



# VASAI BRANCH OF WESTERN INDIA CHARTERED ACCOUNTANTS STUDENTS ASSOCIATION (WICASA) OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

[www.vasai-icai.org](http://www.vasai-icai.org)

*Bringing Excellence Together*

March 2015

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**CA. Dayaram Paliwal**  
WICASA Chairman

### Other Members:

Ms. Pinky Mistry

Mr. Kalpesh Dhakad

Mr. Lalit Sharma

Mr. Rakesh Pareek

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CA. Dayaram Paliwal

Ms. Krishna Derashri

Ms. Shweta Mestry

Ms. Aawad Bithu

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## VASAI BRANCH TEAM



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## VASAI WICASA TEAM



**CA. Dayaram Paliwal**  
WICASA Chairman



**Ms. Pinky Mistry**  
Vice Chairperson



**Mr. Kalpesh Dhakad**  
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**Mr. Lalit Sharma**  
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**Mr. Rakesh Pareek**  
Executive Committee  
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### Co-Ordinators

Ms. Krishna Derashri

Ms. Shweta Mestry

Ms. Aawad Bithu

## CHAIRMAN'S COMMUNICATION



Dear Students,

If our vision is for a year, plan wheat,  
if our vision is for a decade, plant tree,  
if our vision is for a lifetime, plant students.

With this VISION...and imparting the education, sharpening their knowledge & taking students with newer heights with excellence as MISSION..... and independence, integrity and impartiality

professionalism as VALUES in life ..... WICASA Vasai has successfully completed its 6th year, with 10000+ students covering geographical area from Mira Road to Virar.

OBJECTIVES ..... Vasai WICASA is to provide opportunities for students to overcome all the hurdles & challenges. To do that, we welcome all bold and creative ideas. Vasai WICASA is here to assist in all possible ways!

**It's great privilege to share with you and congratulate to all the Students for achieving Highly Commendable Performance Award 2014 for WICASA from WIRC of ICAI in Large Category Branches.**

**It's also great privileges to share with you and congratulate to all the Members for achieving Highly Commendable Performance Award 2014 for Branch from WIRC of ICAI in Large Category Branches and Best Study Circle Award for Vasai Virar Study Circle out of Mumbai from WIRC of ICAI in small category.**

Vasai Branch of WICASA is known for his youthful, energetic and dynamic working style, his reformist zeal and result oriented approach with proven track record of its earlier accomplishments. Without breaking this tradition, WICASA-2014 had adhered the guidelines, suggestions and proposition issued by ICAI and WIRC of ICAI and conducted educational, social and cultural activates for the betterment of students, adding the Brand value of our mother Institute, paying back the obligations to the society at large and serving to the city, state and nation.

I take great pleasure in informing you about an important initiative of Board of Studies (BoS) and ITT Section, IT Directorate of ICAI- the Online Portal for OP/GMCS/ITT courses with effect from January 2015 batch. For Registration please visit - [www.icaionlineregistration.org](http://www.icaionlineregistration.org) . Extension of time to complete GMCS-I Course by the students registered for articleship training on or after 1st May, 2012 latest by 31st December, 2015.

Further, the ICAI believes in harnessing technology for the benefit of members and students. Institute have launched important initiatives like Knowledge Gateway, ICAI Now-Mobile App, e-learning, Publications Online Store, Digital Library, Webcasting, Cloud Campus, Video Podcasts, and Social Media platforms to enable members and students to learn at their convenience.

The Theme for the year **"Bringing Excellence Together"**. It signifies that make use of our strength utmost as we the youth of the country, have capability of changing the world. Our Positive efforts will shape the future not only of ours but of the country too.....

The year 2014 was full of challenges, creativity and innovations. Youth strengths represented the unique combination of talents, skills, and qualities. Leveraged traditional knowledge with modern science and exploited unique way of organising versatile activities.



**Our Endeavour at WICASA - Vasai** was always to give the students a maximum exposure on day to day development and current scenario on economy, law, commerce etc. by organising innovative programs. WICASA-2014 programs consist of wide range of conferences, seminars, workshops, study circles, thrilling sports events, unique and innovative cultural events and social events etc. (Refer page No 4 Activity Report of the year 2014).

### From Bottom of my Heart .....

We deeply appreciate of the assistance and guidance that was made available to us over the years in co-ordinating the various programs. For that I would like to express my gratitude to CA. Uttam Prakash Agarwal (Past President-ICAI) who inaugurated Vasai WICASA in 12th July 2008, when I was the Chairman of Vasai Branch. My Sincere thanks to President, Vice-President, Chairman Board of Studies Central Council Members and CA. Anil Bhandari - Chairman WIRC & CA. Satyanarayan Mundada, WICASA Chairman & his Team always been there with us. I could not forget the support received from CA. Kishor Vaishnav- Chairman Vasai Branch & Managing Committee Members, Student, Staff & other Co-ordinators to accomplish my tenure by completing the vision which we had foreseen at the initiation of my tenure. I Sincere thanks to Vasai Hostel Students & Superintendent Mr. Atul Neswankar for supporting and valuable contribution in conduct of events.

Last but not least...a very special gratitude to President, Vice President, Chairman Board of Studies and all the family members of mother ICAI who have been my good fortune ,who truly walked with me as noble being, philosopher and true friend of mine. Your influence upon my professional, social and spiritual life was profound. Your vision opened up new horizons before me, enlarging and unifying my professional ideals; teaching me a broader understanding of truth. My soul will bear your good-selves eternal gratitude.

Vasai WICASA Committee election for the period 2015 will be held in the month of March, those who are interested request to give your details at [vasaibranch@gmail.com](mailto:vasaibranch@gmail.com) or contact branch.

**During my tenure as Chairman – Vasai Branch of WICASA, I shall endeavor to see that your path to a successful professional life is smoothened.**

With Regards  
CA. Dayaram Paliwal



**MAJOR ACTIVITIES BY VASAI WICASA FOR STUDENTS**

1. Branch successfully conducted Regional Conference for CA Students 2014 jointly with WIRC at Venkatesh Hall, Bhayandar (East) on 2nd & 3rd August 2014.
2. Branch conducted Residential Refresher Course at Mahabaleshwar on 14th to 15th June 2014.
3. For the benefit of Students, Branch started Distribution centre at Vasai Branch Premises for CPT, IPCC & Final Students.
4. First time Branch organized Garba Dhoom celebration on 4th October 2014 at Mhatrewadi Ground, Bhayandar (E)
5. 792 Students successfully completed their ITT training from ITT Center of Branch during the years.
6. 870 Students successfully completed Orientation Course from Branch during the year.
7. 1862 Students successfully completed GMCS-I Course from Branch during the year.
8. 319 Students successfully completed GMCS-II Course from Branch during the year.
9. 138 Students successfully completed old GMCS course from Branch during the year.
10. Branch has conducted crash courses for IPCC and Final Students.
11. Branch organized various seminar lectures for the benefit of Students. (Total Activity - 22)
12. Felicitation programs for Newly qualified CAs on 16th March & 16th November 2014.
13. Branch successfully organized an event of Youth Festival to encourage the students' caliber in other activities.
14. Branch also emphasizes on Students' talent education by organizing the activities like School Level Debate Competition & Quiz Elocution.
15. Branch also conducted Mock Test for CPT, IPCC & Final Students.
16. Branch conducted Indoor & Outdoor games for Students such as Cricket match etc.
17. Branch is successfully running E-Library & Reading Room Facility for students.
18. Branch also conducted Motivational Lectures for Students.
19. Branch conducted Joint Seminar with Rajput University, S N Colleges & Madurai Kamaraj University.
20. Branch conducted Yogathon Challenges – An Art of Living on 14th Dec 2014 at DKS Vasai Hostel, Evershine, Vasai Road(E).
21. Branch also conducted Educational Visit and Industrial Visit on important place such as Bombay Stock Exchanges, Vasai Janta Sahakari Bank, Income Tax, Iskon Temple, Keshav Shruti-Uttan and many more.

## ACTIVITIES CONDUCTED FOR THE STUDENTS IN THE YEAR 2014

Sr. No	Date	Name of the Seminar, Lecture Meeting, etc.	Speaker	Venue	Total No of Participants
1	8th Feb 2014	Sports Competition	-	Municipal Ground, Behind Payade Hotel, Opp. old petrol pump, Mira Bhayandar Road, Mira Road (East)	225
2	11th Feb 2014	Educational Visit at Keshav Shruti	-	Uttan, Bhayandar(W)	55
3	22nd March 2014	Seminar on Valuation of Intangible Assets & Transfer Pricing	CA. Bhanwar Borana CA. Shrenik Ajmera	Branch Premises, Indralok Phase-II, Bhayandar(East)	66
4	22nd March 2014	Old WICASA Committee Felicitation	-	Branch Premises, Indralok Phase-II, Bhayandar(East)	9
5	24th March 2014	IPCC & FINAL Mock Test	-	Branch Premises, Indralok Phase-II, Bhayandar(East)	42
6	31st March to 2nd April 2014	CA Career Counseling	-	Jesal Park, Bhayandar (West)	39
7	6th April 2014	Blood Donation Camp	-	Rajasthan Hall, Bhayander (W)	250
8	8th April 2014	Full Day Seminar on ISCA	Ms. Chantelle Pereira	DKS CA Students Hostel, Evershine City, Vasai (E)	14
9	9th April 2014	Full Day Seminar on ISCA	Ms. Chantelle Pereira	DKS CA Students Hostel, Evershine City, Vasai (E)	14
10	10th April 2014	Lecture Meeting on ISCA	Dr. Mahesh Gaur	DKS CA Students Hostel, Evershine City, Vasai (E)	26
11	11th April 2014	Lecture Meeting on Vouching, SP - Audit	Dr. Mahesh Gaur	DKS CA Students Hostel, Evershine City, Vasai (E)	28
12	12th April 2014	Lecture Meeting on Accounting Standard	CA. Unmesh Narvekar	DKS CA Students Hostel, Evershine City, Vasai (E)	32
13	13th April 2014	Lecture Meeting on Code of Ethics	Dr. Mahesh Gaur	DKS CA Students Hostel, Evershine City, Vasai (E)	25
14	14th April 2014	Lecture Meeting on ISCA	Ms. Chantelle Pereira	DKS CA Students Hostel, Evershine City, Vasai (E)	24
15	12th April 2014	Seminar on Amalgamation, Demerger & Share Base Payment & Income Tax Amendments	CA. Bhanwar Borana CA. Jay Chhaira	Branch Premises, Indralok Phase-II, Bhayandar(East)	105
16	16th April 2014	IPCC & FINAL Mock Test II	-	Branch Premises, Indralok Phase-II, Bhayandar(East)	46
17	27th April 2014	Debate Competition	CA. Abhishek Bansal CA. Khushboo Mashru CA. Sangeeta Gandhi	Branch Premises, Indralok Phase-II, Bhayandar(East)	8
18	10th May 2014	Lecture Meeting on How to Face to CA Exams	CA. Bhanwar Borana CA. Abhishek Bansal Prof. Nirav Mehta	Branch Premises, Indralok Phase-II, Bhayandar(East)	29
19	20th May 2014	Educational Visit at Income Tax	-	Income Tax Office, Thane	22
20	24th May 2014	CPT Mock Test	-	Branch Premises, Indralok Phase-II, Bhayandar(East)	79
21	14th & 15th June 2014	RRC at Mahabaleshwar	-	Mahabaleshwar	48

Sr. No	Date	Name of the Seminar, Lecture Meeting, etc.	Speaker	Venue	Total No of Participants
22	30th June 2014	Seminar on New Companies Act 2013	CA. Abhishek Bansal	Branch Premises, Indralok Phase-II, Bhayandar(East)	96
23	3rd July, 2014	Seminar on New Companies Act 2013	CA. Pramod Dhamankar	Branch Premises, Indralok Phase-II, Bhayandar(East)	60
24	6th July, 2014	Sports/Cultural Activities	-	DKS CA Students Hostel, Evershine City, Vasai (E)	243
25	16th July, 2014	Motivational Lecture for CA Students	Dr. Mahesh Gour	Branch Premises, Indralok Phase-II, Bhayandar(East)	39
26	19th July, 2014	CA Students Festival	-	Rajasthani Vaishnav Hall, Bhayander (W)	264
27	2nd & 3rd Aug 2014	Regional Conference for CA Students	CA. Tarun Ghia CA. Nilesh Vikamsey CA.Nihar Jambusaria CA. Jay Chhaira Shri. Vijay Kapur CA. Uttam Prakash Agarwal CA. Mahesh Mandkholkar CA. Dhiraj Khandelwal CA. Madan M. Chaturvedi	Venkatesh Banquet Hall, Near Maxus Mall, Bhayandar (West)	450
28	18th Aug 2014	Janmashtami Festival	-	DKS CA Students Hostel, Evershine City, Vasai (E)	-
29	31st Aug 2014	Educational visit at Iskon Temple	CA.Anadi Bhasse	Mira Road(E)	45
30	1st Sept 2014	Quiz & Elocution Contest	-	Branch Premises, Indralok Phase-II, Bhayandar(East)	25
31	8th Sept 2014	Ganesh Festival	-	DKS CA Students Hostel, Evershine City, Vasai (E)	-
32	22nd to 30th Sept 2014	Mock Test for IPCC & Final for Nov 2014	-	C-207,208 Shanti Shopping Centre, Opp Railway Station Mira Road(East)	68
33	30th Sept 2014	School Level Debate Competition	-	Swagat Bhavan, Vasai (E)	16
34	1st Oct 2014	CA Career Counseling	CA. Umesh Mestry	Swagat Bhavan, Vasai (E)	25
35	2nd Oct 2014	One Day Seminar on Company Law and Taxation Amendments	CA. Abhishek Bansal CA. Bhanwar Borana	New Zaika, Opp. Venkatesh, Bhayandar (West)	202
36	4th Oct 2014	Garba Dhoom	-	Mhatrewadi Ground, Bhayandar (E)	50
37	10th Oct 2014	Educational Visit at Vasai Janta Sahakari Bank	-	Vasai Janta Sahakari Bank, Bhayandar (E)	19
38	11th Oct. 2014	One Day Seminar on Financial Management	CA.Manoj Gupta	DKS CA Students Hostel, Evershine City, Vasai (E)	45
39	16th Oct. 2014	Lecture Meeting on How to Face to CA Exams	CA. Abhishek Bansal CA. Bhanwar Borana	Branch Premises, Indralok Phase-II, Bhayandar (East)	25
40	18th Oct 2014	CA Career Counseling	CA. Ramanand Gupta	Gurudev, Bove Cosmos Bank, Bhayandar(W)	65
41	21st Oct.2014	Educational Visit at BSE	-	Bombay Stock Exchange, Mumbai	39

## MAJOR – HIGHLIGHTS OF THE YEAR 2014

Sr. No	Date	Name of the Seminar, Lecture Meeting, etc.	Speaker	Venue	Total No of Participants
42	22nd Oct 2014	Diwali Get Together	–	Branch Premises, Indralok Phase-II, Bhayandar (East)	15
43	24th Oct 2014	CA Career Counseling	CA. Pramod Dhamankar	St Mary English High School	84
44	1st Nov 2014	Industrial Visit at Vikings Motors		Vikings Motors pvt ltd at Dahisar	29
45	1st Nov 2014	Educational Visit at Keshav Shrushti		Uttan, Bhayandar(W)	33
46	2nd Nov 2014	Full Day Seminar on Tax Planning	CA. Bhanwar Borana	Rajput University, Nallasopara	56
47	2nd Nov 2014	Blood Donation Camp jointly with Vishwa Hindu Parisad	–	Rajasthan Hall, Near Navrang Hotel, 60 Feet Road, Bhayander (W)	115
48	7th Nov 2014	CA Career Counseling	CA. Pramod Dhamankar	Branch Premises, Indralok Phase-II, Bhayandar(East)	48
49	8th Nov 2014	One Day Seminar on Company Act 2013	CA Unmesh Narvekar	Rajput University, Nallasopara	38
50	18th Nov 2014	Industrial Visit at Kortan Pharmaceutical Pvt Ltd	–	Palghar	26
51	19th Nov 2014	Joint Seminar with Madurai Kamaraj University	CA. Unmesh Narvekar	Navghar Road, Bunderwadi, Bhayander (E)	42
52	20th Nov 2014	CA Career Counseling	CA. Hrudyesh Pankhania	The Bishop's School Bhayandar (W)	120
53	22nd Nov 2014	Industrial Visit at Keshav Shrushti	–	Uttan, Bhayandar (W)	38
54	23rd Nov 2014	CPT Mock Test (Dec 2014 attempt)	–	C- 208 & 210, Shanti Shopping Centre, Mira Road (E)	106
55	29th Nov 2014	Industrial Visit	–	Jaipan Industries	33
56	6th Dec 2014	Industries Visit at Super Polymers		Vasai Road	27
57	12th Dec 2014	CA Career Counseling at College Level	CA. Unmesh Narvekar	S N College, Bhayandar (E)	225
58	12th Dec 2014	CA Career Counseling at School Level	CA. Dayaram Paliwal	S N College, Bhayandar (E)	175
59	12th Dec 2014	Joint Seminar with S N College on Oppourtunities with CA	CA. Unmesh Narvekar	S N College, Bhayandar (E)	65
60	13th Dec 2014	Sports Competition(Cricket Tournament jointly with Navi Mumbai Branch	–	Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai.	24
61	14th Dec 2014	Educational Visit at Yogathon	–	DKS CA Students Hostel, Evershine City, Vasai (E)	58
62	21st to 25th Dec 2014	Sports Competition	–	DKS CA Students Hostel, Evershine City, Vasai (E)	215
63	24th Dec 2014	CA Career Counseling	CA. Bhanwar Borana	Branch Premises, Indralok Phase-II, Bhayandar(East)	43
64	25th Dec 2014	Educational Visit at Advashi Seva Mandal, Gramin Vidyal	–	Mira Road	47
65	27th Dec 2014	CA Career Counseling	CA. Ramanand Gupta	Ostwal Shopping Centre, Bhayandar (E)	45
66	28th Dec 2014	One Day Seminar on Accounting Standard-12 & Wealth Tax	CA Bhanwar Borana CA Shakuntala Chhangani	Branch Premises, Indralok Phase-II, Bhayandar (E)	36
67	30th Dec 2014	Industrial Visit at Keshav Shrushti	–	Uttan, Bhayandar (W)	43
68	31st Dec 2014	Cultural Activities	–	DKS CA Students Hostel, Evershine City, Vasai (E)	125

## Key highlights and analysis

### Accounts and audit

#### Accounts

The 2013 Act has introduced certain significant amendments in this chapter. It has also introduced several additional requirements such as preparation of consolidated financial statements, additional reporting requirements for the directors in their report such as the development and implementation of the risk management policy, disclosures in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates, etc., in comparison with the requirements of the 1956 Act.

#### 1. Books of accounts

Every company, similar to the requirement of the existing 1956 Act, is required to maintain books of accounts at its registered office. [section 128(1) of the 2013 Act]. 'Books of accounts' are required to show (a) all money received and spent and details thereof, (b) sales and purchases of goods, (c) assets and liabilities and (d) items of cost as may be prescribed. The books of accounts of a company essentially provide the complete financial information of a company.

Further, with respect to branches, while the existing 1956 Act provides that where company has a branch office(s) proper summarized returns, made up to date at interval of not more than three months was supposed to be sent by branch to the company at its registered office or another place etc., such a requirement has now been done away with and only returns are to be periodically sent by the branch to the registered office [section 128(2) of 2013 Act].

Also, in keeping with the times, books of accounts and relevant papers can now be maintained in electronic mode [section 128(1) of 2013 Act].

#### 2. Cognisance of accounting standards

In several instances across the 2013 Act, there are provisions which are also covered within the accounting standards currently notified under section 211(3C) of the 1956 Act and the Companies (accounting standards) Rules, 2006 there under. There are certain differences in the manner in which a few terms have been defined under the 1956 Act. While the differences in some of these terms may not have any adverse impact, in certain cases, these differences may create implementation issues. Differences in definitions exist in the following cases:

- Associate company
- Control
- Subsidiary company
- Related party

Associate company:

The definition of an associate company poses certain challenges since:

- It includes joint ventures
- Significant influence is defined to mean 'control... of business decisions under an agreement'

- It differs from the definition of an associate as per the Accounting Standard 23: Accounting for Investments in Associates in

#### Consolidated Financial Statements

- The status of an associate and a joint venture cannot be equated since, the degree of control that a company can exercise in such entities, varies significantly. While 'joint control' is the driving factor in case of joint ventures, a company can at the most only 'participate' in the operating or financing decisions in case of an associate company.
- With regard to the explanation to the section in the 2013 Act, which defines the term 'significant influence, it is to be noted that if a company has 'control' [control has been defined in section 2(27) of the 2013 Act] with respect to business decisions of another company, such other company will in fact be tantamount to a subsidiary and not an associate company. Hence, the use of the term 'control' within the definition of significant influence leads to a conflict between the two definitions (associate company and subsidiary company).

We believe that the terms which have been defined in the accounting standards, which also form a part of the Companies Act, 1956, must not be defined again in the case of an associate, control and subsidiary company, in order to eliminate contradictions and ambiguity in compliance requirements. The concept of definitions of the accounting standards having primary significance has already been given cognizance in the Revised Schedule VI to the Companies 1956 Act, 1956, as well.

Further, the definitions of the terms 'associate' and 'significant influence' are also not consistent with the definitions provided within the Accounting Standard 18: Related Party Transactions, and Accounting Standard 23: Accounting for Investments in Associates in Consolidated Financial Statements (AS 23). 26 PwC Subsidiaries: The term 'control', which is relevant with respect to identifying subsidiaries, has been defined in section 2(27) of the 2013 Act. While this definition mandates consideration of 'share holding' as one of the factors, the corresponding definition in AS 21 Consolidated Financial Statements (AS 21), refers to 'voting power'. This issue is an existing one since a similar difference exists between the definition of 'subsidiary', where the term 'control' is relevant under the existing 1956 Act [section 4(1) of the 1956 Act].

Accordingly, while for consideration of an entity as a subsidiary for the purpose of consolidated financial statements (CFS), reference is made to AS 21, for the purpose of any compliance with the 1956 Act, reference is made to section 4(1) of 1956 Act.

Now that the requirement of preparing consolidated financial statements has been included within the 2013 Act itself, a conflict arises as to whether the definition as per the 2013 Act should be considered for identifying a subsidiary or the definition as per the AS 21. In any case, the company will be non-compliant with the requirement of either the 2013 Act or the AS. With regard to related party, while there is a substantial difference between the definition under the 2013 Act and AS 18, the difference does not impact the financial statements, since the disclosures in the financial statements will be continued to be made as per AS 18.



### 3. Consolidated financial statements

The 2013 Act now mandates CFS for any company having a subsidiary, associate or a joint venture [section 129(3)]. The manner of consolidation is required to be in line with the requirements of AS 21 as per the draft rules.\* Further, the 2013 Act requires adoption and audit of CFS in the same manner as standalone financial statements of the holding company [section 129(4)].

Apart from CFS, the 2013 Act also requires a separate statement, containing the salient features of financial statements of its subsidiary (ies) in a form as prescribed in the draft rules\* [First proviso to section 129 (3)]. Further, section 137(1), also requires an entity to file accounts of subsidiaries outside of India, along with the financial statements (including CFS).

While section 129 of the 2013 Act, requires all companies to file a statement containing salient features of the subsidiaries financial statements, in addition to the CFS, section 137 of the 2013 Act further requires entities with foreign subsidiaries to submit individual financial statements of such foreign subsidiaries along with its own standalone and consolidated financial statements. There seems to be significant amount of overlap and additional burden on companies with respect to these compliances.

To illustrate this point, in order to comply with these requirements, a company which has a global presence, with subsidiaries both within as well as outside India will need to comply to the following:

- Prepare its standalone financial statements [section 129(1) of the 2013 Act]
- Prepare a CFS, including all subsidiaries, associates and joint ventures (whether in India or outside) [section 129(3) of the 2013 Act]
- Prepare a summary statement for all its subsidiaries, associates and joint ventures of the salient features of their respective financial statements [Proviso to section 129(3) of the 2013 Act]
- Submit the standalone financial statements of subsidiary(ies) outside India to the Registrar of Companies (RoC) [section 137(1) of the 2013 Act].

This situation clearly indicates the extent of duplication and additional costs which will be incurred by entities in order to provide the same information in multiple forms or formats.

Differing compliance requirements imposed by multiple regulators will lead to hardship as well increased cost of compliance for companies.

Also, the requirement for unlisted entities to prepare a CFS, would substantially increase the cost of compliance. Further, it does not serve a similar purpose as in the case of a listed entity. Since there is already a requirement to attach a statement containing salient features of the financial statements of the subsidiary, associate and joint venture, preparation of a CFS will lead to duplication of preparing and presenting the same information in different forms.

#### 4 Re-opening of accounts and voluntary revision of financial statements or the board's report

A company would be able to re-open its books of accounts and recast its financial statements after making an application in this

regard to the central government, the income tax authorities, the SEBI, or any other statutory regulatory body or authority or any other person concerned, and an order is made by a court of competent jurisdiction or the Tribunal under the following circumstances (section 130 of the 2013 Act):

- Relevant earlier accounts were prepared in a fraudulent manner
- The affairs of the company were mismanaged during the relevant period, casting a doubt on the reliability of the financial statements

Further, a company would be able to undertake voluntary revision of financial statements or Board's report if it appears to the director of a company that the financial statement of the company or the board report does not comply with the provisions of section 129(financial statement) and section 134 of the 2013 Act (financial statements and board reports) in respect of any of three preceding financial years, after obtaining approval from the Tribunal. The Tribunal shall give notice to the central government and the income tax authorities and shall take into consideration the representations, if any, made by the government or the authorities before passing any such order. To prevent misuse of these specific provisions, the section contains a proviso which states that such a revised financial statement or report shall not be prepared or filed more than once within a financial year and the detailed reasons for revision of such financial statement or report shall also be disclosed in the board's report in the relevant financial year in which such a revision is being made (section 131 of 2013 Act).

The provisions envisaged by the 2013 Act in respect of re-opening and voluntary revision of the financial statements and board report is yet to be acknowledged by SEBI in the equity listing agreement and thus, pending similar amendment in the equity listing agreement, listed companies may face unnecessary hardships.

#### 5. Financial year

The 2013 Act has introduced a significant difference in the definition of the term, 'financial year', which has been defined in section 2(41) of the 2013 Act to mean April to March. There are several reasons for a company to use a year-end which is different from April to March. These include companies which are subsidiaries of foreign companies which follow a different year-end or entities which have significant subsidiaries outside India which need to follow a different year-end, etc. Accordingly, it would not be appropriate to mandate a single year-end for all companies. Since the 2013 Act does not mandate any specific rules or requirements on the basis of a specific year, as in the case of tax laws, the reason for requiring a uniform year-end under the 2013 Act, seems to be unclear.

Further, recent notifications or circulars of the Ministry seem to indicate relaxation in the norms for requiring approvals from the Tribunal or the central government, etc for matters which are administrative or procedural in nature. Accordingly, the option available with companies to seek an exemption from the Tribunal will create additional administrative and procedural roadblocks, with no benefits to the companies. Rather, they will need to expend additional costs as well as time either by way of seeking an exemption or preparing multiple sets of financial statements. Audit and auditors

The 2013 Act features extensive changes within the area of audit and auditors with a view to enhance audit effectiveness and accountability of the auditors. These changes undoubtedly, have a considerable impact on the audit profession. However, it needs to be noted that these changes will also have a considerable impact on the company in terms of time, efforts and expectations involved.

Apart from introducing new concepts such as rotation of audit firms and class action suits, the 2013 Act also increases the auditor's liability substantially in comparison with the 1956 Act.

## **Audit and auditors**

### **1. Appointment of auditors**

Unlike the appointment process at each annual general meeting under the 1956 Act, the auditor will now be appointed for a period of five years, with a requirement to ratify such an appointment at each annual general meeting [section 139(1) of 2013 Act].

Further, the 2013 Act provides that in respect of appointment of a firm as the auditor of a company, the firm shall include a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 [Explanation to section 139(4) of 2013 Act].

Also, the 2013 Act specifies that where a firm, including a limited liability partnership is appointed as an auditor of a company, only those partners who are chartered accountants shall be authorised to act and sign on behalf of the firm [section 141 of 2013 Act]. Section 141 of the 2013 Act further prescribes an additional list of disqualifications, and extends the disqualification to also include relatives. The Section of the 2013 Act states that a person who, or his relative or partner is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company of face value exceeding one thousand rupees or such sum as may be prescribed; is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs.1,00,000\* ; or has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, for Rs.1,00,000\*, will not be eligible to be appointed as an auditor. Additionally, a person or a firm who, whether directly or indirectly, has business relationship with the company, or its subsidiary, or its holding or associate company or subsidiary of such holding company or associate company of such nature as may be prescribed, will be disqualified from being appointed as an auditor.

It would be relevant to note that the draft rules include 15 relationships in the list of relatives including step son/daughter and step brother/sister.

The ineligibility also extends to person or a partner of a firm who holds appointment as an auditor in more than twenty companies as well as a person who is in full time employment elsewhere. [section 141 (3)(g) of the 2013 Act]. The definition of a relative does not give cognisance to the Code of Ethics prescribed by the Institute of Chartered Accountants( ICAI) and thus, there are likely to be interpretational issues. Also, the 2013 Act does not

specify as to what would constitute as indirect interest and thus in absence of guidance it would be difficult to assess the extent of implication on the audit profession.

### **2. Mandatory firm rotation**

The 2013 Act has introduced the concept of rotation of auditors as well as audit firms. It states that in case of listed companies (and other class(es) of companies as may be prescribed) it would be mandatory to rotate auditors every five years in case of the appointment of an individual as an auditor and every 10 years in case of the appointment of an audit firm with a uniform cooling off period of five years in both the cases. Further, firms with common partners in the outgoing audit firm will also be ineligible for appointment as auditor during the cooling off period. The 2013 Act has allowed a transition period of three years for complying with the requirements of the rotation of auditors [section 139(2) of the 2013 Act]. Further, the 2013 Act also grants an option to shareholders to further require rotation of the audit partner and staff at such intervals as they may choose [section 139(3) of the 2013 Act].

Currently, while the 1956 Act does not have any requirements relating to the auditor or audit firm rotation, the Code of Ethics issued by the ICAI has a requirement to rotate audit partners, in case of listed companies, after every seven years with a cooling-off period of two years.

### **3. Non-audit services to audit clients**

The 2013 Act states that any service to be rendered by the auditor needs to be approved by the board of directors or the audit committee. Additionally, the auditor is restricted from providing specific services, which include the following:

- Accounting and book keeping services
- Internal audit
- Design and implementation of any financial information system
- Actuarial services
- Investment advisory services
- Investment banking services
- Rendering of outsourced financial services
- Management services, and any other service which may be prescribed (no other service has been prescribed\*) Further, the 2013 Act provides that such services cannot be rendered by the audit firm either directly or indirectly through itself or any of its partners, its parent or subsidiary or through any other entity whatsoever, in which the firm or any other partner from the firm has significant influence or control or whose name or trademark or brand is being used by the firm or any of its partners [section 144 of the 2013 Act]. The 1956 Act currently does not specify any requirements relating to non-audit services.

These restrictions are aimed at achieving auditor independence. Auditor independence is fundamental to public confidence on the reliability of the auditors' reports. This concept adds credibility to the published financial information and value to investors, creditors, companies, employees as well as other stakeholders. Independence is the audit profession's primary means of demonstrating to the public as well as the regulators that auditors and audit firms are performing in line with established

principles of integrity and objectivity. To comply with these independence norms, the 2013 Act provides for a transitional period of one year, that is, an auditor or an audit firm who or which has been performing any non-audit services on or before the commencement of the 1956 Act shall comply with these provisions before closure of the first financial year after the date of commencement.

#### 4. Joint audits

The 2013 Act provides that members of the company may require the audit process to be conducted by more than one auditor [section 139(3) of the 2013 Act].

#### 5. Auditors liability

The scope and extent of the auditor's liability, has been substantially enhanced under the 2013 Act. Now, the auditor is not only exposed to various new forms of liabilities, however, these liabilities prescribed in the existing 1956 Act have been made more stringent. The auditor is now subject to oversight by multiple regulators apart from the ICAI such as The National Financial Reporting Authority (NFRA, and the body replacing the NACAS) is now authorised to investigate matters involving professional or other misconduct of the auditors. The penalty provisions and other repercussions that an auditor may now be subject to as per the 2013 Act includes monetary penalties, imprisonment, debarring of the auditor and the firm, and in case of frauds, can even be subject to classaction suits.

#### 6. Additional responsibilities of the auditor

The 2013 Act requires certain new aspects which need to be covered in an auditors' report. These include the following:

- The observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company [section 143(3)(f) of the 2013 Act]
- Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith [section 143(3)(h) of the 2013 Act]
- Whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls [section 143(3)(i) of the 2013 Act]

There are other reporting requirements specified in the draft rules which include reporting on pending litigations, etc which are already covered either by the accounting standards or guidance from the ICAI, and thus result in duplication\*.

The 2013 Act requires an auditor to report to the central government within 30 days in a format prescribed within the draft rules, if he or she has any reasons to believe that any offence involving fraud is being committed or has been committed against the company by its officers or employees \* [section 143(12) of the 2013 Act]. Further, where any auditor does not comply with the above requirements, he or she shall be punishable with a fine which shall not be less than 1 lakh INR, but which may extend to 25 lakh INR [section 143(15) of the 2013 Act]. The above requirements are in addition to the existing requirements under the 1956 Act.

— Compiled by — Mr. Himanshu Nimodiya |

#### How to submit Rectification petition u/s 154 of Income Tax Act

Contributed by : Surbhi S Jain (Vice Chairperson-WICASA), 7666044700, e-mail id: surbhijain42@yahoo.in

Make sure you have received an intimation under section 143 (1) from CPC Bangalore for the E>Returns filed by you for AY 2009-10 or later.

Carefully examine the intimation to see if the computation by CPC is correct even if different from what was expected by you. It may be that you may have computed tax liability or interest incorrectly. Take the help by using departmental excel utility available in e-filing website.

Since the Rectification Request is to be submitted by uploading the complete xml file similar to uploading the original return, it may be preferable to start with the saved e-return data that was prepared by the return preparation utility/software (Department provided excel software or other software), in case it is available with the taxpayer.

Carefully review the Common Error guide and the table above to understand as the basic reason for the variation.

All errors in data entry should be completely corrected and schedules or fields left blank should be filled accurately as explained in the guide. The complete return should be filled including TDS and Tax payment schedules and not only schedules that need change or the fields that need correction. This is because the entire return with corrected data would be reprocessed under rectification. However, there should not be any revision in income figures or new claims since then the rectification request would be rejected or rectification would be delayed. It may be clearly noted that this facility is only for correcting mistakes apparent from record. Fill the utility as if you are preparing a new ITR. After the Return data is corrected then the xml can be generated. This is the Rectification XML file.

Log in to <https://incometaxindiaefiling.gov.in> and go to My Account-> Rectification-> Rectification upload .

Fill in details from the intimation sheet which will be verified to ascertain that only the taxpayer in possession of the Intimation from CPC would be able to submit a rectification request.

Fill in details of Schedules where changes have been made and reasons for seeking

rectification. Fill in due date for filing return, if incorrect as per intimation sheet. Leave blank if not applicable. Fill in details which are not available in the return form such as details of 80G donations (not available in ITR forms for 1, 2

and 3) and Quarter-wise details of Capital Gains (all four types- which is not available in ITRs 2, 3, 4, 5 and 6) only if applicable. Leave blank if not applicable. Please note if your address has been changed in the rectification XML file, you should check the address changed checkbox to ensure that the new address is updated else the address as per old e-return only will be used.

Now upload the Rectification XML file. Validations will be done to ascertain that only mistakes apparent from record are sought to be rectified.

Upon successful upload, Rectification Request number and acknowledgement will be displayed.



## Regional Conference for CA Students 2014 held on 2nd & 3rd August 2014



**(L-R) :** CA. Dayaram Paliwal (Chairman-Vasai Br. of WICASA), CA. Umesh Mestry (Vice-Chairman Vasai Br.), CA. Preksha Jain (Secretary & Treasurer -Vasai Br.), CA. Julfesh Shah, (Vice Chairman-WIRC), CA. Prafulla Chhajed (Vice Chairman-BOS), CA. Anil Bhandari, (Chairman – WIRC), CA Kishor Vaishnav (Chairman–Vasai Branch of WIRC), CA. Shruti Shah, (Secretary–WIRC), CA. Satyanarayan Mundada, (Chairman–WICASA) & Ms. Pinky Mistry (Vice Chairperson–Vasai WICASA) at Dais



Group Photo taken at Inauguration session in the presence of CA. Prafulla Chhajed (Vice Chairman- BOS), CA. Anil Bhandari, (Chairman – WIRC), CA Kishor Vaishnav (Chairman-Vasai Branch of WIRC) & various Eminent Dignitaries.

## Regional Conference for CA Students 2014 held on 2nd & 3rd August 2014



**(L-R) :** CA. K.B. Kothari (Committee Member), CA. Ramanand Gupta(Immediate Past Chairman), CA. Umesh Mestry (Vice Chairman), CA. Dayaram Paliwal (Chairman- WICASA), CA. Uttam Prakash Agarwal, (Past President-ICAI), CA. Kishor Vaishnav (Chairman), CA. Preksha Jain(Secretary & Treasurer), CA. Vimal Agarwal (Committee Member) & Ms. Pinky Mistry (Vice-Chairperson ,WICASA) at the Dais

## Our Session Chairman



CA. Tarun Ghia  
CCM



CA. Dhiraj Khandelwal  
RCM



CA. Jay Chhaira  
CCM



CA. Uttam P. Agarwal  
Past President – ICAI



CA. Madan M.  
Chaturvedi  
Past Chairman –WIRC



CA. Mahesh Madkholkar  
RCM



CA. Nihar Jambusaria  
CCM



CA. Nilesh Vikamsey  
CCM



## Educational Tours Organized During The Year

### Education Visit at Bombay Stock Exchange (BSE) on 21st October, 2014



### Education Visit at Income Tax Office - Thane on 20<sup>th</sup> May, 2014



### Education Visit at Vasai Janata Sahakari Bank - Bhayander on 10<sup>th</sup> Oct, 2014





## Seminar on Company Law & Taxation on 2<sup>nd</sup> Oct 2014



On the Dais CA. Dayaram Paliwal(WICASA Chairman), CA. R. D. Lukad (Senior CA. Member), CA Bhanwar Borana (Speaker) & Mr. Lalit Sharma (Treasurer)



Participants

## Seminar on New Companies Act 2013 on 30th June & 3rd July, 2014



**L-R :** Mr. Kalpesh Dhakad (Secretary WICASA), CA Kishor Vaishnav (Chairman Vasai Branch), CA Abhishek Bansal (Speaker), & CA Dayaram Paliwal (WICASA Chairman)



CA. Pramod Dhamankar  
(Faculty)



CA. Abhishek Bansal  
(Faculty)

## Seminar on Amalgamation, Demerger & Share Base Payment & Income Tax Amendments on 12th April 2014



**L-R :** CA Umesh Mestry (Vice-Chairman Vasai Branch), CA Kishor Vaishnav (Chairman Vasai Branch), CA Jay Chhaira (CCM), & CA Dayaram Paliwal (WICASA Chairman)



Participants



CA. Jay Chhaira  
(Faculty)



CA. Bhanwar Borana  
(Faculty)



## Career Counseling Programs



Speaker at Career Counseling Session



CA Career Counseling at School Level on 12th December at S. N. College, Bhayander (E)

## Joint Seminars With Universities



Seminar on Company Act 2013 at Rajput University, Nallasopara



Discussion Meeting with S. N. College Trustee, Principal & Other Committee on Opportunities for CA. Profession



## Elocution / Debate Contest



Group Photo Taken at Debate Competition on 27th April, 2014

## Quiz Contest



Group photo taken at Quiz and Elocution Contest held on 1st September, 2014 in the presence of Judge CA. Tanushree Agrawal

## Youth Festival





## Indoor Games



## Outdoor Games











To,

The Chairman,  
Vasai Branch of WICASA of WIRC of ICAI,  
Vasai,

Dear Sir/Madam,

I am extremely delighted to inform you that your branch has been selected for the **“Highly Commendable Performance” under Large WICASA Branch Category**, which is given by WIRC of ICAI for the year 2014.

The said award will be presented during the Members Meet with the Hon’ble President and Hon’ble Vice-President which is scheduled on 14<sup>th</sup> March, 2015 at ICAI Tower, Plot No C-40, ‘G’ Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 from 6.00 p.m. onwards.

I hope that the good work done by your branch during 2014 will be replicated and improved upon, during this year, too for the benefit of members & students.

Thanking You,  
Yours faithfully,

**CA. Sunil Patodia,**  
**Chairman-WIRC**

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Vasai Branch of WIRC

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