

The Accounting Times



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Auditor Lobbying on Accounting Standards

Understanding the political process that leads to accounting standards may provide insights into both their procedural legitimacy and how they will eventually be used. In a study of the role of major auditors in the accounting standard-setting process, the authors provide a systematic characterization of auditors' changing incentives. They also examine how those incentives influence auditor lobbying across nearly every financial reporting standard issued from 1973 through 2006. Overall, results suggest that the auditors' own incentives play a prominent role in their lobbying activities for the rules of U.S. GAAP (Generally Accepted Accounting Principles).

(SONALI PAWAR, SYBCOM /B/47)

U.S. Coast Guard intercepts semi-submersible vessel packed with cocaine

A U.S. Coast Guard cutter intercepted a *semi-submersible vessel** filled with thousands of pounds of cocaine off the coast of Texas last month, according to an official statement. On Nov. 12, the U.S. Customs and Border Protection (CBP) and Air Marine Operations (AMO) along with other agencies including the Coast Guard and the US Navy tracked the self-propelled semi-submersible vessel through international waters, according to a CBP statement. A day later, a Coast Guard vessel intercepted the drug smugglers, arrested the three-member crew and seized 3,800 pounds of cocaine. The three suspects will face charges in the U.S.

Marine Operations have aircraft that operate from Corpus Christi, Texas, and Jacksonville, Fla., according to the CBP statement. They patrol the borders in transit zones in Central and South America and the aircrews can often detect and disrupt drug smugglers before they reach the U.S. borders, according to the statement. Allen Durham, the National Air Security Operations Center Corpus Christi Director, said in a statement that drug cartels are “relentless and extremely innovative.” “Interdicting self-propelled semi-submersible vessels requires expertise and the right aircraft,” Durham said. “Air and Marine Operations will continue to beat the cartels at their own game to protect our borders.”

(SHUBHAM MISHRA, SYBCOM /B/17)

Bright future beckons - Our Economy's up rise!

The Indian economy has evolved vibrantly over the last few decades. With refinement prospects spreading across just about every industry in our nation, many business, employees, and consumers have experienced ever evolving elements in terms of product offerings, service promises, employer requirements, consumer expectations, and business incentives – not necessarily in the same chronology. However, here we are, with a bucket full of opportunities leveraged in the past and with possibly an ocean full of possibilities waiting for us in the near future. Some of the key industries that have stood out in the recent past are education, automobile, artificial intelligence and skilling. Each of these industries has witness a revolutionary transformation thus allowing mankind to enjoy utmost convenience, quality and contentment. When asked how, these industries boldly narrate a list of developments that changed the face of knowledge consumptions drastically-with robots being introduced in workplaces with technology taking chapters out of books and so on to screens; with cars evolving from mere modes of transport to interactive devices; and with skillfully diverse individuals to do one particular job.

These upgrades are also enabling a greener future for us by providing solutions that reduce any factors that may contribute to existing thickets of pollution across both natural and man-made avenues, witnessed by the world. “Electric vehicles” is perhaps the biggest buzz of the automotive industry, with government and private bodies taking sizable initiatives to enable a green future green future. In the education sector, the seamless integration of computer learning and human interaction has way to the possibility of reduced paper usage. Teachers can now store an entire year's worth curriculum on cloud-based platforms and access the same at will, without having to rely on textbooks and notebooks. Same goes for students as well, who are rapidly moving towards an environment of e-learning and assignment submissions over digital platforms? If trees could speak, they would certainly be expected to express their relief over the mighty presence of technology amidst the current generation of mankind. Technology has successfully enabled a highly efficient eco-system for almost every industry to co-exist and grow in symbiotic fashion. And the enablers of these phenomena are humans who are constantly upgrading their skill, not just to achieve a better livelihood but also to diversify their attitude towards creating a noteworthy impact on the world. The world has grown, and our country has kept pace with it. Reflecting on some of the recent happiness within the aforementioned industries, we will now plunge deep into each area of the expertise to acquaint ourselves with 'trends of today.

(SANA KHAN, SYBCOM/ B/70)

Gross NPAs of banks may improve to 10% in March 2019 as resolution process picks up pace: Report

The net NPA is also expected to decrease to 4.3 per cent, from 5.92per cent as of June-end this year, says the ICRA report. The rating agency cautioned that GNPA and NNPA may be higher at 12.2per cent and 5.6per cent, respectively, in absence of resolution.

The gross non-performing assets (GNPAs) of the banking sector is likely to improve to 10 per cent in March 2019, from 11.52 per cent as on June 30, 2018, as nearly 60 per cent of the bad loans of the sector are under active resolution, a report said on Tuesday.

With expiry of the 180-day period provided in RBI's February 12 circular for resolution of large stressed borrowers, ICRA estimated that 70 big companies accounting for around RS 3.8-lakh crore of debt may be heading for resolution under the Insolvency and Bankruptcy Code (IBC). "With ongoing resolution of stressed assets, despite fresh slippages, we expect GAPAs and NNPAAs for banking sector are likely to reduce to close 10 per cent and 4.3 per cent respectively by March 2019," ICRA's head of financial sector ratings, Anil Gupta, said. However, he was quick to add that the same may be higher at 12.2 per cent absence of resolution. The GNPAs declined to 11.52 per cent as on June 30, 2018, while the NNPAAs decreased to 5.92 per cent, against 6.27 per cent. Gupta said with Rs 4 trillion of debt across 40 large borrowers already under resolution and likelihood of more large borrowers being resolved under IBC, nearly 60 per cent of the bad loans of banks are now under active resolution. The pickup in the pace of resolution is positive, however, he cautioned for banks given the limited recoveries being witnessed in many of the earlier cases undergoing resolution, except for accounts belonging to the steel sector. With 85-90 per cent of NPAs belonging to state-run banks, the recoveries from these accounts will be a major driver of their profitability and the capital requirements during the current fiscal, the report said. Assuming 60-65 per cent provisioning requirements on accounts to be resolved and normal slippages of around 3 per cent for FY19, ICRA estimated the credit provisions for public sector bank (PSBs) at Rs 1.4-2 trillion in FY19, compared with Rs 2.71 trillion in FY18. It also expects factoring in the market-to-market losses on bond portfolios.

(ANKITA CHAURASIYA, SY.B.COM /A/07)

Fresher's Need Experience

Yes, that's right. Employers look for experience among fresh graduates as well-be it full-time, part time, internships, contractual or any other. It is because they realize the need for problem-solving skills that one largely imbibes only after facing real-life business challenges and situations. However, this paradoxical demand by employers often persuades students to opt for internships and projects that don't permit them the opportunity of facing actual situations and challenges. Work done is majorly superficial and hence, the outcome is futile.

This is where number of world-class institutions have resorted to experiential learning in and beyond the classroom. It is positively critical for a potential employee as well as an entrepreneur, especially, in an India plagued with poor levels of employability among its youth. Sadly, this requirement for a project-based curriculum is lacking in the Indian management education system with most management institutes offering only a two-month internship in a two-year course.

(DEEPAK MISHRA, SY.B.COM/ B/14)