



FINANCIAL LITERACY TRAINING FOR INDEPENDENT DIRECTORS



INTRODUCTION

The Companies Act, 2013 as well as LODR have provisions for the compulsory formation of certain committees and have also prescribed for the specific activities to be carried out by such committees.

Both the Companies Act as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) have given importance to the inclusion of independent directors in such committees.

Since it is very sensitive position from the point of view of the compliances and in maintaining the trust of the stakeholders, the independent director must be trained in Financial Literacy.

THE KNOWLEDGE

The independent director must have the knowledge

1. To read financial statements.
2. Of various terms used in financial management.
3. Of using techniques for interpretation of financial statements/data.
4. Have an easiness in understanding Balance sheet, Profit & Loss Account and cash flow statement.
5. Above statements should not be read/carried out in isolation but should be read conjointly with Accounting Policies, Notes to the Accounts and Auditors Report for a better decision helpful in the growth of the Institution.

6. He should make comparative study of financial data with base year or benchmarks already fixed.

7. Extra-ordinary High or Low figures may be replaced by the figures obtained through the technique of interpolation/extrapolation. Necessary adjustments must be made for changes in accounting policies, prior period adjustments and extraordinary items.

The techniques can be used for interpretation of financial statements:

> *Trend Analysis*

> *Comparative Analysis*

> *Ratio Analysis*

In Trend Analysis, Income Statements or Balance Sheets are compared for a number of years to find out the trend. Such comparison may be made with the help of absolute figures or by the help of percentages, calculated taking the previous year as the base.

Comparative Analysis refers to the comparison of the performance of a Company with that of a similar Company or the performance of the industry as a whole.

Ratio analysis is done by comparing the ratios of the Company with that of a competing company or industry as a whole. A ratio is a statistical yardstick that provides a measure of the relationship between two accounting figures.

A ratio may be expressed as a co-efficient, proportion and percentages as well.

COMPLIANCE CALENDER

JUNE 2022

GST	
GSTR 3B MAY 2022(Turnover in the previous financial year more than Five Crores)	20-06-2022
GSTR 3B MAY 2022 (Others)	22-06-2022
GSTR 1 MAY (Turnover more than Rs. 1.5 Crores)	11-06-2022
Income Tax	
Deposit of TDS	07-06-2022
ESI	
Payment for the month of MAY2022	15-06-2022
PF	
Payment for the month of MAY2022	15-06-2022
Return Filing for the month of MAY 2022	25-06-2022