

Swachh JVR!!

Following the footsteps of Great Gandhi and inspired from India's biggest national movement "Swachh Bharat Abhiyan", JVR ites took the oath for a clean & litter free office on "31.12.2014". Our Managing Partner Jomon K George kick started the movement for a cleaner & better environment by making us aware about its importance and this was backed by every JVRite's efforts by cleaning the office, keeping aside all the works and other schedules. Though it was a tiresome work, at the end of the day our office and our minds were good as new and well prepared for a clean & litter free 2015.

Kurian Thomas

Completed Articleship



Santa Claus is in Town!!!!



23rd December was a day of joy for JVRite's. Christmas festivities were underway and it couldn't have gotten any better! Everyone were in white and blue, having fun making the office colorful with a lot of decorations, followed by carol singing, exchanging gifts, enjoying the delicious cake and let's not forget.... Santa Claus!!! Everything had resulted in the perfect Christmas celebration. Any celebration is incomplete without music and so, as the evening progressed, the musicians of JVR were unearthed as a guitar appeared and music took over. Eventually, the evening had to come to an end and what better way to do it than with a game of bombing the 'Clients'. JVRites portrayed the true spirit of Christmas and the celebrations came to an end leaving everyone with unforgettable memories.

Lucy Ann Thomas

Editorial Team -Joan Jojo, Kurian Thomas, Meenu K



Echo

Quarterly Newsletter -14

January: 2015

EDITORS ONLINE....

In this dawn of 2015, we are elated and proud to give you the fourteenth edition of ECHO, which has been a successful platform for sharing knowledge and news.

Year 2014 had been a fruitful and satisfying year for JVR. Even though a successful season of Tax Audit, ITR filing, KVAT filing, ROC filing under the new Companies Act, 2013 and audits kept us busy during the year, we also excelled in various cultural and sports events. Let's hope that the year 2015 is as eventful as 2014 and that we all will work towards our motto 'Bigger, Better, Bolder' with even renewed vigour, fervour and passion.

Congrats to our very own Ann Rose Mathew, Seethu Sebastian and Sharon Thomas, who have made us proud by qualifying in the November 2014 CA Final examination.

This edition of ECHO covers Sections 186 and 188 of Companies Act, 2013, Forensic Accounting and some memorable events during the last few months.

Wishing everyone a Blessed and Happy New Year!!!!!! "The New year stands before us, like a chapter in a book, waiting to be written". Let's write some wonderful and memorable chapters this 2015.

Keep Smiling....

Congratulations!!

IPCC



Sakku Abraham



Nidhin Thomas



Jithin Joseph



Lucy Ann Thomas



Ann Rose



Seethu Sebastian



Sharon Thomas



Loan To Related Party & Inter Corporate Loans under Companies Act , 2013

Section 188 - Related party transactions

Applicability

Applicable to private company and public company.

Approval

Approval required for entering transactions with related party.

▲ Board Approval

Board approval is required in every case.

▲ General Meeting

A special resolution is to be passed by the members.

Special resolution required

- a) When a company having a paid-up share capital of 10 crore rupees or more, Or
- b) When a company to enter into the following transactions with related party:

- ▲ Sale, purchase or supply of any goods or materials directly or by agents, amount exceeding 10% of the turnover or Rs. 100 crore, whichever is lower;
- ▲ Selling, disposing or buying property of any kind directly or by agents, amount exceeding 10% of net worth or Rs. 100 crore, whichever is lower;
- ▲ Leasing of property, amount exceeding 10% of the turnover or Rs. 100 crore, whichever is lower;
- ▲ Availing or rendering of any services directly or by agents, amount exceeding 10% of net worth or Rs. 50 crore, whichever is lower;
- ▲ Appointment to any office or place of profit in the company in its subsidiary company or associate company at a monthly remuneration exceeding 2.5 lakh rupees.
- ▲ Remuneration for underwriting the subscription of any securities or derivatives of the company exceeding 1% of the net worth.;

Net worth or turnover shall be on the basis of the Audited Financial Statement of the preceding financial year.

Disclosure requirement

It is mandatory to disclose related party transactions along with proper justification in the Director's report.

Voidable contract

Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or Shareholder and if it is not ratified by them within 3 months, it shall be voidable at the option of the Board.

Exemption

Transactions entered into by the company in its ordinary course of business and which are on arm's length basis are exempted.

Section 186 - Loan and investment by company

This section enlists the exceptions and specifies the limits up to which a company can give loan.

A company shall not make investment through more than two layers of investment companies. "Layer" in relation to a holding company means its subsidiary or subsidiaries. "Investment company" means a company whose principal business is the acquisition of shares, debentures or other securities.

Specified transactions covered

- ▲ Loan to any person or other body corporate,
- ▲ Guarantee or security given in connection with a loan to any other body corporate or person; and
- ▲ Acquisition by way of subscription, purchase or otherwise, the securities of any other body corporate.

Limit for specified transactions

Higher of

- a) 60% of (Paid-up Share Capital + Free Reserves + Securities Premium) Or
- b) 100% of (Free Reserves + Securities Premium).

Shareholders' approval

With a prior approval of Shareholders by way of passing a special resolution, the company can invest or give loan to an amount beyond the limit.

Board Resolution

No investment shall be made or loan or guarantee or security given by the company unless a resolution is passed at a Board meeting with the consent of all the directors present.

Approval of public financial institution

Obtain prior approval where any loan subsisting is in default or exceeding the limit specified.

Disclosure requirement

Disclose in the financial statements on full particulars of the loans given, investment made, guarantee given, security provided and purpose for which it is utilised by the borrower.

Exemptions

Loan made, guarantee given or security provided by, a banking company or an insurance company or a housing finance company, in the ordinary course of its business or a company engaged in the business of financing of companies or providing infrastructural facilities.

Acquisition made by a NBFC whose principal business is acquisition of securities

Anith Joseph

The forensic accountant is a blood hound of book keeping. External auditors find out the deliberate misstatements only but the forensic accountants find out misstatements deliberately. Forensic accountant takes a more proactive, skeptical approach in examining books of accounting. They make no assumption of management integrity and show less concern for arithmetical accuracy and have nothing to do with the Accounting or Assurance standards but are keen in exposing any possibility of fraud.

Application of Principles of Forensic Accounting to an organization :

1. To look for indications of abnormal occurrences in the accounting and financial reporting systems.
2. Having a forensic accounting orientation to designing the accounting processes will provide an opportunity to design in steps for verification of key assumptions and data while also providing the opportunity for identifying possible fraud.
3. The related area of forensic auditing can help in reducing the transaction processing risk by helping to perform audit type procedures on a routine schedule.

Areas where it can be applied:

Securities Fraud; Bankruptcy, Insolvency & reorganisation; Evaluating or confirming business valuation in mergers and acquisitions; Examining warranty claims for patterns of fraud or abuse; Analysis of financial transactions to determine if they are normal or outside company policy and , thus, possibly fraudulent; etc.

Forensic accounting in India:

Forensic accounting is still nascent in India. In the Indian context, Forensic accountants are the most required in the wake of growing frauds. After the Satyam scam, forensic auditors are much in demand as many companies want to understand what could be the initial warning signs of such kind of a fraud. In India, ICAI conducts certificate course on forensic accounting & fraud detection.

Abhishek. R. Rao



FORENSIC ACCOUNTING

"Forensic accounting requires the most important quality a person can possess: the ability to think"

"Forensic Accounting" is the practice of utilizing accounting, auditing, and investigative skills to assist in legal matters. It is the specialty practice area of accountancy that describes engagements that result from actual or anticipated disputes or litigation. It is referred to as the private eye of corporate culture where forensic accountants must have an investigative mentality.