



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

[PR/131/2016/DD/187/2016/DC/986/2019]

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.

[PR/131/2016/DD/187/2016/DC/986/2019]

In the matter of:

Shri S. D. Khetani,
Mangharam Khetani Complex,
E-Shastri Nagar,
Jodhpur – 342 002.

..... Complainant

Versus

CA. Suresh Kumar Goklani (M.No.075009),
11/704, Chopasani Housing Board,
Jodhpur – 342 008.

..... Respondent

MEMBERS PRESENT:

1. CA. (Dr.) Debashis Mitra, Presiding Officer
2. Shri Rajeev Kher, I.A.S. (Retd.), Government Nominee
3. CA. Amarjit Chopra, Government Nominee
4. CA. Rajendra Kumar P, Member
5. CA. Babu Abraham Kallivayalil, Member

DATE OF MEETING : 06.04.2021 (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 10.02.2020, the Disciplinary Committee was inter-alia of the opinion that **CA. Suresh Kumar Goklani (M.No.075009)** (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 to the Chartered Accountant Act 1949.

2. The Committee noted that the Respondent was present before the Bench through Video Conferencing mode and took oath as to the fact that he would speak only the truth and gave self-declaration as to he was being alone in the room from where he was appearing and was not recording the proceedings of the Committee. The Committee, while hearing the defense of the Respondent noted that though, the Respondent had admitted the professional misconduct on



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his part, yet, the latter emphasized that there was no harm or financial loss caused to anyone due to the lapse. Therefore, he requested the Committee to consider his case mercifully and take a lenient view.

3. The Committee noted that the Respondent audited the financials of the Trust without the same being signed by the Trustee and had signed the financials without ascertain as to whether previous financials are accepted by the management or not. The Committee looking into the gravity of charges alleged vis-a-vis admission of the Respondent before it was of the view that the ends of justice shall be met if reasonable punishment is granted to him.

4. Therefore, keeping in view the facts and circumstances of the case, material on record and submissions of the Respondent before it, the Committee ordered that the name of the Respondent i.e. CA. Suresh Kumar Goklani (M.No.075009) be removed for a period of three months along with a penalty of Rs 50,000/- to be payable by him within a period of 30 days. The Committee further ordered that in case of failure of payment of such penalty by the Respondent in stipulated time, his name shall be removed for an additional period of one month in addition to the original three months punishment.

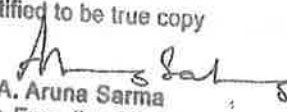
sd/-
(CA. (Dr.) DEBASHIS MITRA)
PRESIDING OFFICER

(approved & confirmed through email)
(SHRI RAJEEV KHER, I.A.S. RETD.)
GOVERNMENT NOMINEE

(approved & confirmed through email)
(CA. AMARJIT CHOPRA)
GOVERNMENT NOMINEE

sd/-
(CA. RAJENDRA KUMAR P)
MEMBER

(approved & confirmed through email)
(CA. BABU ABRAHAM KALLIVAYALIL)
MEMBER

Certified to be true copy

A. Aruna Sarma
Sr. Executive Officer,
Disciplinary Directorate
The Institute of Chartered Accountants of India,
ICAI Bhawan, Vishwas Nagar, Shehdra, Delhi-110032

DC/986/2019

[PR/131/2016/DD/187/2016/DC/986/2019]

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2019-2020)]

[Constituted under Section 21B of the Chartered Accountants (Amendment) 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/131/2016/DD/187/2016/DC/986/2019]

In the matter of:

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11/704, Chopasani Housing Board,
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..... Respondent

MEMBERS PRESENT:

CA. Atul Kumar Gupta, Presiding Officer
Sh. Rajeev Kher, I.A.S. (Retd.), Govt. Nominee
CA. Amarjit Chopra, Government Nominee
CA. Rajendra Kumar P, Member

DATE OF HEARING : 09.04.2019

PLACE OF HEARING : ICAI Bhawan, New Delhi

PARTIES PRESENT:

Complainant : Shri S. D. Khetani

Respondent : CA. Suresh Kumar Goklani

Charges in Brief:-

1. The Respondent made 15 years fake Accounts of a registered Charitable Trust (Smt. Kalawati Lakhani Religious & Charitable Trust) only in 2 days. In respect of financial statements, the Complainant sent a letter dated 24th September, 2015 to the Respondent seeking clarification on the following issues on the financial statement prepared by the Respondent as under:-
 - i. *"There was no signature of any concerned trustee of the Trust on the financial statement.*
 - ii. *All the financial statements of year 2010 to 2012 were made on 22.10.2013 and the financial statements of year 2013 to 2015 were made on 13.09.2015 and the same raised question as to whether books of accounts were prepared regularly.*
 - iii. *What urgency was told by Mr. Ashok Lohani to prepare these financial statements of this trust in one day.*
 - iv. *According to the registration order and trust deed why did not the Respondent contact President/Working Trustee before preparing these financial statements.*
 - v. *Have the Respondent got any copy of unanimously passed resolution from the Trust-board for preparing the above mentioned financial statements.*
 - vi. *Have the Respondent got any authorized appointment letter, provided by this registered Charitable Trust-Board for functioning as an Auditor.*
 - vii. *Which Trustee of the Trust-Board had contacted the Respondent for preparing these financial statements.*
 - viii. *Were any resolution passed by the Trust-board regarding renting out the shops of this registered trust.*
 - ix. *Had any audit report was prepared regarding these financial statements.*
 - x. *Are these accounts of trust submitted to Income Tax Department for I.T. Returns.*
 - xi. *Is any PAN Card No. of this trust available*
 - xii. *Is there any financial statement / audit report available prior to 2000*
 - xiii. *Please provide the explanations in the financial statements prepared by the Respondent about worship expenses, meal expenses and flour expenses in this Religious & Charitable Trust.*



xiv. Please also explain about worship expenses in financial statements. What is the meaning of (-58) in the year 2004 and (-284) in the year 2005”.

Brief facts of the Proceedings:

2. The Committee noted that the Complainant and the Respondent were present and appeared before it.

The Complainant and the Respondent were put on oath. The Complainant explained the charges in brief. On being asked whether the Respondent pleads guilty, he replied in negative.

2.1 The Committee directed the Respondent to proceed ahead with his defence. The Respondent submitted that:-

2.1.1 The true facts of the case is that he had been appointed for checking and confirmation of the accounts and preparation of Income & Expenditure Account and Balance Sheet of Smt. Kalawati Lakhani Religious & Charitable Trust by Shri Ashok Lohani who was said to be one of the trustees of the above named Trust.

2.1.2 Further, in this regards Shri Ashok Lohani gave the Respondent a Trust Deed and a written application wherein the Respondent checked and confirmed that Shri Ashok Lohani is the Trustee of the Trust. After accepting the work a copy of Accounts of the Trust was provided to him which he has to be checked.

2.1.3 The Income & Expenditure Account and Balance Sheet of the same were prepared on the basis of data provided by Shri Ashok Lohani. As per the Respondent, the Audit Report or Income Tax Return for the same were neither prepared nor filed by him.

2.1.4 The Respondent affirmed that the prescribed procedure was followed at the time of checking accounts. Mr. Ashok Lohani or any legal authority never did any complaint about his work including the complainant Shri S.D. Khetani.

2.1.5 Further, the Respondent submitted that he does not know the Complainant and he never did any work for the Complainant. In this regard, his first objection is that the third party i.e., the Complainant does not have any locus standi to call him to give answers for any questions about professional work done by him for any client.

2.1.6 As far as the question of the Complainant is concerned, the Respondent stated that no questions is related to his work and all the questions are related to the internal disputes between the Complainant and between his client Shri Ashok Lohani, which is not his concern.

2.1.7 In furtherance, the Respondent brought on record copy of Tally prepared Balance Sheet and Profit & Loss Account which were signed by Shri Ashok Kumar, based on which Certificates were issued by the Respondent.

2.1.8 Further, during the hearing, he admitted his mistake that he signed the financial statements without getting approved the same from the trustee of auditee trust.

2.1.9 Thereafter, the Respondent made his final submissions and after recording the submissions of both the parties. The Committee concluded the hearing in the captioned matter.

Finding of the Committee

3. The Committee noted that the above charge of the Complainant as explained in para 1 above. In respect of above, the Respondent stated that the true facts of the case are that he had been appointed for checking and confirmation of the accounts and preparation of Income & Expenditure Account and Balance Sheet of Smt. Kalawati Lakhani Religious & Charitable Trust by Shri Ashok Lohani who was said to be one of the trustees of the above named Trust.

Further, Shri Ashok Lohani gave him Trust Deed and a written application in this regard. He checked the Trust deed and confirmed that Shri Ashok Lohani is the Trustee of the Trust. After accepting the work Shri Ashok Lohani gave him the copy of Accounts maintained under English System of Accounting. He checked the accounts which were given to him by Shri Ashok Lohani itself.

On the basis of the data provided by Shri Ashok Lohani, he prepared the Income & Expenditure Account and Balance Sheet of the same and timely gave it to Shri Ashok Lohani. He did not prepare the Audit Report or Income Tax Return for the same and had not filed these Accounts before any authority. He does not know the Complainant and he never did any work for the complainant. The Complainant does not have any locus standi to call him to give answers for any questions about professional work done by him for any client. As far as the question of the complainant is concerned, the Respondent stated that no questions is related to his work.

and all the questions are related to the internal disputes between the Complainant and Shri Ashok Lohani, which is not his concern.

3.1 After considering the charge and defence of the Respondent, the Committee perused the documents certified by the Respondent and noted that the Respondent certified the balance sheet and Income & Expenditure Account for different years on his letter heads with stamps "Checked & found correct in conformity with records produced".



Further, the Committee noted that the Balance Sheet and Income & Expenditure Account of the Trust is on letter head of the Respondent and the said certification on letter head is clear violation of Guidance Note 4, eighth edition, 2011 on "Preparation of financial statements on Letter-heads and stationery of auditors", which states as under:-

"Financial statements of some enterprises are prepared on letter-heads and stationery of their auditor carrying the latter's names and address. The Committee wishes to point out that the above practice is liable to be misinterpreted and, as such, should be avoided. The members are, therefore, requested to note and follow the above recommendation".

3.2 The Committee was of the view that as letter-heads and stationery of the Respondent has been used for preparation of accounts of the Trust, it proves that the Respondent has prepared the accounts of the Trust himself and then has audited the same. Hence he has not acted independently while auditing the accounts of the Trust.

3.3 Moreover, the Committee noted that the accounts of the Trust are not signed by any Trustee of the Trust. When the Committee questioned from the Respondent, he replied that the same has been certified based upon data of Tally which was signed by Shri Ashok Kumar.

However, he accepted this mistake and admitted that he has realized this mistake now and same would not be repeated in future.

3.4 Last charge against the Respondent is that he has certified the financial statements of the Trust for 16 years. The Balance Sheet of the Trust for Financial Years 1999-2000 has been certified on 22/10/2013 and for Financial Years 2012-2013 to 2014-2015 on 13/09/2015.

In respect of above, the Committee was of the opinion that the Respondent has certified these accounts in one go without exercising due diligence which are essential for performing attest function.

Furthermore, the Committee noted that there is no resolution on record which show that these accounts have been accepted by the Management of the Trust and Respondent

also failed to clarify that from where he has taken opening balances for certification of Balance Sheets of the Trust.

Moreover, as the Respondent has also accepted his mistake before the Committee, Thus, the Committee was of the View that the Respondent is guilty of professional misconduct for not exercising due diligence in certification work of the trust.

Conclusion:

4. Thus in conclusion, in the considered opinion of the Committee, the Respondent is held **GUILTY** of 'Professional Misconduct' falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountant Act 1949.

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Sd/-
(CA. ATUL KUMAR GUPTA)
PRESIDING OFFICER


Sd/-
(CA. AMARJIT CHOPRA)
GOVERNMENT NOMINEE

Sd/-
(SHRI RAJEEV KHER, I.A.S. (Retd.)
GOVERNMENT NOMINEE

Sd/-
(CA. RAJENDRA KUMAR P)
MEMBER

DATE : 10.02.2020

PLACE :New Delhi

Certified True Copy

Mukesh Kumar Mittal
Assistant Secretary
Disciplinary Directorate
The Institute of Chartered Accountants of India
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