

CAPTURE



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

Newsletter - December 2018

Chairman's Message



“For last year's words belong to last year's language and next year's words await another voice. And to make an end is to make a beginning.” T.S. Eliot

Dear Young Friends,

December is the festive month of peace, hope and joy, It is also a month with a promise of a new beginning and a wonderful year ahead. Year 2018 was a wonderful year for SICASA filled with activities, programs and events. As we approach the New Year, lets take a moment to introspect last year, the blessings we received, the goals we achieved, the milestone we crossed and also the failures we had and lets resolve to begin from we failed and make those failures our stepping stone. Let us also devote this New Year to gratitude, blessing and celebration.

The months activities started with the celebration of SICASA day on 1st of December, which we celebrated in a grand manner, we were honored to have Dr. Moni Abraham Kuriakose, Director, Cochin Cancer and Research Center (CCRC), Kochi Government Medical college, Kalamassery, Ernakulam to talk to us on “Health Talk on Cancer Care”. We also organized and celebrated Ekah 2018, the celebration of unity, Inter branch cultural fest, which was well attended. It is also a pride to acknowledge that Ernakulam SICASA emerged as winners, Statute to all the winners and participants for the great show. A new event and attraction to the December activities was the 5km mini marathon which received overwhelming response, it a extremely satisfying to see that our students are not only concentrating in studies but also keeping themselves fit and healthy.

Friends, As Hal Borland quotes “Year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instill in us”, always believe in yourself, you deserve the very best that this world has to offer, because you are the very best.

Wish You All A Very Happy, Prosperous & Joyful New Year, may the almighty shower all his blessing and may all your wishes come true in 2019.

With warm regards and love,

CA. Paulose Paul

Chairman, SICASA Ernakulam Branch.



Secretary's Report

Dear Friends,

Its December and we are coming to the end of the calendar year, the past 12 months has been eventful in the life's of each and every individual , the case with SICASA is also no different, we have also gone through a lot of ups and downs and came back strongly from all of them with great fighting spirit and unity. The departing year has taught us a lot of lessons and I hope all of us took the positives from them.

The Current month witnessed SICASA Ernakulam pulled of an unforgettable event which is beyond our imagination in a few years back. On December 9th we have conducted a MINI MARATHON and the event was a huge success. It was a dream come true moment for all of us and the results were also very promising, our students pulled of great timings in the marathon and hence proved that we are not a weak in any area. On December We have conducted Industrial Visits to KITEX and Wonderla Kochi, both the places were full filled with new information and learnings, the students are of the opinion that the IV has benefitted them with great knowledge. On December we had conducted a Study circle on the Topic “Foreign Currency Borrowing with respect to AS 11 and AS 16” , the student speaker Neeraj Vinu has explained the concepts with great clarity and precision, I hereby congratulate him for his efforts.

The biggest Event of the month EKAH 2K18 was held on December 15th at the Renewal Centre, kaloor and the All kerala Cultural Fest was a success even though the participation from other branches showed a downfall. After the event SICASA Ernakulam Emerged as the Overall Champions and retained their title. I congratulate all the participants of SICASA Ernakulam for the Efforts they have put in. I also would like to thank SICASA members of Calicut , Trivandrum and Kannur for showing up for the event.

The year is coming to end , and we all are looking forward to a promising new year, as we look back all I can see is the numerous number of events put up by SICASA Ernakulam and the participation from the students community out here, I take this opportunity to thank each and every one who supported us throughout the year, your participation and support contributed much to our efforts and it means very much to us. I also request all of you to continue supporting SICASA Ernakulam in the coming days as well.

Thank You and a Happy New Year to all.

Sarath M R
Secretary



Editor’s Message

Dear Readers,

It’s the end of another eventful year! So many new experiences and adventures, every year has something to learn from. December was indeed very eventful for SICASA too! With the Industrial Visits to Kitex and Anna Aluminium as well as our cultural fest EKAH, December was lit.

I take this opportunity to thank each and every one who has contributed to the success of SICASA Ernakulam and helped in retaining our title.

Wishing you all a very Happy New Year!

Tess George
Editor

IND AS PRESENTATION OF FINANCIAL STATEMENTS – STATEMENT OF PROFIT & LOSS AND RELATED NOTES

IND AS refers to accounting standards as specified in the Annexure to Companies Rules 2015 , as amended by Companies Rules 2016. Accounting standards means the standards verified by Central Government under Companies Rules 2006, amended upto 30th March 2016.

It is IND AS 1 “ Presentation of Financial Statements which sets out the overall requirements for financial statements, including their structuring, contents and overriding concepts as so on. Therefore, our topic of discussion today regarding “ **IND AS presentation of Financial Statements – Statement of profit & Loss and related notes**”, mainly revolves around IND AS 1 and the requirements regarding the Statement of Profit & Loss as specified in the standard, along with Schedule III of companies Act 2013 which prescribes the format of presentation of Financial statements for a Company incorporated under the Companies Act 2013 or any other previous company laws which in corollary prescribes the format of Statement of Profit & Loss as well.

Before getting to know about the Statement of Profit & Loss and its presentation, it is quintessential to know about its background, i.e. the Financial Statements.

Financial statements are structured representation if Financial position and financial performance of an entity. Their objective is to provide information about the financial position, financial performance and cash flows of an entity which shall prove to be useful to a wide range of users in making economic decisions.

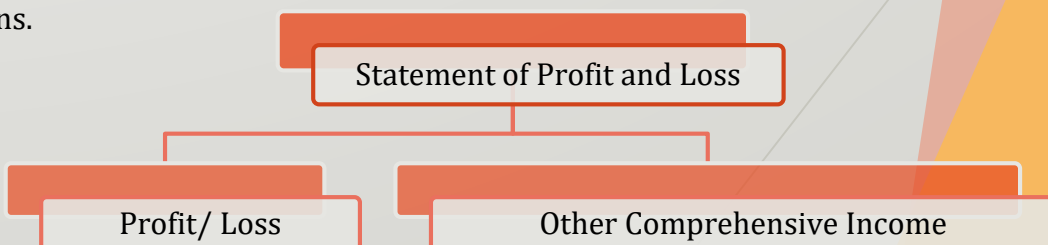
It is important to note here that we are discussing about Annual financial statements and not the interim financial statements in IND AS 1.

As per IND AS 1, a complete set of financial statements consists of

- 1) Balance Sheet as at the end of the period
- 2) Statement of Profit & Loss for the period
- 3) Statement of Changes in Equity for the period(which is considered as a part of Balance Sheet)
- 4) Statement of cash flows for the period
- 5) Notes, comprising significant accounting policies and other explanatory notes
- 6) Comparative information in respect of preceding period.
- 7) A Balance sheet as at the beginning of the preceding period, when an entity applies accounting policies retrospectively , or when a retrospective restatement or reclassification of items in financial statements is made.

The point of discussion in this session pertains to the Statement of Profit & Loss for the period and its related notes.

As per IND AS 1, Statement of Profit and Loss is a single statement which is divided mainly into two sections.



V. Person responsible for raising E-way bill:-

The "Profit/ Loss" and "Other Comprehensive Income(OCI) " sections are required to be presented together , with profit or loss section presented first , followed directly by other comprehensive income section.

Format of Profit / Loss is as follows:

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
1	3	4
Revenue from operations	xxx	xxx
Other income	xxx	xxx
Finance Income	Xxx	Xxx
Total Income	xxx	Xxx
Expenses:		
Cost of materials consumed	Xxx	Xxx
Purchases of Stock-in-Trade	Xxx	Xxx
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Excise duty on sale of goods	Xxx	Xxx
Employee benefits expense		
Depreciation and amortization expense		
Impairment of non- current assets	Xxx	Xxx
Finance costs	Xxx	xxx
Other expenses		
Total expenses		
Profit/(Loss) before share of profit/(loss) of an associate and a joint venture , exceptional items and tax from operations		
Share of Profit/(Loss)) of an associate and a joint venture		
Profit/(Loss) before exceptional items and tax	xxx	xxx
Exceptional items	xxx	xxx
Profit before tax from operations	xxx	xxx
Tax expense:		
(1) Current tax	Xxx	Xxx
(2) Deferred tax	Xxx	Xxx
Profit (Loss) for the period from continuing operations	xxx	xxx
Profit/(loss) from discontinuing operations	xxx	xxx
Tax expense of discontinuing operations	xxx	xxx
Profit/(loss) from Discontinuing operations (after tax)	xxx	xxx
Profit (Loss) for the period	xxx	xxx
Profit/(Loss) for the period attributable to		
(1) Equity holders of the parent	Xxx	Xxx
(2) Non- Controlling Interest	xxx	xxx

This presentation of profit or loss and other comprehensive income as a single statement is popularly known as **Single Statement Approach**. The objective of this approach is to arrive at an amount for “ **Total Comprehensive Income**”.

At times, while presenting the Statement of Profit & Loss, **Presentation of additional line items/ headings and subtotals** may be required depending on the entity and the relevance of the same in its financial statements.

When such additional sub totals are presented, there are a few points to be adhered to which are as follows

- They should comprise of line items made up of amounts recognised and measured in accordance with IND AS.
- They should be presented and labelled in such a manner that makes the line items constituting the sub totals understandable.
- They should be consistent from period to period
- They should not be displayed in more prominence than the subtotals and totals required in IND AS for Statement of Profit & Loss.

Another one of the critical aspects relating to the presentation of profit / loss and other comprehensive income is their allocation.

As it is visible in the format of Profit / Loss, the profit/ loss for the year is allocated to

- Non controlling interest: and
- Owners of the parent

Similarly in case of Other comprehensive income also , the allocation is as follows

- Non controlling interest: and
- Owners of the parent

As the Statement of profit & loss as per IND AS 1 is divided into two sections, our discussion on the same shall be also in the same manner.

The first section being **Profit/ Loss:**

- I. In addition from line items to be presented as per others IND AS , the **IND AS 1** requires the following **line items to be presented**.
 - 1) Revenue presenting separately the interest revenue calculated using effective interest method
 - 2) Gains/ Losses arising from the derecognition of Financial assets measured at amortised cost
 - 3) Finance Cost
 - 4) Impairment loss determined (As per IND AS 109)
 - 5) Share of Profit/ Loss of associate/ Joint Venture accounted for , using Equity method
 - 6) If any financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through Profit or loss, gain arising from a difference between previous amortised cost of the asset and Fair value as on the reclassification date.
 - 7) If any financial asset of reclassified out of the Fair value through other comprehensive income, category so that it is measure through Profit or loss, any cumulative gain or loss previously recognised in Other comprehensive income is reclassified to Profit or Loss.
 - 8) Tax Expense
 - 9) A single account for the total of Discontinued operations

- II. **Incomes and expenses** other than those which fall under other comprehensive income are **required to be recognised unless an IND AS requires or permits otherwise**. Those which fall under Other Comprehensive Income are to be excluded so as to avoid doubling/overstatement of the same.
- III. In IND AS 1, one of the most distinguishing point that makes it different from its AS counterpart is **Prohibition of 'Extraordinary Items'**. The standard states that extraordinary items of income and expenditure should **NOT** be presented in Statement of Profit & Loss or in the Notes relating to the same.
- IV. IND AS 1 also throws light upon the **Presentation of certain specific items of Income and expenses** which are as follows
 - The standard specifies that **Results of associates and Joint Ventures accounted for, using equity method** should be on an **After Tax Basis**.
 - It is also specified that the investor's share of profit and loss of an associate or Joint venture should be presented within a single line item, unless it is relevant to present same as different line items for the understandability of entity's performance.
- V. The IND AS also focuses on the presentation of tax based structuring income.
- VI. Another aspect that the IND AS focuses its presentation on is Fair value gains and losses on derivatives which are economic hedges.
- VII. The next item on which the IND AS focuses on presentation aspect relates to **Release of Provisions**. The standard specifies that a provision should be used only for expenditure for which the provision was originally recognised.

Thus we come to a conclusion on the first section of statement of Profit and Loss, which is Profit/Loss.

The second section of the Statement of Profit & Loss is **Other Comprehensive Income** which shall be discussed below

- I. The major **Components of Other Comprehensive income** is as follows
 - 1) Changes in Revaluation Surplus (IND AS 16 and IND AS 38)
 - 2) Remeasurement of defined benefit plans (IND AS 19)
 - 3) Gains or losses arising from translating of financial statement of a foreign operation (IND AS 21)
 - 4) Gains or losses from investment in equity instruments designated at Fair value through Other comprehensive Income. (IND AS 109)
 - 5) Gains or losses on financial assets measured at Fair value through Other comprehensive Income (IND AS 109)
 - 6) The effective portion of gains or losses on hedging instruments in a cash flow hedge and gains and losses in hedging instruments that hedge investments in equity instruments at Fair value through Other comprehensive income (IND AS 109)
 - 7) The amount of change in the fair value attributable to change in liability's credit risk (for particular liabilities designated as at fair value through Profit or loss)
 - 8) Change in the value of Time value of options, where intrinsic value and time value of an option contract are separated; and only the intrinsic value are designated as the hedging instrument
 - 9) Changes in the value of the forward elements of forward contracts, when the forward contracts and the spot element of a forward contract are separated, and only changes in forward contract are designated as the hedging instrument and changes in value of the foreign currency basis spread of a financial instrument when it is excluded from the designation of that financial instrument as the hedging instrument.

II. The standard specifies the presentation of items in other comprehensive income as it was for profit / loss. The major points to be noted on **presentation of items of Other comprehensive income** are as follows

➤ **Reclassification**

- Items of other comprehensive income classified by nature and grouped into those as per IND AS will not be reclassified subsequently to profit/loss unless it is necessitated and specific conditions regarding the same are met. The share of other comprehensive income of associate and joint venture accounted using equity method are separated into share of items that will not be reclassified subsequently to profit/loss unless it is necessitated and specific conditions regarding the same are met.

➤ **Income tax relating to items of Other comprehensive income**

The income tax relating to items of other comprehensive income should be disclosed either in Statement of Profit & Loss or in the notes. The items of Other comprehensive income may be presented either

- Net of related tax effects; or
- Before related tax effects, with one amount shown for the aggregate amount of income tax relating to these income.

➤ **Reclassification of adjustments**

Reclassification of adjustments refers to amounts reclassified to profit/ loss in current period, that were recognised as other comprehensive income in current or previous periods. Examples of reclassification adjustment includes

- On disposal of a foreign operation
- When some hedged forecast cash flows affect profit or loss

Thus the standard specifies the presentation for Statement of Profit and Loss.

The statement of profit and loss is not complete without its relevant notes. Therefore the standard specifies certain points regarding the same.

The standard elaborates about certain information which is to be presented either in the statement of Profit & Loss or in the notes which are as follows.

➤ **Separate disclosure required for material items of income and expenditure.**

The standard says that when the income and expenses are material, their nature and amount should be disclosed separately. For example

- Write down of inventory to net realisable value and reversal
- Write down of property, plant and equipment to recoverable amount and reversal
- Disposal of items of Property, Plant and Equipments and so on.

➤ **Analysis of expenses**

IND AS encourages, but does not require presentation of analysis of expenses by nature. In this analysis the entity aggregates expenses with profit or loss according to its nature. This method is simple because, there is no allocation of expenses to functional classification necessitated.

Thus concludes this session on the provisions of IND AS presentation of Financial Statements – Statement of Profit & Loss and its related notes (with respect to IND AS 1)

Praveena v

SRO 0416550.

The New Year

It's been a month full of celebrations for us, the students here at the Ernakulam Branch of SICASA. Starting with EKAH which was on the 15th of December to the New Year's Eve.

If you consider every day a new start, then as seen in an image inline, you have 365 chances, 12 unwritten chapters inside a blank book, which is 2019. Resolutions are almost meant to be broken, so let's just tell ourselves that we will be a better self, a better version of us every day, compared to the day before.

2018 gave us memories, and even more than that, lessons. It reminded us that we are nothing compared to the fury of nature, and that together we as a community can tackle hardships and bring us to our old way of life. It gave us memories on a personal level, be it from family, your friends and anywhere else, and maybe even a few lessons. Let's take the lessons, implement it in our lives, so that we can concentrate on making memories, rather than fear that we'll make mistakes again.

So guys, I wish you a very happy New Year, stay blessed.

Harikrishnan R

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DECEMBER AT A GLANCE

EKAH 2K18



INDUSTRIAL VISITS TO KITEX AND ANNA ALUMINIUM



HALF DAY WORKSHOP ON GST

