



WIRC BULLETIN

Two Days Workshop on Co-op. Societies Audit organised by WIRC on 15th & 16th April 2017 at Yashada, Pune



Dr. Anand Jogdand, Additional Commissioner, Co-operatives Societies, Maharashtra, lighting the lamp.
Also seen L to R - CMA Harshad Deshpande, RCM-WIRC, CMA Laxman D. Pawar, Hos. Secretary and CMA B.M. Sharma, Past President ICAI

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WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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CMA V. H. Savaliya, Chairman of Ahmedabad Chapter welcoming CMA P. H. Desai, Chairman WIRC during workshop organized by Ahmedabad Chapter on 15th April 2017.



Felicitation of CMA Yogesh Chourasia at GST awareness workshop organized by Department of Central excise, Customs and Service tax, Sagar.



Mayor of PCMC, Mr. Nitin Kalje lighting the lamp during Workshop on 'GST Awareness' organised by Pimpri-Chinchwad-Akurdi Chapter on 18th April 2017.



Souvenir is being released dignitaries during the GST Seminar organised by Navi Mumbai Chapter on 8th April 2017.



Mr. D. C. Dhanasekarn and CMA Manas Kumar Thakur, along with dignitaries during the GST Seminar organised by Navi Mumbai on 8th and 9th April 2017.



Mrs. Chitra Kulkarni - Addl. Commissioner - Sales Tax, lighting the lamp during Seminar on GST Awareness organised by Nasik Ojhar Chapter on 26th April 2017.



CMA S.G. Narasimhan is being felicitated by CMA H.R. garg during CEP organised by WIRC on 23rd April 2017 at Thane SMFC.



CMA V.G. Phadke felicitating CMA Sukrut Mehta during CEP organised by WIRC on 30th April 2017 at Thane SMFC.



CMA Mahindra Bhombe, felicitating CMA Vijender Sharma during the Seminar on IBC 2016' organised by Pimpri-Chinchwad-Akurdi Chapter.

Inauguration of Bharuch Ankleshwar Chapter on 25th April 2017 by CMA Manas Kumar Thakur, President ICAI



OBITUARY



CMA NACHIKET M. VECHALEKAR, Past Chairman of WIRC (2006-07) has passed away on 13th April 2017 at the age of 62 at Pune due to ill health.

During the workshop at YASHADA at Pune, Members observed Two minutes silence before starting the inauguration and also WIRC Council recorded the condolence in its 288th Council Meeting held at Pune on 16th April 2017. May the departed soul rest in peace.



CMA ANANT A. KATYARE, Chairman of ICAI, Kolhapur- Sangli Chapter (2014-17) has passed away on 23rd April, 2017 due to ill health at the age of 46 at his residence at Pratibha Nagar, Kolhapur. When the news received at Kolhapur-Chapter Office, on 24th April, 2017 Chapter Staff Members. observed two minute silence. May the departed soul rest in peace. WIRC also pay homage to departed soul during the Seminar on 5th May 2017.

From the Desk of Chairman . . .



Dear Members and Students,

GST is on roll. Government, trade and professionals are working very hard to understand the law and its rules. WIRC and our Chapters are also organizing number of programs on GST. We are also extending full support to the Govt. departments in their efforts of GST awareness amongst people at large. All the chapters in Gujarat are participating in GST awareness programs, organized at Taluka level, jointly by The Commercial Tax, Excise and Service Tax departments in Gujarat. Our Practicing Cost Accountants are representing our Institute at many places and creating strong image of our profession amongst the Govt. departments and trade and industry people. I congratulate our Ahmedabad chapter in organizing One Day Program to update the knowledge of approximately 60 Practicing Cost Accountants from Gujarat and co-ordinating this activity with Govt. departments. I also congratulate the Navi Mumbai Chapter for excellent Two Days Annual Seminar organized on GST on 8th April, 2017

The Thirteenth meeting of the GST Council signed off on the rules that will form the basis of the implementation of the singular tax reform. Now, the Council has to complete the time-consuming work of fitting the various goods and services into tax slabs.

The Council finalized five sets of rules relating to registration, refunds, returns, payment and invoice debit and credit. It will also finalize four more sets of rules dealing with input tax credit, valuation, transitional provisions and the composition scheme after receiving industry feedback. The next meeting will be held on 18-19 May, where these rules will be given final approval and the rate structure in relation to individual commodities will be taken up for consideration.

Similarly, Empanelment of Auditors in Co-operative Societies in Maharashtra has also started. WIRC conducted successful Seminar on Co-operative Audit at Pune to equip our members. We appeal our members in Maharashtra to avail the opportunity of Co-operative Audit. If members demand, we will also hold Seminars / Workshops on the subject to build the competency in the subject before they go for the Audits.

During the month of April 2017, following CEP programs were organized. Two Days Workshop on Co-operative Societies Audit - 15/16 April, 2017 at YASHADA, Pune, CEP on GST - Opportunities for Driving Operational Excellence through it on 23rd April 2017 at Thane SMFC, CEP on Impact of GST on Pharmaceutical sector and Role of CMAs on 30th April 2017 at Thane SMFC and Seminar on GST Implementation is organized on 5th May 2017 at WIRC.

Students Felicitation Function

More than 200 Successful students of December 2016 Examinations from Mumbai and Rankers of WIRC region were felicitated at Sydenham College on 8th April, 2017 by the hands of CMA Manas Kumar Thakur, President ICAI, Mr. V. Ramaswamy, Global Head-TCS, CMA Manish Gangwal, CFO, Gulf Oil Ltd. and Council Members.

Campus at Mumbai on 21st and 22nd April

Campus Placement of the Institute for December 2016 Final Passed Students held on 21/22 April 2017 at Shah Institute of Management, Mumbai. 21 Students were selected and 9 shortlisted by the 11 Companies participated in Campus. Details report is given on Page No.9.

It is our great pleasure to inform you that our Government Nominee CCM Shri Ajai Das Mehrotra - IRS has been promoted to Chief Commissioner of Income tax from Principal Commissioner of Income Tax. I congratulate him, on my behalf and on behalf of WIRC on his achievements and wish that he reaches the highest position. His continuous and timely guidance and support to WIRC helps us perform better.

New Bharuch - Ankleshwar Chapter was inaugurated by our President CMA Manas Kumar Thakur on 25th April, 2017 at Ankleshwar. With this the total number of Chapters in WIRC is now 23. The program was followed by Seminar on GST.

National Regional Council & Chapters Meet was held on 22nd April, 2017 at Chandigarh. Best Chapter awards and other awards were declared and given. I congratulate Pune, Surat-South Gujarat, Pimpri-Chinchwad and Navi Mumbai Chapters for the various awards won by them for their excellent performance during year 2016. I appeal to all other chapters to improve their efforts in increasing the strength of students and members, organizing more CEP programs and to actively participate in the programs of national importance declared by our government and conveyed to us through Ministry of Corporate Affairs and create healthy competition for awards in the year 2017. These efforts at Chapter and Region level definitely lead to self-confidence amongst us. The meet was followed by two hours session by Taxation Committee Chairman - CMA Ashok Nawal, who guided Chapters' representatives about their role in GST.

During the month, Institute is celebrating the Foundation Day, the details of programme will be communicated to you later.

With warm regards,

CMA Pradip H. Desai



GST - Electronic - Way Bill

Major Hurdle in Ease of Doing Business

CMA Ashok B. Nawal

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Draft rules were put on the public domain. Undoubtedly concept is very good but the way it has been drafted, it will defeat the purpose of "Ease of Doing Business". The salient features of draft are given below:

E-way bill to be generated for any movement of goods, whether by own transport or any modes of transport irrespective of tax invoice against taxable supplies or Bill of supply for exempted goods / non-taxable goods or delivery challan without invoice for movement of goods from one location to another location within the state of the same entity or delivery challan for job work. It should be generated in Part A and endorsed in Part B by the transporter / recipient of supplier as a consignee. Of course, it is for the movement of goods valued more than Rs 50,000/-. However, valuation will always require to be determined before movement of the goods.

►► When to be generated

- Movement of goods by registered person (including inward supply from unregistered person) having value exceeding Rs.50,000/- to be updated electronically in Part A of FORM GST INS-01 on common portal and generation of e-way bill before movement of goods.
- Details furnished in Part A of FORM GST INS-01 will be available for furnishing details in GSTR-1
- E-way bill can be generated and carried even if value of the consignment is less than Rs.50,000/- (optional)
- New E-way bill needs to be generated if goods are transferred from one conveyance to another in the course of transit by the transporter
- Consolidated e-way bill in FORM GST INS-02 to be generated by the Transporter when multiple consignments are intended to be transported in one conveyance
- SMS facility will be available for generation and cancellation of e-way bill
- Recipient of goods to confirm his acceptance / rejection on common portal within 72 hours, failing which it will be assumed to be accepted
- Cancellation of e-way bill is possible within 24 hours of generation, except when been verified in transit

►► Manner of issue of E-way Bill

- E-way will be generated in FORM GST INS-1 with a unique e-way bill number (EBN) as under:

Particulars	Information to be furnished in	E-way bill to be generated by
Goods are transported by registered person as a consignor (whether in his own conveyance or a hired one)	Part B of FORM GST INS-01	Registered person as a consignor
Goods are handed over to a transporter	Part B of FORM GST INS-01	Transporter

Particulars	Information to be furnished in	E-way bill to be generated by
Movement is caused by an unregistered to a registered recipient who is known at the time of commencement of movement of goods (in his own conveyance or a hired one or through a transporter)		Recipient of supply as the consignee
Movement is caused by an unregistered person - other case (in his own conveyance or a hired one or through a transporter)		Unregistered person or Transporter

►► Validity of E-way Bill

- Validity shall be as under from the date of generation, subject to extension allowed by the Commissioner:

Sr.No.	Distance	Validity period (days)
(1)	(2)	(3)
1.	Less than 100 km	1
2.	100 km or more but less than 300km	3
3.	300 km or more but less than 500km	5
4.	500 km or more but less than 1000km	10
5.	1000 km or more	15

►► Movement of Goods:

- Documents to be carried by the person-in-charge of conveyance:
 - invoice or bill of supply or delivery challan
 - copy of the e-way bill or the e-way bill number - physically or mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance
- Commissioner to specify situations in which the person-in-charge of conveyance will carry the following documents instead of the e-way bill:
 - tax invoice or bill of supply or bill of entry; or
 - a delivery challan, where the goods are transported other than by way of supply
- Invoice Reference Number to be generated from the common portal against tax invoice uploaded in FORM GST INV-1 which will be valid for a period of 30 days
- Information in FORM GST INS-01 shall be auto populated based on FORM GST INV-1
- Transporters, as specified, to obtain a unique RFID and get the said device embedded on to the conveyance and map the e-way bill to the RFID prior to the movement of goods

- RFID readers will be installed at places where verification of movement of goods is required to be carried out
- Officers may be authorised by Commissioner to stop the conveyance to verify the e-way bill / number for inter-state / intra-state movements
- If a vehicle is stopped / detained for a period exceeding 30 minutes, the transporter will upload the information in FORM GST INS-04.
- Physical verification of conveyances in case where information is received for evasion of tax and too once during transit unless specific information is received which warrants another verification
- Details of inspection and verification to be furnished online in Part A of FORM GST INS - 03 within 24

hours of inspection and final report in Part B of FORM GST INS - 03 to be recorded within 3 days of inspection

Issues:

- Whether all the transporters in the organized sectors and unorganized sectors will be equipped not only for generation / endorsement or consolidation for following the procedure mentioned above?
- Whether Inspector Raj through intercepting vehicles will come back? Why it is necessary for intra-state supplies?
- Why simple system is not suggested rather than so complex system?
- Trade & Industry will suffer heavily and hence such type of way bill should only be enforced for inter-state supplies.

Report on Two Days Workshop on Co-operative Societies Audit organized by WIRC on 15th & 16th April 2017 at YASHADA, Pune

Western India Regional Council arranged two days workshop on 15th and 16th April 2017 on Co-operative Society's Audit for Members in Practice and Members in service at YASHADA, Pune.

Government of Maharashtra has recently amended Maharashtra Co-operative Society's Act and has included CMA's to carry out financial audit. In order to cater to this opportunity and in order to initiate the process of capacity building of the members for such audit, WIRC arranged two day's workshop on Audit of Co-operative Societies in Maharashtra.

Dr. Anand Jogdand, Additional Commissioner, Co-operative Societies inaugurated the program on 15th April 2017 and welcomed Cost Accountants to the Audit fraternity of Co-operative societies. Mr. Jadhwar, Additional Registrar of Co-operative Societies, gave the opening lecture and explained to the members how Co-operative Movement is firmly rooted in the soil of Maharashtra and is now developed. Mr. Gokul Rathi, leading practitioner in the Co-operative Society Audit area also gave the lecture on 15th April 2017. He has experience of 28 Years in the area of Audit of Co-operative banks. He shared his vast experience with the members. Day of 16th April 2017 started with the lecture of Dr. Anand Jogdand. He discussed various sections and provisions of Maharashtra Co-operative Society's Act with the members. Next training session was conducted by Mr. Sanjay Wable, a leading banking consultant. He explained how different management accounting techniques can be applied while doing Audit of Co-operative societies. Mr. Prakash Kondapalle, Training in charge of Janata Sahakari Bank, gave a concluding lecture. His thrust was on working capital adequacy norms and norms for disbursement of advances.

More than 125 members attended the program. CMA B. M. Sharma, Past President of the Institute, CMA L D Pawar, Hon. Secretary WIRC, CMA Harshad Deshpande, RCM-WIRC, CMA Prashant Vaze, CMA Rajendra Gore and CMA Varsha Limaye coordinated the program.



Implementation of Goods and Services Tax : A road map to new epoch

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Abstract:

The Goods and Services Tax Bill or GST Bill -It's being a while that we are hearing, discussing and reading about GST, the long pending idea to streamline all indirect taxes, which have been passed by the RajyaSabha. It is the most ambitious financial reforms of India after the 90's reforms. Goods and Services tax (GST) has been identified as one of most important tax reforms post-independence. It is a tax trigger, which will lead to business transformation for all major industries.

Given the passage of the Constitution (101st) Amendment Bill, 2016 for GST in the Parliament on 8 August 2016, ratification of the said Bill by more than 15 states by early September followed by its enactment, and passage of four GST Bills in the Lok Sabha on 29 March 2017 and RajyaSabha on 6 April 2017, with the clear road map being laid down by the Finance Ministry, the Government of India seems to be on course to implementing GST with effect from 1 July 2017.

The GST Council consisting of representatives from the Center as well as the states, after being constituted, met on twelve occasions to discuss various issues including dual control, GST laws, exemptions, thresholds, rate structure, compensation cess etc. and reached consensus on the same. Council has also recommended four-tier GST rate structure and the thresholds.

The Bills introduced in the Lok Sabha, during the ongoing Budget session of the Parliament, include Central GST (CGST), Integrated GST (IGST), Union Territory GST (UTGST) and the Bill for Compensation to States. Discussion on the Bills commenced on 29 March 2017 and were passed on the same day after a long debate. According to media reports, the GST Bills, although introduced as Money Bills, shall be taken up for discussion in both houses of the Parliament before their passage in the current session. The Bills were earlier cleared by the GST Council, followed by a Union Cabinet approval.

The revised draft of the Model GST law, which was released in the public domain in November 2016, has been split into CGST, SGST and UTGST Bills apart from IGST Bill. The draft of the Model GST Law underwent further changes before being introduced in the Parliament.

Union territories with legislature, i.e., Delhi & Puducherry, will adopt SGST Act and the balance 5 Union territories without legislatures will adopt UTGST Act.

Meanwhile, Center and States have already begun the enrolment process for migrating existing taxpayers to the proposed tax regime through GST common portal.

Key Words: CGST, SGST/UTGST, GST, State, Money Bill, Parliament, Tax,

RUN UP TO GST

- The GST Bills have been passed by the Parliament.
- Subsequent to the passage of GST Bills in the Parliament, states will take up State GST Bills for clearance in the respective state legislative assemblies.
- The list of exemption, classification of goods and service,

and machinery provisions including valuation and other rules are yet to be notified.

- As per the office order issued by the Central Board of Excise and Customs, the Government has set up ten working groups to iron out sectoral issues faced by trade and industry to ensure smooth transition to GST. Sectors include banking, telecom, IT and ITES, financial, textile, oil and gas, gems and jewellery, transport and logistics, and MSMEs.

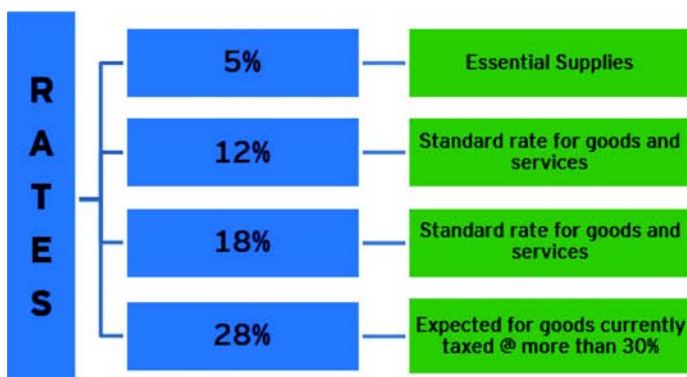
WHAT GST BRINGS WITH IT?

GST is a destination-based tax that will replace the current Central taxes and duties such as Excise Duty, Service Tax, Counter Vailing Duty (CVD), Special Additional Duty of Customs (SAD), central charges and cesses and local state taxes, i.e., Value Added Tax (VAT), Central Sales Tax (CST), Octroi, Entry Tax, Purchase Tax, Luxury Tax, Taxes on lottery, betting and gambling, state cesses and surcharges and Entertainment tax (other than the tax levied by the local bodies).

It will be a dual levy with State/Union territory GST and Central GST. Moreover, inter-state supplies would attract an Integrated GST, which would be the sum total of CGST and SGST/UTGST.

Petroleum products, i.e., petroleum crude, high speed diesel, motor spirit, aviation turbine fuel, natural gas will be brought under the ambit of GST from such date as may be notified by the Government on recommendation of the Council. Alcohol for human consumption has been kept outside the purview of GST.

Consensus between Central and state governments has been reached on four-tier rate structure as follows:

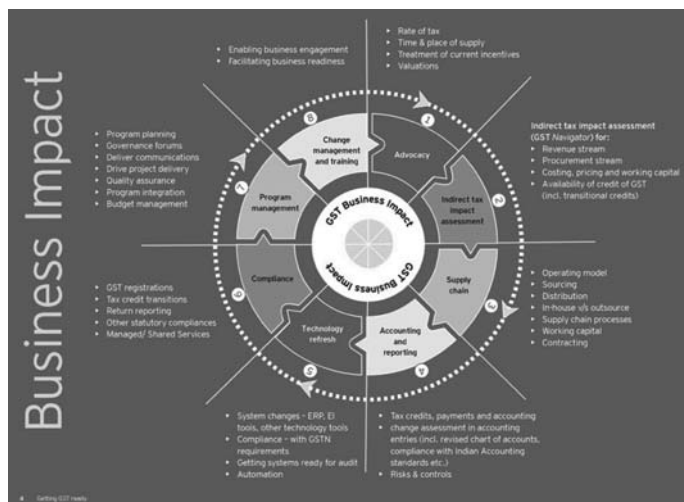


A well-designed GST in India is expected to simplify and rationalize the current indirect tax regime, eliminate tax cascading and put the Indian economy on high-growth trajectory. The proposed GST levy may potentially impact both manufacturing and services sector for the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales, and pricing. It will also stimulate the need to relook at internal organization and IT systems.

With its proposed implementation from 1 July 2017 gaining intensity, it is critical for companies, which have business operations in India to understand the broad contours and framework of the proposed GST law, likely impact of the new

levy on their business and start taking appropriate steps to meet its requirement and be GST ready.

BUSINESS IMPACT



KEY FACTS OF GST BILL:

- 1. Concurrent powers for GST:** The Bill inserts a new Article in the Constitution to give the central and state governments the concurrent power to make laws on the taxation of goods and services.
- 2. Integrated GST (IGST):** However, only the Center may levy and collect GST on supplies in the course of inter-state trade or commerce. The tax collected would be divided between the center and the states in a manner to be provided by Parliament, by law, on the recommendations of the GST Council.
- 3. GST Council:** The President must constitute a Goods and Services Tax Council within sixty days of this Act coming into force. The GST Council aim to develop a harmonized national market of goods and services.
- 4. Composition of the GST Council:** The GST Council is to consist of the following three members: (i) the Union Finance Minister (as Chairman), (ii) the Union Minister of State in charge of Revenue or Finance, and (iii) the Minister in charge of Finance or Taxation or any other, nominated by each state government.
- 5. Functions of the GST Council:** These include making recommendations on:
 - Taxes, cesses, and surcharges levied by the center, states and local bodies which may be subsumed in the GST.
 - Goods and services which may be subjected to or exempted from GST; (iii) model GST laws, principles of levy, apportionment of IGST and principles that govern the place of supply.
 - The threshold limit of turnover below which goods and services may be exempted from GST.
 - Rates including floor rates with bands of GST; (vi) special rates to raise additional resources during any natural calamity.
 - Special provision with respect to Arunachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and (viii) any other matters.
- 6. Resolution of disputes:** The GST Council may decide upon the modalities for the resolution of disputes arising out of

its recommendations.

- 7. Restrictions on imposition of tax:** The Constitution imposes certain restrictions on states on the imposition of tax on the sale or purchase of goods. The Bill amends this provision to restrict the imposition of tax on the supply of goods and services and not on its sale.
- 8. Additional Tax on supply of goods:** An additional tax (not to exceed 1%) on the supply of goods in the course of inter-state trade or commerce would be levied and collected by the center. Such additional tax shall be assigned to the states for two years, or as recommended by the GST Council.
- 9. Compensation to states:** Parliament may, by law, provide for compensation to states for revenue losses arising out of the implementation of the GST, on the GST Council's recommendations. This would be up to a five year period.
- 10. Goods exempt:** Alcoholic liquor for human consumption is exempted from the purview of the GST. Further, the GST Council is to decide when GST would be levied on: (i) petroleum crude, (ii) high speed diesel, (iii) motor spirit (petrol), (iv) natural gas, and (v) aviation turbine fuel.

BENEFITS OF GST

GST has been envisaged as a more efficient tax system, neutral in its application and attractive in distribution. The advantages of GST are:

- Wider tax base, necessary for lowering the tax rates and eliminating classification disputes
- Elimination of multiplicity of taxes and their cascading effects
- Rationalization of tax structure and simplification of compliance procedures
- Harmonization of center and State tax administrations, which would reduce duplication and compliance costs
- Automation of compliance procedures to reduce errors and increase efficiency

DESTINATION PRINCIPLE

The GST structure would follow the destination principle. Accordingly, imports would be subject to GST, while exports would be zero-rated. In the case of inter-State transactions within India, the State tax would apply in the State of destination as opposed to that of origin.

Taxes to be subsumed

GST would replace most indirect taxes currently in place such as:

Central Taxes	State Taxes
<ul style="list-style-type: none"> • Central Excise Duty [including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955] • Service tax • Additional Customs Duty (CVD) • Special Additional Duty of Customs (SAD) • Central Sales Tax (levied by the Center and collected by the States) • Central surcharges and cesses (relating to supply of goods and services) 	<ul style="list-style-type: none"> • Value Added Tax • Octroi and Entry Tax • Purchase Tax • Luxury Tax • Taxes on lottery, betting & gambling • State cesses and surcharges • Entertainment tax (other than the tax levied by the local bodies) • Central Sales Tax (levied by the Center and collected by the States)

The key imperatives for companies are:

- Understand key areas of impact in their business.
- Prepare different scenarios for the design and application of GST.
- Continually track policy development regarding GST and update prepared scenarios.
- Identify any areas of adverse impact and prepare contingency measures.
- Identify issues and concerns needing representations to the authorities and develop a strategy for effective advocacy.

GST: FACTS AND FIGURES

In the current system, we pay a number of indirect taxes, which are at times overlapping and double counting too, like, 'Entertainment Tax' for watching a movie, Value Added Tax (VAT) on purchasing goods & services, then Excise duties, Import Duties, Luxury Tax, Central Sales Tax, Service Tax etc. The basic idea behind GST is to make the indirect taxes simpler and uniform across the country, consolidate all State economies that amalgamating several Central and State taxes into a single tax would mitigate cascading or double taxation, facilitating a common national market.

Here are a few basic facts and figures concerning GST:

Bill: The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014

Passed in Lok Sabha: 5th May 2015

Passed in Rajya Sabha: 3rd August, 2016

What it is: "Goods and Services Tax" would be a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the Central and State governments.

Conceptualized: By the Vajpayee government in 2000 by setting up the Empowered Committee of State Finance Ministers with the aim of facilitating a switch from the existing national-level central excise duty and state-level sales tax model to a value added tax (VAT) model.

First introduced: By Palaniappan Chidambaram, the then Union Finance Minister, on 28th February 2006, during the Central Budget of 2006-07, that GST would be introduced from April 1, 2010.

Top Gainers: Fast-moving consumer goods (FMCG), auto, cement, electrical, retail, Multiplexes and logistics. So the items like Two-wheelers and SUVs, Car batteries, Paint, Cement, Movie tickets (entertainment tax), Electronics like fans, lighting, water heaters, air coolers, etc. are going to be cheaper. Auto sector is clearly the top beneficiary of the GST bill.

Getting Dearer: Due to the raise of the service tax from 14.5% to more or less than 18%, the items like Cigarette, Commercial vehicles such as trucks, Mobile phone calls, Textile, Branded jewellery etc. are going to be costlier.

GST at Global: France was the first country to introduce this system in 1954. Nearly 140 countries are following this tax system.

GST would be the next biggest tax reforms in India. But India being a federal structure, a lot of implementation will depend on the cooperation from the State governments. There are a lot of operational challenges. So, how best this idea is going to be implemented; only time will tell.

Conclusion:

GST very tricky I feel. The reality will be realized only after it

coming into play. Data s loaded with Statistics and Mathematics may not tally when put into practice as has been seen in many a case.

Not competent to go into the intricacies but common sense tells me it is good if implemented honestly in letter and spirit without dilution. With strictly no exceptions and states compensated liberally without political bias can turn this into a one tax wonder. Time the best teacher and hopefully we may be able to enjoy the benefits.

Implementation of new laws and rules varies in different countries. We stand a tough one with anything new be it good or bad because of our political and cultural diversity.

The target date for introduction of GST is 1st July 2017 Introduction of this transformational tax reform is expected to broaden the tax base, increase tax compliance and reduce economic distortions caused by inter-State variations in taxes. GST will boost economic activity and will benefit everyone. It will streamline the tax administration, avoid harassment of the business and result in higher revenue collection for the Centre and States. Compliance costs for the industry will go down. Last but not the least, it will create more jobs. In sum, it would be a win-win situation for everyone i.e. taxpayers, governments, consumers, etc.

Decks were cleared for rollout of the landmark Goods and Services Tax from July 1 as Parliament passed the supporting GST laws. Finance Minister ArunJaitley assured that the real estate sector will also form part of its framework within one year. Four supporting pieces of GST legislation - Central GST, Integrated GST, State GST and Compensation laws - were returned to the Lok Sabha after they were cleared by the Upper House without any amendments. The Lok Sabha had passed the bills on March 29, 2017. "In 2006, we embarked upon the idea, which ran into hurdles. We learned from the experience and today, it is the collective property of the country," ArunJaitley said (The Economic Times 30th March 2017). The next step will be the states and Union Territories passing the state and UT GST laws through their assemblies and the Center furnishing fitment of rates for goods and services. Replying to the debate on the GST, Jaitley said the fitment procedure will be complete by May or early June. Goods will then either retain their present rate of taxation or be put into the nearest tax bracket of the GST rates.

All the existing taxpayers registered under VAT, Service Tax, and Excise are required to furnish the details at GST Common portal for the purpose of migrating themselves into GST regime. To begin with, the taxpayers registered under the State Vat Department needs to provide their details and period for furnishing these details are specified for every state. Once the taxpayers provide their details there will be no need for them to register again with the State or Center once the GST Act is implemented. Enrollment process for other existing taxpayers not registered with VAT will be started at a later date.

As the migration process has peaked up in various states, the first step is to enroll within the structure on a specified date assigned to each and every state. The business units must enroll themselves within the time period in order to get listed in the GST framework. The IT platform created by the Goods and Service Tax Network will be securing all the details filled up and will create unique IDs in the name of every dealer enrolled. This will help the tax department to figure out every business unit and can create a different login mark along with calculations of annual tax return accumulated on the particular business unit. The government announced specified dates for each state to enroll all its designated dealers within it and wanted them

to furnish the details within a required specific time period. The dealers will be getting provisional IDs after the enrollment and by the help of which one can login into the GST portal.

The enrollment dates are specified by the government for each state separately and the administration demands every state must enroll themselves within the given specified time. The enrollment process was started from 8 November 2016 and end date as per the schedule is fixed 31 March 2017. States commencing for the enrollment process were Sikkim Puducherry on 8 November 2016 while the last state to enroll was Delhi which was enrolled from 16 December 2016.

References:

1. The Economic Times 6th May 2016 pg. no. 7,
2. Business Standard 6th May 2016 pg. no. 12,

3. The Economic Times 7th May 2016 pg. no.1
4. The Times of India 30th Sept. 2016 pg. no. 6-7
5. Business Standard 6th May 2016 pg. no. 5,
6. The Economic Times 30th March, 2017 pg. no. 1,
7. Daily Pudhari (Marathi) 30th March, 2017 pg. no. 5
8. http://creative.sulekha.com/gst-some-basic-facts-and-figures_629498_blog
9. http://zeenews.india.com/business/news/economy/gst-bill-10-key-facts-you-should-know_125445.html
10. Daily Lokmat (Marathi), 13th April 2017(Supplement Hallo Kolhapur) pg. no. 3
11. News Coverage on Z-News on various dates. ■

CAMPUS PLACEMENT

The Institute of Cost Accountants of India conducted Campus Placement for the December 2016 Final passed Students on 21st & 22nd April 2017 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 11 Companies participated in Campus.

CMA Pradip H Desai, Chairman WIRC, CMA Kailash Gandhi, Vice Chairman WIRC, CMA Debasish Mitra, Chairman Students, Members and Chapter Co-ordination Committee WIRC & CMA Harshad Deshpande, RCM-WIRC were present during the Presentation programme by the Companies participated.

Campus Selection

S.No.	Name of the Company	Selected
1	Crane Process Flow Tec. (I) Ltd.	4 (shortlisted)
2	Deloitte	3
3	H.R. Johnson Ltd (Prism Cement Ltd.)	2
4	Hindustan Unilever Ltd.	1
5	RSM Astute Consulting Group	3
6	ITC Ltd. (Foods Division)	1
7	ITC Ltd. (Tobacco Division)	3 (shortlisted)
8	ONGC	2
9	Vedanta	2 (shortlisted)
10	Viraj Profiles Ltd.	6
11	WIPRO	3
Total - Selected - 21 / Shortlisted - 9		

WIRC Felicitation Programme

WIRC organized Felicitation Function for the students who completed Foundation, Intermediate and Final in December 2016 Examination, on Saturday 8th April 2017 at Sydenham College Auditorium, Mumbai. CMAs Manas Kumar Thakur, President ICAI, Pradip H. Desai - Chairman WIRC, Kailash Gandhi, Vice Chairman WIRC, Debasish Mitra Chairman, Students, Members & Chapter Co-ordination Committee WIRC, Shriram Mahankaliwar, Treasurer WIRC, Harshad Deshpande, RCM were present on the occasion.

Mr. Ramaswamy Global Head TCS was the Chief Guest of the programme & CMA Manish Gangwal, CFO, Gulf Oil Ltd. was Guest of Honour.

More than 200 students and some of the parents attended the function. Mementos were distributed to all successful students by President, Council Members and Guests. WIRC also felicitated all the Rank holders from the Western Region on this occasion. The programme ended with Vote of Thanks and National Anthem and followed by High Tea.

WIRC CEP REPORT

On 23rd April 2017 WIRC organised CEP on GST - Opportunities for Driving Operational Excellence through IT at Thane SMFC. CMA S G Narasimhan & Mr. Charudatta Pande were the speakers. CMA H.R. Garg felicitated both the Faculties by offering Bouquet. More than 40 members attended the programme.

* * * * *

On 30th April 2017 WIRC organised CEP on Impact of GST on Pharmaceutical sector and Role of CMAs at Thane SMFC. CMA Sukrut Mehta was the speaker. CMA V.G. Phadke, Sr. member of the Institute felicitated CMA Sukrut Mehta by offering bouquet. More than 40 members attended the CEP. CMA Debasish Mitra, Chairman, Students, Members & Chapter Co-ordination Committee was present for both the CEPs.



Cost Accountants practicing to grow by leaps and bounds... provided you plan accordingly

Indraneel Sen Gupta

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**Are you
ready
for
GST?**

Cost Accountants profession to grow by leaps and bounds as GST comes into effect from 1st July 2017 provided we take proper steps as mentioned here in the article. The Indian GDP is set to create a record history of GDP and inflow of global capital into the country in the long term. As tax evasion will come to no existence in the long term the wealth and output of capital will significantly. The GDP growth in the long term would be achieved when the GST will be connected with the Income Tax return which will eliminate the tax evasion while filing return. Currently one take the credit of VAT and other taxes but while submitting return reduces in Turnover to save income tax. This road will be closed in the next 2 to 3 years. Govt revenue collection will increase stupendously and would make Indian govt rich in terms of capital which will be deployed later on for Indian economic growth. India will not have to borrow from World Bank etc for its infrastructure development.

Now the opportunity of Cost Accountants is huge from the implementation of GST. It's time for practices for the profession to flourish. It times for the practicing professionals to scale up the opportunity of growth as GST implementation comes into play. The biggest challenge across all the industries is the significant growth of compliance and finance cost for an organization. Hence this is the key place to ahead for practicing opportunity as many companies will outsource the same due to rising cost. I find salaried cost accountants to come up into practicing field as the opportunity is huge. Micro and small and medium enterprise will need huge support and will create huge opportunity for the practicing community. The Institute should ask the corporate of India to outsource these works so that the cost remains moderate. Gone are the days of traditional audits. Now a question will come up in mind how the cost of corporate towards compliance will grow. One corporate has to file 37 returns in a year. Yes. Don't be surprised and that's the opportunity for the profession too.

The Monthly and Annual Returns to be filed under GST
 GSTR1- For sale every 10th of the Month
 GSTR 2- For Purchase 15th of the Month
 GSTR3- Monthly Return 20th of the Month
 GSTR9- Annual Return 31st December every year.

Another biggest challenge where cost accountants can demand for outsourcing of the GST work form the corporate is the Mismatch of the GST submitted for getting credit. This mismatch might lead to huge debt if the other party is not under the GST purview. There are CGST and SGST followed with IGST and hence the cost of finance department and also the compliance cost will be huge. Coprorates have to keep huge cash flow for advance payments and then also monitor whom they are dealing and are they registered GST candidates or not. Hence the trouble of management of this new taxation regime will make things more complicated at the ground level. This is where practicing demand increases for the cost accountants and salaried cost accountants can come up into practicing since the supply of work is more than the demand of cost accountants hence its now a win- win proposition for the cost accountants . Salaried cost accountants can now join the practicing field. Its huge opportunity.

Well a complex or semi complex organization will not be able to manage and handle so many returns and books hence outsourcing the work and working like an KPO or BPO is the best part for the cost accountants. Yes outsourcing business model will make the growth and huge. One does not need all certified cost accountants. Just hire intermediate students pay them good salary since its a competition to earn and capture the market size. Let your huge man power do the work and you the expert qualified professionals look after the process of execution of the work.

Its time for experienced cost accountants to come up and join hand with young cost accountants to create these organization of practicing and en-cash and educate industries to outsource the work.

The institute can also create a level playing field for the intermediate students so that they can be employed and can join hands to manage this huge inflow of work and opportunity. We need the passing rate of the institute to be increased in the coming days so that one can take the advantage of more members joining the practicing field. The institute can easily give a license to the intermediate students to do GST related work provided the final signature is done by cost accountants firms. This will lead to more supply of manpower in the market which is highly required. We have other competitors in the industry and their numbers are 10 times than cost accountants hence we need these type of steps to be included. Don't forget if tomorrow the Govt of India find that Indian corporate are facing problem due to lack of professionals then he might order some other professionals to conduct the work by offering technical knowhow. We need faster approach since huge Tsunami of Work is just awaited. Gone are the days of traditional audits. ■



Statutory Audit of Co-operative Sector in Maharashtra

CMA (Dr.) Anil Anikhindi

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Constitutional Preamble

Constitution of India was amended by the 97th amendment Act, to insert new part IX-B on 15th Feb 2012. By the said amendment, formation of "co-operative societies" became a fundamental right for the citizens of India. This amendment enhanced functions for the State Governments to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies. It aimed to address issues like independent and professional audit, Compulsory system of filing returns and provisions for offences and penalties. As a result, the societies are now authorized to get their accounts audited once in a year from the panel of Auditors prepared by the Registrar and approved by the State Governments. This necessitated the State Governments to amend their respective Co-Operative Societies Acts. Accordingly, Govt. of Maharashtra took steps for amendment of its Co-operative Societies Act.

Maharashtra is the leading state in India for the Co-operative movement. Its entire rural economy is based on this sector. There are many sugar factories, spinning mills, banks, credit societies, consumer stores, milk societies etc. working very efficiently in the Co-operative sector contributing towards economic development of its members. However it was seen that the audit completion percentage of co-operative societies was very low due to less number of auditors empaneled with the State Government. This compelled the authorities to consider inclusion of other professionals in the Auditors Panel besides Chartered Accountants, Diploma holders and employees of Co-operative department. Some of the other states like Karnataka, West Bengal also amended their respective Co-operative Societies Acts, to include Cost Accountants in the definition of "Auditor".

Interestingly, it may be noted that with the effective efforts of the then President of The Institute of Cost Accountants of India Late Shri. P.D. Parkhi, Maharashtra became the pioneer state to make legal provision of Cost and Performance Audit in Co-operative Sector in the year 1986. Subsequently, the WIRC of The ICAI was continuously following up this issue and pressing for inclusion of Cost Accountants in the Panel of Auditors since last many years. Considering this demand as a need of the hour and favorable support from the Hon'ble Minister Shri Chandrakantdada Patil, a bill was proposed on 13th Dec 2016 to amend MCS Act, which was passed by the Legislative assembly and got enacted on 16th Jan 2017 to include Cost Accountants in the panel of auditors for financial audit of any co-operative society in the entire Maharashtra State. (Gazette part 8-19-1- GOM dt. 16th Jan. 2017)

Section 81-

2. In section 81 of The Maharashtra Co-operative Societies Act, 1960 in sub-section (1) in clause (9), in the Explanation I after clause (b), following clauses shall be inserted, namely :-

"(b-1) A person who is Cost Accountant within the meaning of the Cost and Works Accountant Act, 1959, who has a fair knowledge of the functioning of the societies and an experience of at least one year of auditing in societies with a working knowledge of Marathi language."

"(b-2) an auditing firm, which is a firm of more than one Cost Accountants within the meaning of the Cost and Works Accountants Act, 1959, having a fair knowledge of the functioning of the societies with a working knowledge of Marathi language."

Qualifications of Auditor

According to explanation given under Section 81 of MCS Act, the required qualification and experience of auditor is a firm of CA/CMA or individual CA/CMA with one year of experience (Class A) or Diploma holder (GDCA) certified auditor with three years of experience (Class B) or Government auditor who is employee of co-operation department (Class C). Earlier in Class A, only Chartered Accountants were eligible. Now Cost Accountants are also eligible at par with Chartered Accountants in Class A.

As per the existing law following terms and conditions are applicable for appointment of auditors of co-operative societies.

1. Auditor must be from the panel approved by State Govt.
2. He should not possess any disqualification
3. He shall not audit the society, without obtaining the appointment order.
4. Auditor shall complete the audit within four months from close of financial year and submit report within one month from its completion or before the date of notice of AGM whichever is earlier.
5. The remuneration of the auditor shall be as determined by the State Government (refer audit fees circular dated 29th Oct 2014 for prescribed Audit fees notified by Maharashtra State Government).

Audit order in e-sahakar

The GOM has prescribed certain procedure for generating audit order on-line on the web portal where every auditor is required to register with his user id and password.

Process 1- Auditor can search societies for audit and send interest directly. If he receives online resolution, he can upload his consent online and can generate audit order.

Process 2- If auditor receives any request directly from society, he has to upload the resolution and his consent to generate audit order.

Appointment of Auditor

As provided in Section 75 (2A) of MCS Act, every society has to appoint the auditor in AGM and thereafter file the form of return

to the Registrar giving the name of auditor along with his written consent within 30 days from AGM. If any society fails to appoint the auditor the Registrar may appoint the auditor from the approved panel by issuing Order.

Auditor of co-operative society cannot accept audit of more than twenty societies in a financial year, excluding the societies having paid up capital less than Rs.1 Lakh.

Features of Co-operative Audit

The distinguishing features of co-operative society audit are as follows-

- Examination of overdue of debts
- Verification of overdue Interest
- Certification of bad debts
- Checking Valuation of assets and liabilities
- Adherence to co-operative principles
- Compliance of the provisions of the Acts and rules
- Verification of members Register and examination of pass book
- Submission of Special report to the Registrar
- Discussion of draft audit report with managing committee
- Audit classification of society
- Submission of report in prescribed format
- Confirmation of rectifications carried out by the society as per the Rectification report received from the auditee society and submission of this to the Registrar.

Rights of Auditor

Under the extant legal provisions the Auditor has access to all books of accounts, papers, securities, cash and other properties belonging to the society for the purpose of audit. He has also a right to receive the notice and attend Annual General Meeting.

Special powers of the auditors of co-operative societies

It may be interested to note that the auditor under MCS Act is treated as "Public Servant". Section 161 inter-alia provides "*-----a person authorised to audit the accounts of a society u / s 81 -----shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code*".

As a 'deemed public servant' the auditor is having certain Important Rights and Powers:

- a. Auditor has been empowered to summon the production of books of accounts. disobedience to summons is liable for punishment.
- b. Auditor has a right to make personal enquiries with members, creditors and other constituents of the society.
- c. Auditor may impound the books or documents if any incriminatory evidence is found against past or present officer or employee.

It may interested to note here that the co-operative sugar factories in Maharashtra are subjected to statutory Cost Audit since 2013 and the Cost Auditors are also covered under the said provision for "deemed public servant" carrying all said rights and powers.

Under provisions of the Rule 49 of MCS Act, no bad debts can be written off unless certified as irrecoverable by the auditor. As such it becomes prime responsibility of the auditor to verify the recovery actions taken by the auditee society and satisfy himself about the non-recoverability of debts.

Responsibilities of Auditor

Auditor should be able to detect existence of any fraud, carry out careful scrutiny of the accounts and must apply due skill and care while certifying the profit and loss account and balance sheet. In case of any infringement of provisions of Act, Rules, byelaws and instructions issued by registrar, having financial implications, the auditor has to mention the same in the report specifically. The Audit opinion expressed by the auditor will be the sole responsibility of the auditor and as such he cannot escape from liability for inadequate scrutiny and enquiry. In the event of such negligence he is liable for damages for such negligence.

Rights and duties of Registrar

It is the duty of The Registrar to maintain panel of auditors and auditing firms and ensure the audit of 100% societies in the State. In case of any fraud or misapplication of funds, the Registrar is empowered to depute Flying squad to the society. Moreover Test audit can be carried out by Registrar if audit report has not disclosed the correct picture of the accounts. Similarly on application by society or otherwise, Registrar may order re-audit of the societies.

Maintenance of accounts by society:-

Section 79 empowers the Registrar to direct any society to keep proper accounts in respect of all sums of money received and expended by the society. Rule 65 specifies following accounts and records to be maintained by every society:

Sr.No.	Particulars
1	A register of members including persons nominated in form "I"
2	A list of active members in form J-1
3	A list of non-active members in form J-2
4	A register of shares
5	A register of debentures and bonds
6	Minute book recording proceedings of the general meetings.
7	Record of attendance of general body meeting
8	Minute book recording proceedings of committee meetings and sub committee meetings if any.
9	Cashbook
10	Day book
11	Bank book
12	General ledger and personal ledger
13	Stock register
14	Property register in form X-1
15	Register of auditors appointed and their written consent
16	Returns of society in form Y
17	Register of audit objections and their rectification
18	Such other accounts and books as from time to time are specified by Government
19	Maintain Cost records if cost audit is applicable - Rule 65(2)

Preparation for Audit

Auditor should possess technical qualifications and skills to conduct audit. Knowledge of book keeping, including higher accountancy, budgeting techniques, cost accounts and management accounts is essential to discharge his duties satisfactorily. He should be fully acquainted with principles of auditing and accounting standards. Auditor should acquire knowledge by undergoing an intensive and rigorous practical training under senior and experienced auditors.

It is necessary to obtain thorough knowledge of provisions of other statutes having bearing on the audit like, Income Tax Act, Sales Tax (VAT) Act, Central Excise Act, Service Tax Law, Insurance Act, Bonus Act, EPF Act, Transfer of property Act, Sale of goods Act, Contract Act, Registration Act, Stamp Act, Agricultural Produce Markets Act, Agricultural Tenancy and Land Holdings Act, Moneylenders Act, RBI Act, NABARD Act, Banking Regulation Act, Negotiable instrument Act etc. Most important, he should be familiar with the provisions of MCS Act, Rules, byelaws of Society and Orders/Circulars issued by the Registrar from time to time. Auditor needs to study processes of various systems of business and apply various tests while conducting different audits.

Audit Report Contents

As per the Circulars of the Co-operative department, the audit report is divided in 3 parts.

Part A-Serious points and frauds (if any)

Part-B - General remarks of the auditor

Part-C - Miscellaneous objections of the audit

The detailed contents of Part A, B, C are given in Exhibit 1.

Moreover the auditor has also to submit the formats of questionnaire specified for various societies and schedules. (For list of formats applicable to various societies-refer Exhibit-2)

Audit Classification:

After a judgment on overall performance and review of various items as stated in the Circular, the auditor has to award audit classification on the basis of total marks secured by the audited society as shown in the table:

Marks	Audit Classification	Remark
180 or above	A*	Excellent
150-179	A	Excellent
100-149	B	Satisfactory
50-99	C	Poor
Less than 50	D	Very bad

Specific report

If auditor has detected any fraud in the audited society, he has to submit the Specific Report to the Registrar within 15 days from the date of audit report and also file FIR with concerned police station with the permission of Registrar. If auditor fails to file FIR, he is liable for disqualification and removal from the panel of auditors.

Special Administrative Report

If auditor finds instances of financial irregularities resulting into losses, he has to submit Special Administrative Report to the Registrar along with audit report. Any failure to do so amounts to negligence and disqualification for appointment.

Submission of Report

Rule 69(1) prescribes the procedure for submission of audit report. Auditor should express opinion in report about "true and fair view" of financial statements and accounting policies adopted according to Accounting Standards. The auditor shall submit report in Form N-1 in case of co-operative banks and Form N-2 in other cases. (Refer Exhibit-3)

Audit Rectification Report

If audit report discloses any defects, the society has to explain the defects to the Registrar within three months by way of Rectification Report. It has to take necessary steps to rectify defects and report to Registrar and place the same before next AGM. The said rectification report is to be submitted to the auditor and it is the responsibility of the auditor to make item-wise remarks on the report and forward the same to the Registrar. In case of any failure to do so, the society is liable for punishment under section 147.

Working papers to be maintained by Auditor

- Byelaws of the Society including amendments made from time to time.
- Extracts or copies of important legal documents, agreements and minutes relevant to the audit.
- A record of study of internal control related to accounting system.
- Copies of audited financial statements.
- Ratio Analysis.
- Letter sent to the Society asking explanations, clarifications
- Notes on important points observed during the course of audit.
- Important points of the last year's audit report.
- Audit intimation letter and other correspondence.
- Extract of minutes of BOD, and committee meeting related to the current audit.
- Audit program and worksheet of the staff.
- Other working papers.
- Confirmations and letters sent
- Replies from the societies
- Draft audit report and financial statements.
- Statements of financial information related to current audit.

Applicability of accounting standards

The Institute of Chartered Accountants of India has issued 28 Accounting Standards. Auditor has to make adequate disclosures in report regarding the applicability and compliance of the said standards. For applicability purpose, societies have been classified into three categories (refer Exhibit 4).

Audit Manual

A comprehensive 'Audit manual' as a ready reference book of practical guidance for auditors of co-operative societies (containing 234 pages), is available on <https://mahasahakar.maharashtra.gov.in>

Conclusion

Since this is a financial audit to be done by Cost Accountants for the first time in the history of the CMA profession, it is very much essential to get the knowledge of Financial Accounting

Principles, Accounting Standards and Auditing Standards pronounced by ICAI-CA. The CMA's interested to do such audits have to get themselves empanelled with the Registrar and comply with all relevant mandatory provisions.

Exhibit-1

Contents of Audit Report-

Part-A includes following items

1. Fraud
2. Misutilisation of funds and properties
3. Misapplication of funds
4. Manipulation of accounts
5. Falsification of accounts
6. Auditor shall quantify shortfall in various provisions over profit or loss and state clearly that after considering the effects of all provisions whether there is profit or loss to the society.
7. Serious infringement of provisions of Act, Rules, Byelaws.
8. Misutilisation of capital / loan / grant received from Government.
9. Personal expenses which are debited to Profit and loss account.
10. Contravention of cash limits as per Rule 107 (c).
11. Payment in cash in excess of the limits laid down in the Income Tax Act.
12. In case of banks, property sold under Securitization Act 2002 below Reserve Price.
13. Contravention of unit exposure norms and sectoral exposure norms in case of UCB, MSCB and DCCB.
14. Sanctioning of unsecured loans in excess of limits as specified by RBI in case of banks and in excess of limits as specified in Byelaws in case of other societies.
15. Exceeding the borrowing power as specified by Section 43 and Rule 35 of MCS Act/Rules.
16. Repaying share capital by contravening the Rule 23 of MCS Rules 1961.
17. No action against overdue in excess of one year.
18. Related party transactions

Part-B includes following items

1. Remarks on scrutiny of Balance sheet and Profit and loss account.
2. Deficiencies in working of societies.
3. Activities undertaken beyond the objects of society
4. Observations on meetings of AGM, BOD and committees.
5. Remarks on growth or decline in deposit / capital / loan / profits etc. and important ratioanalysis.
6. Contravention of provisions of other allied Act like Stamp Act, Labour laws, Contract Act, etc.

Part-C includes following items

1. Deficiencies in vouching, receipts, expenditure voucher.
2. Unauthorized / not sanctioned expenditure.
3. Expenditure which appears to be excessive to the auditor considering the size and volume of society.
4. General deficiencies observed in loan documents.
5. Travelling expenditure of Board of Directors and Staff members beyond their powers and which appears to be excessive.
6. Receipt entries (credit entries) not supported by documents.

7. Cash book, bank book, day book should be completed every day and signed by responsible officers. If not, necessary remarks should be given in Part C.
8. List of missing vouchers and loan bonds,
9. List of vouchers on which payee's acknowledgement is not taken.
10. List of defective vouchers and loan bonds.
11. List of payments which are not supported by documents such as bills or invoices, etc., or for which sub-vouchers are not taken.
12. List payments, which are not properly authorized.
13. List of items where delegated authority has been exceeded.
14. List of remittances for which official receipts are not issued.
15. Mistakes in interest calculations.
16. Other irregularities to be specified.

Exhibit-2

List of Questionnaires applicable to various societies

Query Sheet Form No.	Type of society to which it is applicable.
1	All types of Societies.
2	Test audit report for all type of societies audited by the auditor
3	Agriculture Produce Market Committee.
4	District Central Cooperative Banks
5	NABARD
6	Agricultural and credit societies, multi purpose societies, sevasahakarisanstha.
7	Urban Cooperative Banks
8	Salary Earners Societies
9	Agricultural Sale Purchase Society
10	Farming Societies
11	Lift Irrigation Societies
12	Crop Protection Societies
13	Ginning and Pressing Societies
14	Oil Mills
15	Rice mills
16	Agricultural and Industrial Processing Societies
17	Sugar Factories
18	Industrial Sangh and Weavers Societies
19	Spinning Mill
20	Forest Labour's Societies
21	Labour Contract Societies
22	Dairy Societies
23	Dairy Union
24	Fishery Societies
25	Poultry Societies
26	Piggary Societies
27	Consumers Stores and Societies
28	Housing Societies
29	Cooperative Producers Societies
30	Printing Press
31	Transport Societies
32	Industrial Estate
33	Education Societies
34	Supervising Unions
35	District Cooperative Boards

Exhibit-3**Audit Report Format Form-N-1 and Form-N-2**

FORM No. N-1.

[See section 81 and rule 69 (3)]

Sample Format of Report of the Auditor of Co-operative Bank**INDEPENDENT AUDITOR'S REPORT**

To,

The Chairman/Secretary/Chief Executive Officer

The _____ Urban Co-operative Bank Ltd. / DCCB / SCB,

Ref. :- Appointment Letter Reference No..... Dated.....

Report on the Financial Statements as a Statutory Auditor

1. We have audited the accompanying financial statements of the ----- Urban Co-operative Bank Ltd. / DCCB / SCB, which comprise the Balance Sheet as at 31st March 20XX and the Statement of Profit and Loss for the year ended on that date and a summary of significant accounting policies and other explanatory information incorporated in these financial statements of the Bank along with its Branches Extension counters, ATM centres audited by us for the period 1st April 20YY to 31st March 20XX. *

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Maharashtra Co-operative Societies Act, 1960, Banking Regulation Act, 1949 (as applicable to co-operative banks) and RBI /NABARD Guidelines. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable Standards by The Institute of Chartered Accountants of India and under the MCS Act / BR Act / RBI guidelines. 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, whether due to fraud or error.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 (as applicable to co-operative banks) as well as the Maharashtra Co-operative Societies Act, 1960, the Maharashtra Co-operative Societies Rules 1961, and any other applicable Acts, and or circulars issued by the Registrar, in the manner so required for the bank and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 20XX;

(ii) in the case of the Statement of profit and loss of the profit / loss for the year ended on that date; and

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with provisions of the Maharashtra Co-operative Societies Act, 1960 & Maharashtra Co-operative Societies Rules 1961.
8. We report that :
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
 - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
9. In our opinion, the Balance Sheet and Profit and Loss Account comply with applicable Accounting Standards.
10. We further report that :
 - i) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.
 - ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
 - iii) The reports on the accounts of the branches audited by us / branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
 - (iv) for the year under audit, the bank has been awarded " _ " classification.

Signature of Auditor and date

Note :- In case the auditor have not audited all branches or taken assistance of other auditor or branches are audited by another auditor appointed by bank, following lines should be inserted in above report.

*These unaudited branches account for _____ per cent of advances, _____ per cent of deposits, _____ per cent of interest income and _____ per cent of interest expense.

FORM No. N-2

[See Section 81 and rule 69 (3)]

Sample Format of Report of the Auditor of Co-operative Society
INDEPENDENT AUDITOR'S REPORT

To
The Chairman/Secretary/Chief Executive Officer
The _____ Co-operative Society Ltd,
Ref. :- Appointment Letter Reference No. _____ Dated _____

Report on the Financial Statements as a Statutory Auditor

1. We have audited the accompanying financial statements of the _____ Co-operative Society Ltd., which comprise the Balance Sheet as at 31st March 20XX and the Statement of Profit and Loss / Income & Expenditure for the year ended, and a summary of significant accounting policies and other explanatory information incorporated in these financial statements of the Society along with its Branches audited by us for the period 1st April 20YY to 31st March 20XX. *

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Maharashtra Co-operative Societies Act, 1960 & Rules there under. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable Standards by The Institute of Chartered Accountants of India and under the MCS Act. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required as per the Maharashtra Co-operative Societies Act 1960 and the Maharashtra Co-operative Societies Rules 1961, and any other applicable Acts, and or circulars issued by the Registrar, in the manner so required for the society gives a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the society as at 31st March 20XX;
- (ii) in the case of the Statement of profit and loss / Income & Expenditure of the profit/loss for the year ended on that date; and

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of the Maharashtra State Co-operative Act.
8. We report that :
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
- (b) The transactions of the Society, which have come to our notice, have been within the powers of the Society.
- (c) The returns received from the offices and branches of the Society have been found adequate for the purposes of our audit.
9. In our opinion, the Balance Sheet and Profit and Loss / Income & Expenditure Account comply with applicable Accounting Standards.
10. We further report that :
- (i) The Balance Sheet and Profit and Loss / Income & Expenditure Account dealt with by this report, are in agreement with the books of account and the returns.
- (ii) In our opinion, proper books of account as required by law have been kept by the Society so far as appears from our examination of these books.
- (iii) The reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
- (iv) for the year under audit, the society has been awarded " __ " classification.

Signature and date

Exhibit-4

Applicability of Accounting Standards

Levels	Levels	Levels
Level 1 Societies	a) Banks b) Societies whose turnover (excluding other income) exceeds Rs. 50 crores in immediately preceding accounting year c) Societies having borrowing including deposits exceeds Rs. 10 crores at any time during immediately preceding accounting year.	1,2,3,4,5,6,7,9,10,11,12,13,14,15,16,17,18,19,20,22,24,26,28,29
Level 2 Societies	a) Societies having turnover (excluding other income) exceeds Rs. 1 crore but does not exceed Rs. 50 crores in immediately preceding accounting year. b) All societies having borrowing (including deposits) exceeds Rs. 1 crores but does not exceed Rs. 10 crores at any time during immediately preceding accounting year.	1,2,4,5,6,7,9,10,11,12,13,14,15,16,18,19,20,22,24,26,28,29
Level 3 Societies	Societies not covered in (1) and (2) above	1,2,4,5,6,7,9,10,11,12,13,14,15,16,19,20,22,26,28,29



GST - A Burden on MSME

CMA Ajay Kumar Singh

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Medium Small and Minor enterprises contribute approximately 37% of our Nations GDP. Any negative implication of GST on this segment can directly knock off the player from the competitive business market. This article tries to put forth various issues that this industry could face due upon passage GST. The article also tries to provide the possible solution for the issues highlighted as explained below.

1) Basic Exemption Limit:

Under Excise law, the SSI's enjoy the basic exemption limit up to ? 1.5 crore which itself has been continuing since long time even though inflation has led to increase in prices of various goods/ services over a period of time.

Further, under GST, the basic exemption limit has been proposed to be reduced to a very low threshold limit of 20 lakhs. Further, in some cases of e-commerce, reverse charge, output inter-state supply activities there is no basic threshold exemption given. Also, the definition of the term 'aggregate turnover' also includes exports and exempt supplies meaning thereby even if major part of the supply is exempted but a mere small portion is taxable which is less than 20 lakhs still the activity would suffer GST and compliance needs to be ensured.

In the present business environment, exemption of 20 lakhs is very low and the same needs to be pegged at a little higher side. If the exemption threshold of 20 lakhs continued then almost all small and medium enterprises would fall under the bracket of taxation which will be a radical change for them as compared to the existing taxation scenario. Further, a fair differentiation must be made in any taxation framework between a small or start-up's and large and established ones. The benefit of additional higher slab for small yet growing sector has to be given to keep balance and allow opportunity for small sectors to grow. Non-bifurcation of this could lead to erosion of this sector and also bring monopolistic market of large players instead of competitive market. Therefore, it is suggested that Government must come up with some notification providing the relief in this regard which is in the best interest of this sector and supports its growth objective.

2) Compliance Cost:

It is seen that GST law demands high compliance. Key compliance requirements are as under:

- Three returns be filed in each month for every state. Further, returns must be filed for TDS, ISD (if applicable). Also, one annual return with reconciliation statement has to be filed for every state;
- Registration must be taken in every state and there is no concept of centralised registration;
- Accounting needs to be timely updated and the same needs to be maintained state-wise to reconcile the taxation with accounts at state level;
- GST computations, liability calculation, credit availment etc. has to be done on monthly basis.

In a small and medium sector, the accounting and taxation would not be very strong, stable and streamlined as compared to the larger sectors. Sometimes, there is no separate division of accounting and the proprietor himself manages the additional task of accounting and book-keeping which is very common in any start-up and growing business. Therefore, commensurate with the existing system where number of returns is lesser and also the requirement of compliance is quarterly for small & medium sector in various VAT laws and half-yearly in case of service tax law. It shall be apt for government to consider if a single quarterly return is introduced for this sector so that the compliance burden would be lesser and the focus of the entrepreneur is on business development and growth instead of taxation aspects. This also promotes the Governments agenda of 'Ease of doing Business'. Non-consideration in this aspect would lead to non-compliance and harassment and would only have a negative impact on the industry and its contribution to the economy.

3) Burden under reverse charge for un-registered purchases:

In the GST bill, it is proposed that if any goods or services are supplied by a person who is unregistered and supplied to a registered person, then GST needs to be paid by the registered person under reverse charge as a recipient. Therefore, even if any small businesses who does not take registration and claim the basic exemption threshold then the person receiving goods or services from them need to pay GST under reverse charge. This provision shall have negative impact as businesses would not prefer to deal with unregistered persons and to take the additional burden of taxation under reverse charge. Therefore, this provision directly impacts the business of small sector negatively and virtually forces them to either register or to shut the business which was ideally not the principles guiding the existence of the GST taxation.

4) Burden cost on stock Transfers and deemed supplies:

Presently, a stock transfer of goods/services is not liable to tax except in case of central excise. However, no such system is prevalent in state VAT laws. Under GST regime, stock transfer of goods/services is made liable to tax. This step shall would lead to blockage of working capital apart from high compliance burden. It shall also defeat the idea of GST i.e. to have a free flow of goods anywhere and to create a common national market. MSME's do not have adequate capacities, technology, manpower and cash flows to comply with this complex requirement of the law. However, since GST is a destination based consumption tax, it is suggested to consider atleast postponement of the taxation on stock transfers to the point when such goods are actually sold so that it will ease working capital and ease of tracking and payment of tax.

5) Time limit for the return of Goods sent on sale or return basis:

Under the present taxation regime, there is no time limit for the return of goods sent on sale or return basis. However, in GST regime, the maximum time limit for the return of goods sent on sale or return basis is 6 months and if the same is not approved within the said time limit then the invoice needs to be issued and the goods shall be deemed to have been supplied since time of supply for payment of tax would arise. In various small scale industries like ready-made garment industry, the norm is to send goods to Consignment Sales Agents (CSA) and customers on a "sale or return" basis. The norm in such industries is that the CSAs / customers return the goods after the season is over. However, casting time-limit on return of goods would have negative impact on such sectors. Therefore, it is suggested to remove this provision and continue with the present practice of paying GST only once actual supply takes place.

6) Taxes on Advances

Advances received against supply of goods and/or services are taxable in GST regime. Collection of GST on advances would be cumbersome and requires high compliance and tracking other than the additional cash flow of taxes which the advance recipient has to be if specifically taxes are not collected on the advances element. Moreover, it is possible that advance may have been received for intra-state as well as inter-state supplies of goods and services and therefore possibility of paying incorrect tax or determining incorrect place of supply is also an area of concern. Further, in certain business, advances would be received for multiple supplies, in such circumstances individual identification of advances and matching of the same with the corresponding for determining rate and place of supply shall be an additional burden.

Therefore, with the limited technological advent and resources in a MSME sector, compliance with the provision of GST on advances would be difficult and lead to unnecessary non-compliances. Therefore, it is suggested if GST for MSME sector can be paid only on invoice basis as presently in case of VAT laws or if GST can be made only on receipt basis as prevalent in service tax for small individuals and partnership firms. This shall ease the compliance and cash flow burden.

7) Availability of Composition Levy

Non-availability of composition scheme to those who are supplying services or making any supply of goods which are not liable to tax under the Act or if any inter-state supply is made seems to be harsh on such person. Small services suppliers only shall be required to comply with the normal provisions of the law which could prove to be cumbersome for such suppliers. Further, small suppliers making few of the supplies not chargeable to tax while majority of supplies are taxable may find this provision an unnecessary burden on them.

It is suggested that eligibility for composition scheme be based on the turnover during a particular financial year and be made available uniformly to all suppliers whether supplying goods or services or both. Alternatively, Sector specific composition schemes may be designed to cater to need of different sectors.

The embargo placed on effecting inter-State supplies by the taxable person opting to pay tax under the composition scheme must be done away with. GST, being a destination based consumption tax and moving in the direction of being 'One India

- One Tax', this embargo appears to be travelling in the opposite direction.

8) Condition for payment and filing of return for availing input tax credit:

Once invoice is issued by a supplier under section 31 with applicable tax reflected on it, the recipient cannot be burdened with the responsibility of knowing if that tax has actually been credited to the Government. Here onerous burden is being cast on recipient to prove tax has been deposited by the supplier. Further, filing of Return (as in the case of registration) is procedural requirement and intimation to department. These cannot be made pre-conditions for entitlement to credit.

The condition of tax to be deposited by the supplier to the credit of appropriate Government in order to enable the purchaser to avail the input tax credit on such supply made may cause undue hardship to the assesses.

It is suggested that the pre-conditions relating to payment of tax to the credit of Government and mandatory filing of return be deleted / removed and the same must be reconsidered and liberalized to enable the small sector to avail input tax credit of tax paid by them.

Alternatively, if the Government believes that certain taxable persons in the unorganized sector may not deposit the collected tax to Government the concept of reverse charge be made applicable to them instead of denying/ delaying the credit based on the non-compliance by other party to the contract.

9) Power to Arrest & Prosecution:

A Commissioner of CGST or SGST can authorize an arrest of a person if "has reason to believe" that the person has committed any offence punishable under the GST law. The person can be arrested even if such a person has not been issued a show cause notice intimating the alleged violation and even if the investigations are yet to be concluded. It also does not make a difference whether the alleged tax-liability is on account of deliberate tax-evasion or is simply a differential tax liability in a genuine and bonafide dispute. The Service Tax law carried a simple provision for almost two decades prohibiting imposition for penalty in cases with a reasonable cause for default. Even such a simple provision does not find place in the GST law.

Provisions relating to arrest, prosecution etc. are very stringent for lapses like (e) takes and/or utilizes input tax credit without actual receipt of goods and/or Services (l) fails to supply any information which he is required to supply under this Act or the rules. Considering that law is just introduced & will be subject to a lot of interpretation in its initial stage, it will take some time for understanding and compliance by both Department & assessee.

Conclusion:

It shall be imperative that the sector through its associations or various representation bodies highlight these issues to the law makers so that the same can be resolved at the earliest. In fact, recently government has also formed a special committee to look after the issues faced by MSME sector in GST. It is urged to the industry that they proactively highlight the above issues and obtain the relief prior to advent of GST as once GST is implemented, the chances of respite would be very minimal for the sector.



Budgeting a fiscal exercise of Government - Need for Micro level consolidation

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Budget in the sense it is perceived in government or in governance is a simplistic tool of measuring and reflecting numbers before incurrence. It is a resource planning mechanism for governance.

Two main sources of revenue for the government are Tax and Non-tax source, there are of course borrowings which may be public borrowing inter state borrowings and international borrowings, apart from this governments may print notes for deficit financing.

But the paradox is governments all along have been focusing budget as a simplistic tool for expenditure planning for governance, sidestepping the need for realistic national level planning that reaches its citizens directly. In other words a planning exercise for the whole of the country, building right from the last man at roads.

Global governance needs a paradigm shift in thinking process to put into force a mechanism of financial planning that addresses the individual citizen and moves along the lines to build a nation or a global society at large.

There are lot of impediment to this paradigm shift, first and foremost is the mind set to relent to address the last man in this world, his needs and his fulfilment assurance.

Democracy is still a cry, towards reality where we get the authorization of the last man to govern, yet the deliverables are focussed on the top layer of the society and its needs.

If the minimum needs are the purpose, for which the last man votes for governance, then his needs takes forefront above all other needs. Governance is then all about hunting resources and ensuring delivery to this need. So to say one cannot be democratic in proclaiming on the last man and his duties to elect and be autocratic on deliverables to be decided for him.

Revenue budget is just not about paying for the government establishment and pension, it is about reaching out to each individual citizen and fulfilling his needs as we move about during election for votes at all times.

To this extent building a revenue budget needs paradigm thinking on what makes the comfort level of the last man through the year. Whether such needs can be assured through revenue budget and make it reach him all the while.

If the above concept is not factored in budget the entire exercise of governance is futile there is no need then for governance.

So what are the numbers in terms of dispersing income to the common man on a day to day basis, so that he is

cosy on this planet, where do we get the resources for these needs, So in recent times social index of a government is being measured on quantified deliverables and rating agencies have started considering composite index for measuring performance of a government.

Do we really need to travel to dis incentivise the entrepreneurial class?

The answer is no.

The current system of tax and transfer fails on the following counts:

1. The complexity in administration.
2. The complicity of officials in administration in tax evasion.
3. The cost of collection.

This problem has never been addressed by the world of governance and a shift in thinking process is necessary to move forward the agenda of governance that benefits the common man directly and builds the nation simultaneously.

One methodology could be, when the resources have to address the common man the resources need to build from the common mans ability to build a nation. Which means all his earnings becomes transparent and accountable, from prince to pauper. Which in turn means reorient the theory of consolidated fund of a country from where governments draw funds, to accommodate citizens fund. Also checkout from the concept of paper currency and check in to an electronic currency that is more accountable.

Abolish all taxes except custom duty.

Remove all paper currency and keep a minimum denomination and value promissory note, allowing marginal cash economy that disincentives hoarding and fake currency.

Allow exploitation of resources subject to putting in place mechanism of transparent and accountable revenue generation and money in the system can then be channelized to meet the need of common man by direct benefit transfer.

All economic transaction either by individual for personal consumption or by corporate for business needs to be brought into the system, say banking or any other form of accountable system and get taxed.

The resource generated thus should move towards the concept of transparent redistribution that enables further consumption and sustains demand.

Taxing transaction means taxing spends which may be layered on the type of consumption such as essentials, luxury etc and also based on resource exploitation essential, harmful etc. There can also be slab rates for

the amount of single transaction the percentage slabs can be progressive and regressive depending on the layer explained above. There can then be tax on idling funds in the bank accounts specially when such are not deployed by the bank and this tax shall be on the banks for non-performance.

All transactions of speculative nature such as derivatives shares and hedging should be banned or disincentivised. The one critical thing in this exercise would be to measure minimum needs for a citizen to live in honour this assessment needs to be done on a year to year basis ensuring assured delivery to him/her.

Second critical thing would be to have a list of beneficiaries on a year to year basis. If all are on the banking page, then this could be easier since everyone's account reflect surplus and deficit and what is needed is exactly that

threshold amount that determines benefit for the last man. Governance is all about making last man happy and all the while we have been thinking exactly the opposite and that is the very reason that most economies that are supposedly advanced have unhappy citizens and most that are undeveloped that are peaceful, though global influence make them unhappy too.

CMAs have critical role in making economies move from budget centric to benefit centric as an expert in prices and cost they are equipped with necessary skills to influence global budgeting exercise that ensures the dispersion of wealth is just not in paper and it transports essentially to the last man.

World of governance now should move away from green house budget to under the sun budget for betterment of future society. ■

Hearty Congratulations !!!

BEST CHAPTER AWARD 2016

In National - Regional Council & Chapters Meet held at Chandigarh on 22nd April 2017, following Chapters under WIRC received "Best Chapter Award" for the year 2016

Category A – Pune

Category B – Surat-South Gujarat

Category C – Navi Mumbai

Category D – Pimpri-Chinchwad-Akrudi

BEST CHAPTERS AWARD - 2016 for "Increase in Members' Strength"

(PAN INDIA) - All over India

Category B – Surat-South Gujarat

Category C – Navi Mumbai

BEST CHAPTERS AWARD - 2016 For Conducting Maximum Number of Professional Development Programs

(PAN INDIA) - All over India

Category B – Surat-South Gujarat

Category C – Navi Mumbai

Category D – Pimpri-Chinchwad-Akurdi

Report -Inaugural function of Bharuch Ankleshwar Chapter

The inaugural function of Bharuch Ankleshwar CMA Chapter was held on 25th April, 2017 at 9.00 a.m.

CMA S.N. Mundara, Chairman of the Chapter along with CMA R.K. Rathi, Vice Chairman of the Chapter, CMA Shailendra Saxena, CMA R.A. Mehta, CMA D C Gupta and CMA Bhanwarlal of the Chapter escorted the guests for ribbon cutting. CMA Manas Kumar Thakur President - Chief Guest of the function inaugurated the GST Seminar in presence of CMA Pradip Desai, Chairman WIRC, IRS Kamal Jt. Past President CMA B M Sharma, CMA A.B. Nawal (CCM), CMA Laxman D. Pawar, Hon. Secretary WIRC, CMA Harshad S. Deshpande (RCM), CMA Manubhai Desai, CMA B.F. Modi, CMA Vinod Savaliya, CMA Mihir Vyas, CMA Kailsh Sankhlecha, CMA Ashwin Dalwadi, and other senior members of the ICAI were present on the occasion.

Chief Guest, Shri Manas Kumar Thakur President along with other dignitaries on the dais performed lamp lighting ceremony. In his welcome address CMA S.N. Mundra, Chairman Bharuch Ankleshwar Chapter explain in details that in one of Asia's biggest industrial area CMA presence play very important role in Nation building which is motto of our honorable Prime Minister Shri Narendra Modiji .

Chief Guest and Guest of honor appreciated the efforts of Bharuch Ankleshwar CMA team in coordinating grand inaugural function and GST Seminar. There were more than 250 participants on GST seminar from various industry.

Chief Guest declared CMA Lab for Bharuch Ankleshwar Chapter being industrial hub of Gujarat and congratulated for the newly formed Chapter and conveyed their good wishes for the bright future of the Chapter. Member have to contribute money for Newly Chapter support and betterment of CMA facility by CMA B.F. Modi, CMA S.N. Mundra, CMA Rajendra Rathi, CMA Pawan Sharma, Director Of Delta India (SAP Consultant), CMA B.M. Sharma, Past President and other member also interested to provide all type of support time to time.

Regional Council member CMA Harshad Deshpande and CMA Laxman D. Pawar express their view and appreciate efforts made by local member for Opening of CMA Chapter and assured any type of support for better service to society and professional growth.

On the Occasion Seminar on GST was also organized by Chapter. Ist Technical session on GST was taken by CMA A.B. Nawal, Chairman Taxation committee, ICAI. 2nd technical session on ITC under GST was taken by CMA B. M. Sharma, Chairman GST Council of ICAI.



Analysis of Financial Statements in the Sugar Industry

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& CMA J. N. Mohanthy

Abstract

"This paper aims at making financial analysis of a sugar entity in terms of liquidity, solvency, operational efficiency and profitability. Management practices with professional approach tend to improve the financial performance of sugar factories by implementing some innovative practices to reduce the controllable cost and generating additional revenues."

Keywords: Financial statements, Analysis, Ratio analysis, Variance analysis

Introduction

The basis for financial analysis, planning and decision making reflects in scientific analytical financial statement which mainly consists of Balance Sheet and Profit & Loss account of a sugar factory. This summarized financial report provides the operating result and financial position of a sugar factory and detailed analytical information contained therein is useful for assessing the operational efficiency and financial soundness of a sugar factory.

What is Financial Statement?

Financial statements are structured representation of the financial position and financial performance of an entity. Financial statements provide information about an entity's

i) Assets ii) Equity & Liabilities iii) Income and expenses, including gains and losses and iv) Cash flows.

Significance of Analysis of Financial Statements

Financial analysis is useful and significant to different users in the following ways:

(a) Finance Manager: Financial analysis techniques enable the finance manager to make constant reviews of the actual

financial operations of the sugar factory for analyzing the causes of major deviations, which may help in taking corrective action.

- (b) Top Management: Financial analysis helps the Top Management in measuring the success of the company's operations, appraising the individual's performance and evaluating the system of internal control.
- (c) Trade Payables: The traders are particularly interested in sugar factory's ability to meet their claims over a very short period of time, which evaluate factory's liquidity position.
- (d) Lenders: Banks and Financial Institutions are concerned about the sugar factory's long term solvency and survival. They analyze the historical financial statements to assess its future solvency and profitability.
- (e) Investors: Investors, who have invested their money in the sugar factory's shares, are interested in the sugar factory's earnings and present and future profitability to ascertain its effects on sugar factory's earning.
- (f) Others: Economists, Researchers, Government etc., analyze the financial statements to study the economic conditions for price regulations, taxation and other similar purposes.

Tools of Analysis of Financial Statements

The most commonly used techniques of financial analysis are as follows:

- A) Comparative Statements: The comparative Profit & Loss account gives an idea of the progress of business over a period of time. The changes in absolute money values and percentages can be determined to analyze the profitability of the business. This analysis is also known as 'horizontal analysis or Intra sugar factory analysis. Horizontal analysis compares each item with an item for a selected base year.

"One cannot be the finest without comparing with rest"

SUMMARISED COMPARATIVE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014-15 & 2015-16					
YEAR	CANE CRUSHING	PRODUCTION			
2014-15	674765.310 MT	894855 QTLS			
2015-16	731132.950 MT	967000 QTLS			
1)	INCOME	2014-15	2015-16	Diff. (+/-)	Change%
1.1)	Sugar Realization	26109.58	27801.88	1692.30	6.48
1.2)	Bagasse	279.15	542.60	263.45	94.37
1.3)	Molasses	948.16	1312.77	364.61	38.46
1.4)	Other Income	163.29	485.05	321.76	197.06
	TOTAL (1)	27500.18	30142.30	2642.12	9.61
2)	COST OF PRODUCTION				
2.1)	Raw Material Cost	20677.80	24070.15	3392.35	16.41
2.2)	Manufacturing Overheads	2921.23	1685.72	(1235.51)	(42.29)
2.3)	Salary & Wages	1393.13	1643.43	250.30	17.97
2.4)	Administrative Exp.	444.12	525.19	81.07	18.26
	TOTAL (2)	25436.28	27924.49	2488.21	9.78

GROSS PROFIT	2063.91	2217.81	153.91	7.46
3) Depreciation	269.91	309.51	39.60	14.67
4) Interest	1760.75	1848.54	87.79	4.99
5) TOTAL COST OF PRODUCTION (2+3+4)	27466.94	30082.54	2615.60	9.52
6) NET PROFIT (1-5)	33.24	59.76		

Interpretation:

During the financial year 2015-16 the factory crushed 7.31 lac MT of sugar cane & produced 9.67 lakh quintals of sugar as per the Balance Sheet of March 2016, the factory has holding sugar stock of Rs. 321.74Cr., this was mainly because of lower market price during financial year 2015-16. The sugar prices have gone far below the FRP, therefore sugar factory was compelled to carry over stock in an anticipation of better price in future.

The above table gives idea about deviation in absolute figures

in rupees as compared to year 2014-15. The financial statements indicated in above table, is prepared for successive periods 2014-15 & 2015-16, where it shows the changes in percentages over a period of time.

B) Common Size Statements: The common size statements analysis compares each item with a base item of two different factories to realize where we actually stand as compared to other sugar factories and what the exact reasons of deviation are. This analysis is also known as 'Vertical analysis or Inter sugar factory analysis'.

"The difference between running and ruining the business is high cost"

Name of The Company	Financial Year	Variable Cost Rs. PMT	Fixed Cost Rs. Lakh	Income Rs. PMT	Contribution PMT
1	2	3	4	5	6 =(5-3)
X Sugar Mill	2015-2016	3786.54	2397.90	4122.69	336.14
Y Sugar Mill	2015-2016	3546.00	2425.10	4242.91	696.91

C) Trend Analysis: Trend analysis studies the financial history, operational results & financial position of a sugar factory over a series of years using the historical data to observe the percentage changes in selected data.

"Costing is strange racing where falling considered wining"

Trend Analysis						
SUMMARISED COMPARATIVE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013-14 & 2015-16						
	Rs. Lakhs			TREND%		
1) INCOME	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
1.1) Sugar Realization	21264.26	26109.58	27801.88	100.00	122.79	130.74
1.2) Bagasse	491.04	279.15	542.6	100.00	56.85	110.5
1.3) Molasses	1006.51	948.16	1312.77	100.00	94.2	130.43
1.4) Other Income	219.93	163.29	485.05	100.00	74.24	220.55
TOTAL (1)	22981.74	27500.18	30142.3	100.00	119.66	131.16
2) COST OF PRODUCTION						
2.1) Raw Material Cost	18138.73	20677.8	24070.15	100.00	114	132.7
2.2) Manufacturing Overheads	1226.14	2921.23	1685.72	100.00	238.25	137.48
2.3) Salary & Wages	1330.54	1393.13	1643.43	100.00	104.7	123.52
2.4) Administrative Exp.	263.7	444.12	525.19	100.00	168.42	199.16
TOTAL (2)	20959.11	25436.28	27924.49	100.00	121.36	133.23
GROSS PROFIT	2022.63	2063.91	2217.81	100.00	102.04	109.65
3) Depreciation	276.56	269.91	309.51	100.00	97.6	111.91
4) Interest	1727.26	1760.75	1848.54	100.00	101.94	107.02
COST OF PRODUCTION (2+3+4)	22962.93	27466.94	30082.54	100.00	119.56	130.95
NET PROFIT	18.81	33.24	59.76	100.00	176.91	316.51

The above table indicates financial trend is positive and the better financial management of the sugar factory year to year.

D) Ratio Analysis: It is a tool for comparison of the previous year's figures of the sugar unit, other entities, and the industry. It helps the management to take proper decision after analysis.

"Ratios are like true friends. They tell us our shortcomings and strengths"

FINANCIAL RATIO STATEMENT AND VARIANCES					
S.No.	Particulars	Concept	2014-15	2015-16	Variance
A	Liquidity Ratios				
A.1	Current Ratio	Current Assets/ Current Liabilities	1.10	1.18	0.08
A.2	Working Capital (Rs.Lakhs)	Current Assets Less Current Liabilities	2590.92	5541.34	2950.42
A.3	Cash Profit(Rs.Lakhs)	Net Profit +Depreciation	303.15	369.27	66.12
A.4	D.S.C.R	Net operating Income+Int. +Dep./ Total Debt service	1.38	1.91	0.53

DSCR WORKINGS :

Rs. Lakhs

PARTICULARS	2014-15	2015-16
CASH AVAILABLE FOR DEBT SERVICE :		
NET PROFIT	33.24	59.76
ADD:DEPRECIATION	269.91	309.51
INTEREST ON TERM LOAN	548.72	248.45
TOTAL CASH AVAILABLE FOR DEBT SERVICE	851.88	617.72
DEBTS TO BE SERVICED :		
REPAYMENT OF TERM LOAN	66.54	75.50
INTEREST ON TERM LOAN	548.72	248.45
TOTAL DEBT TO BE SERVICED	615.26	323.95
D.S.C.R.	1.38	1.91
AVERAGE D.S.C.R.		1.56

Interpretation

Above statement show that, significant improvement in major liquidity ratios. Current ratio has increased from 1.10 to 1.18 in the year 2015-16. An ideal current ratio is 2:1.

"Absolute figures unless converted into relative ones are meaningless."

FINANCIAL RATIO STATEMENT AND VARIANCES					
S.No.	Particulars	Concept	2014-15	2015-16	Variance
A	Solvency /Leverage Ratio				
A.1	Debt Equity Ratio	Total Debt/ Net Worth	2.56	1.40	-1.16
A.2	Solvency Ratio	Net worth/Total Assets	0.07	0.13	0.06
A.3	Fixed asset to Net worth Ratio	Net worth/Fixed Assets	0.72	0.82	0.10
A.4	Gross profit to Total Income Ratio (%)	Gross profit/Total Income	0.08	0.07	-0.01
A.5	Net profit to Total Income ratio (%)	Net Profit/Total Income	0.12	0.20	0.08
A.6	Gross Value added (Rs.Lakhs)	(Income -Rm-P&C-Pac)	6185.52	5516.14	-669.38
A.7	Net Value added (Rs.Lakhs)	Gross Value added-Depreciation	5915.60	5206.93	-708.67
A.8	Raw material to Value of output	(Raw material +Process & Chem.)/Value of output	76.04	80.65	4.61
A.9	Wages to Total Income (%)	Wages/Total Income	5.07	5.45	0.38
A.10	Interest to Value output (%)	Interest /Value output	6.4	6.13	-0.27
A.11	Net Profit to Equity (%)	Net profit/Equity	3.18	5.64	2.46
A.12	Capital employed Turnover ratio	Sales / Capital Employed	4.90	2.35	-2.55
A.13	Return on Capital Employed (%)	EBIT/Capital Employed	31.98	14.86	-17.12

Interpretation

- 1) The table shows that the total Debt Equity ratio has decreased in the year 2015-2016 from 2.56 to 1.40. During FY 2015-16 factory has raised soft loan from banks to pay FRP as per Government norms this has resulted substantial increase in outside liabilities.
- 2) The above table shows the gross profit ratio of the table indicates that the ratio in the year 2015 was 0.08 and in the year 2016 it decreased to 0.07.

"Analyzing is like dissecting. It may not change the past it can improve the future"

**Variance Analysis
Intra Firm Variance Analysis for the year 2014-15 and 2015-16**

Particulars	2014-15	2015-16	Variance	Absolute Variance Rs. Lakh	Formula
Cane Crushed Lakh MT	6.75	7.31	0.56	201.36	14-15yr's pmt contribution X excess crushing
1) Income From Operations	PMT Income		PMT		
1.1) Sugar Reliazation	3905.23	3802.58	-102.64	-750.45	PMT variance X 15-16 yr's crushing
1.2) Bagasse	41.37	74.21	32.84	240.13	PMT variance X 15-16 yr's crushing
1.3) Molasses	140.52	179.55	39.04	285.41	PMT variance X 15-16 yr's crushing
1.4) STOCK IN PROCESS	-35.79	-0.01	35.79	261.65	PMT variance X 15-16 yr's crushing
1.5) Other Income	24.20	66.34	42.14	308.13	PMT variance X 15-16 yr's crushing
TOTAL (1)	4075.52	4122.69	47.17		
2) Variable Cost	PMT Expenditure		PMT		
2.1) Cane Purchase & Related Exp	2627.84	2708.70	-80.85	-591.15	PMT variance X 15-16 yr's crushing
2.2) Sugarcane Purchase Tax	0.00	88.15	-88.15	-644.52	PMT variance X 15-16 yr's crushing
2.3) Cane H& T Expenses	432.86	494.76	-61.90	-452.60	PMT variance X 15-16 yr's crushing
2.4) Cane Supply Expenses	2.62	0.16	2.46	18.00	PMT variance X 15-16 yr's crushing
2.5) Cane Feeding Exp.	1.12	0.40	0.72	5.27	PMT variance X 15-16 yr's crushing
2.6) Salary & Wages(20%)	41.29	44.96	-3.66	-26.78	PMT variance X 15-16 yr's crushing
2.7) Machinery Repairs & Maintenance	75.06	68.37	6.69	48.90	PMT variance X 15-16 yr's crushing
2.8) Process & Chemicals	34.65	32.93	1.73	12.63	PMT variance X 15-16 yr's crushing
2.9) Packing Expenses	59.73	43.08	16.65	121.72	PMT variance X 15-16 yr's crushing
2.10) Other Stores	23.30	28.15	-4.85	-35.49	PMT variance X 15-16 yr's crushing
2.11) Factory Overhead	240.18	58.03	182.15	1331.78	PMT variance X 15-16 yr's crushing
2.12) Interest on Working Capital Loan	179.62	218.85	-39.23	-286.81	PMT variance X 15-16 yr's crushing
TOTAL (2)	3718.28	3786.54	-68.26		
3) Contribution Rs. PMT Cane	357.23	336.14			
4) Fixed Cost					
4.1) Salary & Wages (80%)	1114.50	1314.74	-200.24	-200.24	Increase in Salary & Wages
4.2) Administrative Expenses	444.12	525.19	-81.08	-81.08	Increase in Adm. Exp.
4.3) Depreciation	269.91	309.51	-39.60	-39.60	Increase in Dep. Exp.
4.4) Interest on Term Loan	548.72	248.45	300.27	300.27	Decrease in Int. Exp
TOTAL (4)	2377.25	2397.90	-20.65		
Net Variance (+)/(-)				26.52	
Last year's Profit(+)/(-)				33.24	
Current year's Profit/Loss (+)/(-)				59.76	

Interpretation

1) Variable cost

The total variable cost PMT has increased from Rs.3718.28 lakh to 3786.54 lakh as compared to financial year 2014-15. This is mainly due to increase in cane cost, sugar cane purchase tax and interest on working capital loan due to huge carryover stock of sugar.

2) Fixed cost

The total fixed cost has increased from Rs.2377.25 lakh to 2397.90 lakh as compared to financial year 2014-15. This is mainly due to rise in salary and wages, administrative expenses and depreciation expenditure.

3) Income From Operations

Income from operations includes value of sugar, molasses, bagasse & other income, here below detail analysis of decrease in per MT of sugar realization is done:

Factory has crushed 6.75 Lakh M.T. sugar cane in financial year 2014-15 and in the year 2015-16 there is an increase of 0.56 Lakh M.T. due to good rain fall and rise in per hectare sugar cane production. From the above statement, it shows higher sugar production of 0.72 Lakh Qtl. as compared to 2014-15. Sugar recovery has slightly declined by 0.03 % during 2015-16.

After examining the variance in crushing, production, recovery and sugar realization, the actual impact on Profit and Loss account comes to Rupees 750.45 lakhs which is calculated as under:

S.No.	Particulars			
A)	Decrease in Sugar Realization	Sugar realization variance PMT(Rs.)(A)	Cane Crushing current Year (B)	Decrease (In Lakhs) (C) C=(A)*(B) 750.45
		102.65	731133	

MICRO ANALYSIS OF DECREASE IN SUGAR REALIZATION

B.1	Loss due to decrease in sugar realization	Avg. Sugar price per Qtl in 2014-15 (Rs.)(A)	Avg. Sugar price per Qtl in 2015-16 (Rs.)(B)	Sugar Production in 2015-16 (Qtls) (C)	Loss in Lakhs D=(A)-(B)*(C)/1L
		2944.73	2875.07	967000	673.61
B.2	Loss due to low sugar recovery %		Sugar Recovery in 2014-15 (%) (A)	Sugar Recovery in 2015-16 (%) (B)	Recovery Loss in (%) C= (B)-(A)
			13.26172	13.22605	-0.03567
B.2(a)	Less Sugar Production due to low sugar recovery		Cane Crushing in Yr. 15-16 (in MT) (A)	Recovery Loss in % (B)	Sugar Production in Qtls (C) C=(A)*(B)/10
			731133	-0.03567	2607.95
B.2(b)	Loss due to decrease in sugar recovery in Rs.		Less Sugar Production (Qtls) (A)	Avg. Sugar price per Qtl in 2014-15 (Rs.) (B)	Amount In Lakhs C=(A)*(B)
			2,607.95	2944.73	76.80
Total Loss due to decrease in Sugar Realization(Rs. Lakh) (B.1 + B.2(b))				750.45	

E) Cash Flow Analysis: It is the analysis of actual movement of cash inflow and outflow in an organization. The flow of cash into the sugar factory is called as cash inflow and the flow of cash out of the sugar factory is called as cash outflow. The difference between the inflow and outflow of cash is the net cash flow.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2016

S.No.	Particulars	Amount	Amount
A	CASH FLOW FROM OPERATING ACTIVITIES		
A.1	Net Profit before tax and transfer to general reserve	70.74	
A.2	Depreciation expense	309.51	
A.3	Interest on term Loan	248.45	
	Operating Profit before working capital changes		628.70

Adjustments for changes In Working Capital			
A.4	(Increase)/Decrease in current assets	(15,338.01)	
A.5	(Increase)/Decrease in advances & receivables	8,023.80	
A.6	Increase/(Decrease) in working capital Loan	2,333.66	
A.7	Increase/(Decrease) in current liabilities & provisions	3,825.70	(1,154.85)
	NET CASH FROM OPERATING ACTIVITIES		(526.15)
B	CASH FLOW FROM INVESTING ACTIVITIES		
B.1	Sale of Investment	624.45	
B.2	Purchase of fixed assets	(876.50)	
B.3	Payment of long term debts	(75.49)	
	NET CASH FROM INVESTING ACTIVITIES	(327.54)	
C	CASH FLOW FROM FINANCING ACTIVITIES		
C.1	Amount raised through share capital	12.53	
C.2	Proceeds from Long term debts	2,885.17	
C.3	Interest Expense on term Loan	(248.45)	
	NET CASH FLOW FROM FINANCING ACTIVITIES		2,649.25
D	NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		1,795.56
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		106.81
E	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (D+E)	1,902.37	

Cash Flow Interpretation

The cash flow statement depicts that sugar factory has raised funds by redemption its Investment and issue of share capital as well from long term loan to meet operational expenditure and capital expenditure.

F) Funds Flow Analysis: A Fund Flow Statement is a summarized statement of the movement of Funds from different activities of a sugar factory during an accounting period.

"Know what you own and what you owe"
SUMMARISED COMPARATIVE BALANCE-SHEET
AS ON 31 ST MARCH, 2015 & 2016

(Rs. Lakh)

Particulars	2014-15	2015-16	Diff. (+/-)
A) OWN CAPITAL			
Share Capital	1046.91	1059.44	12.53
Reserves & Surplus	1045.28	1056.27	10.99
Profit & Loss A/c(+/-)	93.39	153.15	59.76
TOTAL (A)	2185.58	2268.86	83.28
B) LONG TERM DEBTS			
Term loan	2812.72	5151.52	2338.80
Soft Loan	295.81	220.32	(75.49)
Voluntary Deposits	2476.69	3023.07	546.38
TOTAL (B)	5585.22	8394.91	2809.69
C) CURRENT LIABILITIES			
Working Capital Loan	12283.43	14617.09	2333.66
Current liabilities/provisions.	12953.11	16778.81	3825.70
TOTAL (C)	25236.54	31395.90	6159.36
TOTAL LIABILITIES (A+B+C)	33007.34	42059.67	9052.33
D) CAPITAL INVESTMENT			
Gross Fixed Assets	7922.61	12510.96	4588.35
Less: Accum. Depn.	4903.79	5213.30	309.51
Less: Revaluation Reserve	0.00	3711.85	3711.85
Net Fixed Assets	3018.82	3585.81	566.99
INVESTMENT	2161.07	1536.62	(624.45)
TOTAL (D)	5179.89	5122.43	(57.46)

E) CURRENT ASSETS			
Current Assets	16836.37	32174.39	15338.01
Advances & Receivables	10884.28	2860.48	(8023.80)
Cash and Bank Balances	106.81	1902.37	1795.56
TOTAL (E)	27827.46	36937.24	9109.78
TOTAL ASSET (D+E)	33007.35	42059.67	9052.33
NET WORKING CAPITAL(E-C)	2590.92	5541.34	2950.42
NET WORTH(A)	2185.58	2268.86	83.28
Current Ratio (E ÷ C)	1.10	1.18	
Capital Employed (Net F.Asset + Net W.C.)	5609.74	9127.15	
Debt Equity Ratio (B ÷ A)	2.56	3.70	

"Finance is lifeblood of business only when it flows in the right direction"

FUNDS FLOW STATEMENT FOR THE YEAR 2015-16	
I) SOURCES OF FUNDS :	2015-16 Rs. Lakh
A) Long Term Sources	
Depreciation	309.51
Share Capital	12.53
Reserves & Surplus	10.99
Profit & Loss A/c(+/-)	59.76
Term loan	2338.80
Voluntary Deposits	546.38
Decrease in Investment	624.45
Total Long Term Sources	3902.42
B) Short Term Sources	
Working Capital Loan	2333.66
Current liabilities/provisions.	3825.70
Decrease In Advances & Receivables	8023.80
Total Short Term Sources	14183.16
C) TOTAL SOURCES(A+B)	18085.58
II) APPLICATIONS OF FUNDS :	
A) Long Term Uses	
Capital Expenditure(Excl. Reval. Asset)	876.50
Decrease in Soft Loan	75.50
Total Long Term Uses	952.00
B) Short Term Uses	
Increase in Current Assets	17133.58
Total Short Term Uses	17133.58
TOTAL APPLICATIONS (A+B)	18085.58

Interpretation

From the funds flow statement sugar factory has generated Rs. 18085.58 Lakh funds during the Financial Year 2015-16, out of which long term sources is Rs.3902.42 lakh and short term sources is 14183.16 lakh. The use of long term funds is Rs.952 lakh and use of short term funds is Rs. 17133.57 lakh.

Conclusion

Financial ratio analysis and common-size analysis help to gauge the financial performance and condition of a sugar factory through an examination of relationships among these many financial items. A thorough financial analysis of a sugar factory

requires examining its efficiency in putting its assets to work, its liquidity position, its solvency, and its profitability. We can use the tools of common-size analysis and financial ratio analysis, to help understand where a company has been. We then use relationships among financial statement accounts in pro forma analysis, forecasting the sugar factory's income statements and balance sheets for future periods, to see how the sugar factory's performance is likely to evolve. The above various types of financial analysis indicate the positive performance of sugar factory which is now a day's essential to turnaround the financial position of the sick units.

CHAPTER NEWS

AHMEDABAD

CEP on "GST awareness Campaign"

Chapter had organized CEP on "GST awareness Campaign" on 15/04/2017. Govt., VAT, Excise & Service Deptt jointly invited ICAI. CMA members to join the campaign in creating awareness about GST through training program in various district of Gujarat.

CMA V.H. Savaliya, Chairman of Chapter welcome CMA PH Desai, Chief Guest, Chairman of WIRC & Parliament members and brief about the program. CMA P.H. Desai said in his speech about implementation of GST and inform members that it is an excellent opportunity to showcase the CMA professionals as facilitators and their expertise in the field of emerging tax regime with Govt. executives, industry and trade participants. CMA Ashwin Dalwadi, Chairman of PD Committee submitted presentation for GST registration, payment and returns, Refund, valuation, Input Tax credit transactions. CMA Ashish Bhavsar, Vice Chairman highlighted on migration to GST and concepts of CGST / SGST / UTGST and IGST. Mr. Jay Dalwadi informed about filing, returns procedure. About 60 members have participated from Ahmedabad, Baroda, Surat & Rajkot in program. It was live and inter-active session. CMA Manish Analkat, Secretary proposed vote of thanks.

CEP GST Workshop

Chapter organized 10 days evening workshop on GST Act and rules for members in two batches. The program aims of profound understanding of GST Act and rules which are in offing and get participants ready to deal with game changer law. CMA AG Dalwadi, CMA Ashish Bhavsar, CMA V.H. Savaliya and CMA Alok Sharma are the moderators of the program. 20 members are participating in each batch.

BARODA

Chapter has organized Evening talk on 'Cost Reduction by using Process Improvement Method of Lean and Six Sigma' on 18-03-2017. Speaker was Shri Nital Zaveri. The programme was well attended by almost 35 members:

BHOPAL

Bhopal Chapter Supported the Initiative of Department of Central excise and customs by Participating in GST awareness programme organised by the Bhopal Commissionerate. Secretary of the Bhopal Chapter CMA Yogesh Chourasia and a well-known name in Indirect taxation was invited as a Key resource Person and delivered presentations on various aspects of GST Covering Migration, Returns, Invoices, Transitional provisions etc. at Seminar on GST Awareness organised by the department for the benefit of Trade and professionals at Sagar Division, Bhopal Audit Commissionerate, Bina division (in association with Bharat Oman Refinery).

KALYAN-AMBERNATH

On 29th April 2017 Chapter participated in Career Counselling seminar organised by Rotract Club of Ulhasnagar at Shiksha Bhawan. The seminar was inaugurated by Prof. Nand Vagarya, Vice - Principal R.K. Talreja College Of Arts, Science & Commerce, in his key note address, he informed the students and parents present about importance of Career planning and time management and encouraging students to

choose their career based on aptitude of students. CMA Mohan Bhatia informed about increasing importance of CMA course in public, private sector covering manufacturing, service, Banking and infrastructure sectors. He also stressed for self-study by students perusing professional courses. Mr. Raju P.C. Executive Secretary of Chapter informed the students about subjects of CMA course, imparting of Computer, Soft Skill and Practical Training to students joining CMA course. Programme ended with national anthem.

NASIK-OJHAR

CEP on 'Insolvency Professional (IP) & Other Career Enhancement for CMA'

Chapter has organised seminar on "Insolvency Professionals (IP) & Other Career Enhancement for CMA" on 13th April 2017 between 03.00 to 07.30 pm. CMA Prashant Yeole, Secretary of Nasik Ojhar chapter welcomed all members and faculty. Eminent speaker CMA Harshad Deshpande, explained about Insolvency Professional (IP) and also gave the information about MOU's with various international Institutions signed by ICAI. The programme was followed by Felicitation Programme. CMA R.K. Deodhar gave motivational speech to the students and also guide them for their future career planing. All students were felicitated by CMA Harshad Deshpande RCM of WIRC and CMA RJ Adhish Gabale. The programme was attended all successful students with their parents. CMA Suraj Lahoti gave the vote of thanks.

Seminar on GST Awareness for manufacturers & traders

The Institute of Cost Accountants of India, Nasik Ojhar Chapter has conducted an Interactive seminar on Goods & Service Tax (GST), to educate various Manufacturers and Traders as well as General Public. This Mega seminar got overwhelming response from Industries and Traders. The programme was held on 26th April 2017 at Kalidas Kalamandir, Nashik between 04 to 08.30 pm. This programme was conducted in association with Nasik Industrial and Manufacturer's Association (NIMA), Ambad Industrial and Manufacturer's Association (AIMA), Maharashtra Chamber of Commerce, Laghu Udyog Bharti and Tax Practitioners Association, Nasik.

Chief Guests of the programme were Mr. R.P Sharma, Commissioner, Central Excise & Customs Nasik, Mrs. Chitra Kulkarni, Addl Commissioner, Sales Tax. Additional Commissioners, Jt. Commissioners and various office bearers from Sales Tax Department as well as Excise Department were present for the programme.

The seminar was inaugurated by lighting of lamp and sarswati puja in the hands of Chief Guests and speakers. CMA Pradnya Chandorkar, Chairperson of Nasik Ojhar Chapter welcomed all guests and participants. She explained about initiative taken by Hon. President of ICAI CMA Manas Kumar Thakur, to educate 15 lacs traders under GST awareness programme. Role of CMA's in GST era was explained by her. Eminent speaker and Author of Indirect Taxes, CMA V.S. Datey explained about the hurdles during the implementation of GST. CMA R.K. Deodhar, Vice Chairperson of Nasik Ojhar Chapter, explained various provisions, features, procedures of GST and CMA A.B. Nawal gave information about Registration under GST, transition provisions under GST etc. Question and Answer session was conducted by CMA Dr. Shilpa Parkhi. The

programme was attended by more than 800 participants. This seminar was coordinated by CMA Suraj Lahoti, Treasurer and CMA Prashant Yeole, Secretary.

NAVI MUMBAI

Navi Mumbai Chapter of Cost Accountants organized a two days workshop on GST at Navi Mumbai Sports Association, Conference Hall, Sec 1A, Vashi on 8th April 2017 and 9th April 2017. The Chief Guest for the event was Shri C Dhanasekaran, Commissioner of Service Tax Mumbai VII (Navi Mumbai).

The programme commenced with the lighting of the lamp by the dignitaries namely:

CMA KVV Murthy welcomed the dignitaries with his welcome address. The dignitaries were felicitated by the Managing Committee members and the dignitaries had lots of praise for the ICAI - CMA Navi Mumbai Chapter Vashi for organizing such a wonderful event in Navi Mumbai on the hot topic of the nation - GST (Goods and Services Tax). On this occasion, a souvenir was released by the dignitaries on behalf of the Navi Mumbai Chapter and provided to all the participants, guests etc. The souvenir highlighted the various activities conducted by the Navi Mumbai Chapter over the last one year.

The Chief Guest for the event, Shri C Dhanasekharan in his address was delighted that ICAI-CMA is pioneering in taking up GST and Navi Mumbai Chapter has taken a consistent approach. He compared the GST implementation to principle of uniformity and diversity and certainty. GST is one of the finest laws and is a nation building exercise.

CMA Manas Kumar Thakur in his address coined the fact that there are new opportunities for CMA's in GST Implementation by being a facilitator to trade, industry and business. He highlighted the importance of serving the society and appealed to CMA's to pursue the newly introduced Insolvency & Bankruptcy Professional Code (IBC) as there is a lot of scope in this field. He also appealed to the CMA fraternity to reach out to schools & colleges and counsel students about the CMA course and help them to make a good career choice by opting for CMA course.

Mr. Satish Shetty, President of Talaja Industries Association in his address stressed on the fact that GST is important for the growth of industries and looked forward for proper guidance in this aspect from the ICAI- CMA Navi Mumbai Chapter.

CMA Pradip Desai in his address explained that CMA's have a large role to play in GST implementation.

CMA Narayanaswamy proposed the vote of thanks for the inaugural session.

The technical session commenced with CMA Ashok Nawal stressing on the important aspects of GST covering the meaning and scope of supply explaining in detail the provisions and its intricacies - place/location of supply of goods/services, time of supply of goods/services, GST implementation techniques and explaining the key issues of interpretation.

The second technical session commenced with CMA B M Sharma detailing the need for GST implementation and the issues and challenges in input tax credit and dealing with the supplies to SEZ along with practical examples.

The third technical session commenced with Shri Prashant Nandedkar briefing the audience on the transitional provisions for stranded tax credit, returns, refunds and payments in GST.

The data validation before uploading to GSTN was also touched upon by the speaker along with the filing of online returns.

On the second day of the workshop 9th April 2017, CMA Shirish Mohite welcomed the speakers with his welcome address. The technical session commenced with Shri Prashant Nandedkar stipulating that the returns are based on transactions i.e. Invoice based and are designed for Input Tax Credit matching. The speaker also explained that the GSTN will accept the return for the next month only after the previous month return has been uploaded in the system thereby eliminating overlapping in the system.

The second technical session commenced with CMA Rahul Renavikar stressing on the issues of GST applicability on free goods & services (e.g. samples). He also covered the areas of Valuation, Anti-Profiteering clause and Supply Chain Rework with practical examples.

A large number of professionals and students participated in the programme. The workshop for two days was excellent and very well appreciated by the professionals, senior members and the participants. CMA L. Prakash, Chairman of the chapter concluded the Two day GST Workshop with his thanks giving address and CMA BN Sapkal (Immediate Past Chairman and Managing Committee member) proposed the vote of thanks.

PIMPRI-CHINCHWAD-AKURDI

Seminar on 'Insolvency and Bankruptcy Code (IBC 2016)' held on 8th April 2017

Chapter has organized seminar on 'Insolvency and Bankruptcy Code (IBC 2016)' on Saturday, April 8, 2017 at 6:00pm to 9:00pm at CMA Bhawan, Pimpri, Pune. CMA Pradeep Deshpande, Co-opted member, PCA Chapter has welcomed and introduced the Chief Guest CMA Ashok Nawal, CCM & Chairman-Taxation Committee-ICAI, Guest speaker Vijender Sharma, CCM-ICAI, CMA Ashish Deshmukh, Chairman, The ICAI - PCA Chapter. CMA Ashish Deshmukh felicitated CMA Ashok Nawal by offering sapling and memento. CMA Mahindra Bhombe, Vice-Chairman felicitated CMA Vijender Sharma by offering sapling and memento.

CMA Ashok Nawal in his address said that The Insolvency and Bankruptcy Code-2016 passed by the Parliament is a welcome overhaul of the existing framework dealing with insolvency of corporates, individuals, partnerships and other entities. It paves the way for much needed reforms while focusing on creditor driven insolvency resolution. He said, it is a good opportunity for all us, so everyone should have knowledge about it and it is very essential & helpful for all in near future. He also said how CMA Vijender Sharma, first CMA who has passed Limited Insolvency examination conducted by Insolvency and Bankruptcy Board of India (IBBI).

CMA L D Pawar, RCM & Hon. Secretary, who has recently passed the Limited Insolvency examination conducted by Insolvency and Bankruptcy Board of India (IBBI), has given information in brief about IBBI exam. He guided the members accordingly. CMA Vijender Sharma has focused on importance of The Insolvency and Bankruptcy Code-2016. He said, at present, there are multiple overlapping laws and adjudicating forums dealing with financial failure and insolvency of companies and individuals in India.

CMA Mahindra Bhombe, Vice-Chairman, The ICAI - PCA Chapter proposed vote of thanks.

Workshop on 'GST Awareness' held on 18th April 2017

Chapter jointly with Pimpri-Chinchwad Municipal Corporation (PCMC) organized seminar on 'Workshop on GST' on Tuesday, April 18, 2017 at 3:00pm to 6:00pm at Auto Cluster Auditorium, Chinchwad, Pune.

This Program was inaugurated by Mayor of PCMC, Mr. Nitin Kalje. All corporaters of PCMC including Standing Committee Chairman, Mrs Seema Salve, Dy. Mayor Mrs. Shailaja More, Ruling Party (BJP) Leader, Mr. Eknath Pawar, etc were present on the dais. There was overwhelming response to this program. Nearly, 400 Small Traders, Industrialist, SME Sector representatives, and officers of PCMC attended the Program. Though, The capacity of Auditorium is 275, some attendees were standing, some sat on stairs, dais and understood the concept of GST. PCAC Chairman CMA Ashish Deshmukh welcome Mayor and all dignitaries present on Dais. Mayor in his speech briefed on how GST would reduce double taxation and reduce the prices of commodities. He asserted that adopted GST structure is most transparent tax system.

CMA B M Sharma, Past President of ICAI briefed on GST Laws, GST Structure, and Input Credit Procedures, etc. CMA L D Pawar briefed the participants on Basic Concepts, definitions and Registration Procedure in GST.

PUNE

Chapter arranged CEP on the subject "GST Way Forward" and faculties for the subject were CMA N K Nimkar & Mr. Mahesh Bhagwat. CMA N K Nimkar spoke about various GST Rules where as Mr Mahesh Bhagwat explained the registration and other processes. CMA Anant Dhavale proposed vote of thanks.

Full Day Interactive Session on GST was organized by ICAI Pune Chapter Jointly with Service Tax Department on 26th April, 2017. Chief Guest for the Program was Mr. N Shridhar - Commissioner, Service Tax Dept. He explained in brief the theme of the Outreach program. Mr. K Ramesh Rama Rao, Deputy Commissioner was the faculty for the session. He discussed GST related queries & issues from basic to advance with members. Mr. Sachin Ghagare - Assistant Commissioner, Mr. R R Kedge - Assistant Commissioner were also present for the session.

To boost the confidence of the students while writing descriptive paper on the subjects like Law, Chapter published Law Reference Book for Foundation & Intermediate level students. Publication ceremony was held on 20th April 2017 at Chapter's premises. The Book was published at the hands of Prof. Arun Barve & Prof. Ravindra Kulkarni, Authors of the book, CMA Harshad Deshpande (RCM), WIRC, CMA Anant Dhavale, Chairman, CMA Chaitanya Mohrir, Vice Chairman, CMA Amit Shahane Secretary and CMA Meena Vaidya, Treasurer of the Chapter and number of students were present for the ceremony.

Condolence Meeting

CMA Dr N M Vechalekar, Past Chairman of ICAI Pune Chapter and WIRC passed away on 13th April 2017 at Pune.

Condolence Meeting was held on 15th April 2017 at Pune Chapter premises.

SURAT-SOUTH GUJARAT

A Half day seminar on "Goods and Service Tax" was organized by Surat South Gujarat Chapter Jointly with Departments of Commercial Tax and Department of Central Excise, Customs and Service Tax, Surat on 29th April 2017 at Chapter's Conference Hall, for the benefit of Indirect tax Department officers, Members, delegates from various industries and Students. The Faculties were Mr. Sachin Singh, IRS-Deputy Commissioner of Central Excise, Customs and Service Tax, Surat, Mr. Jitendra R Pandya, Commercial Tax Officer, Commercial Tax Department. Mr. C. T. Chaudhari & Smt. Daxaben Vankawala officers of Commercial tax department coordinated and assisted Mr. J R Pandya. CMA Manubhai Desai, Chairman of the Chapter welcomed the faculties, delegates and members attending from Surat and South Gujarat region. In the first technical session, Mr. J.R. Pandya elaborated in details the general information, Registration, returns in Gujarati in very lucid and interesting manner & introduced the key aspects of GST and how it is different from indirect taxes present system in the country.

In the next session Mr. Sachin Singh IRS, in very lucid and interesting Session, very comprehensively dealt with treatment of Input Tax Credit. There was a lively interaction by the delegates with faculties. The program was attended by 120 delegates.

VAPI-DAMAN-SILVASSA

Chapter conducted "Commerce & Accountancy Talent Hunt, 2017" during January, 2017. This competition is held in two categories - (1) Schools for 11th/12 Standard students and (2) Commerce/BBA colleges for undergraduate students. There is Written exam for each category on MCQ pattern of questions.

This year total 794 students from 10 colleges and 193 students from 7 schools attended. The examination had to be held at four centres viz. Bai Ava Bai High School, Valsad, N M Shah College, Valsad, KBS College, Vapi and SSR College, Silvassa. The top three rankers in each category were given cash prizes and 25 top rankers were given memento and a merit certificate.

The felicitation function was held on 22nd Jan., 2017 at KBS College, Vapi. CMA Pranav Joshi, Financial Controller of UPL was the chief guest.

This event is organised by the chapter since 2015 and gives the Institute "Brand image" as well as visibility in this area ultimately helping student intake and growth of Institute activities in this area. "

Chapter organised a full day seminar on Implementing GST, 2017 on 13-4-2017 at Hotel Kamat, Silvassa. The speakers were CMA Ashok B Nawal and CMA B.F. Modi. The seminar was attended by over 100 participants including Cost accountants and students."



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Student Felicitation Programme organised by WIRC on 8th April 2017 at Sydenham College



Dignitaries on the occasion



CMA Manas Kumar Thakur, President ICAI felicitating Mr. V. Ramaswamy, Global Head TCS, Chief Guest



CMA Manish Gangwal, CFO, Gulf Oil Ltd. & Guest of Honour being felicitated by CMA Debasish Mitra

ICAI Campus Placements held on 21st & 22nd April 2017 at Mumbai



Felicitation of Team Prism Cements Ltd



Felicitation of Team Hindustan Uniiever Ltd



Felicitation of Team Crane Process Flow Tec. (I) Ltd.



Felicitation of Team RSM Astute Consulting Group



Felicitation of Team ITC Ltd. (Foods Division)



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View of students

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