



Western India Chartered Accountants Students Association (WICASA) of The Institute of Chartered Accountants of India.

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Driven by Values



NEWSLETTER NOVEMBER 2019

Happy International
Accounting Day!!!

10th November

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WIRC CHAIRPERSON'S COMMUNICATION

Dear Students,

As students you have a lot of drive and energy. You have the desire to succeed, to be the best and to prove yourselves to your friends and family.

While very often, you have the “desire” to achieve something, but you don't have the “determination” to go to the end. To do this, we need “dedication” and to be “dedicated” we need the most important thing - ‘Discipline’.

According to studies there are four main qualities required for success. These four qualities are Desire, Determination, Dedication and Discipline.

However, these qualities have to be cultivated and implemented together, as one without the other will not work. They are closely connected and just taking out one of the four, the structure will collapse. So why are these qualities individually and together so important?

Desire – Everybody has desires, from a toy for a child to an electronic gadget for a youngster to an expensive car for an adult or learning to paint, sing becoming fit, etc. In short, everyone wants something. This want or desire is a great starting point. But, it's just that – a starting point. To actually start making things happen and get results we need to move to the second quality.

Determination – Wanting and then quitting at the first or second attempts are classic symptoms of a person who will never achieve anything in life. Determination is a great weapon to bolster your courage, to try again and again, no matter how hard or how many times. It's determination to reach our goal that makes us stronger, and this leads straight to the next quality up the ladder.

Dedication - To achieve something, anything, takes time. Only by dedicating time and effort regularly can we become better because it is only through repetition that we build the new neuron connections in our brain that makes us act perfectly under pressure. The brain creates a neuron short cut when it realizes that we repeat the same action over and over, enabling us to reach that information faster and better.

So, repetition, repetition and more repetition, to create that special short cut. But repetition takes time, but not only time. It takes the fourth quality.

Discipline - Repeating endless exercises is boring. It takes patience but more than that, it takes discipline. This is not a teacher's or parents discipline but an interior discipline that pushes us to continue, to not give-up, and never take the eyes from the horizon, where the final target



is. Discipline is the final quality which holds all other qualities of desire, determination and dedication together. Without this glue, they don't even come close to each other.

In the last month, we focused more on academics keeping the exams in mind. We organised the Direct Tax Laws & International Taxation classes for the CA Final Group II as well as conducted mock tests across the board for CA Foundation, CA Final Old Course, CA Final New Course, CA IPCC Old Course and CA Intermediate New Course.

I am confident that our continued focus on our students will result in many students succeeding in their respective exams. At the same time, for many others I say to read this communication again and inculcate Desire, Determination, Dedication and Discipline. These qualities will not only see you through your exams but will see you through life.

Remember the words by APJ Abdul Kalam, "If you fail, never give up because F.A.I.L. means "First Attempt In Learning". End is not the end, if fact E.N.D. means "Effort Never Dies." If you get No as an answer, remember N.O. means "Next Opportunity", So let's be positive."

Priti Savla

CA. Priti Savla
Chairperson, WIRC.



WICASA CHAIRMAN'S COMMUNICATION

Dear Students,

"The only source of knowledge is experience"

Practical or informal knowledge manifests itself as skills or "knowing-how". Practical knowledge is very important to understand how things actually work. Practical knowledge leads to a much deeper understanding of a concept through the act of doing and personal experience. You won't survive in career unless you bring results and to do that you need practical knowledge. Both, theoretical and practical knowledge are important. There is no avoiding to any of these.

The CA Curriculum is designed in a integrated and self sufficient way. It covers all aspects of functioning of a business and market like taxation, audit, etc. And to provide the students with a better understanding, the articleship training is made mandatory. Every student should reap the most benefits out of this to excel in their career.

Articleship is one of the most important phase of a career of a chartered accountant. Moreover, you get to learn a lot, not only CA stuff but how to deal with different personalities and different places. It's like you want to be a good swimmer without touching a drop of water. You might watch others swimming either directly or on YouTube. But eventually when you declare yourself a swimmer you must swim in the water to prove yourself. If you don't have any practical experience then you will drown in the water for sure and lose the respect from everyone.

"Knowledge without practice is useless. Practice without knowledge is dangerous."

In conclusion, it is very important for individual to possess sufficient knowledge to lead his life smartly and successfully. It doesn't matter if you are a student, professional or a businessman. Practical knowledge empowers an individual to achieve something that he has been studying about. It is worth noting that not only in professional life; you need to have in good practical approach for your life in general. Hence it becomes really important for proper growth and utilization of your knowledge.

Also, I will like to inform students about the upcoming and excitement training sessions coming up which will be communicated to you all via our channels. The National Conference is also lined up in the coming month. Hope you all to participate and reap the benefits.

Hope you all had a Happy and Safe Diwali!

Regards,

CA Jayesh Kala

Chariman WICASA



UPCOMING EVENTS

One Day and Half Day Seminars			
Particulars	Duration	Venue	Fees
One Day Students Seminar on GST Annual Return (Form 9) and GST Audit (form 9 C)	14/11/2019	Gopuram Hall, R.P. Road, Near Gyan Sarita School, Mulund West, Mumbai	FREE
Free Half Day Students Seminar on GST	15/11/2019	Sarvoday A/c Hall, L.T. Road, Opp. Diamond Talkies, Borivali(W).	FREE
Free Half Day Students Seminar on GST Audit and GST Annual Return	20/11/2019	ICAI Tower, BKC, Mumbai	FREE
Free Half Day Students Seminar on Overview of GST and New GST Returns.	4/12/2019	Auditorium, 5 th Floor, Old SNTD College, Ghatkopar (West), Mumbai-86	FREE
Free Half Day Students Seminar on Start-up to Scale-up	20/11/2019	ICAI Tower, BKC, Mumbai	FREE

WICASA MUMBAI PRESENTS

SEMINAR ON START-UP TO SCALE-UP

By :- **CA. Amrut Deshmukh**



Friday, 20th Nov, 2019
Timing :- 5pm to 8pm

Venue : Icai tower, Bkc, Bandra (Mumbai)

At young age, amrut has touched many milestone:

- 1. Best start-up award by head start**
- 2. TED talk speaker twice as expert speaker**
- 3. Has more than 10 lac+ followers on his free "Booklet" app and to know more...pls register for this seminar**

"Booklet guy's mission is to make india read"

For more details kindly contact :-
Vedika bajaj :8655570893
Parth Bardiya : 9130011888



UPCOMING EVENTS





Deepesh Chowdhari

SRN: WRO0636041

A FIVE- TRILLION DOLLAR ECONOMY: MYTH OR REALITY?

Mahatma Gandhi had once said, “The path is the goal”.

Truly, one should never compromise on his path to attain his goals. When India’s economy opened up in 1991, the GDP was \$275 billion; reaching \$2.7 trillion today at 8.5% per year henceforth, which is remarkable indeed. The biggest challenge is to attain a five-trillion dollar economy in an environment friendly way in the present era of climate crisis. It can be achieved if there is 12% nominal GDP growth and 5% depreciation in Rupees. Various policies and initiatives are required in the upcoming years to reach the \$5 trillion target, a few of them discussed as follows:-

1. CREDIT REQUIREMENT FOR \$5 TRILLION ECONOMY:

India is the fastest growing trillion - dollar economy in the world and is now the 6th largest economy in the world and is approaching \$5trillion economy by FY2025-26.

In order to aid the \$5 trillion economy, the outstanding bank credit needs to grow to Rs. 188 lakh crore in FY25 from Rs.97.7 lakh crore in FY19 with an increase in incremental credit of Rs. 90 lakh crore during FY 20-25.

2. CREATING GREEN JOBS:

Green Jobs benefit both the economy and the environment, and include everything from alternative fuels to tasty foods.

Green Jobs help in improving Energy and raw material efficiency.

3. ASSET QUALITY :

RBI believed that asset classification was not being done properly and that banks were resorting to ever – greening of accounts.

RBI’s macro- stress tests for credit risk indicate that SCB’s GNPA ratio may decline further to 9.0% in March 2020.

4. NBFC SECTOR:

In the Union Budget for FY 2019-2020, the Finance Minister announced that RBI will further be equipped with powers to Regulate Non-Banking Finance Companies (NBFCs).

- a. Limit for registering NBFCs with RBI extended to those who had net owned funds of Rs. 25 lakhs to Rs. 2 crore .The upper limit has been increased manifold to Rs. 100 crore.



- b. RBI can reconstruct the NBFCs, amalgamate with any other NBFC or split the NBFC into different units.
- c. RBI can ask the NBFCs to furnish Financial and related information about the group companies.
- d. To bridge the gap of fund requirement for NBFCs ,government will provide one – time six months partial credit guarantee to public sector banks on their purchase of high - rated pool assets of financially sound NBFCs.

5. COMMUNITY DEVELOPMENT:

Since many years everyone focused on Government and market. But this pattern led to income inequality and jobless growth. Dr. Raghuram Rajan in his recently published book – “The Third Pillar” argued for economic development and job creation in a more equitable and environment friendly way.

6. MSME SECTOR:

- a. Centralized authority to monitor and take action for delayed payments as delayed payments from the receivables is the major stress factor for MSMEs.
- b. Creation of Unique Enterprise Id (UEI) for fetching all details viz. Financial & Non – Financial.

7. ENCOURAGING DIGITAL PAYMENTS:

The Government has notified that a business with a turnover of more than Rs. 50 crore should provide means of accepting payment through certain prescribed digital modes. It also has proposed that Banks will not impose any charges on usage of the prescribed payment modes.

8. ANGEL TAX

The Startup community were hoping for a complete abolition of Angel Tax and it was proposed that angel tax will not be applicable for startups and their investors who file requisite declarations and information in their tax returns.

CONCLUSION:-

GO BIG OR GO HOME: *It can be derived that raising purchasing power of people will help in achieving this goal. Private Investment is the key that will create demand and create capacity, help in increasing labour productivity , enhance technology and pave a new way for job opportunities .The basic problem is not in increasing the production . It can be increased by our resources . But the major problem lies in raising the purchasing power of the people for which economic policies need to be formulated and implemented effectively and efficiently.*



ARTICLES



Vedeshwari Deshpande

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PERSONAL FINANCE

On the 1st day of the month, you receive a message that the salary is credited into your bank account and that joy is lost within a moment. You realize you have payments lined up with due date - Rent, EMI's, Credit Card Bill, Utilities, Insurance, etc. and at the end of the month, no or a very little amount is left. This cycle pretty much continues for the next month. This is a common picture for every household. Here term personal finance comes into the picture. Personal finance is about meeting personal financial goals, by way of budgeting, saving, investing whether for financial needs, planning for retirement, or saving for your child's higher education.

Setting financial goals helps you to keep big picture in mind and keeps you away from impulse spending. Financial goals can be categorized as – short term and long term goals. Short term goals are those which are to be fulfilled in one or two years e.g. – saving for buying a piece of jewelry, planning a vacation or car down-payment, house renovation etc. Long Term goals are ones which takes more than 5 years to fulfill. This may include saving for retirement, paying off your loans and living debt free.

Thus, for achieving those goals, there has to be a plan in action. It can't be stressed enough by financial planners that budgeting is an integral part of Personal Finance. It is a plan for allocation of estimated income for the payment of expenses, savings and repayment of debt. A budget can be drafted simply using MS-Excel or applications such as money manager, where you can track various expense heads and live within your means.

For ensuring your budget is falling through, first keep money aside as your saving. If you first pay for the expenses and wait to see what is left at the end of the month, it is less likely that any amount is saved. Start with small amount and make your way up. Give standing instructions to banks so that you pay for Credit card Bill, SIPs on or before the due date.

In today's world it is important to use credit card wisely. It is useful for ease of purchases and use in case of emergency. However, there are more drawbacks than advantages. Since, because of credit card you can spend the amount you don't have, you are creating charge on your future income. If you miss due date for payment, interest on daily basis is charged. This



has a negative impact on your credit score. That entitles credit card companies to charge interest as high as 30%.

In personal finance, saving and investments play most important part. Many people use these words interchangeably. However, there is a difference. Savings is keeping money aside that you are not using as of now for future expenses. Investment refers to buying assets like real estate, gold, portfolio of shares, stocks, mutual funds for earning returns and thereby creating wealth.

Statistically, 1 in every 3 Indians live their lives paycheck to paycheck. It means if such person does not receive his next month's income he will not have money to pay for basic needs. That's why it is important to create Emergency Fund which can cover 1-2 month's expenses. For this, one should inculcate the habit of saving. As explained by Warren Buffett, "Most behavior is habitual, and the chains of habit are too light to be felt until they are too heavy to be broken."

As explained by Ramit Sethi, author of NYTimes bestseller, I will teach you to be rich, if you are living paycheck to paycheck; your most important priority is to get out of this cycle by implementing CEO Strategy. CEO stands for Cut cost on unnecessary expenses, Expand your earning by having more than one source of income and Optimize spending.

Let's talk about Investments now. As investment is future oriented, it has an inherent risk. However, investment option should be chosen considering risk taking ability. For example, risk appetite of a retired person is very low and thus he will opt for safer option of investment - Fixed Deposit or Recurring Deposits, Annuity plans giving guaranteed income periodically.

Investment is a mechanism where money is put to work for generating future income. So, one must understand the game of CAGR i.e. Compounded Annual Growth Rate. For example, a person is starting to build his investment profile at an early age, having more risk bearing capacity; he decides to invest Rs. 10,000 per month in SIP (Equity Mutual Fund) for 15 years giving an average return of 12% pa. The amount invested over the period of time is Rs. 18 Lakhs and its expected value at the end of horizon is approx Rs. 48 Lakhs. If he could increase the amount of SIP by Rs.1,000 each year (10% annual top up), then value of investment at the end of 15 years will be around Rs. 71 Lakhs. This is a potential of CAGR.

Another major area of investment is Real Estate, especially in India where owning a house is socially accepted norm to measure one's stability. Real Estate was considered to be the safest investment option. However, in the last several years, Return on Investment on real estate has touched a record low. The decision of buying a house must be made considering the high cost of borrowing (interest).



In managing personal finance, a person must consider tax laws in mind. Every financial decision should be evaluated with respect to taxation, beforehand. Tax planning allows a person to make the best use of tax exemptions and deductions and minimize the tax liability. Change in taxation policies may lead to change in priorities or financial plans be altered to accommodate such change.

It is very important for every individual to gain financial literacy so that they can make informed decisions regarding budgeting and investment on their own. As explained by Phil Schuman, Director, Indiana University, financial literacy is important because if you learn about it, it's going to teach you how to be efficient with your finances in such a way that you can accomplish more goals, and the goals that you do have, faster.

In conclusion, these are the broad principles of personal finance. One fit for all cannot be applied to all cases. However, for the application of these principles to individual case requires – Assessment of the present situation, Goal Setting, Plan Creation (Budgeting), Execution and Monitoring & reassessment.

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Neel Ukidave

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Agile Auditing - Roadmap for elevating internal audit performance

BACKGROUND

Application of Agile concepts to the internal audit function is not a new concept, but has become more crucial in the current environment. In the present era, internal audit has started demanding an ability to address emerging critical risks and provide relevant insights in a timely fashion. As a matter of practice, the in-house internal audit departments of companies engage in developing a long-term plan that cannot be easily changed and often employ outdated audit methodologies. Such pre-planned methodologies for conduct of internal control reviews undermine the very objective of internal audit to add significant organizational value and be a trusted partner with management. This has necessitated the evolution of internal auditing, and agile techniques have helped the internal auditors in this pursuit.

AGILE INTERNAL AUDIT TACTICS

Just as companies are scaling agile software development based on the size, capabilities and culture of the organization, the extent of an internal audit function's agility will vary widely for one group versus another. Following are the key areas that every internal audit department should consider when becoming more agile:

1. **Planning and prioritizing.** Agile development teams utilize a backlog as the single authoritative source of work items to be completed, which must be continually prioritized. Items on the backlog are removed if they no longer contribute to the goal of a product or release; whereas, items are added to the backlog if at any time a new essential task or feature becomes known. Similarly, the internal audit function should maintain a backlog of areas to be audited that is regularly evaluated and updated based on risk exposure. Instead of committing to a rigid audit plan, this approach allows for timely inclusion of new risks or auditable areas throughout the year. The importance of collaborating with stakeholders during the planning and prioritization process cannot be overstated. Before beginning work on a task or feature in the backlog, explicit and visible acceptance criteria must be defined based on end user requirements, which is called the definition of ready.



This is met for an item on the audit backlog when internal audit has the necessary resources available and agrees with the stakeholders up front on the scope, the goal of the project and the value to be delivered.

2. **Streamlining the process.** Iterations are one of the basic building blocks of agile development. Also known as a sprint, each iteration is a standard period of time, usually from one to four weeks, during which an agile team delivers incremental value in the form of usable and tested software. Ultimately, items that move off the backlog must be divided into a series of sprints, which provide a structure and cadence for the work. In the context of internal auditing, the fieldwork associated with an audit should be broken into fixed-length activities that are appropriately sized to promote the motivation of a tight deadline without stressing the resources in place. As the goal is to be quick and iterative, versus confined to a pre-determined plan, eliminating unnecessary resources and efforts is instrumental to an audit team's successful completion of the work within a sprint. Whenever possible, gathering evidence independently, which also alleviates the burden on stakeholders, is an excellent way for internal auditors to be more efficient. Moreover, examples of waste in the audit process commonly include:

- Distributing requests for evidence that are too vague.
- Sending emails back and forth when a phone call or in-person meeting would be a more productive solution.
- Exhaustively explaining every step taken without considering that concise documentation could achieve the same effect.

3. **Soliciting continuous feedback.** One of the most commonly practiced agile techniques is a daily stand-up meeting, normally lasting no longer than 15 minutes, in which an agile development team discusses each member's contributions and any obstacles. To be truly effective, internal audit team members must regularly check in with each other and not hesitate to raise questions or issues as soon as they come up. Rather than waiting until the fieldwork has been completed to start internal reviews, quality assurance should be built into the daily audit activities.

CONCEPTS OF AGILE INTERNAL AUDITING

Understanding how a few agile practices apply to internal auditing can provide a glimpse into the methodology's transformative power.

1) **Audit backlog** - The agile internal audit methodology, versus a rigid audit plan, maintains an audit backlog—a continually updated list of areas to be audited. Items on the list can initially be a bit vague about targeted outcomes and desired timing. Then, as internal auditors and the stakeholder refine those details, the item moves up the list until the work is ready to be undertaken.

2) **Definition of ready** - A definition of ready for an item on the backlog exists when internal audit and the stakeholder agree on what will be tested, examined or reviewed; on the goal of the work; and the value to be delivered. Also, the internal audit function must have the resources ready to conduct the audit. When the DoR has been met, internal audit begins its work on the audit or project.



3) Sprints - When the internal audit function's work begins, the item moves off the audit backlog and the tasks associated with that audit are divided into sprints. Sprints are time-boxed intervals in which tasks must be completed. Sprints provide a process, structure and cadence for the work. A time box—the time the team gives itself to complete a task or set of tasks—should provide the motivation of a tight deadline without stressing resources.

4) Definition of done - The definition of done defines the value to be delivered in a sprint. A DoD can be expressed as a level of assurance; a set of completed tasks; a list of identified issues, risks or recommendations; or a report or draft report—whatever works for the team. The DoD should not be lengthy or complex or it will not work at the level of a sprint.

CONCLUSION

Thus the power of an agile internal audit methodology lies in its transformative approach. This is not change for its own sake, nor is it an end in itself. It is a means to an end, and it is up to each internal audit group and organization to define that end.



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