

The Accounting Times



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ET in the classroom: the new accounting norms for India Inc – The Economic Times

From April 1, the new accounting standards(Ind-AS) kicked in for Indian firms. The transition from Indian GAAP to Ind AS is aimed at helping companies migrate to international accounting regime

1.How did the shift happen?

In 2009, India made a commitment towards the convergence of Indian accounting standards with International Financial Reporting Standards at the G-20 summit. Following this, the Ministry of Corporate Affairs came out with a road map for the implementation of Indian Accounting Standards (Ind-AS) converged with IFRS starting April 2011. This was for all Indian companies other than banking, insurance and non-banking finance companies. But, this met with little success due to unresolved tax and other issues. However, the FY15 Budget proposed the adoption of Ind-AS. Certain carve-outs have been provided as compared to the IFRS as issued by the IASB to represent the financials of the companies.

2. How many countries follow IFRS?

Over 100 countries either require or permit to use IFRS. US and Japan don't use IFRS presently.

3. How is the new accounting standard being implemented?

It's being implemented in three stages. Companies are required to adopt Ind-AS in a phased manner over FY17-20. Initially, it was voluntary for companies to adopt Ind-AS from April 1, 2015. In the first phase, in which we are in right now, it is mandatory for all companies — listed or unlisted having a net worth of more than Rs 500 crore and their holding, subsidiaries, JVs or associate companies to adopt Ind-AS beginning on or after April 1, 2016. In the second phase, unlisted companies having a net worth of Rs 250 crore or more and all remaining listed companies not covered in phase one would have to mandatorily apply Ind-AS beginning on or after April 1, 2017 Ind-AS would apply to both standalone and consolidated financial statements of companies.

4. How will the new accounting norms impact India Inc?

This may have a positive or a negative impact on the net income and net worth of companies due to areas such as revenue recognition, financial instruments and taxes. Additionally, beyond accounting this would also have an impact on arrangements with customers, vendors, lenders, changes to IT system and internal control systems, said SumitSeth, partner and IFRS Leader of Price Waterhouse. Over 350 companies from BSE 500 would be migrating from FY17. Ind-AS would bring material changes to the operating metrics and return ratios of companies besides providing more disclosures, MotilalOswal said in a recent report. **By Lilily Chwda**

Multiple skills needed to improve corporate reporting – Press Trust of India

NEW DELHI: In the wake of changes in various regulations, companies need risk management and regulatory knowledge the most to improve their overall reporting levels, says a report. Based on a survey of CFOs and financial controllers of large entities, global consultancy EY today said the demands, scrutiny and expectations facing finance and corporate reporting continue to increase. "Technical accounting, regulatory knowledge and risk management are skills most needed to improve (corporate) reporting," the report said. According to EY, Indian stakeholders are giving more attention to corporate reporting with around 33 per cent of those surveyed saying that audit committees have significantly increased their attention overall on reporting. Financial regulators, investors and analysts too have started giving more attention towards corporate reporting, it added. "The main external challenges for reporting are satisfying the differences in reporting standards (43 per cent) and changing expectations around reporting formats (40 per cent)," it noted. The findings are based on a survey of around 40 India- based CFOs and financial controllers of large organisations. Pankaj Chadha, Partner in an Indian member firm of EY Global India, said several recent regulatory developments and notifications including the amendments in Companies Act and introduction of Indian Accounting Standards (Ind AS) are creating a perfect storm in corporate reporting.

By Lily Chwda

SBI to offer banking services on facebook, Twitter –The Economic Times

Leveraging on the popularity of Facebook & Twitter, State Bank of India launched 'SBI Mingle', allowing its customers access to various banking services via these social platforms. "Using SBI Mingle, the bank's customers can do a host of banking services on their Facebook or Twitter accounts at their own convenience." The bank said in a press release. The new initiative was launched by SBI Chairperson Arundhati Bhattacharya on the occasion of 61st State Bank Day.

By Shahana Khan

Best Practices: Receivable, Credit, and Collections – Company Secretary Magazine

Accounts receivable is among the largest and most liquid assets on the books of most companies. A properly managed accounts receivable portfolio can expedite cash flow and support corporate cash requirements. The ultimate goal of accounts receivable: to increase working capital.

Companies have traditionally viewed accounts receivable as a basic function. They are beginning to realize, however, that improving the process can lead to significant financial gain for the company. Fewer outstanding account balances mean fewer bad-debt write-offs -- and enhanced profitability.

As companies that apply best practices seek to wring the most efficiency from their accounts receivable process, they constantly evaluate their systems and procedures from all angles. Not only do they explore technological innovations, they also scrutinize the business decisions that form the foundation of each process. Companies dealing with commercial accounts typically have fewer customers with larger invoice amounts, while companies dealing with consumer accounts interact with an increased volume of customers and smaller invoice amounts. The basic processes in the accounts receivable function, however, remain the same. Although this report refers primarily to commercial accounts, it includes consumer references as appropriate.

The three basic processes that make up the accounts receivable function are:

- Remittance processing -- including payment methods and automated processing.
- Credit management -- including communication of credit policies, credit checks and approvals, and credit maintenance.
- Collections -- including methods to monitor and motivate internal and external collections agents, collections techniques, and technology.

Customer service plays a key role in each of these processes. In fact, timely collection of receivables depends a great deal on customer satisfaction, which essentially represents a gauge of the importance a company places on customer service. To that end, best practices companies incorporate a customer-focused approach into each of the three basic accounts receivable processes.

By RanjeetRao

JPMorgan Chase & Co. gets RBI approval to open 3 new branches - The Economic Times

MUMBAI: JPMorgan Chase & Co today said it has received Reserve Bank's approval to open three more branches in the country. The bank will open new branches at New Delhi, Devanahalli (near Bengaluru) and Paranur (near Chennai) in the next few months, it said in a statement. "We are seeing an increasing level of cross-location and cross-border activity among our clients as they capture business opportunities driven by the country's economic growth. These branches will further enhance our capability to better serve our clients in India and overseas," JPMorgan Chase Bank India MD and CEO MadhavKalyan said. JPMorgan will provide all existing products and services through these new branches, including cash management, trade finance and foreign-currency payments. At present, the bank serves its clients from Mumbai branch. Our strategy is to follow our clients' priorities. The expansion endorses our long-term commitment to India, a key market for JPMorgan, as well as for many of our clients," JPMorgan South & South East Asia CEO KalpanaMorparia said.

By SonalNema

IRCTC signs MOU to provide hygienic food to rail passengers – The Economic Times

NEW DELHI: Indian Railway Catering and Tourism Corporation (IRCTC), an Indian Railways PSU, has signed an MOU with Central Food Technological Research Institute (CFTRI) to get technology to provide hygienic food products and services to the train passengers. IRCTC Chairman and Managing Director A K Manocha and CFTRI Director Ram Rajasekaran signed the MOU which aims to provide technology to IRCTC to provide enhanced health, safety, diverse region-specific food products and extended Shelf-life of identified food products for rail travellers. Apart from these, the IRCTC and the CFTRI also agreed to finalize the list of products and services for which CFTRI would provide its technology to IRCTC, a PSU of Indian Railways. Under the MOU, both the organizations would work together to meet the broad objectives of providing enhanced health, safety, diverse region-specific food products and extended shelf-life of identified food products for rail travellers.

The signatories also agreed to finalize the list of products and services for which CFTRI would provide its technology to IRCTC, a PSU of Indian Railways. Earlier, IRCTC had joined hands with government-owned Defence Food Research Laboratory for transfer of technology in the field of food and beverage processing and packaging that would upgrade its catering operations. The agreement with the Mysore-based DFRL envisages transfer of the technical knowhow and quality testing to IRCTC's ready-to-eat packaged food for those travelling in trains. "The MOU with CFTRI reinforces our commitment to upgrade and standardize our catering services. It will further help IRCTC to provide safe, nutritious and hygienic food to the railway passengers," Manocha said. CFTRI is one of the 40 national research laboratories in India, set up under the aegis of the

Council of Scientific and Industrial Research (CSIR). It has a proven track record in food safety and designing and developing over 300 products and processes in the production and handling of grains, pulses, spices, fruits, vegetables, meat, fish, and poultry.

By SonalNema