

[PR/20/18-DD/266/18-DC/1358/2020]

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2022-2023)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No. : [PR/20/18-DD/266/18-DC/1358/2020]

In the matter of:

**Sh. Surendra Gopal Gowda,
404, Namaskar CHS, Plot No. 191
Sector-3, Airoli,
Navi Mumbai
Maharashtra - 400708**

Versus

.....Complainant

**CA. Parnika Gajanan Adkar (M. No. 121112),
11, Akshay Plot No. 188
RDP 6, Sector No. 6,
Charkop, Kandivali West, Mumbai
Maharashtra - 834001**

.....Respondent

MEMBERS PRESENT:

- 1. Mrs. Rani Nair, I.R.S. (Retd.), Presiding Officer, Government Nominee (Present in person)**
- 2. Shri Arun Kumar, I.A.S. (Retd.), Government Nominee (Present in person)**
- 3. CA. Rajendra Kumar P, Member (Through Video Conferencing Mode)**
- 4. CA. Cotha S Srinivas, Member (Present in person)**

DATE OF FINAL HEARING : 07.12.2022 (Through Physical/ Video Conferencing Mode)

PARTIES PRESENT

Respondent : CA. Parnika Gajanan Adkar

CHARGES IN BRIEF:-

1. The Committee noted that in the present case, according to the Complainant, the closing balance of the Balance Sheet figures of the Namaskar Co-operative Housing Society (hereinafter to be referred to as the "**Society**") for the financial year 2011-12 was Rs 1,62,38,638/- and the opening balance as per Balance Sheet in next year was Rs 1,63,95,502/-. In other words, there was a difference of Rs 1,56,864/- in the corresponding figures of the balances of Balance Sheets. The Committee noted that the Director (Discipline) held the Respondent Prima-facie Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

BRIEF FACTS OF THE PROCEEDINGS:

2. On the day of the final hearing, i.e. on 07th December 2022, the Committee noted that the Complainant was not present despite notice of hearing was duly served upon him. The Committee noted that the Respondent was present through Video Conferencing Mode. At the outset, the Committee enquired from the Respondent that since, the composition of the Committee had changed further from the previous hearing, as to whether she wished to have a de-novo hearing. On the same, the Respondent submitted that the Committee may continue its proceedings in this matter from the stage it was left at the time of last hearing. The Committee acceded to her request and continued the hearing.
3. Thereafter, the Respondent presented her line of defense by presenting the arguments, and the Committee posed certain questions to her to understand the issue involved and the role of the Respondent in the case. After considering all papers available on record and after detailed deliberations and recording the submissions, the Committee decided to conclude the matter.

FINDINGS OF THE COMMITTEE

4. The Committee noted that the Respondent with regards to charge against her relied on written submission dated 11th January 2021 wherein, she inter-alia, had submitted as under: -

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- (i) That earlier set of final accounts of the society was prepared and signed, however, on account of noticing one error in the financials with respect to shifting a certain amount to revenue, the corrected accounts were handed over to the office bearers and the original one was cancelled.
 - (ii) She also submitted that the correct set of accounts were presented to the AGM and the corrected set was approved in AGM and thereafter these approved accounts were submitted to the Registrar of Co-operative Societies.
 - (iii) That she in the AGM had also orally explained to the members of the Society about the discrepancy.
 - (iv) That she did not issue a Revised Audit Report.
 - (v) She ensured to collect all the previously issued sets of final accounts.
 - (vi) That this was a technical error for which she requests condonation.
5. The Committee noted that the difference in both sets was due to change of nature of certain expenses. The Committee noted that in earlier set the expenses were treated as capital expenditure whereas in later set the nature was changed to revenue.
6. The Committee noted that in the revised set in the liability side of Balance Sheet Building Repair Fund was increased by Rs. 1,56,864.00 and the contra entry in this regard was made by increasing the debit balance of the Income and expenditure account by the same amount (C-6 vis-a-vis C-12 of prima-facie opinion).
7. The Committee also noted that in the Income and expenditure amounts of Repair & Maintenance, Repair & Maintenance of Lift, and General expenses were increased by Rs. 57,719.00, Rs. 56,350.00, and Rs. 42,795.00 respectively (C-7 vis-a-vis C-13 of prima-facie opinion).
8. The Committee noted that the Respondent had brought on record a confirmation letter from the management of the society confirming that certain errors were noticed in the accounts, which were duly corrected before circulation of the accounts to the members (W-15 & W-16 of prima-facie opinion). It is also noted that the said confirmation letter also states that the same corrected accounts for

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the year 2011-12 were adopted in the AGM and the same corrected accounts only were submitted to the Registrar of Co-operative Societies (W-15 of prima-facie opinion).

9. The Committee further noted that, besides this, noticeably, the said letter also states that one or two copies of the old version accounts were remaining to be cancelled, which were used by the Complainant to make allegations against the members of the society as well as the Auditor (Respondent) of the society (W-16 of prima-facie opinion).
10. The Committee noted that despite all the precautions taken by the Respondent as submitted by her in her defence, yet, as per the requirements of Guidance Note on Revision of the Audit Report issued by ICAI, she was required to issue the Revised Audit Report, clearly indicating that such another Audit Report was 'revised'. Further, the said Guidance Notes also require the Auditor to clearly state the 'reasons' for revising the report, which the Respondent has not mentioned. As per the said Guidance Note

*".....When management agrees for revision in financial statements but is unable to do so despite its bonafide intentions, but management extends cooperation to the auditor and agrees to ensure that anyone in receipt of the previously issued financial statements together with the audit report thereon is informed of the situation and **would be issued the revised audit report**, the auditor may then consider issuing the revised report as under:*

- *Refer to the earlier report issued by the auditor on the financial statements; and **State the reasons for revising the report.***

11. The Committee observed that the Respondent had admitted that she has not issued the revised Audit Report which is violation of requirements of relevant Guidance Note as stated in above paras. The Respondent as a prudent auditor was required to mention "Revised" and reasons for such revisions as per the requirement of Guidance Note in her audit report.

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12. The Committee observed that the Respondent failed to ensure the requisite due diligence expected from her in the conduct of her professional duties. Accordingly, the Committee holds the Respondent guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

CONCLUSION

13. In view of the above findings, the Committee in its considered opinion, holds the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

Sd/-

(MRS. RANI NAIR, I.R.S. RETD.)

PRESIDING OFFICER & GOVT. NOMINEE

Sd/-

(SHRI ARUN KUMAR, I.A.S., RETD.)

GOVERNMENT NOMINEE

Sd/-

(CA. RAJENDRA KUMAR P)
MEMBER

Sd/-

(CA. COTHA S SRINIVAS)
MEMBER

DATE: 11.02.2023
PLACE: New Delhi

प्रमाणित सत्य प्रमाणित / Certified true copy
मुकुण्ड कुमार मिश्रा / Mukund Kumar Mishra
सहायक लेखा / Assistant Secretary
सुपरीमार्केट इन्स्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स
इंडिया प्राइवेट लिमिटेड / The Institute of Chartered Accountants of India
आइसीएआई १०१ बिल्डिंग, एन० १०१, शाहदरा, दिल्ली-११००३२
ICAI Bldg-47, Connaught Place, Shahdara, Delhi-110032

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[PR/20/2018/DD/266/2018/DC/1358/2020]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

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Maharashtra - 834001

.....Respondent

MEMBERS PRESENT:

1. CA. Ranjeet Kumar Agarwal, Presiding Officer (Present in person)
2. Mrs. Rani Nair, I.R.S. (Retd.), Government Nominee (Present in person)
3. Shri Arun Kumar, I.A.S. (Retd.), Government Nominee (Present in person)
4. CA. Sanjay Kumar Agarwal, Member (Present in person)
5. CA. Sridhar Muppala, Member (Present in person)

DATE OF MEETING : 16.03.2023 (Through Physical/Video Conferencing Mode)

1. That vide findings under Rule 18 (17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 dated 11th February 2023, the Disciplinary Committee was inter-alia of the opinion that **CA. Parnika Gajanan Adkar (M. No. 121112)**, (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Item (7) of Part I of the Second Schedule of the Chartered Accountant Act, 1949.

2. The Committee noted that the charge against the Respondent was that there was a difference of Rs 1,56,864/- in the corresponding figures of Balance Sheets of the Namaskar Co-

Shri Surendra Gopal Gowda, Navi Mumbai -Vs- CA. Parnika Gajanan Adkar (M.No.121112), Mumbai



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[PR/20/2018/DD/266/2018/DC/1358/2020]

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3. The Committee noted that the Respondent was present through video conferencing mode from her place. The Respondent, while accepting her mistake, submitted that the error was regarding the non-mentioning of the word "Revised" in her audit report. She further submitted that this omission is purely technical in nature.

4. The Committee noted the oral submissions of the Respondent on record. The Committee noted that the Respondent accepted her mistake before the Committee and that the error was purely technical in nature. Further, there is no evidence to establish that the Respondent had any mala fide intention.

5. Accordingly, the Committee, looking into the gravity of the charge *vis-a-vis* submissions of the Respondent before it decided to give minimum punishment to the Respondent.

6. Therefore, keeping in view the facts and circumstances of the case, the material on record, and the submissions of the Respondent before it, the Committee ordered that the Respondent, CA. Parnika Gajanan Adkar (M. No. 121112), be reprimanded.

sd/-

(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

sd/-

(MRS. RANI NAIR, I.R.S. RETD.)
GOVERNMENT NOMINEE

sd/-

(SHRI ARUN KUMAR, I.A.S. RETD.)
GOVERNMENT NOMINEE

sd/-

(CA. SANJAY KUMAR AGARWAL)
MEMBER

sd/-

(CA. SRIDHAR MUPPALA)
MEMBER

DATE: 13th MAY, 2023

PLACE: NEW DELHI

Shri Surendra Gopal Gowda, Navi Mumbai VS CA. Parnika Gajanan Adkar (M.No.121112), Mumbai

सही प्रतिलिपि होने के लिए प्रमाणित
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सीए सुनि गॉडा / Assistant Director
सहायक निदेशक / Disciplinary Directorate
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
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