



WIRC BULLETIN

Inauguration of Solapur Chapter - 23rd Chapter of WIRC at the hands of CMA P. H. Desai, Chairman WIRC on 16th October 2016



WIRC Officials along-with students & members

In this Issue....

		Page
• From the Desk of Chairman		... 3
• US elections and BREXIT will be	<i>CMA (Dr.) V. V. L. N. Sastry</i>	... 4
• Application of Cost Accounting Principles	<i>CMA Rajesh Kapadia</i>	... 5
• GST a panacea of indirect tax evils?	<i>CMA R. Veerarahavan</i>	... 6
• Supply - the heart of GST	<i>CMA Utpal K. Saha</i>	... 7
• Costing framework and in Hospital Industry	<i>CMA Mahesh Chetwani</i>	... 11
• Cost Audit of Hospital	<i>CMA Kishore Bhatia</i>	... 13
• Chapter News		... 16

WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.

Tel.: 2204 3406 / 2204 3416 / 2284 1138 • Fax : 2287 0763 E-mail : wirc@icmai.in • Website : www.icmai-wirc.in

Inauguration of Solapur Chapter - 16th October 2016



Inauguration of Solapur Chapter by the hands of Dignitaries



CMA Pradip H. Desai, Chairman of WIRC addressing



CMA B.M. Sharma, Past President ICAI addressing



Institute of Directors, India's annual '16th London Global Convention', was held between 17 - 20 October, 2016, in London. This year's theme was "Board's Evolving Role in an Uncertain Global Economy". CMA Amit Apte, CCM was nominated by our Institute to attend the same. CMA Amit Apte was also a speaker in one of the sessions.

The **Convention Technical Committee** had scheduled a Special Address of CMA Amit Apte, followed by brief interaction with the audience, in the Plenary Session IX on "**Sustainability - The New Business Paradigm**" on Wednesday, 19th October, 2016.

Charles Tilley OBE, Executive Chairman, CGMA Research Foundation, CIMA, UK was the Chairman of the session.

The other speakers of the session were Nichole McCulloch, Managing Partner & Head of Energy & Natural Resources & Board Practice, The Ashton Partnership, UK, Manoj Sonawala, Ex. General Manager Corporate & Company Secretary, Tata Services Ltd., and Alison Scott, Assistant Director, Local Government and Governance at CIPFA.

CMA Amit Apte presented the topic of CSR & Sustainability from an Indian perspective. He talked about the evolution of CSR activity in India and how it is now mandated under the Companies Act 2013. CMA Amit Apte also discussed a case study on TATAs as to how their focus on CSR & Sustainability has actually helped their business grow. His deliberations were appreciated by majority of the audience.

From the Desk of Chairman . . . ✍



Dear Members and Students,

Festive season is over and all are back again to work, of course fresh with zeal and enthusiasm.

Campus placement organized on 21st & 22nd October at Mumbai was very much encouraging for the companies, Fresh Cost accountants and also for WIRC. The participating companies were very happy with the arrangements made by WIRC. Fresh Cost Accountants were very happy as they got good opportunities and those selected got the offer from Rs.5.25 lakhs to Rs.12 lakhs. I appreciate the efforts of my Council colleagues, members and WIRC staff for the successful Campus Placement activity. We appeal all our members to bring more participation from the companies in the next campus to be held in April, 2017. GST E-Bulletin published on the eve of Diwali by WIRC was a new initiative. Varieties of articles on the GST and its rules, commercial and professional implications will give insight into the subject. Your response will help us to bring more E-bulletins on the subjects of professional interest.

I very much appreciate the article contributed by CMA UtpalSaha- member of EIRC. Some of our members like CMA Rajesh Kapadia are regular contributor of articles and that has helped to strengthen WIRC Bulletin. We appeal our members to contribute more and more articles. We try to send WIRC Bulletin to all our members in the region. However, we request the members, who do not get the same, to check their contact details with WIRC.

WIRC organized following two CEP programmes during the month of October.

"Impact of Brexit on World Economy" on 7th October 2016 at WIRC Office. CMA (Dr.) V.V. L.N.Sastry, and "Preliminary Financial Modelling through Excel - A Case Study" on 16th October 2016 at Thane SMFC. CMA Prashant Lele, Chief Manager, Financial Planning & MIS, Reliance Retail Ltd.

GST :

GST Council in the meeting held on 18th October has agreed to compensate states in case of revenue loss after moving to new system. 2015-16 will be taken as the base year and Compensation will be paid for 5 years for potential revenue loss. The Council also finalized "Area based Exemptions for 11 North-eastern and Hilly states".

GST Council met on 3rd and 4th November and finalized 6 tier rate structure i.e 0% ,5%, 12%, 18%, 28% & 28% with Cess and also discussed on Cross Empowerment but remained inconclusive. The next meeting will be held on 24th and 25th November, 2016 to discuss further issues. However, the Center has reaffirmed that the GST would surely roll out from 01.04.2017.

State wise Enrolment plan under GST will start from

8th November in phase manner. Service tax Registrants will have to complete the procedure between 1st January to 31st January 2017.

"The Insolvency and Bankruptcy Code 2016" (IBC 2016):

- 1) The Ministry of Corporate Affairs, vide Public Notices dated 7th October, 2016 & 10th October 2016, has invited the comments/ suggestions on draft Regulations/Rules under "The Insolvency and Bankruptcy Code 2016" (IBC 2016) from the stakeholders. Our Institute requested members to submit their comments/suggestions to the Institute by 23rd/25th October 2016. So that our Institute can file consolidated comments in their prescribed format online in the portal of the Ministry of Corporate Affairs:
- 2) The objective of "The Insolvency and Bankruptcy Code 2016" (IBC 2016) is to have an effective and adequate framework of insolvency and bankruptcy of corporates, partnership firms and individuals in a time bound and smooth manner. This will help to maximize value of assets of such persons, promote entrepreneurship, make available credits and balance the interest of all stakeholders.
- 3) Our Institute has submitted its comments/ suggestions on the above Regulations/ Rules 2016. The Code will provide lots of opportunities for CMAs to be "Insolvency Professionals" and function as Interim Resolution Professionals, Resolution Professionals, Liquidators, Bankruptcy Trustees, Valuers and Advisors to Valuers under the Code 2016. As per the above Regulations, the Institute may set up "Insolvency Professional Agency" (IPA) under the provisions of the Code 2016 and Cost Accountants as per the eligibility criteria given in Regulations will be enrolled as "Insolvency Professionals". Based on this enrollment and membership of IPA, the Insolvency Professionals shall be registered by the Insolvency and Bankruptcy Board of India. Therefore, let us build our technical skill to function as "Insolvency Professionals" and avail the opportunity presented by the Code 2016.

Revised Form 23C, Form 23D, Form I-XBRL, Form A-XBRL are available on MCA site from 8th October 2016. I appeal to our members to pay their overdue Membership fees, if any. Our institute has issued guidelines for Continuous Education program particularly applicable to senior members of our institute.

Our institute has also decided to aggressively Campaign for admissions under New syllabus. Let us all join in these efforts and bring more students under New syllabus.

By the time, this bulletin will be in your hands, result of US Presidential Election will be clear and the whole world will have the after effects. India too will have major impact. Tata group has made a historical move in the corporate world. They have raised lots of questions about the Corporate Governance in spite of the fact that the Tata Group was considered to be the best in India in Corporate Governance.

With warm regards.

CMA Pradip H. Desai



US elections and BREXIT will be the focus points in November 2016

CMA Dr. V. V. L. N. Sastry

Director, Firstcall India Investment Banking

In India, S&P BSE SENSEX lost 656.06 on MOM (month on month basis) when compared to 6th October levels. Key benchmark indices slumped in a truncated trading week in sync with fall in global stocks on uncertainty about the outcome of US presidential elections. The Sensex fell in all the four sessions of the week ending 4th November 2016. While in U. S, the S&P 500 clocked its longest losing streak on 4th November 2016, since 1980 as investors overlooked a strong jobs report focusing their attention squarely on next week's presidential election.

There is no doubt that the global developments are being keenly observed and here is what is required to keep an eye on in the days to come:

US elections : America goes to the polls on November 8, 2016. While Hillary Clinton, the Democratic Presidential Nominee is leading presently at the national level, in certain areas, there is a neck to neck competition between Mrs. Clinton and her rival, the Republican Presidential Nominee, Donald Trump in the final few days. Available data says that by Friday (4th November 2016) morning, about 37m Americans have already cast their vote. As compared to 32m at the same time during the last elections.

During the Presidential debates, Mrs. Clinton had confidently boasted about having a comfortable lead after a few women spoke openly about alleged sexual exploitation at the hands of Mr. Trump and tapes of his alleged ill treatment of women were made public. However, a FBI investigation into the use of a private email server by Mrs. Clinton and the release of hacked emails from the staff involved in her election campaign, by WikiLeaks have put Mr. Trump in an advantageous position.

Markets presently are pricing the news-flows associated with the surveys in the run-up for the US Presidential election which are going to conclude in the next few days, but odds against Hillary have increased with the likelihood of Mr. Trump winning the elections. Polls still shown an inclination towards favoring Clinton, however factors such as polling bias and low turnout point towards a highly unpredictable outcome. Uncertainty about the outcome of the elections has made investors shift their portfolios and turn towards gold thus causing a rise in gold prices.

270 electoral votes are required by the nominees to win the Presidency elections. Investors have also kept their attention focused on the US Senate race.

Brexit debate: While the whole of the next week would be centered on the US politics, UK would still remain in

the headlines. This follows the ruling of the High Court that the government must seek the approval of the Parliament before initiating EU divorce talks and answer questions of the policy makers. The House of Commons is slated to hold a general debate on Brexit and the rights of workers. The judges of the High Court had categorically ruled on Thursday (3rd November 2016) that the government cannot invoke ARTICLE 50 without seeking a vote in the Parliament, a decision which the ministers are trying to change in the Supreme Court.

Theresa May has expressed defiance against those trying to stall or delay Brexit and has urged the EU to accept the verdict of the people. The Prime Minister has issued a warning that Britain would end up with a worse deal if the government is defeated again in courts and is forced to get the Parliament's mandate for invoking Article 50, the mechanism for exiting from the EU. Before her first major trade trip as Prime Minister to India, Mrs. May issued a statement that MPs and others who were not in favor of outcome of the EU referendum had to accept the public decision from June. In case the government is defeated in the next level of its legal battle, the government will have to divulge more Brexit related plans to be debated in the House of Commons.

To conclude, even though the U.S. President cannot legislate bull markets or veto bears, that hasn't stopped historians from crunching stock returns to determine what impact politics has on stocks.

Let's bust one myth: namely, that Republican Presidents are better for stocks. It is not true. In election cycles since World War II, the Dow Jones industrials have posted bigger average returns under Democratic Presidents. Overall, in a Presidential cycle, the S&P 500 posted its weakest returns in the first year of the four-year election cycle. Since 1900, stocks have gained just 3.4% on average in the post-election year, compared with gains of 4.0% in the midterm year, 11.3% in the pre-election year and 9.5% in an election year.

The BREXIT is going through the worst phase of litigation at this stage as the referendum of people is now made a subject matter of Parliament by the High Court in U.K. Though it is going to be challenged in the Supreme Court, what surprises the most is that the legislative, judiciary and executive conflict in developed countries like UK is worse when compared to India. However, the people's mandate which only enables the representatives in Parliament may not go against the people even if it has to go through parliamentary process irrespective of the lost hope from Supreme Court intervention with the High Court ruling.



Application of Cost Accounting Principles to Allocate, Apportion & Absorb the Expenses on Stores & Spares

CMA Rajesh Kapadia

A Company is required to incur expenses on Stores & Spares to keep its Plant & Machineries in good condition so that it facilitates smooth running of its Plant & Machinery.

It is imperative for the CMA Department to ascertain Expenses on Stores & Spares incurred for Various Cost Centres to charge it to the Cost of the Final Product as well as to monitor, control & reduce Expenses on Stores & Spares.

Cost Centrewise Expenses on Stores & Spares for Company / for Plant 1

YEAR	2015-16 (Rs Lacs)	%
COST CENTRES		
Manufacturing Cost Centres		
Manufacturing Plant-1		
Manufacturing Plant-2		
Manufacturing Plant-3		
Utilities Cost Centres		
Power Plant		
Boiler		
DM Water Plant		
Filtration Plant		
Cooling Water Plant		
Chilled Water Plant		
Air Compressor		
Nitrogen		
Other Cost Centres		
TOTAL		

After the ascertainment of Cost Centrewise Expenses on Stores & Spares as well as for Company / Plant 1 as a whole as exhibited in the Format, the following Cost Accounting Principles should be followed to allocate, apportion & absorb the Expenses on Stores & Spares.

- (1) Expenses on Stores & Spares for Production Cost Centres
It will be directly allocated to Production Cost Centres.
In Product Cost Sheet, it will appear as Expenses on Stores & Spares.
- (2) Expenses on Stores & Spares for Filtered Water Plant
It will be allocated to Filtered Water Plant.
In Filtered Water Cost Sheet, it will appear as Expenses on Stores & Spares.
Filtered Water Cost will be further allocated to Demineralised Water Plant, Cooling Water Plant & Other Domestic Use.
In Product Cost Sheet, Cost allocated to Demineralised Water Plant, Cooling Water Plant & Other Domestic Uses will appear as Cost of Demineralised Water Plant, Cooling Water Plant & Other Overheads respectively.
- (3) Expenses on Stores & Spares for Demineralised Water Plant

It will be allocated to Demineralised Water Plant

In Demineralised Water Plant Cost Sheet, it will appear as Expenses on Stores & Spares.

Cost of Demineralised Water Plant will be further allocated / apportioned to Boiler & Production Cost Centres

In Product Cost Sheet, it will appear as Steam Cost & Cost of Demineralised Water Plant respectively

- (4) Expenses on Stores & Spares for Cooling Water Plant

It will be allocated to Cooling Water Plant

In Cooling Water Cost Sheet, it will appear as Expenses on Stores & Spares.

In Product Cost Sheet, it will appear as Cost of Cooling Water Plant

- (5) Expenses on Stores & Spares for Boiler

It will be allocated to Boiler

In Cost Sheet of Steam, it will appear as Expenses on Stores & Spares.

In Product Cost Sheet, it will appear as Cost of Steam

- (6) Expenses on Stores & Spares for Air Compressor

It will be allocated to Air Compressor

In Cost Sheet of Air Compressor, it will appear as Expenses on Stores & Spares.

In Product Cost Sheet, it will appear as Cost of Air Compressor.

- (7) Expenses on Stores & Spares for Chilled Water Plant

It will be allocated to Chilled Water Plant

In Cost Sheet of Chilled Water, it will appear as Expenses on Stores & Spares.

In Product Cost Sheet, it will appear as Cost of Chilled Water Plant

- (8) Expenses on Stores & Spares for Effluent Treatment Plant

It will be allocated to Effluent Treatment Plant

In Cost Sheet of Effluent Treatment Plant, it will appear as Expenses on Stores & Spares.

Cost of Effluent Treatment Plant will be further allocated / apportioned to Filtered Water Plant, Demineralised Water Plant, Cooling Water Plant & Production Cost Centres

In Product Cost Sheet, Cost allocated to Demineralised Water Plant, Cooling Water Plant & Production Cost Centres will appear as Cost of

Demineralised Water Plant, Cooling Water Plant & Cost of Effluent Treatment Plant respectively.

When the above mentioned Cost Accounting Principles are followed, it will result in Correct Cost Centrewise Allocation & Apportionment & finally its absorption in Final Product with exactness, accuracy & reliability.



GST a panacea of indirect tax evils?

CMA R. Veeraraghavan, FCMA

Contact : 9969164762 • E.mail- vraghavan26@gmail.com

GST or tax on goods and services, as it is called is a phenomenon of combining the various tax laws(indirect) in a geography, various points of taxation, various layers, at which the goods and services are taxed, into one that is determinable, transparent and not volatile for the world at large, at the same time optimises revenue through reducing compliances, multiplicity and duplicity of administration and harmonising the rates involved, by subsuming maximum number of taxes and nomenclatures.

World wide there is this attempt, since the WTO regime came into force allowing access to global goods and services for any geography, emphasising removing qualitative restriction or protectionism.

GST means simply single rate for single commodity or service or a group of commodities or services.GST in India also means supply as a point of taxation and VAT mechanism.

GST vitally means sharing of revenues by governments optimally, than imposing additional levies in subgeography. GST would induce mechanism for resource mobilisation and optimum utilisation.

GST has to yet subsume customs and some other taxes, though the mechanism GST itself is likely come into place in April 2017.

While GST will definitely endeavor towards certainty of price component in the Indian geography, address uniform tax component and burden for citizens, in the short run it may confuse customers who are enjoying advantage in the present, governments who will be heading producer states while tax revenue will accrue to states that consumes, resource divide that will need to be compensated in the medium term by a common monitoring authority which perhaps is the GST council.

Will GST lead to lowering of prices or make goods and services affordable ? this is a dicey question since affordability is entirely different paradigm complex to comprehend, from single tax or harmonised tax regime. Will the price lower ? may be, may be not depending on how the demand supply gap Is filled, in absolute term the tax component may reflect a different picture, while proportionate component of tax to base price may reduce in the short run, since no upset cap is envisaged yet to take a longterm view.

Global thinking now is to move away from "Rob peter to pay pal" concept of economics, in which the emphasis was to tax and transfer the benefit to marginalised groups or generate wealth for the economy through public spending.

The compliance and administration cost is too heavy to run a tax campaign in a state. Economist are pondering on how to fill the budget gap that will arise consequent to scrapping of tax collection mechanism and which alternative methodology will serve the best for purpose to augment resources for public spending.

World has drifted from the savings focus to spend and consume for the day.No one knows the future and planning for the future has become a dicey game.Interst rates are falling leaving little ground to save.

In these circumstances addressing tax mechanism as a be all and end all for the challenges is absurd.GST has its own pitfalls, however it advantages overweigh in the current, over the distadvantages or misplaced fortunes if ever.

GST can trigger global trade with India due to the certainty it is bound to exhibit. We should always hope it exhibits resilience to any pitfalls and pushes the economy ahead in global scale never before expected.



Supply - the heart of GST

CMA Utpal K. Saha

Contact : 90070 87949 • Email: cmautpal.gst@yahoo.com

Tax is levied on the basis of certain event or activity. This event or activity is called taxable event. In the current indirect tax regime, VAT is levied on sale of goods, i.e. transfer of property in goods. Taxable event is sale of goods. Excise duty is levied on goods manufactured or produced. Manufacturing or production of goods is the taxable event. In service tax, provision of service is a taxable event. Entry tax is levied on entry of goods for sale, use or consumption of goods in to local area.

In the GST regime the taxable event is the supply of goods or service or both. GST has been defined in Article 366(12) of the Constitution of India as "*Goods and Service Tax means any tax on supply of goods, or services or both except taxes on supply of alcoholic liquor for human consumption*". Meaning and concept of supply is the heart of GST. I have tried to highlight the core concept of supply in a commentary manner. Further suggestions are welcomed for improvement.

(1) Supply includes (a) all forms of supply of goods and/ or services such as sale, transfer; barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business

Comments: The definition of supply is inclusive. It includes all forms of supply of goods and / or services made or agreed to be made (supply made or to be made) for a consideration by a person. Supply shall be in the relation to business. Supply consists of the following elements-

- All form (types) of supply of goods and / or services.
- Supply made or agreed to be made. (Advance received against supply is a taxable event).
- Valuable consideration for such supply made or agreed to be made.
- Supply is to be made by a person. Definition of person is important.
- Supply shall be in the course or furtherance of business.

However, in a specified circumstances supply made or agreed to be made without a consideration is also a supply.

(b) importation of service, whether or not for a consideration and whether or not in the course or furtherance of business,

Comments: Importation of service is a supply. Such importation of service may be for a consideration or without consideration (free import of services) and also whether or not in the course or furtherance of business. In case of importation of service, consideration is irrelevant and business purpose is also irrelevant. Even services are imported for personal use is a supply

excepting a specific limit as provided in clause 9(3)(c). In case of importation of service the basic ingredients of sole consideration and business purpose are irrelevant. Importation of service is liable to IGST since it is a deemed inter-state supply of service.

Importation of service is defined in clause 2(52) of MGL Law -

- (a) the supplier of service is located outside India,
- (b) the recipient of service is located in India,
- (c) the place of supply of service is in India, and
- (d) the supplier of service and the recipient of service are not merely establishments of a distinct person;

Explanation 1.- An establishment of a person in India and any of his other establishment outside India shall be treated as establishments of distinct persons.

Explanation 2.- A person carrying on a business through a branch or agency or representational office in any territory shall be treated as having an establishment in that territory.

(c) a supply specified in Schedule I, made or agreed to be made without a consideration.

Comments: Supply made or agreed to be made without consideration is a supply in a few circumstances and such circumstances/ transactions are mentioned in Schedule I. Details are given in a table below.

(2) Schedule II, in respect of matters mentioned therein, shall apply for determining what is, or is to be treated as a supply of goods or a supply of services.

Comments: Schedule II has specified some transaction either considered as supply of goods or supply of service. Schedule II has specified that a works contract which consists of both materials and services is treated as supply of service only. Schedule II is basically a concept of declared service concept under service tax laws.

(2A) Where a person acting as an agent who, for an agreed commission or brokerage, either supplies or receives any goods and/or services on behalf of any principal, the transaction between such principal and agent shall be deemed to be a supply.

Comments: The transaction between principal and agent will be deemed supply, if such agent for an agreed commission or brokerage either supply or receives any goods or services on behalf of principal. An agent is liable to get registration under GST.

(3) Subject to sub-section (2), the Central or a State Government may, upon recommendation of the Council, specify, by notification, the transactions that are to be treated as-

(i) a supply of goods and not as a supply of services; or
(ii) a supply of services and not as a supply of goods; or
(iii) neither a supply of goods nor a supply of services.

Comments: Schedule II lists some supply either as supply of goods or as supply of service, just like declared service under service tax regime. However, Central Government or State Government on the recommendation of the Council may specify a transaction as either supply of goods or supply of service or none of these.

(4) Notwithstanding anything contained in sub-section (1), the supply of any branded service by an aggregator, as defined in section 43B, under a brand name or trade name owned by him shall be deemed to be a supply of the said service by the said aggregator.

Comments: Supply of services under a brand name owned by an aggregator shall be deemed as supply by the said aggregator.

Schedule I: Matters to be treated as supply without consideration

S.No.	Circumstances	Analysis
1	Permanent transfer/disposal of business assets	Transfer or disposal of business assets permanently even without consideration is a supply. Example: 1) Transfer of company's car to its regional office permanently. 2) Stock transfer/ shifting of plant and machinery from one project to other permanently.
2	Temporary application of business assets to a private or non-business use	Generally, business assets are use for business purposes. However, usages of business assets for private or non-business purpose arealso supply. Example: 1) Company's car is used by wife of a director for shopping purpose. 2) An electronic goods dealer has taken a room heater in winter season temporarily for 1 month for his household purpose.
3	Services put to a private or non-business use	This is similar to application of business assets to a private or non-business purpose. Any services of the business are used other than for the purpose of business is a supply. So, it is crucial to point out that whether the services are used other than business purpose. Example: 1) House-Keepers of an office are temporarily used by a director for his household purpose.
4	Assets retained after deregistration	Where taxable person deregisters himself, assets which are retained by the entity would qualify a supply. It is a deemed supply. Even when department deregisters a taxable person suo moto, this clause would be applicable. Taxable person before applying deregistration, shall determine the value of assets and pay taxes accordingly.
5	Supply of goods and / or services by a taxable person to another taxable or non-taxable person in the course or furtherance of business	Supply of goods or services in the course or furtherance of business without consideration is a supply. In clause 3(1)(a) this aspect has already been discussed but a consideration is required there. However, supply of goods and / or services by a taxable person to another taxable or non-taxable person without consideration would be a supply provided such supply is made or agreed to be made in the course or furtherance of business. Example: 1) Free issue of sample. 2) Buy one and get one free.

Schedule II matters to be treated as supply of goods or services

Sl. No.	Transaction	Comments	Goods/ Service
A	Transfer - Relating to Goods (Movable)		
1	Any transfer of the title in goods is a supply of goods.	Transfer of Title in goods includes transfer of possession of goods.	Supply of Goods.
2	Any transfer of goods or of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services	Transfer of possession of goods without transfer of title in goods.	Supply of services.
3	Any transfer of title in goods under an agreement which stipulates that property in goods will pass at a future date upon payment of full consideration as agreed, is a supply of goods	Immediate transfer of possession of goods but transfer of title in goods will be at future date after payment of full consideration. e.g. Hire Purchase transaction.	Supply of Goods.
B	Land and Building- (Relating to immovable property)		
1	Any lease, tenancy, easement, licence to occupy land is a supply of services Leasing etc of land is a supply of service as land is not a movable property.	Leasing etc of land is a supply of service as land is not a movable property.	Supply of service.
2	Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services	Renting of building including commercial, industrial or residential complex for business or commerce.	Supply of service
C	Treatment or process		
1	Any treatment or process which is being applied to another person's goods is a supply of services	Under Job work system, goods are sent to a job worker for further processing or treatment. Such process or treatment by a job worker would be a supply.	Supply of services.
D	Transfer of business assets		
1	Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, <i>whether or not for a consideration, such transfer or disposal</i> is a supply of goods by the person	Permanent transfer or disposal of business assets with or without consideration is a supply of goods. Such assets are written off from books of accounts as it is no longer a part of business assets.	Supply of goods.
2	Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services.	Goods held or used for the purpose of business (forming a part of business assets) are put to any private use or are used other than business purpose are supply of service. Such goods are part of the business assets and forming part of the business assets as these are temporarily put to use or used for private purpose.	Supply of service.
3	Where any goods, forming part of the business assets of a taxable person, are sold by any other person who has the power to do so to recover any debt owed by the taxable person, the goods shall be deemed to be supplied by the taxable person in the course or furtherance of his business	Business assets are sold by Bank/ Financial Institution to recover the debt will be treated as supply of goods and such business person will be liable to pay GST. However, personal assets (say motor car of an individual) are disposed of by bank to	Supply of goods.

Sl. No.	Transaction	Comments	Goods/ Service
		recover its debt will not be a supply by such individual as such motor car is non for business purpose.	
4	Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless- (a) the business is transferred as a going concern to another person; or (b) the business is carried on by a personal representative who is deemed to be a taxable person	Where taxable person closed/ abandoned his business, goods forming part of the assets of the business is deemed to be supplied by him in the course or furtherance of his business and GST shall be levied on such assets. However, if the business is transferred as a going concern to another person or carried on by a representative who is deemed to be a taxable person.	Supply of goods.
E	Matters to be treated as service		
1	Renting of immovable property	Renting/ leasing etc of any immovable property.	Supply of service
2	Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or before its first occupation, whichever is earlier.	Construction of residential complex or building by a developer.	Supply of service
3	Temporary transfer or permitting the use or enjoyment of any intellectual property right	Copy right	Supply of service
4	Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software	Programming or development of Information technology Software will now be a service only	Supply of service
5	agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;	Notice Pay	Supply of service
6	works contract including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract	Works contract including transfer of property involved in execution of works contract	Supply of service
7	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Transfer of right to any goods without transfer of title to goods	Supply of service
8	supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration	Services provided in hotel, restaurant, food junction etc.	Supply of service
F	Matters to be treated as supply of goods		
1	supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration	Supply of food by a club to its member against a valuable consideration. Say Calcutta club is supplying foods to its member during a meeting at cost.	Supply of goods.

CEP on Costing Frameworks in Hospital Industry held on 6th November 2016 at Thane SMFC

Presentation by **CMA Mahesh Chetwani,**
(Asst Manager, Wockhardt Hospitals Mumbai)

Due to demand received from members who could not attend the programme, the PPT on the Subject is included in WIRC Bulletin with consent of the Faculty.



GN on Cost Records in HealthCare

- Basis of Allocation of Cost can be defined by Forming and classifying Cost centres in Medical Depts. & Medical Support Depts. and Non Medical Depts.
- Allocation of Costs - Cost needs to be directly attributed to Revenue generating cost centres and cost accumulated at medical support departments and Non Medical Department's cost to be allocated to Revenue Generating Cost Centres with basis of allocation.
- At last Cost Accumulated at Revenue generating cost centres need to be allocated to Patient level / services level with basis of allocation to form Costing P&L's

Level 1 – Ledger Expenses allocation to all Cost Centres	Level 2 – Medical Support and Non medical Cost centre's cost allocation to Revenue Generating Cost Centres	Level 3 – Revenue cost centres to IP/OP Patients and Services/P&L's
<ul style="list-style-type: none"> • General Ledger Expenses (Except direct costs which can be attributed to IP/OP patients e.g. Pharmacy/ Consumables/Doctor's Fees) to be allocated to all cost centres e.g. Depreciation 	<ul style="list-style-type: none"> • Cost Accumulated to other than revenue generating cost centres to be allocated back to revenue generating cost centres with allocation basis- e.g Nursing Cost centre, CSSO, billing etc. 	<ul style="list-style-type: none"> • Cost Accumulated in Revenue generating Cost Centres to be allocated to IP/OP Patient level / at service level / at Cost P&L level e.g. Pathology cost to be allocated to IP/OP patient

OVERVIEW

Guidance Notes Issued by Institute on Healthcare Industry

Cost Records Methodology Followed in Hospitals

Hospital Process Flow and Revenue Recognition

Absorption of Direct and Indirect Cost

Preparation of Cost Sheets and Consolidation at Group Level

Benefits of Costing in Hospital Industry

Challenges in Hospital Costing Framework



GN on Cost Records in HealthCare



GN on Cost Records in HealthCare

- **Common Health Care Services Includes**
- Hospitals (Government/Private/Charitable and NGO), Clinical Establishments, Pharmaceuticals, Diagnostics, Medical Equipments Management, Medical Insurance
- **Clinical Practices Broadly Includes** - OT Surgeries, Cath Procedures, Wards, Critical Care Units, Diagnostic, Radiotherapy and Imaging, Emergency Procedures, Maternity, Pharmacy and consumables, Therapies, Pathology, Blood, Others
- **Activities at Hospitals broadly can be classified into two parts**
- A) Technical Services - Technical activities include Medical services called revenue centres where all the technical cost is directly attributable / traceable to the services/procedures e.g. Pathology, CT-MRI-Ultrasound-Ray, Wards etc. Also Medical Support activities which are semi revenue or service centres for Medical Services e.g. CSSD, Nursing, Biomedical etc.
- B) Non-Technical Services - Shall consists those services which render services to main technical dept. and the hospitals as a whole e.g. Accounts and Finance, HR, IT, Admin, Housekeeping etc.
- **Healthcare Services Cost Pool & Cost Allocation** - In general it can be classified as same manner as above A) Medical Departments (Revenue Generating Dept.) B) Medical Support Service Departments (Support for Revenue generating Dept.) C) Non Medical Support Departments (do not generate any revenue directly but supports to the Medical and Medical Support Services)

Cost Records and methodology followed in Hospitals

- **IN Patient and OUT Patient Revenue details gathered from hospital systems mainly** - In Patient Basic plus Bill Summary details and Service level break up details - Out Patient Basic plus Bill Summary details and Service level break up details
- **Direct Cost of Pharmacy and Consumables attributed to IP/OP Patient Level**
- **Doctor's Fees attributed to IP/OP Patient level**
- **Expenses other than Direct Cost, Fixed cost on non utilized capacity (on account of OT, Cath, Wards and ICU's) and reconciliation expenses (Donation, Foreign exchange P&L, discount related to prior period etc.) is allocated as per Cost allocation methodology (Level 1 to Level 3)**
- **Based on patient level and service level revenue and cost allocation, Costing P&L's and Cost sheets are formed** - Location IN Patient Cost Sheet (Surgery patients / Medical patients / Speciality and other analysis), Location Out Patient Cost Sheet (Out patient Service level / Speciality Level and other analysis), Pharmacy and Consumables Cost Sheet, Investigations Cost Sheet (IP and OP Investigation service level analysis), Wards and ICU Cost Sheet (In Patient Wards and ICU service level analysis) and Location Capacity Utilization (OT, Cath, Wards and ICU's)
- **Consolidation of Location cost sheets** - Allocation of Head office cost and Consolidation of all locations to form consolidated cost sheets at Group level

Hospital Process Flow and Revenue Recognition



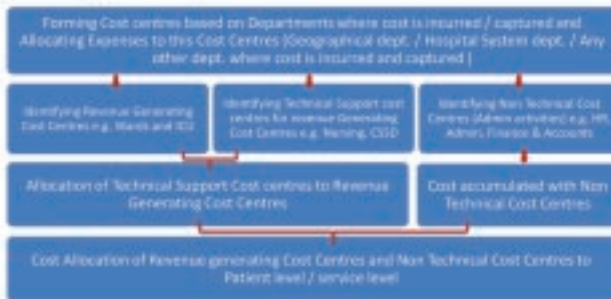
Direct Cost

- Pharmacy issued to Patients less Returns charged in bill (Revenue) and cost incurred is the direct Cost for Patients
- Consumables issued to Patients less Returns charged in bill (Revenue) and cost incurred is the direct Cost for Patients
- Doctor Fees (Including Surgeon Fees, Associate Fees, Consulting Fees and Referral Fees) directly attributable to Patients
- Any other cost which is directly attributable to patients such as any equipments or machinery charged in bill (other than Consumables) cost related to such items
- Pharmacy and Consumables issued to Outside Walk Ins (Revenue and Cost both does not covered under Cost Audit as it is treated as trading activity)



Indirect Cost

Expenses other than Direct Cost, Fixed cost on un-utilized capacity and reconciliation expenses (Donation, Foreign exchange P&L, Sell of Fixed Asset P&L etc.) is treated as Indirect Cost and can be allocated as per below Cost allocation methodology (Level 1 to Level 3) e.g. Electricity, Depreciation, Salaries and Outsourced remunerations etc.



Probable Departments in Hospitals and Cost centre mapping



Preparation of Cost Sheet and Consolidation



Probable Cost Sheet format in Hospitals

Add/less	Particular	Cost Sheet for the Period				Comparison			
		Materials	Lab Material	Investigation	Other	Standard	Actual	Variance	%
Total	Net Revenue (Quantity/Procedure/Dept etc)								
Less	Discount								
Total	Net Revenue								
By	Material Cost								
Less	Pharmacy Cost								
Less	Consumables Cost								
By	Industry Specific Cost								
Less	Consultancy Charge and Endorse Fee								
Less	Operation Theatre Cost								
Less	ICU/ICU Cost								
Less	Chemotherapy Room Cost								
Less	Endoscopy Room Cost								
Less	Chemotherapy Room Cost								
Less	Operation Theatre Cost								
Less	Endoscopy Room Cost								
Less	Pharmacy Room Cost								
Less	Other Cost								
Less	Other Cost								
Total	Netting & Distribution Cost								
Less	Marketing Cost								
By	Interest and Training Cost								
Less	Interest Cost								
Subtotal	Standard								
	Actual/Actual								

Benefits of Costing in Hospital Industry

- To calculate the cost of departments and specific services (Specialty, Surgery and Procedure, Investigations, Ward & ICU's and other defined services)
- Helps management in Pricing Decision/ Reviews / Competitive market pricings
- Review Service Mix and Set priorities for improvement efforts
- Understanding and evaluating the price changes impact through What if Analysis
- Inter Location Comparison for various common products and departments
- Help in controlling the cost on overall basis
- Help to built up the standard costing module in order to identify the variance with Actual
- Help in Management Expansion/Addition/abridgment/Reduction decisions

Challenges in Hospital Costing Framework

- Specialty categorization for patient is challenging, as system based specialization is manual inputs and may have errors while defining
- Patients may go through multiple surgeries and procedures from multiple specialties, hence defining one specialty needs assumptions
- Basic Hospital Charges / Package – Bundle of services sold as package is challenging while recognizing revenue, as package price charged to patient differs from actual services rendered (Over consumption or under consumption)
- Undischarged Patients – recognizing revenue and cost for Patients who are undischarged at the end period becomes challenging as patients are charged as services rendered but at the time of discharge and final bill posting packages are posted and discount is calculated
- Doctor Fees and consultancy charges paid not directly attributable to patients e.g. Full time anesthetists payout, Intensivists payout etc. need to consider as allocation cost
- Defining Human Resources and Outsourcing cost as per deployment is challenging, as employees provide services to different departments within specific period e.g. One Radiologist attends CT and MRI department as and when patient is arrived hence attributing cost to one department becomes challenging
- Allocating some medical support cost centres is also challenging and average needs to be considered e.g. CSSD, Canteen and Pantry, Laundry and Linen


CEP on Costing Frameworks in Hospital Industry held on 6th November 2016 at Thane SMFC

Presentation by
CMA Kishore Bhatia, Practicing Cost Accountant

Due to demand received from members who could not attend the programme, the PPT on the Subject is included in WIRC Bulletin with consent of the Faculty.

**Cost Audit of
 Hospital**


6th November, 2016



Strictly Confidential For Internal Discussion Only

Major Issues

- Business Models
- Identify Revenue Streams
- Peculiar Expenses
- Other Issues



Strictly Confidential For Internal Discussion Only

Background - Cost Records

- As per Companies (Cost Records and Audit) Rules, 2014 & Amendment thereto:
- Any company engaged in "Health services, namely functioning as or running hospitals, diagnostic centres, clinical centres or test laboratories" are required to maintain cost records: &
- having an overall turnover from all its products and services of rupees thirty five crore or more during the immediately preceding financial year

Needs to maintain prescribe cost records in accordance with Form CRA 1 of the Rules to the extent applicable




Strictly Confidential For Internal Discussion Only

Business Models

Management / Ownership Models
Own & Operate
Lease & Operate
Operate on Revenue Share basis
Operate on Public Private Partnership basis
Operate on Management Fee basis

Business Models
Standalone Single Specialty or Multi Discipline Hospital
Multilocation Hospitals
Independent Pharmacy / OPD chain &/or In-House
For Profit / Not for Profit




Strictly Confidential For Internal Discussion Only

Exemption

As per FAQ2 of 8th July, 2015:

- companies running hospitals exclusively for its own employees are **excluded** from the ambit of these Rules, provided however, if such hospitals are providing health services to outsiders also in addition to its own employees on chargeable basis, then such hospitals are covered within the ambit of these Rules.
- It is clarified that companies engaged in running of Beauty parlours / beauty treatment are not covered under these Rules.
- There is no exemption for Companies registered under Section 8 of the Companies Act, 2013 (corresponding to Section 25 of the Companies Act, 1956) and One Person Company. Hence "not for profit" companies in healthcare also covered.



Strictly Confidential For Internal Discussion Only

Business Models

Management / Ownership Models
Own & Operate
Lease & Operate
Operate on Revenue Share basis
Operate on Public Private Partnership basis
Operate on Management Fee basis

Business Models
Standalone Single Specialty or Multi Discipline Hospital
Multilocation Hospitals
Independent Pharmacy / OPD chain &/or In-House
For Profit / Not for Profit



Strictly Confidential For Internal Discussion Only

Revenue Streams

Revenue from Operations
Income from medical and healthcare services
Sale of medical consumables and drugs
In Patient Services
Out Patient Services
Laboratory/Clinical Services
Income from Medical Services
Management Fees from Hospitals
Income from Clinical Research
Out Patient Pharmacy
Contact Lens & Optical

Slide Prepared by Praveen Choudhary, ICAI

9

Revenue Streams

Other Operating Revenue
Learning and development income
Teleradiology income
Revenue share income
License fee & commission from licensees
Service charges received from doctors
Equipment Lease rentals
Sponsorship Income
Sale of Plasma

Slide Prepared by Praveen Choudhary, ICAI

10

Peculiar Expenses

Main P & L
Purchase of medical consumables, drugs and surgical equipment
Changes in inventories of medical consumables, drugs and surgical equipment
Stores & Spares Consumed

Current Assets
Patient treatment in progress
Unbilled revenue

Slide Prepared by Praveen Choudhary, ICAI

11

Other Issues

- How to present data in C1 – Capacity & Utilisation
- How many services to include in C2 – Cost Sheet
 - A typical bill includes several line items - Admission Charges, OT Fees, Anaesthetic, X Ray, Dressings, Visitors' Cot, CAT Scan, Ward Room, Surgical Supplies, Consumables, Pharmacy, Surgeon's Fee, Doctor's Fee, etc
 - Each of these do not constitute a separate service. Hence need to work out proper classification for grouping of services
 - Need to consolidate across locations
- How to present Expenses in C2 – "Industry Specific Expenses" is very useful

Slide Prepared by Praveen Choudhary, ICAI

12

Peculiar Expenses

Notes to P & L	Pathology Laboratory Expenses
Hospital Operating/ General/ Upkeep Expenses	Radiology Expenses
Professional fees to doctors	Consultation Fees to Doctors
Patient Welfare Expenses	Medical Services Expenses
Hospital Management Fees	Pharmacy Loyalty Discount
Medical Gas Charges	Continuing Medical Education & Hospitality Expenses
Biomedical Wasteage Expenses	Pharmacy Purchase
R & M to Hospital Equipment	Purchase of Contact Lens & Optical
Consultation fees paid to doctors	Canteen & Utility Purchase
Outside lab investigations	Camp Expenses
Patient Food & Beverages	

Slide Prepared by Praveen Choudhary, ICAI

13

Other Issues

- How to value captive consumption?
Provision of service by one division to another – Diagnostic service to surgical patient.
- Pharmacy is Trading activity & hence not covered u/s148.
- Production, import and supply or trading of certain medical devices including Stents, Valves, Implants, are covered u/s 148. However, the hospitals take a stand that these are part of procedure and are consumed & hence these are not covered.
- Service Tax: Very few services covered – Aesthetic Surgery.

Slide Prepared by Praveen Choudhary, ICAI

14

Other Issues

- Need to identify & exclude Underutilisation Expenses (EG: Wards, OT, Radiology, Lithotripsy, Dialysis)
- Reconcile issues and consumption between Pharmacy, Main Store & Sub Stores for Medicines & Consumables
- How to bifurcate Package Rates into components – Rs. 3 Lakh Bypass package will include OT charges, Surgeon's fee, Room charges, medicines, consumables, etc. Sum of parts based on rack rate is usually more than package cost.
- Special discounted rates for corporate/government employees, cheap/free land against commitment to treat certain patients at subsidised rates
- Changes in billing, based on Bed Type
- Patient billed at higher rate although allotted cheaper ward, as per industry practice

Slide Prepared by Praveen Choudhary, ICAI

15

Thank You

kbhatia@kishorebhatia.com

Slide Prepared by Praveen Choudhary, ICAI

16

Campus Placement

The Institute of Cost Accountants of India conducted Campus Placement for the June 2016 Final passed students on 21st & 22nd October 2016 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 8 Companies namely Godrej and Boyce Mfg. Co. Ltd, Hindustan Petroleum Corporation Ltd, Larsen & Toubro Ltd, Reliance Industries Ltd, Tata Motors Ltd, Ujjivan Financial Service Ltd, Vedanta Ltd, Wipro Ltd participated in Campus and selected 28 students out of 125.

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



21st September 2016

Notification

Amendments in the existing Guidelines for Mandatory training for all members of the Institute under Continuing Education Programme

As recommended by the Continuing Professional Development Committee, the Council of the Institute in its 300th Meeting held on 21st July 2016 amended the following clause of the existing Guidelines for Mandatory training for all members of the Institute under Continuing Education Programme:-

1. The requirement of CEP Credit Hours for the category of Members holding Certificate of Practice attained the age of 65 years and above.

A member attained the age of 65 years and above shall be required to undergo minimum mandatory training of 50% of the minimum CEP hour per year and block of 3 years as per the category of the members holding Certificate of Practice below the age of 65 years.

2. Basis of Awarding CEP Credit Hours under reciprocal arrangement between the Institute and ICSI.

This reciprocal arrangement is withdrawn.

For further details, please refer to the amended guidelines available on the website of the Institute.

(Kaushik Banerjee)
Secretary

CHAPTER NEWS

AURANGABAD

Two day Workshop on GST

The two day workshop (CEP) on Goods and Service Tax (GST) was organized by the Institute of Cost Accountants of India- Aurangabad Chapter on 21 & 22'nd October, 2016. CMA Pravin Mohani and CMA Suresh Pimple, Practicing Cost & Management Accountants were the faculty members.

CMA Pravin Mohani elaborated the Basic Concepts in GST through his presentation on "General and Specifics of Taxability in GST" while CMA Suresh Pimple described and explained the "Roles & Responsibilities of CMA Professionals in GST".

Chairman of the Chapter CMA Bisheshwar Sen, and Vice-Chairman CMA Parag Rane welcomed and introduced the speakers. Secretary of the Chapter CMA Girija Sankar Swaro proposed vote of thanks.

There was overwhelming response to the workshop from Industrialists, Senior Corporate Managers, Traders, Service Providers, Various Professionals, CMA members, Company Secretaries and Chartered Accountants. The workshop was also attended by Principal of S B College of Arts & Commerce, Dr. J. S. Khairnar and other Professors from S. B. College, Deogiri College, Naik College, Academicians, and Students of Professional Courses.

KALYAN-AMBARNATH

Career Counselling Programme

On 18/10/2016 Chapter visited (S.E.S.) Swami Hansmuni Maharaji Degree College of Commerce Ulhasnagar -4 for delivering lecture on prospects of joining CMA course for undergraduate students preparing for mid semester examinations of Mumbai University. CMA Gopichand B. Shamnani, Managing Committee Member delivered lecture informing students about Foundation Intermediate and Final levels of the course. He informed the students about introduction of new syllabus 2016 wef from 1st August 2016. He also informed students about employment opportunities in Govt. and Private sector after completing the CMA Course. Mr. Raju P.C. Executive Secretary of Chapter gave details for getting admission to the course.

PIMPRI-CHINCHWAD-AKURDI

Seminar on GST - Transitional Provisions and Implementation held on 17.09.2016

Chapter conducted CEP seminar on GST - Transitional Provisions and Implementation on 17th October 2016 at CMA Bhawan, Pimpri, Pune.

CMA Ashish Deshmukh, Chairman gave welcome speech and felicitated speaker for the first session - CMA L D

Pawar, RCM & Hon. Secretary of WIRC of ICAI. CMA Mahindra Bhombe, Vice Chairman felicitated speaker CMA Pradeep Deshpande for the second session.

CMA Pradeep Deshpande explained the role of CMA in GST Implementation. CMA L D Pawar gave a lucid explanation on provisions and issues on GST with examples. The session was very interactive. The seminar was attended by more than 30 participants from practice and industry.

CMA Bhavesh Marolia, Treasurer proposed vote of Thanks.

Seminar on 'Mind Control and Stress Management' held on 18th October 2016

Chapter conducted seminar on 'Mind Control & Stress Management' on 18th October 2016 at CMA Bhawan, Pimpri, Pune. CMA Mahindra Bhombe, Vice-Chairman of PCA Chapter welcomes the speaker H. G. Vedant Chaitanya Prabhu. CMA Hanif Shaikh felicitated the speaker by offering memento.

His Grace Vedant Chaitanya Prabhu in his speech explained that how we need to control on mind for happiness in daily life. Meditation is important part of our life. Meditation is empowerment and empowerment makes everyone perfect in his life, he said. He also explained in brief about CHALLENGE in life & how student should focus on his main responsibility to become a successful person. Members from industries, professions, faculties, staff and students attended the function in large numbers. CMA Ashish Deshmukh, Chairman of the Chapter proposed vote of thanks.

Seminar on GST - Implementation held on 22.10.2016

Chapter conducted CEP seminar on GST - Implementation on 22nd October 2016 at CMA Bhawan, Pimpri, Pune. CMA Pradeep Deshpande gave welcome speech and introduction of the speaker CMA Dr. Shailendra Saxena. CMA L D Pawar, RCM & Hon. Secretary of WIRC of ICAI felicitated CMA Dr. Shailendra Saxena by offering memento.

CMA Dr. Saxena started with "What is the role of CMAs in GST Implementation". In his speech, he focused on role of CMA in IT developments required for GST, Transitional Provisions and Implementation of GST keeping in mind on Traders, Manufacturers & Service Providers. He gave the details in brief as Study of existing business process, Existing Tax Payment under current system, Proposed Tax Payment in GST, Impact Analysis, SOP/Compliance/Internet Control, Training to Staff/Vendors of clients etc.

The session was very interactive. The Question-Answer session was also conducted during the seminar. The seminar was attended by members in practice and from industry. CMA Mahindra Bhombe, Vice-Chairman proposed vote of Thanks.

NAVI MUMBAI

CEP on Actual Cost of Production

Chapter organized a CEP programme on the theme "Actual Cost of Production" on September 25, 2016 at K.B. Patil College, Vashi. The speaker for this event was CMA Jayashri Rajesh, Vice President (Finance & Accounts) at Reliance Industries Limited.

CMA L Prakash, Chairman of the Chapter welcomed the Guest, Members and Students.

The programme commenced with the speaker emphasizing on the intricacies in computing the Actual cost of production on a regular day to day basis and preparation of Management Information reports through the wide areas of Classification, Accumulation of Information and Data Analysis. The speaker provided a deep insight on the application of SAP tools namely Material Ledger in determining the Standard cost, Actual cost, Variances etc. Some of the major areas covered were as follows:-

1. Actual Cost of Production
2. Costing systems
3. Transfer Pricing
4. Transparency of Value Chain
5. Parallel Currencies and Parallel Valuation
6. Process to determine cost of production
7. Actual Costing Periodic Unit rate
8. Alternate Valuation Run
9. Parallel Determination of Cost of goods Manufactured
10. Cost Component Split and Moving Average Pricing
11. Actual Costing versus Product Cost Planning
12. Types of Production
13. Material Ledger concept and Types in SAP system
14. Key deliverables of Material ledger

A large number of members and CMA students attended this programme and were enlightened by the application of SAP tools for determining the day to day Actual cost of production.

The speaker emphasized the simple to complex contents of Cost of Production with special reference to SAP. The interactive workshop was well appreciated by Practicing and Employed CMAs.

Co-Speaker, CMA Ajay Kadam explained how actual cost of production is handled in SAP with the help of material ledger.

Students Felicitation Programme.:

Students who were successful in the June 2016 Intermediate examination (Group-I or Group-II or both) conducted by ICAI, were felicitated by the Chairman CMA L. Prakash and Managing Committee members of the Chapter by presenting cash awards, Certificates of Appreciation and bouquets. They were assured full support and guidance for successful completion of the course.

Faculty Felicitation Programme:

Faculty members of Navi Mumbai Chapter were honoured with bouquets for their immense contribution to CMA student's development and community at large by the Chairman CMA L. Prakash and Managing Committee members.

CEP on Cost & Management Tools for Effective & Efficient Financial Decisions

Chapter organized a CEP programme on the theme "Cost & Management Tools for Effective & Efficient Financial Decisions" on 16th October, 2016 at K.B. Patil College, Vashi. The speaker for this event was CMA Sirish Vasant Mohite (Retd Sr. General Manager F& A) Reliance Industries Ltd.

The audience included practicing Cost Accountants, Cost Accountants in Service as well as students pursuing career in CMA. He covered both the Traditional Methods viz Marginal Costing, Standard Costing, Budgetary Control, Zero based budgeting as well as the Modern Tools like Activity Based Costing, Target Costing, JIT, Value Chain Analysis and how the knowledge of the same with a good inter- personal skills could be used to make CMAs to shine in an organization by supporting and validating financial decisions.

The speaker took the subject from Simplicity to Complexity blended with his actual practical experience & small case studies which aroused very good interest among the audience leading to a very good interactive session resulting in sharing of knowledge between the audience and the speaker. Vote of thanks was proposed by CMA B. N. Sakpal (Ex Chairman of the Chapter)

Report on Career Counselling

Chapter organized a Career counselling programme on 1st October 2016 at Changu Kana Thakur Arts, Commerce & Science College New Panvel for its B,Com, BAF and BMS students under the guidance of Chairman CMA L. Prakash, Ex- Chairman CMA B M Sakpal, CMA Vivek Bhalero Chairman PD Committee, CMA Anil Joshi, Secretary along with other CMA's. CMA Sirish Mohite, highlighting to them the importance of pursuing a career for becoming a CMA as there is a good demand for them in Industry / Academics as well as in Government Organizations where the thrust is always on to reduce cost, and increase efficiency and cost analysis will and shall be the important tool for managing profits in the Current Scenario.

The counselling evolved good interest among the student fraternity, and there was immediate enquires on the process of enrolment. The counselling session was well supported by the Principal Dr. Siddheswar T Gadade, Dr. (Mrs). Eizabeth Mathews, Head of the Department of Commerce, Teachers and Staff of the College.

SURAT-SOUTH GUJARAT

Study Tour (Factory Visit) of M/S. Meril Academy, Vapi
Surat South Gujarat Chapter organized an Educational

Tour to M/S. Meril Academy, Vapi on 17-09-2016, especially for final year students with the guidance of Chairman of the Chapter. 52 students and 3 Members including staff joined the study tour.

Meril Academy, a Global Medical device Company of Bilakhiya Group of Companies, has business offices in India, Germany, Turkey, USA, China and Brazil and strong distribution model spread over 102 countries across continents. Meril Academy mainly manufactures devices/parts which are used by Doctors in their surgery on Cardiovascular, orthopedic, diagnostics and Endo Surgery. The Academy plays a larger role in educating and imparting practical training to the Doctors, Clinicians and other members of the medical fraternity to bridge the gap between technology and actual implementations. It has vast Research and Development area in their Campus.

In theoretical session, students were guided about history of Meril Academy, Production process and their Costing, Marketing system with great details by Mrs. TwishaHathi, Manager, Meril Academy and Mr. YoginderSahni, Professional Educational Head with demonstration. CA MukeshAgrawal, Head of Finance Department along with two officers of Costing department guided and explained in detail the actual Manufacturing Process and costing method. The motto of Meril Academy is "more to life".

The company had provided a warm welcome and Hospitality including a testy lunch to our students and had arranged visit at Meril Campus by Bus.

Visit of Tithal Beach and Saibaba Temple & Swaminarayan Temple:

Our group of 56 students and members visited the famous and beautiful Tithal Beach, Saibaba Temple and Swaminarayan Temple at Tithal, Valsad. Chairman of the Chapter Co-ordinated the Study Tour. Students had enjoyed the tour.

Navratri Celebration at Chapter Campus

Chapter celebrated a Navratri at Chapter's Campus jointly with neighboring organizations M/s. Magicrete Building Solution and Black Ink on 07/10/2016. After Arti and Pooja of Goddess Ambaji traditional GarbaMahotsav by more than 100 participants was celebrate in a traditional way. From Chapter two students won a prize for best Action. Along with others, Chairman and Treasurer of the Chapter coordinated the programme.

SOLAPUR

Inauguration of Chapter

The Solapur Chapter of ICAI was inaugurated at a grand and well attended function held on 16th October 2016 at Dr. PhadkuleSabhagruha, Solapur. CMA P.H.Desai, Chairman WIRC, was the Chief Guest and Prof. Dr. N.N.Maldar, Vice Chancellor - Solapur University presided over the function. CMA N.K.Nimkar, CMA AnantDhavale, Chairman - Pune Chapter, CMA Chaitanya Mohrir, CMA Amit Shahane, CMA PramodDube all from Pune Chapter and CMA B.M.Sharma, Past President

ICAI, CMALaxmanPawar, Hon. Secretary WIRC and CMA Harshad Deshpande , RCM, WIRC graced the occasion. Members of the press, industrialists, tax practitioners, President of Solapur Chamber of Commerce, parents and students attended the function.

CMA P.H.Desai in his inaugural address spoke on the topic of "Role of Cost Accountant in Make in India program". He spoke on how this program can attract FDI into the country. He also mentioned that Cost Accountants have an important role to play to make the vision of our P.M. come true.

Prof. Dr. N.N.Maldar spoke on the topic of "Skill set required for students to succeed under the Make in India program" He emphasised that a good research program is required for the Make in India program to succeed. He also mentioned that students should take up scientific research as a career.

CMA N.K.Alwal, Chairman of Solapur Chapter, spoke of the vision of the members of the chapter to conduct the activities in a most transparent manner and that they will try to win the Best Chapter Award in the near future. He also mentioned about the activities to be conducted in the future.

CMA R.V.Kshirsagar, Secretary of Chapter, mentioned that the members were conducting Oral Coaching Class for Foundation and Intermediate exam as part of Solapur unit of Pune Chapter since 2005. He also told that over 1000 students have been trained since then. Various CEP sessions have also been conducted for the benefit of members and students. He also expressed gratitude and thanks to Pune Chapter for their guidance and financial support since 2005.

Other dignitaries, also expressed their best wishes and offered all support to the new Chapter.

About twenty students who succeeded at Foundation, Intermediate and Final examinations were felicitated on the occasion. The function concluded with a Vote of thanks expressed by CMA MuraliIyengar.

CEP Report

WIRC had organised CEP on "Impact of Brexit on World Economy" on 7th October 2016 at WIRC Office. CMA (Dr.) V.V. L.N. Sastry was the speaker for the programme. CMA Kailash Gandhi, Chairman CEP Committee, was present on the occasion.

WIRC had organised CEP on "Preliminary Financial Modelling through Excel - A Case Study" on 16th October 2016 at Thane SMFC. CMA Prashant Lele, Chief Manager, Financial Planning & MIS, Reliance Retail Ltd was the speaker for the programme. CMA Debasish Mitra, CEP - Convener - Thane SMF Centre was present on the occasion.

Programmes was well attended by members in Practice and Industry.



CMA L. Prakash, CMA Vivek Bhalerao, Dr. Siddheswar T Gadade, CMA Shirish Mohite and CMA Anil Jha during Career counselling programme organised by Navi Mumbai Chapter on 1st October 2016



CMA Sirish Mohite is being felicitated by CMA B. N. Sapkal, during CEP on "Cost & Management Tools " organised by Navi Mumbai Chapter on 16th October 2016



Aarti during Navratri Celebrations organised by Surat-South Gujarat Chapter at Chapters premises.



Mr. Mukesh Agrawal, Head Finance guiding students at Meril Academy, Vapi during Educational Tour organised by Surat South Gujarat Chapter on 17th September 2016



CMA Pradeep Deshpande giving brief on GST Implementation during seminar on GST - organised by Pimpri - Chinchwad - Akurdi Chapter on 17.09.2016



Mr. H. G. Vedant Chaitanya Prabhu conducting lecture on Mind Control & Stress Management organised by Pimpri-Chinchwad-Akurdi Chapter on 18th October 2016



CMA L D Pawar, Hon. Secretary, WIRC felicitating CMA Dr. Shailendra Saxena during Seminar on GST - Implementation organised by Pimpri-Chinchwad-Akurdi Chapter on 22.10.2016



CMA Pravin Mohani guiding the participants in the workshop on GST organised by Aurangabad Chapter on 21st and 22nd October 2016.

ICAI Campus Placements held on 21st & 22nd October 2016 at Mumbai



CMA Pradip H. Desai, Chairman WIRC



CMA Debasish Mitra, Chairman, Students, Members & Chapter Co-ordination Committee, WIRC



CMA Shriram Mahankaliwar, Treasurer WIRC



Felicitation of Team Godrej and Boyce Mfg. Co. Ltd.



Felicitation of Team Hindustan Petroleum Corporation Ltd.



Felicitation of Team Larsen & Toubro Ltd.



Felicitation of Team Reliance Industries Ltd.



Felicitation of Team Wipro Ltd.



View of Students & Company representatives

To



If undelivered please return to:

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.