Volume 4 | July - September, 2026

सत्यमेव जयते

राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण

NATIONAL FINANCIAL REPORTING AUTHORITY

NFRA संवाद

NFRA NEWSLETTER



NFRA Chairperson, Shri Nitin Gupta’s courtesy call on Dr. Pallavi Jain Govil upon her taking charge as Secretary, Ministry of Corporate Affairs.

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FROM THE DESK OF CHAIRPERSON



Dear Readers,

With profound sadness, the sudden demise of Shri Sushil Kumar Jaiswal, Full-Time Member, NFRA, has left a void in our functioning. As a gratitude to him, we remember his contribution to NFRA as a whole, including that as Chairman of the Editorial Board of this Newsletter. Shri P. Daniel, Full-Time Member, NFRA, has now taken over as Chairperson of the Editorial Board.

Since our last issue, NFRA has continued its engagement with the financial reporting and audit ecosystem through an audit workshop in Ahmedabad and webinars on going concern assessment and communication with those charged with governance. NFRA has also released the first note in its staff series on Technology in Audit and the sixth Auditor-Audit Committee Interaction Series, focused on going concern assessment. Together, these resources reflect our continued emphasis on sharing practical guidance and strengthening informed oversight.

This issue brings together perspectives on going concern and related party transactions, NCLAT upholding NFRA's perspectives around Standards on Auditing, the primacy of contemporaneous documentation, among others, developments among regulators around the world and the importance of integrity and ethics, particularly in the context of Vigilance Awareness Week 2026.

I hope readers find this edition useful. NFRA remains committed to strengthening transparency, accountability and confidence in financial reporting in the public interest.

Nitin Gupta
Chairperson, NFRA

FROM THE EDITORIAL BOARD

Dear Readers,

We present to you the Fourth Edition of NFRA Newsletter 'संवाद' highlighting the pivotal milestones we have achieved during the quarter July – September 2026, and, taking a forward-looking glance at the emerging trends shaping the financial reporting field. A specially crafted crossword puzzle based on Ind As 23- Borrowing Costs is also presented.

The major Global Developments in Financial Reporting and Auditing across jurisdictions and oversight bodies, during April-September, 2026, are summarised. Articles on diverse topics, to provide you with actionable insights and thought-provoking ideas, such as on Integrity's importance for Good Governance, Going Concern and Related party transactions and NCLAT's recent judgements have been included.

It also contains details about NFRA's webinars, outreach programmes, engagements with domestic and international bodies, capacity building programmes and office events held during the quarter.

Mr. Sushil Kumar Jaiswal, Full-time Member, NFRA and earlier Chairman of the Editorial Board of this Newsletter, unfortunately passed away on 12th September, 2026. His dedicated contribution to the earlier editions is fondly acknowledged.

We at NFRA thank our readers, for your continued engagement and support and encourage you to explore these pages, share your thoughts, and stay connected.

Editorial Board

Sh. P. Daniel - Chairman
Ms. Vidhu Sood – Member
Sh. P. Panduranga Vittal – Member

Newsletter Committee

Sh. Amit Kumar Jain – Chairman
Ms. Nidhi Agarwal – Member
Sh. Bhupesh Saini – Member
Sh. Hari Mohan Sharma – Design Support

IN MEMORIAM

SHRI SUSHIL KUMAR JAISWAL

01.01.1965 - 12.09.2026



NFRA deeply mourns the sad demise of Shri Sushil Kumar Jaiswal, Full-Time Member, NFRA. Though brief, his tenure at NFRA left a lasting impression through his warmth, humility and intellectual curiosity.

With over 38 years of experience in accounting, auditing, financial governance and audit administration, he served in senior positions in the CAG, the United Nations and public sector undertakings. His professional credentials included CA, CFE, CISA and CIA.

His dedication to public service and quiet strength in challenging circumstances will be remembered with respect. NFRA pays tribute to him and extends its heartfelt condolences to his bereaved family and loved ones.

AUTHORITY MEETING

24TH AUTHORITY MEETING



24th Authority Meeting | Event Date 10th July, 2026

The National Financial Reporting Authority (NFRA) held its 24th meeting on 10th July 2026 chaired by Shri Nitin Gupta, Chairperson, NFRA. The meeting considered proposed amendments to Ind AS 21, **The Effects of Changes in Foreign Exchange Rates**, relating to the translation of financial statements into a hyperinflationary presentation currency, along with consequential amendments to Ind AS 29, **Financial Reporting in Hyperinflationary Economies**, and miscellaneous editorial changes to other Indian Accounting Standards.

The discussions covered the background and rationale for the proposed amendments, developments at the International Accounting Standards Board (IASB), the corresponding proposals of ICAI and the responses received during public consultation. The Authority deliberated on the accounting challenges addressed by the amendments and noted that, they are important for global alignment and may be relevant to entities operating in hyperinflationary economies.

The Authority also discussed the proposed editorial changes to Ind AS 1, Ind AS 28 and Ind AS 101. Emphasising the importance of an informed public consultation process, members discussed the inclusion of relevant IASB materials, such as the Basis for Conclusions, illustrative examples and staff papers, alongside future exposure drafts issued by ICAI to facilitate a better understanding of proposed amendments.

Following its deliberations, the Authority decided to recommend the ICAI proposal relating to Ind AS 21, the consequential changes to other standards and the proposed editorial amendments to the Central Government for consideration of notification. The amendments are proposed to be effective for annual financial reporting periods beginning on or after 1st April 2027.

Record note of the Authority Meeting

OUTREACH EVENTS AND WEBINARS

SIXTH OUTREACH PROGRAMME, AHMEDABAD



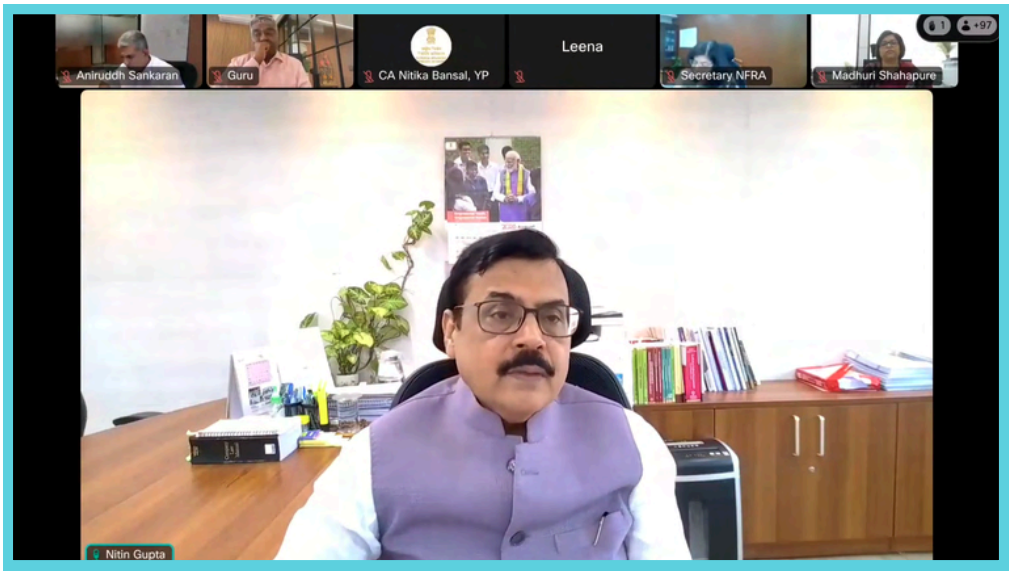
Outreach Event at Ahmedabad | Event Date 19th August, 2026

NFRA conducted its sixth outreach programme in Ahmedabad under the theme "Creating a Better Financial Reporting Ecosystem", focusing on strengthening the professional capacity of small and medium audit firms, enhancing audit quality and improving financial reporting. The programme was inaugurated by Shri Nitin Gupta, Chairperson, NFRA, and CA Prasanna Kumar D, President, ICAI.

In his keynote address, Shri Nitin Gupta emphasised the accountancy profession's role in safeguarding public interest and building trust in financial reporting, highlighting the need to align with global standards, enhance professional competencies and adopt technology appropriately. Ms Smita Jhingran, Full-Time Member, NFRA, highlighted the role of NFRA's inspections in promoting high-quality financial reporting and CA Prasanna Kumar D underscored the importance of audit quality in strengthening stakeholder confidence.

Technical sessions covered audit strategy documentation, risks of material misstatement and key learnings from NFRA's oversight activities. Organised in collaboration with ICAI, the programme was the second joint initiative following Pune in June 2026. Since its launch in 2025, NFRA's outreach programmes have attracted representatives from over 450 small and medium audit firms.

WEBINAR ON REVISED SA 570 – GOING CONCERN



Webinar on Going Concern | Event Date 21st August, 2026

NFRA hosted a webinar on the revised SA 570, Going Concern, on 21st August 2026, highlighting key challenges in assessing an entity's ability to continue as a going concern. Shri Nitin Gupta, Chairperson, NFRA, emphasised the importance of effective implementation of auditing standards and the implications of going concern assessments for stakeholders, including shareholders, creditors, banks and small vendors.

The webinar was in the format of panel discussion featuring CA Guru Prasad, Audit Professional and CA Anirudhh Sankaran, Audit Professional as panelists and Ms. Madhuri Shahapure, Principal Consultant, NFRA as moderator. During the panel discussion, concerns relating to inadequate documentation, scrutiny of cash flow forecasts, evaluation of promoters' letters of comfort and entity-specific disclosures of material uncertainties were highlighted. The discussions underscored the need for professional skepticism, critical evaluation of management's assumptions and robust documentation throughout the audit.

The webinar reinforced NFRA's commitment to strengthening audit quality and promoting the effective implementation of auditing standards through stakeholder engagement and professional guidance.

The recording of the webinar is available at the link below:

NFRA Webinar on SA 570: Going Concern

INSTITUTIONAL MILESTONES

AUDIT COMMITTEE INTERACTION SERIES

NFRA Auditor–Audit Committee Interaction Series 6, titled **"Dealing with Going Concern Assessment – SA 570 (Revised)"**, was issued on 30th September 2026. The publication aims to facilitate effective interaction between statutory auditors and audit committees on matters relating to the assessment of an entity's ability to continue as a going concern. It highlights the respective responsibilities of auditors and those charged with governance in evaluating going concern assumptions and identifying related risks. The series provides practical insights into the evaluation of going concern uncertainties, related disclosures and their implications for the auditor's report. It seeks to promote informed discussions, strengthen governance oversight and enhance the quality of financial reporting.

NFRA Auditor-Audit Committee Interaction Series 6

PROVISIONAL LIST OF AUDIT FIRMS THAT HAVE NOT FILED OR HAVE FILED INCOMPLETE FORM NFRA-2 FOR REPORTING PERIOD 2024–25

NFRA has published an updated provisional list of audit firms of listed and unlisted companies that have not filed or have filed incomplete Form NFRA-2 for the reporting period 2024–25, relating to audit reports signed during the period from 1st April 2024 to 31st March 2025. Find the complete list using the link below:

Provisional List of audit firms who have not filed/ filed incomplete Form NFRA-2

INSPECTION OF AUDIT FIRMS

NFRA commenced its 2025 Inspection Cycle covering 10 audit firms including Big 6 audit firms and four other firms. Walkthroughs and planned on-site inspections of audit firms were conducted in July-September 2026 covering 42 audit engagements for financial statements of FY 2024-25. This inspection cycle includes Independence check and remediation action of the previous year observations for the Big 6 audit firms and full SQC 1 compliance for firms other than Big 6.

STAFF SERIES ON GENERAL PRINCIPLES FOR TECHNOLOGY ADOPTION IN AUDIT

NFRA issued the first document in its Staff Series on Technology in Audit in July 2026, titled **"General Principles for Technology Adoption in Audit"**. The publication provides a principles-based framework for statutory auditors of public interest entities to evaluate, deploy and govern the use of technology in audit engagements.

The document outlines ten general principles covering technology neutrality, auditor responsibility, evaluation of audit evidence, professional scepticism, risk-based governance, explainability, prior validation, data protection, transparency and continuous monitoring. It highlights the potential of data analytics, automation and artificial intelligence to enhance audit efficiency while emphasising the need to address associated risks, including automation bias, unreliable outputs and data confidentiality.

The document underlines that technology cannot replace the auditor's professional judgement or responsibility for the audit opinion. It aims to support the responsible adoption of technology while safeguarding audit quality, professional scepticism and the reliability of financial reporting.

Staff Series on Technology in Audit

ADVISORY COMMITTEE ON AUDIT QUALITY, ASSURANCE AND TECHNOLOGY

In accordance with the Rule 15 and 16 of the National Financial Reporting Authority Rules, 2018. NFRA has constituted an Advisory Committee on Audit Quality, Assurance and Technology, comprising eminent experts from diverse fields. This is the third advisory committee constituted by NFRA. It aims at providing expert guidance to ensure the consistent application of auditing and ethical standards while identifying emerging sectoral risks and managing cyber security and AI integration in audits. It shall also evaluate & guide how clients digital ecosystem impact audit process and supports stakeholders compliance through educational outreach and publications.

The members of the Committee are as follows (in Alphabetical Order):



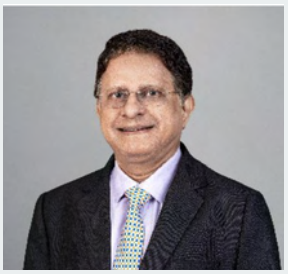
Mr Amit Jain
Technical Architect, iSPIRT Foundation



Mr Ananth Narayan
Former Whole-Time Member, SEBI



Mr Bharat Goenka
Chief Financial Officer, Hindalco Industries Limited



Mr Milind Sarwate
Founder, Increate



Mr M. P. Vijay Kumar
Executive Director and Group CFO, Sify Technologies Limited



Mr Robin Banerjee
Chairman, Nucleon Research Private Limited



Mr Sanjeev Sood
Chief Assurance Executive, Axis Max Life Insurance



Ms Sharmila Abhay Karve
Independent Director, Tata Electronics Private Limited



Ms Shyamala Gopinath
Former Deputy Governor, Reserve Bank of India

GLOBAL DEVELOPMENTS IN FINANCIAL REPORTING AND AUDITING: APRIL – SEPTEMBER 2026



MADHURI SHAHAPURE | Principal Consultant, NFRA

The following section highlights some of the significant developments in accounting, auditing, ethics and audit oversight across major jurisdictions and international bodies during the period 1st April 2026 to 30th September 2026, for the benefit of stakeholders.

IFRS Accounting Standards

1) June 2026: Amendments to IAS 28 Investments in Associates and Joint Ventures: Fair Value Option

On 26th June 2026, the International Accounting Standards Board (IASB) issued targeted amendments to IAS 28 clarifying which entities are eligible to elect to measure investments in associates and joint ventures at fair value through profit or loss instead of applying the equity method. The amendments are effective when an entity first applies IFRS 18, that is, for annual reporting periods beginning on or after 1 January 2027, or earlier if IFRS 18 is adopted early.

https://www.ifrs.org/news-and-events

2) May 2026: IFRS 20 Regulatory Assets and Regulatory Liabilities

On 27th May 2026, the IASB issued IFRS 20 Regulatory Assets and Regulatory Liabilities, a new Accounting Standard for entities subject to a specific type of rate regulation, such as entities supplying electricity, water and gas. IFRS 20 supersedes IFRS 14 Regulatory Deferral Accounts and is effective for annual reporting periods beginning on or after 1 January 2029, with earlier application permitted.

https://www.ifrs.org/news-and-events

IFRS for SMEs Accounting Standard

1) May 2026: Exposure Draft Consolidation Exception

The IASB published an Exposure Draft proposing a narrow amendment to the IFRS for SMEs Accounting Standard to introduce an exception from presenting consolidated financial statements for an intermediate parent whose ultimate (or intermediate) parent is an investment entity that does not present consolidated financial statements, but instead measures its subsidiaries at fair value through profit or loss in accordance with IFRS 10. The comment period closed on 9 September 2026, and the proposed effective date is 1 January 2027, consistent with the third edition of the Standard.

https://www.ifrs.org/news-and-events

U.S. Generally Accepted Accounting Principles (U.S. GAAP)

1) September 2026: ASU 2026-03, Fair Value Measurement (Topic 820): Investment Companies with Equity Securities Subject to Contractual Sale Restrictions

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) providing a narrow exception to Topic 820, Fair Value Measurement, for investment companies within the scope of Topic 946. The treatment under ASU 2022-03 continues to apply to all other entities. The amendments are effective for annual reporting periods beginning after 15th December 2027, including interim periods within those annual periods, with early adoption permitted.

https://www.fasb.org/standards/accounting-standard-updates

2) August 2026: Proposed ASU on Cash Equivalents: Disclosure Enhancement and Evaluation of Certain Digital Assets

On 18th August 2026, the FASB issued a proposed ASU under Topic 230, Statement of Cash Flows, to clarify how the existing definition of cash equivalents applies to certain digital assets, including stablecoins, and to enhance transparency about the significant components of cash equivalents. The proposal does not change the definition of cash equivalents but provides illustrative examples to promote consistent application and comparability. Comments are invited up to 19th November 2026.

https://www.fasb.org/projects

3) May 2026: ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818)

On 19th May 2026, the FASB issued ASU 2026-02, which creates a new Topic 818 and establishes, for the first time under U.S. GAAP, recognition, measurement, presentation and disclosure requirements for environmental credits (such as emission allowances and renewable energy certificates) and for regulatory compliance obligations that may be settled with such credits. The amendments are effective for public business entities for annual periods beginning after 15th December 2027, and one year later for all other entities, with early adoption permitted.

https://www.fasb.org/standards/accounting-standard-updates

European Financial Reporting Advisory Group (EFRAG) and European Commission

1) July 2026: Adoption of revised European Sustainability Reporting Standards (ESRS)

On 3rd July 2026, the European Commission adopted the delegated act containing the revised and simplified ESRS, together with a separate sustainability reporting standard for voluntary use by entities outside the mandatory scope. The revised standards substantially reduce the number of required datapoints while retaining the principle of double materiality. They apply to financial years beginning on or after 1st January 2027, with early application permitted for financial year 2026 once the delegated act enters into force following scrutiny by the European Parliament and the Council.

https://finance.ec.europa.eu/news

International Standards on Auditing

1) August 2026: Exposure Drafts of Proposed ISA 330, ISA 500 and ISA 520 (Audit Evidence and Risk Response)

The International Auditing and Assurance Standards Board (IAASB) of the International Foundation for Ethics and Audit (IFEA) released, as a package, Exposure Drafts of proposed revisions to ISA 330, The Auditor's Responses to Assessed Risks, ISA 500, Audit Evidence, and ISA 520, Analytical Procedures. The proposals are intended to strengthen the risk-based audit framework and to address the increasing use of technology in audits, and when finalised, will complete an important phase of the IAASB's modernisation of the International Standards on Auditing.

https://www.iaasb.org/news-events

2) July 2026: Exposure Draft of Targeted Revisions to the ISA for Less Complex Entities

The IAASB issued an Exposure Draft proposing targeted revisions to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE), arising principally from the revised standards on fraud (ISA 240 (Revised)) and going concern (ISA 570 (Revised 2024)) and the narrow-scope amendments relating to the use of experts.

https://www.iaasb.org/news-events

3) May 2026: Exposure Draft of Proposed ISRE 2410 (Revised), Review of Interim Financial Information Performed by the Independent Auditor of the Entity

The IAASB sought public comment on proposed revisions to ISRE 2410 with the aim of establishing a global baseline for more consistent interim review engagements. The proposals include enhanced requirements in areas such as going concern, fraud and non-compliance with laws and regulations, together with improved transparency in the auditor's interim review report. The comment period closed on 3rd September 2026.

https://www.iaasb.org/news-events

4) April 2026: Launch of the Joint IAASB–IESBA User Advisory Group

The IAASB and the International Ethics Standards Board for Accountants (IESBA) launched a joint User Advisory Group to provide a dedicated channel through which users of financial and non-financial information, such as investors and other stakeholders, can contribute timely and practical input to the standard-setting work of both the Boards.

https://www.iaasb.org/news-events

International Ethics Standards Board for Accountants (IESBA)

1) May 2026: Guide on Proportionality of the IESBA Code

The IESBA released a guide explaining how the International Code of Ethics for Professional Accountants (including International Independence Standards) applies proportionately to professional accountants and firms of different sizes, structures and service lines, with a view to supporting consistent and scalable application of the Code, particularly by small and medium practices.

https://www.ethicsboard.org/news-events

Public Company Accounting Oversight Board, U.S. (PCAOB)

1) September 2026: Amendments to QC 1000, A Firm's System of Quality Control

On 9th September 2026, the PCAOB adopted targeted amendments to QC 1000 and related amendments to PCAOB forms and the QC reporting rule, intended to improve alignment with other quality management standards and reduce compliance costs. The amendments are subject to approval by the U.S. Securities and Exchange Commission and, if approved, will become effective on 15th December 2026, the existing effective date of QC 1000.

https://pcaobus.org/news-events

2) August 2026: Staff Resource: QC 1000 Questions and Answers

The PCAOB staff published a Questions and Answers resource addressing certain matters related to the implementation of QC 1000, A Firm's System of Quality Control, to assist registered firms in preparing for its effective date.

https://pcaobus.org/news-events

International Forum of Independent Audit Regulators (IFIAR)

1) April 2026: Report on Use of Technology in Audits: Innovation and Audit Quality 2026

On 20th April 2026, IFIAR's Technology Task Force published its 2026 report on the use of technology in audits. Building on its 2025 report, the publication summarises recent trends in the use of data analytics, artificial intelligence and automation in audit engagements, the associated risks, and the measures expected of audit firms to ensure that the use of such tools enhances audit quality.

https://www.ifiar.org/latest-news

2) April 2026: 2025 Survey of Inspection Findings

On 1st April 2026, IFIAR released its fourteenth annual survey of inspection findings, based on inspections by member regulators from 52 jurisdictions of audit firms affiliated with the six largest global audit networks. Members reported that 35 per cent of inspected audit engagements had at least one finding, compared with 34 per cent in the 2024 survey, and the three-year rolling average increased from 30 per cent to 33 per cent.

https://www.ifiar.org/activities/annual-inspection-findings-survey/

Insight

"A board can control the information it receives. If there was an information overload, it could have been prevented. If there was a huge amount of information, then more time may need to be taken to read and understand it. The complexity and volume of information cannot be an excuse for failing to properly read and understand the financial statements. It may be for less significant documents, but not for financial statements. The fact that information was provided in a different context does not detract from the fact that the directors were in possession of the information. The information was provided to the directors by management for a reason."

Australian Securities and Investments Commission v Healey (2011)

Opinions expressed in the article are solely those of the author and do not represent the views of the organization.

INTEGRITY: THE FOUNDATION OF GOOD GOVERNANCE



SHYAM V. TONK | Executive Director, NFRA

Ethics, integrity and values are not merely desirable qualities in public life; these are the foundation of public trust. A Government Official may possess knowledge, experience and administrative authority, but without integrity and ethical conduct, the exercise of such authority can drift away from its primary purpose, the public good.

For a Government Official , therefore, integrity is not an option; it is an obligation.

Rule 3 Conduct Rules, 1964[1] requires every Government servant to maintain absolute integrity, devotion to duty and conduct becoming of a Government Official. It also emphasises honesty, fairness, impartiality, accountability, transparency and decisions taken solely in the public interest. Public office is, therefore, fundamentally a position of trust.

The Central Vigilance Commission's (CVC) emphasis on preventive vigilance flows from the same philosophy. Vigilance is not merely about detecting misconduct after it occurs. Its more enduring purpose is to strengthen systems and institutional behaviour so that opportunities for wrongdoing are reduced and ethical conduct becomes the normal way of functioning.

The theme chosen by the CVC for observing the Vigilance Awareness Week 2026 - **"सत्यनिष्ठा से समृद्धि / Probity for Prosperity"**[2] provides an appropriate occasion to reflect on vigilance as an integral part of good governance.

Probity for Prosperity

"सत्यनिष्ठा से समृद्धि — Probity for Prosperity" needs to be understood in a broad sense.

Prosperity is not merely an increase in financial resources. A prosperous Nation is one in which citizens trust public institutions, businesses have confidence in regulatory processes, investors have confidence in financial information and public servants know that honest decisions will be supported.

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[1]Central Civil Services (Conduct) Rules, 1964 - https://dopt.gov.in/sites/default/files/CCS_Conduct_Rules_1964_Updated_27Feb15_0.pdf

[2]Central Vigilance Commission — Vigilance Awareness Week 2026: CVC Circular No. 04/08/26 dated 03.08.2026, prescribing the 2026 Vigilance Awareness Week and the preceding Preventive Vigilance Campaign under the theme **"सत्यनिष्ठा से समृद्धि / Probity for Prosperity."**

If we protect the values of public service - ethics, integrity, impartiality, transparency and accountability, they will protect our institutions. And when institutions are protected, public trust is protected.

That, ultimately, is the deeper meaning of **Probity for Prosperity.**

Integrity Means More Than Honesty

Integrity is often equated with honesty, particularly in financial matters. Its meaning, however, is much wider.

A Government Official may never accept a bribe and yet compromise integrity by favouring someone, ignoring a conflict of interest, withholding relevant information, selectively applying rules or allowing personal considerations to influence an official decision.

Integrity means exercising official authority in accordance with law, fairness and public interest, irrespective of personal convenience or external pressure. Rules cannot anticipate every situation, and there may be occasions when more than one course of action appears legally permissible. At such moments, the question should not merely be, *"Is this permissible?"* It should also be, *"Is this fair, transparent, reasonable and in the public interest?"*



Rules and the Inner Compass

Government has established a comprehensive framework of conduct rules, vigilance instructions, financial and procurement procedures, conflict-of-interest safeguards and accountability mechanisms. These provide the necessary institutional framework for ethical administration.

Yet, no rule book can substitute for conscience.

Rules tell us what is prohibited; values tell us what is right.

This is particularly relevant for senior Government Officials . Their conduct sets the tone for the organisation. When leaders insist upon proper examination of facts, reasoned decisions, transparency and fairness, these practices become organisational habits.

"यद्यदाचरति श्रेष्ठस्तत्तदेवेतरो जनः।"

Whatever a person of authority does, others follow.

— Bhagavad Gita, 3.21

Ethical culture is therefore created not only through circulars and instructions, but through example.

When Integrity Delivers: Delhi Metro

The Delhi Metro experience shows how integrity, professional discipline, and transparent leadership can support institutional performance.

Under the leadership of Dr. E. Sreedharan, the Delhi Metro became widely recognised for timely execution, professional management and adherence to project discipline. Government material has highlighted its dedicated and transparent leadership and its record of completing scheduled sections on or ahead of targets and within respective budgets.

The larger lesson is important.

There is sometimes an apprehension that integrity and vigilance lead to excessive caution and delay. The Delhi Metro experience suggests otherwise. Where responsibilities are clearly defined, decisions are professionally justified, processes are respected and personal interests do not interfere, officers can take decisions with greater confidence.

When Integrity Creates Prosperity: The Amul Experience

The Amul cooperative movement provides another example of how integrity, professional management and accountability can contribute to prosperity. Under the leadership of Dr. Verghese Kurien, the cooperative model placed farmers at the centre while emphasising professional management, transparency and collective interest. The larger lesson is that when institutions are built on fairness, accountability and stakeholder trust, integrity can become an enabler of both institutional success and economic progress.

Integrity in Public Life: Dr. A.P.J. Abdul Kalam

Dr. A.P.J. Abdul Kalam offers a powerful example of integrity in public life. His life reflected simplicity, professional commitment and an unwavering focus on national purpose. He showed that integrity is not merely about avoiding wrongdoing; it is about using knowledge, authority, and opportunity in service of a larger public purpose. His example continues to remind public servants that competence, humility and responsibility must go hand in hand.

Preventive Vigilance: From Reaction to Prevention

The CVC's Preventive Vigilance Campaign 2026 focuses on areas including pending complaints, capacity building, digital initiatives and contract management. This emphasis is significant because corruption and misconduct do not always begin with a major act. They may begin with a poorly framed specification, inadequate documentation, an unexplained delay, selective treatment, an informal assurance or failure to disclose a conflict of interest.

Small compromises, when repeated, can gradually become institutional practices. Preventive vigilance seeks to stop this progression.

Importantly, preventive vigilance is not the responsibility of Vigilance Wing alone. Every Government Official who examines a file, approves a proposal, implements a contract, conducts an inspection, handles a complaint or exercises delegated authority contributes to the organisation's vigilance culture.

Ethical governance and efficient governance are not competing objectives. Very often, the same reform achieves both.

The NFRA Perspective

For an institution such as the National Financial Reporting Authority (NFRA), the importance of ethics and integrity assumes an even wider significance.

NFRA's mandate is closely connected with the quality of corporate financial reporting and compliance with accounting and auditing standards within its statutory domain. The NFRA Charter[3] places objectivity, integrity, impartiality, independence, fairness and transparency at the center of its institutional aspirations. It calls for the highest standards of uncompromising integrity and emphasizes uniform treatment of similarly placed persons and entities and equidistance from stakeholders.

In this sense, vigilance and regulation converge. A strong ethical culture protects not only public resources, but also institutional credibility.

[3]https://nfra.gov.in/nfra-charter/

From Vigilance Week to a Vigilant Culture

Vigilance Awareness Week should not end with pledges and programmes. Its true success lies in making ethical conduct part of everyday functioning.

This also means taking reasoned and objective decisions, disclosing conflicts of interest, being fair, acting with due diligence and promptness and maintaining transparency while protecting legitimate confidentiality.

That is the essence of a vigilant and ethical culture.

Integrity is not an alternative to performance.
Integrity is part of performance.



Opinions expressed in the article are solely those of the author and do not represent the views of the organization.

ALL IN THE FAMILY: RELATED PARTIES, GOING CONCERN, AND OTHER STORIES AN AUDITOR MUST NOT BELIEVE

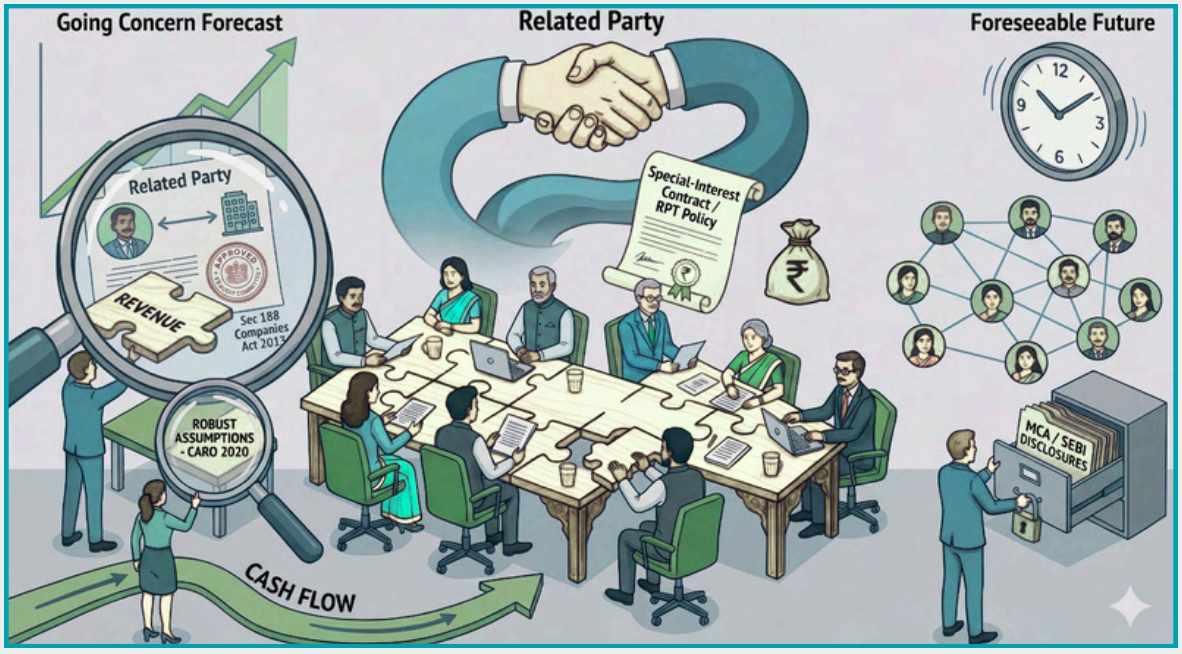


JAYA CHOTIA | Chief General Manager, NFRA

A scene often repeated at year end

Every audit season, somewhere around the finalization, the same scene plays out. The company has losses that would make anyone skeptical, current liabilities that comfortably outnumber current assets, and an increased correspondence of disputed claims. And just when the auditor utters two most unwelcome words in financial reporting - going concern - the company management produces a sheet of paper - **a letter of support from the related company.**

And here is where our two subjects, Related party transactions and Going concern overlap with each other. Because when a company can no longer stand on its own feet, it almost always leans on the family. The auditor's job is to check whether the family member being leaned upon is a reliable partner.



Explain the bond in the family

SA 570 asks a question: will this entity survive the next twelve months without liquidating in distress? **SA 550** asks an equally simple one: who are the relatives, and what exactly is nature of business between them?

The two standards were written in different chapters of the rulebook, but in real life they may be joint account holders. Consider how often the entire going concern case rests on related parties:

- The **parent's letter** of support is the mitigating factor.
- The **promoter's unsecured loan** is the working capital.
- The **group company's purchase orders** are the future revenue.
- The **sister concern's corporate guarantee** is what keeps the bank at bay.

Strip away the relatives, and many a 'going concern' is merely a 'gone concern'. Which brings us to the lessons.

Lesson 1: A Support Letter Should Actually Contain Support

The measure of support promised by the Related party is the Auditor's one of the most difficult test. Before accepting one as audit evidence, evaluate it the way SA 550 read with SA 570 demands:

1. Can they pay? A letter of support from a related party should be tested for reliability. One should read the related party's financial statements, an exercise surprisingly skipped often.

2. Must they pay? Is the letter legally enforceable, duly approved, and irrevocable for at least twelve months from the date of financial statements - or is it just a *'letter of convenience'*.

3. Do they pay? Does the party give support when needed or only a friend of good times.

The moral: In the Going Concern file, a related party's promise is only worth the related party's audited capacity plus legal obligation to honour it.

Lesson 2: The Loan That Never Dies

Some related party loans are like television soap operas running for many years, but nobody remembers the original plot, as to why these loans were initially given for.

The pattern is familiar: a group company cannot repay, so a fresh loan is advanced which is often used to repay the old loan, and interest is *'accrued'* into a balance. The borrower's books show repayment performance; the lender's books show no impairment; and both companies proudly assess themselves as going concerns.

The Auditor who tested that RPT properly - fund trail, end-use, recoverability - is the only person in the room who knows that these going concern assessments are resting on the same transaction entries. This is the danger of RPTs: a bad related party balance is rarely one company's problem. **It is a shared delusion.**

The moral: When assessing recoverability of related party loans, follow the cash, not just the confirmations.

Lesson 3: The Circular Economy

Round-tripping is the group's answer to perpetual motion: money leaves Company A on Monday, visits Companies B and C in between, and returns to Company A on Thursday dressed as revenue.

Cash flow forecasts in such cases, the beating heart of SA 570 evaluation- are only as honest as the counterparties in them. If 50-60% of projected collections come from group entities whose own ability to pay depends on collections from the company itself, the forecast is not more than a hypothetical projection. It is a mirror facing another mirror.

The moral: In every Going Concern cash flow forecast, colour-code the related party receipts. Then one should ask the question: *where does the group, as a whole, get fresh cash from?* If the answer is *"from within the group,"* there may be a case that auditor is auditing a closed loop, and closed loop, like closed room, eventually runs out of oxygen.

Lesson 4: When the Relative falls ill.

Auditors instinctively check whether related parties can rescue the company. Fewer check whether related parties can sink it. Yet the guarantees given by the company for a sister concern's borrowing, or loan taken for its promoter's personal ambitions, can be reasons for the going concern risks. A company can be operationally healthy and still be edging its own crisis, because the family's debts have been quietly stitched into its financial statement as *contingent liabilities.*

The moral: In every Going Concern cash flow forecast, colour-code the related party receipts. Then one should ask the question: *where does the group, as a whole, get fresh cash from?* If the answer is *"from within the group,"* there may be a case that auditor is auditing a closed loop, and closed loop, like closed room, eventually runs out of oxygen.

THE TWO - STANDARD TANGO: A POCKET CHECKLIST

S. No.	When the RPT File Says...	The Going Concern File Must Ask...
1	Related Party has issued a guarantee, contract or other support	Is it enforceable, funded, approved and is the related party itself solvent?
2	Large loans to group entities outstanding	If impaired, does the company still have positive net worth and liquidity?
3	Significant revenue from related parties	Are these collections real, timely, and not circular?
4	Guarantees given for group borrowings	What happens to the company if the guarantee is invoked tomorrow?
5	Promoter infusion promised in forecasts	Where is the promoter's own source of funds and the Board's approval?
6	RPTs at "arm's length" claimed	Would the business model survive if every related party actually behaved at arm's length?

Curtain Call

Related party transactions and Going concern are the two places in an audit where charm is most abundant and evidence most scarce. Both run on stories - the story of family support, the story of next year's turnaround and stories, as every experienced auditor knows, are required to be *corroborated*.

Because in the end, the going concern assumption is a bet on the future, and related parties are often the co-signers of that bet. The auditor's job is simply to make sure the co-signers exist, are solvent, are legally bound and are not the same person wearing multiple different hats.

Opinions expressed in the article are solely those of the author and do not represent the views of the organization.

STATUTORY AUDIT IS NOT A CEREMONIAL EXERCISE



MEHUL BANSAL | Manager, NFRA

Case Snapshot

On 13th July 2026, the Principal Bench of the National Company Law Appellate Tribunal (NCLAT) delivered a common judgment in two connected appeals — *CA Som Prakash Aggarwal v. NFRA* [Comp. App. (AT) No. 200 of 2022] and *M/s S. Prakash Aggarwal & Co. v. NFRA* [Comp. App. (AT) No. 177 of 2024] — dismissing both appeals in their entirety and affirming NFRA's disciplinary orders against the Engagement Partner (EP) and the audit firm for the statutory audit of Vikas WSP Limited (VWL), a listed company, for FY 2019-20.

The appeal arose against NFRA's orders against the auditors in performing their duty as the company failed to recognise interest expense on bank borrowings that lenders had classified as Non-Performing Assets (NPAs), resulting in an understatement of liabilities of roughly Rs. 16.91 crore — nearly 88% of the company's reported Profit Before Tax. NFRA had penalised the EP with a monetary penalty of Rs. 3 lakh, a three-year debarment and mandatory retraining, and separately penalised the firm Rs. 5 lakh. Both orders were challenged before the NCLAT, the Tribunal examined several questions of importance for auditors of listed entities.



RBI's IRACP Norms Do Not Touch the Borrower's Books

The central defence of the auditors was that once lender banks stopped recognising interest income under RBI's prudential (IRACP) norms upon NPA classification, the borrower too was relieved of any obligation to accrue interest expense. This line of defence was not accepted. The Tribunal held that the RBI Master Circular operates within the regulator-bank relationship under the Banking Regulation Act, 1949, and creates no rights or exemptions for borrowers. Significantly, the Tribunal read the RBI's own requirement that banks maintain a memorandum record of accrued interest on NPA accounts as an implicit affirmation that the underlying liability continues to exist:- *"If the RBI considered the interest to be non-existent upon NPA classification, there would be no need to track it at all."*[1] A borrower's obligations, the Tribunal held, are governed by the loan agreement, Ind AS and the Companies Act, 2013, none of which are displaced by banking-sector prudential norms.

The Tribunal conclusively held " *RBI's prudential norms (IRACP Norms) that stop banks from recognizing income on NPA accounts does not extinguish the borrower's legal obligation to recognize and accrue interest expense in its own financial statements. "*[2]

The OTS Argument: A "Fundamental Misreading" of Ind AS 109

The Auditor's alternative defence rested on an anticipated One-Time Settlement (OTS) with the consortium banks, said to justify substituting expected settlement cash flows for contractual cash flows under the Effective Interest Rate (EIR) method. The Tribunal did not agree with this argument presented by the auditors. The Tribunal stated that an OTS proposal, however genuine, is not a concluded contract; under Sections 37 and 62 of the Indian Contract Act, 1872, an obligation subsists until performed, waived in writing, or novated. Under Ind AS 109, paragraph 3.3.1, a financial liability is derecognised only when extinguished, i.e being discharged, cancelled or expired; none of which had occurred. The subsequent Corporate Insolvency Resolution Process against VWL, in which the Resolution Professional admitted bank claims of Rs. 124.28 crore including prior-period interest, was treated by the Tribunal as Strong evidence that no waiver had ever materialised. The Tribunal further stated that "the NFRA correctly held that the Assumption of no future cash outflow on account of interest costs on the Borrowings classified as NPAs merely on the basis of a proposal for One Time Settlement is a flawed assumption. If such a rationale is accepted, then by analogy, the companies will resort to de-recognizing liabilities at will, which would lead to a systemic failure of accrual-based accounting." [3] The EP's interpretation, the Tribunal observed, amounted to a "fundamental misreading" of Ind AS 109, it conclusively stated that "The Effective Interest Rate (EIR) method under Ind AS 109 does not allow a borrower to substitute expected One-Time Settlement (OTS) cash flows for contractual cash flows when computing interest expense on NPA-classified borrowings." [4]

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[1] CA Som Prakash Aggarwal v. NFRA [Comp. App. (AT) No. 200 of 2022] and M/s S. Prakash Aggarwal & Co. v. NFRA [Comp. App. (AT) No. 177 of 2024], NCLAT, dt. 13.7.26, ¶ 96

[2] Id. at ¶ 119.

[3] Id. at ¶ 117.

[4] Id. at ¶ 120.

Modified Opinion Ought to Have Been Issued

Having found that interest recognition was mandatory and materially misstated, the Tribunal turned to the adequacy of the audit opinion. It examined the full spectrum of opinions under SA 700 and SA 705 (unmodified, qualified, adverse and disclaimer), before concluding that *"The misstatement was not confined to a single line item. It permeated the profit and loss account, the balance sheet, and the statement of changes in equity simultaneously."* [5] The Tribunal was particularly critical of the EP's reliance on a Management Representation Letter that was not on proper letterhead, unsigned by an identifiable authority, and internally inconsistent in its dates.

Documentation, Skepticism and Mandatory Character of SAs

The judgment devotes considerable attention to the audit file itself, which the Tribunal found devoid of any documented challenge to management's accounting treatment, any record of discussions on the OTS, or any bank confirmations. Rejecting the submission that audit quality should be judged by outputs rather than working papers, the Tribunal held that " Audit documentation is not a mere formality but it is the foundation of accountability, reviewability, and reproducibility of audit conclusions. Without documentation, there is no audit and at best there is only assertion. " [6] The 80.25% year-on-year collapse in finance cost, the Tribunal said, was exactly the kind of anomaly that ought to have triggered heightened professional skepticism under SA 200 and a significant-risk assessment under SA 315. On a more foundational note, the Tribunal firmly rejected the argument that Standards on Auditing are merely "guiding principles" leaving auditors unrestricted discretion. The Tribunal reiterated that Standards prescribed under Sections 143(9) and 143(10) of the Companies Act, 2013 carry statutory force; the word "shall," the Tribunal held, "is a term of mandate, not permission."

EQCR: No Exception, No Carve-Out

The Tribunal also settled a recurring question on the mandatory nature of Engagement Quality Control Review (EQCR) for listed-entity audits. Reading paragraph 19(a) of SA 220 literally, it held that appointment of an EQCR before signing the audit report of a listed entity is mandatory. Had an EQCR been engaged, the Tribunal observed, the NPA interest issue would likely have been flagged before the report was signed, the absence of EQCR removed a vital safeguard.

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[5] Id. at ¶ 142.
[6] Id. at ¶ 126.

Firm's Independent and Primary Liability

Perhaps the most significant contribution of the judgment lies in its treatment of the audit firm's liability, distinct from that of the EP. The Tribunal held that a firm's obligations under SQC 1 are not discharged merely by having a quality-control policy on paper; the firm must ensure the policy's effective implementation, extending to matters such as EQCR appointment, which under SQC 1 paragraph 70 is itself a firm-level (not EP-level) responsibility. Drawing on the Delhi High Court's ruling in *Deloitte Haskins & Sells LLP v. Union of India* [2025 SCC OnLine Del 641] and the Supreme Court's decision in *Union of India v. Deloitte Haskins & Sells LLP* [(2023) 8 SCC 56], the Tribunal held that the firm, the EP and the EQCR are jointly and severally responsible in the context of the audit deficiencies considered by the Tribunal, and that proceeding against the firm after already penalising the EP for the same underlying deficiencies does not amount to double jeopardy. On the question of NFRA issuing the firm's show-cause notice roughly fifteen months after the EP's, the Tribunal found no prejudice caused and no limitation period prescribed under the Act or the NFRA Rules, 2018, though it advised NFRA to avoid such sequencing gaps in future cases.

Proportionality and Conclusion

Weighing the statutory ceiling of monetary penalty and debarment against the penalties actually imposed (Rs. 3 lakh with three-year debarment for the EP, and Rs. 5 lakh for the firm), the Tribunal found both well within, and indeed at the lower-to-middle range of, NFRA's permissible range, and proportionate given the magnitude of misstatement and the public-interest dimension of a listed-company audit.

The Tribunal closed with an unambiguous statement of principle that "*the statutory audit is not a ceremonial exercise. For a listed company with thousands of public shareholders, institutional investors, and bank creditors relying on the audited financial statements, the audit is the primary safeguard against financial misrepresentation. When that safeguard fails, as it did here, the consequences extend far the company itself as it undermine public confidence in financial markets.*" [7]

For NFRA, the judgment offers strong appellate affirmation across nearly every contested plank of its enforcement approach- the mandatory character of Standards on Auditing, the primacy of contemporaneous documentation, the non-discretionary nature of EQCR for listed entities, and the independent, non-vicarious liability of audit firms alongside engagement partners.

At the time of writing of this article, no appeal has been preferred by the auditors against the judgment of the Hon'ble NCLAT.

[7] Id. at ¶ 189.

ENGAGEMENTS WITH INTERNATIONAL ORGANISATIONS

AARG Inspection Workshop, Indonesia

Ms. Nidhi Agarwal, DGM, NFRA and Mr. Gaurav Saini, Manager, NFRA, attended the ASEAN Audit Regulators Group (AARG) Inspection Workshop and Financial Statements Surveillance Group (FSSG) Meeting 2026 on 2nd September 2026 in Jakarta, Indonesia.

The workshop aimed at exploring the regulatory practice in ASEAN Jurisdiction on risk based oversight audit quality measurement, cyber risk in audit and audit of complex estimates.



AARG Inspection Workshop, Indonesia | Event Date 2nd September, 2026

ENGAGEMENTS WITH STAKEHOLDERS

Agile Governance: Navigating AI & Regulatory Landscape

Shri Nitin Gupta, Chairperson, NFRA addressed the Inaugural Session of FICCI's 2nd National Conference on "Agile Governance: Navigating AI & Regulatory Landscape" in Mumbai as Chief Guest, on 7th July 2026. Ms. Smita Jhingran, Full-Time Member, NFRA also attended as Session Chair in the Panel Discussion on TCWG and Board Perspective: Building Trust and Resilience with Adaptive Regulatory System.



FICCI's 2nd National Conference on Agile Governance | Event Date 7th July 2026

National Conference on Responsible Business 2026

Shri Nitin Gupta, Chairperson, NFRA, inaugurated and addressed the "National Conference on Responsible Business 2026," conducted by the Indian Institute of Corporate Affairs (IICA), on 15th July 2026.



National Conference on Responsible Business | Event Date 15th July 2026

FraudCon Annual Conference

Shri Nitin Gupta, Chairperson, NFRA attended the International Anti-Fraud Conference 2026 as the Guest of Honour, organised as part of the FraudCon Annual Conference by the ACFE (Association of Certified Fraud Examiners) in New Delhi on 7th August 2026.



FraudCon Annual Conference | Event Date 7th August 2026

IOD's Annual Directors' Conclave 2026

Shri Nitin Gupta, Chairperson, NFRA delivered a Special Address at IOD's Annual Directors' Conclave 2026, organised by the Institute of Directors, in New Delhi on 22nd August 2026.



IOD's Annual Directors' Conclave | Event Date 22nd August 2026

Paradigm Shift in Financial Reporting & Case Studies in Auditing

Shri P. Daniel, Full-Time Member, NFRA was the Guest of Honour in seminar "Paradigm Shift in Financial Reporting And Case Studies in Auditing" covering practical aspects hosted by AASB, ASB & NIRC of ICAI on 25th July, 2026.





Paradigm Shift in Financial Reporting & Case Studies | Event Date 25th July 2026

National Convention on Boards

Smt. Smita Jhingran, Full-Time Member, NFRA visited Mumbai on 5th September 2026 to attend and chair a session on regulatory expectations, corporate governance and Board accountability, organised by the Institute of Directors as part of the National Convention on Boards.



National Convention on Boards | Event Date 5th September, 2026

Vigilance Awareness Week Bengaluru

Shri P. Daniel, Full-Time Member, NFRA, was chief guest at a Vigilance Awareness programme organised by Canara Bank at Bengaluru on 18th September 2026.



Vigilance Awareness Programme | Event Date 18th September 2026

CAPACITY BUILDING PROGRAM

Digital Assurance in Financial Statement Audit

NFRA organised a training session on "*Digital Assurance in Financial Statement Audit – Understanding In-depth Financial Reporting and Audit in a Technology-Enabled Environment*" on 27th July 2026 at the India Habitat Centre, New Delhi, facilitated by external expert. Mr. Rajesh Raghavan, Digital Risk Professional and Ms. Madhuri Shahapure, Principal Consultant, NFRA. A follow up session on the same was organised on 28th September 2026.



Digital Assurance in Financial Statement Audit | Event Date 27th July 2026

SEBI LODR from Auditor's Perspective

A session titled "Understanding SEBI LODR from Auditor's Perspective" was conducted for the officers of NFRA on 10th September, 2026 by Ms. Sonika Burman, Audit Professional.



SEBI LODR | Event Date 10th September 2026

SNAPSHOT OF OFFICE EVENTS

Har Ghar Tiranga Campaign

Activities under the Har Ghar Tiranga campaign were organised as part of Azadi Ka Amrit Mahotsav, including a collective recitation of the National Song "Vande Mataram" on 13th August 2026 and encouraging employees to participate in the "Selfie with Tiranga" initiative.



Har Ghar Tiranga | Event Date 13th August 2026

हिंदी पखवाड़ा प्रतियोगिता

सरकारी कार्यों में हिंदी के प्रयोग को बढ़ावा देने के लिए 14 से 28 सितंबर 2026 तक हिंदी पखवाड़ा आयोजित किया गया था। NFRA अधिकारियों के बीच अधिक से अधिक भागीदारी को प्रोत्साहित करने के लिए विभिन्न हिंदी भाषा प्रतियोगिताओं और गतिविधियों का आयोजन किया गया।



हिंदी पखवाड़ा प्रतियोगिता | आयोजन की तिथि: 14-28 सितंबर 2026

Swachhata Pledge

Swachhata Pledge was taken on 21st August 2026, followed by a cleanliness drive to promote cleanliness and civic responsibility.



Swachhata Pledge | Event Date 21st August 2026

Medical Health Camp

A free medical health camp was organized at NFRA for comprehensive wellness check-ups and expert consultations for all the officers and support personnel.



Medical Health Camp | Event Date August 2026

राजभाषा कार्यान्वयन समिति

NFRA की विभागीय राजभाषा कार्यान्वयन समिति की त्रैमासिक बैठक 28 सितंबर, 2026 को आयोजित की गई।

मैं भी तो इस देश का हिस्सा हूँ !



Shashi | Office Assistant, NFRA
प्रथम विजेता, हिंदी काव्य प्रतियोगिता

कदम-कदम पर डर का साया, यह कैसा मेरा आशियाना है?
जहाँ जन्म लिया मैंने, क्यों वहीं हर मोड़ पर ज़माना है?
सपनों के पर कतर दिए जाते हैं, देहरी के अंदर ही,
और बाहर निकलो तो भेड़ियों का, एक खूंखार घराना है।

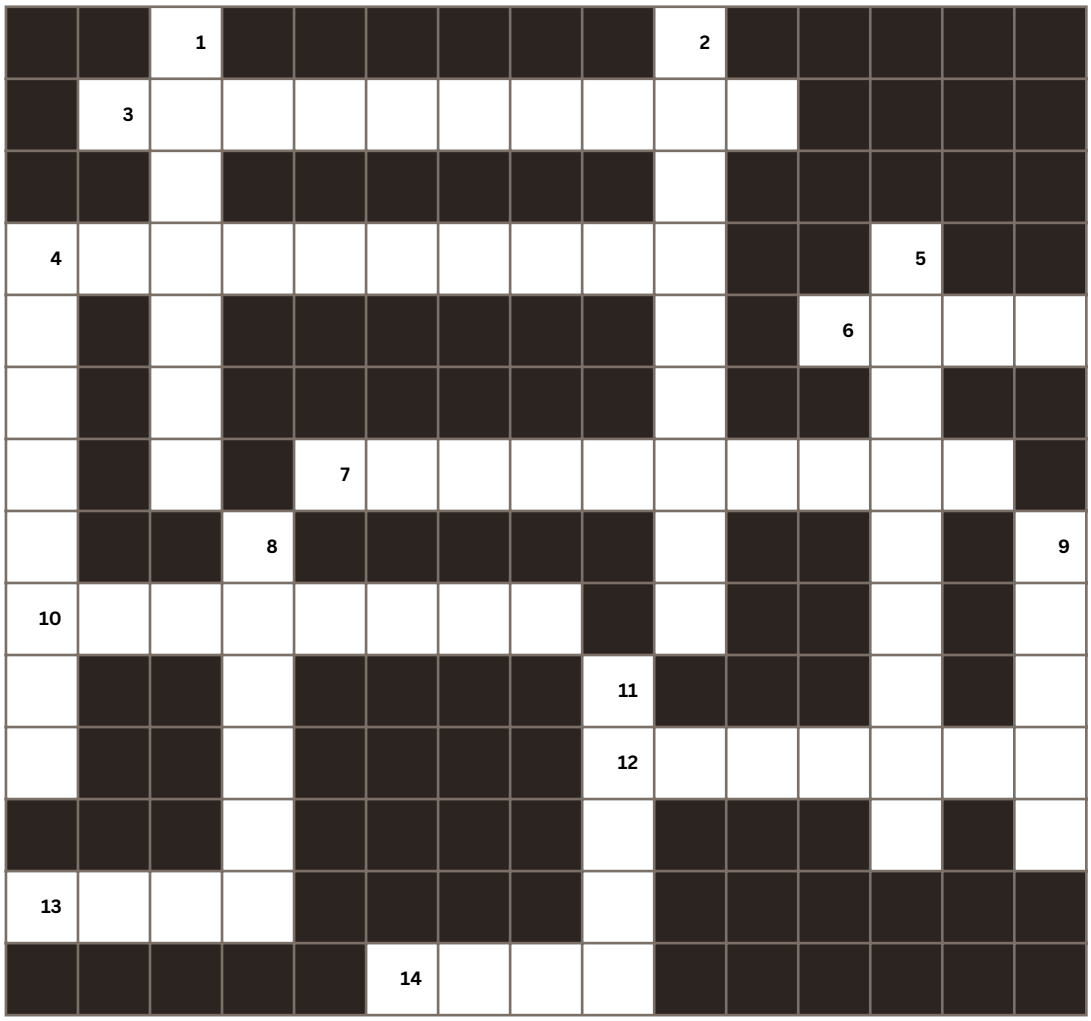
मैं दुर्गा की मूरत हूँ, मैं लक्ष्मी का रूप हूँ कहते हो तुम,
फिर मेरी अस्मत को सरेआम बाज़ारों में क्यों तौलते हो तुम?
जब चीखती हूँ मदद के लिए, तो सब मौन व्रत धर लेते हैं,
फिर मेरे इंसाफ़ के वक्त, बंद दरवाज़ों के पीछे क्यों बोलते हो तुम?
नहीं चाहिए मुझे वो चाँद-तारे, जो तुम वादों में लाते हो,
बस वो महफूज़ राहें दे दो, जहाँ तुम बेखौफ़ आते-जाते हो।

मेरी आज़ादी को मेरी बंदिशों का नाम मत दो तुम,
बदलो अपनी सोच को, जिसे तुम संस्कार बताते हो।
अब मोमबत्तियाँ जलाकर, शोक मनाना बंद करो,
दरिंदों के हक़ में, अदालतों के चक्कर कम करो।
जो हाथ उठे किसी लाडो पर, वो हाथ वहीं कट जाना चाहिए,
कानून का खौफ़ ऐसा हो, कि हैवानियत का सर झुक जाना चाहिए।

सुनो ओ दुनिया वालो, अब चुप बैठना पाप होगा,
अगर आज एक बेटी रोई, तो कल हर घर में विलाप होगा।
सुरक्षा सिर्फ कागज़ का पन्ना नहीं, एक अहसास होना चाहिए,
हर बेटी को अपनी माटी पर, गर्व और अटूट विश्वास होना चाहिए।

CROSSWORD PUZZLE – N003

Based on Ind AS 23 - Borrowing Costs



Across

3. Describes an item that necessarily takes a substantial period of time to get ready for its intended use or sale, so borrowing costs on it may be capitalised(10)
4. To add eligible borrowing costs to the cost of a qualifying asset instead of expensing them (10)
6. General term for money borrowed from a lender (4)
7. The financial statements must give ___ of the amount of borrowing costs capitalised during the period (10)
10. The main borrowing cost: the charge for the use of borrowed funds (8)
12. Borrowing costs not eligible for capitalisation are recognised as an ___ in profit or loss in the period incurred (7)
13. To finance; e.g. specific borrowings are taken to ___ the acquisition of a qualifying asset (4)
14. Capitalisation ___ is the weighted average of the borrowing costs applicable to general borrowings (4)

Down

1. Capitalisation must be ___ed during extended periods in which active development is interrupted (7)
2. Goods held for sale (e.g. maturing wine) can qualify for capitalisation only if they need a substantial period to reach saleable condition (9)
4. ___ amount: the amount at which an asset is recognised after deducting accumulated depreciation and impairment losses (8)
5. ___ costs are interest and other costs an entity incurs in connection with the borrowing of funds (9)
8. A qualifying asset necessarily takes a substantial ___ of time to get ready(6)
9. Resource controlled by an entity from which future economic benefits are expected to flow (5)
11. Capitalisation must ___ when substantially all the activities needed to prepare the item for its intended use or sale are complete (5)

PREPARED BY: HARSHIT ARORA | YOUNG PROFESSIONAL, NFRA

Refer to the subsequent pages for the answers.

CROSSWORD PUZZLE SOLUTION - N003

■	■	1 S	■	■	■	■	■	■	2 I	■	■	■	■	■
■	3 Q	U	A	L	I	F	Y	I	N	G	■	■	■	■
■	■	S	■	■	■	■	■	■	V	■	■	■	■	■
4 C	A	P	I	T	A	L	I	S	E	■	■	5 B	■	■
A	■	E	■	■	■	■	■	■	N	■	6 L	O	A	N
R	■	N	■	■	■	■	■	■	T	■	■	R	■	■
R	■	D	■	7 D	I	S	C	L	O	S	U	R	E	■
Y	■	■	8 P	■	■	■	■	■	R	■	■	O	■	9 A
10 I	N	T	E	R	E	S	T	■	Y	■	■	W	■	S
N	■	■	R	■	■	■	■	11 C	■	■	■	I	■	S
G	■	■	I	■	■	■	■	12 E	X	P	E	N	S	E
■	■	■	O	■	■	■	■	A	■	■	■	G	■	T
13 F	U	N	D	■	■	■	■	S	■	■	■	■	■	■
■	■	■	■	■	14 R	A	T	E	■	■	■	■	■	■

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