



# WIRC BULLETIN

## EDITORIAL BOARD

Chief Editor:

CMA Shrenik S. Shah

Editorial Team:

CMA Dr. Niranjan Shastri

CMA B. F. Modi

CMA Aditya S. Umarji

CMA H. C. Shah

Vol. 42 No. 1

Rs. 5/-

For Members only

January 2014

## From the Desk of Chairman



Dear all Professional Colleagues and Seniors of Profession,

"The biggest failure you can have in life is making the mistake of never trying at all" Unknown

At national level things are happening rapidly. In my last communication I had mentioned about elections in 4 states and results thereof. The outcome of these elections is all about transparency which is demanded by People of this country. We cannot ignore sentiments expressed by people worldwide that include our country as well. Leader those who fail to hear that voice have been crushed by brutal force of people, the ultimate stakeholders. We all should learn something from that. Arrogance to ignore that voice have never been successful in the past and I am sure in future also that force will reach to ultimate destination in due course of time. The whole mechanism of Cost Audit and our profession is all about Transparency. We try to give correct cost of Products and Services to all including Company Management and Government. Today it may be opposed from many corners but ultimately people will demand for Transparency. In this context it is important to note that CAG is allowed to do Special Audit of Private Companies. This is ultimately a function of our profession. It's a really a welcome move.

### Students

I am thankful to all students of WIRC across the region to take part in our movement against draft rules published by MCA. I must mention that students from cities like Nashik, Pune, Aurangabad, Indore, Ahmadabad, Surat Baroda and Mumbai have done a wonderful job along with other WIRC cities to register their feedback on MCA website. Now after having worked hard on that field it's time once again to go back to studies. Our oral coaching centers have started from 1st January 2014 itself and across the region all chapters have already started their oral coaching from 1st week of January.

### Members

Month of December was like a silence before storm. First 14 days we all spent on drafting our responses to MCA on

rules published. Rest other days we are preparing for the worst. In case if anything happens worst, I assure you that WIRC will not leave any option which is legitimately possible. I Request all members to be in touch with WIRC website for latest on this. As a part of our continuous efforts to save Cost Audit and profession in turn we are organizing series of Member's meet and trying to understand views of members. On 24th December we had member's meet in Thane where in members expressed their views on many things which we can do in this situation. Similar Member's meet will be organized in Parle on 18th January 2014 and in Ahmadabad on 24th January 2014. I request all members to attend the same as we are now closer to finalization of Rules on Cost Audit u/s 148 of Companies' Act 2013. We have sent invitation to Hon. President, Vice President and all Central Council Members for our members meet along with Past Presidents, they will inform members about latest position. WIRC will ensure that it gives platform to Members to talk to decision makers at central level and that is the only role which we can perform at presently.

In this whole scenario of Cost Audit, we cannot forget efforts made by Vapi Chapter of Cost Accountants by organizing seminar on New Companies Act. I congratulate them for their efforts. Similarly Ahmadabad Chapter is organizing Seminar on Service Tax on 25th January 2014, best wishes to them.

### Other Institutions

I was fortunate to attend CII conference where Mr. U K Sinha Chairman SEBI was chief guest. He expressed importance of having presence of Regulators at all levels of economy.

### New Initiatives

WIRC has organized 2 days workshop on excel the details of the same are published in this Bulletin. I request all students and members to take advantage of knowledge sharing on such an important tool

I wish all the members, their families and friends a very happy and prosperous new year. My best wishes for Id e Milad, Guru Govind Singh Jayanti, Makar Sankranti, Pongal Lohri and Republic Day.

With Warm Regards

CMA Ashish Thatte

**WIRC** Wishes all its Members a very Happy & Prosperous New Year 2014



CMA Neeraj Joshi, Vice-Chairman, WIRC welcoming members during Members Meet organized by WIRC on 24th December 2013 at Thane. Also seen CMA Dhananjay Joshi, Past President - ICAI & CMA Ashish Thatte, Chairman-WIRC



CMA Dhananjay Joshi, Past President - ICAI, interacting with members during Members' Meet organized by WIRC on 24th December 2013 at Thane. Also seen CMA Ashish Thatte, Chairman-WIRC & CMA Neeraj Joshi, Vice Chairman-WIRC



View of Members during Members Meet organized by WIRC on 24th December 2013 at Thane



CMA Ashish Thatte, Chairman WIRC addressing the participants during Members' Meet organized by WIRC on 8th December 2013 at Mulund.



Dr. Gautam Mitra interacting with participants during CEP on Financial Derivatives organized by WIRC on 21st December 2013 at Thane



Mr. S.S. Deshpande, Asstt Director - WIRC explaining Scope of Cost and Management Accountancy during Career Counselling lecture at Gurukul College, Ghatkopar on 21st December 2013



Career Fair - Gurukul College, Ghatkopar on 21st December 2013



Career Fair - Times Education Expo on 7th & 8th December 2013 at Nehru Center, Worli.



CMA Neha Chouksey introducing the dignitaries at the Discussion on Draft Rules organised by Bhopal Chapter on 13th December 2013



CMA S. M. Ramanathan delivering the welcome address at the Discussion on Draft Rules held at Bhopal on 13th December 2013

## TWO DAYS WORKSHOP ON MS-OFFICE

**Date :** Saturday 8th & Sunday, 9th February 2014

**Venue:**

Aruna Manharlal Shah Institute of Management and Research  
R. B. Kadam Marg (Road leading to Bhattwadi), Off. L.B.S. Marg  
(Land Mark- M.T.N.L exchange on L.B.S. Marg), Ghatkopar (W), Mumbai 400 086.

**Fees:** Rs.2500/- per student / Members - (including Service Tax and Refreshment)

**Cheque should be drawn in favour of ICAI-WIRC**

**Time :** 9.00 a.m. to 5.00 p.m.(Lunch Break from 1.00 p.m. to 2.00 p.m.)

**Details of Workshop:**

MS-Office is a very essential tool in our Industry or Corporate life. It includes applications Like Excel, Word, PowerPoint, outlook etc. Apart from our regular study of ICWAI course, having adequate knowledge of MS-Office is what the recruiters are looking for. More than 90% of the managerial work is carried either on MS-Excel and Mail box (Outlook).

**Who all can participate:**

- All students who are doing professional courses
- All faculty members
- All Non-teaching members

**Eminent Faculties from the field**

***For details & Registration Contact:***

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

Tel. 022 - 22043406

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

**Limited Seats • First Come First Serve Basis**



### Ahmedabad Chapter of Cost Accountants of WIRC OF ICAI

A Full Day Program  
on

***Service Tax issues pertaining to***

- Point of taxation rules 2011
- Place of provision of services rules 2012
- Service tax (determination of value) rules 2006

***Program Faculty : Shri V. S Datey***

**Venue :** Hotel Parker Lords Inn, Opp IDBI bank, Off CG Road,  
Gulbai tekra Road, Ahmedabad-380006

**Date :** 25th January, 2014 (Saturday)

**Time :** 9.30 am to 5.00 pm

**Fees :** Rs.550/-per delegate

Note: This is an approved program under CEP. Member attending the program will be eligible for 4 points.



# Draft Companies (CRCA) Rules, 2013: An Existence of Vacuum

CMA Dr. Niranjan Mahendranath Shastri

Email: shastriniranjan@gmail.com, Cell: +919424577709

## 1. INTRODUCTION:

Ministry of Corporate Affairs (MCA) has recently issued Draft COMPANIES (COST RECORDS AND COST AUDIT) RULES, 2013 in exercise of powers conferred to it under section 148 of the Companies Act, 2013. These are in exchange of existing rules which are issued by MCA in 2011 in the name of Cost Accounting Record Rules followed by Cost Audit Report Rules and ultimately followed by Cost Audit Orders in exercise of powers conferred to it under section 233B of the Companies Act 1956. There is a drastic shift made by MCA through a U turn in this “rules exchange event” which is likely to severely hurt interest of all the stakeholders of our great nation India. In this article an attempt has been made to undertake comparative analysis of salient features of both the existing and proposed rules with respect to Cost Accounting Record & Cost Audit.

## 2. EXISTING STATUTORY PROVISIONS OF COST RECORDS AND COST AUDIT:-

**2.1. A Birds Eye –View of Existing Provisions:** - The Companies Act 1956 had the provision of Maintenance of Cost Accounting Records in accordance with Section 209(1) (d) of the Companies Act 1956 and there was also the provision of Cost Audit under section 233B of the Companies Act 1956.

Prior to 3rd June 2011, Cost Accounting Records Rules were notified specific to 44 Industries. After this date earlier 44 Industry specific Records Rules had been rescinded and only following industries specific Records Rules prevailed which are given below:-

- 2.1.1. Cost Accounting Records (Pharmaceutical Industry) Rules, 2011
- 2.1.2. Cost Accounting Records (Fertilizers Industry) Rules, 2011
- 2.1.3. Cost Accounting Records (Sugar Industry) Rules, 2011
- 2.1.4. Cost Accounting Records (Electricity Industry) Rules, 2011
- 2.1.5. Cost Accounting Records (Petroleum Industry) Rules, 2011
- 2.1.6. Cost Accounting Records (Telecommunications Industry) Rules, 2011

Other than above Industry specific Cost Accounting Record Rules, Companies (Cost Accounting Records) Rules, 2011 had been made mandatory to all the companies engaged in Production, Manufacturing Processing and Mining subject to specified criteria. Companies (Cost Audit Report) Rules, 2011 had also been made applicable to all the companies who fall in applicability criteria irrespective of the Industry to which they belong.

**2.2. Applicability of Cost Records, Cost Compliances and Cost Audit at Present:**

Ministry of Corporate Affairs had made it mandatory for specified companies to maintain cost accounting records, compliance certification and cost audit in specific cases. A brief on mandatory requirement of Compliance certification and Cost Audit with its applicability criteria is given below:

### 2.2.1. Eligibility Criteria for Compliance Certificate at Present

Every company including a foreign company engaged in manufacturing, processing, mining and production activities including Real Estate and Cold Storage, who fulfills following criteria:

- 2.2.1.1. Aggregate value of Turnover  $\geq$  Rs.20 crores in immediate preceding financial year, or
- 2.2.1.2. Aggregate value of Net Worth  $\geq$  Rs.5 crores as on last date of immediate preceding financial year, or
- 2.2.1.3. Equity/Debt securities are listed or in process of listing in India or outside India
- 2.2.2. **Compliance Requirement at Present:**
  - 2.2.2.1. Maintenance of Cost Records in the prescribed format in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India, and
  - 2.2.2.2. Submission of compliance report duly certified by a cost accountant in respect of each of its financial year commencing on or after 1st April, 2011 along with annexure to the Central Government in the prescribed form within one hundred and eighty days from the close of the company's financial year to which the compliance report relates.
- 2.2.3. **Eligibility Criteria at Present for Companies Subject to Generic Cost Accounting Record Rules:** - It covers the companies engaged in the manufacturing, production or processing of the following products to which generic Cost Accounting Record Rules apply:-

Meat and Meat Products, Marine Products, Milk and Milk Products, Poultry and Related Products, Bee Products, Vegetables, Fruits and Nuts, Coffee and Coffee Products, Tea and Tea Products, Spices, Cereals, Flour and Product of Cereals, Oil Seeds and Products of Oil, Seeds, Other Seeds and Plants, Vegetable Saps or Products, Animal or Vegetable Fats and Oils, Sugar Confectionery or Chocolates, Cocoa Products, Prepared Food Products, Mineral Water and Aerated Drinks, Alcoholic Beverages, Lubricating Preparations, Waxes and Products Explosives Fireworks, Matches and Combustible Materials, Photographic and Cinematographic Goods, Insecticides Chemicals Plastics and Polymers, Articles of Plastics and Polymers, Rubber and Rubber Products, Rubber Tyres and Tubes Raw Hides, Skins and Leather, Leather Products, Wood and Wood Products, Pulp of Wood and other substances, Newsprint Paper and Paperboard, Articles of Paper and Paperboard, Silk, Silk Yarn, Silk Fabrics, Wool, Wool Yarn, Wool Fabrics, Cotton, Sewing Thread, Cotton Yarn, Cotton Fabrics, Other Textile Yarns or Fibers, Other Textile Fabrics, Synthetic Yarns or Fibers, Synthetic Fabrics Carpets and textile floor coverings, Other Textile Fabrics or Products, Knitted or Crocheted Fabrics, Apparel and Clothing, Furnishings, Footwear and Parts thereof, Headgear and Parts thereof, Articles of Stones, Plaster, Cement, Asbestos and Mica, Ceramic Products Glass and Glass Products, Pearls, Diamonds, Stones and Jewellery, Articles, Primary Ferrous Materials,

Iron and Non Alloy Steel , Stainless Steel, Other Alloy or Non Alloy, Steel, Steel Products, Copper and Copper Products, Nickel and Nickel Products, Aluminum and Aluminum Products, Lead and Lead Products, Zinc and Zinc Products, Tin and Tin Products, Other Base Metals and their Products, Hand Tools, Nuclear Reactors and Accessories, Boilers and Accessories, Engines or Motors and parts thereof, Machinery and Mechanical appliances, Electric Motors, Generators, Transformers and Parts thereof Batteries and Accumulators, Electrical and Electronic, Equipments or Appliances, Railway Rolling Stock, Parts of Railway Rolling Stock Railway Track Fixtures and Fittings, Containers, Commercial Vehicles (3 or more wheels), Passenger Vehicles (2, 3, 4 or more wheels) Parts and Accessories of Vehicles, Motorised Passenger Vehicles (2 or 3 Wheelers), Non Motorised, Non powered Aircraft and parts thereof, Aircraft, Spacecraft and parts thereof Parachutes and Rotochutes, Ships and Boats, Floating Structures, Optical Equipments and parts thereof, Photographic or Cinematographic Equipment and parts thereof, Measuring Instruments and parts thereof, Surgical or Medical Instrument and parts thereof, Clocks or Watches and Parts thereof, Musical Instruments and Parts thereof, Medical or Vehicular or other Furniture and Mattress and parts thereof, Lights and Fittings, Prefabricated Buildings Toys, games and sports Equipments, Stationery Items and Miscellaneous manufactured articles.

Companies under these industries to meet the following criteria: -

- 2.2.3.1. Aggregate value of Turnover  $\geq$  Rs. 100 crores in immediate preceding financial year, or
- 2.2.3.2. Equity/Debt securities are listed or in process of listing in India or outside India
- 2.2.4. **Eligibility Criteria for Cost Audit of Companies Subject to Specific Cost Accounting Record Rules at Present:** - Pharmaceutical, Fertilizers, Sugar, Electricity, Petroleum, Telecommunication Companies, meeting following criteria: (It covers those specified Industries on which specific Cost Accounting Record Rules applies):
  - 2.2.4.1. Aggregate value of Turnover  $\geq$  Rs.20 crores in immediate preceding financial year, or
  - 2.2.4.2. Aggregate value of Net Worth  $\geq$  Rs.5 crores as on last date of immediate preceding financial year, or
  - 2.2.4.3. Equity/Debt securities are listed or in process of listing in India or outside India
- 2.2.5. **Audit Requirements at Present:**
  - 2.2.5.1. Maintenance of Cost Records in the prescribed format in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India,
  - 2.2.5.2. Appointment of cost auditor by the Board within 90 days from the commencement of the financial year for which cost audit is required to be performed.
  - 2.2.5.3. Submission of cost audit report within 180 days to the MCA from the close of the financial year for which cost audit is required to be performed.
- 2.3. **After Effects of Present Rules:-** Thus by covering almost all manufacturing companies under statutory requirement of maintenance of cost accounting records, cost accounting compliance report and cost audit to be performed by a qualified cost accountant, the Government was supposed to rest assured

towards fulfilling the objective of protecting the interests of investors, consumers, tax payers and society at large. The objectives and reasons for ensuring that the companies keep proper cost accounting records were likely to be fulfilled by inculcating a culture of cost consciousness among industries for better resource management, to make the efficiency audit possible, and to make cost data available to the Government.

In the era of price control and administered interventions, attested cost structure had a major role to play and hence the cost audit emphasized on this aspect. In the changed economic environment the emphasis was supposed to shift to efficiency review. Further, in a market economy, regulators were supposed to frame right regulations in the interest of the industry as a whole and also in the interest of the consumers and other stakeholders. The restructured Cost audit report, supported by cost accounting standards, was likely to provide relevant and credible cost and revenue data to regulators to support their decisions. Moreover, cost audit report along with the performance appraisal report was believed to be most relevant report to the Board of Directors to strengthen its oversight function.

### 3. **PROPOSED STATUTORY PROVISIONS OF COST RECORDS AND COST AUDIT:-**

- 3.1. **A Birds Eye –View of Proposed Provisions:** - The Companies Act 2013 has the provisions of Maintenance of Cost Accounting Records & Cost Audit in one common Section i.e. 148 of the Companies Act 2013.

Under the Draft Companies (Cost Records & Cost Audit Rules) 2013 all Industry specific cost accounting record rules have been rescinded. Further the set of rules is also common for two distinct activity i.e. maintenance of cost accounting records and conduction of cost audit. Draft Companies (Cost Records & Cost Audit Rules) 2013 have been made mandatory to handful of the companies out of a large number of companies engaged in Production, Manufacturing, Processing and Mining.

- 3.2. **Applicability of Cost Records and Cost Audit as Proposed:-** Ministry of Corporate Affairs had made it mandatory for specified companies to maintain cost accounting records and undergo cost audit of the same in specific cases. A brief on mandatory requirement of Cost Records Maintenance & Cost Audit with their applicability criteria is given below:

- 3.2.1. **Eligibility Criteria for Companies Engaged in Strategic Sector as Proposed:-** It covers the companies engaged in the manufacturing, production or processing of the following products to which Companies (Cost Records & Cost Audit Rules) 2013 apply:-

- Machinery, mechanical appliances used in defence, space and atomic energy sectors such as: (A) Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation (B) Steam or other vapour generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers (C) aircraft, spacecraft and parts thereof (D) ships, boats and floating structures;
- Turbo jets and turbo propellers;
- Arms and ammunition;

- Propellant powders; prepared explosives, (other than propellant powders); safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators;
- Radar apparatus, radio navigational aid apparatus and radio remote control apparatus;
- Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons and parts of such vehicles, that are funded (investment made in the company) to the extent of 90% or more by the Government or Government Agencies;

Companies under these sectors to meet the following criteria:-

- 3.2.1.1.** Aggregate value of Turnover from any of the above mentioned product  $\geq$  Rs. 500 crores in immediate preceding financial year, or
- 3.2.1.2.** If the company is engaged in only one of the above mentioned products then alternate criteria is also applicable i.e. Aggregate value of Net Worth  $\geq$  Rs. 500 crores as on last date of immediate preceding financial year.
- 3.2.2. Eligibility Criteria for Companies Engaged in Regulated Sector as Proposed:-** It covers the companies engaged in the manufacturing, production or processing of the following products to which Companies (Cost Records & Cost Audit Rules) 2013 apply:-
- Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports under Section 111 of the Major Port Trusts Act, 1963;
  - Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel etc. rendered by airports and regulated by Airports Economic Regulatory Authority (“AERA” aeronautical) under the Airports Economic Regulatory Authority of India Act,
  - Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature (other than broadcasting services) and regulated by the Telecom Regulatory Authority of India (“TRAI”) under the Telecom Regulatory Authority of India Act, 1997;
  - Generation, transmission, distribution and supply of electricity regulated by the Central Electricity Regulatory Commission (“CERC”) under The Electricity Act, 2003, other than for captive generation (as defined under The Electricity Rules);
  - Roads and other infrastructure projects that are recipients of concessions;
  - Active pharmaceutical ingredients or bulk drugs & formulations included in Chapter 30 of the Central Excise Tariff Act;
  - Fertilisers under administered price mechanism (Urea) or subsidised, included in Chapter 31 of the Central Excise Tariff Act;

- Sugar and industrial alcohol included in Chapters 17 and 22 of Central Excise Tariff Act;
- Petroleum products under administered price mechanism (Diesel, PDS Kerosene, Domestic LPG and Cooking Gas) or subsidised;

Companies under these sectors to meet the following criteria subject to the provision that the requirements of sectoral regulator regarding cost records and cost audit shall be taken into account:-

- 3.2.2.1.** Aggregate value of Turnover from any of the above mentioned product  $\geq$  Rs. 100 crores in immediate preceding financial year, or
- 3.2.2.2.** If the company is engaged in only one of the above mentioned products then alternate criteria is also applicable i.e. Aggregate value of Net Worth  $\geq$  Rs. 500 crores as on last date of immediate preceding financial year.
- 3.2.3. Eligibility Criteria for Other Companies as Proposed:-** It covers the companies engaged in the manufacturing, production or processing of the following products to which Companies (Cost Records & Cost Audit Rules) 2013 apply:-
- Railway or Tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signaling equipment's of all kind as included in chapter 86 of Central Excise Tariff Act;
  - Mineral products included in Chapter 25 of the Central Excise Tariff Act;
  - Ores included in Chapter 26 of the Central Excise Tariff Act;
  - Mineral Fuels, mineral oils etc. included in Chapter 27 of the Central Excise Tariff Act (such as coal, lignite, peat, coke, coal gas etc.);
  - Baetals included in Chapters 72, 73, 74, 75, 76, 78, 79, 80 and 81 of the Central Excise Tariff Act;
  - Inorganic chemicals, organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes included in Chapter 28 of the Central Excise Tariff Act, Organic Chemicals included in Chapter 29 of the Central Excise Tariff Act;
  - Aircraft, spacecraft, that are funded (investment made in the company) to the extent of 90% or more by the Government or Government Agencies;
  - Vehicles, aircraft, vessels and associated transport equipment, that are funded (investment made in the company) to the extent of 90% or more by the Government or Government Agencies;
  - Jute and Jute Products;
  - Edible Oil under Administrative Price Mechanism;
  - Construction Industry where there is any government concession or grant in any form;
  - Provision of healthcare services including check-up and preventive services, diagnostic services, disease management and patient care services including in corporate hospitals;

- Provision of education services, other than such similar services falling under philanthropy or as part of social spend and do not form part of any business.

Companies under these sectors to meet the following criteria:-

- 3.2.3.1. Aggregate value of Turnover from any of the above mentioned product  $\geq$  Rs. 100 crores in immediate preceding financial year, or
- 3.2.3.2. If the company is engaged in only one of the above mentioned products then alternate criteria is also applicable i.e. Aggregate value of Net Worth  $\geq$  Rs. 500 crores as on last date of immediate preceding financial year.
- 3.2.4. **Audit Requirements as Proposed:**
  - 3.2.4.1. Maintenance of Cost Records in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India,
  - 3.2.4.2. Appointment of cost auditor by the Board within 108 (may be clerical error and intended as 180) days from the commencement of the financial year for which cost audit is required to be performed.
  - 3.2.4.3. Submission of cost audit report within 180 days to the Board from the close of the financial year for which cost audit is required to be performed.
- 3.3. **After Effects of Proposed Rules:** - Many members of our esteemed institute believe that release of these draft rules is a back door attempt to abolish need of maintaining cost accounting records. Some of the points of comparison between above mentioned existing and proposed provisions which make this belief more strong are put herein under:-
  - 3.3.1. **Single Rule for Records & Audit (*Andher Nagari Chaupat Raja, Take Ser Bhaji Take Ser Khaja*):** - Generally the record maintenance criteria covers wider number of entities and audit criteria covers bigger players out of those already covered in record maintenance criteria. These draft rules exhibit a rarely found characteristic of any legal rule made anywhere in the world that the applicability criteria for audit and record maintenance is same.
  - 3.3.2. **Innovative Meaning of Turnover (*Na 9 Mun Tail Hoga Na Radha Nachegee*):** - Generally turnover is supposed to be gross operational income. These draft rules innovated turnover to be known as gross income from a single product. Now in most of the cases it will be very difficult to bring any company under the applicability criteria of turnover.
  - 3.3.3. **Omission of Listing Criteria (*Naa Rabega Baans Naa Bajegi Baansuri*):**- The draft rules have not paid any attention to the listing status of the company while defining applicability criteria. It is an open relaxation to loot hard earned money of common investor.
  - 3.3.4. **Omission of Products (*Andha Baante Revadi Apane Apane Ko De*):**- Many Products covered under existing rules are proposed to be left out. This will result in narrowing the applicability net itself. It is seldom found that classes of auditees are narrowed rather than broadened.

3.3.5. **Cancerous Growth in Net-worth/Turnover Criteria (*Din Dugana Rat Chauguna or Sauguna*):** - It happens only in India. Till the draft rules were release the Net-worth Criteria was Rs. 5 Crore and now it is Rs. 500 Crore. Similarly turnover criteria is raised from Rs. 20 Crore to Rs. 100 Crore and from Rs. 100 Crore to Rs. 500 Crore in many cases. This condition is an open mockery of Expert Group Recommendations.

3.3.6. **Requirement of Regulator (*Haathi Ke Dant Dikhane Ke Aur ,Kbane Ke Aur*):**- The draft rules on one hand provides for applicability criteria for companies under control of sectoral regulator on the other hand they mention that requirement of sectoral regulator regarding cost records and cost audit shall be taken into account. This means the applicability will be in force only when regulator wants.

3.3.7. **Appointment within 180 Days (*Too Chal Main Aaya*):**- Usually an early appointment of auditor is helpful in designing appropriate audit program. However the draft rules extended the limit to 180 days from existing norms of 90 days for appointment of auditor.

4. **CONCLUSION:** - The Draft Companies (Cost Records & Cost Audit Rules) 2013 if notified will be classic example of existence of a vacuum because limit of its coverage net tends to zero. In the interest of Indian Economy, Consumers, Regulatory Authorities, Industry and Society at Large, as a citizen of this great nation, we must demand the Anti Audit and Compliance Draft Rules to be rolled back immediately and existing rules should be retained.

For the decades all the so called "Sister Professional Institutes" are functioning with narrow mind sets, deeply involved into criticism of one another's domain expertise. We have been fighting within ourselves even in the open media rather than fighting against corrupt players / practices in the national economy. We never stood untidily against melafied intentions of market forces with evil spirits.

Any removal of Audit Provision is equally dangerous to all Professional Bodies and is a hole in the protection of interest of all the stake holders. Under current developments in the name of corporate law reforms Audit Profession is put to threat. One institute appears to be dead, other is seriously injured and third is happy because managed to escape narrowly this time.

Real competence and strength lies in to stretch our line bigger rather than trying to erase line drawn by others. Therefore introspection is needed so that we can uncover our beliefs and assumptions biased by vested interests and can discover mission for common interest. If we remain rigid then destiny is "as you sow, so shall you reap".

All the three institutes must stand united and convince government for immediate roll back of such black Draft Rules and retaining existing mechanism to save economy and common-man at large.



## MIS Report for Monitoring, Controlling & Reducing Product Cost

*CMA Rajesh Kapadia*

It is imperative for any mfg industry / company to take suitable, timely & corrective actions to control, monitor & reduce its Product Cost (wherever possible) to survive & grow.

CMA Department can help management in its endeavour by providing following MIS Report:

### (1) MIS Report-1

FOR PRODUCT 1 (WHICH CONSTITUTES 75 % OF TOTAL REVENUE)

Sr No	PARTICULARS Production :	ACTUAL FOR F.Y.2012-13			ACTUAL FOR F.Y.2011-12		
		Rs Lacs	Rs / MT	%	Rs Lacs	Rs / MT	%
<b>(A)</b>	<b>VARIABLE COST</b>						
1	Raw Material Consumption						
2	Electricity Charges						
3	Water						
4	Fuel						
5	Natural Gas						
6	Packing Material Consumption						
7	Total Variable Cost						
<b>(B)</b>	<b>Fixed Cost</b>						
1	Stores Expenses						
2	Repaires Expenses						
3	Employee Cost						
4	Interest						
5	Depreciation						
6	Other Overheads						
7	Total Fixed Cost						
<b>(C)</b>	<b>Total Cost (A+B)</b>						
<b>(D)</b>	<b>Less : By Product Sales</b>						
<b>(E)</b>	<b>Total Net Cost</b>						



In most of the mfg companies / industries, it will be observed that usually Product Cost is dominated by Raw Material Cost, followed by Utilities Cost including Electricity, followed by Fixed Cost.

For monitoring, controlling & reducing Raw Material Cost, Management should focus on A Category of Raw Materials.

**For this, following steps can be taken:**

- (1) Any excess usage of A category of Raw Materials requires attention of the management.
- (2) Analysis of excess consumption by production cost centres enables fixation of responsibility.
- (3) Usage of A category of Raw Materials can be brought down with the help of R & D Dept which can suggest suitable modification in the existing process.
- (4) Usage of A category of Raw Materials per MT of Finished Product can also be brought down by purchasing the same Raw Materials of Superior Quality at higher price whereby gain to the company by reducing usage of A category of Raw Materials far exceeds the higher price paid for it.
- (5) Any excess price of A category of Raw Materials over Previous Year requires attention of the management.
- (6) For Controlling price of A category of Raw Materials, any emergency purchase should be avoided. This may require proper coordination between Sales Department, Production Department & Purchase Department.
- (7) Company may explore the possibility of putting up its own Mfg Facility for A category of Raw Materials after carrying out proper Cost Benefit Analysis. This will ensure uninterrupted supply of A category of Raw Materials at reduced rate (i.e. at mfg cost).

For monitoring, controlling & reducing Utilities Cost, Management may explore the following options :

- (1) Input / Output ratio of each of the Utilities for Current Year should be compared with that of Previous Year.  
Any adverse variance of more than 5 % should be addressed by taking timely corrective actions.
- (2) Input / Output ratio can be improved by operating all the utilities at optimum capacity.
- (3) If electricity is a major cost element of product then company can explore the possibility of putting up wind mills to reduce electricity cost.
- (4) If electricity is a major cost element of product then company can also explore the possibility of putting up own power generating plant.
- (5) If electricity is a major cost component, then management should focus on A Category of Cost Centres which may account for at least 70 % of total electricity consumption.

- (6) Any increase in consumption of electricity Per Unit of Output requires the focus and attention of the management.
- (7) Any increase in consumption utilities without any corresponding increase in output requires focus and attention of the management.
- (8) For controlling & reducing Steam Cost,
  - (a) line losses should be brought down to the minimum possible,
  - (b) Input / Output ratio of Steam can be improved either by :
    - (I) substituting one fuel by another fuel or by
    - (II) adding suitable additives to fuels.
- (9) Proper Cost Centrewise Metering should be done for each of the utilities to monitor Cost Centrewise Consumption.

For monitoring, controlling & reducing Fixed Cost, Management may explore the following options :

- (1) It can be controlled & reduced per MT of Finished Product by operating the Plant at the optimum level.
- (2) Any adverse variance of more than 5 % as compared to Previous Year should invite the attention of the management.
- (3) For any substantial increase in Stores Expenses & Repaired Expenses, cost centrewise analysis is required to be done to fix up the responsibility and for taking corrective action.
- (4) Expenses with respect to Stationery for Computer & Stationery for other Office use can be controlled by entering into Annual Rate Contract with concerned suppliers which can be either for a given period or for a given quantity.

Conclusion :

When above mentioned options are explored & proper steps are taken by the management for monitoring, controlling & reducing Raw Materials Cost, Utilities Cost & Fixed Cost, it will ultimately result in monitoring, controlling & reducing overall Product Cost of the Company which will help the company to SURVIVE & GROW IN THIS FIERCELY COMPETITIVE DOMESTIC & FOREIGN MARKET. ■

### CEP REPORT

On 21st December 2013 WIRC organized CEP on Financial Derivatives at Thane SMF Centre. Dr. Gautam Mitra was the faculty for the Programme. CMA Debasish Mitra, RCM-WIRC was also present on the occasion.

Large number of members attended



## Issues governing tax based on domestic transfer pricing

*CMA Jagdish Ahuja,*  
*ahuja.jag@gmail.com*

By the time the readers get access to this Bulletin, we must have already welcomed the year 2014 with new hopes. In my last article, I briefly touched upon a few issues governing tax based on arms length transfer pricing with the help of decided case laws on the subject. In the current issue, I wish to elaborate on the need for domestic transfer pricing in India.

The transfer pricing provisions were earlier applicable to only international transactions. However, with effect from 1<sup>st</sup> April 2013, (Assessment Year 2013-14), the provisions are now also applicable to specified domestic transactions (SDT). The provisions apply to all the taxpayers including individuals, HUFs, firms, and Companies.

Let us first understand how and why the domestic transfer pricing was introduced in the Income Tax Act, 1961.

It was in October 2010, when the Hon'ble Supreme Court, in a leading case CIT V Glaxo Smithkline Asia (P) Ltd, advised that our Ministry of Finance (MOF) should come out with adequate provisions in law to make transfer price regulations applicable to domestic transactions between two business units of the same taxpayers. The Apex Court also suggested amendment to Section 40A(2) and Section 80(1A-10) to empower Assessing Officer to make adjustment to the income having regard to the fair market value of the transactions between related parties.

In line with the above suggestions, our income tax Act was amended via Finance Act, 2012 by amending Chapter X of the Act by extending the international transfer pricing provisions which are now applicable to certain specified domestic transactions. The newly introduced Section 92BA provides the meaning of SDT which covers the following transactions, if the aggregate of these transactions entered into by the assessee in a previous year exceeds RS 5 Crore:

1. Payment to related parties which are covered under section 40A(2)(b)
2. Any transaction referred to in section 80A,
3. Any transfer of goods or services under section 80IA(8),
4. Any business transaction between the assessee and other person as referred to in section 80IA(10)
5. Any transaction referred to in any other section under Chapter VIA or section 10AA, to which provision of Section 80IA(8)/10 are applicable; or
6. Any other transaction as may be prescribed.

It may be noted that in the above cases, the arms length price to be determined based on the parameters of section 92 to 92F

Following conditions are to be satisfied for applicability of SDT under section 40A(2):

- Taxpayer should have incurred an expenditure as covered under section 40A(2)
- Expenditure should be with the related parties as covered under section 40A(2)(b)
- The aggregate of SDT should be more than RS 5 Crore.

If all the above conditions are satisfied, the onus is on the assessee to show that the transactions are based on arms length principal.

Penalties for non compliance of domestic transfer pricing provisions are discussed herein below:

- under section 271(1)(c), in case of an adjustment post assessment, if regarded as concealment of income – 100 to 300% of the tax leviable on the amount of adjustment
- under section 271AA, failure to maintain transfer price documentation, failure to report the transaction, maintenance or furnishing of incorrect information or document – 2% of the value of transactions.
- Under section 271BA, failure to furnish Form 3CEB – RS 100,000
- Under section 271G, failure to furnish transfer price documentation with the tax officer – 2% of the value of transactions.

We must agree that the transfer pricing issues are complex and with the applicability of the provisions to domestic transactions as above, the complexity is going to be only multiplied. Moreover, the Indian Enterprise will also now be subject to more cumbersome provisions and need to maintain voluminous records and documentation to abide by the domestic transfer price regulation as above. Not only the large business houses but also Small and medium enterprises, HUF, Partnership firms and even individuals will now be subject to transfer price rules. Although while applying transfer price provisions to domestic transactions our MOF acted on the suggestion of Apex Court, it is to be ensured that the said application not to become another tool in the hands of income tax department to harass innocent Indian entrepreneurs.

I wish all the readers and their families a very happy and prosperous new year 2014.

\*\*\*\*\*

\*Jagdish is a Mumbai based Company Secretary in Practice.

# Techniques and Tools Used in Forensic Accounting to Detect Fraud

**Dr. ArvindLuhar**

*M.Com, MBA, LLB, PhD,  
Associate Professor and Head of  
Department of Accountancy,  
I.Y.College, Jogeshwari (East)*

**Kedar V. Bhide**

*M.Com, SET, CMA, Assistant  
Professor in NarseeMonjee  
College of Commerce and  
Economics, Vile Parle (East)*

**Harish Sharma**

*M.Com, NET, LLB, CA, Assistant  
Professor in NarseeMonjee College  
of Commerce and Economics,  
Vile Parle (East)*

## Abstract

Fraud detection that are of primary interest to fraud investigators and forensic accountants: Benford's law has been promoted as providing the auditor with a tool that is simple and effective for the detection of fraud, The utilization of genogram and timeline analysis techniques, at the inception of an assignment, can be a great benefit to the forensic accountant, ratio analysis for the detection of financial statement fraud data mining techniques for the detection of internal fraud and computer forensics during fraud investigations. It provides an informative background and then details the current status of research in each area. It describes what is currently unknown, and it proposes future research topics.

## Introduction

Forensic accounting plays a very vital role in the prevention of corporate frauds and in making the world of business a lot more answerable to the government as well as the people who somehow are related to the various companies and organizations. The advent of forensic accounting tools has emboldened the forensic accountants by providing them with the latest of all the gadgets as well as the software that can be beneficial in their work<sup>1</sup>.

The forensic accounting tools include some of the most sophisticated financial application that can be used by the high-level executives that includes CEOs, and the audit committee members. The aggressive enforcement of new corporate accountability standards, it is imperative that the corporate executives should proactively look into the areas that might raise the questions about their company's manipulation of earnings. The various forensic accounting tools can help the forensic accountants as well as other concerned people in searching for the current as well as the historical financial statement data to search for the accounting irregularities and then to provide with the investigative process to research the potential problems. The forensic accounting tools can help in providing the shareholder value and provide the additional assurances above and beyond the company's CFO, the internal as well as external auditors, expedite the SEC filings, and establish accountability.

It is not an overstatement that forensic accounting is one of the most, if not the most, important tools in the fight against corruption and other criminal wrongdoing, both in the private and public sectors. It must be borne

in mind that criminals are increasingly taking advantage of new technologies such as computers, e-banking, etc., to hide their crimes. Forensic accounting, together with expertise in other investigative tools and certain other areas, will then be an important tool to detect these activities.

Although the skills and knowledge cover a wide range, cases involving the use of forensic accounting would be best served if the investigations were to be handled by a team of officers. Individually, of course, knowledge of forensic accounting would definitely be essential in the initial phases of such investigations. Thus, developing expertise in forensic accounting for investigating officers presupposes that the officers are trained in other investigative procedures; the training in forensic accounting involves developing a strong basic knowledge in the fundamentals of accounting and specialized training in the use of accounting knowledge and tools in the investigations.<sup>2</sup>

**The following techniques are effective in detecting fraud:**

### **Benford's Law**<sup>3</sup>

Using Benford's Law is an effective sample selection method for proactive fraud detection. Proactive detection of fraud requires the selection of an appropriate sample of transactions for audit. Traditionally there have been two types of sampling: statistical and non-statistical. Whilst these are valid approaches for financial statement auditing, they have their limitations when it comes to detecting fraud. In fact, sampling may not even detect a fraud because fraudulent transactions may not be included in the sample, or if they are, the audit test may not detect a fraud. For the most part, internal and external auditors rarely go into the level of detail necessary to actively detect fraud.

For this reason, using Benford's Law, the sampling and audit risk is reduced because the selection criteria are based on transaction value and probabilities.

### **SO WHAT IS BENFORD'S LAW?**

The law takes its name from Frank Benford, who was employed as an engineer by the General Electric Company in the 1920s. These were the days before computers and calculators so multiplication and division of large numbers was undertaken using slide rules and for more accuracy, logarithms. Logarithms are contained on log tables, for those of us old enough to remember

such things. The various log tables were printed in books and all engineers at the GEC research centre would have used them extensively. Benford noticed that the pages at the front of the log tables appeared to be more heavily thumbed (and therefore dirtier at the bottom right hand corner of each page) than those at the back. He formed the view that the engineers were pre disposed to looking up logs of multi-digit numbers starting with low numbers (1, 2 or 3) more frequently than multi-digit numbers starting with digits 4 - 9.

A more modern equivalent of this observation would be the keypad of a well-used adding machine, calculator or computer. The lower numbered keys will generally be more worn than the higher numbered keys. Benford went on to test this theory by examining over 20,000 sets of numbers including baseball statistics, areas of river, stock market quotes, population of towns etc. The data came from sources that were random and also from sources that followed mathematical rules. However, man-made data such as house numbers, telephone numbers and zip codes were excluded.

The results of the analysis did confirm the empirical observation of thumbed log tables. The probability of a multi-digit number starting with '1' was indeed higher than for the first number to be '9'.

In mathematical terms, Benford theorised that the probability (P) of the first digit (n) being a particular multi-digit number is:

$P(n) = \log(1 + 1/n)$  By putting various values for n we see that: For n = 1; the probability is 30.1% For n = 9; the probability is 4.6% Intuitively, we might have expected the probability of each number 1 to 9 appearing as the first digit of a multi-digit number to be the same or 11.1%.

Benford went on to conduct the analysis for the second digit of a multi-digit number and found a similar pattern emerged. In further work he looked at the probabilities of the first 2 digits of a multiple digit number occurring. Again a logarithmic rather than the random pattern emerged.

### HOW DOES THIS HELP TO DETECT FRAUD?

Consider how you would identify if expense claims being processed by your company were not all bona fide and were being 'padded'. Traditional sampling techniques could not identify likely transactions because: - Statistical techniques usually depend upon unusual items/errors being randomly distributed. - Non-statistical methods rely on judgement of the auditor and faced with a large volume of transactions, it is very difficult to know where to start. This is where Benford's law can help us. The data for distribution of the first digit of all expenses claims is graphed and this is compared to a Benford distribution produced by the equation given above. This can be done very easily using Microsoft Excel. The mechanics of the process of preparing the source data for analysis is beyond the scope of this article. Having undertaken the analysis, the following might result for the value '4' Actual

Expected (Benford) 21.9% 9.7%. This result does not mean that there is a fraud. It does, however, tell us that the number of multi-digit expense claims starting with the digit '4' is not as we would expect in that it greatly exceeds the probability that Benford predicts. Thus our sample for audit should include all expense claims starting with the digit '4'. There could, of course, be a perfectly valid reason for the deviation from the expected probability. However, for example, if we also know, that two signatures are required to approve all claims over • 500 and only one up to • 500. This could mean that controls are being circumvented to avoid the need for two signatures by multiple expense claims being submitted.

Clearly this is a circumstance that requires further investigation.

### LIMITATIONS OF BENFORD'S LAW

The law does not apply to all sets of numbers and in selecting samples the following need to be considered: - The sample size must be large enough for the digit pattern to emerge. - It does not work for numbers that are truly random (e.g. lottery numbers!) - It will not work where numbers are constrained (e.g. where the data lies in a pre-defined range of values, a limit on the maximum values or the same numbers appear regularly for some reason). - It does not work for non-naturally occurring numbers (telephone or PPS numbers). Other work in this area has shown that Benford's Law applies to accounting data. In particular, Nigrini has developed a number of tests based on the law and his book shows how these can be applied to detecting fraud. In addition to using Microsoft Excel, there are a number of commercially available software packages that will automate the process of analyzing the data.

### Genogram & Timelines Analysis: <sup>4</sup>

We all have heard the adage, "A picture is worth a thousand words," which refers to the premise that complex matters can best be described with just the use of a single image, or the fact that an image may be more influential than reading a large amount of text. With that thought in mind, deploying a genogram can provide a powerful resource as a forensic accounting tool. The genogram was first developed and popularized in family clinical settings by Monica McGoldrick and Randy Gerson. Now, genograms are used by various groups of people in a variety of fields such as medicine, psychology, social work, genealogy, genetic research, education, and forensic accounting. A genogram depicts prior and existing personal associations of the target individual that encompasses all relevant parties, both related and unrelated. The genogram maps out relationships and traits that may otherwise be missed on a pedigree chart. For a forensic accountant, a genogram provides a visual description of the facts obtained throughout the various aspects of the investigation, covering such facets as the research, interview, document inspection and financial analysis phases. It allows the investigator to identify patterns of behavior, as well as to uncover additional

companies and/or individuals, which may warrant further examination. It is typically prepared early in the assignment, and continually refined in conjunction with additional analysis as the engagement progresses. As one builds the model, pertinent facts can be displayed in a format that assists the investigator in determining the areas that need further probing by identifying the appropriate universe of data to be included in the investigation. As you uncover and incorporate new data into the model, it can be organized by color coding, numbers and arrows. The data in the model may include information such as family relationships, business ownership percentages and flow of money.

Timelines are often used in education to assist students and researchers as a means of comprehending events in their logical order for a particular subject. A timeline is a powerful graphic representation of the entire sequence of events presented in an organized, chronological fashion for a particular topic. A well thought-out timeline provides a simple way to attach an image to each event in the case. There are many software tools that create graphic timelines and are designed to be flexible enough to capture new events as they are identified. One should not commence the fieldwork of a forensic accounting assignment before a timeline of events is understood. Once key indicators are diagnosed, an investigation can then be tailored around these significant dates. The forensic accountant should not hesitate to include as many important dates and events as possible onto the timeline analysis. Using a timeline permits the readers, such as attorneys, judges and juries, to quickly understand the flow of events and their significance. The inclusion of all the relevant events, both financial and nonfinancial, can help the reader to identify patterns that may have developed over several months or years.

### **Ratio Analysis<sup>5</sup>:**

Ratio analysis is possibly the most powerful identifier of potential fraud, even more powerful than its better known cousin. Digit-frequency analysis using Benford's Law. While both examine the data for patterns to highlight possible fraudulent transactions, ratio analysis not only highlights anomalies in large groups of records, but also pinpoints the specific transactions that are unusual.

Ratio Analysis is the use of our accounting information so as to help us to become aware of potential problems and also to see how we compare to your industry ratios. In this economy, successful companies are the ones who can use their accounting information to see who their best customers are, which products are most profitable and if there are any danger signs ahead, such as lack of cash.

The ratios are grouped into four categories, Profitability, Activity, Leverage and Liquidity. Profitability tells us how well we are doing. As with all Ratio Analysis, it is critical that we have some industry statistics, so that we can see how our company's performance compares with our

peers. Activity Ratios tell us regarding the quality of our Accounts Receivable and Accounts Payable. Leverage Ratios tell us how well we are managing debt and Liquidity Ratios warn us if it looks like we will have trouble paying our current bills in the future. Problems at smaller companies can be masked through financial roll-ups within larger companies. Drilling down can help uncover these problems. Ratio analysis and metrics linked to critical processes can highlight areas of concern.

### **Data mining<sup>6</sup>:**

Data mining is a technique with an objective to mine large amount of data to discover previously unknown, action oriented, hidden trends, patterns and complex relationships. The technique studies past data, operates on all the variables and entire population, extracts variables of importance and uncovers patterns in the form of rules, and formulates model by using different techniques. The resulting rules or patterns help auditors to flag only those transactions most likely to be fraudulent. Discovery, predictive modeling and deviation analysis are three major activities of data mining techniques. In "discovery", usual knowledge or patterns such as associations, trends and variations in data are discovered in the form of logic or rule without any pre-defined hypothesis about what the pattern may be. Some of the discovery techniques are association, sequencing, cluster analysis and Kohonen neural network. An association is a rule, which implies certain association relationships among a set of objects (such as "occur together" or "one implies the other") in a database. The technique creates rules that describe how often events have occurred together. The sequencing technique is the same as association, except that the time sequence of events is also considered. Cluster analysis, an unsupervised technique, segments a diverse group into mutually exclusive similar subgroups or clusters. The members of each group are as homogeneous as possible and different groups are as heterogeneous as possible. In predictive modeling, patterns discovered from the data sets are used to predict the outcome, and to guess values for new data items. Deviation analysis applies the extracted patterns

to find anomalies or unusual and specific cases. Defining and detection of fraud is a very difficult task and any error in decision would create unhealthy situations. This article does not claim that data mining techniques are superior to human (i.e. forensic auditors) mental model (intuitions, judgments, foresight and experiences) in detecting frauds. On the other hand, the techniques help the auditors in automatically narrowing the search space, sharpening the decisions, reducing the errors and identifying complex frauds. Mental model and data mining models together improve the discovery and prediction of frauds. Some of the general characteristics of data patterns of fraudulent transactions that need to be discovered, with the help of specific data mining tools from the accounting database, are discussed below:

- a) Transactions, where each variable contains data seemingly usual but the combination of variables look

unusual, are likely to be fraudulent. The number of these types of transactions in general, is huge and hence difficult to detect rare fraudulent ones. We do not have past information or any reference to these types of transactions and hence one relies on domain knowledge. Certain combinations, which either should or should not occur, need to be focused. In this situation general-purpose association and sequencing techniques are applied on population transactions.

- b) There are some transactions, where combination of entries is unusual with respect to a comparison or reference value(s), are also likely to be fraudulent. The reference value is determined by unsupervised cluster analysis. This is followed by an outlier analysis, to detect cases deviating from this reference value.
- c) Sometimes the value of a variable is unusually high or low. This may be due to data entry error or any other mistake and not necessarily a fraud. Descriptive statistics such as range, standard deviation and relative size factor etc. would be helpful in detecting this type of errors. Any data mining technique is not required to identify these irregularities.
- d) Accounting transactions are maintained in various files. In some occasions, one can find two or more seemingly unrelated records of two or more files having unexpectedly the same values for some or all of the fields of business relevance. Here there is a chance of fraud. This is one type of unexplained relationships and need unsupervised data mining technique, as there is no prior information about fraud. A cluster analysis on the variables in question is most appropriate data mining tool.
- e) In some situations, two or more unrelated records having unexpectedly the values showing a direct or indirect link between the records confirming that these records are related in some ways. This type of unexplained relationship is an indication of fraud. Unsupervised data mining technique and link analysis are most appropriate to identify this type of fraud. Once it is known what transactions are frauds and what are not using above discovery techniques, these outcome or historical data can be used further to build predictive model for detecting fraud. In predictive modeling, known outcome variable (fraud=Yes or No or degree of fraudulent characteristic=Threshold value) and a set of important variables that contributing the outcome, are modeled using a mathematical technique. Once the model is built, it is then used to predict a completely new transaction whether it is fraudulent or not and also identifies the variables of importance. This is called predictive data mining and it includes tasks such as classification, regression, time series analysis, and prediction. This is implemented by using regression, decision trees, or neural networks. A decision tree is a technique that generates a

graphical representation of the model and accompanied by rules of the form "if condition then outcome".

### Computer Forensic Tools<sup>7</sup>:

Protecting a specific computer system from data corruption or the alteration of data, is the first step within the forensic investigation methodology. This is initially achieved through the complete isolation of the computer system from the suspect; typically the computer owner. Data integrity is further guaranteed by employing trained CFSs in the handling and investigative process. Forensic software tools are largely not involved within the protection step of the investigation methodology, as a result, the subject of data protection will not be considered any further. The ability to access and analyze the contents of files is paramount to the success of an investigation. It can be seen that data access and analysis are not effectively supported. This matter needs to be addressed since the core of a CFSs task within the investigation is to discover specific contents of files that would link a suspect to the crime.

### Conclusion:

As forensic accountants, we must properly plan our assignments to allow us the best possible opportunity to achieve our goals. In many of our cases, we are engaged by the attorney for the aggrieved party. Two important elements that we should ask of our attorneys is that they bring us in to the mix as early as possible, and that they encourage their client to impart to us all of the requisite knowledge they have concerning the matter. These two steps will allow the forensic accountant to have the available information needed to analyze the case in an efficient manner and are useful tools during settlement discussions, testimony preparation, along with the report writing process. Immediately jumping into the dollars and cents is almost never the most efficient way to get started.

### References:

- 1) <http://www.accountant-search.com/forensic-accounting-tools.html>
- 2) DEVELOPING EXPERTISE IN FORENSIC ACCOUNTING - Forensic Accounting in Malaysia page 151.
- 3) The effective use of Benford's Law to Assist in Detecting Fraud in Accounting data
- 4) Deploying Genogram and Timeline Analysis- Powerful Forensic Accounting Tools by Marks S. warshavsky National Litigation Consultant's Review March 2010 Volume 9. Issue 8
- 5) Variance & Ratio Analysis by David G. Conde
- 6) The Chartered Accountant April 2006- 1427- Dr. P. K. Panigrahi
- 7) An Investigation in to Computer Forensic Tools- K. K. Arthur & H.S. Ventre







### कोस्ट ओडिट रूल 2013 उना झूकटनो गुजरातना कोस्ट अकाउन्टन्स द्वारा विरोध



ममदाबाद 14 डिसेंबर, 2013 - 14 सदस्यीय कॅमिटी को कोस्ट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### कोस्टींग संबंधी नवीन श्रेणियों के माथे तोणायेलुं छतरपिंडीनुं ज़ोभम

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### नवा कोस्ट ओडिट रूल मुसदाथी भानगी कंपनीओे मालामाल यशे

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### कोस्ट ओडिट रूल 2013 के ड्राफ्ट का गुजरात के कोस्ट अकाउन्टन्स द्वारा विरोध

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### नवा कोस्ट ओडिटर रूलनो मुसदा भानगी कंपनीओे लूंटनी छुट आपशे

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### नये कोस्ट ओडिटरूल के मुसद्दे से निजी कंपनियों को मिलेगी खुली छूट

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### केन्द्र सरकार द्वारा कोस्ट ओडिटरूलनो केरकारथी ग्राहको माथे तोणायेलुं ज़ोभम

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### नए कॉस्ट ऑडिट रूल के मसौदे का चारों ओर विरोध

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

### कोस्ट ओडिट रूल 2013 उना झूकटनो गुजरातना कोस्ट अकाउन्टन्स द्वारा विरोध



कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।

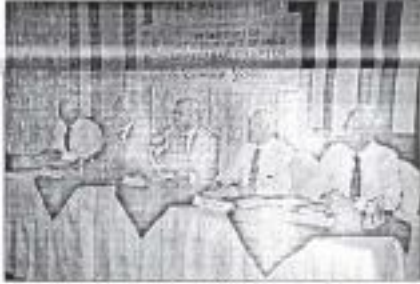
### केन्द्र सरकार कोस्ट ओडिटना क्रायदांमो करेला केरकारथी भानगी कंपनीओे भेडाम बनशे

कोस्ट ओडिट रूल 2013 अंतर्गत नवीन नियमों का विरोध करने के लिए बैठक में शामिल हुए।





કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો ગુજરાતના કોસ્ટ એકાઉન્ટ્સ દ્વારા વિરોધ



આમંત્રણ ૧૬ ઉપરના સભ્યો સાથે કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.



આમંત્રણ ૧૬ ઉપરના સભ્યો સાથે કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો ગુજરાતના કોસ્ટ એકાઉન્ટ્સ દ્વારા વિરોધ



'૧૬ મુદ્દાઓ અંગે સંબંધિત સુધારાઓની માંગણી કરવામાં આવી હતી. આ બંધારણ અંગેની સમીક્ષા અને સુધારાઓની માંગણી કરવામાં આવી હતી.

'વિરોધી સભ્યોને ભારતીય ઉત્પાદનો ઉપરથી સહાયતા અને વ્યાજવંત ચિલ્લો લેવામાં આવ્યો હતો.'

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

આ બંધારણ અંગેની સમીક્ષા અને સુધારાઓની માંગણી કરવામાં આવી હતી. આ બંધારણ અંગેની સમીક્ષા અને સુધારાઓની માંગણી કરવામાં આવી હતી.

કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

નવા કોસ્ટ ઓડિટરૂલના મુસદ્દાથી ખાનગી કંપનીઓને મળશે લૂંટની ખુલી છૂટ

આ મુસદ્દાને ઠારણી ઠાંપનીઓને પુરી ઠીક ભરણી, ભરણી વિચારણા તરફના બંધારણ સહાયતા અને વ્યાજવંત ચિલ્લો લેવામાં આવ્યો હતો.

વિરોધી સભ્યોને ભારતીય ઉત્પાદનો ઉપરથી સહાયતા અને વ્યાજવંત ચિલ્લો લેવામાં આવ્યો હતો.

સુરત ૧૪: કેન્દ્ર સરકારની મિનિસ્ટ્રી ઓફ કોર્પોરેટ ગવર્નન્સન્સ દ્વારા રાષ્ટ્રીય અર્કાઇવ્સ દ્વારા હાલમાં તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩ના ડ્રાફ્ટમાં ૬૬વામાં આવેલી અમુક જોગવાઈનો ઇન્ટિટ્યુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઇન્ડિયાના ગુજરાત ચેપ્ટરે અમદાવાદમાં સમ્પત વિરોધ નોંધાવ્યો હતો. આ મુસદ્દામાં ઘણાં ઉદ્યોગોના વિકાસને ડુંધવાની, ભારતની જનતાને છાશ વારે મોંઘવારી આપવાની, કંપનીઓને ખુલ્લા દોર આપવાની કુટનીતિ નક્કી કરવામાં આવી છે. આ અંગે ઇન્સ્ટિટ્યુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ કરવામાં આવ્યો છે અને સુરતના કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક આયોજવામાં આવી છે. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.

નવા કોસ્ટ ઓડિટરૂલના મુસદ્દાથી ખાનગી કંપનીઓને મળશે લૂંટની ખુલી છૂટ

સુરત ૧૪: કેન્દ્ર સરકારની મિનિસ્ટ્રી ઓફ કોર્પોરેટ ગવર્નન્સન્સ દ્વારા રાષ્ટ્રીય અર્કાઇવ્સ દ્વારા હાલમાં તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩ના ડ્રાફ્ટમાં ૬૬વામાં આવેલી અમુક જોગવાઈનો ઇન્ટિટ્યુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઇન્ડિયાના ગુજરાત ચેપ્ટરે અમદાવાદમાં સમ્પત વિરોધ નોંધાવ્યો હતો. આ મુસદ્દામાં ઘણાં ઉદ્યોગોના વિકાસને ડુંધવાની, ભારતની જનતાને છાશ વારે મોંઘવારી આપવાની, કંપનીઓને ખુલ્લા દોર આપવાની કુટનીતિ નક્કી કરવામાં આવી છે. આ અંગે ઇન્સ્ટિટ્યુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ કરવામાં આવ્યો છે અને સુરતના કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક આયોજવામાં આવી છે. આ બેઠકમાં કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો વિરોધ કરવા માટેની બેઠક.



नए कॉस्ट ऑडिट रूल के मसौदे से निजी कंपनियों को मिलेगी लूट की खुली छूट

मुम्बई। केन्द्र सरकार के निर्देशों को लागू करते निजी इलेक्ट्रिकल इन्डिया (एनआईआई) को लागू करने के लिए 2013 के ड्राफ्ट में जो नए नियमों को लागू करने के लिए...



कंपनी के निदेशों को लागू करने के लिए 2013 के ड्राफ्ट में जो नए नियमों को लागू करने के लिए...

केन्द्र सरकार के ड्राफ्ट पर आईसीएआई ने विरोध जताया

अहमदाबाद। केन्द्र सरकार के निर्देशों को लागू करने के लिए 2013 के ड्राफ्ट में जो नए नियमों को लागू करने के लिए...

लाने के लिए एंजल निवेशकों को भी प्रवेश देने के लिए एंजल निवेशकों को प्रवेश देने के लिए...

कोस्ट ओडिट रूल 2013ના ફાઈટનો ગુજરાતના કોસ્ટ એકાઉન્ટ્સ દ્વારા ઉગ્ર વિરોધ

અમદાવાદ ૨૧.૧૧.૧૩. કોસ્ટ એકાઉન્ટ્સ ઇન્સ્ટિટ્યૂટ ઓફ ઇન્ડિયા (ICAI) has objected to the latest amendments made to the Draft Companies (Cost Record and Cost Audit) Rules 2013.



કોસ્ટ એકાઉન્ટ્સ ઇન્સ્ટિટ્યૂટ ઓફ ઇન્ડિયા (ICAI) has objected to the latest amendments made to the Draft Companies (Cost Record and Cost Audit) Rules 2013.

ઉદ્યોગોને કોસ્ટ રેકોર્ડ્સ રાખવામાંથી મુક્તિ સામે એકાઉન્ટ-ન્ટ્સનો વિરોધ

અમદાવાદ. કોસ્ટ એકાઉન્ટ્સ ઇન્સ્ટિટ્યૂટ ઓફ ઇન્ડિયા (ICAI) has objected to the latest amendments made to the Draft Companies (Cost Record and Cost Audit) Rules 2013.

કોસ્ટ એકાઉન્ટ્સ ઇન્સ્ટિટ્યૂટ ઓફ ઇન્ડિયા (ICAI) has objected to the latest amendments made to the Draft Companies (Cost Record and Cost Audit) Rules 2013.

ICWA opposes amendment made in Draft Companies Rules

Ahmedabad. Industrialization and rapid change in technology inspired the government of India in 2008 to have fresh look for the costing data and management system as an effective tool.

Ahmedabad. Institute of Cost Accountants of India (ICAI) has objected to the latest amendments made to the Draft Companies (Cost Record and Cost Audit) Rules 2013.

we allow such abnoxious favouritism and falling prey to one segment of the economy at the cost of all other segments? To develop the profession we should give time and chance to practice the principles of the profession.



# કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ ડ્રાફ્ટનો ગુજરાતના કોસ્ટ એકાઉન્ટ્સ દ્વારા વિરોધ

કેન્દ્ર સરકારની મિનિસ્ટ્રી ઓફ ફાઇનૅન્સિયલ્સ દ્વારા ઘાસબંધ તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩?? ડ્રાફ્ટમાં કરવામાં આવેલી અમુક સોંવવાઈનો ઈન્વિટેડયુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઈન્ડિયાના ગુજરાત ચેપ્ટર દ્વારા સખત વિરોધ કરવામાં આવે છે. આ મુકાદમાં ઘણા ઈશોગોના વિકાસને ડુંખવાની, ભારતની જનતાને છાક વારે મોંઘવાની, કંપનીઓને ખુશો ઘેર અપવાની આપવાની રહતિલી નહી કલ્યાણ આવી છે. આ એવે ઈન્વિટેડયુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યો છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.

તે સંદર્ભે ઈન્ડિયાના વિકાસ કમિશન ઓફ આઈસીઆઇઆરબીએ ધેરનેન આલિષ થઈ જણાવ્યું કે ડ્રાફ્ટિંગ સેક્ટર કંપનીનું વચ્ચેથી કાઢવીએ દેખીતું કારણ છે અને નામ, જ તે કારણ છે. કોસ્ટ એકાઉન્ટ્સ ઓફ ઈન્ડિયાના વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩?? ડ્રાફ્ટમાં કરવામાં આવેલી અમુક સોંવવાઈનો ઈન્વિટેડયુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઈન્ડિયાના ગુજરાત ચેપ્ટર દ્વારા સખત વિરોધ કરવામાં આવે છે. આ મુકાદમાં ઘણા ઈશોગોના વિકાસને ડુંખવાની, ભારતની જનતાને છાક વારે મોંઘવાની, કંપનીઓને ખુશો ઘેર અપવાની આપવાની રહતિલી નહી કલ્યાણ આવી છે. આ એવે ઈન્વિટેડયુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યો છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.

વધાવી વેચાપ કોઈપણ પ્રકેરનાને કેવલક થવા માટે કોફેચનના સિલોગોની લાઠીય થઈ આવશે તેને તક અને સમય અપવો પો. જ વાચક કરતા થવારે વિશ્વાસીઓ અને ૬૫,૦૦૦ કરવા પણ વધારે રાખ્યો આ પદકારને ડિખવા માટે સમમ છે. ભુતકાળમાં પણ આવી નીતિઓ કોલેપક પ્રકારનું પરિણામ કાલેક કરી શકી નથી અને કેન્દ્ર સરકારે પણ આ માત્રે સમજવું જોઈએ.

જાહેરી જોગવાઈ મુકાદ જ કોસ્ટ ઓડિટની રૂલમાંથી ઘણી કંપનીઓ આક્રમ કરી દેવામાં આવી છે. આ ઉપરાંત ઘણી એવી જોગવાઈઓ જે ઘાસબંધ ઘણી જરૂરી હતી તેના તક કુર્બીય સેવવામાં આનું છે અને તેને કારણે ઘણી કંપનીઓ કાલકો સાથે મોડા પામે છેતામણી કરી શકે તેવી કલ્યાણમાં પણ સહાય. કંપનીઓમાં સર્ટિફાઈડ કોસ્ટ ઓડિટરનું ન હોવું એ નાકાસૈય નિર્ણય વેલકાર માટે ઘણું ઘાતક સાબિત થશે અને તેની સાથે જ સામગ્રી ધેરસે જે ડિસીઓ સામના કોઈએ તે પણ કંપનીઓ સાચવવો નહીં. સિમેન્ટ, સ્ટીલક કિરામિક એન્જિનિયરિંગ એવી ઈન્ડસ્ટ્રી છે જેની કિમલો ઓઈ સામાન્ય માલસના કલવને સ્પર્શે છે. ભારતના ઓઈ સામાન્ય માલસની ઘેટી, કપડા અને પાનનની જરૂરિયાતો આવી ઈન્ડસ્ટ્રી સાથે જોડાયેલી ઘોમ છે.

# કોસ્ટ ઓડિટ રૂલ ૨૦૧૩ના ડ્રાફ્ટનો ગુજરાતના કોસ્ટ એકાઉન્ટ્સ દ્વારા વિરોધ

અમદાવાદ, કેન્દ્ર સરકારની મિનિસ્ટ્રી ઓફ ફાઇનૅન્સિયલ્સ દ્વારા ઘાસબંધ તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩ના ડ્રાફ્ટમાં કરવામાં આવેલી અમુક સોંવવાઈનો ઈન્વિટેડયુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઈન્ડિયાના ગુજરાત ચેપ્ટર દ્વારા સખત વિરોધ કરવામાં આવે છે. આ મુકાદમાં ઘણા ઈશોગોના વિકાસને ડુંખવાની, ભારતની જનતાને છાક વારે મોંઘવાની, કંપનીઓને ખુશો ઘેર અપવાની આપવાની રહતિલી નહી કલ્યાણ આવી છે. આ એવે ઈન્વિટેડયુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યો છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.



વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યા છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.

## કંપનીઓના નેટવર્થ-ટર્ન ઓવરની મર્યાદામાં કરાયેલા વધારા સામે વિરોધ

કેન્દ્ર સરકારના કોસ્ટ ઓડિટ નિયમોની નકલમાં, કાર્ટેસને પ્રોન્સલાન થાયશે

કેન્દ્ર સરકારના મિનિસ્ટ્રી ઓફ ફાઇનૅન્સિયલ્સ દ્વારા ઘાસબંધ તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩?? ડ્રાફ્ટમાં કરવામાં આવેલી અમુક સોંવવાઈનો ઈન્વિટેડયુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઈન્ડિયાના ગુજરાત ચેપ્ટર દ્વારા સખત વિરોધ કરવામાં આવે છે. આ મુકાદમાં ઘણા ઈશોગોના વિકાસને ડુંખવાની, ભારતની જનતાને છાક વારે મોંઘવાની, કંપનીઓને ખુશો ઘેર અપવાની આપવાની રહતિલી નહી કલ્યાણ આવી છે. આ એવે ઈન્વિટેડયુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યો છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.

કેન્દ્ર સરકારના કોસ્ટ ઓડિટ નિયમોની નકલમાં, કાર્ટેસને પ્રોન્સલાન થાયશે

કેન્દ્ર સરકારના મિનિસ્ટ્રી ઓફ ફાઇનૅન્સિયલ્સ દ્વારા ઘાસબંધ તેમની વેબસાઇટ પર મુકવામાં આવેલા કોસ્ટ રેકોર્ડ એન્ડ કોસ્ટ ઓડિટ રૂલ, ૨૦૧૩?? ડ્રાફ્ટમાં કરવામાં આવેલી અમુક સોંવવાઈનો ઈન્વિટેડયુટ ઓફ કોસ્ટ એન્ડ વર્ક એકાઉન્ટ્સ ઓફ ઈન્ડિયાના ગુજરાત ચેપ્ટર દ્વારા સખત વિરોધ કરવામાં આવે છે. આ મુકાદમાં ઘણા ઈશોગોના વિકાસને ડુંખવાની, ભારતની જનતાને છાક વારે મોંઘવાની, કંપનીઓને ખુશો ઘેર અપવાની આપવાની રહતિલી નહી કલ્યાણ આવી છે. આ એવે ઈન્વિટેડયુટ દ્વારા રાષ્ટ્રીય કક્ષાએ વિવિધ રીતે વિરોધ પ્રદર્શન થાઈ રહ્યો છે અને તેમાં ગુજરાતના કોસ્ટ ઓડિટર પણ શોગ્રામ છે. તેનું કારણ છે કે આ મુકાદમાં ઘણી એવી સોંવવાઈ કરવામાં આવી છે જેને કારણે માત્ર ભારતીય ઉધોગો જ નહીં, પણ તેને પ્રારંભ થઈ કંપનીઓ અને ભારત સરકાર અને ભારતની સામાન્ય જનતાને ઘણું નુકસાન થઈ શકે છે.

WIRC, Mumbai Oral Coaching Classes January-June 2014	
Name of the Learning Centre	Inaugurated by
Sydenham College, Churchgate	Mr. Hubert D'Souza
N. M. College, Vile Parle (W)	CMA Sanket Ganatra
R. J. College, Ghatkopar (W)	CMA Jagdish Ahuja
Mulund College, Mulund (W)	CMA Aditya Umarji
St. Francis Institute of Management Studies, Borivli (W)	CMA P. A. Sawant
A. M. Shah Institute of Management, Ghatkopar (W)	Mr. Tanmay Thakur

### MEMBERS MEET

WIRC had organized Members Meet on Saturday, 7th December 2013 at St. Francis Institute of Management & Research and on Sunday, 8th December 2013 at Dr. V.N. Bedekar Institute of Management Studies, Thane to discuss a review of number of responses submitted to MCA website.

CMA Ashish Thatte, Chairman WIRC discussed about the action plan of WIRC and requested members to register their feedback on MCA site against the Draft Rules on (Cost Records & Cost Audit) 2013.

\*\*\*\*\*

On 24th December 2013 WIRC organized a Members Meet at Thane to discuss on Present Scenario of Cost Audit. CMA Dhananjay Joshi, Past President - ICAI, CMA Ashish Thatte, Chairman WIRC & CMA Neeraj Joshi, Vice Chairman WIRC were present during the occasion.



## CAREER FAIR

WIRC participated in Career Fair organized by Times Education Expo on 7th & 8th December 2013 at Nehru Center, Worli.

WIRC also participated in Career Fair organized by Gurukul College of Commerce, Ghatkopar(E) on 21st December 2013. On the occasion, Career Guidance Lecture was also organized. Mr. S.S. Deshpande, Asstt Director – WIRC spoke on the Scope of Cost and Management Accountancy.

Large Number of students visited the Institutes' stall.

\*\*\*\*\*

### Career Guidance Lecture

Career Guidance Lecture was organized by Kendriya Vidyalaya, Antop Hill, Mumbai on 17th December 2013. CMA Ashish Thatte, Chairman WIRC spoke on Scope of Cost and Management Accountancy on the occasion.

### Congratulations!!!

**CMA Hetal Shah** (M/22021) from Ahmedabad has been awarded Green Belt Certificate by the Lean and Six Sigma International Board.

\*\*\*\*\*

**Prof. (Dr.) Paresh Shah**, FCMA (7386), Ph.D. (Finance), and academics writing author of Oxford University Press, and Wiley-India has been awarded by World Jain Confederation as Outstanding Jain Educationalist on 15th December 2013 at Savarkar Sabhgruh, Shivaji Park, Mumbai.

He has been felicitated for outstanding contribution in the field of education for social cause, innovation and development; from all over India ten educationists are selected.

## 55th National Cost Convention – 2014

**Theme: Nation Building through Cost Competitiveness and Responsible Governance**

**Venue:** Hotel Mayfair Lagoon, Bhubaneswar (Odisha) • **Date:** 23rd-24th February, 2014

Particulars	Fees
Corporate Delegates	5,500/-
Members	4,500/-
Cost Accountant-in-Practice	3,500/-

Particulars	Fees
Student	2,500/-
Spouse	2,500/-
Foreign Delegates	US \$ 200/-

*For enquiry and further details, Please contact at :*

**The Institute of Cost Accountants of India :**

CMA Bhawan  
12, Sudder Street, Kolkata 700 016.  
Phone: 033-22521031-34-35 • Fax No. 033-22527993  
Email: ncc2014@icmai.in • Website: www.icmai.in

**Delhi Office :**

CMA Bhawan,  
3, Institutional Area, Lodhi Rd., New Delhi 110 003.  
Phone: 011-24622156-58, 24666100  
Fax No. 011-24666 166, 43583642

**Eastern India Regional Council :**

CMA Bhawan  
84, Harish Mukherjee Road, Kolkata 700 025.  
Phone : 033-24553418/5957 • Fax No. 033-24557920

**Cuttack -Bhubaneswar Chapter of Cost Accountants :**

CMA Bhawan,  
A-122/2, Nayapalli, Nilakantha Nagar, Nayapalli,  
Bhubaneswar 751 012.  
Tel.: 0674-2396622/2395622 • Fax No. 0674-23956622

# CHAPTER NEWS

## AHMEDABAD

### CEP on "How to write RTI"- 02/12/2013

Chapter has organized CEP on "How to write RTI" on 2nd Dec'2013 at Chapter premises. Shri Bharatbhai Lakhataria leading advocate explained about methods of RTI to the members remains present in the program. The large number of members have participated in the program.

### Press Meet: 10/12/2013

Chapter has organized press meet on 10/12/2013 at Hotel Fortune Land Mark in connection with Draft Cost Audit Rule 2013. CMA Ashish Thatte - Chairman of WIRC, CMA R B Kothari - Chairman of Ahmedabad Chapter, CMA SS Shah - RCM of WIRC and CMA Ashwin G Dalwadi - Ex.CCM interact with press reporter and press media, who remains present from various news channels and News papers. Verywide coverage was given by press reporters in news papers and TV Channels.

### Inauguration of Oral Coaching New batch and student's felicitation - 23/12/2013,

A Program was organized by Ahmedabad Chapter on 23/12/2013, at Haribhai Auditorium. CMA R B Kothari - Chairman of the Chapter welcomed all the students and parents, introduced the scheme of Oral Coaching provided by Chapter. CMA PH Desai - Ex. Chairman of Ahmedabad Chapter & Chief Guest explained the importance of Cost Accounting and growing opportunities and challenges for CMAs in the changing world business. In the prize distribution function meritorious students of Foundation / Inter / Final were honoured. CMA Ashish Bhavsar - Secretary of Ahmedabad Chapter proposed vote of thanks.

### CEP Program on "Meeting Changes through Brain Mapping" - 28/12/2013

The program was organized by Ahmedabad Chapter on 28th Dec'2013 at Ahmedabad Chapter premises. The program was chaired by CMA A G Dalwadi - Chairman of PD & Member Service Committee. Mr. Ankur Zaveri - Faculty made the lucid presentation on the subject matter. The program was attended by large number of members.

## BHOPAL

### ICAI Bhopal Chapter condemns Draft rules on Cost Audit

A discussion on "Draft Companies (Cost Records & Cost Audit) Rules 2013" was held by Bhopal Chapter of Cost Accountants at Hotel K International, Bhopal on 13th December 2013 in the evening. The Cost Accountants from different parts of the state participated in this discussion and expressed their disappointment against the draft rules notified by the ministry of corporate affairs. The draft rules have diluted Cost Audit and many industries are now exempt from Cost Audit. The concept of Cost Audit was introduced in 1965 and over the decades it had been widely accepted by the industries as a growth tool. But in the recently issued draft rules, the scope of cost audit is limited and it is certainly detrimental to the growth of the industry and economy of our country. CMA Vijay P. Joshi from Indore was the key speaker at the discussion and the other speakers included CMA. Niranjan Shastri and CMA. Rahul Jain. The discussion started with a warm welcome by CMA. S. M. Ramanathan, Chairman of Bhopal Chapter. CMA. B. Mohapatra, Secretary of the Chapter briefed about the discussion. CMA. L. Vijayvargiya, Vice-chairman of the Chapter gave the concluding touch to the discussion. CMA Suresh Soni proposed the vote of thanks. CMA. Neha Chouksey compered the programme.

## NAVI MUMBAI

Report on Inauguration of Coaching of Jan-May'14 batch

Navi Mumbai Chapter of the Institute of Cost Accountants of India organized the Inauguration of the Coaching for Jan-14 batch of students on Sunday, the 29th December, 2013.

The Chief Guest of the function was Dr. Leena Sarkar, Principal of Mehta College, Airoli, Navi Mumbai and the Guests of Honour were Prof. Tapase, Vice Principal, K B Patil College, Vashi and Prof. Deshpande from Mehta College, Airoli.

The welcome address was given by the Vice Chairman of the Chapter, CMA M. K. Narayanaswamy. CMA V.Narayanan explained in detail the importance of Oral Coaching Program and the need of the day to have effective Cost & Management Accountants. He also introduced the faculty for the Oral Coaching classes. The Chairman of the Chapter, CMA Vivek Bhalerao, extended warm welcome to the Guests on the occasion and explained the details about the Institute, the chapter and its various activities and motivated the students to take up the career seriously. CMA G. K. Das, In-charge -Postal Coaching, explained in detail the examination pattern and impressed upon the need to study in a planned manner.

The successful students were felicitated at the hands of the Chief Guest on the occasion. The Program was well attended by senior members of the Chapter, faculty for oral coaching and more than 80 students. The function concluded with a vote of thanks by CMA V.Narayanan.

## PUNE

### 1. Report of CEP Program on Service Tax Compliance Encouragement Scheme 2013 organized by Pune Chapter of Cost Accountants on 9th December 2013

The CEP was presided by Mrs. Sungita Sharma, Commissioner of Central Excise. Mr. S.H.Dange, Additional Commissioner of Central Excise was Guest of Honour

A presentation was made by Mr. Manish Thapliyal, Assistant Commissioner of Central Excise on the above subject. The Chief Guest was introduced by CMA Sanjay Bhargave, CCM. The guests were welcomed by CMA Meena Vaidya, Member of Pune Chapter of Cost Accountants.

CEP consisted of audience of 42. Mr. Thapliyal made an excellent presentation in a very lucid style. There was good interaction between the attendees and Mrs. Sharma and Mr. Dange. CEP ended with a vote of thanks by CMA Amit Shahane.

### 2. Special Test for Foundation students on 20<sup>th</sup> December 2013.

On the initiative of CMA Harshad Deshpande and CMA Chaitanya Mohrir, Secretary, PCCA and Chairman, Professional Development Committee of Pune Chapter of Cost Accountants respectively, a practice test was conducted for Foundation students to give them an exposure of the new online examination pattern in our advanced computer laboratory.

We got excellent feedback from the students about the usefulness of this practice test.

## VAPI DAMAN SILVASSA

Vapi Daman Silvassa chapter organised a seminar on The Companies Act, 2013 on 19th Dec 2013 at Vapi. Cs Umesh Ved, CCM of ICSI and CMA Ashwin Dalwadi explained the provisions of new Companies Act. The seminar was attended by over 45 participants from Industry and CMA members.



CMA Sanjay Bhargave, CCM, interacting with members during CEP on Service Tax organized by Pune Chapter on 9th December 2013



Mrs. Sungita Sharma, Commissioner of Central Excise and Mr. S.H.Dange, Additional Commissioner of Central Excise during CEP on Service Tax organized by Pune Chapter on 9th December 2013



CMA Amit Shahane, Treasurer Pune Chapter offering bouquet to Mr. Devendra Fadnavis, Maharashtra State President, Bharatiya Janata Party. Also seen CMAs Amit Apte, S.R. Bhargave, CCMS-ICAI and Neeraj Joshi, Vice Chairman WIRC



Speech by Chairman-WIRC CMA Ashish Thatte during Press Meet held on 10th December 2013 at Hotel Fortune Land Mark, Ahmedabad



View of Members and Press Reporters present during Press Meet held on 10th December 2013 at Hotel Fortune Land Mark, Ahmedabad



Speech by Chairman-ICAI Ahmedabad Chapter CMA R B Kothari during Press Meet held on 10th December 2013 at Hotel Fortune Land Mark, Ahmedabad



Mr. Bharatbhai Lakhataria interacting with the participants during CEP organized by Ahmedabad Chapter on 2nd December 2013.



CMA R. B. Kothari, Chairman of the Ahmedabad Chapter welcoming students during Inauguration of Oral Coaching New batch on 23rd December 2013.



Meritorious students of Foundation / Inter / Final of Ahmedabad Chapter



Mr. Maheshwari, CMA Ashwin Dalwadi, Mr. Sharad Thakar, Mr. Umesh Ved, and CMA. B F Modi during Inauguration of the seminar on The Companies Act, 2013 organised by Vapi-Daman-Silvassa chapter on 19th December 2013.



# The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

## Western India Regional Council

### Members Meet

#### Mumbai

**Date:** Saturday 18th January 2014

**Time:** 5.00 p.m

**Venue:**

PTVA's Institute of Management,  
Chitrakar Ketkar Marg,  
Behind M. L. Dahanukar College,  
Vile Parle (E), Mumbai 400 057.

#### Ahmedabad

**Date:** Friday, 24th January 2014

**Time:** 6.30 p.m.

**Venue:**

Haribhai Auditorium  
Shoppers Plaza - III  
Opp. Municipal Market, C G Road,  
Ahmedabad

To discuss and formulate the action plan regarding the Draft Cost Audit Report Rules 2013 issued by Ministry of Corporate Affairs on 21st November 2013.

We have extended the Invitation to President, Vice President, All Central Council Members of ICAI & ICAI Task Force Chairman CMAs V. Kalyaraman (Technical), J.K. Puri, Chandra Wadhwa (Political) and Dhananjay Joshi (Legal). These dignitaries are requested to share Latest Happenings and Guide members on Cost Audit issues.

We request all members to attend Members Meet on **18th January 2014 at 5.00 p.m.** at PTVA's Institute of Management, Mumbai and **24th January 2014 at 6.30 p.m.** at Haribhai Auditorium, Ahmedabad to discuss the Action Plan on this issue. Attendance is must for all members.

**CMA Ashish P. Thatte**  
Chairman-WIRC of ICAI



To

If undelivered please return to:

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
WESTERN INDIA REGIONAL COUNCIL,  
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.  
Tel.: 2204 3406 / 2204 3416 / 2284 1138 • Fax : 2287 0763  
E-mail : wirc@icmai.in  
Website : [www.icmai-wirc.in](http://www.icmai-wirc.in)