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Voice Of Change

ISSUE 2, 2015

PKF SRIDHAR & SANTHANAM
LLP

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From the Editor's

Desk...

Here comes the season of tax audits and transfer pricing certifications where most of us are extremely “busy” reviewing 3CDs and solving confusions on whether 3CA is applicable or a 3CB, clients asking for priority on completion of “their” tax audit, deciding who will handle transfer pricing, last minute changes to computation of tax and finally e-filing!!! Phew!! There is a tough season ahead!!

Right on time comes a very relevant article from one of our partners... How to achieve excellence in everything we do!!

(Thank god it did not read as “perfection”!!)...

Move out of our comfort zones, accept challenges, do our homework rigorously... Especially with Google ruling the world and every bit of information laid down on a silver plate right under our nose, I guess this is definitely doable!!

We also have an article which gives a 360 degree view on the Corporate Social Responsibility under Companies Act, 2013. It has all that you need to know on CSR. This will be continued to the next issue as well.

We also have a write up on GST, covering benefits, impact on specific sectors and the roadmap ahead.

As a surprise, there is a section written by an ex-article who wanted to share her experiences at PKF S&S! Special thanks for proactively writing to us!

Thanks to all for their contributions!!!



Partner Speaks...

Excellence is something everyone should try to achieve in whatever one does.

Excellence is talent or quality which is unusually good and so surpasses the ordinary. It is also used as a standard of performance.

Excellence is a continuously moving target that can be pursued through actions of integrity, being front runner in terms of products / services provided that are reliable and safe for the intended users, meeting all obligations and continually learning and improving in all spheres to pursue the moving target (Source: Wikipedia)



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I come across situations where people tend to say, 'for the money I get I do this and this is what is possible for me to do'. Can't we not have pride on what we do? One must say "What I do should stand out..." Learn to live life enthusiastically. Enthusiasm will help you achieve whatever you do.



I heard someone telling, "I have not done this before and hence, I don't want to do it!!!" My GOD ... Are we all born with knowledge of doing what we are doing? It is in the mind .. in your MIND... Come out of the comfort zones...

Everyone is born same but some develop certain qualities which make them legends... who achieve excellence.

Ideally, I wish everyone would ask oneself a question, 'have I ever tried to do what is the best and augment my knowledge to deliver my best?' What you claim as best is comparable to what? Can there be better than your best?

In this world of Google, knowledge gaining and re-skilling is so easy that one can learn to do even brain surgery!!! Do you use Google to learn new things when you do audit or when you study? I find people asking some basic doubts, so fundamental that I wonder whether they ever attempt something called self learning at all!!! Don't be lazy to find answers yourself!!! There is a joy of learning oneself... Speak to someone who experiences that joy... It's Bliss.. Believe me I get that often....

MOVE OUT OF YOUR COMFORT ZONE

You can only grow if you are willing to feel awkward and uncomfortable when you try something new.

When you do audits, have you thought of methods to reduce your time, methods to do audits only with first year articles, idiot-proofing the work, train the trainer?

Experimenting, failing and moving out of our comfort zones and adopting transition as legends are the traits of legends. Grow - You Must, So, Change - You Must; so you cannot avoid the uncomfortable transition.

Can we see improved working in your next assignment? different ... something unique?

Be excited to be alive...!!! Enthusiastic about anything!!! and Excellence in everything!!!

(Source - T T Rangarajan / Osho and many great gurus)

When you do audits, have you thought of methods to reduce your time, methods to do audits only with first year's, idiot proofing the work, train the trainer?



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Corporate Social Responsibility

What is CSR?

Corporate Social Responsibility, also called corporate conscience, corporate citizenship or responsible business is a form of corporate self-regulation integrated into a business model (Source: Wikipedia)

Concept of CSR, although indirectly, was prevalent even our during earlier times and practised religiously by corporate bodies known for their philanthropy, e.g.: TVS, Amalgamations. Section 135 of the newly enacted Companies Act 2013 has given a corporate definition to philanthropic acts and volunteering through donations. This has in fact now resulted in brand imaging such activities carried on earlier anonymously and without any publicity whatsoever.



Why CSR?

“Giving back to the society what one earned from it”. CSR is titled to aid an organization's mission and act as a guide to what the company stands for to its consumers. Using profits to do good to the world as long as there is willingness and ability to do so.

The next generation of employees is seeking out employers that are focused on the triple bottom line. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance within the spirit of the law, ethical standards and international norms. CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

How did it all start?

Politicians became interested in CSR in the context of globalisation, capitalism and liberalism. Sociologists viewed CSR as a form of capitalist legitimacy. What began as a social movement against uninhibited corporate power was trans-



formed by corporate into a 'business model' and a 'risk management' device.

What are the Mechanics of CSR?

Operation in a corporate environment?

S 135 read with Rule 3 of Companies (CSR Policy) Rules 2014-Section 135(5) of the Companies Act, 2013 requires the Board of Directors of every company having a net worth of Rupees 500 crore or more, or turnover of Rupees 1,000 crore or more or a net profit of Rupees 5 crore or more, during any financial year, to ensure that the company spends in every financial year at least 2% of the average net profits of the company made during the three immediately preceding financial years, on CSR. Net profits referred here is calculated in accordance with provisions of S 198. A proviso to Section 135(5) states that “if the company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount”. Another proviso also states the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked. The company shall have a policy on CSR.

*No provision
for the
amount
which is not
spent!!!*

Such companies shall constitute a CSR Committee (consisting of 3 directors one of whom shall be an independent director) , which shall formulate and recommend to the Board, a CSR Policy which shall indicate the CSR activities to be undertaken by the company as specified in Schedule VII to the Act. Further, Rule 8(1) of the Companies (CSR Policy) Rules, 2014, prescribes that the Board Report of a company shall include an annual report on CSR, containing particulars specified in the Annexure to the said Rules.

The above provisions of the Act clearly lay down that the expenditure on CSR activities is to be disclosed only in Board's Report in accordance with the Rules made there under. In view of this, no provision for the amount which is not spent, i.e., any shortfall in the amount that was expected to be spent as per the provisions of the Act and the amount actually spent at the end of a reporting period may be made in the financial statements.

However, if a company has already undertaken certain CSR activity for which a liability has been incurred by entering into a contractual obligation, then in accordance with the generally accepted principles of accounting, a provision for the amount representing the extent to which the CSR activity was completed during the year, needs to be recognised in FS. CSR is applicable even to private limited companies, provided they full fill the required criteria stated earlier. **(To be Contd....)**



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Goods and Service Tax (GST)

EXECUTIVE SUMMARY

There are a whole lot of benefits of 'Goods and Service Tax', if it is properly designed and implemented in its true sense. This if implemented, it would be Independent India's biggest tax reform that will simplify the manner in which companies, small enterprises and traders will levy taxes on goods and services.

GST is a simple, transparent and efficient system of indirect taxation, involving taxation of goods and services in an integrated manner. However, the major problem lies in its implementation.



INTRODUCTION

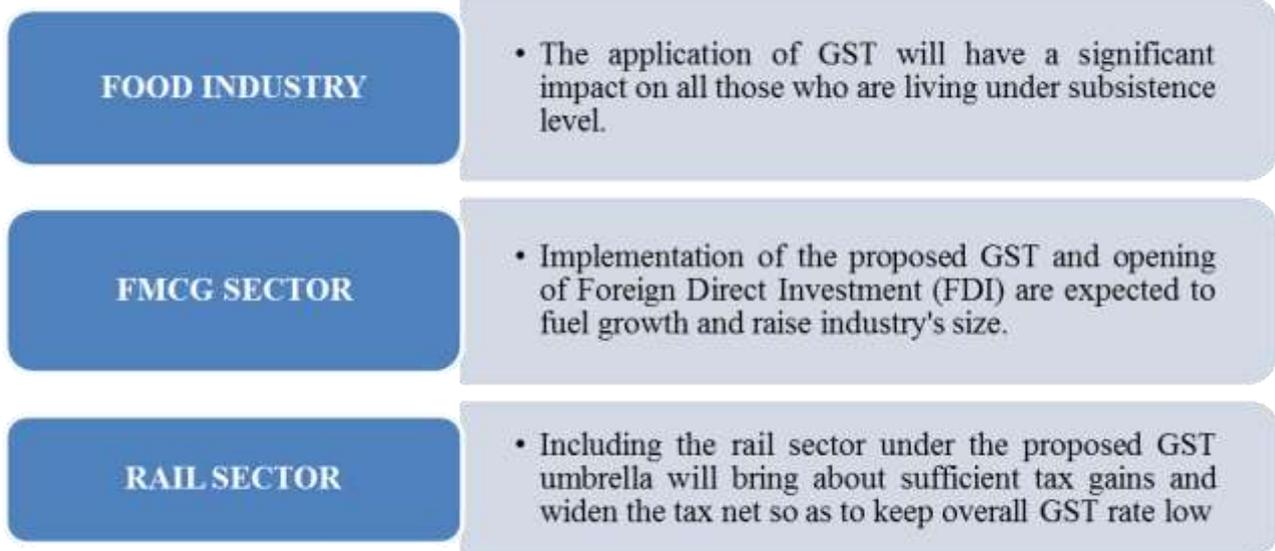
The entire country is embarked on the much awaited makeover of the Indian indirect tax structure with the proposed introduction of a national level Goods and Service Tax (GST).

The GST bill, which was passed by the Lok Sabha, could not be taken up in the Rajya Sabha in the just concluded monsoon session of the parliament because the opposition did not allow the house to function and moreover, the ruling NDA Government is in minority in the upper house

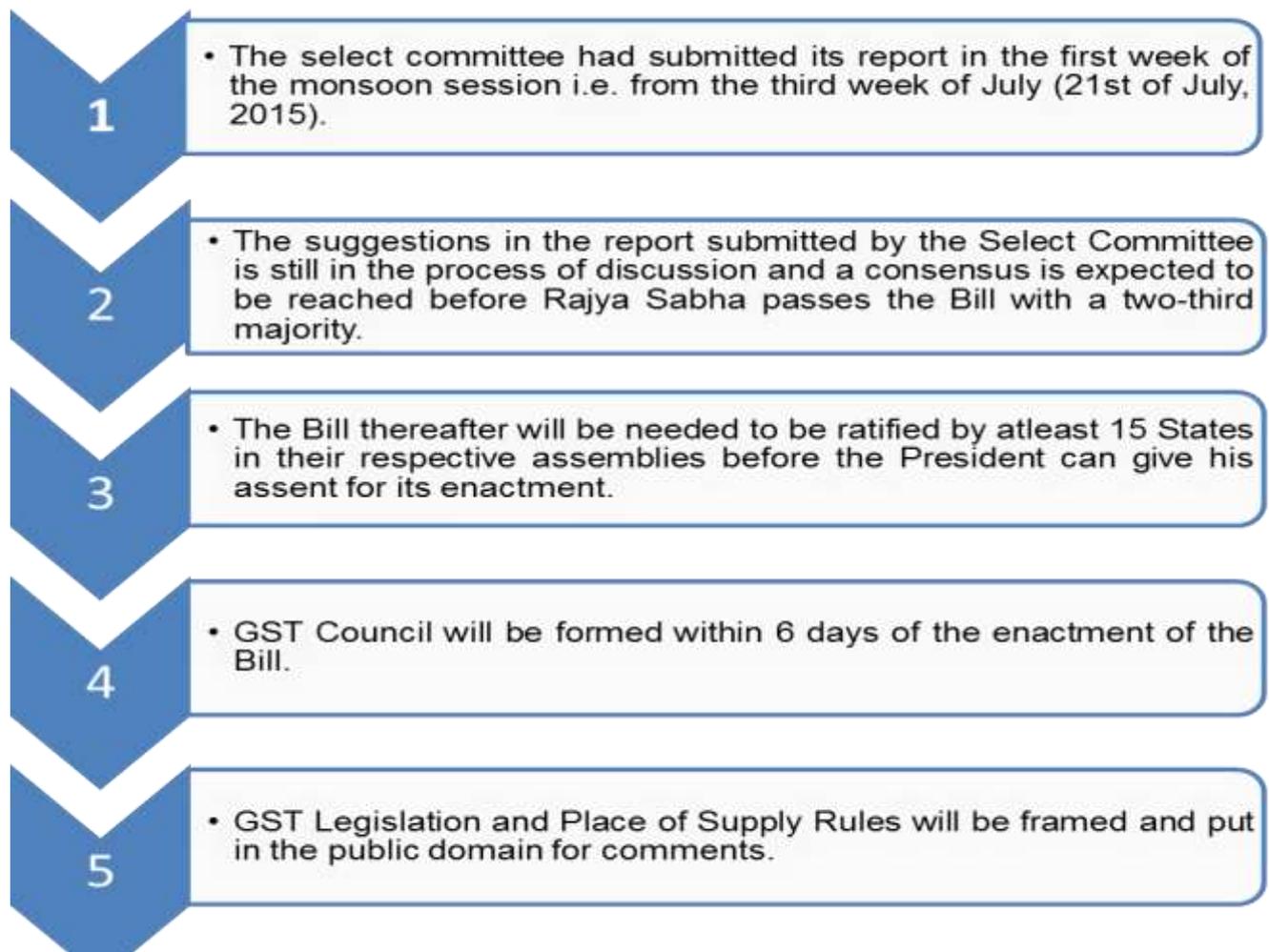
QUICK BENEFITS

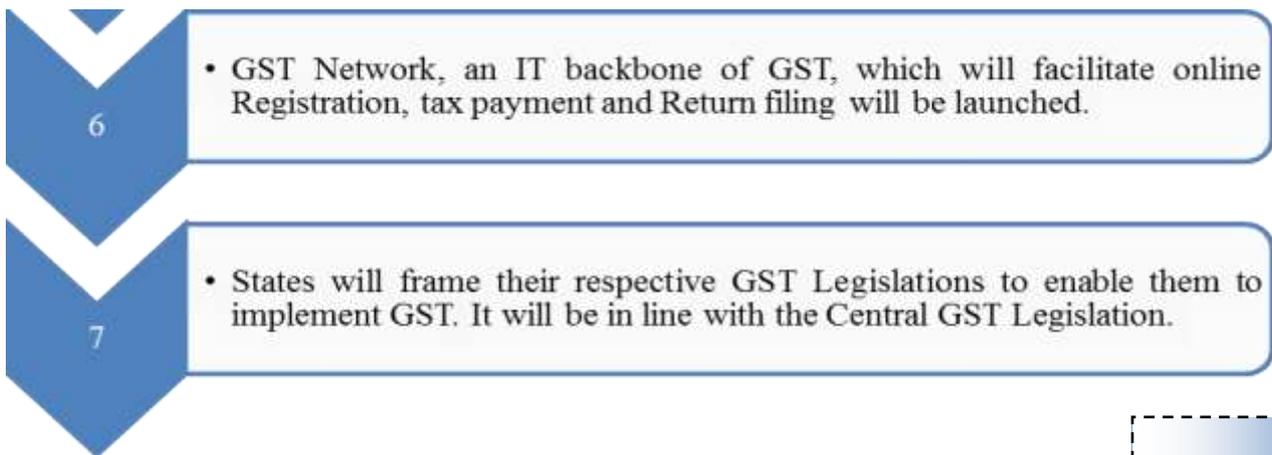
- GST will end cascading effects.
- Growth of revenues in States and Unions.
- Reduces transaction costs and unnecessary wastages.
- Eliminates the multiplicity of taxation.
- One – Point single tax.
- Reduces average tax burdens.
- Reduces corruption

IMPACT OF GST ON CORE SECTORS



THE ROADMAP AHEAD





MAJOR ROADBLOCKS AHEAD

“Given the multitude of contentious issues involved in the negotiations, it is unrealistic to expect a ‘flawless’ GST”.

The Single rate is expected to replace seven independent indirect taxes.

The major hurdles are:-

- **Making a transition towards GST involves a lot of considerable work** to persuade the States to adopt a uniform structure.
- **Revenue-neutral rates have to be estimated for the center and for each of the states.** The estimation of revenue-neutral rates further becomes complicated when there is a preference for two rates – one for essential goods and services and another the general rate.
- The tax structure that would emerge from the negotiations would be far from ideal. **It would be unrealistic to expect a “flawless GST”.**
- **It is important to consider the GST reform as a process rather than an event** because even after its implementation, it would be necessary to improve the structure and the operational aspects of the tax over time.



LATEST DEVELOPMENTS TOWARDS IMPLEMENTATION

- The newly elected chairman of the Empowered Committee of State Finance Minister K M Mani had earlier this month said that a consensus would be built among states for rolling out of GST by April 2016 as there is no "obstinate opposition" from any state.
- Mr. Arun Jaitley had said that the implementation of the landmark GST regime would increase India's GDP by 1-2 per cent.
- A single rate GST will replace central excise, state VAT, entertainment tax, octroi, entry tax, luxury tax and purchase tax on goods and services to ensure seamless transfer and end of "inspector raj" as well as "tax on tax".

CONCLUSION

Considering the fact that there have been considerable deliberations since the formal announcement to levy GST was made in 2006-07, the First Discussion Paper as well as the recent announcements of the Finance Minister sparks out a lot of expectations.

It is also necessary to prepare publicity material relating to complex issues and also work out the details of transition.

The efforts of all the stakeholders are certainly appreciable, but the challenge of implementing GST in India is formidable and much work remains to be done in the coming months. Hopefully, the stakeholders will take the opportunity to interact proactively to get the fundamentals of the GST design right to evolve a broad-based and more efficient consumption tax system.

Efforts of all the stakeholders are certainly appreciable, but the challenge of implementing GST in India is formidable





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It has been a Privilege!

I take great pleasure and happiness in sharing my experiences at PKF during my articleship period. After spending 3 enriching years at S&S, I thought the least I can do is share a few thoughts of my experiences at S&S. After clearing IPCC, not knowing much about audits, knowing nothing more than basics of MS Office, I joined S&S. My journey with our firm started in Sept 2012. New people, new surroundings and a different world. I made many friends and had a lot of fun during the initial days when we weren't allocated any audits. After the honeymoon period, we were always bombarded with work, review, travel, reports, etc. which gave me tremendous learning and exposure. I was always eager to know my next assignment and of course my next audit partner. The one and a half years I spent in Chennai was wonderful.



I got married in 2013 and I requested for a transfer to the Bangalore office. Narsi sir was kind enough to grant me the transfer. On my first day in the Bangalore office, I was back to square one – new people, new surroundings and a different world. It was a small office and we shared a great camaraderie with each other. It was a close knit family. I got many opportunities to directly work with Seetha ma'am and each of those experiences were thoroughly enriching. I almost worked on all possible facets of auditing – Statutory audit, internal audit, tax audit and transaction audit. These experiences have laid a very strong foundation in my career. Once I was done with the exams, I wanted a transfer to Hyderabad due to personal commitments. Narsi Sir and Seetha ma'am made it easy for me to get my transfer. The Hyderabad stint was a small one – 3 months. But I got an opportunity to work on a SOP process audit for the first time.

I am sure that this is one of the best articleship firms would have provided such diverse opportunities to work at different locations, with different clients and

with different partners. I would like to take this opportunity to thank Narsi sir, Seetha ma'am, Hari sir, Prasanna sir, Viji ma'am, Latha ma'am, Lenita ma'am and all the team leaders, seniors and my lovely friends for their guidance and support and for making my journey at PKF a memorable one. I have learnt a lot from each one of you and I am sure I will continue to do so in the years to come.

I feel honored and proud to have worked in such a reputed firm and I would love to come back. As I sign off for the last time, I take with me cherished memories, friends for life and a record of "the article assistant to have worked in all offices in South India".

Good luck!

*The article
assistant to
have worked
in all offices
in South In-
dia*



BAT - Celebration Time!!!

Sai Vishwanath

led by Ms. Sudha Ashok

Client is very happy with the work done in a statutory audit!! Way to Go!!!

Arvind Srinivas

Hearty congratulations on becoming an affiliate member of ACCA!!!

Exceptional **Fabulous** *Fantastic*
CONGRATULATIONS
Fantastic **Fabulous**
Terrific **OUTSTANDING**
Fabulous **OUTSTANDING** *Exceptional*
Terrific

Aman Shah, Delhi

*Has been selected to present at the
ICAI international conference of CA
students to be held at Indore on 1st and
2nd Sept 2015.*

*He has already done us proud by pre-
senting at two national conferences and
one Mega All India conference of CA
students*



Puzzles....

Step	Pour		Balance		
	from	to	10lts	7lts	3lts
I	10	3	7	0	3
II	3	7	7	3	0
III	10	3	4	3	3
IV	3	7	4	6	0
V	10	3	1	6	3
VI	3	7	1	7	2
VII	7	10	8	0	2
VIII	3	7	8	2	0
IX	10	3	5	2	3
X	3	7	5	5	0

- 1.
2. They were two of triplets or quadruples
3. Take 10 sticks from first box, 9 from the second box, 8 from the third box and so on until you take 1 stick from the last box and weigh all the sticks together. The weight shown will help you to find the box that has sticks of lesser weight as follows

Total weight	Explanation	Box containing sticks of less weight
54	$(10 \times 0.9) + [(9+8+7+6+5+4+3+2+1) \times 1]$	1
54.1	$(9 \times 0.9) + [(10+8+7+6+5+4+3+2+1) \times 1]$	2
54.2	$(8 \times 0.9) + [(10+9+7+6+5+4+3+2+1) \times 1]$	3
54.3	$(7 \times 0.9) + [(10+9+8+6+5+4+3+2+1) \times 1]$	4
54.4	$(6 \times 0.9) + [(10+9+8+7+5+4+3+2+1) \times 1]$	5
54.5	$(5 \times 0.9) + [(10+9+8+7+6+4+3+2+1) \times 1]$	6
54.6	$(4 \times 0.9) + [(10+9+8+7+6+5+3+2+1) \times 1]$	7
54.7	$(3 \times 0.9) + [(10+9+8+7+6+5+4+2+1) \times 1]$	8
54.8	$(2 \times 0.9) + [(10+9+8+7+6+5+4+3+1) \times 1]$	9
54.9	$(1 \times 0.9) + [(10+9+8+7+6+5+4+3+2) \times 1]$	10

4. The Doctor is his mother.

Winners:

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Birthday Celebration at Chennai



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