital markets regulator SEBI has found instances where foreign brokers have issued P-notes against Indian derivative contracts to overseas clients, who don't own the underlying local shares. Instead, these brokers showed the shares they owned as the underlying instruments. As per regulations, P-notes in derivatives can only be issued for hedging, which means clients need to own the shares if they wish to buy the instrument.

The move would mean that Foreign Portfolio Investor (FPI) brokers will be forced to buy new shares or transfer the existing ones in their own portfolio to the P-note subscriber account. Such a move will also increase tax liability, something the brokers are opposed to. P-notes can be issued by brokers against shares or futures and options positions.

<https://economictimes.indiatimes.com/markets/stocks/news/smelling-anomaly-watchdog-may-tighten-rules-for-p-notes/articleshow/71624327.cms>

SEBI finalizes graded exit load structures for liquid funds

According to the letter that SEBI sent to Association of Mutual Funds of India (AMFI) the graded exit load has been set at 0.0070% on redemption on day 1, 0.0065% on day 2, 0.0060% on day 3, 0.0055% on day 4, 0.0050% on day 5, 0.0045% on day 6 and 0.00% from day 7 onwards.

SEBI also said that the load structure will be changed annually based on the interest rates in the system.

Earlier, SEBI had mandated liquid funds to introduce an exit load for investors who exit the fund within seven days. This directive was aimed at minimizing the impact of frequent inflows and outflows by institutional investors. The movement of big money used to leave smaller investors vulnerable.

<https://economictimes.indiatimes.com/mf/mf-news/sebi-finalises-graded-exit-load-structures-for-liquid-funds/articleshow/71608904.cms?from=mdr>

SEBI tightens norms to deal with abrupt resignations of auditors

SEBI tightened the rules around resignations of auditors from listed companies.

The market regulator has said that an auditor will have to provide review — limited or complete audit report — for the quarter during which it resigns. For instance, if the auditor decides to resign in August 2019, it will have to issue the review for the quarter ended September 30, 2019.

Similarly, if the auditor signs the audit report for all the quarters of a financial year, except the last quarter, then it will have to finalise the audit report for the entire financial year. SEBI has said if the listed company or its material subsidiary does not provide the required information, the auditor shall provide an appropriate disclaimer in the audit report.

https://www.business-standard.com/article/economy-policy/sebi-tightens-rules-for-auditors-to-resign-from-listed-companies-119101801611_1.html

Online proficiency self-assessment test for independent directors from Dec

All independent directors will soon have to take an "online proficiency self-assessment test" before they are appointed to company boards, according to an amendment to the Companies Act notified by the Ministry of Corporate Affairs (MCA). This rule will come into effect from December.

According to the MCA notification, the Indian Institute of Corporate Affairs (IICA) in Manesar, Hararyana, will conduct this exam. It will also create and maintain a data bank with names, addresses and qualifications of people who are eligible to be appointed as independent directors for companies.

Boards of companies will have to disclose the results of these tests in their annual reports.

https://www.business-standard.com/article/companies/independent-directors-to-take-an-online-proficiency-self-assessment-test-119102201639_1.html

SEBI tightens asset quality disclosure norms for all listed banks

SEBI tightened the asset quality disclosure norms for banks. The market regulator has directed all listed lenders to make disclosures pertaining to divergences and provisioning within a day of receipt of the Reserve Bank of India's (RBI's) final risk assessment report (RAR).

After consultation, SEBI and RBI have set the threshold for making such disclosures. These include additional provisioning for non-performing assets (NPAs) assessed by the RBI exceeding 10 per cent of the reported profit before provisions and contingencies for the reference period. Also, additional gross NPAs identified by the RBI exceeding 15 per cent of the published incremental gross NPAs for the reference period.

SEBI has said the disclosures have to be made in either or both cases. The move is aimed at improving transparency and to help investors assess the risk better.

https://www.business-standard.com/article/markets/sebi-tightens-asset-quality-disclosure-norms-for-all-listed-banks-119103101178_1.html

RBI sandbox's first test to be on retail payments

The first round of experiments under the RBI much-anticipated regulatory sandbox would have retail payments as the operational theme, the central bank announced on Monday while seeking applications between November 15, 2019 and December 15, 2019 from participants.

This first round of experimentation, which is likely to commence in the first half of 2020, would entail the regulators along with the shortlisted companies working toward creating 'frictionless' solutions in the field of feature phone, contactless and online-based payment services. "The adoption of 'Retail Payments' as the theme is expected to spur innovation in the digital payments space and help in offering payment services to the unserved and underserved segment of the population," the RBI said in a statement on Monday.

<https://economictimes.indiatimes.com/markets/stocks/news/rbi-sandboxs-first-test-to-be-on-retail-payments/articleshow/71916901.cms?from=mdr>

Tighter pledging norms hit promoters' borrowing plans

A major source of raising funds for promoters has dried up with lenders tightening the terms of borrowing against shares as collateral. Promoters are finding it unviable to take loans from mutual funds against pledged shares after the SEBI recently tightened norms.

Mutual funds have been forced to drastically cut their lending to promoters after SEBI increased the equity cover that mutual funds take as collateral to four times.

Further, according to Debt Market Investment Bankers, NBFCs too are sticking to larger business groups and multinationals. Even in cases where the smaller players are getting loans, the interest rate is exorbitantly high.

<https://economictimes.indiatimes.com/markets/stocks/news/tighter-pledging-norms-hit-promoters-borrowing-plans/articleshow/71964197.cms>

Big boys may get to play exotic currency derivatives, hints RBI

Hinting that it would not stifle financial innovation, Reserve Bank of India has told banks that the doors to the world of exotic currency derivatives would be reopened—albeit with safeguards. At a meeting

with treasurers of several high street, senior RBI officials said the regulator is weighing the option to let companies with a minimum net worth of ₹ 500 crore to cut complex foreign exchange derivative deals.
<https://economictimes.indiatimes.com/markets/stocks/news/big-boys-may-get-to-play-exotic-currency-derivatives-hints-rbi/articleshow/71885173.cms>

ECONOMIC UPDATES

India moves up 14 places to 63rd position in World Bank's Doing Business 2020 survey-

India has climbed 14 places, to be ranked 63 among 190 countries, in the World Bank's Ease of Doing Business 2020 report. It was also among the top ten economies with the most notable improvement in doing business.
<https://www.thehindubusinessline.com/economy/india-jumps-14-places-to-63position-in-world-banks-doing-business-2020-survey/article29783189.ece>

Moody's lowers India's outlook to 'negative' from 'stable' on economic concern-

India's credit ratings outlook was cut to negative from stable by Moody's Investors Service on concern the government won't be able to help stunted economic growth. Moody's cited a growing debt burden and the government's struggle to narrow the budget deficit.
<https://www.livemint.com/news/india/moody-s-cut-india-outlook-to-negative-on-economy-growth-concerns-11573175515954.html>

GRAND FINALE
NATIONAL LEVEL
CA STUDENTS TALENT SEARCH 2019



Organized by Board of Studies, ICAI
Platform for CA Students to showcase their hidden talent in below areas



Quiz



Instrumental Music



Elocution



Nukkad Drama

On 20th December, 2019
in INDORE (Madhya Pradesh)

THREE LEVEL COMPETITION

Branch

Regional

National

Winner(s) at Regional level will compete at National level

SPECIAL ATTRACTION
CASH PRIZES FOR WINNERS AT NATIONAL LEVEL

First two Winners of Elocution Contest &
the Quiz Winner Team at National Level will participate at SAFA Elocution / Quiz Contest

Announcement

The printed version of CA Students' Journal "The Chartered Accountant Student" will be discontinued after March 2020. The publication will continue to be released as E-Journal as part of the Go Green initiative of ICAI.

Students are advised not to make any fresh subscriptions for the same with immediate effect. Fresh subscriptions will not be accepted from students at any level. However, students who have already paid the annual subscription fee for the journal will continue to receive the printed version till the completion of their subscription period. Students at all levels can view/access the PDF/SCORM compliant version of the journal at the link to be provided during the registration process through the SSP portal.

Director, Board of Studies

Scheme of Financial Assistance/Scholarship to Students of CA Course, Year 2019-20

The Board of Trustees of the Chartered Accountant Students Benevolent Fund (CASBF) has decided to provide financial assistance/scholarship for amount of Rs. 1500/- PM, to students who are registered in CA Intermediate /IPCC course and serving articulated training as well as amount of Rs. 2000/- PM for those students registered in CA Final Course and serving of articulated/ industrial training on the date of application. Financial Assistance will be given in lump sum for the period of one-year i.e 01st April, 2019 to 31st March, 2020. The last date for filing the application is 15th December, 2019.

Please see the details on the link https://www.icai.org/new_post.html?post_id=16112&c_id=219

CASBF
M&C-MSS Section
ICAI, NOIDA

ANNOUNCEMENT

Residential Programme on Professional Skills Development at Centre of Excellence, Jaipur and Hyderabad

The Board of Studies is pleased to announce the next batch of ICAI's 'Four Weeks Residential Programme' on Professional Skills Development as below:

Venue	Participant	Fees	Date	Online Registration
Centre of Excellence (CoE), Jaipur	Men	₹ 48,000/-	16 th December, 2019 to 12 th January, 2020	https://resource.cdn.icai.org/57282bos46390main.pdf
Centre of Excellence (CoE), Hyderabad	Women	₹ 48,000/-	29 th January, 2020 to 25 th February, 2020	https://resource.cdn.icai.org/57261bosfwrp2020main.pdf

This programme aims to help the Chartered Accountancy students and newly qualified Chartered Accountants in imbuing the professional skills required for effective functioning in business organisations and the profession. The Programme environment focuses on development of communication skills, personal qualities, interpersonal and teamwork skills, problem solving skills, leadership skills etc.,

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Practical Training.
- No need for Separate Management and Communication Skills(MCS) forming part of Advanced Integrated Course on Information Technology and Soft Skills(AICITSS).
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

Students who have passed Chartered Accountancy Intermediate/IPCC/ PCC/ PE- II examination and pursuing last two year of Practical training or completed Practical training are invited to join the course for this batch. Recently qualified Chartered Accountants are also welcome to join the course.

For online registration, you can proceed with 'Board of Studies Announcements' https://www.icai.org/new_category.html?c_id=345 under the 'Students' tab on the Home Page of the ICAI's website www.icai.org. For any query, you can write us at ashokdua@icai.in or may also contact us on 0120-3045935 and Mobile No.9868879548.

Director, Board of Studies

INTERNATIONAL CONFERENCE FOR CA STUDENTS - PUNE

14TH & 15TH DECEMBER, 2019

The Mahalakshmi Lawns, Pune, Maharashtra

Organised by: Board of Studies, ICAI

Hosted by: Pune Branch of WIRC & WICASA of ICAI

THEME: "PATH FOR SUCCESS- LEARN, ADAPT AND ACCELERATE"

DAY-1

Technical Session: I

Topic: Auditing & Corporate Laws

- New meaning assigned to CSR under the Companies Act, 2013 -Voluntary or Mandatory.
- Is Google abusing its Android Dominance- Insight in terms of the International Laws.
- Auditor's Duty regarding detection, documentation and reporting of Fraud.

Technical Session: II

Topic: Information Technology & Finance

- Crowd Funding - An option for Start-ups.
- Use of Cellphones in CA Practice.
- ABCD... Artificial Intelligence, Block Chain Cyber Securities and Data Analytics.

DAY-2

Technical Session: III

Topic: Taxation & Economics

- Global Slowdown- Is it Real or an Illusion?
- Does high Income Tax Rate Counter Productive.
- Interest Rates - Impact on Economy and Individuals.

Technical Session: IV

Topic: Accountancy & Strategic Cost Management

- Upliftment of Financial Statements on Adoption of IFRS- A Worldwide Study.
- Design and Use of "Performance Management" System in the Growth of the Modern Business Industry.
- Non-Financial consideration- Relevance in Decision Making.

Technical Session: V

Topic: Ethics

- Breach of Provisions of the Code of Ethics-Self corrected steps.
- Level of fees for Professional Assignments -Whether quality is compromised?
- Advertisements by CAs- should it be allowed?

Students Eligible to attend the Students Conference: Students who have registered as IPCC/Intermediate Students - either after passing CPT or through Direct Entry route; Students who are pursuing their Article ship 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. (Students who have merely registered as CPT Students and Students who have completed one year beyond their Article ship training will not be eligible to register for these Conferences)

Registration fees	₹ 500/- till 30 th Nov,2019 ₹ 600/- from 1 st -13 th Dec,2019 ₹ 700/- spot registration on 14 th Dec,2019	Accommodation (if required), please contact the branch.
Payment Mode	The student has to register & make the payment online on the Portal itself, the link will be http://bosactivities.icai.org/	
For registration	Email- admin@puneicai.org , cpe@puneicai.org , pune@icai.org	

CA. Kemisha Soni, Chairperson, BOS; **CA. Durgesh Kabra**, Vice-Chairman, BOS; **CA. Chandrashekhar Vasant Chitale**, Central Council Member, Conference Director; **CA. Ruta Chitale**, Chairperson, Pune Branch of WIRC of ICAI & **CA. Abhishek Dhamne Shashikant**, Chairman, Pune Branch of WICASA of ICAI, Conference Coordinators.

The Board of Studies has planned the following Conferences for CA Students as on date from December - February, 2019-2020

Regional Office/Branch Conference	Approved Dates
Hubli & Belgaum CA Students Conference (Conf at Hubli)	01-02 Dec., 2019
Jaipur National Conference	03-04 Dec., 2019
Chennai National Conference	10-11 Dec., 2019
Ranchi CA Students Conference	10-11 Dec., 2019
Coimbatore CA Students Conference	13-14 Dec., 2019
Tirupur CA Students Conference	13-14 Dec., 2019
Pune International Conference	14-15 Dec., 2019
Thane CA Students Conference	15-16 Dec., 2019
Rajkot CA Students Conference	19-20 Dec., 2019
Akola + Amravati CA Students Conference (Conf at Akola)	17-18 Dec., 2019
Bangalore CA Students Conference	20-21 Dec., 2019
Kolhapur CA Students Conference	21-22 Dec., 2019
Agra CA Students Conference	21-22 Dec., 2019
Madurai CA Students Conference	21-22 Dec., 2019
Visakhapatnam National Conference	21-22 Dec., 2019
Salem CA Students Conference	21-22 Dec., 2019
Nashik CA Students Conference	22-23 Dec., 2019
Kalyan Dombivili CA Students Conference	23-24 Dec., 2019
Mangalore CA Student Conference	23-24 Dec., 2019
Lucknow CA Students Conference	23-24 Dec., 2019
Indore National Conference	24-25 Dec., 2019
Raipur, Bhillai & Bilaspur CA Students Conference (Conf at Raipur)	25-26 Dec., 2019
Trichur CA Students Conference	27-28 Dec., 2019
Surat CA Students Conference	27-28 Dec., 2019
Bhubaneswar CA Student Conference	27-28 Dec., 2019
Kozhikode CA Students Conference	03-04 Jan., 2020
Prayagraj CA Students Conference	04-05 Jan., 2020
Mumbai National Conference	07-08 Jan., 2020
Pondicherry CA Students Conference	10-11 Jan., 2020
Bhopal CA Students Conference	18-19 Jan., 2020
Bhubaneswar CA Student Conference	01-02 Feb., 2020

For detailed Programme Structure, please visit https://www.icai.org/new_category.html?c_id=348

Students Eligible to attend the Students Conference:
Students who have registered as IPCC/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.(CPT Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences)

It may however be noted that during April, 2019 - March, 2020, the students can be Paper Presenters for maximum 2 Students Conferences only. Best paper presenters (overall category) of National Conference can be permitted to present technical papers in International Students Conference where the limit of two programmes per year will not be applicable.



The Institute of Chartered Accountants of India (ICAI)

(Set up by an Act of Parliament)

ICAI Commerce Wizard A Talent Search Test

Organised By: Career Counselling Group (CCG), ICAI

For Details and Registration please visit the Exclusive Website for ICAI Commerce Wizard: icaicommercewizard.org

The Commerce Talent Search Test titled "Commerce Wizard" is a diagnostic test that measures the ability of a Student to understand the concepts. This is not a test which tries to find out the knowledge of the student. Rather it measures how well he has understood the concept.

Online Registration

Eligibility: Students studying in class IX/X/XI/XII & B.Com./ BBA/ BMS/ Allied subjects

Registration Fees : ₹100 upto 25th December, 2019
After due date : ₹150 upto 31st December, 2019

The Commerce Wizard will be conducted in two levels i.e. Level I & Level II in English language for Students studying in class IX onwards till B.Com./BBA/BMS/Allied Subjects:

Class	Subjects	Mode	Pattern	Duration	No. of Questions	Max. Marks	Negative Marking
IX & X	1. Social Studies (Economics) 2. Mathematics 3. Business Awareness 4. Aptitude	Online	Objective type (Multiple Choice) Questions	1 Hr	80	80	0.25
XI & XII	1. Business Studies 2. Accountancy 3. Economics 4. Aptitude						
B.Com./BBA / BMS/Allied subjects	1. Business Studies 2. Accountancy 3. Economics/ Financial Studies 4. Aptitude						

Schedule of Test

Class	Level I (Any Convenient Place 5 th January, 2020 (Sunday))	Level II (In the designated Test Centre 19 th January, 2020 (Sunday))
Class IX & Class X		10:00 AM to 11:00 AM
Class XI		12:00 Noon to 01:00 PM
Class XII		02:00 PM to 03:00 PM
B.Com./BBA/BMS/Allied Subjects		04:00 PM to 05:00 PM

Prizes for Participants

Level I Test

- All participants will be given a Participation Certificate.

Level II Test

Prizes	Class IX, X, XI, XII & B.Com./BBA/BMS/Allied subjects separately
1 st Rank	₹ 1,00,000. If multi winners are there, the prize amount will be shared by them. If more than 50 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 2,000 with Merit Certificate.
2 nd Rank	₹ 50,000. If multi winners are there, the prize amount will be shared by them. If more than 33 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 1,500 with Merit Certificate.
3 rd Rank	₹ 25,000. If multi winners are there, the prize amount will be shared by them. If more than 33 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 750 with Merit Certificate.
Consolation Prize	Next 200 Participants will be awarded Consolation prize money of ₹ 500 with Appreciation Certificate.

- Rest of Participants will be given Participation Certificate.

Award Ceremony: Award Ceremony will be held in February, 2020.

CCG reserves the right to change any of the modalities cited above.

Deputy Convener
Career Counselling Group (CCG), ICAI

Convener
Career Counselling Group (CCG), ICAI



For any Query please contact :

Secretary, Career Counselling Group (CCG), The Institute of Chartered Accountants of India
ICAI Bhawan, A-29, Sector 62, Noida (U.P.) - 201309
Telephone : 0120-3876871, 886 Email: icaicommercewizard1@icai.in

CROSSWORD - DECEMBER 2019

1	2	3	4	5	6	7	8	9	10	11	12	13
14					15				16			
17										18		
						19			20	21		
22		23	24						25	26		
	27		28		29			30	31			
32				33			34			35		
36						37			38			
39								40	41		42	
	43					44	45	46		47		
48				49	50	51	52	53				54
55				56								
		57					58					

ACROSS

- To feel a continuous dull pain
- Provide an opportunity
- The behavior of some liquids losing weight due to evaporation is considered as normal ____ in Costing.
- ____ is an online multiplayer battle royale game developed by South Korean video game company Blue Hole.
- ____ ratio is used for measurement of inequality.
- Small child
- Last year omission error traced in current year will be called as ____ item.
- ____ is a statistical measure used in the education sector.
- Form ____-7 is the electric form for filing annual return by a company.
- ____ chart is a graphic that shows the earnings/losses of a company in sales volume.
- Japanese currency
- The ____ Aayog is a policy think tank of the Government of India.
- The last Roman emperor who was famous for debauchery and barbarous cruelty.
- Realistic
- A piece of furniture used for storing things in and sitting on.
- Preposition marker which is used for belonging or relating to somebody.
- ____ up one's sleeve.
- ____ leave is a long-term employee benefit.
- ____ Act, 2005 mandates timely response to citizen's request for government information.
- ____ is the space agency of the Government of India situated of Bengaluru.
- Speck
- As you sow ____ shall you reap.
- A habitual drunkard
- ____ treatment focuses on helping people with a physical, sensory, or cognitive disability be as independent as possible in all areas of their lives
- The length of a straight line passing through the center of a circle and connecting two points on the circumference.
- Less
- Argument
- ____ is a computer memory that contains data that cannot be changed or removed.
- ____ is a recruitment software that manages hiring process, job posting and applications.

- Any business transacted between a company opting for section 115BAB and a person having close connection with such company which produces to the company more than the ordinary profits which might be expected to arise, would fall within the scope of ____ domestic transaction for attracting transfer pricing provisions.
- Preclude
- A carnivorous mammal.

DOWN

- To make a formal written application or request for a job.
- Fixed assets held for sale are classified in the company's balance sheet as ____
- ____ is an intrusion detection system that is capable of monitoring the internals of a computing system.
- Self-respect
- ____ is an oil and gas consultancy which provides leading independent research, analysis, consultation, and advisory services overseas.
- ____ is a sole practitioner/proprietor, partnership, or such entity of professional accountants, as may be permitted by law.
- Mystery
- A situation when people behave in a violent way in a place.
- ____ used by people who aren't religious.
- Having doubts that a claim/statement is true.
- ____ auditor provides an assurance report on the controls of a service organisation.
- ____ is the chemical in the cells of animals/plants that carries genetic information.
- ____ is the act of searching information on the internet without a specific sense of purpose.
- ____ is a 2018 drama film written and directed by Latin American, Alfonso Cuarón.
- ____ is a quasi-judicial institution set up on 25 January 1941 and specializes in dealing with appeals under the Direct Taxes Acts.
- ____ is a machine that can perform a complicated series of tasks automatically.
- ____ is a peering of connectivity where an autonomous

- system will connect to another autonomous system and exchange traffic with each other of their own networks and any customers.
- Old is ____.
- ____ is an investment fund that pools money from investors to purchase securities.
- ____ model characterizes and standardizes the communication functions of telecommunication.
- A machine that dispenses cash or performs other banking services.
- A senior executive for the financial affairs of an organisation.
- Bankers bank in India.
- Confess
- Group of Three
- A place where someone lives. (abbr)
- At a great distance
- An Indirect Tax imposed in India on the supply of goods and services.
- ____ is the act of selling shares in a company for the first time.
- The Govt. of India has released draft ____ to meet the changing dynamics of the population's requirement with regards to quality education.
- Frequently
- ____ is concerned with the regulation of international trade between nations.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104