

E-NEWSLETTER



# Professional Pioneers

विकसित भारत के अग्रदूत

**CICASA  
JAIPUR  
BRANCH  
OF CIRC**



**JANUARY  
2025**

**JAIPUR BRANCH OF CIRC OF ICAI**

D-1, Jhalana Institutional Area, Jhalana Doongari, Jaipur-302004

# From the desk of Chairman



Dear Students and Future Leaders,

It fills me with immense pride to connect with you through the January 2025 edition of the CICASA Jaipur e-newsletter. The past month has been a whirlwind of learning, innovation, and growth. Each event, seminar, and conclave has reinforced the importance of our shared journey as students of this noble profession.

The Certificate Course on AI for Chartered Accountants (AICA) introduced us to the transformative power of artificial intelligence in accounting, offering tools and perspectives to stay ahead in this rapidly evolving field. Such initiatives empower us to be future-ready and technologically adept professionals.

The seminars held this month were equally enriching, covering critical topics like GST, Early Warning Signals in Internal Audits, and CSR Reporting. These sessions not only deepened our understanding but also connected us with industry experts who shared invaluable insights. Special mention goes to the seminar on "Exploring Business Dynamics," which expanded our horizon on social audits and business models—an essential skillset for aspiring CAs.

The highlight of the month was undoubtedly the 4-Day CA Conclave. With themes ranging from foreign trade policy to capital markets and ethical standards, the conclave was a masterclass in knowledge and practice. The enthusiasm and engagement of students were heartening, reflecting the zeal and commitment that define us as CA students.

As we look ahead, let us continue to participate actively in CICASA's events, take on challenges with determination, and never stop learning. Exciting programs and opportunities await in the coming months, and I urge each of you to seize them wholeheartedly.

"स्वं धर्मं पालनं श्रेष्ठं।" – Following your own duty is the greatest virtue.

Wishing you all the best as you march forward with confidence, knowledge, and values.

Warm regards,

**CA NAVEEN SHARMA**

Chairman **Jaipur Branch**

+91-9928319442

naveen14sharma@gmail.com

# From the desk of Chairman CICASA



*"The roots of education are bitter, but the fruit is sweet."*

*Dear Future Leaders,*

*It is with immense pride and joy that I address you through this January 2025 edition of our CICASA e-newsletter. As CA students, you are not just learning the principles of accounting and finance but also laying the foundation for a prosperous and ethical professional journey.*

*The month of January witnessed an array of vibrant activities, each tailored to enhance your knowledge and skills. The Certificate Course on AI for Chartered Accountants (AICA) was a prime example of blending modern technology with our traditional expertise, enabling participants to take a step closer to becoming tech-savvy professionals.*

*Our seminars during the month touched upon crucial topics like GST, CSR reporting, Early Warning Signals in Audits, and Social Audits. These events were designed to provide practical insights and broaden your understanding of the dynamic business environment. The discussions on RIPS-24 and Rajasthan Tourism Policy showcased the immense potential our state holds, encouraging us to explore new dimensions in our professional practices.*

*One of the most notable events was the 4-Day CA Conclave, which celebrated excellence in knowledge and practice. From exploring MSME incentives to capital markets and professional ethics, the conclave embodied the spirit of continuous learning. The enthusiastic participation of students was a testament to your hunger for knowledge and growth.*

*I am also humbled and grateful to share that I have been elected as a **Regional Council Member of CIRC**. This milestone is not just my achievement but a reflection of the collective support and trust of this vibrant community. I look forward to contributing more towards the development of our profession and empowering CA students like you to reach greater heights.*

*At CICASA Jaipur, we are dedicated to creating a platform where you can excel not only academically but also personally. We encourage you to seize every opportunity to participate, learn, and evolve into dynamic professionals. The road ahead is challenging, but remember, challenges are the stepping stones to success.*

*"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice, and most of all, love for what you are doing or learning to do." – Pele*

*Let us continue to strive for excellence, support one another, and make the most of the opportunities before us. The future is yours to shape.*

Warm regards,

**CA. ANKUR KUMAR GUPTA**

**Chairman CICASA Jaipur Branch**

 +91-9461044624

 caankurkumargupta@gmail.com

# From the desk of Secretary



Dear Students,

*"The journey of a thousand miles begins with a single step."*

It's a pleasure to connect with you through the January 2025 edition of the CICASA Jaipur e-newsletter. Each month brings new opportunities for learning, growth, and collaboration, and I am thrilled to share the highlights of the activities we undertook together.

The month of January was truly remarkable, packed with knowledge-sharing sessions and hands-on learning experiences. The Certificate Course on AI for Chartered Accountants (AICA) was a significant milestone, equipping participants with advanced skills to navigate the evolving world of AI in the financial domain. Such programs inspire us to embrace technology and innovation fearlessly.

Our seminars on GST, CSR Reporting, Internal Audits, and Business Dynamics were thought-provoking and deeply insightful. These sessions weren't just about gaining theoretical knowledge—they helped us connect the dots between our studies and the practical challenges of the profession. It was inspiring to see students actively engaging, asking questions, and seeking clarity.

The crown jewel of our activities was the 4-Day CA Conclave. This event brought together experts from various fields, covering topics that ranged from ethics to capital markets and incentives for MSMEs. It was heartening to witness students participating with such enthusiasm, showing their dedication to becoming well-rounded professionals.

As we reflect on these accomplishments, let's not forget that every success begins with effort, determination, and the willingness to step out of our comfort zones. CICASA Jaipur is committed to creating opportunities that foster growth and excellence among students. The upcoming months are filled with more such initiatives, and I encourage you to participate wholeheartedly.

*"Education is not the learning of facts, but the training of the mind to think." – Albert Einstein*

Keep learning, keep evolving, and let us continue to work together to make the most of every opportunity.

Best wishes,

**CA VIJAY KR. AGRAWAL**

**Secretary Jaipur Branch**

 +91-9828149043

 catvijay@yahoo.com

# Technology's Impact on Auditing: A New Era of Efficiency and Accuracy



Khushi Agrawal

The auditing profession has undergone a significant transformation, driven by technological advancements. From automating manual tasks to leveraging AI-powered insights, technology has revolutionized the way audits are conducted.

## Key Technological Trends in Auditing

### 1. Data Analytics:

- **Predictive Analytics:** Analyzing historical data to identify potential risks and anomalies.
- **Data Mining:** Extracting valuable insights from large datasets to uncover hidden patterns.
- **Data Visualization:** Presenting complex data in easy-to-understand formats.

### 2. Artificial Intelligence (AI) and Machine Learning:

- **Robotic Process Automation (RPA):** Automating repetitive tasks like data entry and reconciliation.
- **Natural Language Processing (NLP):** Analyzing large volumes of textual data, such as contracts and financial statements.
- **Machine Learning Algorithms:** Identifying trends, anomalies, and potential fraud risks.

### 3. Cloud Computing:

- **Secure Data Storage:** Storing and accessing data securely from anywhere.
- **Enhanced Collaboration:** Enabling real-time collaboration among team members.
- **Scalability:** Easily scaling resources to meet changing demands.

### 4. Blockchain Technology:

- **Immutable Records:** Ensuring the security and integrity of financial transactions.
- **Transparent Audits:** Providing a clear and auditable trail of transactions.

## Benefits of Technology in Auditing

- **Enhanced Efficiency:** Automating routine tasks and

reducing manual effort.

- **Improved Accuracy:** Minimizing human error through data-driven insights.
- **Increased Risk Identification:** Proactively identifying potential risks and fraud.
- **Enhanced Decision-Making:** Providing timely and accurate information for informed decisions.
- **Stronger Audit Quality:** Improving the overall quality and reliability of audit reports.

## Challenges and Considerations

- **Data Quality and Security:** Ensuring the accuracy and security of data used in audits.
- **Skill Gap:** Developing the necessary skills to effectively use technology tools.
- **Cost Implications:** Investing in technology and training can be costly.
- **Ethical Considerations:** Addressing ethical concerns related to the use of AI and automation.

## The Future of Auditing

As technology continues to evolve, the future of auditing holds immense potential. Auditors will need to adapt to these changes and embrace new tools and techniques. By leveraging technology, auditors can deliver higher-quality audits, provide greater value to clients, and stay ahead in a rapidly changing industry.



# Indirect Taxation: The Hidden Engine

Anand Kumar Taparia

Indirect taxation, often referred to as the "hidden engine" for government revenue, subtly influencing economies & individual finances. Unlike direct taxes, which are explicitly levied on income or wealth, indirect taxes are embedded in the cost of goods and services, making them less visible to consumers. Examples include Value Added Tax (VAT), excise duties & custom tariffs.

This hidden mechanism works by taxing transactions at various stages of production & consumption. For instance, VAT is added at multiple points in the supply chain, & while businesses may recover some of these taxes through input credits, final burden falls on consumers.

The subtle nature of indirect taxes has far-reaching implications. On the positive side, they provide governments with a reliable & consistent revenue stream, as they are tied to economic activity & consumption. They can also be used to shape behavior, such as discouraging smoking through higher cigarette taxes or promoting green energy by taxing carbon emissions.

However, the hidden nature of these taxes can make them regressive, disproportionately impacting lower income households that spend a larger share of their earnings on taxed essentials. Additionally, the cascading effect of certain indirect taxes are levied on already taxed goods can inflate consumer prices.

The hidden engine of indirect taxation may power public finances effectively, but its societal costs demand careful calibration to ensure fairness & economic sustainability.

To address these challenges, transparency in tax breakdowns & equitable tax structure are essential. While the hidden engine of indirect taxation drives economic systems efficiently, its impact on equity & affordability must be carefully managed. As such, indirect taxes, though unseen, significantly shape both public finance & private consumption.



Batul Poonawala

# Investment Banking (IB) Product's Revenue Recognition

In the world of business, one golden rule stands tall: **“If there's a sale, there's a business.”** In accounting terms, this sale is called **revenue**, the lifeblood of any company. But what happens when the business is as dynamic and multifaceted as **Investment Banking (IB)**?

Investment Banks (IB), offers a variety of services like M&A advisory, wealth management, underwriting, and trading. Ind AS 115 applies a structured approach to recognizing revenue for these services. Let's make this topic more engaging by exploring examples of Investment Banking products that I have dealt during my one year tenure of CA Industrial training and how their revenue is recognized under Ind AS 115.

## 1. Advisory Services (Mergers & Acquisitions)-

- Suppose IB advises Company A in acquiring Company B for ₹500 crores, ₹5 crore fee is charged, 30% upfront and the rest upon deal closure.
- These services are single obligation, fulfilled over time as IB provides guidance, financial models and negotiation
- ₹1.5 crore (30%) upfront payment is deferred and recognized over the period IB works on the deal. The remaining

₹3.5 crore is recognized when the deal is closed, as this is a significant milestone.

- The timing of revenue recognition reflects IB's continuous involvement, ensuring its books match the actual progress of the deal.

## 2. Asset and Wealth Management-

- Suppose IB manages a ₹1,000 crore portfolio for a high-net-worth individual (HNI). It charges: 1% annual management fee (₹10 crore) and performance fee of 20% on profits above a 10% return.
- Management Fee is recognized over time on a straight-line basis as IB provides continuous portfolio management services.
- The performance fee, on the other hand, represents **variable consideration**. It's recognized only when it's highly probable that the portfolio will exceed the benchmark return. (e.g., if portfolio returns exceed 10% at year-end).

### 3. Trading and Brokerage Services-

- Suppose IB executes high-frequency trades for a hedge fund and charges a ₹5 per trade fee. Over a month, it completes 10,000 trades.
- Each trade is a separate performance obligation.
- Revenue of ₹50,000 (₹5 x 10,000 trades) is recognized immediately upon trade execution reflecting the precision and speed of the IB's services.

### 4. Underwriting Services-

- Suppose IB underwrites the IPO of a tech unicorn, guaranteeing the sale of ₹1,000 crore worth of shares and charges a 2% fee (₹20 crore) for underwriting services.
- The obligation is satisfied at a specific point in time – when the shares are sold to investors and revenue is recognized on the IPO date when IB fulfills its commitment to sell the shares.
- The underwriting fee depends heavily on the IPO's success. It highlights the **risk-reward dynamics** of investment banking.

### Conclusion: Numbers with a Narrative

By aligning revenue recognition with the actual delivery of services, Ind AS 115 transforms accounting into a storybook of expertise and trust. Each revenue entry, whether from an IPO, a trade, or a merger, reflects the IB's role in shaping businesses, creating wealth, and delivering value.

From billion-dollar acquisitions to high-frequency trades, the numbers aren't just entries—they're milestones of a journey, telling tales of precision, partnership, and performance.



# Can AI Ever Replace Chartered Accountants ?

Aryan Satyan Bhatia

In times when technology is redoing every aspect of our lives, one big question that seems to be uppermost in everyone's mind is whether AI really can replace chartered accountants. With algorithms crunching numbers quicker than a calculator on caffeine, it would appear as though the days of the human accountant are numbered. But let us look more carefully before giving the keys to our financial futures to robots.

## The Special Role of Chartered Accountants

Chartered accountants are not just number crunchers; they are the guardians of financial integrity, the brains behind corporate success, and beacons of ethics to guide businesses through the labyrinth called finance. Yes, AI might do data analysis quicker than any other human being on this earth and spot patterns far quicker, but can it provide insight-nuanced, honed through experience? Can it read the nuances of regulatory regimes, predict the consequences of financial choices, or present options in a manner which aligns with the greater objectives of a business? The answer is an unequivocal no.

CAs bring to the table a bouquet of expertise and knowledge that no machine can provide. With this skill in synthesizing complex information, professional skepticism, and the ability to make ethical judgments when the rules are not clear, they become indispensable. If some business has a critical decision to make—for instance, investments in new ventures or restructuring of operations, or operating in legal grey areas—it is the insight of a CA, mentored through years of study and experience that becomes invaluable.

## The Power of AI and Its Limits

There is no doubt that AI has sent ripples in the job market, with most of the jobs currently being performed by humans being modified or fully taken over. Automation is highly evident in areas like call centers, data entry, and corporate photography for which most employees raise questions

whether they will lose their jobs. While AI has indeed supplanted certain jobs, on the other hand, it has also generated other job opportunities, especially in highly technical areas and management functions involved in AI systems.

AI is also fast becoming a powerful tool in accounting, automating repetitive tasks such as data entry, smoothing audit processes, and even going so far as providing insights through predictive analytics. These advancements free up invaluable time for CAs, who can then focus on higher-value work. Just think of it: AI is an effective assistant that will take care of the grunt work, leaving the big picture to the CA to sort out using intuition and expertise.

However, being a Chartered Accountant goes beyond just punching some entries or filling returns. CAs have a vast working area ranging from management consulting to auditing of financial statements, a job reserved only for CAs in India. This is specifically true about the audit of financial statements, for which no one can replace the role of the chartered accountant. Audit is the greatest expertise for which we are known and requires a level of judgment, skepticism, and understanding that AI, brilliant as it may be, simply cannot emulate.

## The Irreplaceable Human Touch in Auditing

AI's growing presence has extended even to areas like audit, but can it ever replace a CA? The answer lies in the very nature of what auditing is all about. **According to Standard on Auditing (SA) 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing,"** an auditor is obliged, when conducting an audit of financial statements, to exercise professional judgment and maintain professional skepticism. This then extends to the formation of an opinion on financial statements based upon the understanding and interpretation that the auditor attains from the evidence obtained.

While AI can help in the collection and analysis of audit evidence, it still cannot replace that very vital component of professional judgment that comes with auditing. Auditors will believe more than what the data says: the context, where the risks lie, and the greater implications of their findings. This depth of insight comes from years of experience and an understanding of the business environment-developments which no AI will ever achieve.

### **A Collaborative Future, Not a Competitive One**

Instead of viewing AI as an enemy, let us embrace it as a powerful friend. AI has given room for CAs to work in an advanced and proficient way. It automates the routine work and sets up the bots doing predictable functions, freeing up the role of CAs for dynamic functioning. A CA's role is never static but runs the gamut from simple data entry to complex professional judgments that are necessary in providing reasonable assurance in the audit report.

Introduction of AI in the accounting profession is more to enhancement than replacement. AI reduces the burden of manual intervention and repetitive tasks. This, in turn, allows the CAs to apply their expertise where it is most needed. In any case, AI and Chartered Accountants are not in the fight of man versus machine but man with machine for betterment and efficiency of the financial ecosystem.

### **Conclusion**

AI does not signal a menace to the Chartered Accountants; instead, it's a digital assistant that may help perform their roles in an efficient manner. While AI can do many things, it still cannot substitute the core functions of a CA-functions that always need ethical judgment, strategic insight, and deep understanding of human and business dynamics. This is the future of the accounting profession: AI performs the repetition, while CAs provide the strategic advice and professional judgment the clients rely on.

It is not AI that is the true enemy in nature, but rather the low-value and repetitive tasks that take so much time and resources. With AI as their ally, chartered accountants can ease their work, increase efficiency, and continue providing service of high quality that has defined their profession thus far. The future is not about man against machine; rather, it's about man and machine working together to build a better, efficient world of finance.



Chetan Bathwal

# Concurrent Audit of Banks: Enhancing Financial Transparency and Risk Mitigation

In today's dynamic and heavily regulated banking environment, the need for robust internal controls and timely financial oversight is more critical than ever. One of the key tools banks use to ensure financial integrity, minimize risks, and maintain compliance with regulations is **Concurrent Audit**.

## What is Concurrent Audit?

Concurrent audit is a continuous, real-time auditing process that takes place during the operations of a bank, rather than after the fact. Unlike traditional audits, which typically occur at year-end or quarterly intervals, a concurrent audit provides immediate oversight by auditing transactions and processes as they occur. This allows for timely detection of errors, fraud, or operational inefficiencies.

## Key Objectives of Concurrent Audit

### 1. Early Detection of Irregularities

One of the primary benefits of concurrent auditing is its ability to detect discrepancies or irregularities in real time. By auditing transactions as they occur, auditors can immediately highlight potential issues such as fraud, non-compliance with banking norms, or misreporting. Early detection allows the bank to take corrective action swiftly.

### 2. Ensuring Compliance

Banks operate in a highly regulated environment, with strict rules governing everything from anti-money laundering (AML) to customer privacy. Concurrent audits help ensure that all transactions and processes comply with relevant regulations, industry standards, and internal controls.

### 3. Improving Operational Efficiency

Continuous oversight of the bank's operations allows auditors to assess the effectiveness and efficiency of internal processes. Identifying bottlenecks or inefficiencies can help streamline operations, enhance productivity, and reduce the risk of operational errors.

### 4. Strengthening Internal Controls

Concurrent audits reinforce internal controls by ensuring that all transactions, approvals, and processes are being carried out as per the laid-out procedures. This reduces the possibility of human error or manipulation, improving the overall governance structure of the bank.

### 5. Risk Management

Through real-time monitoring, concurrent audits act as a proactive risk management tool. Whether it's managing credit risk, operational risk, or market risk, auditors can identify and mitigate risks before they escalate into significant issues.

## How Does Concurrent Audit Work?

The audit process typically involves the following steps:

- **Transaction Review:** Auditors review a sample of transactions in real-time, ensuring that they are properly documented, authorized, and recorded in the bank's financial systems.
- **Process Evaluation:** Beyond individual transactions, auditors also evaluate banking processes, such as loan disbursement, credit assessments, cash handling, and regulatory reporting.
- **Compliance Checks:** The audit includes verifying that all activities conform to banking regulations, including compliance with tax laws, anti-money laundering (AML) guidelines, and consumer protection regulations.
- **Reporting and Feedback:** Any discrepancies, errors, or areas for improvement are immediately reported to the bank's management. This facilitates prompt corrective actions to mitigate risks.

Auditors often work closely with the bank's internal control and compliance teams, integrating their findings into the bank's daily operational framework.

## Benefits of Concurrent Audit

### 1. Real-time Detection of Fraud and Errors

Timely identification of discrepancies allows banks to mitigate losses more quickly. Whether it's detecting unauthorized transactions or spotting accounting errors, concurrent audits help reduce the window for potential fraud.

### 2. Enhanced Transparency and Trust

With continuous oversight, stakeholders—including customers, regulators, and investors—can have greater confidence in the bank's financial statements and operations. A transparent approach to auditing fosters trust and stability within the banking system.

### **3. Cost Efficiency**

While concurrent audits require a higher level of ongoing effort compared to periodic audits, they can save money in the long run by preventing costly errors or fraud. By identifying issues early, banks can avoid larger financial losses or regulatory fines.

### **4. Regulatory Compliance Assurance**

Regulatory bodies often require banks to adhere to stringent guidelines, such as the Basel III norms or IFRS (International Financial Reporting Standards). Concurrent audits ensure that these standards are met on an ongoing basis, reducing the likelihood of non-compliance penalties.

### **5. Improved Risk Management**

Real-time monitoring of transactions and processes provides banks with a clear understanding of their risk exposure. Concurrent audits enable quicker intervention and decision-making to address potential risks, reducing overall exposure to financial instability.

### **Conclusion**

In an age where financial transactions are fast-paced and increasingly complex, concurrent audits serve as a vital tool in maintaining financial integrity, preventing fraud, and ensuring compliance. By offering real-time insights and continuous monitoring, concurrent audits help banks stay ahead of potential risks and inefficiencies. As banking operations evolve, the role of concurrent audits, supported by advanced technologies, will continue to play a critical role in ensuring the sound financial health of the banking system.