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AGRICULTURE
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THE "LAUNDERING"

UNDERSTANDING
MONEY LAUNDERING



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THE BULL STORY

A BRIEF COVERAGE OF CONTROVERSY OVER JALLIKATTU



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Our Team

Editorial Board

VCAN –Team

- Vedharaman Sri
- Chandrasekara Venkatraman
- Aravindh K
- Nivedha Srinivasan
- Neeraj Surana

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Esteemed Proof Readers

- ❖ Amisha R Khimani



From the Editor's Desk



Dear friends,

The event of the month was undoubtedly “The Pro-Jallikattu Protests”.

Social media feeds were flooded with pros and cons of the movement with plenty of discussions with everyone pitching in their individualistic view points. As professionals it is important that we weigh the pros and cons of any issue on our own and reach an unbiased standpoint withstanding the popular crowd.

This was a story of more than a million individuals coming together with no regard to superficial social barriers. The arms that linked into a human chain had no regard as to who stood next to it. The purpose was clear and for that motive, we worked and we achieved. Youth and children took part in the protests and showed their support for the cause.

The protests at marina showed the world that we are ready to fight for what we believe. The protests in other isolated areas highlighted our oneness and we became an example of hope. We were organised though we had no one person as our leader, we were a team.

Ideas of a few souls lit the path for many. They made us realise that we are a part of this society and we have a responsibility towards it. The responsibility does not end with marina protest. We carry our responsibility every day with us. It begins by keeping our environment clean, following traffic regulations, paying our taxes properly and many more.

The underlying awareness of what we are capable of and what we are set out to do is important as we have the potential to change the world.

"We are only as strong as we are united, as weak as we are divided." - JK Rowling

- *VCAN Team*



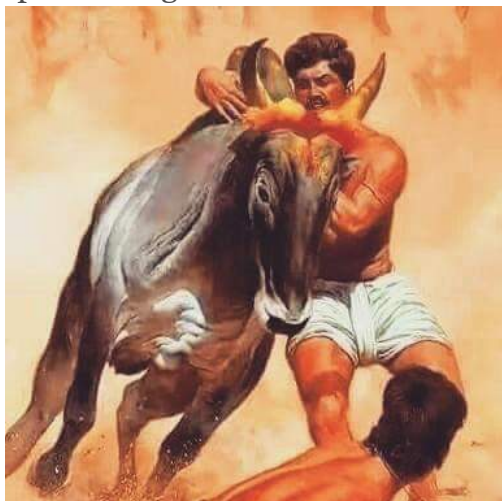
The Bull Story

Compiled by Nivedha Srinivasan

In 2004, PETA and AWBI filed a case in the Supreme Court of India for an outright ban on Jallikattu because of the cruelty to animals and the threat to public safety.

On 27 November 2010, the Supreme Court permitted the Government of Tamil Nadu to allow Jallikattu for five months in a year and directed the District Collectors to make sure that the animals that participate in Jallikattu are registered to the Animal Welfare Board and in return the Board would send its representative to monitor the event. The Government of Tamil Nadu ordered that ₹2 lakh (US\$3,000) be deposited by the organizers in case of an accident or injury during the event and enacted a rule to allow a team of veterinarians be present at the venue for certifying the bulls for participation in the event and to provide treatment for bulls that get injured.

The trigger for legal battle in Supreme Court was a notification issued by the Ministry of Environment and Forest on July 11, 2011 banning use of various animals including bulls as performing animals. A Division Bench of Supreme Court was called upon to examine the same



along with a number of other legal questions including the validity of the Tamil Nadu Jallikattu Regulation (TNJR) Act. The matter involved writ petition filed before the Supreme Court as well as appeals from Bombay High Court and Madras High Court. The Bombay High Court had upheld the validity of the notification of July 11 while the Madras High Court had upheld the validity of the TNJR Act. All these cases were heard together by a Bench of Justice KS Radhakrishnan and PC Ghose of Supreme Court.

On the 7th of May 2014, the Supreme Court delivers judgment in the case Animal Welfare Board of India v. A Nagaraja and Others [2014) 7 SCC 547]. It upholds the validity of the notification issued by the Central government holding that Jallikattu, Bullock-cart Race and such events violate Sections 3, 11(1)(a) and 11(1)(m)(ii) of Prevention of Cruelty Act. The court also holds that the TNJR Act, 2009, is repugnant to the Prevention of Cruelty to Animals Act and it,



consequently, strikes it down as unconstitutional and void. Thus, the Bombay High Court judgment is upheld while the Madras High Court judgment is set aside.

In the 106-page verdict, Radhakrishnan J. delves deep into the matter, touching upon subjects like animal psychology, anatomy and international animal rights. He says that bulls were never meant to be performing animals. In fact, they are recognized as Draught and Pack animals in the Prevention of Cruelty to Draught and Pack Animals Rules, 1965. He also goes into how bulls are forced to run, contrary to their instinct.

“Bulls, in those events, are observed to carry out a “flight response” running away from the crowd as well as from the Bull tamers, since they are in fear and distress, this natural instinct is being exploited.”

“Jallikattu means, silver or gold coins tied to the bulls horns and in olden days those who get at the money to the bulls horns would marry the daughter of the owner. Jallikattu or the bullock cart race, as practised now, has never been the tradition or culture of Tamil Nadu.”

Thus, in the 2014 judgment, the apex court stated that the evolved practice is not part of tradition or culture of the state.

On 7 January, 2016, the Central government issues a new notification in suppression of its 2011 notification a few days before the Pongal festival. The new notification carves out an exception for Jallikkattu and bullock cart races stating the following:

“Provided that bulls may be continue to be exhibited or trained as a performing animal, at events such as Jallikattu in Tamil Nadu and bullock cart races in Maharashtra, Karnataka, Punjab, Haryana, Kerala and Gujarat in the manner by the customs of any community or practiced traditionally under the customs or as a part of culture, in any part of the country...”

The above exception also came with a number of conditions to ensure that “no unnecessary pain or suffering is inflicted or caused, in any manner, whatsoever, during the course of such events, or in preparation”.

A batch of petitions filed by PETA & a Bengaluru-based NGO challenging the said notification comes up for hearing before Supreme Court on the 12th of January the same year. Justice Banumathi recuses from the case since she had heard the matter as a judge of Madras High Court. Matter posted before another Bench presided by Justice Dipak Misra which issues notice to the Centre and stays the notification.



In June, 2016, a bench headed by Justice Dipak Misra issued an order warning the Tamil Nadu government, for carrying out the sports. "Jallikattu cannot be merely allowed just because it was a century-old tradition. Whether it shall be continued will be decided legally," Justice Mishra said.

On 1st December, 2016 the supreme court questioned the Centre for its 2016 notification allowing use of bulls in events like Jallikattu, saying that its 2014 verdict banning the use of the animals cannot be “negated” and reserved its judgment in the petitions challenging the new notification by the Centre.

On 8 January 2017, some anonymous groups conducted a rally at Chennai Marina opposing the ban on Jallikattu. The participants walked from the lighthouse to the labour statue bearing posters saying ‘save Jallikattu’. It is reported that there were hundreds of participants in the rally. Following the protests at Chennai, many students started rallies in various towns of Tamil Nadu.

On the 9 January 2017, the Tamil Nadu Chief Minister Mr.O Panneerselvam requests the Modi government to pass an ordinance allowing Jallikattu during Pongal even as the state awaits an SC order. However, the bench headed by Justice Dipak Misra and Justice Banumathi on January 12, 2017, declined to issue an interim order to allow Jallikattu just before Pongal.

Two days after Pongal, villagers in Alanganallur in Madurai district—home to the famous Jallikattu event—begin a protest. Following which thousands begin gathering along the six-kilometre promenade of Marina Beach in Chennai to protest the SC ban which they believed was an invalidation of the Tamil identity and demanded that the Modi government promulgate an ordinance to lift the ban.

On 20 January 2017, the Attorney General Mukul Rohatgi requests Supreme Court not to deliver judgment in the Jallikattu notification challenge for a week. The Court acceded to the request made.

Following which the Central government approved the draft ordinance on Jallikattu by Tamil Nadu. The draft Ordinance was approved by the following Ministries – Home, Law,








Environment, Culture and Agriculture, exempting Jallikattu from the Prevention of Cruelty to Animals Act, 1960.

A special Assembly session was called by AIADMK regime after Tamil Nadu Governor C Vidyasagar Rao approved ordinance to legalise bull taming sports. Jallikattu Bill passed by Tamil Nadu Assembly unanimously. Bull Taming in the state of Tamil Nadu has been legalised. Supreme Court ban overturned.

Jallikattu was held across Tamil Nadu on the 22nd January along with angry protestors continuing to demand a permanent solution.

On 23 January 2017 the Tamil Nadu legislature passed a bi-partisan bill, with the accession of the Prime Minister, exempting jallikattu from the Prevention of Cruelty to Animals Act (1960). The first legal Jallikattu under this exemption is scheduled on 10 February in Alanganallur, Madurai district.

**TOPPERS OF CHARTERED ACCOUNTANTS
FINAL EXAMINATION – NOVEMBER – 2016**

PRESS RELEASE	ALL INDIA TOPPER FIRST RANK	ALL INDIA SECOND RANK	ALL INDIA THIRD RANK
			
NAME	ETI AGARWAL	PIYUSH RAMESH LOHIA	JYOTI MUKESHBHAI MAHESHWARI
CITY	LUCKNOW	BHIWANDI	AHMEDABAD
ROLL NO.	877769	816386	804061
MARKS	599 / 800	574 / 800	566 / 800
%	74.88	71.75	70.75
PHONE	9582872944	8983303946	9924750412



Service Tax

By Chandrasekara Venkatraman

1) Seeks to amend notification No. 25/2012-ST dated 20.06.2012 so as to (i) withdraw the exemption from service tax for services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India; (ii) exempt services provided by a business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch.

Notification No: 01/2017-Service Tax dt. 12-01-2017

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2017/st01-2017.pdf>

Corrigendum- <http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2017/st01-2017-corrigndm.pdf>

2) Seeks to amend Service Tax Rules, 1994 so as to, (i) exclude such persons from the definition of aggregator who enable a potential customer to connect with persons providing services by way of renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes subject to fulfillment of certain conditions; (ii) Specify the person complying with the sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.

Notification No: 02/2017-Service Tax dt. 12-01-2017

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2017/st02-2017.pdf>

3) Seeks to amend notification No. 30/2012-ST dated 20.06.2012 so as to specify the person complying with the sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.

Notification No: 03/2017-Service Tax dt. 12-01-2017

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2017/st03-2017.pdf>

4) Seeks to amend notification No. 26/2012-ST dated 20.06.2012 so as to rationalize the abatement for tour operator services

Notification No: 04/2017-Service Tax dt. 12-01-2017

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2017/st04-2017.pdf>



CUSTOMS

By Chandrasekara Venkatraman

1) Regarding extending the Single Window Interface for Facilitation of Trade (SWIFT) to Exports

Circular No: 01/2017

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ01-2017cs.pdf>

2) Amendments effective from 15-01-2017 to the All Industry Rates of Duty Drawback

Circular No: 02/2017

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ02-2017cs.pdf>

3) Import of Point of sale (PoS) terminal devices, its cells and batteries and labelling requirements thereof

Circular No: 03/2017

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ03-2017cs.pdf>

4) Seeks to further amend Notification no.153/93- Customs, dated 13th August, 1993

Notification No: 01/2017-Cus dt. 20-01-2017

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs01-2017.pdf>

5) Seeks to further amend Notification no.153/93- Customs, dated 13th August, 1993

Notification No: 02/2017-Cus dt. 27-01-2017

<http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs02-2017.pdf>

CENTRAL EXCISE

1) Seeks to further amend notification No. 02/2011-Central Excise dated 1st March, 2011.

Notification No: 01/2017-CE, dt. 05-01-2017

<http://www.cbec.gov.in/htdocs-cbec/excise/cx-act/notifications/notfns-2017/cx-tarr2017/ce01-2017.pdf>

2) Seeks to further amend Notification No. 12/2012-Central Excise dated 17.03.2012 to prescribe an effective rate of excise duty of 12.5% on Motor Vehicles falling under heading 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 of the First Schedule of the Central Excise Tariff Act, 1985.

Notification No: 02/2017-CE, dt. 11-01-2017

<http://www.cbec.gov.in/htdocs-cbec/excise/cx-act/notifications/notfns-2017/cx-tarr2017/ce02-2017.pdf>



Central Board of Direct Taxes

By Aravindh K

1) Deduction of tax at source Income-tax deduction from salaries under section 192 of the Income-tax Act, 1961

<http://incometaxindia.gov.in/communications/circular/tds%202017.pdf>

2) Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

http://incometaxindia.gov.in/communications/circular/circular02_2017.pdf

3) Guiding Principles for determination of Place of Effective Management (POEM) of a Company

http://incometaxindia.gov.in/communications/circular/circular06_2017.pdf

4) Corrigendum to Circular No. 1/2017 dt 02.01.2017 on TDS under section 192 of Income-tax Act, 1961

http://incometaxindia.gov.in/communications/circular/corrigendum01_2017.pdf

5) Clarification on implementation of GAAR provisions under the Income Tax Act, 1961

http://incometaxindia.gov.in/communications/circular/circular7_2017.pdf

6) Income-tax (1st Amendment) Rules, 2017

http://incometaxindia.gov.in/communications/notification/notification_2_2017.pdf

7) Agreement between the Government of the Republic India and the Government of the Republic Cyprus for the avoidance of double taxation and prevention of fiscal evasion with respect to the taxes on Income

http://incometaxindia.gov.in/communications/notification/notification3_2017.pdf

8) Procedure for registration and submission of statement of financial transactions (SFT) as per section 285BA of Income-tax Act, 1961 read with Rule 114E of Income-tax Rules, 1962.

http://incometaxindia.gov.in/communications/notification/systemnotification1_2017.pdf

MINISTRY OF CORPORATE AFFAIRS

1) Companies (Incorporation) Amendment Rules, 2017

http://mca.gov.in/Ministry/pdf/IncorporatinRules_27012017.pdf

2) Exemption to Specified IFSC Public company –under section 462 of the Companies Act, 2016

http://mca.gov.in/Ministry/pdf/IFSC_Public_04012017.pdf

3) Exemption to Specified IFSC Private company –u/s 462 of the Companies Act, 2016

http://mca.gov.in/Ministry/pdf/IFSC_Private_04012017.pdf



The “LAUNDERING”

By Radhika Muthuswamy

The clock ticked 9.30AM when Master Richy Rich entered the office of ‘Ethics Bank’. He sat down for a brief chat with the Banker and expressed his intent to invest the INR 50 crores of “dark” money he holds. Ethics Bank offered the services of opening an account accepting the deposit of INR 50 crores, providing options/ opportunities of tax free investments, facilitating money transfer to offshore funds and issue cards.

- Typically Bank’s customer service for Money Laundering

<p>Back in 2012 – HSBC forfeited £1.2 billion for having inadequate money laundering controls</p>	<p>In 2012, the British bank Standard Chartered was accused, by New York's Department of Financial Services (DFS), of helping the Iranian government to circumvent US money laundering regulations to the tune of an estimated £191.8 billion over 10 years.</p>
<p>Post demonetization in November 2016 – Enforcement Directorate (ED) has registered 27 money laundering cases under the PMLA in the last 70 days against bullion traders, diamond companies, jewelers, exporters, bank officials and others. Enforcement Directorate (ED) has registered 60 cases under FEMA and PMLA related to black money</p>	<p>Panama papers in April 2016</p>

NEWS RECOLLECT

What?

Money laundering is the disguising of the existence, nature, source, control, beneficial ownership, location and disposition of property derived from criminal activity. To put it simply, it is the process by which illegally obtained cash is made to appear as if it has been obtained by legal means.

The funds are moved into valid accounts or businesses in order to hide or disguise the financial trail that often leads back to criminal activity. The International Monetary Fund (IMF) estimated that the aggregate level of money laundering is between 2 to 5 percent of the World’s gross domestic product, which amounts to trillions of dollars.

The objective of money laundering is not only to disguise the source of illegal funds, but also to convert large stores of currency into other assets. A typical money launderer would neither dispose of all his illegal currency by spending on personal assets, such as homes, cars, jewellery and furniture nor would he favor keeping large bundles of cash owing to the difficulty to hide and transport. Therefore, money launderers would often convert substantial portions of their currency



into highly liquid and bearer negotiable instruments (such as cashier's cheques and money orders) which are routinely issued by financial institutions.

We the cluster nodes of the finance profession, have read and heard on the Prevention of Money Laundering Act (PMLA), the punishments and penalties for those indulging in laundering activities; this paper attempts to take you through dimensions of 'Money Laundering' such as the process involved, the methodologies and Anti-Money Laundering (AML) efforts around the globe.

The process...

There are many ways to launder funds, but the process itself is generally divided into three stages, namely placement, layering and integration–

Placement –

- ◆ It is the 1st stage of the money laundering process where the launderer introduces his illegal profits into the financial system. Money launderers are often detected at the placement stage itself.
- ◆ Placement can take any number of forms. If the money launderer has a large amount of cash, he can 'physically' move the money to a foreign location or carry it out of the country in a suitcase and deposit it in an offshore bank. Another choice is to 'structure' transactions, where a deposit or other transfer is made using a method that is specifically designed to avoid regulatory reporting requirements or an institution's internal control. The most common type of illegal structuring scheme in the context of money laundering is 'smurfing', where the launderers breaks up the illicit money into smaller amounts and deposit it into bank accounts or purchases cashier's cheques, travelers cheques or money orders.
- ◆ This is the most dangerous stage for the criminal because the placement process creates a direct connection between the profits and the crime. The launderer at this stage is still associated with the crime's physical evidence.

Layering–

- ◆ If the placement of the initial funds goes undetected, the launderer can design numerous financial institutions in complex patterns to prevent detection. This stage is referred to as layering as it is the most difficult area of detection.
- ◆ Once the funds have been deposited into a financial institution, a launderer can move them around by using layers of financial transactions designed thereby confusing the audit trail. The money can even be transported out of the country.
- ◆ Often, launderers take advantage of jurisdictions known for their lack of cooperation with foreign courts, investigators and law enforcement agencies. If a launderer moves funds through several such jurisdictions, tracing the final destination can be arduous.
- ◆ Historically, layering primarily involves smuggling of cash or running funds through traditional financial institutions, both domestic and foreign. Several transactions outside of the traditional institutions are increasing in volume, such as alternative remittance systems, trade-based laundering and digital currencies.



Integration–

- ◆ This is the final stage in the money laundering process, wherein money is integrated back into the economy in a way that makes it appear to be part of a legitimate business transaction.
- ◆ The chances of detection at this stage, is brighter only if the integration process leaves behind a paper trail in the form of deeds for real estate, invoices, loan documents, transaction reports at financial institutions and there is cooperation from informants or foreign entities; otherwise it would be a challenge.

Methodologies

A money laundering scheme cannot be successful until the paper trail is eliminated or made so complex that the flow of illegal income cannot be easily traced. The number of steps used to launder funds depends on how much distance the money launderer wishes to put between the illegally earned cash and the laundered asset into which it is converted. There is a direct relationship between the number of steps in the process, the complexity of tracing the funds, the length of the paper trail and the chance that the transaction would be reported.

Elucidated below are few among the many methods in which money can be laundered.

- **Using a Front Business to launder funds** – A front business can provide a safe place for organizing and managing criminal activity, where the movement of large numbers of people will not arouse undue suspicion.

The most common methods used to hide assets or launder money through a front business are –

- 1> Overstating reported revenues and expenses;
- 2> Depositing but not recording revenue.

The most fancied front businesses for hiding or laundering money includes – Bars, Restaurants and Nightclubs; Vending Machine Operations; Wholesale distribution Businesses, among many others.

- **The Real Estate Industry** – Money launderers are often attracted to use the real estate industry, as the vast array of financial transactions linked to the real estate industry provides launderers an exceptional range of options for abusing these procedures to launder money. Also, as the industry involves multiple parties (say brokers, agents and appraisers), it can obscure the source of investment funds and the identity of the true owner.

Among the vast number of methods to launder money in the real estate industry these are few schemes that warrant identification –

- 1> Loan-back schemes;
- 2> Back-to-back loan schemes;
- 3> Shell entities;
- 4> Appraisal fraud;
- 5> Monetary instruments;
- 6> Mortgage schemes;
- 7> Indirect investments in the industry.



Banks and other depository financial institutions – A significant portion of money laundering occurs through financial institutions when employees intentionally or at least knowingly aid criminals. While there is risk of enforcement actions for violations, banks can generate a large volume of transaction fees from launderer’s activities.

On an individual level, it generally involves an agent of the bank or institution manipulating a control or other procedure to prevent detection of crime. At a higher level, upper management could implement policies that it knows or should know are ineffective at preventing money laundering.

Furthermore, some jurisdictions have low capital requirements to start up a bank. This allows individual criminals with relatively fewer assets to use this method.

Shell companies – Shell companies are business entities that generally do not have any physical presence other than a mailing address and generate little to no independent economic value.

These companies have become common tools for money laundering primarily because they have the ability to hide ownership and mask financial details. Money launderers can create them with minimal public disclosure of personal information regarding controlling interests and ownership. This lack of transparency prevents the discovery of suspicious transactions and impedes investigations and prosecutions.

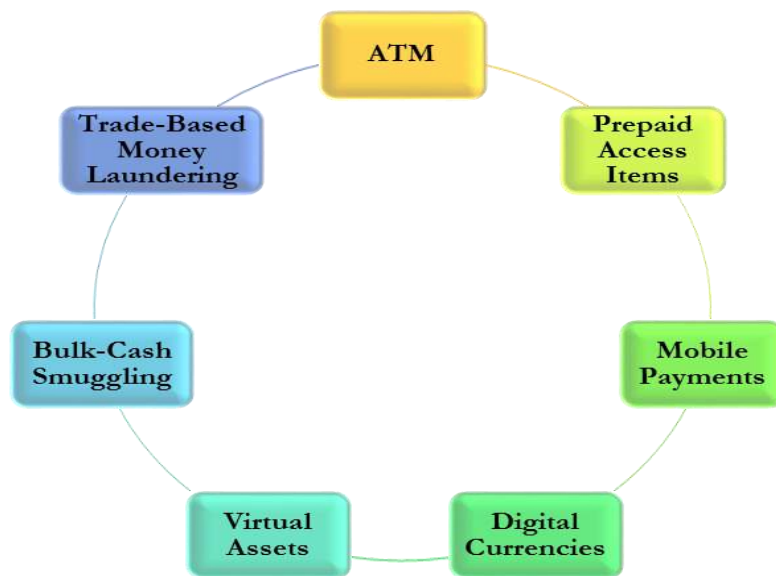
Charities and Non-profit organizations – These organizations rely on gifts and therefore can be used to disguise illicit assets. Typically, the launderer or an associate controls the organization and can direct donated funds outside of actual charitable purposes.

Alternative Remittance Systems – This is a method of transferring funds from a party at one location to another party (whether domestic or foreign) without the use of formal banking institutions. It is also referred to as ‘parallel banking systems’.

These systems are characterized by lack of direct physical or digital transfer of currency from the sender to the receiver. Instead, in the typical alternative remittance system, the payer transfers funds to a local broker who has a connection in the region where the payee is located. The broker then distributes the funds to the payee.

#Technological Insights

The technological landscape behind conducting transactions is constantly changing, in large part to make payments faster and more convenient. The emerging payment methods and schemes that are used in money laundering are spelled out below.



#International AML efforts!!

In the 1980s, the mounting global crisis led to the birth of the international Anti-Money Laundering (AML) efforts. Following which, international organizations began taking initiatives to fight money laundering and as the years passed, the AML framework was revised to not only examine funds from illegal sources, but also to examine funds whose purposes were illegitimate.

A few among many of such prominent efforts are enumerated here:

- ◆ The United Nations (UN) Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- ◆ The UN-adopted Resolution 1373
- ◆ The United Nations (UN) Convention Against Transnational Organized Crime
- ◆ The Financial Action Task Force (FATF) on Money Laundering

The most recent FATF reports has identified Iran and North Korea to have substantial money laundering and terrorist financing risks and on the other hand, Algeria and Myanmar have not made sufficient progress in addressing the deficiencies (as identified by FATF) in their anti-money laundering efforts.

“He who is of the opinion that money will do everything, may be suspected of doing everything for money.”

- Benjamin Franklin

About the Author

Name: CA. Radhika Muthuswamy

Qualification: Chartered Accountant

Email : radhikam94@gmail.com



SECTOR THAT NEEDS A CHANGE

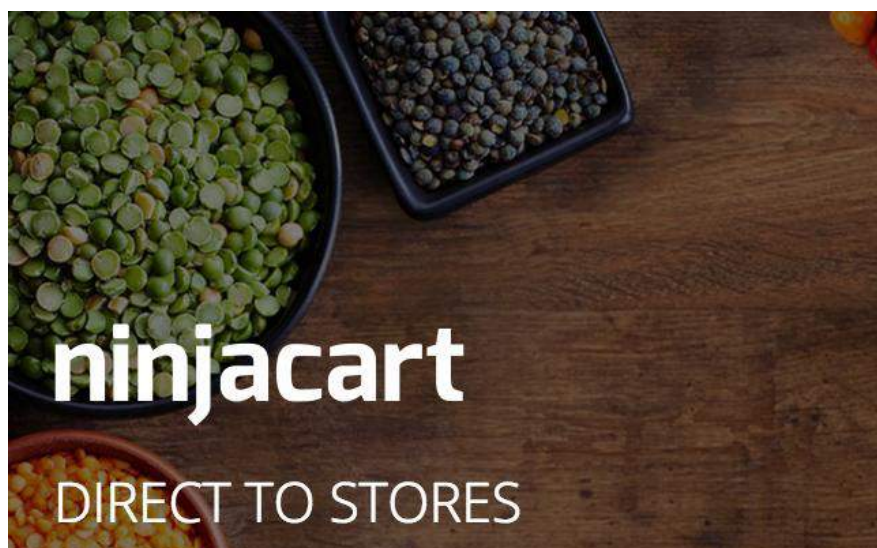
By Varghetha Prabakar

India ranks second in worldwide in farm output. Agriculture and fisheries accounted for 13.7% of GDP and 50% of workforce. But economic contribution of agriculture to India's GDP is steadily declining. Still, Indian agricultural/horticultural and processed foods are exported to more than 100 countries. But farmers in India still face major difficulties from initial stage to taking the produce to market. India lacks cold storage, food packing as well as safe and efficient rural transport system and this causes one of the highest food spoilage rates particularly during adverse weather conditions. Though government is trying to promote cold storage and warehousing of agriculture produce by providing tax exemptions for such establishments.

India has poor rural roads affecting timely supply of inputs and transfer of out puts from Indian farms. Irrigation system is weak leading to crop failures during adverse climatic changes. Due to lack of proper cold storage and warehouse facilities 30% of produce go waste. Lack of ORGANISED RETAIL limits the farmer's to sell the surplus and commercial crops to competing buyers.

Indian farmers receives just 10% to 23% of the price the Indian consumer pays for exactly the same produce, the difference going to losses, inefficiencies and middleman. Whereas farmers in developed economies receives 64% to 81%

There comes a new initiative from Bangalore – NINJACART. Ninjacart started its operation on May 2015 as a hyper local grocery deliver company and by December 2015 they pivoted and made it as B2B marketplace. It delivers quality goods in a short span.



One of the co founder Mr.Kartheeswaran KK says “Technology is involved at every single step in Ninjacart. All the operations at Ninjacart are carried out and monitored using technology. All the information of planning, sales and warehouse operations is stored in the system. We have an in-house ERP and management system. Every item and activity is tracked almost in real time. For managing

all these platforms we have web-interface and mobile applications.”



Farmers are able to sell their produce at a good price than the market without getting exploited by middleman through a one point sale. They procure the produce from farmers by sending their vehicle and crates (free of cost) and also educate farmers about market prices and bring transparency in complete process. It's a successful initiative by IIT pass outs.

Also government has launched E-mandi or NAM (National Agriculture Market), to enable 21 mandis across 8 states. The move will help the farmers realize better price for their produce. The e-platform will provide farmers an opportunity to learn about market and thereby eliminate the chances of being exploited. It is Uzhavar Santhai in Tamil Nadu. It was a



scheme was introduced in 1999 by the state government. The objective of the scheme was to promote direct contact between farmers and consumers. The main objective of these entire schemes is to educate farmers about market and enable them with cashless transactions.

NAM scheme was approved on 1st July 2015, with a budgetary allocation of Rs 200 crores. The main objective is to link 585 regulated markets with common e-platform by March 2018.

Also group (any ten or more) farmers can join and establish a producer company by submitting their applications in prescribed forms and paying the required fees to RoC, so that they can bring their produce to market without the help of any intermediaries.

So, it's our time to invest in development of agriculture sector and save farmers.

About the Author

Name: Varghetha Prabakar

Qualification: CA Final

Email : varghetha.prabakar@gmail.com



SA 510 – INITIAL AUDIT ENGAGEMENTS – OPENING BALANCES;**SA 560 – SUBSEQUENT EVENTS**

By Sruthipriya Suryanarayanan

The next day, the first thing I was asked to do by Surya, was to check the opening balances. Obviously, I had a couple of query and it transpired thus:

Me: “Opening balances are the closing balances of previous years. Why do we have to check them again? They would have audited it in the previous year itself. Right?”

Surya: “This is an initial audit engagement for us. It means that the financial statements of the previous year were either audited by a predecessor auditor or were not audited at all.

It is our duty to check whether closing balances have been correctly brought forward and to make sure that accounting policies have been applied consistently over years.”

Me: “So, now you want me to peruse the copy of previous year’s audited financial statements to check if they have been correctly brought forward.”

Surya: “Yes. Normally, we can place reliance on closing balances of previous years except when there is an indication of possibility of misstatements while performing audit procedures for current period.”

Me: “Our only source of information regarding opening balances is previous year’s financial statements. What other indications do you think will be available?”

Surya: “For example, collection/payment of opening accounts receivable/payable respectively will provide some audit evidence etc. For non-current assets, confirmation from third parties may be obtained.”

Me: “What if there is some mis-statement in the opening balance?”

Surya: “The auditor has to do additional audit procedures to determine its effect on current year’s financial statements. And, if the auditor concludes that the mis-statements affect current year’s financial statements, he shall inform it to the appropriate level of management.

Sometimes the predecessor auditor might have given a modified opinion in his report. If that is the case, he shall check whether the matter that gave rise to modification would affect current period’s financial statements also.”

While I was going through previous year’s financial statements I noticed that some events that had occurred after 31st of March of that year were being discussed there. Thought for a while about it and decided to get it clarified:

Me: “When the financial statements are for a particular period, why do we need to report on something that has happened after that period?”



Surya: “Those events are called subsequent events. They are

- Events occurring between the date of financial statements and the date of audit report
- Facts that become known to the auditor after the date of auditor’s report.

It is the duty of the auditor to make sure that such events that require adjustments/disclosure are appropriately reflected in the financial statements.”

Me: “So I guess, we have to enquire management and get to know of these events.”

Surya: “Yes. It is actually the management who has to find out all these important issues. So, what we need to do is:

- Understand management’s procedures of identifying subsequent events
- Inquire management whether any subsequent events have been identified
- Read minutes of meetings that have been held after the date of financial statements
- Read the subsequent interim financial statements, if any.

If as a result of such procedures, we identify events that require adjustment/disclosure in financial statements, we shall check whether these are properly dealt with.

We shall also get a confirmation from management in writing stating that all possible subsequent events that require disclosure have been disclosed. What is this confirmation from management called again, Amit?

Me: “Written representations!”

Surya: “Good! The auditor is not required to perform any audit procedures regarding financial statements after the date of auditor’s report. But, if the auditor comes across any event that, if he had known before the date of his report would have made him to change his report, he shall discuss it with management.

If management amends, he shall perform additional procedures and issue a new report.

If management does not amend, and if auditor has not given the audit report to the entity, he shall modify his report and then provide the report. If auditor has provided his report to the entity, he shall ask them not to issue it. If it is nevertheless issued, the auditor shall take appropriate action to seek to prevent reliance on auditor’s report.”

Me: “What about the facts that become known to the auditor after financial statements have been issued?”

Surya: “Same procedures that you would do for events that occur after the date of audit report. He shall include a new para in his amended report discussing extensively the reason for amendment of the previously issued financial statements.



And, the he has to make sure that anyone in receipt of the previously issued financial statements is informed of the situation and is in receipt of the amended financial statements.

Finish checking of opening balances now; tomorrow the work will not be limited to documents, but would involve interactions with outsiders. See you tomorrow...”

..... To be continued

About the Author
 Name: Sruthipriya Suryanarayanan
 Qualification: CA Final
 Email : sruthi.sury@gmail.com



**TOPPERS OF CHARTERED ACCOUNTANTS
 INTERMEDIATE (IPC) EXAMINATION
 NOVEMBER – 2016**

PRESS RELEASE	ALL INDIA TOPPER FIRST RANK	ALL INDIA SECOND RANK	ALL INDIA THIRD RANK
NAME	REKHA GHEVARRAM SUTHAR	AAYUSH AGARWAL	SHIVKRISH V
CITY	PUNE	KOLKATA	CHENNAI
ROLL NO.	554071	511599	434704
MARKS	559	553	545
%	79.86	79.00	77.86
PHONE	8805492777	9007510972	9380287513



Actuarial Science

By Vedharaman Sri



Institute of Actuaries of India

Who is an Actuary?

An actuary is a business professional who analyzes the financial consequences of risk. This is a niche profession with strict standards for qualifying and is also a global profession as it is recognised in most countries. Actuaries attract competitive salaries globally. In India there are 159 Associate members, 324 Fellow members and 10,140 Student members.

Actuarial work space:

- Health and Care Insurance
- Life Insurance
- General Insurance (non-life or P&C)
- Pensions & Other Employee Benefits
- Finance, Investment
- Enterprise Risk Management (ERM)
- Academics, Regulatory

Actuaries can get employed in Insurance companies like LIC, Tata AIA, Reinsurance Companies like SwissRe, GenRe, Consulting organisations such as Swiss Re, E & Y, Deloitte etc.

Where to apply?

To become an Actuarial Professional one needs to enrol with Institute of Actuaries of India (IAI) which is a statutory body established under The Actuaries Act 2006.

Who can apply ?

- a) Have a degree in or are studying for Mathematical Science: Maths, Statistics, Econometrics
- b) Engineering students or professionals,
- c) Chartered and Cost accountants, Company secretaries,
- d) Management graduates
- e) With minimum 10+2 or even maximum Phd in Maths



Global recognition:

Institute and Faculty of Actuaries of United Kingdom and Actuaries Institute of Australia granting various exemptions from their exams for the members of Institute of Actuaries of India (IAI).

Course Explained

ACET - Actuarial Common Entrance Test

ACET is a 3 hour, 100 marks online exam which has 70 multiple choice questions with one correct answer for each question conducted twice in a year across 27 centres in India and also in some overseas centre. After passing entrance one can enrol themselves as student member of the institute.

The syllabus will include the questions for

Section-I Mathematics, Statistics and Data Interpretation having 55% of weightage

Section-II English and Logical Reasoning having 45% of weightage

Post entrance IAI Actuarial Exams are divided into 2 types namely three hour written examination and Practical examinations. Written examination comes in four stages.

Stage 1: Core Technical (CT)

In the Core Technical stage there are 9 subjects. You are required to pass/be exempted from all subjects at this stage and these are as follows.

Subject Code	Subject detail
CT1	Financial Mathematics
CT2	Finance and Financial Reporting
CT3	Probability and Mathematical Statistics
CT4	Models
CT5	General Insurance, Life and Health Contingencies
CT6	Statistical Methods
CT7	Business Economics
CT8	Financial Economics
CT9	Business Awareness Online Module(Practical Exam)



Stage 2: Core Application (CA)

You are required to pass all 3 subjects at this stage and these are as follows:

Subject Code	Subject detail
CA1	Actuarial Risk Management
CA2	Model Documentation Analysis and Reporting (Practical Exam)
CA3	Communication (Practical Exam)

Student member who have passed/been exempted all Core Technical series (CT1 to CT9) and all Core Application series (CA1 to CA3) subjects is eligible (on application) to become Associate Member of the Institute

Stage 3: Specialist Technical (ST)

This stage builds on the Core Applications Stage but in individual specialism (non-jurisdiction specific). Choice is introduced at this stage. The student will choose 2 subjects from the 6 subjects offered:

Subject Code	Subject detail
ST1	Health and Care
ST2	Life Insurance
ST4	Pension and Other Employee Benefits
ST5	Finance and Investment A
ST6	Finance and Investment B
ST7	General Insurance Reserving and Capital Modeling Specialist Technical
ST8	General Insurance Pricing Specialist Technical
ST9	Enterprise Risk Management

Stage 4: Specialist Application (SA)

The final stage of the examinations is one specialist (India-specific or other jurisdiction specific to be allowed from a later date) subject chosen from:

Subject Code	Subject detail
SA1	Health and Care
SA2	Life Insurance
SA3	General Insurance
SA4	Pension and Other Employee Benefits
SA5	Finance
SA6	Investment



Student member who have passed all exams and after Minimum 3 years of work based actuarial experience will become Fellow member of the Institute.

Important Dates:

ACET 12 - APRIL 2017	
Registration starts	04th January 2017
Registration Close	28th February 2017
Date of Exams	01st April 2017
Date of Results	22nd April 2017
Last date to take student membership admission (If want to appear for September 2017 exams)	17th May 2017

For Registrations and more details: www.actuariesindia.org

About the Author

Name: Vedharaman Sri

Qualification: CA Final

Email : vsvraman93@gmail.com



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