

The Accounting Times



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ACCOUNTING' in a nutshell

The history of accounting has been around almost as long as money itself. The concept of 'Accounting' has a history dating back to ancient civilizations like Mesopotamia, Egypt, and Babylon. During the Roman Empire, the government had detailed records of its finances. Modern accounting as a profession has only been around since the early 19th century. So, what do we mean by accounting? Accounting is the process of recording financial transaction pertaining to a business. Accounting is very useful in business as well as in your day-to-day life. The accounting process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators, and tax collection entities. How accounting works? Accounting is one of the key functions of almost any business. It may be handled by a bookkeeper or an accountant at a small firm, or by sizable finance departments with dozens of employees at larger companies. The reports generated by various streams of accounting, such as cost accounting and managerial accounting, prove to be extremely valuable in helping management to make informed business decisions. Why is accounting important for investors? The works performed by accountants is at the heart of modern financial markets. Without accounting, investors would be unable to rely on timely or accurate financial information, and the transparency needed to manage risks or plan projects will be missing. Accountants should also be aware of their ethical responsibilities for this purpose and their negligence can also make accountants legally liable.

(Mahvish Ansari/S.Y.B.Com/A/87)

Accounting Standard for Income Taxes (AS 12)

ICAI issues exposure draft of revised accounting standard. The Institute of Chartered Accountants of India (ICAI) has come up with an exposure draft for a revised accounting standard on income taxes. The exposure draft on Accounting Standard for Income Taxes (AS 12) is the latest among the several standards that are proposed to be revised. It is applicable on entities that are not required to adopt the Indian Accounting Standards (Ind AS) notified by the Corporate Affairs Ministry. The comments on the draft have to be sent by June 10. One of the main change in the revised accounting standard on income taxes is on the aspect of recognition of deferred taxes. Tax expense for the period, comprising current tax and deferred tax, shall be included in the determination of the profit or loss for the period. Deferred tax shall be recognised for all the timing differences, subject to the consideration of probability in respect of deferred tax assets, according to the draft. Deferred tax assets shall be recognised and carried forward only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where an entity has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets shall be recognised only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Accounting Standard Board of ICAI has started on the process of upgradation of these standards which will be applicable to the entities to whom the Ind AS are not applicable. The carrying amount of deferred tax assets should be reviewed at each balance sheet date. An entity shall write-down the carrying amount of a deferred tax asset to the extent that it is no longer probable, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down may be reversed to the extent that it becomes probable, that sufficient future taxable income will be available.

(Roja Nagaraju Adi Karnataka/T.Y.B.Com(B&I)/09)

Bank privatisation: Potential candidates yet to be chosen

A key panel hasn't yet zeroed in on potential candidates among state-run banks for privatisation, finance minister Nirmala Sitharaman told the Lok Sabha. The statement comes amid mounting speculations that the privatisation of two public-sector banks (PSBs), proposed in the Budget for 2021-22, will be pushed to the next fiscal. Bank unions have already called for a two-day strike this week to protest against the privatisation bid. Of course, the government intends to introduce the Banking Laws (Amendment) Bill, 2021, in the ongoing winter session of Parliament to facilitate the sell-off. Replying to a question, Sitharaman said: "Consideration of various issues related to disinvestment, which inter alia, include selection of the bank(s) is entrusted to the Cabinet committee designated

for this purpose. Decision by the Cabinet committee concerned for privatisation of PSBs has not been taken in this regard.” According to sources, Niti Aayog has already recommended the sell-off of Indian Overseas Bank and Central Bank of India to the core group of secretaries on disinvestment, headed by the Cabinet secretary. This core group will send its recommendation to the alternative mechanism (AM), headed by the finance minister, for its approval. Finally, it will be cleared by the Cabinet. The new Bill proposes to “effect amendments in Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980 and incidental amendments to Banking Regulation Act, 1949 in the context of Union Budget announcement 2021 regarding privatisation of two public sector banks”, according to the list of legislative business for the winter session of Parliament. These laws had led to the nationalisation of banks, so relevant provisions of these laws have to be changed to pave the way for the privatisation.

(Khushbu Gupta/T.Y.B.Com/B/72)

India assumed the chairmanship of Council of RATS SCO

India assumed the Chairmanship of Council of Regional Anti-Terrorist Structure of Shanghai Cooperation Organization (RATS SCO) for 1 year from October 28, 2021. The National Security Council Secretariat (NSCS), Government of India, in association with Data Security Council of India (DSCI), as a Knowledge Partner, organized a 2-day Practical Seminar on ‘Securing Cyberspace in the Contemporary Threat Environment’ for delegates from SCO member States.

The seminar is the 1st event to be hosted by India during its Chairmanship of Council of RATS SCO. This Seminar addressed key areas like Policies and Strategies, Cyber Terrorism, Ransomware, and Digital Forensics amongst others. The representatives from the Executive Committee (EC) of RATS SCO and all SCO member countries attended this Seminar.

(Shaikh Saniya/F.Y.BMS/23)