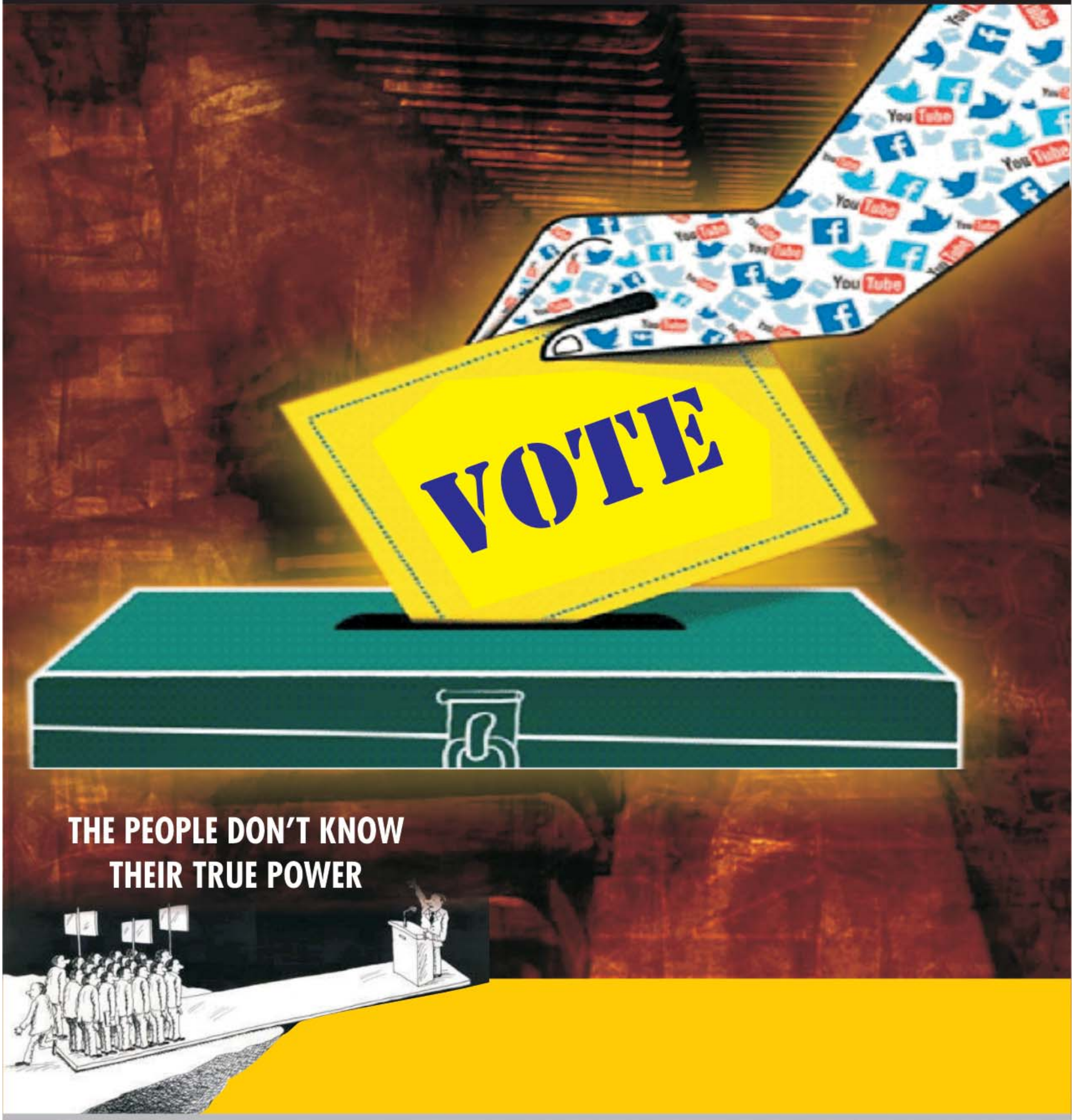
The Institute of Charactered Accountants of India

(Setup by an Act of Parliament)

SURAT BRANCH OF WESTERN INDIA CHARTERED ACCOUNTANTS STUDENTS ASSOCIATION (WICASA) OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



Students are requested to kindly send article / paper of interest to suratwicasa2012@gmail.com. The same may be published in the newsletter subject to availability of space&editing.

WICASA Chairman's Communication

Dear CA Students,

Greeting and welcome for the coming seasons.

Its always nice to communicate with our Young, energetic, smart, intelligent brigade of CA Students who have proved themselves by achieving the "Best Branch of Surat WICASA" Award from WIRC under able leadership of our Immediate Past Chairman CA Vijay Jagani and the Immediate past WICASA Chairman CA Hemant Jariwala. I must congratulate the whole team for achieving this Award.
Aristotle once said :

"The roots of education are bitter, but the fruits are sweet"
This can't be understood better by none other than our CA students. However, now exam fever is going on for our May/June CA Students, at this juncture, I must wish them all the bests for coming exam with a little quote :
" Luck chooses its recipients very carefully and it only comes to those who believe in themselves and are prepared to win. So be confident and don't let the stress of your exams getting into your mind. Good luck."

During the ensuing month, we have planned and arranged number of programs for our CA Students like Industrial visits, Mock Tests, Crash Courses, One Day Seminar, Career Counseling Program etc. I urge our students to take an active participation in the marvelous activities carried by the Surat Branch.

Dear Students, according to the Election Commission of India, the electoral population in 2014 is 81.45 crores, the largest in the world. However, we the youth has also the larger responsibility to Not Only Vote but Vote Intelligently. The CA students are spread over Surat city in every nook and corner, so we shall vote for better India as it is our nation.

With this small quote of Mahatma Gandhi, our Great Leader and Father of Nation, I conclude my message :
"Strength does not come from physical capacity. It comes from an indomitable will."
So, once again best of luck for coming exam.

CA Balkishan Agarwal
Chairman, Surat WICASA - 2014

Forthcoming Events

CAREER COUNSELING

Date : 29-4-14
Venue : Agarwal Vidhya Vihar School
Time : 9.00 to 11.00

ONE DAY SEMINAR

Date : 1-5-14
Topic : How to manage 3 hours of Exam ?
Speaker : CA Kalpit Khemka
Time : 5:00pm Onwards
Venue : ICAI BHAVAN
Fees: Rs. 50/-

CRASH COURSE

Topic: CA FINAL Information Technology
Speaker: CA Shweta Chorida
Date : 2-5-14 to 5-5-14
Time : 4:00pm to 7.00pm
Venue : ICAI BHAVAN
Fees: Rs. 50/-

CRASH COURSE

Topic: CPT CRASH COURSE
Speaker: CA. Niraj Shah & CA. Fulzar Gondalia
Date : 9-5-14 to 10-5-14
Time : 4:00pm to 7.00pm
Venue : ICAI BHAVAN
Fees: Rs. 50/-

ONE DAY SEMINAR

Date : 24-5-14
Topic : Project Finance (Loans & Subsidy)
Speaker : CA. Niraj Kumbhat
Time : 6:00pm to 8.30pm
Venue : ICAI BHAVAN
Fees: Rs.50/-

INDUSTRIAL VISIT

Date : 11-5-14
Venue : Donear Industries Ltd.
Sector : Textile
Fees: Rs. 100/-

STUDY MEET

Speaker: Abhishek Sarda & Dharmik Sodha
Date : 14-5-14 & 23-5-14
Time : 8:00am to 9:00am
Venue : ICAI BHAVAN

INDUSTRIAL VISIT

Date : 18-5-14
Venue : Adani Port
Sector : Port
Fees: Rs. 100/-

VOLLEYBALL TOURNAMENT

Date : 17-5-14 to 18-5-14
Time : 8.00am to 10.00am

MOCK TEST

CA CPT
Date :24-5-14
Time :10.00am to 12.00am & 1.00pm to 3.00pm
Venue :P.R KHATIWALA SCHOOL
Fees : Rs. 200/-

National Convention For CA. Students-2014

Date : 1-8-14 to 2-8-14
Venue : Covention Hall of South Gujarat
Veer Narmad University

The way to get started is to quit talking and begin doing

Worthy Torch Bearers of ICAI

CA. K. Raghu
President

CA. Manoj Fadnis
Vice President

Office Bearers of WIRC Year 2014 - 15

CA. Bhandari Anil
Chairman

CA. Shah Julfesh
Vice Chairman

CA. Shah Shruti
Secretary

CA. Kulkarni Girish
Treasurer

CA. Satyanarayan Mundra
WIRC WICASA Chairman

Managing Committee Members of Surat Branch

CA. Hemant Jariwala
Chairman

CA. Balkishan Agarwal
Vice Chairman

CA. Hardik V. Patel
Secretary

CA. Abhishek Mittal
Treasurer

CA. Vijay Jagani
Imm. Past Chairman

CA. Bhavin Hinger
Member

CA. Harekrushna Bhutwala
Member

CA. Nikesh Kothari
Member

CA. Jay Chhaira
CCM, Ex-Officio

CA. Hardik P. Shah
RCM, Ex-Officio

The road to success is always under construction

WICASA Managing Committee Members
2014-15

CA. Balkishan Agarwal
Chairman

Mr. Abhishek Sarda
Vice Chairman

Mr. Dharmik Sodha
Secretary

Ms. Dhara Soni
Treasurer

CA. Bhavin Hinger
Member

CA. Rahul Agarwal
Member

Mr. Mohit Agarwal
Member

Mr. Jigar Jain
Member

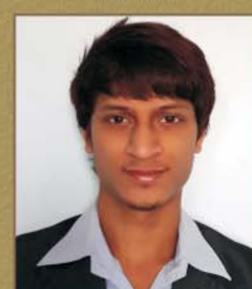
Mr. Nikhil Jacob
Member

Ms. Yashi Gaur
Member

Ms. Shreya Agarwal
Member

Mr. Ravi Agarwal
Member

Mr. Mayur Makani
Member



Mr. Hiren Bhayani
Member

Sub committee Members

Ms. Shreya Agarwal	Mr. Mitesh Gupta	Mr. Shubham Tibra	Mr. Rahul Agarwal	Mr. Krutarth Patchigar
Mr. Shreyans Banthia	Mr. Jairaj Soni	Mr. Bharat Joshi	Mr. Jayaditya Shah	Mr. Naitik Lakhani

Our attitude towards others determines their attitude towards us.

FORENSIC AUDITING

Well, belonging to the Chartered Accountancy profession, we are very well aware of the fact that the main duty of an auditor is to check "the true and fair view of the financial reports". Accordingly, the auditor undergoes a series of procedures like vouching, verification, consensus with the provisions applicable, application of Accounting Standards, etc. to give his report over the functioning of the company. But in all this procedure a possibility overlooked is –

THE POSSIBILITY OF FRAUD.

PALAK SINGHI
(CA FINAL)

"NO MAN IS BOUND TO PRESUME A FRAUD."

So shall apply to the auditor! He undertakes the audit procedure without any prior assumption of any fraudulent activity going on. But often it is seen that in various accounting scandals the bonafide auditors are blamed. Remember- the recent accounting scandals which took place in big companies like NSEL, ENRON, WORLDTEL, or PARMALAT. This is where FORENSIC AUDITING and the role of a FORENSIC AUDITOR come into picture.

WHAT IS FORENSIC AUDITING?

Forensic audit involves examination of legalities by blending the techniques of propriety, regularity and investigative and financial audits. The objective is to find out whether or not true business value has been reflected in the financial statements and in the course of examination to find whether any fraud has taken place. The term forensic auditing has not been defined anywhere. However, the objective of it relates to the findings of audit by gathering legally tenable evidence.

Distinction between Statutory Audit and Forensic Audit

Sr. No.	Particulars	Statutory Audit	Forensic Audit
1	*Objective*		Determine correctness of the accounts or whether any fraud has actually taken place
2	*Period*	Statutory audit is for one accounting period	There is no such time limitation on time span.
3	*Focus*	Statutory auditing focuses on significant transactions reflected in financial statements	Forensic auditing focuses on significant transactions- both as reflected in financial statements and the off-balance sheet transactions.

Forensic auditing offers a toolset that company managers can use to help detect and investigate various forms of white-collar financial impropriety and inappropriate or inefficient use of resources. As company structures and controls become even more complex, so too does the scope for employees with specialised knowledge of the way the control systems work to bypass them. Inspite of various forms of auditing, executives are increasingly looking for forensic auditing to help identify vulnerabilities in financial control.

SCOPE OF FORENSIC AUDIT

"Forensic" means "suitable for use in the court of law" and it is to that standard and potential outcome that forensic accountants have to work. Forensic auditors, also referred as forensic accountants or investigative auditors, often have to give an expert advice at the eventual trial. Hence, **forensic auditing may be applied in the following areas:**

- Economic damages calculations, whether suffered through tort or breach of contract.
- Post acquisition disputes
- Bankruptcy, insolvency and reorganisation
- Securities fraud
- Business valuation
- Computer forensics/ e-discovery.

Thus, this being the scope of work of a forensic auditor, the **major steps undertaken** to do his investigation are:

Data Collection	Data Preparation	Data Analysis	Reporting

Conclusion:

Forensic auditing has been one of the increasingly demanded fields of auditing because of majorly two reasons:

1. Some **high profile frauds** have come into limelight over a recent time.

2. Changes in the approach of auditors, allied to **provisions of the new Companies Act,** which puts more accountability on both- the independent directors and the auditors.

Also, it can be said that forensic auditing has its own privileges, which leads to its demand, being:

- It strengthens the control mechanisms
- Protects the business from financial crimes
- Protects the organisation from long term reputation damage
- Improves efficiency by identifying areas of waste
- Helps to bring in transparency in the working

Thus, owing to the huge benefits following forensic auditing and increasing demands, many big accounting companies are strengthening their forensic audit teams and investing more into these.

The BIG FOUR are already into forensic audit. Are You?!

Financial Reporting:

"Human Resource Reporting":-

Human Resource is one of the most valuable property. The success of any business, state, country is dependent upon quality, caliber and character of the people working in it and also plays a crucial role to a great extent. The Reporting upon the Human Resource in the Financial Statements derives the importance and necessity of Human Resource in the business activities.

G JAYA RAGHAVENDRA
CA-Final, Surat

Human Resource Vs Other Resources

We can not imagine the business world without the machines **(FIXED ASSETS)**

At the same time, we can not undermine the importance of **Human Resource** which actually makes these machines run.

But very unfortunately, Lack of a generally accepted system to record & value this asset of immense importance, but Accounting & paying more attention only for non-living resources. Expenses on human resource are (unfortunately) charged to revenue instead of being treated as investment to be amortized over the economic service life. How can we accept the Balance sheet as True & Fair, without Human i.e. Living Assets?

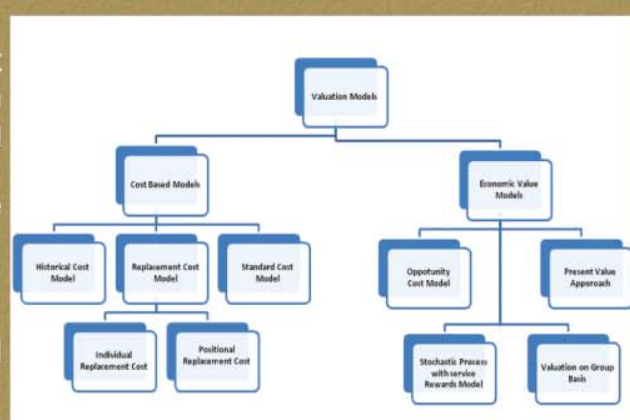
Definition of Human Resource Accounting:

"The process of identifying and measuring data about human resources and communicating this information to interested parties". – The American Accounting Society Committee.

The Important Aspects of Human Resource Accounting are

- Valuation of Human Resources.
- Recording the valuation in the books of account.
- Disclosure of information in financial statements of business.

The Various Models under the Valuation Models are shown below:



The Kingdom of Heaven is not a place, but a state of mind.

Cost Based Models

Historical Cost Model:-

All the cost related with making an employee ready for providing service are capitalized until the expiry of individual employee and treated as Human Asset and Amortized over the expected length of service and shown as an asset to the extent of unamortized cost.

Replacement Cost Model:-

In this model, The Human Resources are recorded & valued at their present replacement cost. In this, there are two different concepts. They are

i. Individual Replacement Cost
ii. Positional Replacement Cost

Standard Cost Model:-

In this, The standard cost so arrived at for all human beings employed in the organization is the value of human resources and it includes Standard Cost of recruiting, training and developing per grade of employee is determined year after year.

Economic Value Based Models

Opportunity Cost Model:-

In this model, the recording & valuation of human resources is based upon the Alternative us of employees excluding those employees who can be hired readily from outside. If No alternative us of any particular employee then there is No Value. This model suggests the competitive bidding for the scarce employees of the organization.

Stochastic Approach:-

In this Approach, The Individual's value is determined by the services he is expected to render and the monetary equivalents of services of that individual and discounting the monetary equivalent of expected future services then we get present value of human capital.

Valuation on Group Basis:-

This model attempts to calculate the present value of all existing employees in each rank. The contribution of individuals as a group is taken into consideration for proper valuation of human resources. Ascertaining the number of employees in each rank, estimate the probability that an employee will be in his rank till termination (or) promotion, Ascertain the economic value of an employee in a specified rank during each time period. The present value of existing employees in each rank is obtained by multiplying the above 3 factors and applying an appropriate discount rate.

Conclusion: - Human resource accounting can be defined as the process of identifying, measuring and communicating information about human resources in financial statements in order to facilitate effective management. Leading public sector units like OIL, BHEL, NTPC, MMTC and SAIL etc. have started reporting Human Resources in their annual reports as additional information. The relevance of human resource information lies in the fact that it concerns organizational changes in the firm's human resources. The ratio of human to non-human capital indicates the degree of labour intensity of an organization. Human capital reporting provides scope for planning and decision-making in relation to proper manpower planning. Also, such reporting can bring out the effect of various rules, procedures and incentives relating to work force, and in turn, can act as an eye opener for modifications of existing statutes, laws and the like. Future ahead of Human Resource Reporting.

The Merits & Demerits of Various Models (or) Approaches under the Valuation Models of Human Resource Reporting:

Valuation Models		Merits	Demerits
Cost Based Models	Historical Cost Model	1.Simple to understand and easy to work. 2.Follows traditional accounting concept of matching cost with revenue.	1.Difficult to estimate the service life of human resource 2.Considers only part of acquisition cost of employees and ignores the future expected costs to be incurred for maintenance of human assets
	Replacement Cost Model	1.More realistic as compared to historical cost approach since incorporates the current value of the firms Human resource 2.More accurate valuation can happen since individual skills of each employee takes into account	1.Impossible to ascertain correct replacement cost since there is No complete replacement and creepi ng in of personal bias 2.Variance with conventional practice of valuing assets at historical costs and lack of objectivity way for replacement
	Opportunity Cost Model	1.Quantitative base for planning, evaluating and developing human assets of the firm 2.More optimal allocation of human resource of the organization through Bidding process	1.Narrowed down the concept of opportunity cost by restricting it to the next best us of employee 2. Excludes employees who are not being bid by the other department and expert in particular area, useless for another department
Economic Value based Models	Stochastic Approach	1.It considers the change in the position and roles of the employees that may occur during their service life 2.Ignoring sunk historical costs and considering future benefits	1.Difficult to estimate probabilities of likely service status of each employee 2.The monetary equivalents of service status is very difficult & costly affair and also ignored the group activities and restricted to only individual
	Valuation on Group Basis	1.Difficult to predict expected service tenure of an individual but it is relatively easy to estimate the % of people in a group 2.Considers the added value element of an individual operating as a group	1.Ignores the exceptional qualities of certain skilled employees 2. The performance of a group may be seriously affected in the case of exit of a single individual

NON RECIEPT OF NEWSLETTER

If Your friends are not in receipt of newsletter, please ask them to mail their E-mail address to the following email address suratwicasa2012@gmail.com **Invitation to write articles** Students are invited to write articles on various topics covered in their respective curriculum;one article will be selected & rewarded as best article of the year.

Nothing is born into this world without labor.

EVENT SNAP SHOT

1st Meeting of WICASA MCM'S

Award for Best WICASA-WIRC (2013-14)

Cross Section of Audience

Holi Festival at Orphange

Industrial Visit to ABG Shipyard

Industrial Visit to Durga Process Pvt Ltd.

We see things not as they are, we see them as WE are.

EVENT SNAP SHOT

IPCC & Final Mock Test

One Day Seminar by CA. Jay Chhaira

One Day Seminar by CA. Keval Shah

Study Meet by Mr. Abhishek Sarda

WINNER Western Indian Cricket Students Premier League

We see things not as they are, we see them as WE are.