

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



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E-NEWSLETTER

JUNE 2019

Cover by Amrutha KSRO  
0409651

# What's in store...

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**A Scene to remember**

A recollection of some of the most iconic scenes from the silver screen.



# Chairperson's Message

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Dear Budding Talents!

June! Welcome to Kerala, Dear Monsoon! The relief of completing the CA examination, The tensions of upcoming programmes, the quantum of work to be completed for the CA Students conference being planned in July 2019, the much awaited budget of the Modi 2.0 Government....June ushered in mixed feelings amongst the CA fraternity including the SICASA.

The second half of June was an extremely active after the examinations. SICASA Ernakulam branch along with members celebrated the International Day of Yoga, enthusiastically heard CMA Dr Jagan Mohan, the SAFA President as he shared his views on Professional Accountancy – Emerging Opportunities & Challenges. Dr Jagan Mohan gave all the participants to express their views on Global warming and how Accountants can contribute towards controlling and reducing this. We had a one day seminar on GST Annual Returns which was inaugurated by none other than The Man of The Hour - CA. Rohin Koppuravuri, Assistant Director (Cost), Central Taxes & Central Excise, Audit Commissionerate, Kochi. He was kind enough to take questions from the students. The sessions were taken by the most sought after faculties – the 3 R's of Ernakulam – CA Rengarajan, CA Razee Moideen and CA Ravinath Pai.

What's student life without fun and frolic. We enjoyed the rains by playing indoor games like chess and caroms – The Intra branch competitions were well participated. We also did our bit to the society by distributing bags, note books and colour pencils to the lesser privileged students of Class I to III of Christ King convent EMLP school, Ponnurunni.

As we enter July – there's so much to be done. At office we have the Income Tax returns, the GST returns and at the Branch we have the two day CA Students Conference. "Patience, persistence and perspiration make an unbeatable combination for success". Lets make each activity we take up in the coming months an absolute mind blowing success ..... Best Wishes!!

**CA Deepa Varghese**

Chairperson, Ernakulam branch of SICASA of ICAI

# Secretary's Report

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Dear friends,

The month of June was active when exams got over . All pressures were gone and students were very active .

We celebrated International Yoga day with the members and the yoga session was very serene and all the members well participated.

The very well known and a magnificent personality CMA Jagan Mohan Rao, SAFA president visited the Ernakulam Branch of SICASA and shared his informative views on Professional Accountancy – Emerging Opportunities and Challenges.

Then we had a one day seminar on GST Annual Returns which was inaugurated by the honoured CA. Rohin Koppuravuri, Assistant Director (Cost), Central Taxes & Central Excise, Audit Commissionerate, Kochi. . The sessions were taken by the most efficient faculties – CA Rengarajan, CA Razee Moideen and CA Ravinath Pai.

Also we organised a blood donation camp and most of the members donated their blood and the camp was very successful.

And the next event was the one packed with lot of fun and sport which was none other then the Intra-Branch Indoor games competition – Carroms and Chess.

On the creative front, “Capture” , our very own photography contest saw the cameras working extra time to bring out that perfect picture.

I am happy with the team SICASA that every month is eventful which is because of creativity and great support of all the members as well as students. Hope it will continue in the following months....

**Jinu Baby**

Secretary, Ernakulam Branch of SICASA of ICAI.



# From the editor's desk...

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June was welcomed with the beautiful monsoon and the SICASA activities was too vibrant. After the exams we had some power packed activities, from celebrating the International day of yoga with the members.

Also there was a most informative and interactive class by CMA Jagan Mohan Rao, SAFA president on Professional Accountancy – Emerging opportunities and challenges. The participants of the session were given a chance to express their views on sustainable development and global warming and role of accountants regarding the matter.

A few days later GST Audit seminar was conducted which was inaugurated by the honoured - CA. Rohin Koppuravuri, Assistant Director (Cost). The sessions were taken by the most efficient faculties – CA Rengarajan, CA Razee Moideen and CA Ravinath Pai which helped a lot of students to clarify their doubts regarding GST Audit.

The June was not only informative but also enthusiastic with the indoor games intra branch competition – Chess and Carroms . The event was packed with a lot of fun and sport.

Also we lend our helping hands to the society by distributing bags, note books and colour pencils to the lesser privileged students of Class I to III of Christ King convent EMLP school, Ponnurunni.

We are much awaiting the CA students conference which will be held on 19<sup>th</sup> and 20<sup>th</sup> of July 2019 and hoping the event will be the most successful and the celebrated SICASA event for the year.

Unity is our strength , the SICASA army of Ernakulam Branch will make the future events more colourful and attractive.

**Jim Thomas**

Editor, Ernakulam Branch of SICASA of ICAI

## THE SICASA MONTHLY QUIZ- JUNE

Sports enthusiasts among CA students, Unite! The whole nation beats as one heart as Virat Kohli and team are all set to win in the rain-drenched grounds of England and Wales. Here is your chance of joining in all the fun as we present you the sports-themed June edition of the monthly quiz. Mail us your answers to [ekmsicasa@gmail.com](mailto:ekmsicasa@gmail.com) before the 20<sup>th</sup> of this month.

Congratulations to Mr. Sooraj S. Nair (SRO 0652656) for winning the May edition.

1. The 1936 film Olympia by Leni Riefenstahl is the only digital evidence of which legend playing and is therefore significant in the sporting history of India?
2. Which item of apparel was banned from cricket after South African Batsman Faf du Plessis was found tampering cricket balls with it?
3. Against which team does Spanish club Español play the Catalan Derby, accentuated due to the contradicting political outlooks of the two teams?
4. How would we better know the logo of a certain Karhu Sports back in the 1980's ? (Hint- they sold the logo to another sports brand)
5. Which game of sport was used to open the closed doors of diplomacy between the US and China, thus giving its name to the strategy of using Sports for international dialogue?

Answers in the next edition.

Answers to the May edition: 1.Rooh Afza 2. Detroit Pizza 3. Poppins 4. Sushi Bond 5. Bourbon

## Applicability of AS 15

AS 15 came into effect from 1st April 2006 and is applicable for Level – 1 enterprises. However, certain relaxation has been given to the Level – 1 enterprises, depending upon if they have employed 50 or more employees.

Level – 1 enterprises are those enterprises whose turnover for the last preceding financial year was more than Rs 50 Crores. This also includes any holding or subsidiary company of the same.

### Employee Benefits

For the purpose of AS 15, an employee is defined as an employee who may provide services to an entity on a full-time, part-time, permanent, casual or temporary basis. AS 15 also includes directors and other management personnel under the definition of employees.

The following can be considered for establishing an employee relationship:

- i. Employment Contracts
- ii. Individuals are considered employees for legal/tax/social security purposes
- iii. There is a huge amount of direction provided by the employer and the necessary tools have been provided by the employer
- iv. Services have to be performed at a location provided by an employer
  - Types of employee benefits
    - Short – term Benefits
    - Post employment benefits
    - Long – term benefits
    - Termination benefits

### Short-Term Benefits

Short-term benefits are those benefits which are payable within twelve (12) months after the end of the period in which the service was rendered. These expenses are accounted straightforward as no actuarial assumptions are required to measure the cost.

Short-term benefits are classified into 4 different categories:

- i. Regular period benefits (Eg: Salary, Wages etc)
- ii. Compensation of short-term absence (Ex: Sick leave, Annual leave, etc)
- iii. Bonus/Profit payable within 12 months from the end of the period in which employee rendered services
- iv. Non-Monetary Benefits (ex: Medical Insurance, Housing, etc)

The general criteria of the standard lays down that an enterprise should recognise as an expense (unless another AS permits a different treatment) the undiscounted amount of all short-term employee benefits attributable to services that been already served in the period and any difference between the number of expenses so recognized and cash payments made during the period should be treated as a liability or prepayment (asset) as appropriate.

### Post-Employment Benefits

The accounting treatment and disclosures for post-employment benefit plan rely upon whether it is a defined contribution or a defined benefit plan.

#### Defined Contribution Plans

These are the post-employment benefits in which an enterprise pays fixed contributions into a separate fund and will no obligations to pay any amount in future.

Under this plan, the actuarial and investment risk falls upon the employee as there might be a chance that the benefits will be less than expected or the assets will be insufficient to meet expected benefits.

#### Defined Benefits Plans

These are the post-employment benefits which are not covered by the defined contribution plans.

Under this plan, the actuarial and investment risk falls upon the employer and a very detailed actuarial calculation is performed to determine the charge.

### Long-Term Benefits

There are few other long-term benefits which an enterprise gives to its employees. Some of them are:

- i. Long-term paid leave such as sabbatical leave
- ii. Jubilee/Other long-term services
- iii. Long-term disability benefits
- iv. Profit/Bonus which is to be paid to the employee after 12 months for the period in which the service was rendered

## Termination Benefits

Termination benefits are those benefits which result in payable if it is an enterprise's decision to terminate an employee's employment or it is the decision of the employee to accept voluntary redundancy in exchange of the benefits Ex: Payments made under Voluntary Retirement Scheme (VRS).

Termination benefits have to be recognized by an enterprise as a liability or an asset only when a detailed formal plan for the termination is approved and a reliable estimate can be made of the obligation to be paid.

## Accounting Treatment

The accounting treatment for the employee benefits must be recognized in the balance sheet of the enterprise. The amount to be recognized as a defined benefit liability should be the net totals of the following amounts:

PARTICULARS	AMOUNT
Present value of defined benefit obligations	XXX
Less: Past service cost not yet recognized, if any	(XX)
Less: Fair value of plan assets	(XXX)
<b>Defined benefit liability/ (asset)</b>	<b>XXX/ (XXX)</b>

If the Fair Value of the plan assets is higher than the liability, then it gives rises to the Net Assets.

As per AS 15 in such a situation, the enterprise should measure the resulting asset at the lower of the amount so determined or the present value of any economic benefits available in the form of refunds from the plans or contributions

the fair value of plan assets is estimated; by discounting expected future cash flows

virtually certainty of part or full reimbursement by 3<sup>rd</sup> party to settle obligation

Balance Sheet- Present value of defined benefit - Fair value of asset

Balance Sheet – “Right to reimbursement” as a separate asset

As per ICAI "The standard identifies various components of defined employee costs:

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- a. Current service cost
- b. Interest Cost
- c. The expected return on any plan assets
- d. Actuarial gains and losses
- e. Past service cost
- f. Effects of any settlements or curtailments"

## Disclosures

If the enterprise is uncertain about the number of employees who will accept the number of termination benefits, then there will be a contingent liability. Such Contingent Liability must be disclosed as per the provisions of AS-29

If an enterprise has to disclose the information about termination benefits for key management personnel, then it has to be disclosed as per AS-18.

## Actuarial Assumptions and Treatment

An enterprise should consider the actuarial assumptions only if it is unbiased and mutually compatible. The actuarial assumptions have to treated as an enterprise's best estimate of the post-employment benefits. The calculation should be prudent and not too conservative.

As per the standard, the following actuarial assumptions should form part:

A. Demographic assumptions about the future of the current and former employees who are eligible for benefits. Such matters are:

- i. Employee Turnover Rate
- ii. Plan Members with dependents
- iii. Claim rates under the plan
- iv. Mortality

B. Financial Assumptions such as the discount rate, future salary, and benefits, expected rate of return on assets, medical benefits costs. It should be based on the market rate as on the date of the balance sheet.

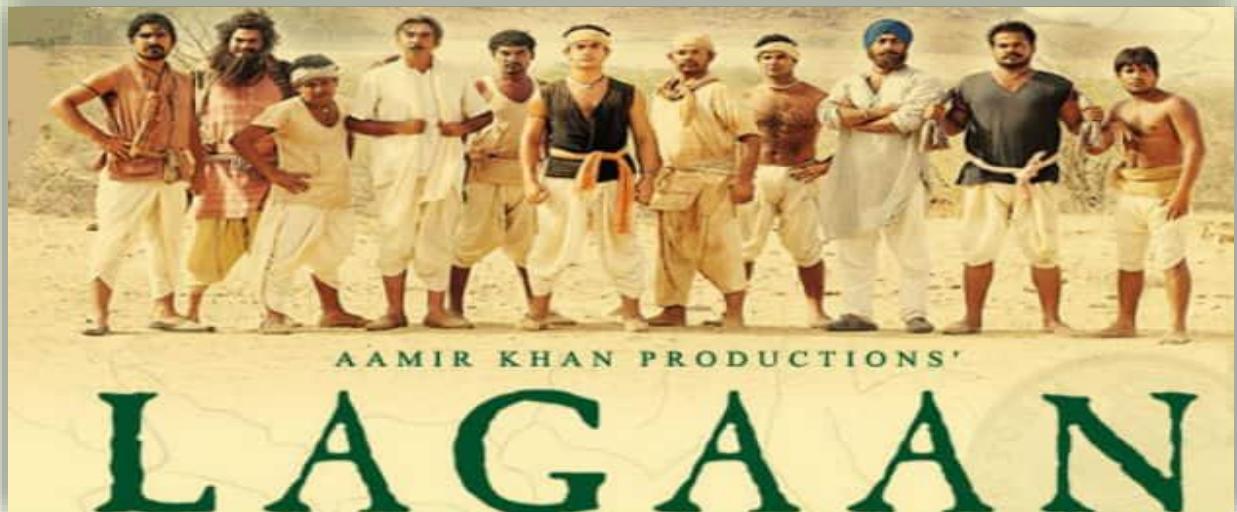
## Conclusion

Actuarial Gains and Losses comprises of the effects of the difference between the previous and actual actuarial assumptions or the changes in the assumptions. Actuarial Gains or Losses should be determined by profit or loss immediately as income or expense.

# A scene to remember..



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Period dramas have always attracted much furore as they present a piece of history retold with the slightest attention paid to the smallest of details. Some of the best movies ever released fall into the category, like 'titanic' and 'cleopatra'. Our nation also has works to be proud of, such as 'mughal-e-azam' and "mother india".

In this season, when the whole nation is gripped by the cricket frenzy, there couldn't be a film more apt than 'Lagaan' (2000) to showcase through 'a scene to remember'.

The choice is even more relevant as it tells the story of a 19<sup>th</sup> century Indian village that fights a cricket match with the colonialists to waive off their tax burdens. This masterpiece crafted by the artful hands of Ashutosh Gowariker and brought to life by Aamir Khan was a sort of a confluence of legends with A R Rahman's music, Amitabh Bachchan's narration, Asha Bhosle's voice and Anil Mehta's cinematography. It made into the last round of the academy award for best foreign movie, but lost out to *No man's land* from Bosnia.

*Lagaan* is set in the drought-troubled village of Champaner and was shot in Bhuj, Gujarat. Crop failures have added fuel to fire and on top of this is the regime of oppression by the british, an integral part of which is the high taxes levied on them.

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The villagers go up to their raja seeking relief, where they first witness a cricket match. They ridicule the game, much to the chagrin of Captain Russell, the commanding officer of the Champaner cantonment who challenges the villagers to a match- if they win, they needn't pay taxes for three years. However, they will have to pay three times their current taxes if they lose. In a spur-of-the-moment, Bhuvan, one of the villagers accept the wager and with the help of Elizabeth, Captain Russell's sister, trains a team fit to fight the colonialists. The movie chronicles the life-and-death situation that the villagers find themselves in.

One of the best scenes of the film is obviously the climax where the villagers need five runs to win off one ball. Bhuvan and the spinner Kachra, an untouchable, are batting. Kachra faces the last ball and manages to hit a single, which the umpire declares a no-ball. Bhuvan returns to bat and hits the ball high in the air towards the boundary. Russell runs backwards and catches it, believing that his team has won, until he realises that he has caught the ball on the boundary, giving six runs, and therefore victory, to Bhuvan's team. Even as they celebrate the victory, the drought ends as a rainstorm erupts. Bhuvan's defeat of the British team leads to the disbanding of the cantonment. In addition, Russell is forced to pay the taxes for the whole province and is transferred to Central Africa.

One of the biggest reasons behind Lagaan's critical acclaim is the way it transforms a mere game into a peaceful battle. It seems that the villagers are not just battling Captain Russell and team- they face the entire spirit of colonialism as well as their own fates. The movie also hints upon optimum utilisation of resources. ( ; )Another underlying theme put forward is determination and hope. Bhuvan could've given up when he found out that his own teammate was ratting him out; he could've called it a day when the villagers refused to play if Kachra was taken into the team; he could've capitulated when they needed five runs off one ball. And yet it is this undying hope that wins in the end and relieves the villagers of their burden.

You can watch the climax scene using the link  
<https://www.Youtube.Com/watch?V=g99krj2lfq4>

# Lens...

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Chronicling the SICASA events of June 2019



June 2019