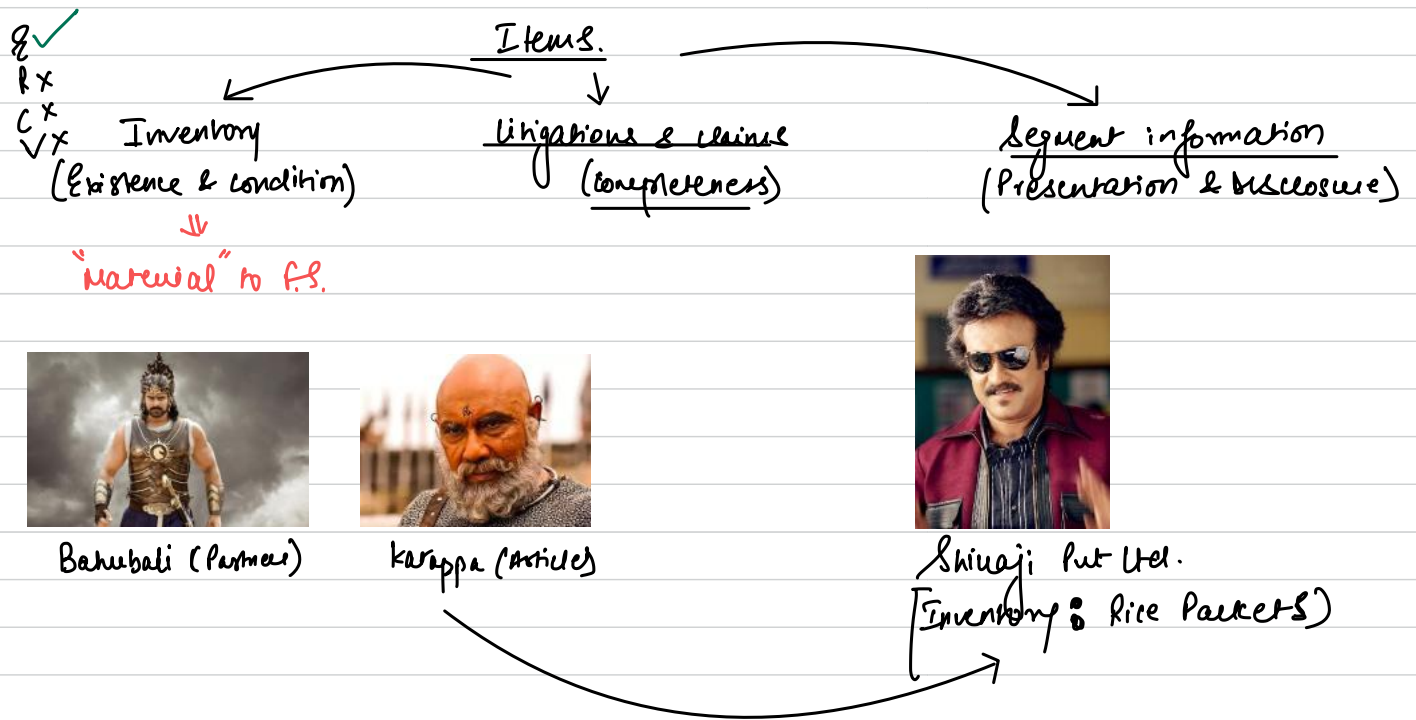


SA 501: Audit Evidence: Specific consideration for selected items.
(Sc for SI)



i) Attend the physical inventory count unless impracticable:
(later)

Cabin

a) Evaluate int instructions & procedures for inventory count.

b) observe int. count procedures.

outside

c) inspect inventory. → opened few rice packets → condⁿ?

d) Perform test checking (sample testing).

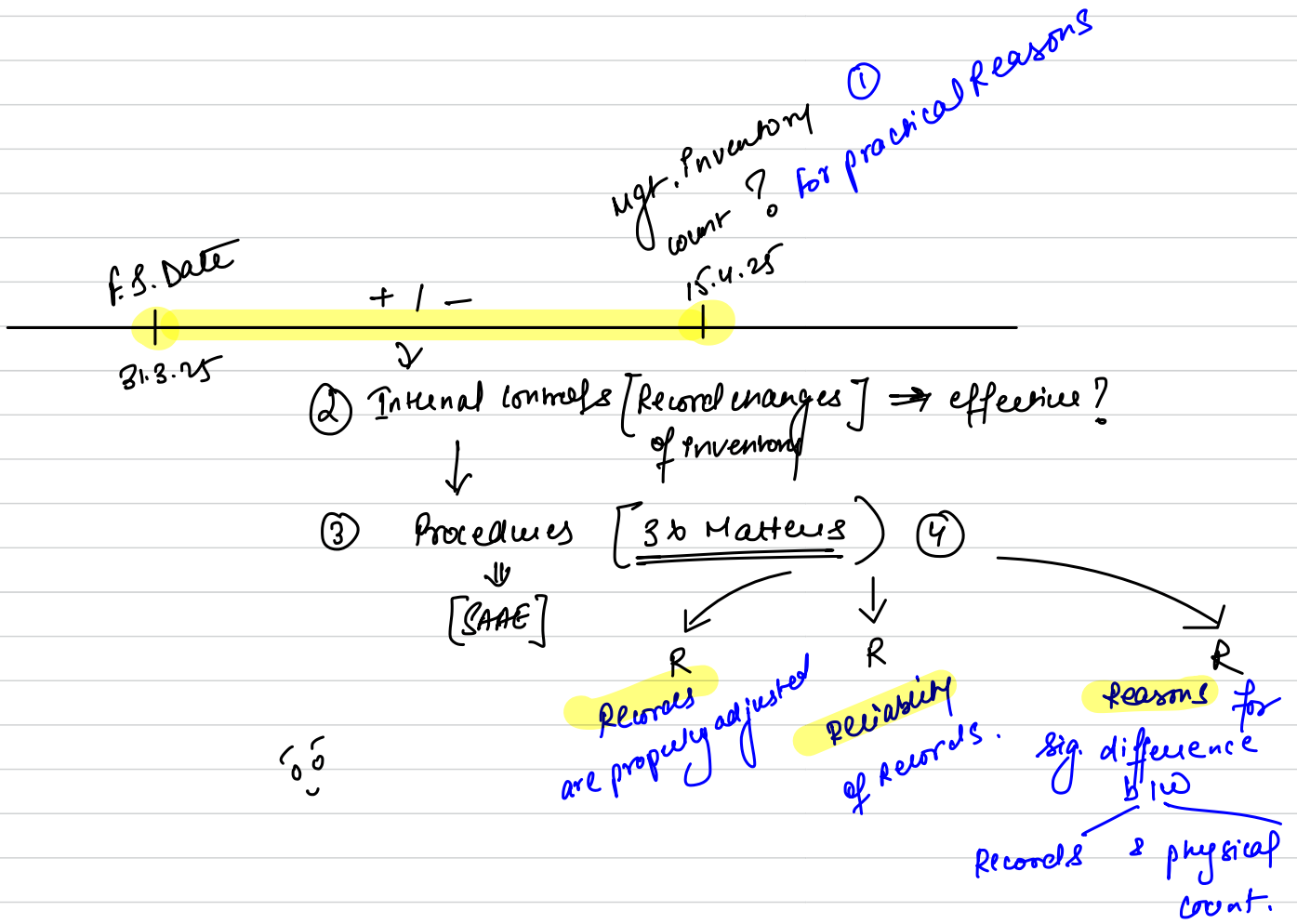
ii) Perform procedures over final inventory records.

to check if they reflect actual inventory count results.

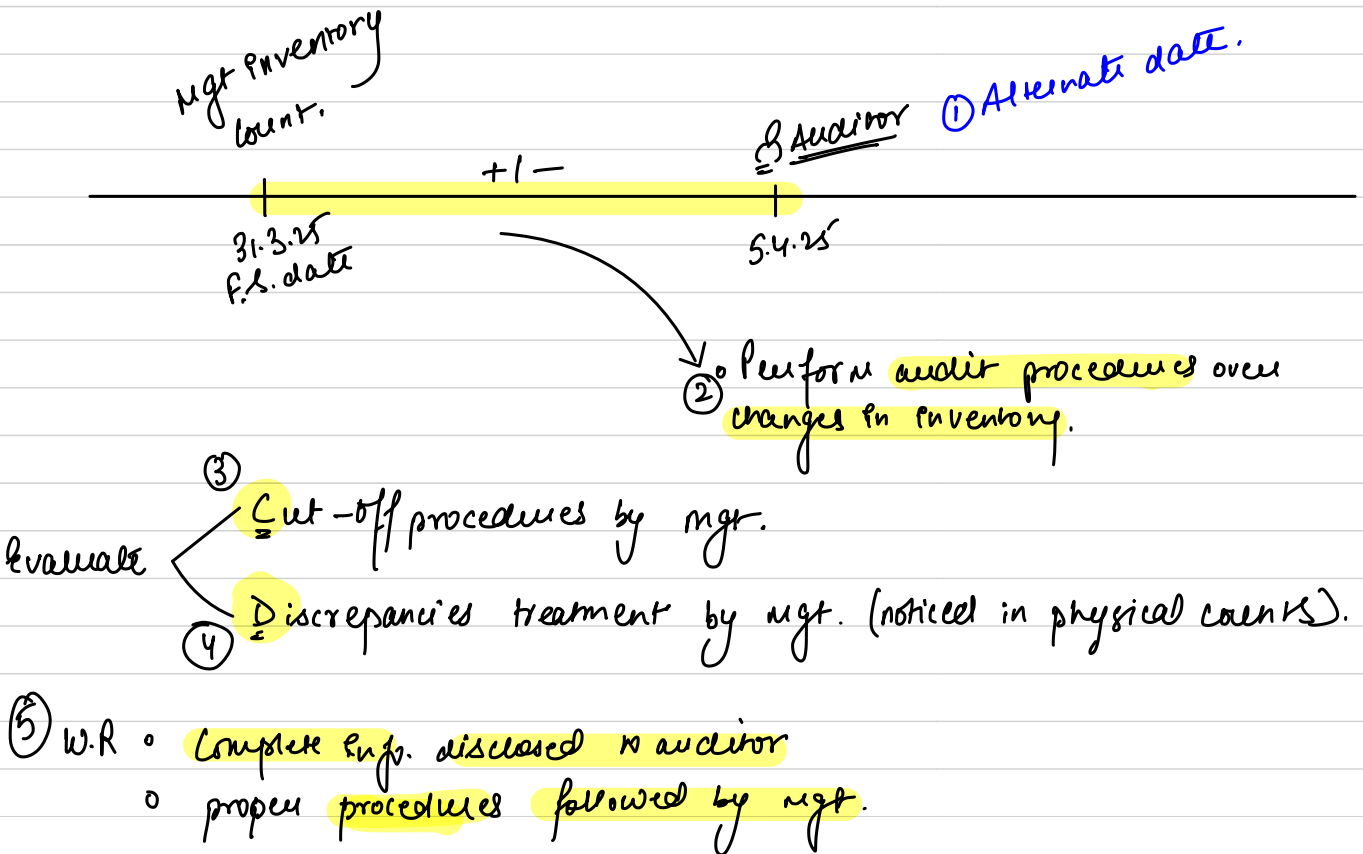
Eg. Atc Records 100 Qty ⇒ Final Inv. Records 95 Qty.
Count Result 95 Qty

Spl. cases

Case 1



Case 2

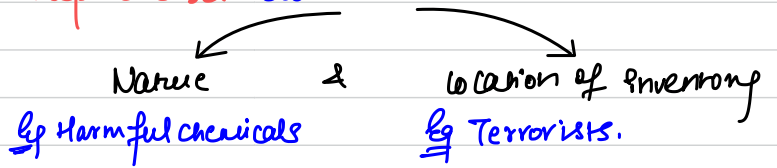


cut-off procedures (31.3.25)
 ↓
 "documents"

31.3.25 Inventory Records?	Last 5 (March '25)		First 5 (Apr '25)	
	Inwards	Outwards	Inwards	Outwards
	✓	X	X	✓

Masala 3 Attendance at physical count is impracticable (R)

1. Intro: In some cases, attendance may be impracticable due to



eg location may pose threat to auditor.

2. Persuasive Evidence is "MUST" [What if Karappa says: Heat ↑, Cost ↑, Time ↑ } valid excuse? X

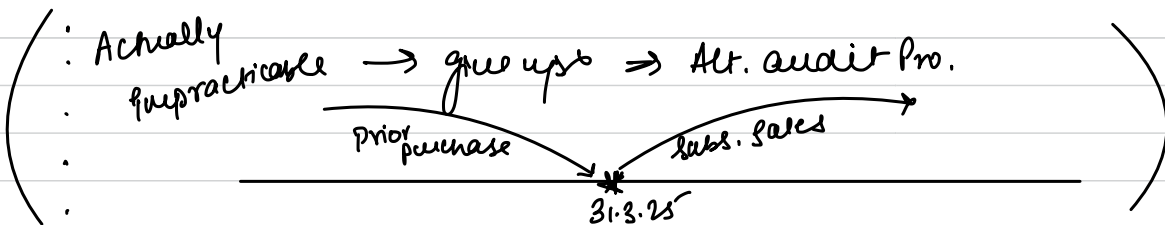
• Matter of general inconvenience is not sufficient to say it's impracticable.

As per SA 200, matter of Difficulty, Time &

Cost is not valid basis to

omit an audit procedure which has no alternative

or settle for less than persuasive AE



3. Perfore alternate procedures i.e. inspection of subsequent sales of inventory purchased prior to count date.

4. Modified opinion

If SAAE not possible, modify opinion as per SA 705.

dwans

H.W. Q1 / 3 / 5 / Q6 (read)
 DOTS

Case 4

Inventory in in Custody of 3rd party eg. Jobwork/Pledged (w.c. loan)

① Request Confirmation from 3rd party

② Doubt over ^(Fraud) integrity/^(Related) objectivity of 3rd party

perform following other procedures:

(Go) • Attending/arranging another auditor to attend 3rd party physical inventory count.

(Get) • Obtain another auditor's report / service auditor's report on 3rd party's S.I. over inventory count.
↳ (Service → client)

(Basic) • Inspect documentation eg. warehouse receipt.

(Repeat) • Request confirmation eg. if inventory pledged as collateral.

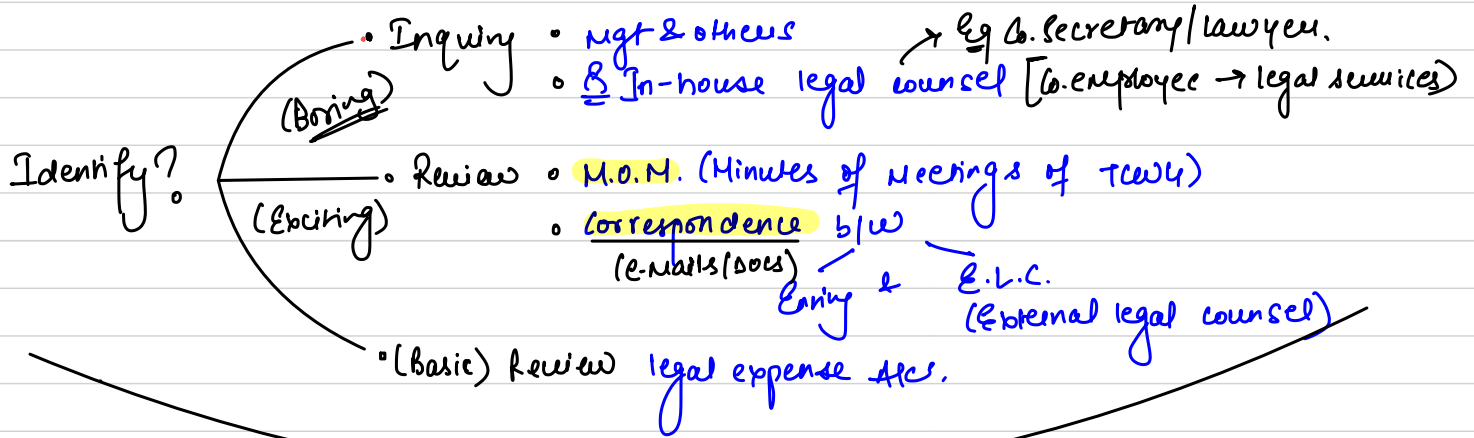
2win
😊

"Matters → Planning Inventory Count" ⇒ Book

Litigations & Claims (Competence)

Legal case → F.S. Impaired } Ind AS 37

{
 Provision
 or
 Disclose (contingent liab.)



If auditor assesses ROMM or feels other ^{material} L&Cs may exist [Enq. letterhead]

seek **Direct communication** with ELC.

↓ (How?)

Through **letter of inquiry** → prepared by Mgt
 & sent by auditor

requesting ELC to communicate **directly** with auditor.

Spl. case E.L.C may not respond to letters of 'general inquiry',
 use letters of 'specific inquiry', it includes:

a) **List of L&Cs.**

(Mgt:POV)

b) **Mgt's assessment of outcome** & **estimated financial impact** (±)

(win/lose)

(ELC:POV)

c) Request ELC to

- confirm **reasonableness** of Mgt's assessment &
- **further info.** if list is incomplete / incorrect.

Meeting with ELC possible? may meet ELC to discuss outcome of L&Cs (Alone?)

⊖ No Mgt's permission ✓ ⊕ Mgt's representative also be present.

When?



If direct communication with LLC not possible (Mgt vs LLC)

⇒ Alternate procedures

SAATX

Modify opinion as per SAATX.

(+) (W.R.) → Mgt has disclosed all L&Cs → Auditor
 ↓
 Accounted in CR.
 as per AFRF.

Segment Information (Presentation & Disclosure)

(IND AS 108 / AS 17) (AFRF)

29. Segment Reporting

ITC

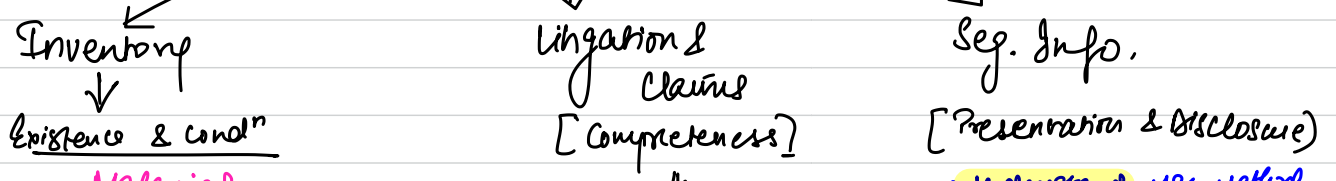
(₹ in Crores)

	2024			2023		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	30596.59	-	30596.59	28206.83	-	28206.83
FMCG - Others (Chana / Green / Agarbani)	20922.47	44.36	20966.83	19081.48	41.02	19122.50
FMCG - Total	51519.06	44.36	51563.42	47288.31	41.02	47329.33
Hotels	2973.74	15.76	2989.50	2573.22	11.81	2585.03
Agri Business	8417.44	7374.39	15791.83	12314.86	5857.48	18172.34
Paperboards, Paper and Packaging	6535.96	1808.44	8344.40	7304.50	1776.85	9081.35
Segment Total	69446.20	9242.95	78689.15	69480.89	7687.16	77168.05
Eliminations			(9242.95)			(7687.16)
Gross Revenue from sale of products and services			69446.20			69480.89
2. Segment Results R-Exp.						
FMCG - Cigarettes			19089.17			17927.06
FMCG - Others			1778.55			1374.18
FMCG - Total			20867.72			19301.24
Hotels			753.77			541.90
Agri Business			1254.43			1327.74
Paperboards, Paper and Packaging			1377.60			2293.99
Segment Total			24253.52			23464.87
Eliminations			(196.05)			22.19
Total			24057.47			23487.06
Unallocated corporate expenses net of unallocated income			(1067.88)			(1167.72)
Profit before interest etc. and taxation			22989.59			22319.34
Finance Costs			(45.73)			(41.81)
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			3379.48			2400.01
Exceptional items [Refer Note 28(ii)]			(7.57)			72.87
Profit before tax			26315.77			24750.41
Tax expense			(5893.80)			(5997.10)
Profit for the year			20421.97			18753.31

↓ Auditor Pro.?

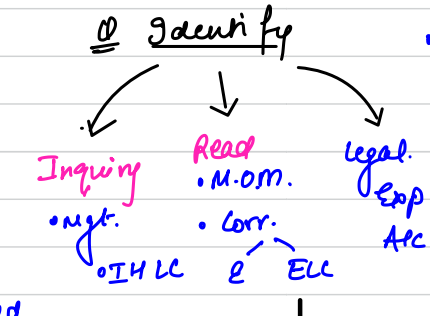
- Understand mgt's Method to prepare seg. info.
- Performing Analytical procedures (Y.o.Y. analysis)

SAS 01 Summary [AE: SC for SI]



Material

- Basic
- Attend count (unless impract)
 - Provide mgt. instructions
 - observe
 - inspect
 - Test check
 - Evaluate → final inventory count results → recorded.

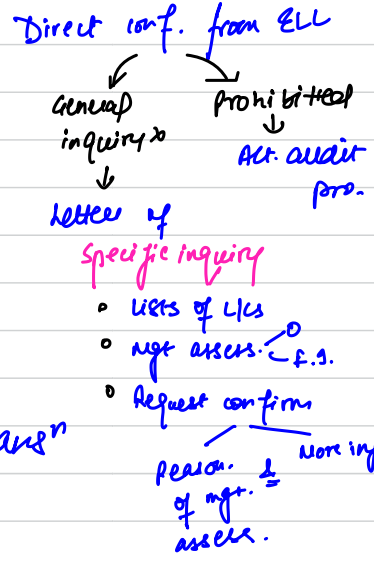


- Seg. Info. [Presentation & Disclosure]
- Understand mgt method.
 - Am. Pro.

Matters?

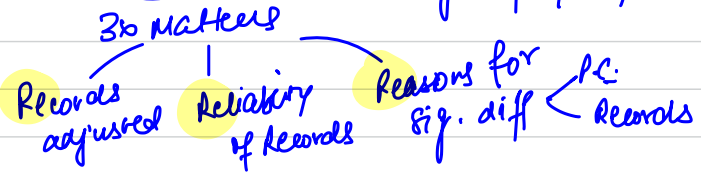
- StC blw seg. & elim.
- Comp. < E.R.
- Allocation
- Prop period consistency.

ROMM / other LLCs?



Masala 1 Count date other than date of FS.

A. Pro. → AE. (changes properly recorded)

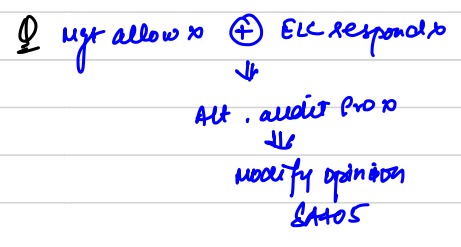


Masala 2 Auditor — Alternate date perform pro. → interviewing transⁿ

Masala 3 Impracticable

- Due to nature/locⁿ of Inv.
- Matter of Gen. Inc. (DTC) not impracticable.
- Alt. audit pro [→]
- SAS 05 → modify opinion SAS 05

Meet? of Co.



Masala 4 3rd party

- Confirmation
- Inspection & other pro.
 - Attend / someone else
 - Another Auditor Report
 - DOLⁿ
 - Confirmation