

ERNAKULAM BRANCH OF SICASA

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

E-NEWSLETTER.



IGNOTE

Aspired minds, Inspire.

AUGUST 2017 EDITION

CHAIRMAN'S MESSAGE



Dear Young Friends,

There are two kinds of people in the world. Those who make excuses and those who set results. An excuse person will find any excuse for why a job was not done and a results person will find any reason why it can be done. You may be either an excuse person or a results person. We will always have different reasons when we are late, not getting the job done or not keeping the promise we make. The reasons may be "Traffic", Got an urgent phone call", "had an urgent work" and on and on. Many of these situations may have actually occurred but none of them accounted for the real reason. Our tardiness was the result of our choice, not external conditions and our intentions will be manifest by the results we create. If you are going to do something, own it. If you are going to not do something, own it. Be a creator, not a reactor.

It has been one month since the roll out of the land mark tax reform GST. Industry, business, trade, professionals and the public at large are slowly grappling with the realities and implications of GST in their activities. It is highly premature to make any assessment now on the impact of GST in the economy or how it affects the common man and business. However, it is our bounden duty, being professionals, to dispel any negative messages and ensure a smooth implementation of GST by dissemination of correct information and by supporting, advising and educating the trade, business and society at large.

On activity front, the month of August was very hectic with various academic and other activities. We had one day seminar on Tax Audit, One Day Joint Seminar on GST with Cochin University of Science and Technology, Half Day Seminar on GST at Bharatha Matha College, Thrikkakara, Study Circle Meetings, Honouring the winners of CPT, IPCC & PCC Exams, Onam Celebrations etc. well attended and appreciated by the participants.

Friends, we celebrate two important festivals, Eid and Onam in the first week of September. Eid and Onam bring to us the message of peace, happiness, prosperity, love and brotherhood. Let the happiness and joy that these festival bring to us prevail throughout the coming days.

Wish you all a very Happy Eid and ONAM.

With warm regards and love.

CA Roy Varghese

Chairman, SICASA Ernakulam Branch

SECRETARY'S REPORT



Hello everyone,

Onam is not just a festival to cherish, but a moment to reincarnate a past of prosperity and goodness. At the onset I would like to wish the members of the student fraternity a happy and prosperous Onam. The Tax Audit seminar conducted on 8th August, 2017 was a grand success. On behalf of the committee I'd like to thank the students who were part of the seminar. We have also conducted two study circles on during the month of August. Onam is a festival of celebrations. Our Onam celebrations were held at ICAI Bhawan on 27th August, 2017. It was fun packed day filled with activities and games. We were joined by the students pursuing IPCC and CPT at the institute. Festivals like these give us the unique opportunity to socialize and get to know a side of others that we often overlook in hustle of our professional lives. With the due dates for both Tax Audit Report and GST returns being extended, we have planned to include a few more events during the month of September. We will be having a workshop, study circle meeting and an Industrial Visit during the month. We will also be conducting a One-Day and Half-Day seminar during the month. The details of the same will be communicated to you through email as well as the SICASA Ernakulam page on Facebook.

Regards,
Farzeen Fazal



EDITOR'S NOTE

Dear friends,

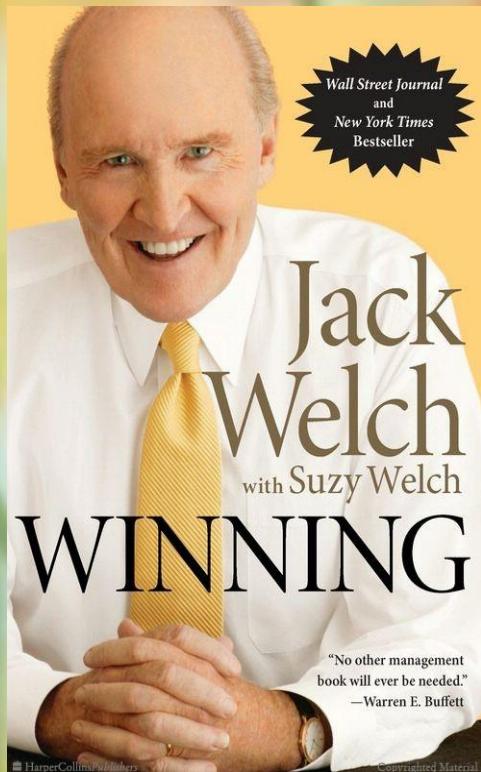
It's the time of the year with immense pressure for Chartered Accountants as well students as tax audit season is here. Also, August calls for that month of changes as being students, all results are out and it's time to make impacting decisions in our lives. Few are set to begin their articleship, while few are once again, all determined to try their luck. This edition has an article regarding standards on auditing. It was very exciting to see participation of students in Onam celebration as well as other programmes organized by SICASA. Do continue your support and participation. Wishing all of you, a prosperous and happy Onam and Eid.

Regards,
Sreelakshmy Menon

AT A GLANCE

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| 3) Photo Gallery..... | 13 |

THE BOOKWORM!



NAME OF THE BOOK: WINNING AUTHOR: JACK WELCH

Inspired by his audiences and their hunger for straightforward guidance, Welch has written both a philosophical and pragmatic book, which is destined to become the bible of business for generations to come. It clearly lays out the answers to the most difficult questions people face both on and off the job. Welch begins *Winning* with an introductory section called "Underneath It All," which describes his business philosophy. He explores the importance of values, candor, differentiation, and voice and dignity for all. Welch's optimistic, no excuses, get-it-done mind-set is riveting. Packed with personal anecdotes and written in Jack's distinctive no b.s. voice, *Winning* offers deep insights, original thinking, and solutions to nuts-and-bolts problems that will change the way people think about work.

STANDARDS ON AUDITING (REPORTING ASPECTS)

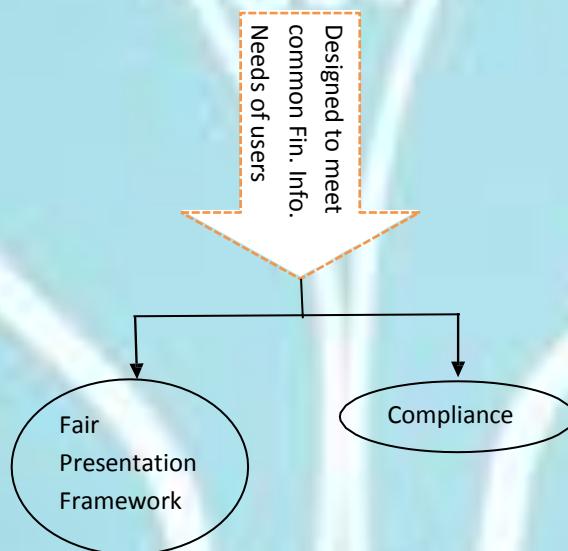
Audit report plays an instrumental role in the compliance aspects under a recommendatory application of SAs. Investor has held their sweat earnings in the companies and they want to make an informed decisions for future actions, and on the other side management/TCWG also want the opinion on Financial Statements having opinion of True and Fair View by the Auditor so these two sides of business environment requires proper reporting after having all compliance under Standards on Auditing. So let's read on to know more.....



Differential Basis	SA-700	SA-701	SA-705	SA-706
Objective	To form an opinion on Fin. St. based on an evaluation	To determine key audit matters and having	To express clearly an appropriately modified opinion on the financial statements that is	To draw user's attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication

of the conclusion s drawn from the audit evidence obtained. To express clearly that opinion through a written report.	informed an opinion on the financial statement s, communic ate those matters by describing them in the auditor' s report.	necessary when: (a) The auditor concludes, based on the audit evidence obtained that the Fin. St. as a whole are free from Mat. Misst or (b) The auditor is unable to obtain SAAE to conclude that the Fin. St. as a whole are free from Mat. Misst.	in the auditor's report to: (a) A matter, although appropriately presented or disclosed in the Fin. St., that is of such importance that it is fundamental to users' understanding of the Fin. St., or (b) As appropriate, any other matter that is relevant to user's understanding of the audit, the auditor's responsibilities or the auditor's report
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MEANING OF GENERAL PURPOSE FRAMEWORK



FORMING AN OPINION ON THE FINANCIAL STATEMENT

SA-700 requires that auditor shall form an opinion on whether the financial statements are prepared in all material respects in accordance with the applicable FRF.

To form this opinion, auditor needs to conclude as to whether he has obtained REASONABLE ASSURANCE that the financial statements as a whole are free from material

misstatements whether due to fraud or error. The conclusion shall take into account following:

(a) Auditor's conclusion	In accordance with SA-330, whether SAAE obtained.
(b) Auditor's conclusion	In accordance with SA-450, whether uncorrected misstatements are material, individually or in aggregate.
(c) Evaluation about	<ol style="list-style-type: none">1. First, preparation of financial statement in all material respects Second, consideration of qualitative aspects of the entity's accounting practices including Indicators of possible bias in management's judgements.2. Whether the requirements of the applicable FRF have been fulfilled such as disclosure of accounting policies, selection & application of accounting policies consistently, accounting estimate by management (reasonable), info presented in financial statement (relevant, reliable, comparable & understandable) and terminology used in Fin. St. .3. When the financial statements are prepared in accordance with a fair presentation framework, auditor is required to evaluate whether the financial statement achieve fair presentation by considering the following-<ul style="list-style-type: none">✓ Overall presentation, structure and content of the financial statement and✓ Whether the financial statement including related notes represent the underlying transactions and events in a manner that achieves fair presentation.4. Whether financial statement adequately refer to or describes the applicable FRF.

FORM OF OPINION

The auditor shall express an UNMODIFIED OPINION when the auditor concludes that the financial statements are prepared in all material respects in accordance with applicable FRF.

The auditor shall modify the opinion in the auditor's report in accordance with SA-705, if the auditor:

- **Concludes that based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement. Or**

- **Is unable to obtain SAAE to conclude that the financial statements as a whole are free from material misstatement.**

Nature of matter Giving Auditor's judgement about the pervasiveness of Rise to the Modification the effects or possible effects on the Fin. St.

	Material but not pervasive	Material & Pervasive
Financial Statements materially misstated	QUALIFIED OPINION	ADVERSE OPINION
Inability to obtain SAAE	QUALIFIED OPINION	DISCLAIMER OF OPINION

AUDITOR'S REPORT

"IT SHALL BE IN WRITING IN HARD COPY USING ELECTRONIC MEDIUM"

Audit Report by Auditor-Types

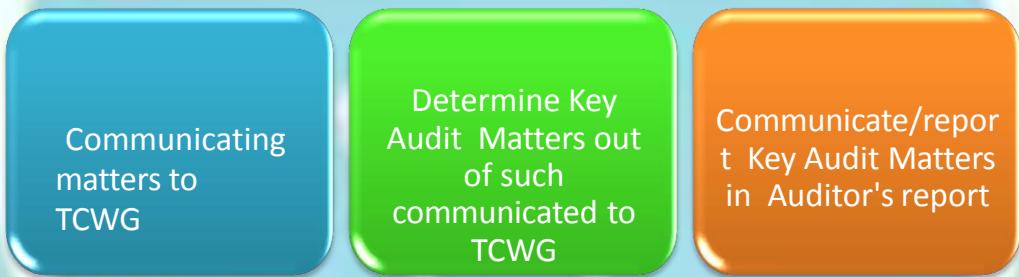


AUDITOR'S REPORT FOR AUDIT CONDUCTED IN ACCORDANCE WITH STANDARDS ON AUDITING

1	Title: "Independent Auditor's report"
2	Addressee: "to the shareholder of the company"
3	Auditor's Opinion: "opinion"
4	Basis for Opinion Heading: "Basis for Opinion"
5	Going Concern
6	Key Audit Matters
7	Management Responsibility for the Financial Statements Heading:

	"Responsibilities of Management for Financial Statement"
8	Auditor Responsibility Para Heading: "Auditor's Responsibility"
9	Other Reporting Responsibilities Sub-Heading: "Report on Other Legal & Regulatory Requirements"
10	Signature of the auditor
11	Place of signature
12	Date of Auditor's Report

REPORTING OF KEY AUDIT MATTERS UNDER SA-701



"Key Audit Matters: Those matters that in the auditor's professional judgement were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from the matters already communicated with TCWG."

- ❖ SA-701 applies to audits of complete sets of General Purpose Financial Statements of LISTED ENTITIES and circumstances when the auditor otherwise decides to communicate Key Audit Matters in the auditor's report.
- ❖ This also applies when the auditor is required by law or regulation to communicate key audit matters in the auditor's report.
- ❖ However, SA-705(R) prohibits the auditor from communicating key audit matters when the auditor disclaims an opinion on the financial statements unless such reporting is required by law or regulation.

EMPHASIS OF MATTER PARAGRAPH & OTHER MATTER PARAGRAPH

Emphasis of Matter Paragraphs and other matter paragraphs are originated from SA-706 which deals with ADDITIONAL COMMUNICATION in the auditor's report to-

1. EMPHASIS OF MATTER PARAGRAPH - Draw user's attention to a matter or matters presented or disclosed in the financial statements that are of **such importance that they are fundamental to users' understanding** of the financial statements; or
2. OTHER MATTER PARAGRAPH - Draw user's attention to a matter or matters presented or disclosed in the financial statements that are **relevant to users' understanding** of the audit, auditor's responsibilities or the auditor's report.

CONCLUDING THOUGHTS

Being as a CA student, I can conclude the topic in following points-

- ❖ Now the statutes provisions are very stringent about audit reporting under which regulators have monitoring role to get those implemented under Standards on Auditing which are followed by External Auditor of the entity.
- ❖ Fraud Reporting, IFC Audit reporting, CARO are also part of audit report.
- ❖ Communicating key audit matter is a latest significant improvement in reporting the significant matter which have made applicable w.e.f. 1st April, 2017.
- ❖ Last but not the least, ICAI plays a pivotal role in application and formulation of Standards on Auditing at grass-root level.

-KRISHNA PRIYA

NEW SCHEME OF EDUCATION

The role of a Chartered Accountant is evolving continually to assume newer responsibilities in a dynamic environment. In the given dynamic scenario, the potentiality of the Chartered Accountancy education system, to meet the diverse range of expectations of various stakeholders from the profession becomes the focal point.

The Institute of Chartered Accountants of India (ICAI) has formulated the Revised Scheme of Education and Training which is in sync with the requisites of the dynamic global business environment. In this scheme, the technical competence, professional skills, professional values, ethics and attitudes expected from a Chartered Accountant are being redefined and upgraded in order to gear up aspiring Chartered Accountants to take on new roles.

The Revised Scheme of Education and Training for CA course will come into effect from July 1, 2017.

The students, who are eligible to register in the CPT/IPCC/Final under the existing scheme, may register on or before June 30, 2017.

With effect from July 1, 2017, the registration in the CPT/IPCC/Final under the existing scheme will discontinue.

SCHOLARSHIP FOR CA STUDENTS

The Auditors association for Southern India, Coimbatore intends to award Scholarships to economically deserving candidates pursuing CA Course and serving as articled clerk in CA who are as on date member of the Auditors association of Southern India.

Those who are interested to avail scholarship shall apply along with a recommendatory letter, preference will be given to CA students taking coaching under programme of Coimbatore branch of ICAI.

Postponement of Test Paper Scheme - Eligibility to appear for final examinations (14-07-2017)

The students of Final Course may please note that the Eligibility Test Paper Scheme which was to be implemented for the Final Course students from November 2017 attempt, stands postponed to a later date. In other words, Final Course students will not be required to take any tests/exams, for being eligible to sit in the forthcoming November, 2017 examinations. Students are advised to continue with their preparation sincerely for the forthcoming examinations. The date and attempt from which the Eligibility Scheme will become applicable will be notified later and well in advance of the relevant examination.

TOLL-FREE NUMBER

Board of Studies is pleased to announce commencement of toll free helpline to answer CA Student's queries.

Number: 180012111330

Timing: 10 AM to 5.30 PM

UPCOMING EVENTS

- WORKSHOP ON CARO - 13TH SEPTEMBER 2017
- INDUSTRIAL VISIT - 16TH SEPTEMBER 2017
- WORKSHOP ON GST - 21ST SEPTEMBER 2017
- STUDY CIRCLE MEETING – 23RD SEPTEMBER, 2017

PHOTO GALLERY



ONE DAY JOINT SEMINAR WITH CUSAT ON GST



ONE DAY SEMINAR ON TAX AUDIT

