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EASTERN INDIA REGIONAL COUNCIL OF**

THE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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NEWSLETTER

APRIL 2014



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Editorial



Dear Members;

Warm greetings!

Trust the bank branch audits over now.

With your cooperation we could organize the bank audit seminar in a very successful manner. Such kind of seminars updates us about the latest guidelines, notifications, circulars and other important information and enable us to perform our assignments effectively. During the course of the year we will continue to organise similar knowledge based seminars which will go far in giving a professional boost to members across the branch.

We have celebrated the colourful Holi festival and I take this opportunity to wish everybody an eventful new Financial Year!

As elections in our state are over now, we look forward to see a year of momentous change – for our country as well as for the Profession – and I would leave you with the inspiring words by Gandhiji who said:
“Be the change you wish to see.”

Thank you.

CA. Partha Sarathi Mishra
Chairman



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Members Area of Interest

Applicability of the Companies Act, 2013 to Auditor's Report to FY 2014-15 and Onwards

The Ministry of Corporate Affairs, on 26th March 2014 notified a majority of the remaining sections of the Companies Act, 2013, including sections 139 to 148, relating to audits and auditors. The Act was stated to be effective from 1st April, 2014.

Accordingly, queries are being raised by a number of members as to whether any auditor's report of a company being signed on or after 01st April, 2014 would be in accordance with the requirements of section 143 of the Companies Act, 2013.

In this context, it may be noted that the Ministry of Corporate Affairs (MCA) has, on 04th April 2014, vide its General Circular No. 08/2014, clarified that the financial statements (and documents required to be attached thereto), auditor's report and Board's report in respect of financial years that commenced earlier than 01st April, 2014 shall be governed by the relevant provisions/Schedules/rules of the Companies Act 1956. This MCA Circular can be seen at URL http://www.mca.gov.in/Ministry/pdf/General_Circular_8_2014.pdf.

Therefore, it is clear from MCA's aforesaid General Circular that the auditor's report of a company pertaining to any financial year commencing on or before 31st March 2014, would be in accordance with the requirements of the Companies Act, 1956 even if that financial year ends after 01st April 2014. For example, where the financial year of a company is 01st January 2014 to 31st December 2014, the statutory auditor's report signed therefor would be in accordance with the requirements of the Companies Act, 1956.

As a corollary to MCA's General Circular, it appears that the provisions of the 2013 Act would apply only to the financial years commencing on or after 01st April 2014. Thus, for example, the statutory auditor's report signed in respect of the financial year of the company ended 31st March 2015 would need to be issued in accordance with the provisions of the Companies Act, 2013.



Proposed New Roadmap for Implementation of Ind AS converged with IFRS

For convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRSs), a Press Release (No.2/2010) laying down roadmap for application of converged Indian Accounting Standards (Ind AS) by companies (other than Banking companies, Insurance companies and Non-Banking Finance Companies) was issued on 22nd January, 2010. Further, a Press Release (No.3/2010) related to the roadmap for the application of the converged Indian Accounting Standards (Ind AS) by the Banking Companies, Insurance companies and Non-Banking Finance Companies was issued on 31st March, 2010. Subsequently, in response to the requests seeking clarifications on the Roadmaps, a Press Release (No. 4/2010) containing a consolidated statement on clarification of roadmap was issued on May 04, 2010. However, the Ind AS placed on the website of the MCA could not be implemented due to various reasons from 1st April, 2011 as per the aforesaid roadmaps issued.

A revised roadmap for implementation of Indian Accounting Standards (Ind AS) finalised by the Council of the ICAI, at its last meeting, held on March 20-22, 2014, as follows, has been submitted to the Ministry of Corporate Affairs for its consideration:

1. As stated in earlier roadmaps for achieving convergence, there shall be two separate sets of Accounting Standards notified under the Companies Act, 1956. First set would comprise the Indian Accounting Standards (Ind AS) converged with the IFRSs which shall be applicable for preparation of consolidated financial statements as defined in the Companies Act, 2013, of the specified class of companies. The second set would comprise the existing notified Accounting Standards (AS) and shall be applicable for preparation of individual financial statements of the companies preparing consolidated financial statements as per Ind AS and for financial statements of other companies.

2. The first set of Accounting Standards i.e. converged Indian Accounting Standards (Ind AS) shall be applied to the following specified class of companies for preparing their first Indian Accounting Standards (Ind AS) consolidated financial statements for the accounting period beginning on or after April 1, 2016, with comparatives for the year ending 31st March 2016 or thereafter:

- (a) Whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India; or
- (b) Companies other than those covered in (a) above, having net worth of Rs.500 crore or more
- (c) Holding, subsidiary, joint venture or associate companies of companies covered under (a) or (b) above.



3. Companies to which Indian Accounting Standards (Ind AS) are applicable shall prepare their first set of consolidated financial statements in accordance with the Indian Accounting Standards (Ind AS) effective at the end of its first Ind AS reporting period unless otherwise specified, i.e., companies preparing consolidated financial statements for the accounting period beginning on or after April 1, 2016 shall be required to apply the Ind AS effective for financial year ending on 31st March 2017.

4. Calculation of net worth

For the purpose of calculation of qualifying net worth of companies, the following rules shall apply:

- (a) The net worth shall be calculated as per the stand alone audited balance sheet of the company falling under any of the categories covered under 2 above as at 31st March 2014 or the first balance sheet for accounting periods which end after that date.
- (b) The net worth shall be calculated as the paid-up Share Capital plus Reserves and Surplus less Revaluation Reserve.
- (c) For companies which are not in existence on 31st March 2014 or an existing company meets the criteria for the first time after 31st March, 2014, the net worth shall be calculated on the basis of the first balance sheet ending after that date.

5. Voluntary Adoption

- (a) Companies not mandatorily required to follow Indian Accounting Standards (Ind AS) shall have the option to apply the Indian Accounting Standards (Ind AS) voluntarily for their consolidated financial statements provided they prepare consolidated financial statements under the Indian Accounting Standards (Ind AS) consistently thereafter.
- (b) The option to apply the Indian Accounting Standards (Ind AS) voluntarily, once exercised, therefore, shall be irrevocable. Such companies would not be required to prepare another consolidated financial statements in accordance with existing Accounting Standards (AS).

6. Discontinuing use of the first set of Accounting Standards (i.e. the Indian Accounting Standards)

Once a company starts following the first set of Accounting Standards for consolidated financial statements, i.e., the Indian Accounting Standards (Ind AS) on the basis of the eligibility criteria, it shall be required to follow such Accounting standards for all the subsequent Consolidated Financial Statements even if any of the eligibility criteria does not subsequently apply to it.

7. The roadmap for banks, NBFCs and Insurance Companies will be decided in consultation with RBI and IRDA.



Students Area of Interest

Important Announcement

Attention: Intermediate (IPC) and Final Course students

Applicability of notified sections of the Companies Act, 2013 for November 2014, Examinations

As students may be aware that the Companies Act, 2013 has been notified in the Official Gazette on 30th August, 2013 stating that different dates may be appointed for enforcement of different provisions of this Act through notification of the Central Government in this regard.

Having regard to the above development, the Council at its 330th meeting revised the syllabus in a limited manner in the following papers of Intermediate (IPC) and Final Course(s).

Intermediate (IPC) Course	Final Course
Paper No. 2 - Business Laws, Ethics and Communication	Paper No. 4 - Corporate and Allied Laws
Paper No. 6 - Auditing and Assurance	Paper No. 3 - Advanced Auditing and Professional Ethics

The Central Government has notified 98 sections of the Companies Act, 2013 on 12th September, 2013. Accordingly, those 98 notified sections are applicable for November 2014 examinations corresponding to their bifurcation into the Intermediate (IPC) and Final Course(s), i.e. from

these 98 sections, 53 sections have been included in the Paper – 2, Business Laws, Ethics and Communication, Intermediate (IPC) Course, and 45 have been included in the Paper- 4, Corporate and Allied Laws, Final Course.

For reference and benefit of our students, the Board of Studies has released the following publications relevant for November, 2014 examinations for Paper- 2, Business Laws, Ethics and Communication, Intermediate (IPC) Course, and Paper- 4, Corporate and Allied Laws, Final Course:

Publication	Links for reference
Supplementary study material for Intermediate (IPC) Course	http://220.227.161.86/32794ssp-p2blec-ipcc.pdf
Supplementary study material for Final Course	http://220.227.161.86/32793ssp-p4final.pdf

Students may also note that the Study Material and Practice Manual of Corporate and Allied Laws, Final Course released in January, 2014 has been prepared keeping in view the amendments brought in by the Companies Act, 2013. The details of the revised syllabus have been hosted on the Institute website.

Director, Board of Studies



Forthcoming Events for the Month of May 2014

Date	Programme	Speaker/ Resource Person	Venue	Duration	CPE Hours	Fees Rs.
3 rd , 4 th & 5 th May, 2014	Celebrity Cricket League			3 days		
5 th May, 2014	Student Seminar	CA. V. Pattabhiram, Chennai	ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar-751012	2 Hrs		
5 th May , 2014	Seminar on 10 strategies for wealth creation	CA. V. Pattabhiram, Chennai	ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar-751012	3 Hrs	3	300
10 th May, 2014	Workshop on IT (Bank Audit under CBS environment- concurrent audit)	CA. D.S. Premnath	ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar-751012	6 Hrs	5	500
17 th May, 2014	Study Circle Meeting	To be decided	ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar-751012	2 Hrs	2	100
28 th & 29 th May, 2014	Two Days Seminar on Service Tax	To be decided	ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar-751012	12 Hrs	12	To be decided

ON THE LIGHTER SIDE OF LIFE

What's the difference between an accountant and a lawyer?

The accountant knows he is boring.

Source : Anonymous

What does an accountant say when you ask him the time?

It's 9.18 am and 12 seconds; no wait - 13 seconds, no wait - 14 seconds, no wait.....

Source : Anonymous



Glimpses of Events

Seminar on Bank Audit 2014



CA. Vijay Batth, Treasurer introducing the guests (L-R) : CA. Sarat Chandra Bhadra, Past Central Council Member, ICAI, CA. Partha Sartahi Mishra, Chairman, Bhubaneswar Branch, CA. Rajib Sekhar Sahoo, Independent Director, Bank of Baroda, Shri Krishna Mohan Trivedi, CGM, State Bank of India, LHO & CA Amit Kumar Agarwalla, Secretary, Bhubaneswar Branch



(L to R) : CA. Mahendra Kumar Agrawala, Bhubaneswar, CA. Sarat Chandra Bhadra, Past Central Council Member, ICAI & CA. Niranjana Joshi, Mumbai



Seminar on Auditors and Directors- Role, Responsibilities, Challenges and Opportunities under the Companies Act 2013



(L-R) : Dr. P V S Jagan Mohan Rao, Past President, ICSI, CA. Partha Sarathi Mishra, Chairman, CA. P. Venugopala Rao, Past Chairman & CA Amit Kumar Agarwalla, Secretary, Bhubaneswar Branch

CA. Ramesh Chandra Pradhan, Past Chairman, Bhubaneswar Branch presenting a flower buckeye to Dr. PVS Jagan Mohan Rao, Past President, ICSI



CA. Raja Narayan Tripathy, MC Member, Bhubaneswar Branch presenting a mementoes to Dr. P V S Jagan Mohan Rao, Past President, ICSI



Dr. P V S Jagan Mohan Rao, Past President, ICSI presenting a book to CA Amit Kumar Agarwalla, Secretary, Bhubaneswar Branch



Holi Celebration

