

## Wow..... what a trip

The dawn of 10th February 2012 was filled with great excitement. Bags packed and all set to go, we reached the boarding point Kadavanthra stop at 8 in the morning. Unexpected strike made hungry stomachs and it was filled by a roadside multicuisine restaurant. Team JVR was welcomed by the restaurant owners with a smile. The 'till then empty' restaurant became busy all at once. Masala dosas, porottas, and pooris were served one after the other by the partners who looked equally hungry.

All the way, the bus was filled with music and our excited voices dancing to the tunes. The bus halted only for lunch at 'Thamarassery'. Plates of biriyani were lined up in front of us. The heavy lunch, put no stop to the dances inside the bus, all eager to reach our final destination. The word 'tired' was never a part of our dictionary. We reached Meenmutty resorts at 6.30 in the evening. After a brief welcome by Jomon sir, we all rushed in for quick showers and assembled back for the campfire.

Mcs Ashish and Deepak made all of us perform. This was followed by a sumptuous dinner. Late into the night we played dumbsherads and the air was filled with acting, guessing, laughing, a game that was enjoyed by all. Day 2 was the best part of the trip. The silvery white waterfall, the greyish rocks and greenery all around was indeed a beautiful sight. Trekking down the mountain with mixed feelings of fear and excitement, we saw nature at its best pictured in front of us. Back at the resort, we all got engaged in various games; badminton, table tennis, cycling and so on.

The trip came to a close even faster than we thought. We set out at 5pm and came down the 'Winding Churam'. Having ice creams while walking through the fog led by only the lights of the passing vehicles was an unforgettable experience. Back in the bus, all were quickly recharged. The war of music began and it went on till our voices faded out. We reached Ernakulam at 2 early morning.

Wayanad was left way behind us but its memories are still live and recalling.

Teena Tom

Ha...Ha... 😊

- 1) Why did the accountant cross the road ?  
Because he did it in the previous year.
- 2) Two Ladies Fighting For A Seat In A Bus ..  
Bus Conductor: The Older One Should Sit Here Both Looked At Each Other And The Seat Remained Empty

Contributed by Richie Samuel Regi



Dear Friends,

It is quite timely and relevant that we are bringing out the third edition of 'Echo' at the outset of a new season of audits and compliance .

It is with the objective of building a collective vision, sense of purpose and empowerment that 'Team JVR' launched the newsletter. By now, its relevance and utility have been well established. Many of our professional colleagues have lauded this initiative.

Today, the world is driven by radical thoughts and innovative outlooks. As professionals, our march towards excellence continues...

The editorial team has attempted to bring forth latest events and updates, thanks to efforts of the paper writers. We had conducted a wonderful annual tour to Wayanad and its echoes still remain.

Legendary Henry Ford said "Coming together is Beginning, keeping together is Progress, working together is Success".

Let us stay focussed as a winning team and endeavour to improve our deliverables...

**Wish you all a happy reading and a great 2012-13.**

Shawn Jeff Christopher FCA  
Partner

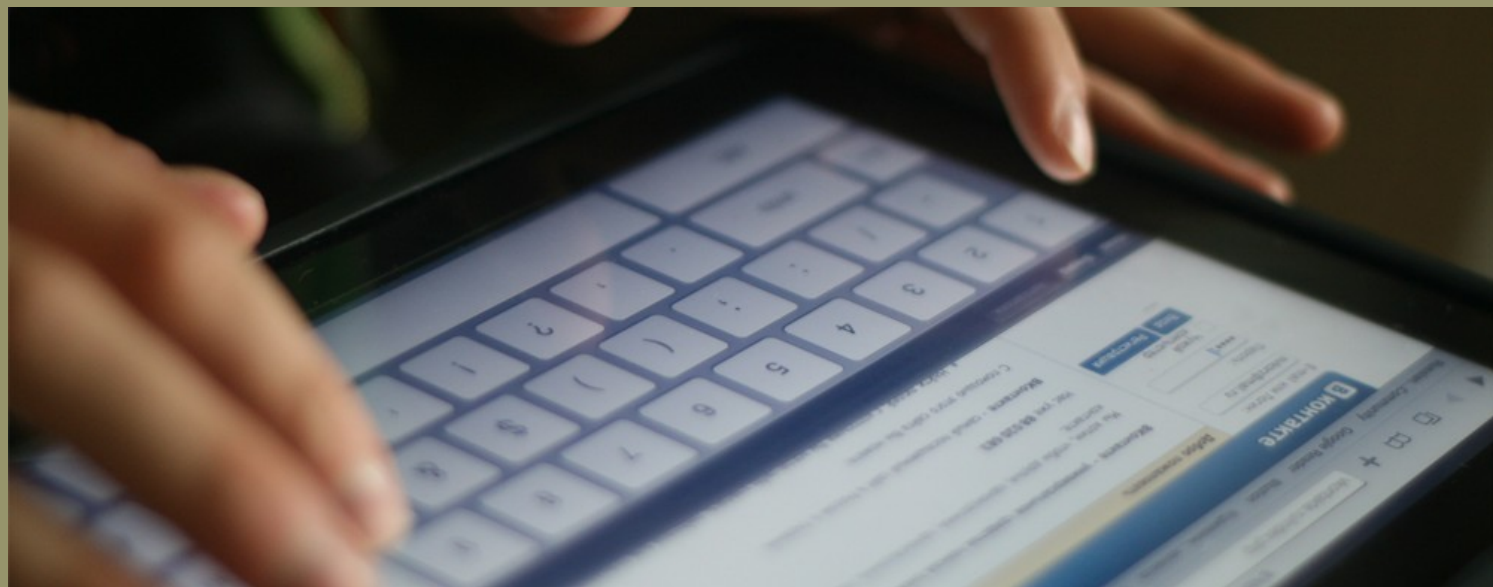


Congratulations **Nimmy Joseph** on passing the CA Final Exam Nov 2011

## Annual Tour to Wayanad .....







## Aspects to be covered in an Audit

### Preparatory Stage

This is the stage at which the auditor plans for the audit. After getting the audit engagement the auditor should cover the following preliminary aspects, before the commencement of audit:

- Obtain the appointment letter and the resolution passed in this regard.
- Obtain NOC from the previous auditor.
- Obtain a Letter of Engagement (SA 210)
- Obtain a copy of the Memorandum and Articles of Association.
- Acquire knowledge about the business of the company.
- Prepare an Audit Programme suitable for the business of the company.
- Refer the previous year's Financial Statements and the working notes file.
- Have an understanding about the Accounting Software used in the company.
- Gain knowledge about the accounting system and procedures followed in the company.

### Audit Stage

At this stage, the auditor commences the audit. The auditor will be engaged in the following activities during the course of audit.

- Check the Opening Balances, to see whether they are correctly entered.
- Vouching part of audit should cover the following:
  - Cash Transactions
  - Bank Transactions
  - Purchases
  - Sales

- Conduct the physical verification of cash.
- Check whether there is negative cash balance on any day.
- Make a list of cash payments exceeding Rs. 20,000/-
- Check the Bank Reconciliation Statement and take the date of subsequent realizations.
- Obtain balance confirmation certificate from banks.
- Check the Payroll and Attendance Register.
- Check the stock records of the company.
- Take a closing stock statement of Raw Material, WIP and Finished Goods.
- Conduct the physical verification of stock.
- Check Stock Valuation.
- Fixed Assets Scrutiny. Make a list of additions and deletions made to fixed assets.
- Scrutinise the ledgers.
- Obtain Debtors agewise analysis.
- Compile monthly details of statutory collections /payments. Also check compliance of filing of returns and payments within due date.
- In case the company is having branches, study the control aspects, do inter branch reconciliation and check consolidation of accounts of branches and HO.
- Complete all the points covered in the Audit Programme.
- List out the entries to be passed and get it passed.
- Go through the Board minutes book and AGM minutes book.
- List out the Accounting Standards applicable to the company and ensure compliance with the same.
- Ensure applicable statutory compliances.
- Ensure that the disclosure requirements of the Schedule VI are duly complied with.

### Conclusion Stage

- Prepare audit observations.
- Prepare an LOR and get it signed.
- Prepare a draft Auditors Report.

Tubin T Mathew

## TAX PROPOSALS IN THE UNION BUDGET 2012

### DIRECT TAXES

- ❖ Tax Rates & Tax Slabs
  - Rates of Income-tax for the Financial year 2012-13 applicable for Individual, HUFs, AOPs are:

Income Tax slab	Rates of Income Tax
Income up to Rs. 2 Lacs	0%
Income from Rs. 2 Lacs to 5 Lacs	10%
Income from Rs. 5 Lacs to 10 Lacs	20%
Income from Rs. 10 Lacs and above	30%

- The basic exemption limit for Senior citizens (60 yrs- 79 yrs) will be Rs.2,50,000/- and that of Senior citizen(80 yrs & above) will be Rs.5,00,000/-

- The basic exemption limit made same for both men & women other than senior citizens..

- Alternate Minimum Tax @ 18.5% for partnership firms, sole proprietorships, association of persons etc that are claiming any deduction under chapter VI A (other than deduction u/s 80P) or u/s 10AA, if the adjusted total income for the year exceeds Rs 20,00,000/-.

- Securities transaction tax (STT) reduced on delivery based equity transactions by 20% from 0.125% to 0.10%.

### ❖ Deductions Under Chapter VIA

- Deduction of Rs 5,000/- for Preventive check-up expenses for self & family members allowed within the overall limit of Rs.15,000/- for Mediclaim insurance premium.

- Interest up to Rs.10,000/- on Savings bank account is exempt from tax with the insertion of Section 80 TTA.

- Additional deduction for Infrastructural bonds of Rs.20,000/- has not been extended beyond Assessment year 2012-13

- Tax benefits (deduction for premium or exemption for maturity proceeds) are no longer available to new life insurance policies having annual premiums of more than 10% of sum assured.

### ❖ Tax Deducted at Source/Tax Collected at Source

- TDS @1% mandatory for sale of immovable property of over Rs 50 Lakhs in urban areas and Rs 20 Lakhs in rural areas.

- 1% Tax to be Collected at source by seller for any sale in cash valued at over Rs 2 Lakhs of jewellery, bullion etc.

- TDS to be deducted on any remuneration paid to director other than in the nature of salary u/s 194J w.e.f 1st July, 2012.

- W.e.f 01.07.2012 delay in filing of e tds return will result in levy of fee u/s 234E @ Rs 200/day for late furnishing of TDS statement and a penalty u/s 272A ranging from Rs 10,000 to Rs 1,00,000 for not furnishing TDS statement within 1 year of the prescribed due date after payment of tax deducted along with applicable interest and fee is provided.

- ❖ Threshold limit for Audit u/s 44AB and presumptive taxation u/s 44AD has been increased from Rs 60 lakhs to Rs 1 crore for persons carrying on business and for persons carrying on profession it has been increased from Rs 15 lakhs to Rs 25 lakhs.

- ❖ Transfer Pricing Rules made applicable to specified domestic transactions with related parties.

- ❖ Compulsory filing of income tax return for every resident having any asset (including financial interest in any entity) located outside India.

### INDIRECT TAXES-SERVICE TAX

- ❖ Rate of Service Tax enhanced from 10% to 12%\
- ❖ Service has been defined to mean any activity carried out by one person for other for a consideration. A taxable service has to read with reference to the following:
  - Declared taxable services
  - Exempted/Non-taxable services
  - Negative list of services

- ❖ The time period for issuance of invoice under the Point of Taxation Rules increased from 14 days to 30 days. For banks and financial institutions providing banking and other financial services, period to be increased to 45 days.

- ❖ Payment of Service tax on receipt basis

Applicability - Individuals and Partnership firm

Turnover Criteria - whose aggregate value of taxable service provided in a previous financial year does not exceeding Rs.50 lakhs rupees.

Payment of Service Tax -The assessee shall be given an option to pay service tax on realization basis (cash system) upto taxable receipt of Rs.50lakhs in current year and thereafter needs to be pay service tax based on Point of Taxation Rules

Joe James