

# ICAI-CBEC Programme for Training the Trainers in Financial Statement Analysis



ICAI President CA. Jaydeep Narendra Shah compliments Ms. Praveen Mahajan, Chairperson, CBEC.

The Indirect Taxes Committee of ICAI, in collaboration with Central Board of Excise and Customs (CBEC), organised a Five Day Training Programme namely, "Training the Trainers in Financial Statement Analysis" for service-tax officials of CBEC from 29<sup>th</sup> October to 2<sup>nd</sup> November, 2012 at Vigyan Bhawan, New Delhi.

The primary objective of the training programme was to enable the trainees to have a systematic exposure to reading and understanding modern financial statements and current audit techniques to increase the effectiveness of the revenue assessment in the area of service tax and thereby lead to more informed, aware and assessee-friendly Officers.

The training programme was inaugurated by **Shri Sumit Bose**, Revenue

Secretary, Department of Revenue, Ministry of Finance. **Ms. Praveen Mahajan**, Chairperson, CBEC, **Ms. Sheila Sangwan**, Member (Budget) & Service Tax (Additional Charge), other Senior Officials of the CBEC and **CA. Jaydeep Narendra Shah**, President, ICAI were also present on the occasion. IFAC

President **Mr. Göran Tidström** and Executive Director **Mr. Russell**

**Guthrie** also addressed the participants on the very first day of the programme. The Service Tax Officer-on-Special-Duty **Shri Sumit Kumar** coordinated all the exercises and efforts from the side of CBEC for the programme. Eminent speakers on the occasion included CESTAT (Customs, Excise and Service Tax Appellate Tribunal) Member **CA. D. N. Panda** and Delhi High Court Judge (retd.), CCI (Competition Commission of India) Member and



ICAI President CA. Jaydeep Narendra Shah with Member (Budget) & Service Tax Ms. Sheila Sangwan and Member (Service Tax) of CBEC Ms. Lipika Majumdar Roy Chaudhri.

Appellate Authority Chairman (constituted under CA, CS and CWA Acts) Justice **S. N. Dhingra**, among others.

**Shri Sumit Bose**, Revenue Secretary, Government of India in his remarks expressed his gratefulness to the CBEC and ICAI for undertaking the training programme. He further emphasised that knowledge of forensic accounting and the tools to detect fraud is the need of the hour.

**CA. Jaydeep Narendra Shah**, President, ICAI in his remarks, elaborated the need and benefits of such training programmes for the Departmental officials.

Further, he added that officials are required to keep themselves abreast with regard to Accounting Standards, Revised Schedule VI, etc.

**Ms. Praveen Mahajan**, Chairperson, CBEC expressed that although the service sector is contributing 57% of the GDP but the collection of revenue from this sector is not satisfactory. She thanked the ICAI for designing a tailor made training programme for the officials of the CBEC which would enable the officers to learn the accounting and extract relevant information from financial records and statements from the perspective of service tax assessments and audits.

The key learning objectives of the training programme were:

- Enhancing the understanding of the financial statements
- Enhancing the skills in critically analysing the financial statements and financial reporting
- Proper understanding of assessee's books of accounts and other related matters, so as to determine correct service tax liability, which reduces litigation before appellant authority.
- Enhancing understanding of tax accounting *vis-a-vis* financial accounting.
- Understanding the audit tools and best practices in conducting effective audit to detect leakages of revenue.
- Use of tools of forensic accounting for detection of tax frauds from financial statement analysis.
- Enhancing understanding of law to enable advice/ guidance in a fair manner.

The topics that were deliberated in the Technical Sessions included Basic Concepts of Accounts, Trial Balance, Journal and Final Accounts, Directors' Report, Notes to Accounts, Accounting Standards, Service Tax Reconciliation, Service Tax Audit, Reading of



*ICAI President CA. Jaydeep Narendra Shah greets CCI (Competition Commission of India) Member and Appellate Authority Chairman Justice S. N. Dhingra.*

Agreements/Contracts, Negative List, CENVAT Credit, Construction Services, Works contract and its linkages with State VAT, Global Developments and the like.

As many as 59 officers ranging from Superintendents to Additional Commissioners attended the programme. Experts of the field identified from all over the county interacted with the participants and replied to their queries. The complex accounting and legal issues were explained to the participants in a lucid manner by the faculty through case studies, illustrations, practical examples and the like. The participants were also provided with a comprehensive Training Manual tailor-made exclusively for them.

The training programme received an overwhelming positive feedback from the participants. Participants found it to be "very helpful for analysing the financial statements to detect service tax evasions." They found the sessions to be "excellently presented" and the Q & A session at the end of the day "extremely helpful". In fact, such was the appreciation for the faculty of the sessions that the participants requested for earmarking a full day to many of the faculty.

**Ms. Sheila Sangwan**, Member (Budget), CBEC and **Ms. Lipika Majumdar Roy Chaudhri**, Member (Service Tax), CBEC and the President, ICAI add-ressed the participants in the valedictory session.

The entire five days programme was webcast live on the ICAI's website on the request of the CBEC, to facilitate the officers who could not attend the programme as also for the benefit of our members. The association between the ICAI and the CBEC has been a long standing one. This training programme would go a long way in further strengthening the same. ■