



# JALGAON BRANCH OF WIRC OF

The Institute of Chartered Accountants of India

(SETUP BY AN ACT OF PARLIAMENT)



E-NEWSLETTER

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# MANAGING COMMITTEE OF JALGAON BRANCH OF WIRC OF ICAI



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# JALGAON WIRC CHAIRMAN'S COMMUNICATION



**F**riends, My dear colleagues, seniors in the profession,

The new year began on a high note for Jalgaon Branch with a series of impactful programs in **January 2025**, focusing on student development, member enrichment, social outreach, and national pride.

On **13th January**, a **Career Counselling Programme** was conducted at *Rajmal Lakhichand Lalwani Junior College, Shendurni*, where around 200 students were guided about the Chartered Accountancy profession by CA Mukesh Agrawal.

On **18th January**, we hosted a **Seminar on “How to Automate Your Accounting Practice”** at ICAI Bhavan, Jalgaon. Eminent faculties **Mr. Sushil Ravani** and **Mr. Syad Naazer** enlightened the members on automation tools and practices. CA Abhishek Kothari felicitated the speakers and also shared his thoughts on the subject. The seminar witnessed enthusiastic participation from around 100 members.

On **22nd January**, a very engaging day unfolded with three important initiatives:

- **Income Tax Department Visit** at Jalgaon, providing members practical exposure and interaction with the tax authorities.
- A **Career Counselling Programme** at *Pandit Nehru Vidyalaya, Varadsim*, where CA Mukesh Agrawal inspired nearly 200 students.
- A **Financial & Tax Literacy Drive – “Vitiyagyan ICAI ka Abhiyaan”** at *Nandra Village*, with special presence of **Shri. Pratapraoji Patil**, Member Zilla Parishad & Founder GPS Group. CA Hitesh Agiwal and CA Suresh Mantri guided the students on financial awareness and discipline.

The month concluded with the proud celebration of **Republic Day on 26th January** at ICAI Bhawan, Jalgaon, where members gathered for the flag hoisting ceremony, reaffirming our commitment towards the nation.

January 2025 has indeed set a positive tone for the year ahead, showcasing our branch's commitment to **knowledge building, student outreach, financial literacy, and national duty**. I extend my gratitude to all members, faculties, guests, and students for their active participation in these initiatives.

The Newsletter is an opportunity to all the members & students to stay connected with and get regular updates from ICAI.

**Stay Safe Stay Healthy!**

**With Best wishes,**

**CA Abhishek Kothari**

**(Chairman, Jalgaon WIRC)**

# BASICS OF BANKING: DISCLOSURE REQUIREMENTS IN FINANCIAL STATEMENTS



CA Rahul Sharma

**Disclosure of Accounting Policies:** In order to show that the financial position of banks represent a true and fair view, the Reserve Bank of India has directed the banks to disclose the accounting policies regarding the key areas of operations along with the notes of account in their financial statements for the accounting year ending 31.03.1991 and onwards, on a regular basis. The accounting policies *may contain* the following aspects subject to modification by individual banks:

**(1) General:**

The accompanying financial statements have been prepared on the historical cost and conform to the statutory provisions and practices prevailing in the country.

**(2) Transactions involving Foreign Exchange:**

(a). Monetary assets and liabilities have been translated at the exchange rates, prevailing at the close of the year. Non – monetary assets have been carried in the books at the historical cost.

(b). Income and Expenditure items in respect of Indian branches have been translated at the exchange rates, ruling on the date of the transaction and in respect of overseas branches at the exchange rates prevailing at the close of the year.

(c). Profit or loss on pending forward contracts has been accounted for.

### **(3) Investments:**

- (a). Investment in Government and other approved securities in India are valued at the lower of cost or market value.
- (b). Investments in subsidiary companies and associate companies (i.e. companies in which the banks holds at least 25% of share capital) have been accounted for on the historical cost basis.
- (c). All other investments are valued at lower of cost or Market Value

### **(4) Advances**

- (a). Provision for doubtful advances have been made to the satisfaction of the auditors:
  - i. In respect of identified advances, based on a periodic review of advances and after taking into account the portion of advance guaranteed by the deposit Insurance and Credit Guarantee Corporation, the Export Credit and Guarantee Corporation and similar statutory bodies.
  - ii. In respect of general advances, as a percentage of total advances taking into account the guidelines issued by the Government of India and the Reserve Bank of India.
- (b). Provisions in respect of doubtful advances have been deducted from advances to the extent necessary and the excess have been included under “ Other Liabilities and Provisions”.
- (c). Provisions have been made on a gross basis. tax relief, which will be available when the advance is written off, will be accounted for in the year of written off.

### **(5) Fixed Assets**

- (a). Premises and other fixed assets have been accounted for at their historical cost. Premises which have been revalued are accounted for at the value determined on the basis of such revaluation made by the professional valuers, profit arising on revaluation has been credited to capital reserve.
- (b). Depreciation has been provided for on the straight line/diminishing balance method.
- (c). In respect of revalued assets, depreciation is provided for on the revalued figures and an amount equal to the additional depreciation consequent of revaluation is transferred annually from the capital reserve to the General Reserve/Profit and Loss Account.

## **(6) Staff Benefits**

Provisions for gratuity/pension benefits to staff have been made on an accrual/casual basis. Separate funds for gratuity/pension have been created.

## **(7) Net Profit**

(a). The net profit disclosed in the Profit and Loss Account is after :

- i. Provisions for taxes on income, in accordance with statutory requirements.
- ii. Provision for doubtful advances.
- iii. Adjustments to the value of “current investments” in Government and other approved securities in India, valued at lower of cost or market value.
- iv. Transfers to contingency funds.
- v. Other usual or necessary provisions

(b). Contingency funds have been grouped in the Balance Sheet under the head “Other Liabilities and Provisions”

## **Disclosures prescribed by RBI under BASAL III**

In addition to the disclosures to be made, as mentioned in para 16.11 above, the RBI has directed the banks to follow additional, disclosure requirements contained in “Master Circular on BASAL III Capital Regulations” RBI/2015-16/58 DBR.No. BP. BC.1/21.06.201/2015-16 dated July 1, 2015. The salient features of the RBI guidelines are given below:

### **General**

The purpose of Market discipline is to complement the minimum capital requirements (Detailed under Pillar 1) and the supervisory review process (detailed under Pillar 2). The aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment process hence, the capital adequacy of the institution.

In principle, banks’ disclosure should be consistent with how senior management and the Board of Directors assess and manage the risk of the bank. Under Pillar 1, banks use specified approaches/methodologies for measuring the various risks they face and the resulting capital requirements. It is believed that providing disclosures that are based on a common framework is an efficient

means of informing the market about a bank's exposure to those risks and provides a consistent and comprehensive disclosure framework that enhances comparability.

### **Materiality**

**Information would be regarded as material if its omission/misstatement could change or influence the assessment or decision of a user relying on the financial statement for the purpose of making economic decision.**

With a view to facilitate smooth transition to greater disclosures as well as to promote greater comparability among the banks 'Pillar 3' disclosures, the materiality thresholds have been prescribed for certain limited disclosures. Notwithstanding the above, banks are encouraged to apply the user test to these specific disclosures and where considered necessary make disclosures below the specific thresholds also.

### **General Disclosure Principle**

Banks should have a formal disclosure policy approved by the Board of Directors that addresses the bank's approach for determining what disclosures it will make and the internal controls over the disclosure process.

In addition, banks should implement a process for assessing the appropriateness of their disclosures, including validation and frequency.

### **Date of Implementation**

Pillar 3 disclosures as introduced under Basel III became effective from July 1, 2013.

### **Scope and Frequency of Disclosure**

Pillar 3 applies at the top consolidated level of the banking group which the Capital Adequacy Framework applies. Disclosures related to individual banks within the groups would not generally be required to be made by the parent bank. An exception to this arises in the disclosure of capital ratios by the top consolidated entity where an analysis of significant bank subsidiaries within the group is appropriate, in order to recognize the need for these subsidiaries to comply with the framework and other applicable limitation on the transfer of funds or capital within the group. Pillar 3 disclosures will be required to be made

by the individual banks on a standalone basis when they are not the top consolidated entity in the banking group. Banks are required to make pillar 3 disclosures at least on a half yearly basis, irrespective of whether financial statements are audited, with the exception of following disclosures:

- i. Capital Adequacy
- ii. Credit Risk; General Disclosures for all banks
- iii. Credit Risk ; Disclosure for Portfolios subject to the standalone approach

The disclosures as indicated I, ii and iii are to be made least on quarterly basis by banks.

# MEMORIES GALORE



CA Abhishek Kothari felicitating to Mr. Sushil Ravani in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



CA Abhishek Kothari felicitating to Mr. Sayd Naazer in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



CA Abhishek Kothari expressing his thoughts in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



Mr. Sushil Ravani guiding the members in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



Members presented in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



Mr. Sayd Naazer sharing his knowledge in the Seminar on "How to Automate Your Accounting Practice" date 18-1-2025



Financial & Tax Literacy Drive " Vitiyagyan ICAI ka Abhiyaan" conducted at Nandra Village, Dist. Jalgaon.



Shri. Pratapraoji Patil Member, Zilla Parishad Founder, GPS Group CEO, Zilla Parishad Jalgaon was invited.



CA Suresh Mantri & CA Hitesh Agiwal guided the students in the programme on date 22-1-2025



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Republic Day celebration in the Jalgaon Branch of WIRC of ICAI date 26-1-2025



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For any suggestions and Queries relating to this article please contact:

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