WIRC BULLETIN

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From the Desk of Chairman

Dear Professional Colleagues,

With the concluding 2011 and emerging 2012, we welcome new year 2012 with an objective to Learn the past, watch the present, and create the future. Once again wishing you and your family "Happy, Healthy and Prosperous New Year-2012"

I congratulate managing committee of Indore-Dewas Chapter for organizing successfully "Regional Cost Conference-2012" at Indore on 23rd and 24th of December 2011. The theme "Achieving Sustainable Excellence through Cost Management & Statutory Compliances" was aptly chosen to ensure sustainable excellence through proper synchronization of Cost Management and Statutory Cost Accounting Compliances. In the difficult phase of uncertainties in the international and domestic business environment, in order to face the challenges ahead how Cost Accounting Statutory Compliances, IFRS and e-governance will help the industry to achieve sustainable excellence, these issues are addressed effectively in the technical sessions of this Regional Cost Conference. Another very important practical aspects of the Business related to "Special Economic Zone" its past, present and future is discussed at a length. I would like to thank CMA D.V. Joshi (Past President), CMA Sanjay Bhargave (CCM), CMA Amit Apte (CCM), CMA V.S. Datey, CMA Milind Datey, CMA Ashok Nawal (RCM), CMA R.M. Bhave and CMA Sanjay Mundade for their valuable contribution for making this Conference a grand success. I also express my sincere thanks to Hon'ble President CMA M. Gopalakrishnan who graced the occasion with his presence and addressed the members regarding Cost and Works Accountants (Amendment) Bill 2011, which is passed in Rajya Sabha on 12th December 2011 and explained the developments in the new name of the Institute as well as designated letters as provided in the Bill which members can use to denote their membership.

"A good plan implemented today is better than a perfect plan to be implemented tomorrow", I am very happy to learn that by accepting my appeal to organize the workshops and seminars, chapters in the region have taken initiatives to conduct programs in generating awareness regarding Cost Accounting Compliances in the companies to ensure the effective and timely implementation form the financial year 2011-12 onwards.

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Chief Guest Mr. Shiv Singh Mehta (Managing Director 'Kriti Industries India Limited') lighting the lamp at the Inauguration of Regional Cost Conference 2011 hosted by Indore-Dewas Chapter

WIRC Wishes all its Members a very Happy & Prosperous New Year 2012

Glimpses from "Regional Cost Conference-2011"

23rd and 24th December 2011

CMA A.B. Nawal (RCM - WIRC), CMA Rajesh Mittal- (Sr. VP and Head) VE Commercial Vehicles Limited, Mr. Shailesh Shah - (Director Finance) Sonic Biochem, CMA Sanjay Mundade - (CFO) Skoda Auto India Ltd., Mr. S.K. Mishra -The Hon'ble Chief Commissioner of Income Tax, Ms. Aruna Karan, Hon'ble Addl. Commissioner of Income Tax and Mr. G. S. Baghel, Hon'ble Addl. Commissioner of Sales Tax.

CMA Dr. Niranjan Shastri (Chairman of the Indore-Dewas Chapter), Key note speaker CMA Dhananjay V. Joshi (Past President of ICWAI), Chief Guest Mr. Shiv Singh Mehta (Managing Director 'Kriti Industries India Limited'), CMA Vijay P. Joshi (Chairman -WIRC), CMA Shrenik Shah (Vice Chairman- WIRC)

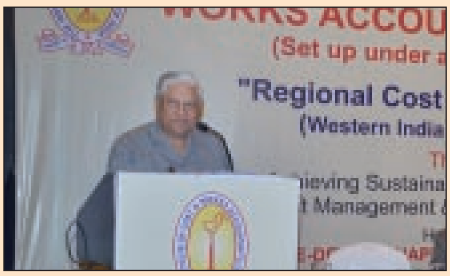
CMA Vijay P. Joshi (Chairman -WIRC), CMA A.B. Nawal (RCM - WIRC), Mr. S.K. Rathore, Hon'ble Development Commissioner (Indore Special Economic Zone) and Mr. Adesh Jain, Hon'ble Deputy Commissioner Customs (ISEZ).

Mr. S.K. Mishra -The Hon'ble Chief Commissioner of Income Tax (Chief Guest), Mr. Shankar Lalwani- Indore BJP President (Guest of Honor), CMA Dhananjay V. Joshi (Past President of ICWAI), CMA Vijay P. Joshi (Chairman -WIRC)

Chief Guest Mr. Shiv Singh Mehta

CMA M. Gopalakrishnan, President, ICWAI

CMA Vijay P. Joshi, Chairman -WIRC



CMA D.V. Joshi, Past President, ICWAI

CMA Neeraj Joshi, Treasurer, WIRC

CMA S. R. Bhargave, CCM, ICWAI

Report on "Regional Cost Conference-2011" Western India Regional Council

Hosted by Indore-Dewas Chapter of Cost Accountants

Indore Dewas Chapter of Cost Accountants organized "Regional Cost Conference - 2011" with a theme of "Achieving Sustainable Excellence through Cost Management and Statutory Compliances" on 23rd and 24th of December 2011, at Hotel Radisson Blu Indore. The conference started on an enthusiastic note from the Chairman of the Indore-Dewas Chapter, CMA Dr. Niranjan Shastri. The conference opened up with a welcome note and inaugural addresses from the Chairman of WIRC, CMA Vijay P. Joshi, the Vice Chairman CMA Shrenik Shah and the Chief Guest Mr. Shiv Singh Mehta (Managing Director 'Kriti Industries India Limited') and the Past President of ICWAI, CMA Dhananjay V. Joshi. While every guest sitting on the dais shared their experiences and marked the opening of the conference, there certainly was hidden a sense of enthusiasm and an appreciation towards the giant leap taken. The dignitaries shared their experiences and also the journey, the time has taken to bring the profession and business to the shape as it exists.

There were sessions during the day taken by renowned subject experts like CMA V. S. Datey who cleared clouds that existed about the Indirect Taxation and the rules related to valuation. CMA D. V. Joshi gave the preamble to the New Mechanism of Cost Audit. CMA Neeraj Joshi (RCM-WIRC) described the Cost Accounting Standards and its relevance with Cost Accounting Record Rules and Cost Accounting Compliances. Also, CMA Sanjay Bhargave (CCM) spoke about the Cost Audit Notifications issued by the Ministry of Corporate Affairs. Adding to the same CMA Amit Apte (CCM) elongated the discussion further by throwing some more light on the new Rules in specific respective concerns.

Although, much was discussed about the new Cost Audit Rules, the opportunity to listen to these eminent speakers was none less than illuminating. The session taken by CMA A. B. Nawal "SEZ - Past, Present and Future" was an eye opener in the sense that the practical aspects of the Business related to Special Economic Zones and Free Trade Zones was discussed at length. This special session on SEZ was graced by the presence of Hon'ble Development Commissioner (Indore Special Economic Zone) Mr. S.K. Rathore and Hon'ble Deputy Commissioner Customs (ISEZ) Mr. Adesh Jain. The day ended with a lot of knowledge sharing and deliverance of high quality stuff.

The second day started with an impressive presentation about the IFRS by CMA Ram Mohan Bhave. The sessions threw light on a lot is issues that envelop the compatibility of the Indian Accounting Standards and IFRS and also on the roadblocks to the implementation to IFRS in India. The next session was graced by the esteemed presence of the Hon'ble President of ICWAI, CMA M. Gopalakrishnan, who addressed a number of issues. The change of the professional name of the institute and designated nomenclature of members, and the vision of the institute to take on the challenge against the times to come were the major points of remembrance. Also, other things like the growing role of a Cost Accountant and the professional avenues were mentioned and discussed.

The last session made a different concept of interaction. A number of representatives including the ones from the regulators and from the industry's side joined the discussion to deliberate upon the issues of interpretation between the Corporates and the law binders. The regulators side was decorated with the presence of Mr. S.K. Mishra -The Hon'ble Chief Commissioner of Income Tax, Mr. G. S. Baghel, Hon'ble Addl. Commissioner of Sales Tax and Ms. Aruna Karan, Hon'ble Addl. Commissioner of Income Tax. On the other hand, the representation from corporates by Mr. Shailesh Shah - (Director Finance) Sonic Biochem, CMA Sanjay Mundade - (CFO) Skoda Auto India Ltd., CMA Rajesh Mittal- (Sr. VP and Head) VE Commercial Vehicles Limited. The session was also joined by CMA A. B. Nawal (RCM) and CMA Vijay P. Joshi (Chairman WIRC). The discussion generated a healthy output in the sense that the experts from various streams poured a huge base knowledge. The discussion was full of inputs from both the sides, that of the Regulators and the Industry Experts. A lot of general understandings were brought to the information of the people on and off the dais. CMA Vijay P. Joshi also floated the topic of the change in the definition of Accountant so as to include Cost Accountant also as far as VAT Audit in the state of MP is concerned, to which the Addl. Commissioner gave a positive response. Again, a healthy set of discussions followed to a concrete conclusion to the session.

The conference concluded with a valedictory session chaired by Mr. Shankar Lalwani- Indore BJP President and a sum up report by CMA D.V. Joshi. The conference gave an insight into a number of domains related to Cost Accounting and the related fields. Also, the new Cost Audit Rules and Mechanism were key areas of discussion.

The conference was attended by around 225 people out of whom a substantial composition was of Industry representatives, justifying the need of knowledge sharing in the field of work. Also, a number of students experienced what it takes to be a professional.

The theme Sustainable Excellence carried a lot of weight as the profession calls for Excellence to be achieved in the area and only with constant updation of the knowledge (at knowledge sharing forums like the Conference itself) can it be sustained. ■

Self Assessment of Import / Export Consignment and On-site Post Clearance Audit

CMA A. B. Nawal *(Regional Council Member) nawal@bizsolindia.com*

Self assessment in custom has been implemented w.e.f. 08/04/2011 vide Finance Act -2011 by suitable changes to Section 17, 18, 46 & 50 of the Customs Act, 1962.

Self assessment interalia requires importers/ exporters to correctly declared value, classification, description of goods, exemption notifications, etc and self assess the duty thereof if any self assessment is expected to usher in a new era of customs and freight partnership leading to greater facilitation of compliant traders. Self assessment reposes trust on an importer / exporter to make correct import / export declarations in terms of description of goods, value and exemption notifications etc. for clearance of import / export goods. Self assessment is a trade facilitation measure aimed at expediting clearance while safe guiding the interest of revenue. Section 17 of Customs Act, 1962 provide that proper officer may verify the self assessment and such verifications is done with the help of Risk Management System (RMS) that validates all Bill of Entries on the bases of specified Risk Rule and if, foreign trade, identifies those that require review of assessment or examination or both . And other Bill of Entry are facilitated and goods covered thereby cleared without **ASSESSMENT AND EXAMINATION** moreover RMS identifies some Bill of Entries for detailed scrutiny **AFTER CLEARANCE OF GOODS** and such scrutiny is called as POST CLEARANCE COMPLIANCE VERIFICATION (PCCV) or POST CLEARANCE AUDIT (PCA). However PCA / PCCV have not been properly conducted or and there are number of cases in delay in conducting PCCV / PCA and therefore it was felt necessary to introduce / implement **'ON-SITE POST CLEARANCE AUDIT'**.

Self-Assessment is supported by Sections 17, 18 and 50 of the Customs Act, 1962 and the Bill of Entry (Electronic Declaration) Regulations, 2011 and Shipping Bill (Electronic Declaration) Regulations, 2011. The On-site Post Clearance Audit at the Premises of Importers and Exporters Regulations, 2011 issued in terms of Section 157 of the said Act would help the Department to verify the correctness of Self-Assessment.

Salient features of Self-Assessment

(a) The importer / exporter is responsible for Self-Assessment of duty on imported / export goods and for filing all declarations and related documents and confirming these are true, correct and complete.

(b) Self assessed import / export declaration may be verified by the Department.

For this purpose the Customs officer may call for documents like contract, basis of transfer pricing of goods, broker note, policy insurance, catalogue, invoice etc. If required the goods may also be examined or tested by the officer.

(c) Verification may result in re-assessment of duty by the officer for which the officer will give a speaking order within 15 days except when importer / exporter accepts re-assessment in writing.

(d) In case the Self-Assessment is not possible, the importer / exporter may ask for provisional assessment. The officer may also order provisional assessment under Section 18(1). In case, the proper officer feels that the provisional assessment is to be allowed, the concurrence of jurisdictional Commissioner of Customs would require to be taken.

(e) Cases where re-assessment is not done or when re-assessment is done but a speaking order is not passed will be subject to audit that may include On Site Post Clearance Audit (OSPCA) at the premise of the importer / exporter.

Key elements of Self-Assessment of imported / exported goods
Description of goods:
Classification:
Levy of duty / Cess
Nature of the goods
Whether the notification benefit is conditional or otherwise
Whether countervailing duty is applicable based on MRP
Whether anti-dumping duty or safeguard duty is applicable
Whether duty benefit is available under a Free Trade Agreement
Whether duty benefit is available as Project Import:
Whether duty benefit is available under Export Promotion schemes

Valuation:
Import and export restrictions and licensing
Compulsory Compliance Requirement (CCR)
Selection of Export Promotion Schemes

While clearing the import / export consignment it is the responsibility of the importer / exporter to make proper declaration and consider all above aspects while filing Bill of Entry or Shipping Bill under the Self Assessment Scheme. CBEC have issued the Circular No.39/2011 CUS dt. 02/09/2011 and issued the instruction to streamline procedure and for effective implementation of self assessment using RMS to facilitate the target of 80% of Air Cargo complexes 70% of Sea Ports and 60% of ICD.

It has to be ensured by importer / exporter to consider above aspects and change the existing system of depending only on CHA and expedite speedy clearance of the consignments.

Notification No. 72/2011 Custom NT. has been issued and made effective from 4th Oct.-2011 and

on-site post clearance audit at the premises of importers and exporters regulation 2011 has been notified. In accordance with the said regulation and amendment in Customs Act, 1962, officers of customs / central excise will conduct the audit at the premises of importer / exporter.

It is important to understand the following information under the said regulation.

a) **'audit'** means examination of bills of entry, shipping bills, invoices, packing lists, import licences, books of account, and other records of transaction relating to imported and export goods, and may include inspection of goods at the premises, if available and where necessary, drawl of samples;

b) **'books of account'** includes ledgers, day-books, cash books, account-books and other accounts whether kept in the written or printed form and data stored on a floppy, disc, tape or any other form in electro-magnetic data storage device;

c) **'premises'** includes the place at which imported or export goods and connected books of account, records of transaction and other documents are ordinarily kept by an importer or exporter, as the case may be, and his registered office or the premises indicated in his Importer Exporter Code (IEC) issued by the Ministry of Commerce and Industry and the places wherever the imported or export goods, as the case may be, are ordinarily kept;

Audit will be conducted for the examination of bills of entry, shipping bills, invoices, packing lists, import licences, books of account, and other records of transaction relating to imported and export goods, and may include inspection of goods at the premises, if available and where necessary, drawl of samples; and the same will be cross check with ledgers, day-books, cash books, account-books and other accounts whether kept in the written or printed form and data stored on a floppy, disc, tape or any other form in electro-magnetic data storage device. In other words Officers of Custom / Excise are authorised to verify each and every transaction with all the available data / information kept at any place in any manner.

Similarly it will be observed that the premises includes all the places indicated in Importer Exporter Code (IEC) issued by the Ministry of Commerce and Industry and the places wherever the imported or export goods, as the case may be, are ordinarily kept.

In view of the above importer / exporter needs to ensure and have the internal controls on all import / export transactions and declarations given at the time of import and export. We give below some of the important check points on each aspects herein mentioned above.

Key Aspects	**Check Points**
Description of goods	1) Check description of goods matches with ERP system / Store Accounting Systems, Purchase Orders, Brand, Grade, Specification. If brand, grade and specifications are not properly declared value can be rejected under Rule 12 of Customs Valuation (determination of value of imported goods) Rules 2007. 2) The description should be generic based merely on description of the drawback schedule. It should provide descriptive and technical details of export / import goods.
Classification	1) General principle of classification is to match correct and complete description of goods with that of Custom Tariff Act. 2) Classification should be inconsonance with International Convention of Harmonized System of Nomenclature as made effective. 3) Product technical literature, application catalogues, certificate of analysis, inhouse test report, sales invoices, composition of raw-material / intermediate goods, manufacturing of finished goods, using the raw-material / intermediate goods also will be subjected for audit for verifying import / export consignments.
Levy of duty / Cess	Importer / Exporter are required to carefully verify whether their items of import / export is liable for any duties / cess and also ensure correct rate of duty considering the Notification issued under Section 25 of Customs Act, 1962.
Nature of the goods	While considering the Tariff Rate of Duty or Effective Rate of Duty, plain many of the language used in the Notification is to be taken to decide applicability of the Notification and should not be stretch to avail the benefit which is not intended in the Notification.
Quantity and Unit of Measurement	1) Quantity and unit of measurement as mentioned in the Bill of Entry or Shipping Bill at the time of import or export as the case may be should be the same and match with the books of accounts as mentioned above and all records manual or electronics, electronically maintained. 2) It has been observed that the quantity reported in system / books of accounts are different than that of reported in declaration made at the time of import /export and therefore such goods are liable for confiscation and there will be litigation and demands of duty, penalty and interest and fine in lieu of confiscation.
Whether the notification benefit is conditional or otherwise	Conditions applicable to the exemption of Notification to be fulfilled either Pre-Import Or Post-Import, or Pre-Export Or Post-Export as the case may be. Since the audit will be conducted after one year it is easy to verify fulfillment of the conditions by the Customs Officers.
Whether countervailing duty is applicable based on MRP	1) Most of the times while clearing the goods the conditions of Notice No. 44 (RE 2000)/ 1997 -2002 dt. 24/ 11/2000 not been strictly followed and the casual declarations are made. Since the goods will be available for inspection and audit proper declaration of MRP at the time of

	payment of CVD and affixing / printing of the lable on the goods is the requirement under Legal Metrology Act and should be complied with.2) Proper records to be kept for verification of MRP declared at the time of imports and the price list of such items otherwise unnecessary litigations will arise.
Whether anti-dumping duty or safeguard duty is applicable	1) Importer should closely examine the records like Bill of Lading / Air Way Bill, Country of Origin Certificate, Contract Copy, Sales Brochure and Catalogues, Invoices etc to ascertained manufacture - supplier or exporter, country of origin of imported goods, 2) Test Reports, Certificate of Analysis, Brochures and Catalogues, Sales Invoices will also be audited to ascertained the correctness of declaration and assessment of Anti-Dumping Duty and Safeguard Duty.
Whether duty benefit is available under a Free Trade Agreement	1) Importer needs to be confirm the Tariff Notification for the Rate of Duty applicable on specific goods imported under Free Trade Agreement with Japan, Korea, Singapore, Asean, Malaysia, Thailand, EU, Australia, New- Zealand, SAARC countries. 2) Importer needs to obtain necessary GSP as per countries specific Rules Of Origin and fulfill the conditions before claiming such benefits under the notification.
Whether duty benefit is available as Project Import:	If duty benefit under project import has been availed, then conditions of project import approvals needs to be fulfilled and proper documentation of installation and start-of commercial production needs to be complied with.
Whether duty benefit is available under Export Promotion schemes	1) If duty benefit is availed under various schemes under Chapter 3 of Foreign Trade Policy like SIS, FMS, FPS, MLFPS,Hi-Tech,SHIS,VKGUY etc.. the script and utilization thereof needs to ensured even after imports. 2) Similarly if duty exemption benefit has been availed under Chapter 4 & 5 of Foreign Trade Policy then the records import / export and conditions of the authorisation needs to be fulfilled and records should be available in the premises of importer / exporter and match with the requirement.
	3) It has been observed that records of consumption either not maintained or do not match with Books of accounts / ERP system. Moreover the inputs mentioned in the SION are imported but not been utilized can be well verified from ERP system or Store Accounting Systems, Costing Systems, Bill of Material and Number of internal documents including designs and therefore proper care has to be taken to avoid litigations and allegations of mis-declaration or suppressions of facts which will result into confiscation of goods and such goods are not available during audit still it is liable for confiscation and redemption fine alongwith duty, interest and penalty will be applicable. 4) If goods are imported claiming exemption under Chapter 6 of Foreign Trade Policy i.e EOU / STPI / EHTP /BTP during audit fulfillment of conditions of the notification will be verified and therefore internal records should be in line with the conditions therein. 5) Product technical literature, application catalogues, certificate of analysis, inhouse test report, sales invoices, composition of raw-material / intermediate goods, manufacturing of finished goods, using the raw-material / intermediate goods also will be subjected for audit for verifying import / export consignments and such consumptions also will be checked with declarations made at the time of making application with DGFT, declarations filed at the time import / export, and actual books of accounts including system reports / records.
Valuation	1) Importer / Exporter needs to declare the value in accordance with Section 14 of Customs Act, 1962 read with Customs Valuation (determination of valuation of imported goods) Rules 2007 / Customs Valuation (determination of value of export goods) Rules 2007. 2) The transactions with related parties needs to be declared correctly and value to be assess in terms of (1) above. Most of the time it has been observed that declarations and facts made before adjudicating officer

while fixation of value by SVB /GATT Cell are different and therefore the said order may not be valid and hence it has to be ensured if facts are different then it has to be brought to notice before SVB Cell otherwise value can be rejected at the time of audit also.

3) Importer / Exporter has to be aware of the Data Bank of recent imports and the prices thereof so as to determine identical value / similar value / deductive value / computed value otherwise there may be possibility during audit to determine value based on the principles of residual method and differential duty interest penalty may be demanded. Under the self assessment onus of determining the correct value in sequential method and providing evidence has been shifted on the importer from custom offices.

4) When exports are made under various export promotion schemes or exemption schemes or remission schemes then it is utmost important to declare correct FOB value in accordance with Rule 3 of Export Valuation Rules 2007.

5) If exports are made to the related party then onus will be on exporter that price will not influence due to relationship otherwise exporter has to provide the evidences of determining the value sequentially in terms of Rule 4, 5 / 6 of Export Valuation Rules, 2007

6) The export value declared on excise return i.e ER- 1 / ER-2 should be matched with / reconcile with Shipping Bill, Bank Realization Certificate, Books of Accounts, Notes to Accounts.

7) Exporter needs to take due care while filing the declaration which should be accurate, true and complete.

8) In case of High Sea Sales transactions value as accounted and received from buyer will be also subject for audit.

9) The cost of pre-goods and services in accordance with Rule 9 can be verified from the books of account, similarly treatment of royalty, technical know-how, discounts, payment / receipts in foreign exchange various agreements and contacts will be subjected to audit for verification of value declared at the time of self assessment.

Import and export restrictions and licensing	1) Under Section 2 (33) of the Customs Act prohibited goods are defined and such goods either should not be imported or exported. In accordance with Section 111 (d) Section 113 (d) such goods are liable for confiscation and also the importer / exporter is liable for imprisonment. 2) The goods covered under prohibited / restricted goods should be under licensing provisions and conditions to be strictly fulfilled.
Compulsory Compliance Requirement (CCR)	During audit Custom Officer can verify the Compulsory Compliance Requirement as applicable under various laws as give belowExplosives Act, 1884 and Explosive Rules, 1983. Live Stock Importation Act, 1898. Drugs and Cosmetics Act, 1940 and Drug and Cosmetics Rules, 1945 Copyright Act, 1957 and Copyright Rules, 1958 Arms Act, 1959. Atomic Energy Act, 1962. Insecticide Act, 1968. Patents Act, 1970 and Patent Rules, 2003 Wild Life Protection Act, 1972. Gas Cylinder Rules, 1981 and S & MPV (Unfired) Rules, 1981. Environment (Protection) Act, 1986 and Rules, 1986, The Bureau of Indian Standards Act, 1986 and Rules, 1987Motor Vehicles Act, 1988. Plants, Fruits and Seeds (Regulation of Import into India) Order, 1989. Trade Marks Act, 1999. Hazardous Waste (Management and Handling) Rules, 2003.Plant Quarantine (Regulation of Import Into India) Order, 2003. Food Safety and Standards Act, 2006. Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities)Rules, 2011

It is the statutory duty of the importer and exporter to provide all the information as mentioned above and also make available relevant documents during audit. Importer/ Exporter will be given advance notice of 15 days for conducting the audit and Custom Officers can obtain prior information before conducting such audit. Audit will be conducted in the premises of importer /exporter and draft audit report will objections if any, will be provided to the importer /exporter giving an opportunity to offer clarifications with supporting documents and if importer / exporter agrees with the audit findings either in part or full will make voluntary payment and same will be part of the audit report.

When on-site post clearance audit is conducted it should cover all import / export transactions and the records of import /export should be maintained for five years.

On-Site Post Clearance audit has been operationalize w.e.f. 01/10/2011 for the period beginning from 01/04/2011. Initially importer registered under Accredited Client Programme (ACP)and thereafter it will be extended and also periodicity of audit also will be extended.

Audit will be conducted as follows :

ACP Importer	Audit by
Registered with LTU	Audit Team by LTU wing
Multi location unit	Central Excise Commissionarate with Nodal Commissionerate having jurisdiction over registered office / HO
Others	Central Excise Commissionerate having jurisdiction over registered office / HO

It is also proposed to avoid duplication and interface audit of excise / service tax and On-site Post Clearance Audit will be done simultaneously.

Importer /exporter needs to respond to the proactive system of building, trust and record base self assessment system and audit thereof and therefore substantial change in operating procedures and practices of custom clearance of import /export consignments needs to be made and issues mentioned therein above needs to be addressed without any delay to avoid any litigation and payment of differential duty, interest, penalty and redemption fine in lieu confiscation. ■

Quote

Let me not pray to be sheltered from dangers, but to be fearless in facing them. Let me not beg for the stilling of my pain, but for the heart to conquer it.

– Rabindranath Tagore

IFRS Corner

Article by FCMA Rammohan Bhave, FCMA, FCA, ACS, LL.B. (G.), Dip IFRS, London, Cert IFRS - ICAI, Cert. XBRL, Six Sigma Green belt and ACMA Dr Mrs Anjali R Bhave, FCMA, M.Com, DBF, Ph.D. Dip IFRS London,

Both are LIMCA Record holders on IFRS and believe in IFRS as a tool for corporate governance.
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Mirror, mirror on the wall / who is the fairest of them all?

The answer - it depends on the mirror at which you are looking. Ministry of Corporate Affairs (MCA) has provided a magical mirror to companies till 2020 to ensure a beautiful image. MCA has again diluted the mark-to-market requirement for foreign currency assets and liabilities by keeping it optional till 2020. AS 11 required companies to mark to market the foreign currency assets and liabilities by 2012. The companies would have been required to report the foreign exchange gains and losses. The recognition would have been in profit and loss account in majority of the cases. Considering the volatile currency movements the financial statements are prone to considerable volatility for an unpredictable time frame. With a very generous MCA on its side the companies will now have the choice of deferring the recognition of such losses by spreading it systematically till 2020.

On the one hand the accounting scenario is expected to take a leap to IFRS. On the other hand the rule makers are taking such retrograde steps. The MCA notification gives companies a choice of deferring the recognition of such losses by spreading them systematically till 2020. It is as good as telling a patient that he has a serious health condition but because it is difficult for him to hear and bear it the news will be delivered to him in installments till 2020. Meanwhile even if he doesn't take medicines or die doesn't matter.

IAS 21 requires recognition gains and losses on translation of monetary items in profit or loss. In the case of non monetary items the translation gains and losses are recognised in line with the recognition of gain or loss on the relevant nonmonetary item. It means if the gain or loss on the non monetary item is recognised in Other Comprehensive (OCI) Income the translation gain or loss is also recognised in OCI and if it is recognised in profit or loss the translation gain / loss is also recognised in profit or loss. Thus the recognition pattern follows a logical principle based pattern as contrasted with the ad hoc and convenient methods of recognition adopted by MCA.

In the case of hedged positions provisions of IAS 39 apply which are quite exacting and rigorous. The objective of the hedge accounting provisions is to make the gain / loss on the hedged item and loss / gain on the hedging instrument hit the profit or loss simultaneously. This treatment reflects the objective of hedging, viz, to reduce profit and loss volatility.

The worrisome fact is the tool now available to the reporting entities which may encourage them to keep forex positions open thereby exposing business and stakeholders to additional risks. If it is possible to spread the translation loss over a longer period the motivation of covering open positions may dwindle encouraging companies to take advantage of any possible favourable currency movements disregarding the inherent risks.

The objective of accounting has to be to report the financial situation as it really is on a reporting day. By this financial jugglery the fair presentation and transparency is endangered. The user of the information does not have a clear idea of forex gain or loss on the reporting day because it has been shoved under the carpet. Each user will therefore try to work back and find out the true financial position thereby defeating the whole purpose of transparent reporting.

The converged IND AS has already diluted certain important accounting requirements as mandated by IFRS. Thanks to additional tinkering by regulators the users of Financial Statements of Indian companies are like the seven blind men in the story touching an elephant and coming out with a different verdict as to what the elephant is like!!!! ■

DTC NOT TABLED - INDIAN SLOWDOWN

Written by **Indraneel Sen Gupta,**

Financial, Economic Writer and Research Analyst, ICWA (FINAL),MA in Economics

The much awaited Direct tax code is being delayed further as the chances of Parliament's standing committee on finance submitting its report on the Bill in the ongoing Winter Session, which concludes on December 23, are bleak. With barely a couple of days in this week of the winter session of Parliament, the report may not be tabled in the current session and DTC would miss the April 2012 deadline.

This will be one of the biggest sets back in terms of reform of policies in Indian economy is going to witness. We all know that if the DTC comes into play it will not only replace the old primitive Income Tax Act, 1961 but will also bring growth internally for the Indian economy. The new tax slabs will increase the surplus of the consumers of India and this surplus will lead to increase in consumption of products and services finally leading to growth of Indian economy.

With a young population breeding in India followed with a change in cultural of living life we find substantial growth in consumption of products and services which will lead to increase in demand and production. Household consumption expenditure currently stands (3% of GDP which is the largest component of India's GDP. Households are also the biggest contributors to India's savings rate; their savings equal 23% of India's GDP. Hence the new DTC will further increase the consumption and will make a paradigm shift of India's fiscal growth model from export to domestic consumption. An economic prosperity of a country is left on the hands of its own people and its resources.

With global turmoil's and drying up of overseas buyers (export) economic growth can only be achieved through proper utilization of ones own resources. India is well poised to exploit such a growth which will strengthen its pillars of economic growth. Further India will able to reduce the gap of poor and rich which has widened after independence. DTC will leave higher percentage of savings resulting increase in domestic demand which will lead to economic growth of Indian economy. This delay will increase the time frame of India's development. DTC plays a pivotal role in Indian economic growth in coming days. If DTC was placed in this winter session then in the upcoming budget India should have been able to wither out the dark clouds of global slump on Indian economy. DTC will replace and reduce the dependency of export to meet the fiscal targets as well as companies will find growth from internal sources and will not be affected by global slowdown in shipments. Indian companies will be able to produce more as the demand capacity will grow substantially and resulting proper equilibrium of price.

AFRICA CALLING

After independence we will have to stand on our own and rely on our own resources, the unifying force, the cement... which had hitherto been supplied by the United Kingdom Government will be removed, and will have to be replaced by new virtues of our own which must be capable of keeping all the diverse elements of the country together, in mutual trust and harmony and with a common national purpose." Excerpt taken from Awo, the Autobiography of Chief Obafemi Awolowo of Nigeria.

After the Second World War people in Africa wanted change. Only Egypt, Liberia and Ethiopia were independent at that point. But it was Indian self-rule which triggered the momentum leading to independence. Everywhere the mood was hopeful as people were inspired by the vision of a new society free of European control. The year 1960 saw independence sweep across much of Africa. Fourteen countries ceased to be French colonies, while the Belgian Congo became Zaire and Somalia and Nigeria broke from British control.

After 50 years of Independence African economy is being declared the economy of growth the birth of 3rd generation of Emerging economies. In the last couple of years African has been on the map of every business house across the world. The country of Black where torture and pains were the emblems for the citizens has some thing interesting to fell about. In an a recent research finding it was found that Africa grew faster than East Asia, including Japan. Even IMF expects Africa to grow by 6% this year and nearly 6% in 2012, about the same as Asia. Nothing has changed except the perception of the world looking towards the growth and scare resources which Africa possesses. We all know that Africa is famous for Diamond a mine which is mostly smuggled to Europe and other parts of the world. Africa has felt the air of development and Technology. Technology is fast rooming and bridging the hurdles of poor infrastructure of Africa(which is yet to pick up. According to my research I find that Africa is still struggling with meeting its food supply demand in accordance to its population growth.

The three factors that will contribute in Africa to future increase in food supply are expansion of land under cultivation, irrigation intensive projects, and biotechnological increase in yield. Technology will play the pivotal role in upgrading the agriculture segment. But technology alone will not be sufficient to increase the output of African foods items. The size of land currently under cultivation in Africa for all agricultural crops is about 76.1 million hectares. The agriculture sector accounts for 35 percent of the continents GDP and corresponds to 40 percent of its exports. About 72 percent of the people live in the rural areas and the sector supplies 70 percent of the employment opportunities We find vast amount of land which is not suitable for agriculture in Africa.

The first responsibility of technology will be to transform the barren land into productive and to stop Desertification. It has been found that Potential land for crop production under rain-fed but not in agricultural use, is more than twice the current harvested land. Hence use of hybrid seeds, modern irrigation facility are all in the dream run until the soil becomes fertile to produce. Hence Africa is being found as an immense potential country for development of agriculture giving a way out to the struggling developed economies to survive the de-growth phase.

Irrigations stand to be another hurdle for African economy. Africa needs recycle use of water since the cost associated with developing irrigation infrastructure in Africa will increase the cost of production of agricultural output. Biotechnological food supply increase would not be sustainable in African countries without building systematic multidisciplinary strong institutions. Africa needs proper food storage facilities along with strong R&D built in-house to support the African agricultural growth. Moreover proper system needs to be developed for bridging the gap between the farmer and the end user of agri products. Reduction in the gap will enable improvement of farmer's quality of living. We must not forget that only growth of companies from exploiting the growth of Africa will lead to development. Africa's development lies within the citizens of Africa. This simple principal is often ignored and ruled out.

My research finding depicts that Africa will surpass Asian economies in the next decade in terms of agricultural growth. Reasons are simple lack of opportunities of growth in Developed nations and Emerging nations will lead all their resources to find growth in Africa. Cumulative technology transfer will improve the growth speed faster than these countries individual R&D. A simple example to prove my saying is that it has more than 600m mobile-phone users-more than America or Europe.

Since roads are generally dreadful, advances in communications, with mobile banking and telephonic agro-info, have been a huge boon. Africa did not spend any amount on R&D in technology but cumulative transfer of technology has lead faster growth of Africa. In the same way I find through my research that Africa will be the next emerging nation propelling faster than Asia. Vocational and other agricultural technical education will further instigate and bring more stable growth in the macro levels of African development.

Africa needs to take out of communal ownership and title handed over to individual farmers so that they can get credit and expand. Developed nations are opening up the trade gates with Africa. America's African Growth and Opportunity Act, which lowered tariff barriers for many goods, is a good start, but it needs to be widened and copied by other nations.

FDI will find its way to Africa and according to my finding I find 25% of Europe, US, China and India respectively are finding growth avenues and to built their foreign exchange and to diversify the change the too in Africa. ■

WIRC, MUMBAI ORAL COACHING CLASSES JANUARY-JUNE 2012 BATCH

The following learning centers were inaugurated on Monday, 2nd January 2012

Name of the Learning Centre	...	Inaugurated by
Sydenham College, Churchgate	...	CMA Debashish Mitra
N.M. College, Vile Parle (W)	...	CMA M.S. Chandani
M.L. Dahanukar College, Vile Parle (E)	...	CMA Vijay Jasuja
R.J. College, Ghatkopar (W)	...	CMA Aditya Umarji
Mulund College, Mulund (W)	...	CMA Ashish Thatte

In addition to this, a New Oral Coaching center was inaugurated by CMA Kirit Mehta, Past Chairman WIRC at St. Francis Institute of Management and Research, Borivali (W). Bro. Chandramouli More, Chairman, St. Francis Institute of Management and Research and Prof. Natika Jain were present on the occasion.

Show the way, when you are not the Boss

– K R Bhargava

(K R Bhargava retired as Chief Commissioner of Customs and can be reached at kuldiprbhargava@hotmail.com)

In organizations whether public or private, people normally draw authority to lead people to accomplish certain goals by virtue of the position they hold in the organization. Since subordinates have no alternative but to fall in line, they obey the command and work on given projects/ tasks. Leadership task is easy. However, getting these projects/ tasks accomplished correctly, easily, beautifully, timely and without undue stress is difficult. It needs skills and not only a leadership position. But most interesting and fulfilling is accomplishing those uncompleted important and critical but difficult tasks for which you are not responsible but matter a lot to the organization if completed. Readers would be anxious to know if task was critical and important why it remained unfinished for a long time. It could be because leadership and organization remained satisfied with the on-going working methodologies and mediocre performance as adoption of new technology, new practices and promotion thereof within the organization was challenging, time taking and uphill task. It needed not extra but extraordinary efforts and sustained focus. And perhaps top leadership did not find time to focus on such projects. If readers recall/refresh their memories, they may realize that certain projects remained incomplete or under performed for reasons as follows in their or neighbouring organizations:-

- New technology
- Few employees trained in comparison to the size of organization
- No Awareness and Benefit Program conducted for senior managers in the organization
- Trained groups/employees stationed at long distances from each other
- No mutual consultations among employees to exchange ideas/ outcomes/ problems/solutions etc. and no arrangements made by management for such consultations
- No technical support made available to newly trained people in field units to solve the upcoming technical problems in project implementation phase
- Frequent changes of managers and senior managers; and incumbents unaware of the new technology and new programs; so, they did not appreciate the new program and did not motivate people because of awareness gap
- Poor results; no impact made
- Poor Motivation Program in place
- Because of impatient nature, senior managers did not give time to trained people to gain expertise and improve their results
- Trained employees shifted to other jobs without providing skilled substitutes in terms of transfer policy; thus, creating skill deficit at the wanted places
- Top management did not look at current HR policies to assess whether these meet emerging needs
- Pressure from employees unions/associations etc.
- Poor monitoring from top
- Top leadership did not 'Think Bold and Big'
- Poor leadership and management skills of managers
- Assumption that Finance Department may not support if project is made ambitious and if made ambitious, it may not be manageable
- Mediocre work culture

This is a situation where you can show the way if you are in such an organization provided you have the credibility; you can dare and think big.

There can be another situation where an important initiative is desperately needed by your organization to meet the organizational goals but concerned people have no idea how to achieve effectively or if they have, they have not dared to Think Big; they did not dare to convince the seniors, colleagues, subordinates; they did not encourage their team members/juniors to try boldly; they did not dare to face the resistance; they did not dare to put required extra and extra ordinary efforts. They assumed finance will not approve. If such a scenario prevails in your organization, there is a golden opportunity for you to show the way when opportunity comes. To quote a case, in customs context, it has been seen that criminal organizations through fake entities file import and export declarations to smuggle contraband goods or evade customs duties or avail illegitimate financial benefits. In course of many investigations, investigators fail to apprehend the offenders as all leads collected in initial investigations fail to lead to any success as most of the information furnished to Customs, Trade Ministry, Income Tax, Passport Department or Regional Transport Office etc. is based on fake/ fabricated documents. Consequently, they succeed in committing trans-border crimes and evading customs duties. Enforcement officers will agree that however strong the intelligence network may be, criminal do succeed in committing offences. Besides good intelligence network, we need to improve National / Economic Security Apparatus to prevent cross border crimes. One of the best tools in this Apparatus to prevent the said crimes is to introduce Document Tracking System in the Customs EDI and direct the CHAs/Customs brokers to daily e mail to the EDI network to know the details of documents filed in their names from the EDI Service Centre and through ICES Gate. Direct them to scrutinize the information received and to inform Customs Enforcement Branch in case they see any foreign document not relating to their transactions. By using available technology with suitable modifications, customs officials can prevent cross border crimes, evasion of duties and tighten the national security. JN Customs House was first to introduce this initiative in 2009 in consultation with NIC. Having seen its credibility and usefulness, it was followed by many other Customs Houses and it is now integral part of 1.5 initiative of the Customs EDI as national program. Besides helping the customs in better enforcement, CHAs/ brokers can know the status of their Import/Export declarations by undertaking the said process.

A still better tool to deal with offences of the aforesaid categories is to prevent criminal elements from filing of Import/Export declarations. Once their entry is restricted, obviously crime rate will go down to the minimum and if some one dares to enter the system, he is likely to be apprehended as Customs Computer System will have enough information to treat him. This idea was conceived by officials in JN Customs House and appropriate technology was identified; the initiative is being shortly commissioned in all ports of Mumbai region with the support of New Customs House, Mumbai, Bombay Customs House Agents Association and Central Board of Excise and Customs. Anyone attempting to file documents from the EDI Service Centre using fraudulent means will get identified for legal action.

In crisis, confusions, chaos, there is opportunity because there is scope to do something great. People, with hunger, look for such scenario as it provides opportunity to show their talent and skills. This is what Warren Buffet is also doing when stock markets are melting down in Europe. He said following words in the context of slow-down in Europe during his trip to Japan in Nov. 2011:

"There is a major flaw in the euro-system-----. I do know the system as presently designed has a major flaw and that flaw would not be corrected just by words. He had no idea how Europe's sovereign debt crisis , which started in Greece two years ago and rages on , would end, though he noted there were good valuations among companies in Europe. He said, "Not in this debt space, but in equity space there are opportunities. I can think of dozen euro stocks that are attractive ..... there are stocks I like and wonderful business."

Learning from above, if you wish to perform a great leadership role even if you are not holding corresponding position, you need to identify areas of crisis or areas of concern or deep holes which have remained unfixed over a period of time for a variety of reasons and your organization continues to perform below its potentials. If you dream to see your organization as a leading one and desire to fix these issues/problems/holes; you need a cool thinking mind, a strong determination and an art to influence others to support you. And important and significant for you to know is; why these critical areas or areas of concern or deep holes remained unfixed over a period of time? Put efforts to know so that you understand strengths and weaknesses in the organization. Also ascertain reasons for failure of earlier expeditions. Analysis of the weaknesses and strengths may reveal that failure to fix problems was because of deficit in leadership and not because of deficit in resources. Elders say -where there is will; there is a way. You can always find solution. Leadership gurus guide us as below to tide over the deficit in leadership to achieve the goal.

Level I

- ✓ Think out of box to find solution
- ✓ Think of appropriate strategies to reach the solution
- ✓ Examine whether solution and proposed strategies will be acceptable to all stakeholders or there will be resistance by some; if so why? Make necessary adjustments if reasons seem reasonable
- ✓ At preliminary stage, informally discuss with honest and wise people close to you and know their reaction. Consider suggestions and go for execution formally

Level II

- ✓ Share goal with some critical people in the organization; answer their queries about your work program
- ✓ Give time to know reaction; acknowledge suggestions; clarify doubts
- ✓ Be clear, bold, humble and ready to face challenges
- ✓ Be respectful to all particularly seniors
- ✓ Note that you have chosen to show the way; so you need people support, keep them at the core and listen and address their genuine concerns
- ✓ Select people for your inner circle
- ✓ Motivate those in inner circle; they may have bad experiences of past; address their concerns while formulating strategies and encourage them to move ahead
- ✓ Strategize in consultation with people in the inner circle and keep in mind suggestion received
- ✓ Do not leave anything to chance; take care of every detail.
- ✓ Make sure you have taken care of weaknesses and reasons for earlier failures
- ✓ You have also decided to make best use of available strengths
- ✓ Remember a successful task is performed by a team; so avoid "i"

Level-III

- ✓ Communicate your goal, strategies and benefits of the project clearly and effectively to all so that employees and stakeholders have every reason to support you and not to resist you. Make sure, there are no confusions either in the employee line or in the stakeholder line
- ✓ Share ownership ; do not disown
- ✓ Lead by example
- ✓ Enable people to perform; go beyond your normal call to take care of genuine needs of your performers
- ✓ Give credit to your employees profusely for performance and create an environment where they feel great in doing your projects
- ✓ Also give credit to stakeholder for their support and performance; appreciate fully
- ✓ Do not blame others for failure; you should have taken steps to avoid failure
- ✓ Monitor progress regularly and review your strategies to ensure better job
- ✓ Do not get disheartened for any reason at any stage. It was your program; you had taken the initiative, so, you must succeed
- ✓ Give honest feedback to seniors so that they appreciate your efforts and give support for expansion of the program or they take over the responsibility to carry it to the Next Level
- ✓ Celebrate wins with people in the inner circle; this will motivate them for future performances with you.

Level IV

By observing the above, I had been able to activate, launch and promote Computer Assisted Audit Program in 49 Central Excise and Service Tax Commissionerates in 2008 though it was not my mandate. The project had been in dormancy nearly a decade and needed a different approach. And once a strong foundation had been laid; after my departure in April, 2009, program has been launched all over the country in more than 100 Commissionerates largely following the strategies mentioned herein above. Having seen the benefits of program, trainers and program are in great demand to strengthen the auditing of manufacturers and service providers' records. However achieving the Next Level with optimum gains would need continuous focus on people, HR policies, technology and legal and auditing skills from top and senior management in field. The biggest gain to department has been grooming of some officers who are proving great assets for carrying this program from one level to the Next Level. They move away from their place of posting and away from their families to distant locations for over a fortnight. They need to be cheered, taken care of because success to achieve excellence comprehensively depends upon their morale and their attitude.

And remember, you can show the way when you are not the boss; only if:

- ✓ You love your organization;
- ✓ You place the organization above everything;
- ✓ You do't have any personal agenda;
- ✓ You enjoy credibility in your organization;
- ✓ You have no ego;
- ✓ You do not feel shy to learn new things from others, may be they are juniors;
- ✓ You do not feel jealous;
- ✓ You like giving importance to others;
- ✓ You lead from centre;
- ✓ You are calm but capable of pushing others into action through the process of guidance and motivation; and you need to follow following verse of chapter 3 of the Gita spoken by Lord Krisna to Parth:

"**Therefore do your duty without any attachment to the fruits of your work, for only by acting without attachment, you will be able to realise the God.**"

And believe me; you will not be devoid of recognition. Your sacrifice will not go waste. This is what is conveyed in Chapter 3.11 of the Gita:

"**Your sacrifice will satisfy the gods. The gods in turn will satisfy your needs.**
The mutual arrangement will get you the greatest good." ■

Circular No 01/ 2012-Customs

F.No.401/46/2008-Cus.III
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

North Block, Room No. 253-A,
New Delhi, the 5thJanuary 2012.

To,
All Chief Commissioners of Customs / Customs (Prev.).
All Chief Commissioners of Customs & Central Excise.
All Commissioners of Customs / Customs (Prev.).
All Commissioners of Customs & Central Excise.

Subject: Refund of 4% Additional Duty of Customs (4% CVD) in terms of Notification No. 102/2007-Customs dated 14.09.2001-regarding.

Sir / Madam,

Your kind attention is invited to the Circular No. 18/2010-Customs dated 8th July, 2010), vide which Board has simplified procedure for sanction of refund of 4% SAD in case of ACP importers. Vide Para 4.1 (d) of the Circular No.18/2010-Customs, dated 08.07.2010 it was provided that the amount of 4% CVD refund shall be sanctioned in full, on preliminary scrutiny of the documents and certificate of statutory auditor/Chartered Accountant, for correlating the payment of ST/VAT on the imported goods with the invoices of sale and also to the effect that the burden of 4% CVD has not been passed on by the importer to the buyer. However, as Para 6 of the said Circular only Charted Accountant can issue a certificate that incidence of burden of 4% CVD has not been passed on by the importer to the buyer.

2. Representations have been received in the Board for amending Para 6 of the said Circular to make it in consonance to Para 4.1 (d) ibid to enable Cost Accountants to issue the Certificates as statutory auditors for the purpose of refund of 4% CVD.

3. The matter has been examined in the Board. Board noted that the Circular No.18/2010 - Customs dated 08.07.2010 disentitles Cost Accountants in regard to issue of requisite certificate though they may be statutory auditors of the importer. Board also observed that several States currently recognize Cost Accountants for purpose of VAT audit and it would be a hardship to trade already using statutory auditors/ Cost Accountants to get required certificate for amount of 4% refund from Chartered Accountants. Therefore, as a measure to facilitate the trade Board has approved the amendment of the Circular No.18/2010 Customs dated 08.07.2010 so as to authorize Statutory Auditors/ Cost Accountants/ Chartered Accountants to issue a certificate, certifying that burden of 4% CVD has not been passed on by the importers to any other person.

4. Accordingly, para 4.1(d) and Para 6 of Board Circular No.18/2011-Customs, dated 08.07.2010, stands modified to above extent.

5. Suitable Public Notices or standing orders may be issued to guide the trade / industry and officers.

(Vikas)

Under Secretary (Customs-III/VI)

CHAPTER NEWS

NAVI MUMBAI

Report on the "Impact of IFRS on Direct Taxes" organized by the Navi Mumbai Chapter of Cost Accountants on Sunday, the 18th December 2011

MrPratyush Chattopadhyay, Chairman of the Professional Development Committee of the Chapter, welcomed the speaker, Mr. Sreekumar Chirackal, Head of Taxes, Ambuja Cements Ltd., and the audience.

The discussion was divided into two parts. First part was related to overall idea about IFRS and the second part was impact of IFRS on various provisions of Direct Tax. The speaker nicely explained the impacts of IFRS on different provisions of the Income TAX Act as well as on the proposed Direct Tax Code. He also explained in detail about the grey areas and different challenges to be faced by the Tax Professionals after implementation of IFRS. The question answer session was very interesting. Senior members of differentIndustries as well as the practicing members made the program lively, interactive through different thought provocative questions and discussions.

The program ended with a vote of thanks given to the speaker by Mr. Amitava Sur, member of the Professional Development Committee.

PIMPRI-CHINCHWAD-AKURDI

Practical approach towards recent Changes in Cost Accounting Record rules & Cost Audit

Pimpri-Chinchwad-Akurdi Chapter of Cost Accountants (PCACCA) has organized one day seminar on "Practical approach towards recent Changes in Cost Accounting Record rules & Cost Audit" at Auto Cluster, Chinchwad, Pune 411 019 on 17th December 2011. The seminar was inaugurated by Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs, CMA. M. Gopalakrishnan, President ICWAI and CMA. Rakesh Singh, Vice President ICWAI, CMA. Kunal Banerjee, Past President ICWAI, CMA. Brij Mohan Sharma, Past President ICWAI, CMA. Laxman Pawar, Chairman PCACCA, CMA. Ashish Deshmukh, Vice Chairman PCACCA.

Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs was felicitated by CMA. Brij Mohan Sharma, Past President with puneri pagree , CMA. M. Gopalakrishnan, President ICWAI was felicitated by CMA. Laxman Pawar, Chairman PCACCA with puneri pagree, CMA. Rakesh Singh, Vice President ICWAI was felicitated by CMA Ashish Deshmukh, Vice Chairman PCACCA with puneri pagree.

CMA. Laxman Pawar, Chairman PCACCA in his welcome speech deliberated on the chapter activities and need for organizing such seminar and committed to organize such seminars in near future for the benefit of Members and industry. In recent times Ministry of Corporate affairs has issued number of orders & notifications in respect of Cost Audit and Cost Accounting Record rules. PCACCA organized a seminar in order to understand the intentions of the Government behind these provisions and responsibilities of Professionals & Industry. Number of ICWAI members, Industry delegates and students form Pimpri-Chinchwad, Pune, Navi Mumbai, Thane and Aurangabad attended the seminar. Mr. B.B. Goyal emphasized in his inaugural address on latest changes in respect of Cost Audit and Cost Record rules. He explained various issues prevailing amongst Professionals and Industry for applicability and implementation of these Provisions.

CMA M Gopalakrishnan, President ICWAI talked about problem in economy and Industrial growth, future plan of the Institute. He further elaborated upon the need of better understanding between Institute and Industry. CMA. M. Gopalakrishnan, President ICWAI also addressed Press Conference at auto Cluster. He expressed his views about change of Institute's name, contribution of ICWAI to nation and slows down in the economic environment. He explained that Cost accountant has very vital role during slow down because industry can't sustain without effective utilization of scare resources.

During the technical session speakers explained in detail various provisions under The Companies (Cost Audit Report) Rules, 2011, The Companies (Cost Accounting Record) Rules, 2011 with special focus on Cost Accounting Standards, Generally Accepted Cost Accounting Principles, interpretation of the newly issued Cost Record Rules and the Cost Audit Report Rules. CMA Rakesh Singh, Vice President ICWAI explained about Generally Accepted Cost Accounting Principle and Guidance Note on Cost Accounting Standards. India is first country to issue such guidance note on Cost Accounting Standards.

CMA Kunal Banerjee, Past President ICWAI explained Recent Provisions, Circulars, Notifications on Cost Audit and Record Rules, Maintenance of Cost Records and Compliance Report. This session was chaired by Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs CMA V C Kothari, Past CCM ICWAI, presented in detail about the provisions relating to appointment of Cost Auditor with reference to recent circulars.

CMA. Sudhir Jog, practicing Cost Accountant explained about Cost Audit Form I and Form II. CMA. Kailas Sankhlecha, practicing Cost Accountant explained about Practical approach to Cost Audit Programme, Process and Form III. This session was chaired by CMA. Brij Mohan Sharma, Past President.

The last session was Panel Discussion, where queries of the delegates were addressed by Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs, CMA M. Gopalakrishnan, President ICWAI, CMA Rakesh Singh, Vice President ICWAI, CMA Kunal Banerjee, Past President ICWAI, CMA B. M. Sharma, Past President ICWAI, and other experts. The programme was well co-ordinated by CMA Pradeep Deshpande, CMA Dhananjaykumar Vastayan, CMA Bappa Majumdar, CMA Mahindra Bhombe, CMA F X Nelson, Managing Committee Members of PCACCA.

The seminar was concluded with Vote of thanks by CMA Jayant Hampiholi, Chairman - PD Committee (PCACCA). More than 125 delegates attended the seminar.

Glimpses from "Regional Cost Conference-2011"

23rd and 24th December 2011

CMA Amit Apte, CCM, ICWAI

CMA V. S. Datey

CMA R. N. Bhave

Chapter Meet in progress

Chapter's Meet was held on 23rd December, 2011 in Indore. Representatives from chapters across the region attended the Chapter's Meet. CMA Vijay Joshi, Chairman-WIRC chaired the Chapter's Meet. CMA Shrenik Shah, Vice Chairman-WIRC, CMA Ashish Thatte, Secretary - WIRC, CMA Neeraj Joshi, Chairman - Students, Members and Chapters Co-ordination Committee of WIRC shared the dais as representatives of WIRC. CMA Sanjay Bhargave, CCM-ICWAI and CMA Amit Apte, CCM-ICWAI represented Head Quarters in the Chapter's Meet.

Chapter's Meet was kicked-off by extending a worm welcome to all the Chapter Representatives by CMA Ashish Thatte. CMA Vijay Joshi explained the activities undertaken by WIRC since the beginning of the new term. He then declared the meet to be an open house for discussion. Many chapter representatives expressed concern over the Name Change issue of ICWAI. CMA Sanjay Bhargave appraised members of the latest developments on this front. Chapter Representatives inquired about the mandatory practical training scheme for ICWAI Final Students. CMA Amit Apte explained the scheme in detail. Many questions were raised about the modified training scheme announced by ICWAI. CMA Neeraj Joshi explained that WIRC has requested Head Quarters (HQ) to have a joint meeting of all the region and Chapter representatives to discuss concerns and queries and WIRC is awaiting response from HQ. He further explained that WIRC has also expressed concerns over the new Placement Scheme communicated by HQ and has requested HQ to have a joint meeting with representatives for regions to discuss the same for better coordination. CMA Neeraj Joshi appealed to all the Chapter Representatives to give their queries, concerns and suggestion on both these schemes to WIRC in writing so that the same can be compiled and communicated to HQ. Chapter's Meet ended with CMA Shrenik Shah expressing vote of thanks.

Report on CEP

On 10th December 2011, WIRC organized a CEP on "Foreign Direct Investments & Related Party Transactions - Reporting under Cost Audit Report Rules, 2011" at Students & Members Facilitation Centre at Thane. CS A. Sekar was the faculty for the programme. CMA Aditya Umarji, Member, Editorial Board was present on the occasion.

Large number of members attended the programme.

Continuing Education Programme

Date	:	**Saturday, 28th January 2012**
Time	:	**3.00 p.m. to 6.00 p.m**
Venue	:	**WIRC Hall, Rohit Chambers, Mumbai 400 001.**
Fees	:	**Rs. 100/-**

(2 CEP Credit Hours will be provided)

For Registration: E-mail: seminar@icwai-wirc.org

Please check WIRC Website for details

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Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs inaugurating seminar by lighting of Lamp on "Practical approach towards recent Changes in Cost Accounting Record rules & Cost Audit" organized by Pimpri-Chinchwad-Akurdi Chapter of Cost Accountants (PCACCA) at Auto Cluster, Chinchwad, Pune on 17-Dec-2011. Also seen L to R: CMA. Rakesh Singh, Vice President ICWAI, CMA. M. Gopalakrishnan, President ICWAI, CMA. Kunal Banerjee, Past President ICWAI, CMA. Laxman Pawar, Chairman PCACCA, CMA. Brij Mohan Sharma, Past President ICWAI, CMA. Ashish Deshmukh, Vice Chairman PCACCA.

Mr. B. B. Goyal, Advisor (Cost) Ministry of Corporate affairs addressing the participants at the seminar organised by Pimpri-Chinchwad-Akurdi Chapter of Cost Accountants

.... Chairman's Communique contd. from page 1

Pimpri-Chinchwad-Akurdi Chapter, Nagpur Chapter and South Surat Chapter of Cost Accountants have arranged the programs and addressed the subject of professional interest successfully.

"The more people feel appreciated for their efforts, the more committed they'll be", I would like to congratulate Secretary WIRC CMA Ashish Thatte, CMA Shrikant Jadhav and Dy. Director Admn. WIRC Mr. K. P. Unnikrishnan for their inspiring and untiring efforts to make the dream come true. Inauguration of 'Students, Members Facilitation Centre' at (St. Francis Institute of Management and Research, S.V.P. Road) Borivli, was on Sunday, the 8th January 2012. Recognizing the need of members and students and to insure better services, WIRC is also planning to start few more SMF Centres in the region.

I am also thankful to Central Council, that in quick response to the application recommended by WIRC, Central Council granted approval to constitute Vapi-Daman-Silvassa Chapter of Cost Accountants in the western region. I wish hearty congratulations to members and students of new chapter for their remarkable achievement and wish every success in their endeavours.

Wishing you "Happy Pongal & Happy Makar Sankranti"

With Warm Regards,
CMA Vijay P. Joshi

ICWAI-WIRC – SMF CENTRE - WESTERN SUBURBS

Students & Members Facilitation Centre at Borivali
C/o. St. Francis Institute of Management & Research,
Mt. Poinsur, S.V. P. Road,
Borivali (West), MUMBAI 400 103.

NEW CHAPTER

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