



WICASA Pimpri Chinchwad Branch of WIRC of ICAI

Students E-Newsletter August - 2018

Index

Sr. No.	Particulars	Page No
1.	WICASA Chairman Communication	4
2.	Student Article	5
3.	Forthcoming Events in month of Sept. 2018	9
4.	Events in Month of Aug 2018	10
5.	Events Snapshot	11



MANAGING COMMITTEE MEMBERS

- ◆ CA. Amod Bhate (Chairman)
- ◆ CA. Yuvraj Taware (Vice - Chairman & WICASA Chairman)
- ◆ CA. Prajakta Chincholkar (Secretary & Treasurer)
- ◆ CA. Ravindra Nerlikar (Immediate Past Chairman)
- ◆ CA. Suhas Gardi (Past Chairman)
- ◆ CA. Santosh Sancheti (MCM)
- ◆ CA. Sachin Bansal (MCM)
- ◆ CA. Anil Agarwal (MCM)

WICASA COMMITTEE MEMBERS

- ◆ CA. Yuvraj Taware (Vice - Chairman & WICASA Chairman)
- ◆ Miss. Rucha Kulkarni (Vice Chairperson)
- ◆ Mr. Omkar Dangale (Secretary)
- ◆ Miss. Riddhi Pandey (Treasurer)
- ◆ Mr. Rohit Kadu (MCM)
- ◆ Mr. Omkar Dhamane (MCM)

WICASA Chairman's Communication

My Dear students,

Firstly, let me take this opportunity to wish you all **a Very Happy Independence Day**. The month of August holds a special significance for we people of India as we rejoice the event of our independence, remember and commemorate the hard work and sacrifices of our ancestors who made the dream of a free nation possible, as Independence Day on the 15th day of this month. Our country has witnessed several ups and downs. We as a strong nation faced all those challenges and took the country forward. I can proudly say, that CA Fraternity has meticulously played its role in the overall development of country.

Kudos And Congratulations:

This message reaches to you all wherein some of you would have already got the examinations results declared and others are eagerly awaiting for them. Accept the heartiest congratulation for those who cleared the examination successfully and also wish those students awaiting their results all the best.

Advice For Students who failed to translate their efforts into success:

The students who failed to translate their efforts into success are advised to take their studies sincerely and regularly. Do not lose confidence and not to be depressed, as we all are aware that patience, hard work and perseverance are keys to success. Therefore, plan appropriately next time so that you would achieve your goal of passing the examination. As said by Henry Ford "Failure is only the opportunity to begin again, on this time more wisely."

The chartered Accountancy Course can be easily completed with positive determination and self confidence. As Swami Sukhbodhananda said, *"You cannot climb a mountain by just looking at it. So put your best foot forward and best will come back to you."*

You must realize that no success is possible without working hard for it and there is no joy in achieving success without efforts. Try to cultivate a sense of confidence and willpower to succeed without any regrets about past and worry about future.

Wrap Up Point

On the eve of our Independence Day, let us promise to respect the space around each other and each other's identity and dignity. This is the way we can preserve the spirit of our nation and its democratic foundations. Shaheed Bhagat Singh had said: "Revolution is an inalienable right of mankind. Freedom is an imperishable birthright of all." Let us embrace and celebrate the idea of independence forever.

With Warm Professional Regards,

CA Yuvraj D. Taware

(Chairman, WICASA Pimpri Chinchwad Branch)

ARTICLE ON COST AUDIT

INTRODUCTION:-

"It is the detailed checking of the costing system, technique and accounts to verify their correctness and to ensure adherence to the objective of cost accountancy."

MEANING:-

Cost Audit is a critical review undertaken to verify the correctness of Cost Accounts and to check that cost accounting principles and planning have been efficiently followed. It is noteworthy that India is the only country which has introduced statutory cost audit to regulate about 45 vital industries of the country. Cost Audit has been defined by the Chartered Institute of Management Accountants (CIMA) of London as "the verification of cost accounts and a check on the adherence to the cost accounting plan."

DEFINITION :-

'Statutory Cost Audit is a system of audit introduced by the Government of India for the review examination and appraisal of the cost accounting record and added information required to be maintained by specified industries'

TYPES OF COST AUDIT:

The main types of Cost audit are the following:

(i) Cost Audit as an Aid to Management:

The aim is to see that all information placed before management is **relevant**, reliable and prompt so that management can discharge its duties well. It must also be seen that no relevant or pertinent information is suppressed.

(ii) Cost Audit on Behalf of a Customer:

Often contracts are placed on “Cost Plus” basis. In other words, the customer will determine the final price to be paid on the basis of exact cost plus an agreed margin of profit. The customer, in such a case, usually gets cost accounts of the product concerned audited to establish correct cost and, therefore, price.

(iii) Cost Audit on Behalf of Government:

Sometimes the Government is approached with request for financial help or protection. Before taking a decision on the request, the Government may choose to get cost accounts of the applicant audited to establish whether the need for help is genuine or is a result of mere inefficiency.

(iv) Cost Audit under Statute:

The Amendment Act of 1965 has inserted a new section, 233B, in the Companies Act, 1956 whereby the Central Government may order that certain classes of companies will get their cost accounts audited by a member of the Institute of Cost and Works Accounts of India. Only such companies as are required to maintain proper records regarding materials consumed, labour and other expenses under Section 209 (as amended to date) and may be required to get their cost accounts audited.

The powers and duties and manner of appointment of the cost auditor are the same as that of external financial auditor and the same disqualifications will apply. The cost auditor will submit his report to the Company Law Board with a copy to the company. The right to investigate all aspects of cost accounts is presumably granted to the cost auditor.

The aim of cost audit under statute seems to be that the Government wishes to know, as an instrument of control, the costs of various goods. Government has the power to prescribe the forms in which cost audit reports are to be made out. These are designed not only to verify information, but also to convey good deal of information to Government.

(v) Cost Audit on Behalf of the Trade Association:

Sometimes trade associations seek to maintain prices at a certain level. For this purpose, the accuracy of costing information submitted by various concerns has to be checked. The trade associations may seek to have full information about production capacity and the relative efficiency of productive processes.

ADVANTAGES OF COST AUDIT:**i. Advantages to Statutory Auditor:**

- (i) Audited cost data helps him to determine the value of stocks, remuneration of managerial personnel, etc., with ease and accuracy.
- (ii) Data and statements of cost audit help him to prepare his audit programme and plan so that he concentrates more on those aspects which have not been adequately covered by cost audit.

ii. Advantages to Consumers:

- (i) The direct benefit accrues where a statutory cost audit has been done to fix a reasonable price for the consumers.
- (ii) Since cost audit aims at ensuring efficiency in the organisation, this may also get reflected in reduced prices to the consumers.

iii. Advantages to Labour:

- (i) If cost audit is done thoroughly labour also stands to gain through increased profitability in the shape of bonus and other benefits.
 - (ii) Also it brings into focus the role of labour in improving efficiency in terms of increased productivity.
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i. Advantages to Shareholders:

- (i) There is correct valuation of all kinds of inventories. This may project a true picture of the organisation before shareholders and other investors and help them to assess its performance.
- (ii) External cost audit highlights efficiency or inefficiency, utilisation of manpower and other resources, adequacy of return, etc.

ii. Advantages to Government and Economy:

- (i) It helps the government to settle accounts where cost-plus contracts have been made.
- (ii) The government can intervene to protect the interests of the consumers, labour, shareholders and investors from exploit-age or inefficient managements.
- (iii) At the national level, cost audit promotes cost consciousness and overall efficiency. This means that every rupee invested produces the maximum quantity of goods and services.

DISADVANTAGES OF COST AUDIT:

1. Holding a Cost Audit can be expensive. This is because a company will often bring in an independent auditor who are normally charging higher price.
2. A Cost Audit can be a long process which will likely involve more time. This extra time and effort can impact an employee's day to day routine work.
3. If a Cost Audit is carried out in order to find fraudulent activity it can take a long time by which time people stealing could have covered their tracks.
4. Cost Audits involve a large amount of estimation and so there is the possibility that figures will be incorrect and if record keeping from the company is not good to start with then inaccuracies will be arises.

Compiled By
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FORTHCOMING EVENTS IN MONTH OF SEPTEMBER 2018

SR NO	DATE	Topics	Venue	Speaker
1	02.09.2018	Sports For CA Students Badminton, Table Tennis, Football	Chondhe Patil Sports Complex,Pimple Nilakh	NA
2	05.9.2018	Webcast from Head Office for students and members from Board of Studies, ICAI (Celebrating the occasion of "Teachers' Day" with the theme "MY PRINCIPAL- MY GURU – MY ULTIMATE STRENGTH")	ICAI Bhawan Pimpri- Chinchwad Branch of WIRC of ICAI	CA. N.D. Gupta, Past President, ICAI
3	15.9.2018	Seminar on Tax Audit	ICAI Bhawan Pimpri- Chinchwad Branch of WIRC of ICAI	CA. S M Vhanbatte, Kolhapur
4	22.9.2018	Seminar on Stress Management & Study Circle meeting	ICAI Bhawan Pimpri- Chinchwad Branch of WIRC of ICAI	Mr. Raghav Sandhane
5	22.9.2018	Felicitation of New Chartered Accountants (Nov 17 & May 18 attempt)	ICAI Bhawan Pimpri- Chinchwad Branch of WIRC of ICAI	CA. S. B. Zaware, Central Council Member of ICAI.
6	25.9.2018	Counselling Session for Mock Test papers Series 1 Foundation, Intermediate & IIPC & Final	ICAI Bhawan Pimpri- Chinchwad Branch of WIRC of ICAI	CA. Komal Baheti

Events in the Month of August 2018

SR NO	DATE	Topics	Venue	Speaker
1	14.8.2018	Seminar on Tax Audit	ICAI Bhawan Pimpri-Chinchwad Branch of WIRC of ICAI	CA. Saurabh Mahgaonkar
2	17.8.2018	Study Circle Meeting RERA	ICAI Bhawan Pimpri-Chinchwad Branch of WIRC of ICAI	CA. Ramesh Prabhu

Events Snapshot

Celebrated Independence Day



From L to R: CA. Prasadh Saraaf Past Chairman, CA. Prajakta Chincholkar Secretary & Treasurer, CA. Suhas Gardi Past Chairman, CA. Santosh Sancheti MCM, CA. Amod Bhate Chairman, CA. Kishor Gujar, CA. Yuvraj Taware Vice Chairman & WICASA Chairman, CA. Atul Kulkarni

Career Counseling & GST Seminar at DY Patil College



Speaker : CA. Shailesh Bore

Events Snapshot

Joint Seminar with DY Patil College University on GST



Speaker : CA. Govind Chomal

Seminar on Tax Audit



Speaker : CA. Saurabh Mahagoankar

Editorial Board

CA. Amod Bhate
Chairman

CA. Yuvraj Taware
WICASA Chairman

Mr. Omkar Dangale
WICASA Secretary

WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI

**ICAI Bhawan Plot No. 17/8 A, at Nigdi, Dattanagar, Near Bhakti Shakti chowk, Dehuroad
Cantonment Board, Behind Indian Oil Petrol Pump, Pune 411044.**

Contact No: 8237119977

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Website:-<http://pimprichinchwad-icai.org/>

Instructions

- Update Contact Number and e-mail ID with the branch.
- Please contribute to Students Newsletter in the forms of Articles, Compilations or any other useful information.

DISCLAIMER

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