



# WIRC BULLETIN

## EDITORIAL BOARD

Chief Editor:  
CMA Shrenik S. Shah

Editorial Team:  
CMA H. C. Shah

Vol. 43 No. 6

Rs. 5/-

For Members only

June 2015

## From the Desk of Editor



Elections are over and election results will be declared on 19th June 2015. There were 21 candidates contesting for Regional Council and 10 candidates for Central Council. Though only 10 candidates will be elected, I appeal all 21 candidates to work for their manifesto which they have promised to voters irrespective of the result of the election. Each candidate has promised for professional development and nothing can stop for upliftment of the profession. I promise that even before New Council takes over and new chairman resume the office in the month of August, any professional approaching for activities for professional development will get all support from the office of WIRC as well as on personal behalf.

### WIRC Accounts

WIRC has finalised their books of accounts for year ending 31st March 2015 and I can firmly state that none of the expenditure have been incurred, which is not in accordance with provisions of CWA Act & Regulation. You will find in this bulletin the Annual Report for the year 2014-15 as well as Annual Accounts for the year ended 31.03.2015 alongwith Auditor's Report. It has implemented the decision taken in 275th Regional Council Meeting held on 2nd June 2014 at WIRC office, Mumbai and corrective actions were taken in the year 2014-15. Similarly, WIRC has also raised certain claims on the contractor, who was appointed for renovation and these claims have been debited to claim recoverable from respective accounts and credited the same to claim suspense till final decision is taken by the Council as well as HQ. This is the only reason, why Auditor have qualified the audit report, since the same has not been accounted in Income & Expenditure account, but treated as Assets & Liabilities. Intentionally it has not been credited to the claim amount to the Income and Expenditure Account, since it was relating to last years and also HQ has to decide on irregularities and legal action to be initiated against the contractor. Excess of over

expenditure has been drastically reduced on account of drop down in registration of students. Moreover, WIRC has followed the principle of not taking any projects being our Institute is educational institute and such projects have been diverted to ICWAI - MARF. Income arising from such projects for earlier period have been transferred to HQ for further transferring to ICWAI - MARF and therefore there seems to be a reduction in income from PD Activities.

**Annual General Meeting is scheduled on 29th June 2015 at 6.00 pm at WIRC office. I sincerely request all the members to attend the same. Notice of the meeting is also being sent through this WIRC Bulletin.**

### Professional Development Activities

Even though majority of Council members were occupied in the election campaign WIRC continued with professional development activities and undertaken 3 CEP programs in the month of May on Practical Approach of MIS and Budgeting by CMA Ramalaxhan Ahirwar, Antidumping Duty and Role of CMA by CMA Pramod Kumar and on Strategic Cost Management by CMA Dr. Paritosh Basu. All the programs were highly appreciated by the participants. The presentations of speakers have been uploaded on the website of WIRC which can be downloaded by any CMA members. I really appreciate the efforts taken by CMA Kishore Bhatia for coordinating all the CEP Programs.

During August 2014 to till date, WIRC have conducted 36 CEP programs / Seminars on various subjects inviting speakers from industries and thereby involving them in the network of the Institute. All the presentations are uploaded on WIRC website, after obtaining the permission from respective speakers.

We will also arrange 3-4 CEPs in the month of June 2015. I am committed for continuous educational programs for the benefit of the members.

### Chapters

Since regulations w.r.t membership of the chapters have been changed and the process of electing managing committee has been changed, there will be lot of involvement of the members of each chapter.

I request all the CMAs if they are not the members of any chapter till date, then they need to send the declaration w.r.t. the residential / office address and declaration that they are not member of any other chapter, then they will be the member of that chapter. There is no need to pay separate fees to the chapters. I request all the CMAs to participate actively in the chapter's activities and make respective chapter vibrant. I congratulate all members of Managing Committee of respective chapters and promise them my help / assistance anytime. I further give my commitment to the chapter that they can organize as many CEP programs and WIRC will extend the help provided the program is jointly arranged.

### **Companies Act 2013**

Constitution of Company Law Committee: (President of ICAI-CMA is also a member)

The Government has constituted a Company Law Committee on June 04th 2015, consisting inter-alia President of Institute of Company Secretaries/ Institute of Chartered Accountants/Institute of Cost Accountants of India, representatives from Industry. The terms of reference of the Committee is to make recommendations to the Government on issues arising from the implementation of Companies Act, 2013 and

to examine the recommendations received from the Bankruptcy Law Reforms Committee, the High Level Committee on CSR, the Law Commission and other agencies. The Committee would submit its recommendations within six months of its first meeting. While congratulating our dynamic president, I appeal to resolve the issue of CRA -2 and also emphasis on cost compliance and additional coverage of Cost Audit.

### **Appeal To The Members In Service**

WIRC is preparing the list of members in service and hence I request each member to send the mail w.r.t his employment details and profile. WIRC also proposes to use their services for sharing their knowledge. WIRC is also proposing to keep their profile and exchange with corporates / industries to match the requirement. Kindly send the mail to WIRC immediately. We need to focus on the members in service and also provide them services which are needed. There should be good connect between the members in service and institute. I also appeal to the members to pay their outstanding membership fees and also take the membership, if not taken, since it adds the strengths to the institute.

With Warm Regards,

**CMA Shrenik Shah**

## **North Mumbai CEP Study Circle for the Members of the Institute of Cost Accountants of India**

### **Announces**

### **Programme on Profit Improvement through Internal Audit - Case Studies**

**Date** : Saturday, 13th June, 2015 • Time: 4.00 p.m. to 7.00 p.m.

**Venue** : Parle Tilak Vidyalaya Association's Institute of Management, Chitrakar Ketkar Marg, Behind M L Dahanukar College, Vile Parle (E), Mumbai, Maharashtra 400057

**Speaker:** **Shri Kavish Agrawal** - (General Manager - Audit, Ipca Laboratories Ltd.)

**Fees** : **Rs. 250/-**

(2 CEP hours for the members of The Institute of Cost Accountants of India)

### **For Details Contact:**

**E-mail:** [cepnorthmumbai.icmai@gmail.com](mailto:cepnorthmumbai.icmai@gmail.com)

**Mrs. Poonam Shah** - Convener .... (M) - 098697 74675

**Mr. Pradip Damania** - Dy. Convener .... (M) - 099699 85168

**Ms. Smita Modi**, Member - Advisory Committee .... (M) - 098198 64918

*Please Register immediately as number of participants will be limited for effective participation and interaction. No entry will be allowed without pre registration.*

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# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

*(Statutory Body under an Act of Parliament)*

## WESTERN INDIA REGIONAL COUNCIL

Rohit Chambers, 4th Floor, Janmabhoomi Marg, Mumbai 400 001

### NOTICE

#### ANNUAL GENERAL MEETING

In terms of Regulation 136 of the Cost and Works Accountants Regulation 1959 (as amended), Notice is hereby given that the Fifty-sixth Annual General Meeting of the Members of the Western India Regional Constituency of the Institute of Cost Accountants of India will be held on **Monday, 29th June 2015, at 6.00 p.m. at office of WIRC, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Mumbai 400 001** to transact the following business:

#### AGENDA

1. To receive the Western India Regional Council's Fifty-sixth Annual Report.
2. To consider and adopt the Accounts of the Western India Regional Council for the year ended 31st March 2015, together with the Auditor's Report thereon.
3. To appoint Auditors for the year 2015-2016 and fix their remuneration.
4. To transact any other business as may be brought before the meeting with the permission of the Chair.

By order of the Regional Council

Place : Mumbai  
Date : 7th June 2015

**CMA Ashok B. Nawal**  
*Chairman*

**Note :** Those members, who require any clarification in respect of any matter connected with the Annual Report and / or Accounts, are requested to send their queries so as to reach this office at least 5 days before the date of the meeting.

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#### NOTICE OF PROPOSALS (Regulation 139)

Every member of the Institute on the Regional Register shall be entitled to table any proposal(s) or resolution(s) for the consideration of the General Meeting of the Members, provided that such proposal(s) and resolution(s) are received by the Chairman of the Regional Council at least 10 days before the date of the meeting. Any such proposal(s) received after the prescribed time will be treated as proposal(s) for the next following meeting of the Members unless admitted by the Chairman of the earlier meeting.

# 56TH ANNUAL REPORT & ACCOUNTS 2014-2015

## WESTERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

*(Statutory Body under an Act of Parliament)*

Rohit Chambers, 4th Floor, Janmabhoomi Marg,  
Fort, Mumbai - 400 001.

Tel.: 2287 2010, 2284 1138, 2204 3406, 2204 3416

Fax : 2287 0763

E-Mail: wirc@icmai.in • Website: www.icmai-wirc.in

CMA ASHOK B. NAWAL  
*Chairman*

CMA G. R. PALIWAL  
*Vice-Chairman*  
*(Resigned w.e.f 11-02-2015)*

CMA DINESH K. BIRLA  
*Hon. Secretary*

CMA DEBASISH MITRA  
*Treasurer*

### **Members:**

CMA VIJAY P. JOSHI  
CMA SHRENIK S. SHAH  
CMA ASHISH P. THATTE  
CMA NEERAJ D. JOSHI

### **Central Council Members:**

CMA P. V. BHATTAD  
CMA Dr. SANJAY R. BHARGAVE  
CMA AMIT A. APTE  
CMA ARUNA V. SOMAN

### **Bankers :**

BANK OF BARODA - Fort, Mumbai  
CANARA BANK - Fort, Mumbai

### **Auditors:**

K. R. KHARE & CO.  
*Chartered Accountants*

### **Internal Auditor:**

CMA SANGHVI RANDEKIA & ASSOCIATES  
*Cost Accountants*

Dear Members,

On behalf of the Members of the Western India Regional Council of the Institute of Cost Accountants of India, I have pleasure in presenting the 56th Annual Report and Audited Accounts for the year 2014-2015.

## **1. COUNCIL**

### **1.1 Office Bearers**

In the 276th WIRC Council Meeting held on Sunday 27th July 2014, the following Office Bearers were elected for the year 2014-2015:

CMA Ashok B. Nawal - *Chairman*  
CMA G. R. Paliwal - *Vice-Chairman*  
*(Resigned w.e.f 11-02-2015)*

CMA Dinesh Kumar Birla - *Hon. Secretary*  
CMA Debasish Mitra - *Treasurer*

### **1.2 Committees**

#### **Executive Committee**

CMA Ashok B. Nawal - *Chairman*  
CMA G. R. Paliwal - *Member*  
CMA Dinesh Kumar Birla - *Member*  
CMA Debasish Mitra - *Member*  
CMA Shrenik S. Shah - *Member*  
CMA Aruna Soman - *Member*

#### **Professional Development, Programme and CEP**

CMA Debasish Mitra - *Chairman*  
CMA G. R. Paliwal - *Member*  
CMA Dinesh Kumar Birla - *Member*  
CMA Shrenik S. Shah - *Member*  
CMA Neeraj Joshi - *Member*  
CMA P. V. Bhattad - *Member*  
CMA (Dr.) Sanjay R. Bhargave - *Member*  
CMA Kishor Bhatia - *Member (Co-opted)*

#### **Students, Members & Chapter Co-ordination**

CMA Shrenik S. Shah - *Chairman*  
CMA Dinesh Kumar Birla - *Member*  
CMA Debasish Mitra - *Member*  
CMA Ashish Thatte - *Member*  
CMA P. V. Bhattad - *Member*  
CMA Amit Apte - *Member*  
Mr. Chinmay Kawale - *Student Representative*  
*(Postal)*  
Mr. Holiram Sangode - *Student Representative*  
*(Oral)*

#### **Finance :**

CMA Dinesh Birla - *Chairman*  
CMA G. R. Paliwal - *Member*  
CMA Shrenik S. Shah - *Member*  
CMA Aruna Soman - *Member*



**Editorial Board:**

CMA Shrenik S. Shah	-	Chief Editor
CMA H C Shah	-	Member
CMA L D Pawar	-	Member

(Chairman, WIRC of ICAI will be ex-officio Member of all Committees except Executive Committee)

NB : The Council and Committees met from time to time during the year, under report.

**2. BULLETIN**

WIRC monthly News Bulletin "WIRC Bulletin" is being published regularly and dispatched to the members on 10th of every month, which contained up-to-date information on activities carried out by WIRC and its Chapters from time to time.

The WIR Council is thankful to the members, viz., CMAs Ashok B. Nawal, Dr. Sanjay Bhargave, V S Datey, Dr. Niranjan Shastri, Jagdish Ahuja, Indraneel Sen Gupta, Rajesh Kapadia, Shailendra Jain, Sukrut Mehta, B F Modi, & Adv. Arun Sawant who have contributed by giving valuable articles on matters of professional interest for the benefit of the members at large. It is also essential to mention here that during the year April, 2014 to March, 2015, we have published 37 articles in the WIRC Bulletin. WIR Council is also thankful to those organization/s, who have released their advertisements in the Bulletin.

The Soft copy of Bulletin is put on Site of WIRC on 10th of every month and also sent by mail to those members, who have provided their email Id to WIRC. The Editor of the Bulletin is soliciting valuable articles from the members for publication in the Bulletin. Under the Editorship of CMA Shrenik S. Shah, the quality and the contents of the Bulletin has further improved. WIRC also acknowledges contribution of the Editorial Team of WIRC Bulletin - CMAs H. C. Shah, & L. D. Pawar.

**3. PROFESSIONAL DEVELOPMENT ACTIVITIES****3.1 Seminars & Programmes:**

CEPs Organized by WIRC-ICAI from August 2014 to 30th May 2015

WIRC organized CEPs for the benefit of the Practicing as well as general members, as per detailed statement given below:

WIR Council appreciates efforts of CMA Debasish Mitra, PD Committee Chairman, for conducting good number of CEPs and Seminars during the year.

It is observed that a large number of members were benefited from the CEPs and various Seminars conducted by WIRC during the year at WIRC, SMF Centres at Thane and Borivali. CMA Debasish Mitra, Chairman, PDP & CEP Committee, WIRC, CMA Ashok B Nawal, Chairman, WIRC, were the main coordinators for arranging these CEPs and Seminars successfully at WIRC, SMF Centres and elsewhere. WIRC is also thankful for the contribution made by the CEP Co-ordinators CMAs Kishor Bhatia and S G Narsimhan.

Communication of each programme is made with each

member through email and SMS and attempt was also made to invite more and more faculties from Industries. The presentations of faculties were also uploaded on the website, after obtaining permission from respective faculties, for the benefit of the members who could not attend the programmes.

No.	Date	Topic	Faculty
1	9/8/2014	Indian Pharmaceutical Industries, WIRC	Mr. Kaushal Oza
2	23/8/2014	Understanding MVAT, Borivali SMFC	CMA Dilip Bathija
3	27/8/2014	Workshop on Cost Audit - Techniques & Procedure for Sugar Industry YASHADA, Baner, Pune	CMAs B M Sharma, Ashok Nawal, J N Mohanty, N D Chavan, M R Pandit, Dr. Anil Anikhindi,
4	6/9/2014	Anti Dumping Duty and Role of CMA, WIRC	CMA Pramod Kumar
5	13/9/2014	Corporate Debt Restructuring Borivali SMFC	Mr. Ashok Gupta
6	25/26/9/14	Refresher Course - IFRS WIRC	CMAs R.N. Bhawe, Milind Date and Dr. Anjali Bhawe
7	27/9/2014	Corporate Social Responsibility (CSR) SGSJK'S Shah Institute, Ghatkopar	CS Jagdish Ahuja
8	11/10/2014	Contractual Practices in Construction Industry, Borivali SMF Centre	CMA Rajeev Chatterjee
9	18/10/2014	Overview on Recent development in Direct Taxation, WIRC	Mr. Bhairav Dalal
10	1/11/2014	SAP & Costing, WIRC	Mr. Yogesh Gadre
11	8/11/2014	ISO certifications and scope for CMA, WIRC	Mr. Nishid Shivadas
12	15/11/2014	Full Day Workshop on Service Tax, Navi Mumbai Sports Association	CMAs V.S. Datey, Amit Sarkar and Ashok Nawal
13	22/11/2014	Advance Excel, WIRC	CMA Nayana Savala
14	29/11/2014	Overview of Credit Rating WIRC	Mr. Nilesh Dhoot
15	13/12/2014	Transfer Pricing, WIRC	CMAM.K. Narayanaswamy
16	20/12/2014	Indian Debt Market, WIRC	Mr. Arvind Konar
17	27/12/2014	Excise, Service Tax & Customs WIRC	CMA H.R. Grag, Adv. Deepthi Srivatsan, Mr. Ranjeet Mahtani, CMA A.B. Nawal
18	3/1/2015	Business Valuation, Thane SMFC	CMA Dr. Gautam Mitra
19	3/1/2015	Companies Amendments Rule Thane SMFC	CMA Kirit Mehta
20	6/1/2015	Companies Amendments Rule WIRC	CMAs Ashok Nawal S. G. Narasimhan Kishore Bhatia
21	7/1/2015	Companies Amendments Rule Borivali SMFC	CMAs Ashok Nawal S. G. Narasimhan Kishore Bhatia
22	10/1/2015	Companies Amendments Rule YASHADA, Baner, Pune	CMAs Kunal Banerjee, B.M. Sharma. V. S. Datey, Ashok B. Nawal
23	16/17/1/15	Regional Cost Convention, Vashi, Navi Mumbai	Please refer Point 3.9
24	24/1/2015	Workshop on The Companies (Cost Records & Cost Audit) Amendment Rules 2014 Thane SMFC	CMAs Ashok Nawal, Kishore Bhatia, Pramod Kumar, Vinay Muley, Poonam Shah

25	31/1/2015	Changing Role of Internal Auditor : Journey from Compliance to Consulting WIRC	CMA Vidyasagar Tyagi, Asst Vice President - Internal audit, Reliance Industries Ltd.
26	7/2/2015	Enterprise Risk Management relate to Insurance Borivali SMFC	Mr. S.V. Sunder Krishnan, Chief Risk Officer, Reliance Life Insurance Company Ltd
27	12/2/2015	Costing System and awareness of Port Operations - Role of CMA, WIRC	CMA Dr. Lakshmi Deosthalee, Dy. Chief - Accounts Officer, Mumbai Port Trust
28	14/2/2015	Full Day Seminar on 60 Laws Aurangabad	CMAs Ashok Nawal and Saswata Banerjee
29	21/2/2015	Tax Implication on E-Commerce Transaction, Thane SMFC	CMA Pratyush Chattopadhyay - Head Indirect Tax, ACC Limited
30	05/03/2015	Union Budget, WIRC	CMA Amit Sarkar - Director, Deloitte - Indirect Tax CA Nilesh Bhagat - Sr. Manager, Deloitte - Direct Tax
31	27/3/2015	FAQ on Maintenance of Cost Accounting Records and Cost Audit under Companies Act, 2013, WIRC	CMA Kishore Bhatia
32	11/4/2015	Internal Audit of Pharmaceutical Industry Borivli SMFC	CMA Kirit Mehta
33	26/04/2015	GST, Pune	CMA B M Sharma, Past President, ICAI
34	16/5/2015	Practical Approach on MIS & Budgeting, Thane SMFC	CMA Ramlakhan Ahirwar
35	23/05/2015	Anti-Dumping Duty & Role for CMA, Borivali SMFC	CMA Pramod Kumar, Regional Value Leader, SI Group India Ltd.
36	30/05/2015	Strategic Cost Management WIRC	CMA (Dr) Paritosh Basu, Sr. Professor, NMIMS

### 3.2 Joint Programmes with H.Q.

During the year WIRC conducted two joint programmes with The Institute of Cost Accountants of India.

#### 3.2.1 National CMA Practitioners' Convention - 2015

National CMA Practitioner' Convention - 2015 "CMA Profession - Enhancing performance" was held on Monday the 16th March 2015, at Mumbai Cricket Association Mumbai. CMA (Dr.) A. S. Durga Prasad and CMA P. V. Bhattad President and Vice President of the Institute graced the occasion along with Central Council and Regional Council Members. The Programme was inaugurated by Mr. M Narendra Ex CMD of Indian Overseas Bank.

CMA M V Tanksale, CFO Indian Bank Association, CMA A N Raman, CMA Debaprosanna Nandy, CMA Kirit B Mehta, CMA V S Datey, CMA Nayana Savala, and Mr. Sarang Dalal & Mr. Rajan Gupte were the speakers at the programme. The Programme was organised under the guidance of CMA (Dr.) Sanjay Bhargave, Central Council Member of ICAI.

#### 3.2.2 Seminars on Decoding the amended Companies (Cost records and Audit) Rules, 2014

WIRC had also arranged the 2nd programme jointly

with The Institute of Cost Accountants of India and the Associated Chambers of Commerce & Industry of India, on 25/26 April 2015 at Grand Hotel Mumbai. WIRC had received over whelming response for the programme and hence it was repeated on the 26th April 2015. The programme was inaugurated by Mr. Manguirish Pai Raikar, Co-Chairman, National Council for SME, ASSOCHAM. Mr. U K Joshi, Director ASSOCHAM was also present on both the days of the programme.

Past Presidents of the institute CMA Kunal Banerjee, & CMA Chandra Wadhwa were the main speakers at the programme. Mr. Bhaskar from Infosys also addressed the audience in connection with XBRL during the seminar.

The programme was conducted under the guidance and support from CMA J K Budhiraja, Director professional Development, ICAI.

### 3.3 The Companies (Cost Records & Cost Audit) Amendments Rules 2014

WIRC had organized Three Seminars on The Companies (Cost Records & Cost audit) Amendments Rules 2014 at Mumbai at various locations, as below. There was tremendous response from the members for all the 3 programmes.

3rd January at Thane SMFC, Thane

6th January at WIRC Office, Mumbai

7th January at Borivali SMFC, Mumbai

Speakers for the program were CMAs. Ashok B Nawal, Kishore Bhatia, Kirit Mehta and S. G. Narasimhan.

WIRC had also arranged one more programme on 10th January 2015 at YASHADA, Pune jointly with Pimpri Chinchwad Akurdi Chapter. Speakers for the program were CMAs Kunal Banerjee, B. M. Sharma, V. S. Datey and Ashok B. Nawal.

### 3.4 Professional Development

#### 3.4.1 Corporate Cost Management Week – 8th to 14th September 2014

WIRC celebrated "Corporate Cost Management Week" on 10th September 2014 at IMC. Mumbai. WIRC Conducted seminar on "Business sustainability and Cost Management". In the said program Key note address was given by CMA Shantanu Gote, Executive Vice President of Sigma Electric Pvt. Ltd., Pune. CMA A.B. Nawal, Chairman WIRC welcomed the participants. The faculty members were CMAs Kirit B. Mehta, S. G. Narsimhan, Milind Date, Jayant Manmadkar.

#### 3.5 Workshop on Cost Audit - Techniques & Procedure for Sugar Industry

A one day workshop on "Cost Audit-Techniques & Procedures for Sugar Industries" was held at YASHADA Baner road, Pune on August 27, 2014 by WIRC of ICAI. The seminar provided an ideal forum for the interaction of ideas and information between Cost Auditors, Maharashtra Sugar Commission and the representatives of sugar industry. The Programme was well attended by CMAs from all over Maharashtra and Sugar industry representatives including Managing Directors, senior accounts Managers & Staff.

The Workshop was graced by Mr. Vijay Singhal, Commissioner of Sugar Maharashtra State, Mr. Kishor Toshniwal, Director of Sugar, Mr. Ashok Gade, Joint Director of Sugar, CMA B. M. Sharma, Past President - ICAI and CMA Ashok Nawal, Chairman - WIRC - ICAI. CMA J N Mohanty, Financial Advisor (Hon.) Vasantdata Sugar Institute, CMA Dr. Anil Anikhindi, CMA N. D. Chavan, CMA M. R. Pandit were the faculty members.

### **3.6.1 WIRC - NATIONAL ADVISORY COMMITTEE - for recommending expert group formed by Ministry of Corporate Affairs for review of Cost Audit mechanism**

WIRC of ICAI had formed the Advisory Committee at the instance of the President and submitted the recommendations to the National Advisory Committee of the Institute. CMAs Ashok B. Nawal, Dinesh Birla, A G Dalwadi, S G Narsimhan, Dr Anikhindi, Hemendra Shah, Suresh Saluja, and B N Sapkal were the Members of the said Committee. The recommendation submitted by WIRC was presented in turn by the National Advisory committee to the expert group.

### **3.6.2 IFRS Training:**

WIRC had organised IFRS Training for CMAs on 25/26 September 2014 at WIRC office. CMAs Rammohan Bhavne, Dr Anjali Bhavne and Milind Date were the faculties.

### **3.7 Members' Meet:**

WIRC had organized a Members Meet at Kohinoor Hall Dadar Mumbai on 4th July 2014, to discuss the notification dated 30/06/2014, issued by Ministry of Corporate Affairs on Cost Audit.

CMA Ashish Thatte Chairman, CMA Neeraj Joshi, Vice - Chairman, CMA Vijay P Joshi, Hon Secretary, CMA Amit Apte, Central Council Member and CMA Dr. Dhananjay V. Joshi, Past President ICAI led the discussion.

### **3.8 Investors' Awareness Programmes:**

As done in the last year, the Regional Director of Western Region, Ministry of Corporate Affairs, GOI, entrusted WIRC to conduct maximum possible Investors' Awareness Programmes - throughout Maharashtra, & Goa, during the year. WIRC organized 64 programmes on behalf of the Institute at various locations in Maharashtra & Goa, with support and under the guidance of CMA R. K. Dalmia, Deputy Regional Director, Western Region Ministry of Corporate Affairs.

WIRC is thankful to the faculty members, viz., Mr. Hemant Kale, Mr. S.B. Kulkarni, Dr. Dilip B. Bhanagade, Dr. Dilip B. Kare & Dr. Vivek V. Katdare, because of whose profound support to these programmes, WIRC was able to conduct them.

WIRC is also thankful to all the Colleges and Management Institutions for providing space for conducting the programmes.

### **3.9 Regional Cost Convention 2015**

Regional Cost Convention-2015 was jointly organised by The Western India Regional Council (WIRC) and Navi Mumbai Chapter of the Institute of Cost Accountants of India (ICAI) on the 16th and 17th January, 2015 at Vashi, Navi Mumbai, Maharashtra.

Mr. Bipin Shah, President, Thane Belapur Industries Association was the Chief Guest of the Convention which was presided over by CMA Dr. A.S. Durga Prasad, President, ICAI and CMA P.V.Bhattad, Vice President, ICAI. CMA- Ashok Nawal, Chairman, WIRC, CMA G.R.Paliwal, Chairman, Convention Committee, CMA Debasish Mitra, Chairman Professional Development Committee, CMA B.N. Sapkal, Chairman, Navi Mumbai Chapter & Co-convenor spoke in the Inaugural session.

In his address, CMA Ashok Nawal expressed his gratitude to the Chief Guest, the President of ICAI, the Vice-President, ICAI, the Past Presidents, the Past Chairmen of the Regional Councils & Chapters, and the Central and Regional Council members, who had shown their passion to the profession by personally attending the Convention. He felicitated CMA V.S.Datey and termed him as the "Indirect Tax Guru". He praised the President of the Institute for taking positive actions to gear up the affairs of the Institute and also appealed to all members to take a pledge to be positive in contributing their might to the cause of "Make in India". He also welcomed the participants who had shown up in very large numbers.

CMA G.R. Paliwal, in his address, explained the meaning of "Make in India" concept and stated that this is a new National Program to facilitate faster development of the economy with best manufacturing practices and ensuring inclusive and sustained growth.

CMA P V Bhattad stated that this Mission is a huge opportunity for CMA profession. He stated that WIRC has always been proactive in the matter of professional development, technical upgradation, and betterment of students/members. He announced that a National Convention is coming up on 31st January'15 and 1st February'15 at Hyderabad and appealed to all for good participation in that event too.

In his keynote address, CMA Dr. A.S.Durga Prasad, President, ICAI congratulated WIRC and the Navi Mumbai Chapter for taking up this theme at the appropriate time as we should never crib about the past but rather look at the plethora of opportunity such Mission throws open to the CMA Profession. He also stated that strong Institute-Industry relation should be built up-as mutual partners in the task of "Make in India" leading to Nation building. He highlighted that areas such as Health, Education Sector and Sports Sector should be tapped by the CMAs to expand the scope of the Profession instead of simply cribbing over lost opportunities like more areas for cost audit approvals etc. He appealed to every CMA to be optimistic, to be humble and to build relation in both the Domestic and International arena, to take the CMA Profession to greater heights. He also appraised of the steps taken by the Institute regarding New MOU with CIMA, the MOU signed earlier with Australia - all of which will go to build the Brand CMA further. He requested the members to first feel that we are major players in the economy and the action will automatically follow. He then released the SOUVENIR brought out on the occasion.

Mr. Bipin Shah, the Chief Guest of the Convention, in his inaugural address, congratulated the organisers for holding the Convention on such a highly relevant theme.



He stressed on the importance of Cost Accountants and how companies like CIPLA and G.D.Birla showed us the way in Cost reduction. He stated the "Money saved is Money earned" and any step taken by the CMAs in suggesting saving in costs or cost reduction and control will greatly help the Industry. He stated that in the year 2013 India has ranked II in Bulk Drug production and poised to be the Leader by 2015.

CMA Debasish Mitra, in his address, congratulated the Navi Mumbai chapter which became vibrant over the years and came forward to co-convene this Convention with WIRC. He appealed to the President of the Institute to consider National Level programmes on Internal audit, forex markets, Business valuation, economy updates etc. to strengthen the members knowledge and keep them up-to-date. He stated that members no longer attend CEP for earning credits but they come for value addition. He also stated that there are many untapped talented CMAs and appealed them to voluntarily come forward and share their knowledge at such forums.

The chairman, Navi Mumbai chapter, CMA B.N.Sapkal proposed the vote of thanks at the inaugural session. He felicitated the senior members of the Chapter who were behind the formation and nurturing of the Chapter. He remarked "Let's Dream and Do".

The first Technical session was flagged off by CMA B.M.Sharma, Past President, ICAI. CMA R.B.Kothari, Chairman-Ahmedabad chapter, introduced the speaker, CMA Dr. Paritosh Basu and CMA-Dinesh Birla, Secretary, WIRC proposed the vote of thanks. The session of CMA Paritosh Basu was studded with illustrations, matrices and statistics. Through a powerful presentation, Dr. Basu succinctly brought out the sub-theme of "financial activism and Strategic management in MSMEs" and the role that can be played by CMAs. For the success of the Mission "Make in India" he stated that India should be integrated with Bharat- a shift from urban to rural support. National Skill Development Mission should be implemented and stated that we should bring resources for value Generation closer to Human capabilities for Growth. He suggested various roles for CMAs in the Mission such as promoting Proactive technical advisory centre, unlocking potential of "green logistics and scrap recycling, District level CMA service centres, value creation and reverse logistics measures, establish Metal and agri-bazars, Introduce full value chain finance, shared CMA services etc. He stated that Innovationism should be the mantra for MSEs. Speaking on strategic cost management he added that we should be capable of dealing with emerging realities and vagaries of business. We should move to unexplored areas, Reach to the market and offer risk management services. He appealed to treat Cost Management as a way of Life and Value Creation as an Utility and not cost centre. He ended quoting "Don't challenge your limits, limit your challenges".

The next session on "Improving bottom line through improving cost competency was addressed by Dr. Shailesh Gandhi, Professor, IIM, Ahmedabad. CMA Shrenik Shah, (Past Chairman, WIRC and RCM) chaired the session. CMA Vivek Bhalerao, Past Chairman, Navi Mumbai Chapter introduced the speaker. Dr. Shailesh Gandhi in his technical session

highlighted the importance of Cost Accounting Standards Board, the bottom-line measures, Organisation performance Management and management system, strategic planning and strategic execution. He discussed with examples the framework for Strategic Management system. He stated that the key result areas like profitability, customer service, cost of capital and attrition rate require deep analysis. He dwelt on Value creation concept like EVA and economic performance and said the Cost competency areas include Production, distribution, sales & marketing, administration and asset utilisation and capital structuring. He stated that Business Process Engineering can be ideally addressed in any firm most effectively by the Cost Accountants and Engineers and this offers huge scope for the CMA profession. He stressed on value based cost reduction, ABC and Target costing tools, PQF( price, quality and functionality). CMA Shrenik Shah felicitated the speaker and CMA S.N.Mundra, Chairman, Surat Chapter proposed the vote of thanks for the session.

The next session "Corporate Governance- Beyond Compliance" was handled by renowned speaker CMA Milind Date. This session was chaired by CMA G.R.Paliwal and CMA L.D.Pawar, Chairman-Pimpri-Chinchwad-Akurdi chapter proposed the vote of thanks. CMA Date stated in a lighter vein that the industry badly affected by the Make in India campaign will be the tourism industry and stated that Corporate Governance(CG) is not as perceived-a dry subject full of regulations and compliances but much beyond this. The main factor in CG is the issue of credibility of India Inc. He elaborated saying that Governance is nothing but Collective wisdom and involves 3 "S" factors- Skill / Scale /Speed and the process of Governance is complete only by proper decision taken, implemented, monitoring and evaluation of the same. He cited examples of Infosys and other companies in this regard. He stated the CG involves TRUST- Transparency, Responsiveness, Uncompromising attitude, Self-regulation and Temperate mind set. He talked about Governance and Agency theory, the drivers of Lasting Organisation, the challenges, the role of Independent Directors, documenting Governance standards etc. He emphasised that Value based Governance help in Creating Value, Enhancing Value and Protecting Value and urged CMAs to participate as a pool of the Govt. in effective Corporate Governance.

CMA C.S. Adawadkar was the next speaker in the technical session and he spoke on "Management of Governance of the Govt." He stressed on the importance of good CG which takes its root from the Directed principles of State Policy framework. He identified 20 Sectors for Managing Governance. His speech was filled with illustrations and interesting study of multiplexes, the success of PK, Mars Mission etc. He critically examined the performance indicators and stated that major areas of improvement in managing Governance should be setting up performance measures, Increased accountability, Nodal agency for monitoring performance, Monthly reports and debate on electronic media on the performance. He stated the CG factor suffers in Govt. mainly due to avoidance of error syndrome, 3-year rotation policy of the CEO, Non-



accountability, No emotional attachment etc. He urged the CMAs to take up this area as a challenge and fine tune the same.

The next speaker Mr. Ashok Kumar Verma, Head - accounts & Finance, Sterlite India Ltd spoke on Maximum Governance through IFRS and how Indian GAAP and IFRS differed. The speech was well received.

The Post lunch session on day 1, CA & CS R.V. Venkitachalam - Chairman of Bizsolindia, spoke on "Maximum Governance and Minimum Govt." He stated that 2014 was a year of slogans but it should be followed by 2015 as "Year of Delivery". He stated that Maximum Governance can be ensured by Managing Policy driven by people centricity, rebuilding institutions, reforming Govt. spending, stopping plunder of National resources, professional governance, creating transparent policies etc. He further stated that Minimum Govt. should mean Minimum not minimised Govt, Scandinavian and Chinese models, quality of bureaucracy, increased role of technology etc. He stated that the Impact of this over profession will be creation of Movers over Controllers, shift in onus of compliance, self certification etc. and that professional bodies like CMA have a huge role to play in this regard.

Next in session, CMA V.S. Datey, who chaired the proceedings, spoke on the Make-in-India and its "Impact on the Profession". He emphasised the need of CMAs to look beyond the rules for Governance and really ensure the same in substance and spirit. CMA Ram Mohan Menon, Chairman, Goa Chapter proposed the vote of thanks. CMA V.S. Datey, was felicitated by the Chairman, WIRC CMA Ashok Nawal who described Mr. Datey as the "Icon of the Institute".

The concluding session on Day-1 was a Panel discussion chaired by CMA Ram Mohan Bhave on "Maximum Governance through IFRS" where moot questions like whether Scams can be stopped by implementing IFRS?, What will IFRS achieve, What role Accountants can play in achieving Governance and Corporate Governance or Government Governance and impact of NPAs in Banks were discussed and deliberated. The panel comprised of CMA M.K. Narayanaswamy, Vice chairman, Navi Mumbai Chapter, Mr. Amar Kulkarni, Head Finance and Accounts- Kone Cranes and Mr. Keshav Kulkarni-Head -accounts and Finance, Kango, South Africa. On the questions raised, Mr. Keshav Kulkarni stated that under IFRS the auditors cannot give vague and qualified audit report and they have to state that the accounts are IFRS compliant and scams like Satyam can be avoided. Further Consolidation accounting would focus on any scams connected with transfer of funds to other companies. CMA Narayanaswamy stated that IFRS would bring in more stability by means of Component accounting etc. Mr. Amar Kulkarni stated that India's commitment to G-20 will be fulfilled by IFRS implementation. Mr. Keshav Kulkarni stated that exempting companies with less than Rs. 250 crores of Net worth from IFRS compliance may prompt companies to form subsidiaries and manipulate to avoid IFRS. He requested Chairman of WIRC to take up the matter at appropriate forum for reduction of this cut off limit. CMA R. N. Bhave cited the example of Kingfisher being not declared as a Not a going concern and being funded by

Bank even after default, such practices will be stopped by IFRS. CMA Narayanaswamy stated that shortage of professionals for implementing IFRS in huge no. of companies could come as a hurdle in implementation. The House was asked whether they are ready for IFRS implementation and over 70% answered in the affirmative manner, thus assuring that our professionals are keen in IFRS implementation. CMA Narayanaswamy suggested that professional development centres and E-learning platforms could be introduced in this regard. While concluding CMA R. N. Bhave stated that IFRS will take care of governance in corporates, IPSAS will do the same in public sector undertakings and GASAB in Govt. departments. He thanked the panelists for the lively discussion.

On the second day (17th Jan'15) the first technical session was chaired by Dr. Sanjay Bhargave, CCM-ICAI and the speaker was CMA Jayant Manmadkar -CFO, Mahindra Life space Ltd. CMA R.M. Kandoi, Vice chairman, Vapi chapter introduced the speaker, The speech was on "Foundation of Growth-Infrastructure". CMA Jayant Manmadkar outlined how Infrastructure developed over the past 10 years has changed the pace of life. He raised issues like should we grow gradually or take a Leap? He stated that Planning commission report indicates 36% of these investments in urban area is by Private Sector which is expected to go upto 48% by 2013-17. He emphasised that along with Physical infrastructure we should also develop digital infrastructure in a big way.

Detailing the special features of Infrastructure projects he explained the roles to be played by the Govt, Private sector and CMAs in this venture. He said that Govt. should set a sharp vision, walk the talk and simplify implementation. The Private sector should commit sensibly, meet the commitments so made and think long term. CMAs have a large role like giving inputs on project viability, foresight on external factors, driving the risk/reward trade off. He explained at length the Mahindra World City projects in Chennai and Jaipur and how they have entered into this space in a big way for building Integrated Business cities. He stated that we should work with the govt, CSR objectives will also be served and stressed on digital infrastructure development. Summarising the discussion, he stated that Infrastructure is a high potential area to fuel growth but business models have to be robust. CMA R.K. Patel, Vice chairman, Baroda Chapter proposed the vote of thanks.

The Last technical session was on "Infrastructure-Growth & Opportunities" handled by the speaker Mr. Jayesh Kariya, Sr. Partner, KPMG. CMA Samir Rakshit, Chairman, Raipur Chapter chaired and introduced the speaker. In his talk Mr. Jayesh Kariya brought in concept of Red roses and Green roses and stated that in promoting Infrastructure we should grow and preserve the green roses- hinting at the environment losses that can occur. He stated that our country has the resources, knowledge and finance and what is lacking is only Leadership. Developing specialist skills and talent is the key to success. He stated that Infrastructure is a dynamic concept -susceptible to changed prescriptions over geography, time and Innovations. He stated that

CMAs can be trusted advisors and value based consultants in these projects. He detailed the challenges faced in funding and how to overcome them. He urged CMAs to develop knowledge of other subjects too, be fungible and integrate with IT consultants to become a Global Player. CMA Suresh Saluja Ex-Chairman, Nagpur chapter proposed the vote of thanks.

The Valedictory session was chaired by Chairman-WIRC, CMA Ashok Nawal. The Guest was the Institute's Icon CMA M.V. Tanksale, Chief Executive, Indian Banks Association. CMA Debasish Mitra introduced the Guest and CMA G.K. Das, Secretary, Navi Mumbai Chapter proposed the vote of thanks.

In his address, CMA Ashok Nawal, summed up the essence of the proceedings of the 2 days convention and thanked the speakers and members who made it happen. He thanked the audience for their keen participation. He congratulated Navi Mumbai chapter and its office bearers for the excellent manner in which they hosted the convention. He committed on behalf of the Institute to respond proactively to the Mission-Make in India. He dwelt on Gandhian Socialism- and rural urbanisation. He requested Mr. Tanksale to take up the CMAs role in Concurrent audit of banks, audit of cooperative societies/banks. He stated that WIRC has attempted to deliberate and give momentum of thinking - not as a passenger but as a Driver to carry the Mission to its logical destination.

Past President CMA V.V. Deodhar stated that such conventions strengthen the infrastructure of CMA profession.

The Guest Speaker, CMA Tanksale spoke at length on the foreign money inflows and how they may be temporary and hence better funding options are to be worked out. He stressed the role of CMAs in prescribing better framework for stressed assets for banks. He stated that CMAs will now be included to perform stock audits and concurrent audits. Even forensic audit is an area that CMAs can develop and told that CMAs need to command by competence to get these extra activities into their fold and increase the scope of their operations. He congratulated the Institute and the organisers for holding such a relevant convention at appropriate time and urged the Institute to come out with say 10 take-aways from this Convention by way of Bullet points to be pursued and implemented over a definite time line.

This suggestion was welcomed by the Chairman-WIRC CMA Ashok Nawal. He thanked with gratitude Mr. M V Tanksale for taking his valuable time to be the Guest and address the participants. He assured the house that the take-away from this convention will be put up on the Institute's (WIRC) website for further carrying forward for implementation. He further expressed happiness that in the 2 days of the Convention participants remained attentive all along thereby meaning that such conventions are not only for Networking but also for professional development/increasing knowledge base.

The chairman also felicitated Mr. K.P. Unnikrishnan (Head-Admin of WIRC) on the occasion for his dedicated service to the Institute over years with an eye on economy and promoting students/members welfare.

The other speakers in the session were CMA Debasish

Mitra, Chairman, Professional Development Committee who thanked Mr. Tanksale for his immediate response to the invitation and congratulated Navi Mumbai Chapter for their positive role in organising the Convention. CMA G K Das, Secretary, Navi Mumbai Chapter of the Institute proposed the vote of thanks. While addressing, he thanked WIRC for the opportunity given to hold the convention and also elaborated on the opportunities available to CMAs by empanelment with CAG for Internal audit etc.. He also felicitated Past President CMA V.V. Deodhar on the occasion who congratulated the Institute and expressed happiness at the way the Convention was held and carried through. He stated that such conventions strengthen the infrastructure of CMA profession.

The Chairman of WIRC of the Institute thanked the dignitaries and the large audience present for making the convention a grand success. The Convention was very well attended and appreciated by the delegates.

The Chairman of WIRC of the Institute specially expressed his gratitude towards all members of Navi Mumbai Chapter of Cost Accountants for their selfless and untiring efforts inspite of occupying higher post, in Industry.

The programme was compeered by CMA M. K. Narayanaswamy, CMA Amit Sarker, and CMA Pratyush Chattopadhyay.

The 2 days Convention was a great success and concluded on a highly encouraging note for the CMA profession. The programme ended with National Anthem.

### 3.9.1 Chapters' Meet along with RCC:

Chapters' Meet was organized by WIRC on 15th January, 2015, on the occasion of the Regional Cost Convention held at Navi Mumbai.

CMA Shrenik Shah Chairman, Students, Members & Chapter Co-ordination Committee WIRC welcomed Chapter Representatives.

CMA P V Bhattad, Vice President ICAI, CMA Ashok B Nawal, Chairman WIRC, CMA G R Paliwal, Vice Chairman WIRC, CMA Dinesh Kumar Birla, Hon. Secretary, WIRC, CMA Debasish Mitra, Treasurer WIRC, CMA Shrenik Shah and Central Council Members CMA Dr. Sanjay Bhargave and CMA Amit Apte addressed the Members during the Chapters Meet.

Queries raised by the Chapter Representatives pertaining to Institute's activities were satisfactorily replied by the Vice President, CMA P. V. Bhattad.

## 4. STUDENT SERVICES:

### 4.1 Learning Centres:

WIRC has 6 Learning Centres as below -: Enrollment of the students in Oral and postal coaching has reduced. Enrollment of students to Oral coaching has reduced to 758 students from 877 of previous year.

1. Sydenham College of Commerce & Economics, Churchgate
2. N. M. College of Commerce & Economics, Vile Parle (West)
3. Ramniranjan Jhunjhunwala College, Ghatkopar (West)

4. Mulund College of Commerce & Economics, Mulund (West)
5. SMF Centre, St. Francis Institute of Management & Research, Borivali (West)
6. Thane SMF Center.

The Oral Coaching classes were inaugurated by CMAs Debasish Mitra, Sanket Gantra, Prema Shekar, D.G. Chaudhary & Mr. Rajkumar Jaiswal for July-December 2014 Batch and CMAs Shraddha Mahadik, S.G. Narasimhan, P.V. Wandrekar, Deepak Ukidave and V.B. Prabhudesai for January-June 2015 Batch.

Oral Coaching admission details of new students (previous year 877)

Term	Foundation	Intermediate	Final	Total
July-December, 2014	251	174	11	436
January - June, 2015	90	230	02	322
Total:	341	404	13	758

#### 4.1.1 Students Representative:

In order to have a better and more frequent interaction between the students, faculty & WIRC Staff, WIRC Co-opted two students' representatives on the Co-ordination Committee of WIRC - one from Oral Coaching and the other from Postal Coaching. WIRC also started taking feedback about the Faculty Members from the students and rating is communicated to individual faculty members to improve their performance.

#### 4.1.2 Visit to Learning Centers:

WIRC-ICAI employees and Council Members visited the Learning Centres during the Coaching Session to obtain the day to day report from the students and corrective actions are taken from time to time.

#### 4.1.3 WIRC Faculty Meet

The Faculty Meet of Oral Training Centres was arranged at A M Shah Institute of Management, Ghatkopar, Mumbai on Friday 19th September 2014 at 6,00 p.m. to discuss various issues relating to Oral Training. CMA Shrenik Shah, Chairman, Students, Members and Chapter Co-ordination Committee, WIRC welcomed the faculty Members, CMA Ashok Nawal, Chairman, WIRC addressed the Members and discussed various points to improve the coaching standards of WIRC. He also informed the revised honorarium to the faculty members, effect made from 1st October 2014.

CMA P D Modh of Ahmedabad Chapter also shared some important points which he had implemented in Ahmedabad Chapter, for improvement of the results.

CMA Shrenik Shah proposed vote of thanks and also invited the Faculty Members for Dinner.

#### 4.1.4 Students Training:

As per the guidelines issued by the Institute, WIRC organized 3 days Training on "Communication and Soft Skills" for Intermediate students, 7 days "Industry oriented Training Programme for Final students. The programmes were conducted at Shah Institute of Management and Research, Ghatkopar, N.M. College, Vile Parle & Thane SMF Center.

#### 4.1.5 How to Prepare for Examination:-

For the First time WIRC had organized a Seminar on

"How to Prepare for Examination" for the benefit of the students of Intermediate and Final, appearing for June 2015 Examination, at WIRC office, Fort, Mumbai on Saturday the 18th April 2015.

CMA Shrenik S Shah, Chairman Students' Members and Chapters Co-ordination Committee, (SMCC), welcomed the students and guided them for preparation for CMA Examinations.

CMA Chiranjib Das, (Jt. Director, Head - Academics Dept. and Tax Research Dept.) also guided the students and provided technical points, briefed the students about the pattern of the syllabus & weightage given for each topic under syllabus 2012. CMA (Ms) Nayana Savala, Practicing Cost Accountant & the coordinator of the programme & CMA Darshan Vora, Practicing Cost Accountant shared their experience with the students. The feedback received from the students was encouraging. CMA Shrenik Shah informed WIRC to continue such activities for the benefit of the students.

#### 4.1.6 Career Exhibition & Career Guidance Lecture:

WIRC Participated in the Career Guidance Exhibition organized by various colleges in Mumbai and distributed Brochure to the students.

#### 4.2 Postal Coaching:

Under the decentralization activities, the students registered through WIRC under Postal Coaching are as below. (previous year 3723):

Term	Foundation	Intermediate	Final	Total
July - December, 2014	321	1,059	308	1688
January - June, 2015	159	1,110	219	1488
Total:	480	2,169	527	3176

#### 4.3 Students' Felicitation: 13th September 2014 & 18th April 2015:

##### 13th September 2014.

Students Felicitation Function for the passed out students of June 2014 Examination was held on 13th September 2014.

For the First time WIRC invited all merit holding students of the region. Dr. Rajan Welukar, Vice Chancellor Mumbai University was the Chief Guest for the function.

CMAs Shrenik Shah, Chairman, Students Members and Chapters Coordination Committee, Ashok B Nawal, Chairman, WIRC - ICAI, Central Council Members, Mrs. Aruna Soman, TCA Srinivas Prasad & DLS Sreshti graced the occasion. More than 200 students attended the function and received the Mementos from WIRC.

##### 18th April 2015

Second Felicitation Function for Foundation, Intermediate and Final Completed students of December 2014 Examination was held on Saturday the 18th April 2015.

CMA Virag Shah, Regional Head, Finance & Accounts, Power Grid Corporation of India Ltd, Vadodra, Gujarat was the Chief Guest, CMA Shrenik S. Shah, Chairman Students Members and Chapters Co-ordination



Committee, WIRC - ICAI & CMA Chiranjib Das, Jt. Director-Studies, The Institute of Cost Accountants of India (ICAI) were also present. More than 100 students participated in the event and WIRC distributed Mementos to all Successful Students.

#### 4.4 Students Convention:

WIRC jointly with Ahmedabad Chapter of Cost Accountants, conducted Students Convention of Western Region, at Ahmedabad on 7th Feb 2015 and large number of students from all over the region participated in the event. CMA Shrenik Shah, Chairman of Students, Members & Chapters Co-ordination Committee addressed the student and coordinated the entire programme.

#### 4.5 Examinations:

The ICAI Examinations are conducted at 4 (four) Centers at Mumbai, viz.,

1. Smt. M.M.K. College, Bandra,
2. A. M. Shah Institute of Management Studies, Ghatkopar
3. Dnyanasadhana College, Thane
4. Siddharth College, Fort. (Dec. 2014 only)

Examinations were conducted smoothly at these Centers.

For the June, 2015 Examination, a new examination center is opened at "Sardar Vallabhbhai Patel Polytechnic", Borivali Mumbai.

WIRC and HQ Officials visited Examination Centres during the Examinations.

#### 4.6 Computer Training:

Computer training has been provided to the students at the following four locations, considering the convenience of the students residing at various locations

1. WIRC Office Premises,
2. SMF Centre, Thane,
3. St. Francis Institute of Management Studies Borivali, and
4. A. M. Shah Institute of Management Studies, Ghatkopar

#### 5. BEST CHAPTER AWARD 2014:

In Regional Council & Chapters Meet held at Kolkata on 4th January 2015, following Chapters under WIRC received "Best Chapter Award" for the year 2014

- Category A: Ahmedabad  
 B: Nasik - Ojhar  
 C: Pimpri - Chinchwad - Akurdi  
 D: Kolhapur - Sangli

#### 6. FACILITIES:

##### 6.1 Website:

WIRC Website - all the events of WIRC were updated regularly. Many members and students are benefited from the timely updation of the events on the site. From August 2014 onwards WIRC is also uploading all the PPTs of various seminars and CEPs conducted by WIRC, on the website under "resources"

##### 6.1.A BULK SMS

During the year WIRC also started sending SMS to maximum members about the activities of WIRC in addition to sending the emails.

##### 6.2 Communication Details :

WIRC Board Lines: 2287 2010/ 2284 1138 / 2204 3406/ 2204 3416

Fax : 022 - 2287 0763

E-mail: wirc@icmai.in

**SMF Centres :** Thane : 022 - 2545 0763

Borivali : 022 - 2894 8302

The queries received by Email from the members and students were promptly replied in time.

##### 6.3 Library:

Library Facilities have also been provided at all the Learning Centres and also at Thane & Borivali SMF Centres. The Council has taken steps to update the records and improve the contents. Books worth Rs.79,101/- are added in the Library during the year.

##### 6.4 Placement:

Many Public Sector Undertakings as well as various leading Organizations, firms of Practicing Cost Accountants had requested their requirements for Management Trainees, Cost Trainees, Cost Accountants, for which WIRC extended maximum possible assistance for selection.

In addition to this the placement notices were put up at WIRC, Thane & Borivali SMF Centers of companies like BHEL, Colgate Global Business Services Pvt Ltd., Mazagon Dock Ltd., NSIG, Nipro Tube Glass Pvt Ltd etc.

Many students and members got employment through placement services extended by WIRC.

##### 6.4.1 Campus Interview:

Campus Interview for the Final Passed students in June & December, 2014 ICAI Examinations were held at Aruna Manharlal Shah Institute of Management Research, Ghatkopar, Mumbai on 19th & 20th September 2014 & 10th & 11th April 2015, respectively. More than 400 students from Western Region participated in Campus and many of them got selected.

##### 6.4.2 Soft Skill for the Campus Students:

WIRC arranged special lectures for the students, who are eligible to participate in the Campus to improve their communication skills and the personality development for the Campus Interviews. Mr. Gurmeet Singh, Director Studio, Blacksmith Corporate Trainer was faculty for the Soft Skills lectures.

##### 6.4.3 Organizations who participated in the Campus Interviews Held on 19th & 20th September 2014 & 10th & 11th April 2015:

- EVOSYS GLOBAL
- HINDUSTAN UNILEVER LTD
- MERU CABS COMPANY PVT LTD
- SAINT GOBAIN
- ITC Ltd



- KPMG.
- WIPRO
- MERCATOR
- MIRC ELECTRONICS - ONIDA
- RSM ASTUTE CONSULTING
- SUZLON

#### 6.4.4 Special Campus for experienced CMA

WIRC had arranged a Special Campus for Experienced CMA's on 13/02/2015 at A M Shah Institute of Management Studies, Ghatkopar, Mumbai. J. Kumar Infra Projects Ltd., Omni Actives, Kankord and Neon Group participated and selected few for their organization. CMA Sukrut Mehta was the main helping hand for organizing such an event.

### 7. EXTRA ORDINARY GENERAL MEETING (EGM)

In terms of Regulation 137 of the Cost and Works Accountants Regulation 1959, WIRC called Extra Ordinary General Meeting of the Members of WIRC on 14th May 2015 at WIRC Office Premises, to appoint statutory Auditor's for the year 2014-15 and fix their remuneration.

CMA Ashish Thatte Past Chairman, WIRC had filed a notice of motion in the Bombay City Civil Court praying injunction against holding the EGM on 14/05/2015. WIRC had to defend the matter in the court and the Hon'ble Court dismissed the said notice of motion and allowed WIRC to conduct the EGM.

### 8. ACCOUNTS & ADMINISTRATION:

#### 8.1 Annual Results:

Accounts for the year 2014 - 2015, show a net surplus of Rs.420,089/- (previous years Rs. 50,47,636/-).

#### 8.2 Office :

WIRC Office is kept open from Monday to Friday and also on 2nd, 4th and 5th Saturdays (Office timing: 10.00 am to 6.00 pm - lunch break: 1 pm to 1.30 pm). The services rendered to members and students at WIRC are also made available at SMF Centres Thane, Borivali. Thane office is shifted to new office premises at Srushti Pride, Datta Prasanna Building, 3rd Floor, Ram Maruti Road, Naupada, Thane West 400 602. The New premises was formerly inaugurated on 3rd January 2015 jointly by CMA P V Wandrekar, Past Chairman, WIRC and CMA B N Lad Senior Member

### 9. OBITUARY

The Members of the Institute, viz., CMA G. R. Kulkarni (M/780), a Fellow Member from Mumbai, Past Chairman, 1981-82 WIRC passed away on 03/04/2015, CMA Girish Ramchandra Kulkarni (M/19263), an Associate Member from Aurangabad, passed away on 11/11/2014, CMA Hemant Shah (M/7839) from Mumbai passed away 05/02/2015, CMA Shashikant C. Shah a Fellow Member and past Chairman of Ahmedabad Chapter & CMA Dr. P. K. Bandgar (M/20901), passed away on 02/10/2014 at Mumbai.

They had been associated in the activities of the Institute for a long time for the development of the Profession. May their departed souls rest in eternal peace.

(The list of deceased members is as per the information available at WIRC. Any omission is unintentional.)

### 10. STAFF:

#### Staff Training Programme:

The Institute organized one day Personal Effectiveness programme for WIRC staff members on 20th December 2014 at WIRC office, Mumbai. CMA Arnab Chakraborty, Director Administration & Mr Harpreet Singh from NIS Sparta conducted the staff training.

The Council places on record its appreciation for the services rendered by the Staff.

### 11. RELATIONSHIP:

The Council continues to keep cordial relationship with other Professional sister Institutes.

### 12. ACKNOWLEDGEMENT:

The Council gratefully acknowledges co-operation received from various Government Departments, particularly Ministry of Corporate Affairs, Central Council, Chapters, Coaching Faculty, Students, Members, College Principals, CEP/Seminar Faculties, CEP Coordinators, other Professional Bodies, MCA Officials, Bankers, Corporate Organizations, Internal & External Auditors, Rohit Chambers Premises Co-op. Society and all other service providers.

For and on behalf of the  
**Western India Regional Council of  
The Institute of Cost Accountants of India**

Place : Mumbai  
Dated : 07-06-2015

**CMA Ashok B. Nawal**  
Chairman

Note : This report includes events to-date.

v *Power is of two kinds. One is obtained by the fear of punishment and the other by acts of love. Power based on love is a thousand times more effective and permanent than the one derived from fear of punishment.*

v *Non-violence is the greatest force at the disposal of mankind. It is mightier than the mightiest weapon of destruction devised by the ingenuity of man.*

**— Mahatma Gandhi**

**K.R.KHARE & CO.**  
CHARTERED ACCOUNTANTS

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**K. R. KHARE**  
*B.Com.(Hons), F.C.A., LL.B. (Gen.)*

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
WESTERN INDIA REGIONAL COUNCIL OF  
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Western India Regional Council of The Institute of Cost Accountants of India** (hereinafter referred to as 'the Council') which comprise the Balance Sheet as at 31st March, 2015, the Income and Expenditure Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Council's Managing Committee is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Council in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Council and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Council has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Council's Managing Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Emphasis of matter**

1. We draw attention to note no. B4 (4) in Schedule 9 regarding Loan to Pune Chapter of Rs. 2.00 cr which is still outstanding in spite of frequent follow ups, although the interest on the same is recovered regularly.

2. We further draw attention to note no. B4(3) in Schedule 9 regarding amount due from Mr. Ramesh Joshi of Rs. 14,638/- (P.Y. 24,638/-) which is still recoverable.

3. As represented to us, the audited accounts for the financial year 2013-2014 were not adopted in the valid annual general meeting although the same have been considered for the consolidation by the Head Quarters.

Our opinion is not modified with regard to the above matters.

**Basis for Qualified Opinion**

1. We draw attention to the note no.B4 (2a) in Schedule 9 on penalty of Rs.65,30,000/- and damages of Rs.2,00,000/- proposed to be recovered from the contractors and the same has been shown as 'Claims Receivable' and 'Claims Suspense' under assets and liabilities respectively in the Balance Sheet without accounting the same as Income. The assets and liabilities have been stated higher to that extent.
2. The Council has accounted for the amount receivable of Rs.22,05,351/- referred to in note no. B4 (1a) in Schedule 9 as claims receivable without reversing the expenditure in question and in view of the uncertainty of the outcome of the debit notes raised, the same has been shown as 'Claims Suspense' under liabilities in the Balance Sheet, which is not in consonance with the generally accepted accounting principles. The assets and liabilities have been stated higher to that extent.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, subject to the possible effects of the matter described in the 'Basis for Qualified Opinion', of the state of affairs of the Council as at 31st March, 2015, and its surplus for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. We report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Council so far as it appears from our examination of those books.
  - (c) The Balance Sheet and the Income and Expenditure Account dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards subject to the matter described in the 'Basis for Qualified Opinion' issued by the Institute of Chartered Accountants of India.

**For K R Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105104W

**(K. R. Khare)**  
Proprietor

Place: Mumbai  
Date: 7th June 2015.

Membership No. 032993

**WESTERN INDIA REGIONAL COUNCIL OF  
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

**BALANCE SHEET AS AT 31ST MARCH, 2015**

PARTICULARS	Schedule No.	31.03.2015(Rs.)	31.03.2014(Rs.)
<b>LIABILITIES :</b>			
General Fund	1	<b>76,262,250</b>	75,842,161
Institute Fund	2	<b>1,087,416</b>	1,087,416
Students' Endowment Fund	3	<b>299,024</b>	285,487
Current Liabilities	4	<b>13,614,566</b>	15,164,307
<b>TOTAL :</b>		<b>91,263,256</b>	<b>92,379,371</b>
<b>ASSETS :</b>			
Fixed Assets	5	<b>6,582,516</b>	6,483,696
Investments	6	<b>47,840,246</b>	55,188,061
Current Assets	7	<b>11,939,770</b>	6,078,488
Loans & Advances	8	<b>23,815,321</b>	23,428,180
Stock of Publications		<b>1,085,403</b>	1,200,946
<b>TOTAL :</b>		<b>91,263,256</b>	<b>92,379,371</b>

As per our report of even date  
annexed hereto.

For **WESTERN INDIA REGIONAL COUNCIL OF  
The Institute of Cost Accountants of India**

For **K. R. Khare & Co.**  
Chartered Accountants

**(K. R. Khare)**  
*Proprietor*  
(M. No. 032993)  
FIRM NO 105104W

**Ashok B. Nawal**  
*Chairman*

**Dinesh Kumar Birla**  
*Hon. Secretary*

**Debasish Mitra**  
*Treasurer*

*Place :* Mumbai,  
*Date :* 7th June, 2015.

**WESTERN INDIA REGIONAL COUNCIL OF  
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2015**

PARTICULARS	SCHEDULE	31.3.2015 (Rs.) 2014 - 15	31.3.2014 (Rs.) 2013 - 14
<b>INCOME</b>			
Learning & Training Fee	A	<b>17,438,876</b>	28,923,500
Seminar Progr. & PD Activities		<b>2,466,700</b>	5,801,032
Grant from H.Q.	B	<b>609,176</b>	617,472
Other Income	C	<b>6,353,676</b>	7,592,449
<b>TOTAL</b>		<b>26,868,428</b>	42,934,453
<b>EXPENDITURE</b>			
Employee Expenses	D	<b>9,192,590</b>	7,454,020
Learning & Training Expenses	E	<b>7,059,936</b>	10,295,348
Seminar Progr. & PD Activities		<b>4,402,318</b>	10,758,317
Printing & Stationery		<b>331,266</b>	331,655
Postage		<b>160,704</b>	184,427
Telephone & SMS Charges		<b>200,422</b>	173,599
Electricity Charges		<b>372,005</b>	268,964
Repairs & Maintenance		<b>401,225</b>	165,179
WIRC Bulletin		<b>697,387</b>	857,283
Travelling & Conveyance		<b>1,573,797</b>	1,620,909
Depreciation		<b>1,105,243</b>	542,596
Misc Expenses	F	<b>843,618</b>	921,519
Prior Period exp		<b>107,828</b>	41,796
<b>TOTAL</b>		<b>26,448,339</b>	<b>33,615,612</b>
Excess of Income over Expenditure before exceptional item:		<b>420,089</b>	9,318,841
Exceptional item - Office Renovation:		0	4,271,205
Excess of Income over Expenditure		<b>420,089</b>	5,047,636

As per our report of even date annexed hereto.

For **WESTERN INDIA REGIONAL COUNCIL OF  
The Institute of Cost Accountants of India**

For **K. R. Khare & Co.**  
Chartered Accountants

**(K. R. Khare)**  
*Proprietor*

(M. No. 032993)

FIRM NO 105104W

**Ashok B. Nawal**  
*Chairman*

**Dinesh Kumar Birla**  
*Hon. Secretary*

**Debasish Mitra**  
*Treasurer*

Place : Mumbai,

Date : 7th June, 2015.



**INCOME & EXPENDITURE SCHEDULES — YEAR 2014 - 2015**

<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>31.03.2015 (Rs.) 2014-15</b>	<b>31.03.2014 (Rs.) 2013-14</b>
<b>LEARNING &amp; TRAINING FEE:</b> Learning & Training Fees	<b>A</b>	17,438,876	28,923,500
<b>TOTAL</b>		<b>17,438,876</b>	<b>28,923,500</b>
<b>GRANT FROM H.Q.</b> Grants from HQ	<b>B</b>	609,176	617,472
<b>TOTAL</b>		<b>609,176</b>	<b>617,472</b>
<b>OTHER INCOME:</b> Interest Misc. Income Commission on sale of Publications	<b>C</b>	6,051,990 152,629 149,057	6,783,231 588,388 220,830
<b>TOTAL</b>		<b>6,353,676</b>	<b>7,592,449</b>
<b>EMPLOYEE EXPENSES:</b> Salaries & Allowances Gratuity Provision Contractual persons payment Contribution to PF Medical benefit / LTA	<b>D</b>	7,031,995 719,562 433,178 634,735 373,120	6,240,021 0 437,009 562,427 214,563
<b>TOTAL</b>		<b>9,192,590</b>	<b>7,454,020</b>
<b>LEARNING &amp; TRAINING EXPS.</b> Learning Centre Expenses Remuneration to Tutors Computer Training Expenses	<b>E</b>	2,619,496 2,067,961 2,372,479	2,971,426 4,004,922 3,319,000
<b>TOTAL</b>		<b>7,059,936</b>	<b>10,295,348</b>
<b>MISC. EXPENSES</b> General Expenses Office - Computers & Website Maintenance Newspapers & Periodicals Bank Charges Insurance Charges Audit Fees Internal Audit Fees Loss on a/c of sale of Fixed Assets Outdated Stock w/off	<b>F</b>	653,031 96,461 2,889 5,330 15,907 45,000 25,000 0 0	530,009 64,472 6,493 21,249 9,148 40,000 25,000 180,388 44,760
<b>TOTAL</b>		<b>843,618</b>	<b>921,519</b>

**BALANCE SHEET SCHEDULES -- YEAR 2014-2015****SCHEDULE-1 : GENERAL FUNDS**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
Balance as per last Balance Sheet	75,842,161	70,794,525
Add: Surplus / (Deficit) for the year	420,089	5,047,636
<b>TOTAL:</b>	<b>76,262,250</b>	<b>75,842,161</b>

**SCHEDULE-2 : INSTITUTE FUNDS (GRANTS)**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
Balance as per last Balance Sheet	1,087,416	1,087,416
Add: Additions during the year	0	0
<b>TOTAL :</b>	<b>1,087,416</b>	<b>1,087,416</b>

**SCHEDULE - 3 : STUDENTS' ENDOWMENT FUND**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
Balance as per last Balance Sheet	285,487	271,590
Add: Interest received on investments	20,545	17,401
Less: Prizes distributed to students	(7,008)	(3,504)
<b>TOTAL :</b>	<b>299,024</b>	<b>285,487</b>

**SCHEDULE - 4 : CURRENT LIABILITIES**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
Library Deposit	650,505	650,505
Advance fees	204,891	372,823
Due to Headquarters (Payable)	602,079	388,590
Due to Chapters (Payable)	113,861	847,133
Provision for expenses	2,672,534	8,260,256
Payable to Staff	14,638	14,638
Gratuity Provisions	0	4,209,655
Claims Suspense 2013-14	2,077,565	0
Claims Suspense 2014-15	127,786	0
Claims Suspense FDAPL	6,730,000	0
Provision for Recoverables	420,707	420,707
<b>TOTAL:</b>	<b>13,614,566</b>	<b>15,164,307</b>

**SCHEDULE - 5: FIXED ASSETS**

PARTICULARS	Office Equipment Rs.	Furniture, Fixtures & Electrical Rs.	Library Books Rs.	Computer Office Rs.	Computer Software Rs.	Computer-Training Lab Rs.	Total Rs.
<b>Rate of Depreciation</b>	<b>15%</b>	<b>10%</b>	<b>100%</b>	<b>60%</b>	<b>33.33%</b>	<b>60%</b>	<b>Rs.</b>
Total Cost upto 31.03.2014	1,395,232	5,957,088	1,196,012	1,061,162	5,000	1,553,475	<b>11,167,969</b>
Add: upto 30.09.2014	155,860	16,650	8,856	162,250	0	0	<b>343,616</b>
Less than Rs. 5000/-	0	0	0	0	0	0	<b>0</b>
Add: after 01.10.2014	0	222,422	70,245	422,200	145,580	0	<b>860,447</b>
Add: during the year	155,860	239,072	79,101	584,450	145,580	0	<b>1,204,063</b>
Less :- Sale During the Year	0	0	0	0	0	0	<b>0</b>
<b>Total Cost upto 31.03.2015</b>	<b>1,551,092</b>	<b>6,196,160</b>	<b>1,275,113</b>	<b>1,645,612</b>	<b>150,580</b>	<b>1,553,475</b>	<b>12,372,032</b>
Depreciation upto 31.03.2014	632,664	297,855	1,196,012	1,029,642	5,000	1,523,100	<b>4,684,273</b>
Depreciation upto 30.09.2014	137,764	567,588	8,856	116,262	0	18,225	<b>848,695</b>
Depreciation after 01.10.2014	0	11,121	70,245	126,660	48,522	0	<b>256,548</b>
<b>Depreciation during the year 31.3.2015</b>	<b>137,764</b>	<b>578,709</b>	<b>79,101</b>	<b>242,922</b>	<b>48,522</b>	<b>18,225</b>	<b>1,105,243</b>
<b>Cummulative Depreciation upto 31.3.2015</b>	<b>770,428</b>	<b>876,564</b>	<b>1,275,113</b>	<b>1,272,564</b>	<b>53,522</b>	<b>1,541,325</b>	<b>5,789,516</b>
<b>NET BLOCK AS ON 31.03.2015</b>	<b>780,664</b>	<b>5,319,596</b>	<b>0</b>	<b>373,048</b>	<b>97,058</b>	<b>12,150</b>	<b>6,582,516</b>
NET BLOCK AS ON 31.03.2014	762,568	5,659,233	0	31,520	0	30,375	<b>6,483,696</b>

**SCHEDULE - 6: INVESTMENTS**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
FDRs' with Banks	<b>47,840,246</b>	52,560,651
STAFF Gratuity Fund - LIC	<b>0</b>	2,627,410
<b>TOTAL :</b>	<b>47,840,246</b>	<b>55,188,061</b>

**SCHEDULE - 7 : CURRENT ASSETS**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
<b>Accounts Receivable</b>		
" Chapters	<b>76,776</b>	1,203,935
" TDS Recovery from H.Q.	<b>1,079,080</b>	1,416,811
" Others	<b>617,079</b>	27,877
" Mr. Ramesh Joshi, (Not confirmed by the party)	<b>14,638</b>	24,638
Prepaid Expenses	<b>292,606</b>	683,459
Postal stamps in hand	<b>7,637</b>	817
Scheduled Bank Balances	<b>916,603</b>	2,720,951
Claims Receivable	<b>2,205,351</b>	0
Claims Receivable from FDAPL	<b>6,730,000</b>	0
Cash in hand	<b>0</b>	0
<b>TOTAL :</b>	<b>11,939,770</b>	<b>6,078,488</b>

**SCHEDULE - 8 : LOANS, ADVANCES & DEPOSITS**

PARTICULARS	31.3.2015 (Rs.)	31.3.2014 (Rs.)
Electricity Deposit	<b>40,520</b>	40,520
Telephone Deposit	<b>3,600</b>	3,600
Advance to Employees	<b>47,500</b>	208,000
Housing Repair loan to Staff	<b>92,972</b>	257,325
Advance to others (Deposit)	<b>454,750</b>	404,750
Deferred Exp. Office Renovation	<b>1,569,507</b>	0
CIDCO Land Adv. account	<b>1,260,937</b>	1,260,937
Loan to Chapters	<b>20,345,535</b>	21,253,048
<b>TOTAL :</b>	<b>23,815,321</b>	<b>23,428,180</b>

**SCHEDULE – 9****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2015****A) SIGNIFICANT ACCOUNTING POLICIES:****1. Basis for preparation of Financial Statements:**

The Financial statements are prepared under the historical cost convention, the applicable Accounting Standards, the relevant provisions of the Cost & Works Accountants Act, 1959, as amended by the Cost and Works Accountants (Amendment) Act, 2006 and are on accrual basis unless otherwise stated.

**2. Revenue Recognition:**

- a) **Grant from H.Q.:-** Grant from H.Q. accounted on approval basis.
- b) **Interest on Investments:-** Interest on Investments accounted on accrual basis.
- c) **Learning Training Fees:-** Learning and training fees accounted on receipt basis.
- d) **Computer Training fees:** Computer training fees accounted on receipt basis.
- e) **Seminar Programme Research Project:-** Seminar Programme and Research Project receipts are accounted proportionately according to the period (Seminar), and completion of work (Research Project).
- f) **Other Incomes:-** All other incomes are accounted on accrual basis.

**3. Expenditure :**

The Expenditure is recognized on accrual basis except for expenditure for reimbursement, which is accounted on cash basis.

**4. Fixed Assets:**

Fixed Assets are stated as cost of acquisition and construction less accumulated depreciation.

**5. Depreciation:**

Depreciation is provided as per the significant accounting policies of the Institute.

- 1) Computer, Printer etc      60%              on WDV
- 2) Computers                      60%              on WDV
- 3) Office Equipment            15%              on WDV
- 4) Furniture & Fixtures        10%              on WDV
- a) Depreciation on Fixed assets is provided on written down value method for the full year, if it is purchased on or before 30th September, and for half year if it is purchased after 30th September, at the rates specified under the Income tax Rule, 1962.
- b) Library books are depreciated at 100% in the year of purchase.
- c) Computer software is amortized over a period of three years.
- d) Individual low cost assets acquired for Rs.5000/- or less are fully depreciated in the year of purchase.
- e) In the case of disposal or scrapping of assets, no depreciation is charged in the year of such disposal or scrapping.
6. **Investments:-** Investments are stated and valued at cost.
7. **Receivables:-** Receivables are taken at book value / net realizable value whichever is lower by providing for bad or doubtful debts, if any.
8. **Loans, Advances and Deposits:-** Loans, Advances and Deposits are taken at book value / net realizable value whichever is lower by providing for bad or doubtful accounts, if any.
9. **Inventories:-** Stock of Publications and other items are valued at cost except those which are outdated & obsolete and not worth for sale or free distribution which are written off.
10. **Prior Period Income / Expenditure:-** Prior Period items which arise in the current period as a result of errors or omissions in the preparation of financial statements in one or more prior period are separately disclosed in the Income & Expenditure Account.
11. Figures of the previous years are rearranged / regrouped wherever necessary.
12. The ICAI is registered under section 12A of the IT Act, 1961 and is entitled to exemptions under section 10(23A) read with section 11 of the IT Act, 1961. In view of this no provision for taxation has been made in the accounts. No provision for deferred Tax Liability (Asset) is considered for the year.
13. As at 31st March, 2015 there is no amount including interest payable to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006", based on the information available with the WIRC.



**B NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31-03-2015:**

1. Letters have been issued by WIRC for confirmation of Accounts in respect Accounts receivables, loans & advances and current liabilities to the respective agencies including HQ and Chapters and Balances are subject to confirmation.
2. The Net Amount Payable to H.Q. is Rs.6,02,079/- (last year Rs.3,88,590/-) as at 31st March, 2015 is subject to reconciliation with H.Q. Necessary provision has been made in respect of the same in the accounts for the current year. Necessary statements are sent to HQ for confirmation.
3. In view of Group Gratuity Scheme of LIC of India adopted by the WIRC, the Staff Gratuity Fund & the provision for Staff Gratuity has been set off against each other and the net balance of Rs.7,19,562/- is charged to the Income and Expenditure account.

**4. Current Assets & Liabilities:-**

1. Based on the decisions taken in the 275th Regional Council meeting held on 2nd June, 2014 at WIRC, Mumbai, the Debit Notes amounting to Rs.20,77,565/- have been raised on the then Chairman and Vice Chairman for the year 2013-14. They were approval authorities at that time. Similarly Debit notes have been raised amounting to Rs.1,27,786/- towards expenses incurred by certain Council Members, without proper authorization, for attending the Meetings at Ahmedabad on 13th June 2014 and at Kolhapur on 29th June, 2014.

Considering uncertainty of the outcome of recovery of the above Debit notes the said amount has been shown as claim receivables on assets side and as claims in suspense on liability side of the balance sheet.

2. (a) WIRC has also raised Debit notes amounting to Rs.65,30,000/- which were raised on the contractors for Renovation and Repair work, towards penalty for delay in completion of work as per the contractual terms @ Rs.10,000/- per day for the period from 17th June, 2013 to 31st March, 2015, (653 days) and also for damages amounting to Rs.2,00,000/- caused to other parties, on account of Renovation & Repair work carried out at WIRC premises. However, liability on account of these Debit notes has been denied and has not been accepted by the Contractors. Pending recoveries, the same are not accounted as income.
- (b) Total Renovation & Repairs Contract was for about Rs.1,25,00,000/- inclusive of all taxes, and the bill of the Contractor was for Rs.1,53,36,835/-, which was not accepted by WIRC. The bill has been accounted to the extent of Rs.92,30,274/- limiting to the payment made to the Contractor and Rs.12,22,739/- being provision made in the accounts in the previous year 2013-14.
3. Amount Receivable from Mr. Ramesh Joshi, of Rs.14,638/- as on 31st March, 2015, (Rs.24,638/- as on March 2014), is after recovery of Rs.10,000/- during the year. The Disciplinary case filed by him is in progress before the Competent Authority.
4. The Advance given to Pune Chapter of Rs.2.00 cr appearing under loan to Chapters under schedule 8. Loans and Advances, is still outstanding and the demand has been made for immediate repayment.

As per our report of even date annexed hereto.

For **WESTERN INDIA REGIONAL COUNCIL OF  
The Institute of Cost Accountants of India**

For **K. R. Khare & Co.**  
Chartered Accountants

**(K. R. Khare)**

*Proprietor*

(M. No. 032993)

FIRM NO 105104W

**Ashok B. Nawal**

*Chairman*

**Dinesh Kumar Birla**

*Hon. Secretary*

**Debasish Mitra**

*Treasurer*

*Place :* Mumbai,

*Date :* 7th June, 2015.

**MEMBERS ELECTED TO THE WESTERN INDIA REGIONAL COUNCIL OF THE ICAI FOR THE TERM 2011-2015**

S.No.	NAME	OFFICE ADDRESS & PHONE NO/S.	RESIDENCE ADDRESS & PHONE NO/S.
1.	CMA ASHOK B. NAWAL CHAIRMAN	Bizsolindia Services P. Ltd., S.No.74-75,14-17, Suyash Commercial Mall, Nr. Pancard Club, Baner, PUNE - 411 045. Tel.: 020-40702031 (D)40702000 / 01 Fax:020-4070 2002 Mob:9890165001/9373906571 nawal@bizsolindia.com	701, Supriya Classic, Baner Road, PUNE - 411 045. Tel.: 020-2729 2036 Mob: 9890165001
2	CMA DINESH K. BIRLA HON. SECRETARY	Dinesh Kumar Birla, Cost Accountants, A/3, Nirant Apartment, Opp: Town Hall (River Side), Near Karnavati Hospital, Ellis-Bridge, AHMEDABAD - 380 006. Tel.: 079-2657 9456 • Mob: 94276 20906 Dineshbirla3@gmail.com	A/3, Nirant Apartment, Opp:Town Hall (River Side), Near Karnavati Hospital, Ellis-Bridge, AHMEDABAD - 380 006. Tel.: 079-2657 6301 • Mob:94276 20906
3	CMA DEBASISH MITRA TREASURER	DGM - Debt, DB Power Limited, 3rd Floor, Naman Corporate Link, Bandra Kurla Complex, MUMBAI - 400 051. Mob.:98207 40098. debasishmitra8002@gmail.com	B/502, Mayuresh Srishty Park, Off. Lake Road, Bhandup (West), MUMBAI - 400 078. Tel.: 022-2594 1920 • Mob.: 98207 40098
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## Application of Cost Accounting Principles to Ascertain Cost of Demineralised Water

CMA Rajesh Kapadia

Any company usually has its own Demineralised Water Plant to meet Demineralised Water requirement for running Boiler as well to meet other manufacturing requirements, if any.

It is imperative for the CMA Department to ascertain the cost of demineralized water generated by Demineralised Water Plant to charge demineralized water cost to Boiler & other processing requirements, if any, as well as to monitor, control & reduce cost of demineralized water.

This cost can be ascertained by preparing Cost Sheet as exhibited in Annexure-I

Following Cost Accounting Principles should be followed at the time of Preparation of Cost Sheet.

### (1) Monthly Report by Demineralised Water Plant

Every Month Demineralised Water Plant submits its monthly report to CMA Department in which following data are mentioned.

Demineralised Water Generated

Particulars of Chemicals Consumed by Demineralised Plant

Quantity of Raw Water / Filter Water Used

Electricity ( Kwh ) Used

Cost Centrewise Consumption of DM Water

### (2) Quantity & Value of Chemicals Consumed

Quantity of Chemicals will be available in the Monthly Demineralised Plant Report.

There will be separate accounts code for Chemicals used for Demineralised Plant. Value for these Chemicals can be picked up from amount appearing against these accounts codes.

### (3) Cost of Electricity

Usually Electrical Department submits Monthly Report to CMA Department showing Cost Centrewise Consumption of Electricity in which Electricity Consumption for Demineralised Plant will be mentioned separately.

Same electricity units will also be mentioned in Monthly Report for Demineralised Water Plant.

Electrical Department quantifies Cost Centrewise Consumption of Electricity either through actual Meter Reading or through Technical Estimates.

Here CMA Department can advise the management to put up Meters to exactly quantify Cost Centrewise Consumption of Electricity.

For Value of Electricity, usually CMA Department prepares one working sheet showing sourcewise electricity units & value & its weighted average rate. So, this weighted average rate of electricity will appear in the Demineralised Water Plant Cost Sheet.

### (4) Cost of Raw Water / Filtered Water

There can be following three types of situations :

(a) Raw Water is used in DM Water which is procured from Borewell.

In this situation, Value of Electricity consumed for Borewell & Salary of Operator kept for running Borewell will appear as Cost of Raw Water in the Cost Sheet

(b) Raw Water is used in DM Water which is purchased from Outside Party

In this situation, proportionate value of Raw Water used in DM Plant will be worked out which will appear in Cost Sheet.

This is because, Raw Water is usually used for many purposes including that for drinking water etc.

So, its value for DM Water needs to be worked out based on quantity of Raw Water used for DM Water

(c) Filtered Water is used in DM Water

In this situation, value of Filtered Water used in DM Water will be available from Cost Sheet of Filtered Water

### (5) Cost of ETP Plant

It will be available in ETP cost Sheet

### (6) Cost of Employees

There will be some operators who only look after Demineralised Water Plant. Their salary will be directly allocated.

Salary of Supervisory Staff, Executives who look after Demineralised Water Plant as well as some other Utilities also will be apportioned to Demineralised Water Plant on the basis of Technical Estimates of Time Spent.

Similarly, salary of Maintenance Staff who look after Demineralised Water Plant as well as other Utilities will be apportioned between Demineralised Water Plant & other Utilities on the basis of Technical Estimates.

### (7) Consumable Stores

The CMA Department will allot separate Cost Centre for Demineralised Water Plant.

All Consumable Stores issued to this Cost Center will appear in Cost Sheet as Consumable Stores.

**(8) Repaires & Maintenance**

Any Repaires & Maintenance carried out for Demineralised Water Plant during the month will be booked against Cost Centre of Demineralised Water Plant and will appear in Cost Sheet of Demineralised Water Plant as Repaires & Maintenance.

**(9) Insurance**

It will be available from Insurance Section. They have the records of Sum Insured for all Cost Centres & Premium Payable / Paid for all Cost Centres.

**(10) Depreciation**

It will be available from Central Accounting Section as that section maintains Fixed Asset Register.

For expenditure mentioned in (6) to (8) above, CMA Department should ensure that there is no incorrect booking of expenses against Cost Centre of Demineralised Water Plant i.e. expenses pertaining to other Cost Centres should not be booked against Cost Centre of Demineralised Water Plant.

When the above mentioned Cost Accounting Principles are followed for preparation of Cost Sheet of Demineralised Water Plant, it will result in ascertainment of cost of Demineralised Water with reliability & exactness.

**Annexure-I – Demineralised Water Cost Sheet for the Month of**

	Unit	Qty.	Variable Cost		Fixed Cost		Total Cost		
			Rate	Total Rs.	Rate	Total Rs. Lacs	Rate	Total Rs. Lacs	%
Qty.of DM Water made	Klt								
Cost Particulars :									
(I) Chemicals :									
1 Caustic	Kg	0	0	0.00				0.00	0%
2 HCL	Kg	0	0.00	0.00				0.00	0%
(II) Electricity	Kwh	0	0.00	0.00	0.00	0.00	0.00	0.00	0%
(III) Filtered Water	Klt	0	0.00	0.00	0.00	0.00	0.00	0.00	0%
(IV) ETP	Klt	0	0.00	0.00	0.00	0.00	0.00	0.00	0%
(V) Salaries & Wages						0.00		0.00	0%
(VI) Cons. Stores						0		0	0%
(VII) Repairs & Maint.						0		0	0%
(VIII) Depreciation						0		0	0%
(IX) Insurance						0		0	0%
Total Cost				0.00		0.00		0.00	100%
Cost/Unit				0.00		0.00		00.00	

- *What work do you expect from men of little hearts? Nothing in the world? You must have an iron will if you would cross the ocean. You must be strong enough to pierce mountains.*
- *To succeed.... you must have tremendous perseverance, tremendous will power; work hard and you will reach the Goal.*
- *We are what our thoughts have made us; so take care about what you think. Words are secondary. Thoughts live; they travel far.*

— Swami Vivekananda



## North Mumbai CEP Study Circle for the Members of the Institute of Cost Accountants of India

*Approval reference no. of CEP COMMITTEE of ICAI – 0004/WIRC/04/2015)*

### North Mumbai CEP Study Circle Inaugural Programme on 'Equipping Cost Accountants for Management Consultancy'

North Mumbai CEP Study Circle organised an inaugural Programme on 'Equipping Cost Accountants for Management Consultancy' on 09.05.2015 at Parle Tilak Vidyalaya Association's Institute of Management, Vile Parle, Mumbai.

It was a truly remarkable inaugural programme of North Mumbai CEP Study Circle and had marked the beginning of new era in CEP. It was an excellent event and very well managed.

The topic and choice of the speaker was perfect. Prof. Parimal Merchant (Director, S P Jain School of Global Management) touched all the important aspects of Management Consultancy and it will be very helpful to most of the members, who are looking for new avenues of practice for consultancy.

Prof. Parimal Merchant opened the session with a simple question - Cost to whom and explained layers of Cost relevant to different entities including even cost to the Society. Then he explained nuances of Cost - different Cost for different purposes.

Through his inimitable style he captured the audience who listened in rapt attention to his exploration with number of case studies. With number of tools in his kit, Cost Accountant can seamlessly wear the hat of Management Consultant, provided he can indentify management problems and identify himself with their aspirations about future. He also emphasised that product ranking vary with Turnover, Value Addition, Profit, Product Potential, Management time and investment

required. Accordingly Management have to prioritise future product mix and resource mobilisation for Profit Optimisation.

He also emphasised how management is about head/heart and more importantly guts. Even these apply to Management Consultant himself who can charge no fees but share the value added.

He explained Management Consulting approach as follows:

- Result orientation
- Use of tools - disaggregated analysis
- Going beyond the data -add soft aspects
- Understand the activities
- Opportunities in bottlenecks
- Ideal v/s incremental
- Process - managing the journey
- Above average performance from average people
- 'Wise do not know' - approach with modesty.

The programme was attended by VP-ICAI-CMA, Chairman - WIRC-ICAI-CMA, a number of former Chairman WIRC, ex-CCM, a number of senior executives from industry and a large number of practicing cost accountants from Mumbai, Pune, Nagpur, Surat.

The entire team specially Poonam Shah - Convener along with Pradeep Damania - Dy. Convener, Nayana Savala, Smita Modi put great efforts to make all the arrangements to make the programme a big success.

PPT is available to members on request through email - [cepnorthmumbai.icmai@gmail.com](mailto:cepnorthmumbai.icmai@gmail.com)

## CEP REPORT

**On 16th May 2015** WIRC organised CEP on "**Practical Approach on MIS & Budgeting**" at Thane SMFC **CMA Ramlakhan Ahirwar**, Practising Cost Accountant was the faculty for the same.

**On 23rd May 2015** WIRC organised CEP on "**Anti Dumping Duty & Role for CMA**" at Borivali SMFC. **CMA Pramod Kumar**, Regional Value Leader, SI Group India Ltd. was the faculty for the same.

**On 30th May 2015** WIRC organised CEP on "**Strategic Cost Management**" at WIRC Office. **CMA (Dr.) Paritosh Basu**, was the faculty for the same.

# Indirect Tax Reconciliation & Turnover Reconciliation Between Financial Accounts And Excise & Service Tax

By CMA Manoj Malpani

Companies (Cost Records & Cost Audit) Amendment Rules 2014 specifies in CRA -1 to provide the particulars relating to item of Costs to be included in the Books of Accounts.

Para 28 of CRA -1 provides Cost Statement which is to be maintained on monthly, quarterly and annually showing quantitative information in respect of each goods or service under reference and showing details of available capacity, actual production, production as per excise records, capacity utilization (In-house), Stock Purchased for Trading, Stock & other adjustments, Quantity available for Sale, Wastage and Actual Sales during Financial Year and previous year. Similarly, company needs to provide the cost statements (monthly, quarterly and annually) in respect of reconciliation of indirect taxes showing the details of total clearance of goods or services, assessable value, duties or taxes paid, Cenvat or VAT or Service Tax credit utilized, duties or taxes recovered and interest or penalty paid.

Further, Annexure to CRA - 3, Part A (4) provides the note in the heading of product and service details for the company as a whole, wherein difference has to explain if any between turnover as per Annual Account and Turnover as per Excise / Service Tax records.

By virtue of introduction of the provision, there is a mandate in the law to provide for reconciliation between turnover of financial accounts and Turnover as per Excise / Service tax records, which will be useful to the management, Statutory Auditors, Cost Auditors and Central Excise Auditors also.

Annexure to CRA - 3, Part D (6) provides details to be furnished for duty payable, duty paid and duty recovered for excise, service tax and VAT. Cost Audit Report is required to be submitted alongwith Tax Audit Report and observations thereon are also to be recorded in the Tax Audit Report Para.

Similarly, Central Excise Authorities and Service Tax Auditors including Special Auditors i.e. Chartered Accountants and Cost Accountants, CAG Auditors can demand Cost Audit Report and hence it is important to make reconciliation on monthly basis. This will also be a useful management tool for the company, who wish to be always statutory compliant.

Turnover as per Financial Accounts includes sales, sales return, excise duties (in some cases), exports at contractual prices (CIF, DDP etc) but excludes sample sale, free gifts, free sales on schemes etc since such clearances do not have any commercial / realisable value. Further, sales can be directly from the factory, from clearing and forwarding agents, from depots, consignment

sales etc and sales are accounted in accordance with provisions of Sale of Goods Act, 1930. The turnover will include Sales from manufacturing premises, trading activities, Third Party Sales and also sale on loan licensee basis or Principal to Principal basis.

Excise Turnover as reported in Table 3 of ER-1 / ER-2 / ER-3 / ER-8 specifies "DETAILS OF THE MANUFACTURE, CLEARANCE AND DUTY PAYABLE" which inter alia includes:

- a) Clearance from the factory for direct sale either on Transaction value or assessable value worked in terms of valuation Rules read with Section 4 of Central Excise Act, 1944 or Section 4A of Central Excise Act, 1944.
- b) Clearance from factory for stock transfer in terms of Rule 5 of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
- c) Clearance for captive consumption at value in terms of Rule 8 of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
- d) Clearance for free gifts at assessable value based on proportionate value to be determined in terms of Rules 4 of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000

Assessable Value can be different on various reasons based on different rules including that of value when goods are cleared to related parties or value of free goods and services supplied.

Turnover has been defined in the notification issued under Rule 5 of Cenvat Credit Rules, 2004 and said definition has been made applicable to Rule 7 of the Cenvat Credit Rules, 2004 for transfer of ISD credit from Head / branch office to the Units. The definition is reproduced below,

- (E) — Total turnover means sum total of the value of -
- (a) all excisable goods cleared during the relevant period including exempted goods, dutiable goods and excisable goods exported;
  - (b) export turnover of services determined in terms of clause (D) of sub-rule (1) above and the value of all other services, during the relevant period; and
  - (c) all inputs removed as such under sub-rule (5) of rule 3 against an invoice, during the period for which the claim is filed.

Value of Inputs removed as such in not reflected in Central Excise return. Turnover has not been defined in either Central Excise Act, 1944 or Rules made thereunder. In our opinion, turnover as per Excise Records for this purpose means, the assessable value of the clearances as

shown in table 3 of Central Excise Return and therefore difference will have to be arrived after considering following illustrative points,

- a) Sale at transaction value from the manufacturing premises
- b) Difference between actual sales from depots and assessable value in terms of Rule 5 Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 of at the time of clearance.
- c) Difference between the value reflected in sales for exports and value as reflected in returns. The difference may be on account of time of booking, terms of payment (CIF, FOB, DDU etc), Foreign Exchange Rate etc.
- d) Value of free gifts and Samples
- e) Value of Sales returns and further sales after repairs / reprocessing etc in terms of Rule 16 of Central Excise Rules, 2002
- f) Trading Sales
- g) Debit Notes / Credit Notes not reflected in central excise returns

It is also stated that income reflected from Service in Profit & Loss Account also needs to be reconciled with Service tax turnover as reflected in ST-3 Return.

As a matter of facts, there is basic difference in Accounting of service income as per Accounting Standards and taxable value as per service tax. Accounting Standard - 9 to be followed for accounting of service income which is reproduced below:

7.1 Revenue from service transactions is usually recognised as the service is performed, either by the proportionate completion method or by the completed service contract method.

(i) Proportionate completion method-Performance consists of the execution of more than one act. Revenue is recognized proportionately by reference to the performance of each act. The revenue recognised under this method would be determined on the basis of contract value, associated costs, number of acts or other suitable basis. For practical purposes, when services are provided by an indeterminate number of acts over a specific period of time, revenue is recognised on a straight line basis over the specific period unless there is evidence that some other method better represents the pattern of performance

(ii) Completed service contract method-Performance consists of the execution of a single act. Alternatively, services are performed in more than a single act, and the services yet to be performed are so significant in relation to the transaction taken as a whole that performance cannot be deemed to have been completed until the execution of those acts. The completed service contract method is relevant to these patterns of performance and accordingly revenue is recognised when the sole or final act takes place and the service becomes chargeable.

Whereas Turnover as per service tax return will only be reflected as Taxable value of service in ST-3 return.

Taxable value as per Finance Act, 1994 as amended is defined as,

67. Valuation of taxable services for charging Service tax:

(1) Subject to the provisions of this Chapter, service tax chargeable on any taxable service with reference to its value shall,

(i) in a case where the provision of service is for a consideration in money, be the gross amount charged by the service provider for such service provided or to be provided by him;

(ii) in a case where the provision of service is for a consideration not wholly or partly consisting of money, be such amount in money, with the addition of service tax charged, is equivalent to the consideration;

(iii) in a case where the provision of service is for a consideration which is not ascertainable, be the amount as may be determined in the prescribed manner.

(2) Where the gross amount charged by a service provider, for the service provided or to be provided is inclusive of service tax payable, the value of such taxable service shall be such amount as, with the addition of tax payable, is equal to the gross amount charged.

(3) The gross amount charged for the taxable service shall include any amount received towards the taxable service before, during or after provision of such service.

(4) Subject to the provisions of sub-sections (1), (2) and (3), the value shall be determined in such manner as may be prescribed.

Explanation.-For the purposes of this section,-

(a) "consideration" includes any amount that is payable for the taxable services provided or to be provided;

(b) [ \* \* \* ]

(c) "gross amount charged" includes payment by cheque, credit card, deduction from account and any form of payment by issue of credit notes or debit notes and 2[book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense account" or by any other name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is with any associated enterprise.]

67A. The rate of service tax, value of a taxable service and rate of exchange, if any, shall be the rate of service tax or value of a taxable service or rate of exchange, as the case may be, in force or as applicable at the time when the taxable service has been provided or agreed to be provided.

**Explanation:** For the purposes of this section, "rate of exchange" means the rate of exchange service and referred to in the Explanation to section 14 of the Customs Act, 1962.;

Taxable value also includes advances received for services to be provided. Further, Service Tax (Determination of Value) Rules, 2006 provides for,



- a) Different method for valuation in case of Works Contracts
- b) Abated value for specified services
- c) Inclusion and exclusion of certain value like Commission, Reimbursement of expenses in connection with providing services

Further Rule 3 provides that manner of determination of value

3. Manner of determination of value.- Subject to the provisions of section 67, the value of taxable service, where such value is not ascertainable, shall be determined by the service provider in the following manner:-

(a) the value of such taxable service shall be equivalent to the gross amount charged by the service provider to provide similar service to any other person in the ordinary course of trade and the gross amount charged is the sole consideration;

(b) where the value cannot be determined in accordance with clause (a), the service provider shall determine the equivalent money value of such consideration which shall, in no case be less than the cost of provision of such taxable service.

Therefore in almost all the cases value of services as per Financial Account will differ with taxable value of service tax.

We give below illustrative points of differences:

- a) Advances Received against the services to be provided
- b) Differential on account of valuation methods as mentioned above
- c) Value of declared services might have been accounted in books of accounts under different heading e.g.: Penalties and detentions, recovery of notice pay, Write backs etc.

If such type of reconciliation is made on monthly, quarterly and yearly basis which will also provide insight to take policy decision and strategic decision.

It is also expected in Cost Audit Report to reconcile Duty Payable, Duty Paid and Duty Recovered. It is observed that Duty Payable, Duty Paid and Duty Recovered are taken from summary of Central Excise Returns, service tax returns and VAT Returns. However it is recommended to ensure amount reflected in Central Excise and Service tax returns are accurate. In other words, responsibility of ensuring "Duty Payable" is casted on Cost Auditors and hence utmost care needs to be taken while filling this part of the audit report.

Cost Auditor needs to be acquainted with Provisions of Central Excise Act, 1944, Finance Act, 1994, VAT Act and Rules made thereunder.

Such type provisions will help to brand cost accountant as Doctors of Indirect Tax...!!



CMA (Dr.) Paritosh Basu is being felicitated by CMA Sangita Jani during CEP organised by WIRC on 30th May 2015.



CMA Pramod Kumar giving presentation during CEP organised by WIRC on 23rd May 2015 at Borivli SMFC.

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