

# CAPTURE



ERNAKULAM BRANCH OF SOUTHERN INDIA CHARTERED  
ACCOUNTANTS STUDENT'S ASSOCIATION(SICASA)  
OF  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



Newsletter – August 2018

August Edition

# Chairman's message

Dear Young Friends,

It gives me immense pleasure to address you with a remark, "we have risen like a Phoenix". The festive month of August, was to be filled with celebrations and festivities of Onam, but turned out to be something we can never forget, our beautiful state was ravished by the rains and flood. The damages caused by the floods were Colossal, however it gives me a lot of pride to state that we have endured, we have survived and we have risen. The state of Kerala stood together as one to face the hardships. All of us from students to members stood supporting our brothers and sisters effected, cast nor religion nor creed nor social status nor language came in the way. We stood shoulder to shoulder like brothers and sisters of the same mother, supporting each other. All of us set aside our festivities and joined the relief work, a lot many of us contributed a substantial portion of our savings, be it in kind, money or time. For the Sicasa Ernakulam August was to be filled with cultural activities and festivities related activities of Onam. However we had to cancel all our Onam programmes and had plunge into relief activities.

The Ernakulam branch of SIRC & SICASA had taken the initiative of collecting a Flood relief fund to support the fellow citizens who were badly affected by the heavy rains and landslides in the second week of August 2018. The amount contributed by the members and students were utilized to support the flood victims by way of food, medicines, hygiene kits, Bed Sheets, Towels, Toothpaste, Toothbrush, soaps, lungies, nighties, under garments and other essentials etc. in various flood relief camps in and around Ernakulam. The committee members had also visited various relief camps including Higher Secondary School, North Paravur, St. Michaels School, Chembumukku, St. Peter's School, Vaduthala, St. Antony's School, Vaduthala, Govt LP School, Padivattom, St. Alberts College, Ernakulam, Government Medical college, Kalamassery, Chinmayavidyaapeet, Ernakulam, Don Bosco School, Palarivattom etc.

The SICASA Ernakulam had conducted a one day seminar on tax audit which received overwhelming response from the students, chief guest for the seminar was Mr. C.B. Suresh Kumar, IRS, Deputy Director of Income Tax, (Intelligence & Criminal Investigation). SICASA Ernakulam had also conducted its cultural festival ENCORE 2018 on 05th August 2018. We had malayalam cine actress Suja Karthik as the Chief Guest. The event turned out to be a success with the huge participation of our students, I thank all the students who supported us and would also thank the entire SICASA Committee for their hardwork and efforts. I wish to congratulate all the participants and the winners of ENCORE 2018.

I am thankful to my students for your support, not just for SICASA activities but also for the relief activities that they have individually undertook and pray that the almighty gives us the strength to rebuild our state to its full glory at the earliest. Jai Hind.

Regards

Chairman, SICASA

# Secretary's Report

Dear Friends,

The departing month August is mix bag of so many emotions and ups and downs. A month which all the Keralites will remember for a long time for both good as well as worse. Of course, the talking point is the "Kerala Floods".

It was the worst natural calamity the state has experienced in the living memory. More than 300 people are feared dead and lakhs of others have been displaced, living in relief camps, not know how and when they will return to their houses to lead a 'normal life'. The losses suffered by the state in terms of agriculture produce, infrastructure, tourism and others will run into billions and will take the state at least a good few years to recover.

Baring this in mind, we the SICASA has decided to theme this edition of our newsletter as "United We Stood together on the land". This edition is specifically dedicated to all those people who are affected by the flood disasters.

Indeed, it was a pleasure seeing how a united Kerala overcame the worst flood in a century. There are so many hero's and heroics like celebrities, the fishermen, the youth, the social media, the government etc. that came to the rescue of Kerala. Each and every one will be remembered for all their hard works and efforts.

During the havoc many CA students as well as SICASA members including myself participated and volunteered in relief activities, even many of our senior members were also active participants in relief activities. In this moment I would like to congratulate each and every one of who took part and contributed their bit in such a herculean task.

During the previous month SICASA had some activities in the first half. The much-awaited cultural competition Encore was conducted on August 5th and was a great success in terms of the number of students turned up and the participation. We received record number of participations for most of the events that on card. We also conducted two study circles and a one-day seminar on Tax audit. The academic programs were well attended by the students.

The coming month is a very crucial one for the CA students as we go deeper into the Tax Audit Season. Its also a month of new beginning for our motherland. Hope that everyone will stay united for the rise and shine of our motherland. Also wishing you guys a great professional tax audit season ahead.

Sarath MR  
Secretary

# Editor's message

The month of August had witnessed various incidents which we never ever expected to happen. We witnessed a calamity. Flooding has happened in many parts of Kerala. However troublesome the situation was and how painful the period was, yet we Keralites had a positive spirit that we will overcome, we will survive. I strongly believe it was this positive spirit that kept us moving forward. Unity and humanity the two great qualities that one should possess. It was indeed in this August that all Malayalis turned into one group "the survivors". We stood together and faced it. On this August edition we focus on the topic "United we stand together on the land". We also have a technical article on ICDS Prepared by Neeraj C.

Happy Reading

Editor

Namitha Joseph

## IMPORTANT ANNOUNCEMENT

**Extension of the last date for submission of examination application forms in respect of CA exams to be held in November 2018, for candidates in Kerala only**  
In view of the heavy rains/floods and disruption of normal life in Kerala and the consequent hardships caused to students, the last date for submission of exam application forms for appearing in the CA exams to be held in the month of November 2018 **for candidates residing in the state of Kerala stands extended upto 8th September, 2018.**

**In other words, the last date for submission of exam forms by candidates residing in Kerala will be 8th September 2018.**

Accordingly, candidates residing in Kerala can submit their exam applications forms for November 2018 CA exams, on-line at <http://icaiaexam.icaai.org> and also pay the exam fee on-line, upto 8th September 2018 **without payment of any late fee.**

It is clarified that this extension of time for submission of exam forms in respect of November 2018 CA exams is applicable only to the candidates residing in Kerala and is not applicable to other candidates.

For all other candidates, the last date for submission of exam forms in respect of November 2018 CA exams, shall remain unchanged, as already announced, i.e. 27th August 2018 without late fee and 4th September 2018 with late fee.

Candidates whose address on the records of the Institute is in the state of Kerala, will be treated as those residing in Kerala, for the purpose of this extension.

Candidates residing in Kerala may take note of the above and act accordingly.

**Joint Secretary (Exams)**

# ICDS VI TO X

Prepared by  
Neeraj .C  
SRO0606535

The Indian economy has been several financial reforms including the so called greatest indirect tax reform, The Goods and Service tax. We, as to be chartered Accountants, is responsible for helping our clients and the society as a whole, to comply with the new laws that pop up time to time.

ICDS is an Income Computation Standard (brought in to standardize the tax computation of persons having the same income but paying different amount of tax because of difference in accounting policies and difference in treatment of certain items.)

The Indian accounting system has always followed the conservative method of accounting, ie, to recognize all expenses that are probable and not to recognize revenue till it is certain. So there has always been a conflict among the provisions of Income tax act and the accounting principles generally followed. This is also supported by our accounting standards.

## ICDS 6

This ICDS deals with the treatment of transactions in foreign currencies, translating the financial statements of foreign operations, and treatment of foreign currency transactions in the nature of forward exchange contracts.

In AS-11, foreign operation is divided into integral and non integral. But in ICDS-6, there is no such effective division and the meaning of a foreign operation is restricted just to a foreign branch, not covering foreign subsidiaries, JV and associates (as these would be treated like a separate assessee.)

This ICDS requires exchange differences arising on settlement of monetary items or conversion thereof at the last day of the previous year to be recognized as income or expense in that previous year

## ICDS-7

As per AS-12, govt grant is to be recognized when there is reasonable assurance that the conditions attached to it are expected to be fulfilled. ICDS also lays down the same conditions for revenue recognition with a rider that the recognition of revenue should not be postponed beyond the date of receipt, even if the conditions are not met.

As per AS-12, Grants related to depreciable fixed assets can either be reduced from cost of asset or charged to P/L in proportion to depreciation. But As per ICDS, Grants related to depreciable fixed assets should be reduced from cost/WDV of the block of the asset to which the concerned asset belongs to Grant in respect of Non depreciable fixed asset AS-12 Grant to be credited to capital reserve. ICDS-7 Grant is to be recognized as income over the period over which cost of meeting such obligation is charged to income. In brief, As per ICDS, all govt grants expect that related to depreciable fixed assets have to be recognized as Income upfront or over the period necessary to match them with related cost which they are intended to compensate.

## ICDS-8 Securities

ICDS-8 deals only with securities held as stock in trade. While AS-13 prescribes valuation of current investments at Cost/market price whichever is lower, ICDS prescribes valuation of listed securities at lower of cost or NRV and unlisted securities at actual cost. The comparison between cost and NRV should be done category-wise instead of doing individually as prescribed in AS

## ICDS-9 Borrowing Costs

Deals with the treatment of borrowing costs, but does not include the actual/imputed cost of owner's equity and preference share capital. The first difference with AS-16 and IND AS-23 is that unlike in both the accounting standards, in order to qualify as a capital asset, the asset should take a substantial period of time to get ready for its intended use. But in ICDS-9, the time factor is not a concern. ICDS-9 specifically defines Qualifying assets as

"Qualifying asset" means:

- (i) land, building, machinery, plant or furniture, being tangible assets;
- (ii) know-how, patents, copyrights, trade marks, licenses, franchises or any other business or commercial rights of similar nature, being intangible assets;
- (iii) inventories that require a period of twelve months or more to bring them to a saleable condition.

Only in the case of inventory, there is a time factor of 12 months in order to be called a qualifying asset.

## Commencement of capitalization

As per AS-16, capitalization can be commenced on fulfillment of three conditions.

- Incurrence of capital expenditure
- Incurrence of borrowing costs
- Preparatory activities are in progress

On the other hand, ICDS-9 states that

With regard to specific borrowings, date on which funds were borrowed.

With regard to General borrowings, date on which funds were utilized.

## ICDS X

### **Provisions, contingent liabilities and contingent assets**

This ICDS deals with provisions, contingent liabilities and contingent assets except for provisions, contingent liabilities and contingent assets

-Resulting from financial instruments

Resulting from executor contracts

Arising in insurance business from contracts with policyholders

### Covered by other ICDS

Does not deal with revenue recognition covered by ICDS 4

The main recognition provision is similar to that contained in AS 29. While AS 29 requires that it is probable that an outflow of resources would be required to settle the obligation, ICDS uses the terminology 'probable event' with reasonable certainty. In substance, the meaning of both the terminology would be same. Ind AS 37, which has similar recognition provision, also requires that it is probable that an outflow of resources is required. However, under Ind AS 37, the present obligation could be legal or constructive.

Paragraph 8 significantly differs from the corresponding provisions contained in paragraph 21 of AS 29 and paragraph 22 of Ind AS 37. While the two Accounting Standards require that it should be virtually certain that the new law will be enacted for an obligation to arise, ICDS X requires that the law should be enacted for an obligation to arise.

With regard to contingent assets and contingent liabilities, the ICDS says that a person shall not recognize a contingent liability or a contingent asset.

So, to sum up, ICDS is not something that is intended to burden the taxpayers, but it is a tool to avoid litigations, bring consistency in tax computations and to make things easier.

# United we stand Together on the land

It was worst Flooding that happened in Kerala in nearly a century .The unusually high rainfall received during the monsoon season had lead to such a flooding. As the water level in the dams started increasing, the authorities were forced o release water from several of states 44 dams .Water moved out from these dams to various parts of Kerala causing Flood. Red Alert declared in all states of Kerala. People got shifted from their home to relief camp from many low lying areas. But the actual scenario changed when authorities were not able to judge to the extent of areas were flooding is likely to occur, thus as result only few families got shifted into relief camps and remaining got stuck in their home. communication were no be able to reach them due to lack of electricity and network issues. People stuck in their houses consist of aged people, infant babies, pregnant women without sufficient amount of food and other necessities.

Time had plunged towards rescue operations .Indian Navy had came forward for recue operations but that wasn't enough .The arrival of fisherman with their boats was a great relief .Every faces had only one thought ,every minds echoed one voice "RESCUE". People from various parts sent many food stuffs, clothing and other necessities to the relief camps. No one cared for their money ,all generously spent their earnings , in order to make their fellow beings survived. Almost all had made available themselves and their boats to the affected areas .When people were scared to enter the boat ,it was people who bend themselves down in order to arrange ease of entry into boat. Such unity is to be termed as truly Divine. Humanity was found every where .Love ,care was found amongst all of us. People were rescued through airlifts as well. Every heart beats increased when Navy undertook the airlifting of a pregnant women. Every Prayers went well and she was safely rescued.

Through effective coordination ,we were able to rescue all of them .Even the social media also played there role well, that the entire entertainment area turned out to be a control room .Every one were spreading information through social media .Even after people got shifted to relief camps, there were no scarcity of food and other essentials as people from all over the world had sent many of the things to the camps

It could strongly be stated that we were able to survive only because  
"UNITED WE STOOD TOGETHER ON THE LAND"

# Memories to look back on...

## ONE DAY SEMINAR ON TAX AUDIT



### STUDY CIRCLES MEETINGS



# Encore – CA Students Cultural Fest





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