

"I object to violence because when it appears to do good, the good is only temporary; the evil it does is permanent."

– Gandhiji

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The Chartered Accountant Student

STUDENTS' NEWSLETTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

YOUR MONTHLY GUIDE TO THE CA NEWS, INFORMATION AND EVENTS.

PRESIDENT'S COMMUNICATION



Dear Students,

At the outset, on a very cheerful note I express my best wishes on the auspicious occasion of Christmas. Jesus Christ was a harbinger of peace and called upon people to coexist with solidarity and brotherhood to spread the eternal message of peace. Hence, it is a celebration of love, generosity, benevolence,

kindness, brotherhood, joy, peace, and prosperity.

I would also like to extend my best wishes to all the students who appeared in their respective CA examinations concluded in the month of November. I hope that our students will attain the desired success in these examinations and will begin their professional voyage in a compatible style. You might have enjoyed the short time break that you relished soon after your examinations are over. Now, the time is beckoning you to reorganize your potentials and embark on a gratifying professional career that will help you to scale great heights. It is a very crucial and tender phase of your professional career. You have to plan and direct your career in a way that will enable you to justify your hidden potentials and inherent abilities. Some of you might have reviewed your performance in the examinations. It is really nice to do retrospection as it will enable you to work upon your shortcomings and steer you to improve your overall performance. We, at the Institute are always very proactive to provide you the most conducive environment equipped with modern tools of learning to utilize your skills and abilities and add a difference to your life.

Regular classes for CA Students

With the fast integrating world, changing business dynamics,

fierce competition in all business fronts, more complicated laws and transactions, there is tremendous pressure on accounting & auditing profession of Chartered Accountants. Students need to acquire knowledge. At the same time, a student also need help in acquiring knowledge. They also need help in learning difficult concepts that will help them in clearing written examinations of CPT, IPCC & Final Courses. For the benefit of the students the Institute is launching regular classes on the entire CA Curriculum i.e., from CPT to FINAL. In these classes the batch size would be kept low so that more personalized attention is available to the students. On an experimental basis the first series of classes are being launched at Western Regional Office on November 30, 2009. Timings of the classes will be kept to enable the students to do justice to both theoretical education and to their training. I am sure that these thorough classroom training in all the subjects of your course will not only help you to clear the challenging examinations of ICAI but will also make your foundation strong for your future endeavours.

Extending Due Date of 100 Hours IT training: Resolving Students' Difficulties

The students who have to appear for the Professional Competence Examination/Integrated Professional Competence Examination to be held in May, 2010, are facing difficulties in successfully completing 100 Hrs Information Technology Training by 30th April, 2010 due to capacity constraints in certain Information Technology Labs. In order to remove the difficulties being faced by such students, it has been decided that they may successfully complete their 100 Hours Information Technology Training before the date of declaration of the Professional Competence Examination/Integrated Professional Competence Examination result for May, 2010 Examination. Such students should submit proof of their successful completion of the 100 Hours Information Technology Training to the Examination Section before the date of declaration of the result. For the complete details in this regard, you can log on to Institute's website.

(Continued on Page 4...)



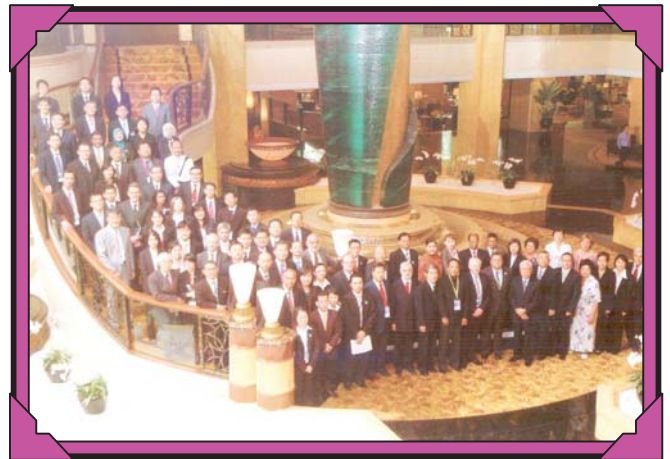
CA. Uttam Prakash Agarwal, President, ICAI with UAE Minister of Higher Education and Scientific Research H.E. Nahayan Mabarak Al-Nahayan, CA. Prakash Chand Mehta, Chairman of Abu Dhabi Chapter of ICAI and Swami Parthasarathy during the chapters Annual International Seminar held on November 5 and 6, 2009.



CA. Uttam Prakash Agarwal, President, ICAI in discussion with UAE Minister of Higher Education and Scientific Research H.E. Nahayan Mabarak Al-Nahayan, during the Annual International Seminar to mark silver jubilee of Abu Dhabi Chapter of ICAI.



CA. Uttam Prakash Agarwal, President, ICAI with office bearers of Abu Dhabi Chapter of ICAI and other dignitaries.



CA. Uttam Prakash Agarwal, President, ICAI with the delegates of the 1st Meeting of Asian-Oceanian Standard-Setters Group on 4th November, 2009 at Kuala Lumpur, Malaysia.



CA. Uttam Prakash Agarwal, President, ICAI being welcomed by a student at the function organized by Pali Marwar CPE Chapter of CIRC of ICAI on 9th November, 2009.



CA. Uttam Prakash Agarwal, President, ICAI addressing the members and students at a function organized by Pali Marwar CPE Chapter of CIRC of ICAI on 9th November, 2009. Also seen in picture CA. Ashok Sharma Convener and CA. Sharad Kalani Co-Convener.

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Invitation to Contribute Articles in the Newsletter

Articles are invited from members, academicians, students and others for inclusion in the Newsletter. An article should comprise of 2000 to 4000 words. Articles written by the students are especially encouraged. Every year, the Institute selects two best articles contributed by the students in the Newsletter and Cash prize and a certificate is awarded to the winners at the Annual function of the Institute.

The articles received are reviewed by the faculty and, if found suitable, are published in the Newsletter. The authors are advised to enclose the following along with the articles:–

1. A formal & signed undertaking in the form of a letter stating that the article is original in all respects and does not infringe any copyright and has not been published elsewhere or has been sent for publication.
2. A latest passport size colour photograph (with full name and registration number written on the back of the photograph).
3. A soft copy of the article with complete communication and E- mail address.

Articles received without the details/ enclosures specified above will not be considered.

All correspondence in this regard should be addressed to The Board of Studies, ICAI, A-94/4, Sector-58, Noida – 201 301 with the full name, complete address and the membership/ registration number if applicable.

Correspondence with regard to subscription, advertisements, contribution of articles, other written materials and non-receipt of Newsletter should be made at the above address.

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The Institute does not accept any responsibility for the views expressed in the contributions or advertisements published in the newsletter.

MESSAGE FROM THE PRESIDENT

(Continued from page 1)



CA Siksha – Gaining popularity

CA Siksha, an e-learning initiative is gaining huge popularity amongst the students. In a Month s time after launch the web portal has achieved popularity. There are more than 10,500 registrations and more than 5,35,000 times the pages have been accessed. This is despite the fact that many students were busy in their November, 2009 examinations. Students are finding the lectures simple to understand and extremely useful in their learning. Now students of remotest of the places can take benefit of the quality education.

Students' Journal

In the year 1997 first students newsletter was launched. For over twelve years the newsletter has served the students in keeping abreast with the latest changes and providing quality and informative articles and other write-ups.

With the advent of Information Technology and increase in the competition, it has become important for the students to acquire more information. Mere knowledge of subject matter does not provide strategic edge to the students over their counterparts. They need to read and learn more and expand their knowledge. Keeping this idea in mind, we intend to broaden the scope of the newsletter. As already announced, the next issue of this newsletter will be in the form of a Journal. Students should take this opportunity to show their writing skills and write for the benefit of other students. Gear up and send your written material at the earliest to the Board of Studies.

Public Awareness Programmes: Be an Integral Part of the Social Evolution

The month of December is dedicated to the programmes on Public Awareness. Chartered Accountancy profession is one the most acclaimed professions of the globe. Indian Chartered Accountants are held in high esteem not only in India but abroad as well.

In our profession, we strictly pursue the **path of integrity and honesty**. Our profession has high morals and supreme ethics. We hold ourselves accountable to the profession, clients, society at large and to our motherland. Professional accountants have an important role in the society. Investors, creditors, employers and other sections of the business community, as well as the government and the masses rely on professional accountants for sound financial accounting and reporting, effective financial management and competent advice on a variety of financial, taxation and business matters. The attitude and behavior of professional accountants in providing such services have a positive impact on the economic well-being of their community and country. This reflects the confidence and trust reposed by the Government and society in our profession. The society has increasingly acknowledged the services of CAs in the entire range of management consultancy services including Management Accounting,

Management Information and Control System, International Finance Information Technology and Financial Services sector. In the present day scenario Chartered Accountants are expected to play a significant role to broaden awareness among the masses. As students of the chartered accountancy course I exhort you to reflect the virtues of honesty and integrity in your education and training. Then only you will come out to be better person and succeed in personal as well as professional lives.

The Central Council Library: Timings are More Readers' Friendly

"Every man who knows how to read has it in his power to magnify himself, to multiply the ways in which he exists, to make his life full, significant and interesting" - Aldous Huxley

Man's pursuit for knowledge has led to the creation and accretion of incredible amount of information. Books are man's best friends and reliable source of information. A library is considered a treasure-house of knowledge. The best place for easy access to books is a library. People who are fond of reading will concur with the truth that a library is perchance the most serene place on earth. The Libraries of our institute are well-stocked and modern in terms of huge collection of books and high quality national and international journals. The Central Council Library along with Regional Council Libraries of the Institute have been brought on an Enterprise Library Software, facilitating access to all libraries simultaneously and providing links to online journals, e-books, articles from The Chartered Accountant journal and so on.. After witnessing the unprecedented response of our avid readers, it has been decided that for the overall benefit of our members and students the Central Council Library shall remain open from **Monday to Fridays** between 10:00 a.m. to 9:00 p.m. & on Sundays from 10:00 a.m. to 5:00 p.m. on experimental basis for a couple of months. The library shall, however, remain closed on all Saturdays and gazetted holidays. The status could be reviewed thereafter, considering the response to be received.

National Conventions of CA Students: Leveraging Your Thought Process

The Board of Studies has been very active in organizing All India Conferences and National Conventions of CA students. So far, this year One All India Conference and six National Conventions of CA Students have been successfully held at different parts of the country. We have received awesome response from our students. This has enabled us to plan two more National Conventions. On the theme of Global Dreams-CA Vision, a two- day CA Students National Convention is planned on 26-27 December, 2009 in Darjeeling. Another National level CA Students Convention is scheduled on 09-10 January, 2010 in Pune. I would advise you to enroll yourself in large numbers and take maximum benefit of these National Conventions.

Professional Skills Development Programme : Nurturing Young World from Fresh Perspective

The impact of economic meltdown is diminishing slowly and gradually. There is a huge demand of Chartered Accountants across the world. The job prospects for our generation next of CA are very bright. A successful professional career cannot happen overnight; it happens only when persistent and vigilant steps are taken by students. A well planned decision about a professional career will ensure a steady and successful career path. Our Institute has a proven track record of delivering high quality programmes for the overall development of your personality as to meet out the challenges and growing requirements of the Accounting Profession. Our Three Months Residential Programme on Professional Skills Development is proved very successful in nurturing the soft skills of the participants. With the world coming closer and becoming a close-knit family with boundaries shrinking, strong communication skills are recognized worldwide as the key to professional success. I am very confident that after attending this programme, you would have better communication skills, enhanced personality and raised confidence that will help you to take any challenging situation head on. This well structured programme will certainly help you to build the competencies required to crack the job placement process. Moreover, the Professional skills Development Programme is quite successful in drawing the attention of leading business giants to organize in-house campus placement drives. I am very pleased to inform you that under the aegis of our Institute a mega campus placement drive was recently organized by Committee of Members in Industry. In this drive corporate houses like **ICICI Bank, Genpact, Dr. Reddy's Laboratories, Syndicate Bank, HSBC, Capital IQ, Protivity Consulting Pvt. Ltd., Varroc Group, Hindustan Petroleum Corporation Ltd,** etc have shown keen interest in recruiting our budding CAs. I convey my heartiest congratulations to all the selected candidates and hope that will raise the bar of our profession higher and higher in their prospective organizations.

ICAI's Corporate Forum - Ascent to Pinnacle

A comprehensive three days Corporate Forum event is being organized in Mumbai in January 2010 by Committee for Members in Industry. The forum will be focused on creation of employment opportunities, enhancing knowledge and skill sets and recognition of the exemplary work of members in Industry. The ICAI forum comprises of seven high-profile concurrent events, i.e. Career Ascent Mid Career Campus, Special Campus Placement Programme, Accounting Thrust Career Fair for ICAI Certified Accounting Technicians, Corporate Conclave - In Pursuit of Excellence, Capital Advantage- Invest & Buy Mart, ICAI Awards for Excellence in Financial Reporting, ICAI Awards 2009 Corporate CA Achiever's Acclaim. In the forum, ICAI has taken initiative for the first time to conduct a placement programme for ICAI certified Accounting Technicians. This placement programme will be directed towards meeting the requirements of the organizations for entry level accounting professionals.

Adieu 2009: Rejoicing the Past and Silhouetting the Future

The year 2009 is near to an end and we all are ready to welcome year 2010. It is time to look back and do some introspection. Think about the resolutions that were made by you in the month of January this year. In case some of your resolutions are still unmet, you still have time to achieve them. An honest desire and continuous efforts are key to achieve them. Work and accomplish them so that you can make a new beginning in the new year.

"For last year's words belong to last year's language and next year's words await another voice. And to make an end is to make a beginning." – T. S. Eliot

With best wishes for all your future endeavours.



CA. Uttam Prakash Agarwal

President, ICAI, New Delhi

MESSAGE

Chartered Accountancy has emerged as a unique profession of considerable importance in view of the integrated scenario of the globalization. To cope with the increasing challenges in the field of economy, innovative financial instruments are being introduced and the profession, apart from accounting, taxation, financial management and other financial consultancy, has also set benchmarks in other related areas. In today's free globalized world, Chartered Accountants are in public practice in all sizes of accounting firm from sole practitioners to affiliates of large international firms. They are serving the different entities and playing a variety of financial, management and senior policy making roles both at home and abroad. They are also engaged in activities like markets research, budget planning, working capital management, inventory control, policy planning, securities consultancy, registrar of issues of securities etc.

The Board of Studies is conscious of these developments and is always planning and executing proactive measures to help the CA students. The newer challenges call for newer skills in order to compete with the best in the market. It is worthwhile to have a glimpse of the latest developments in different areas.

100 Hours IT Training: New Milestones

Under the new scheme of education and training, the 100 Hours Information Technology Training focuses on application softwares relevant for accounting

and auditing. In addition, knowledge of Electronic Spread Sheet, Database Management System, Web technology and System Security and Maintenance are strengthened. A network of IT training laboratories has been set up through the length and breadth of the country. Total number of computers installed so far is 4610 in 148 laboratories to further the capabilities of the students. About one lakh students have been trained so far.

Impressive Placement Track

For the holistic growth of the CA students, the Institute has taken many laudable initiatives and Three Months Residential Program for Professional Skills Development being one of them. The world has become a global village; this has a clear connotation that a professional must be fully equipped in terms of communication skills, expanded world view and well developed personality traits. Cross cultural business environment has become a norm rather than exception. This program in collaboration with the National Institute of Financial Management at Faridabad is a success story now. Students have shown remarkable progress in various departments of the training modules. The degree of the success can well be imagined by the fact that campus placement program attracted big and leading companies from the corporate sector, viz. ICICI Bank, Genpact, Syndicate Bank, HSBC, Capital IQ, HPCL, Dr. Reddy's Laboratories to name a few. The feedback of these companies about the standard of the CA candidates is convincingly appreciative. I congratulate the selected students and hope that this trend will go on and be sustained. All the students are also advised to keep in touch with the ICAI Job Portal SEARCH MANTRA to further their career prospects.

Applicability of Services for May 2010 Exams.

This is important to mention that in Part II: Service Tax and VAT of Paper 4: Taxation (IPCC), students will be examined only in respect of the following taxable services: *Legal Consultancy Services, Mandap Keeper's Services, Commercial Training or Coaching Services, Information Technology Software Services and Services in respect of Membership of Clubs or Associations.* With regard to the Final Examinations (Both Existing and New), the students will be examined in respect of the 32 taxable services only. Students are advised to see the details on the Website of the Institute.

Judicious Time Management

Once the examinations are over, students have a general tendency to have fun and frolic until the publication of the result. A carefree life for a short span of time is but natural. But one should not fritter away the time for long. In a highly competitive world, time is considered to be more precious than money. There has to be a good planning for the meaningful utilization of the time. This time is possibly the best to address practical areas of the professional dynamics

as they are changing fast. You may sharpen your communication flow by undergoing specific training program; you may revise some of the most complex parts of your core subjects; you could also riffle through some of the good professional journals in order to update your knowledge in the chosen areas. One has to strike a balance between fun and study. One must remember that it needs greater expertise and exposure in order to succeed in today's highly competitive world. That is why, a prudent use of time is not only desirable but also a pre-requisite.

Elocution and Quiz Contests

Elocution and Quiz competitions were also organized in different parts of the country including regional offices and branches. It attracted good responses and students participated fervently. So far, such competitions have been organized at 44 branches across the country.

GMCS and Orientation Program

GMCS and Orientation program are serving a definite purpose by enriching the professional acumen of the CA students. These programs are instrumental in expanding the mental horizon of the CA students. GMCS program has been conducted for 159 batches at 41 centres across the country and a substantial number of students amounting to 6668 have been trained so far between February to August 2009. Likewise, Orientation Program has also been conducted in the considerable number of branches of all the regions. A total number of 422 batches for Orientation Program were conducted till October 2009. This is a kind of platform giving them exposure to personal behaviour, office procedure and discipline. It is a good supplement to the on-going three months residential program for Professional Skills Development at NIFM, Faridabad.

The Beckoning Future

In the changing global business environment, roles and responsibilities of chartered accountants are not confined to performing mere traditional duties in the fields of Auditing, Accounting, Taxation, etc. They are now expected to demonstrate a greater understanding in the fields of business finance, information technology, corporate management, etc. Professional expertise and skills in these subjects do, therefore, constitute the indispensable parts of the CA Education. To this end, our CA education system is designed with appropriate syllabi framed to cater to the learning needs of the students in view of the development challenges being faced in national as well as global perspective. I assure the students that no stone will be left unturned in order to make their career strategically rich so that they can come out with flying colours.

Best wishes and good luck!

Editorial Board

AS-11 THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Bharat Tulsian



INITIAL RECOGNITION OF THE TRANSACTION IN FOREIGN CURRENCY

What is a Foreign Currency Transaction?

A foreign currency transaction is a transaction which is denominated in or requires settlement in a foreign currency, including transactions arising when an enterprise either:

- buys or sells goods or services whose price is denominated in a foreign currency;
- borrow or lends funds when the amounts payable or receivable are denominated in a foreign currency; or
- otherwise acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency.

Notes:

- Foreign currency is a currency other than the reporting currency of an enterprise.
- Reporting currency is the currency used in presenting the financial statements. Sometime it may happen that an enterprise is operating in a country but reports its financial statements in currency other than the currency of operating country. In such circumstances, currency of operating country also becomes the foreign currency.

How should a Foreign Currency Transaction be initially recorded?

A foreign currency transaction should be initially recorded in the reporting currency as follows :

	Particulars	Amount
A.	Foreign currency amount	XXX
B.	Exchange rate between the reporting currency and the foreign currency at the date of the transaction (See Note)	XXX
C.	Amount in the reporting currency (A x B)	XXX

Note: Sometimes a rate that approximates the actual rate at the date of the transaction is often used, *for example*, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.

What is 'Exchange Rate'?

Exchange rate is the ratio for exchange of two currencies.

What is meant by the term 'Average Rate'?

Average rate is the mean of the exchange rates in force during a period.

When An Average Rate cannot be used instead of exchange rate at the date of transaction?

If exchange rates fluctuate significantly, the use of the average

rate for a period becomes unreliable and in such a circumstance average rate should not be used.

What is meant by term 'Monetary Items'?

Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money, e.g., cash, receivables, payables.

What is meant by term 'Non-Monetary Items'?

Non-monetary items are assets and liabilities other than the monetary items e.g. fixed assets, inventories, investments in equity shares.

What is meant by term 'Closing Rate'?

Closing rate is the exchange rate at the balance sheet date.

TREATMENT OF EXCHANGE DIFFERENCES

What is Exchange Difference?

Exchange difference is the difference resulting from reporting the same number of units of a foreign currency in the reporting currency at different exchange rates.

When does Exchange Difference arise?

An exchange difference results when there is a change in the exchange rate between the transaction date and the date of settlement of any monetary items arising from a foreign currency transaction. When the transaction is settled within the same accounting period as that in which it occurred, all the exchange difference is recognized in that period. However, when the transaction is settled in a subsequent accounting period, the exchange difference recognized in each intervening period up to the period of settlement is determined by the change in exchange rates during that period. *For example*, reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements.

How should Exchange Difference be treated?

Exchange difference should be recognized as income or as expense in the period in which they arise.

How should tax effects of Exchange Difference arising on foreign currency transactions be recognized?

Tax effect arising on foreign currency transactions be accounted for in accordance with AS 22.

Should Exchange Difference relating to intra-group monetary item (whether short-term or long-term) be eliminated?

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Such exchange difference cannot be eliminated against a corresponding amount arising on other intra-group balances because the monetary item represents a commitment to convert one currency into another and exposes the reporting enterprise to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements of the reporting enterprise, such an exchange difference continues to be recognized as income or an expense.

FOREIGN OPERATIONS

What are the various classifications of foreign operations?

As per this statement foreign operations are classified as follows:

1. Integral foreign operations, or
2. Non-integral foreign operations

INTEGRAL FOREIGN OPERATIONS

How does integral foreign operation operate?

Integral foreign operation is a foreign operation, the activities of which are an integral part of those of the reporting enterprise. A foreign operation that is integral to the operations of the reporting enterprise carries on its business as if it were an extension of the reporting enterprise's operations. *For example*, such a foreign operation might only sell goods imported from the reporting enterprise and remit the proceeds to the reporting enterprise.

How does Change in Exchange Rate between the Reporting Currency and the Currency in the country of Integral Foreign Operation affect the Reporting Enterprise?

It has an almost immediate effect on the reporting enterprise's cash flow from operations. Therefore, the change in the exchange rate affects the individual monetary items held by the foreign operation rather than the reporting enterprise's net investment in that operation.

NON – INTEGRAL FOREIGN OPERATIONS

How does non–integral foreign operation operate?

Non-integral foreign operation is a foreign operation that is not an integral foreign operation. A non-integral foreign operation accumulates cash and other monetary items, incurs expenses, generates income and perhaps arranges borrowings, all substantially in its local currency. It may also enter into transactions in foreign currencies, including transactions in the reporting currency.

How does change in exchange rate between the reporting currency and the currency in the country of non–integral foreign operation affect the reporting enterprise?

When there is a change in the exchange rate between the reporting currency and the currency in the country of non-integral foreign operation, there is little or no direct effect on the reporting enterprise. The change in the exchange rate affects the reporting enterprise's net investment in the non-integral foreign operation rather than the individual monetary and non-monetary items held by the non-integral foreign operation.

What are the various indications that a foreign operation is a non-integral foreign operation?

The following are indications that a foreign operation is a non-integral foreign operation rather than an integral foreign operation:

- (a) while the reporting enterprise may control the foreign operation, the activities of the foreign operation are carried out with a significant degree of autonomy from those of the reporting enterprise;
- (b) transactions with the reporting enterprise are not a high proportion of the foreign operation's activities;
- (c) the activities of the foreign operation are financed mainly from its own operations or local borrowings rather than from the reporting enterprise;
- (d) costs of labour, material and other components of the foreign operation's products or services are primarily paid or settled in the local currency rather than in the reporting currency;
- (e) the foreign operation's sales are mainly in currencies other than the reporting currency;
- (f) cash flows of the reporting enterprise are independent from the day-to-day activities of the foreign operation rather than being directly affected by the activities of the foreign operation;
- (g) sales prices for the foreign operation's products are not primarily responsive on a short-term basis to changes in exchange rates but are determined more by local competition or local government regulation; and
- (h) there is an active local sales market for the foreign operation's products, although there also might be significant amounts of exports.

Note: The appropriate classification for each operation can, in principle, be established from factual information related to the indicators listed above. In some cases, the classification of a foreign operation as either a non-integral foreign operation or an integral foreign operation of the reporting enterprise may not be clear, and judgment is necessary to determine the appropriate classification. (See table 1)

Illustration 1

X Ltd. of India purchased a machinery from U.S.A. at \$ 1.5 million on 1-10-20X1 by borrowing U.S. \$ 1 million from a foreign bank @10% p.a. when the exchange rate was Rs. 42 per dollar. If the loan was taken in India on the same conditions and term then the rate of interest would have been 15% p.a. The machinery is ready to put to use when purchased. This machinery is to be depreciated @ 10% on SLM basis. X Ltd. paid U.S. \$ 1,00,000. to foreign bank towards principal and interest on 31-3-20X2 when the exchange rate was Rs. 43.50 per dollar. How are these transactions shown in the financial statements of X Ltd. for the year 20X1 – 20X2?

Solution

Calculation of amount to be recognized in Machinery a/c, Depreciation for the year and closing balance of the machinery a/c.

TABLE 1. REPORTING EFFECTS OF CHANGES IN EXCHANGE RATES SUBSEQUENT TO INITIAL RECOGNITION AT BALANCE SHEET DATES, TRANSLATION OF THE FINANCIAL STATEMENTS OF INTEGRAL AND NON-INTEGRAL FOREIGN OPERATIONS

Basis of Comparison	Foreign Currency Transaction	Integral Foreign Operation	Non-Integral Foreign Operation
Meaning	A transaction which is denominated in or requires settlement in a foreign currency.	A foreign operation, the activities of which are an integral part of those of the reporting enterprise.	A foreign operation that is not an integral foreign operation.
Treatment of exchange difference arising on translation	Recognised as Income or Expense in the period which they arise.	Recognised as Income or Expense in the period which they arise.	Accumulated in Foreign Currency Translation Reserve until the disposal of Net Investment
Tax effect of exchange difference	Accounted for in accordance with AS-22	Accounted for in accordance with AS-22	Accounted for in accordance with AS-22
Exchange Rate to be used for reporting			
Monetary items	Closing Rate	Closing Rate	Closing Rate
Non-Monetary items (excluding stocks) carried at Historical cost	Exchange rate as on the date of transaction	Exchange rate as on the date of transaction	Closing Rate
Non-Monetary items (excluding stocks) carried at Fair Value	Exchange rate as on the date of valuation	Exchange rate as on the date of valuation	Closing Rate
Contingent Liability	Closing Rate	Closing Rate	Closing Rate
Opening Stock if carried at historical cost	Exchange rate as on the date of transaction	Exchange rate as on the date of transaction	Opening Rate
Opening Stock if carried at recoverable amount/NRV	Exchange rate as on the date of valuation	Exchange rate as on the date of valuation	Opening Rate
Closing Stock if carried at historical cost	Exchange rate as on the date of transaction	Exchange rate as on the date of transaction	Closing Rate
Closing Stock if carried at recoverable amount/NRV	Exchange rate as on the date of valuation	Exchange rate as on the date of valuation	Closing Rate
Depreciation if asset is carried at historical cost	Exchange rate as on the date of purchase of asset	Exchange rate as on the date of purchase of asset	Exchange rate as on the date of purchase of asset
Depreciation if asset is carried at fair value	Exchange rate as on the date of valuation of asset	Exchange rate as on the date of valuation of asset	Exchange rate as on the date of valuation of asset
Other revenue items (such as Purchases, Sales, Interest)	Exchange rate as on the date of transaction, or Average Rate	Exchange rate as on the date of transaction, or Average Rate	Exchange rate as on the date of transaction, or Average Rate

Particulars	Amount
A. Cost of machinery	\$ 15,00,000
B. Exchange rate per dollar existing on date of transaction	Rs. 42.00
C. Cost of machinery to be recognized (A X B)	Rs. 6,30,00,000
D. Depreciation for the Year (Cx10% x 0.5)	Rs. 31,50,000
E. Closing balance of the machinery (C - D)	Rs. 5,98,50,000

Calculation of amount to be recognized in Loan a/c, Interest for the year and closing balance of the loan a/c.

Particulars	Amount
A. Loan borrowed from a foreign bank	\$ 10,00,000
B. Loan to be recognized in the books of X Ltd. (Rs. 42 X A)	Rs. 4,20,00,000
C. Borrowing cost as per AS 16 Amount borrowed \$ 10,00,000 Add: Interest @ 10% p.a. \$ 50,000 for 6 months Total: \$ 10,50,000	

Less: Payment received	\$ 1,00,000	
Balance	\$ 9,50,000	
Liability towards loan at year end due to interest and change in exchange rate		
Principal paid	Rs. 75,000	
(\$ 50,000 X 1.50)		
Interest paid	Rs. 21,75,000	
(\$ 50,000 X 43.50)		
Increase in closing liability		
(\$ 9,50,000 X 1.50)	Rs. 14,25,000	
Total (A)	Rs. 36,75,000	
Interest that would have been payable if loan is taken in India (Rs. 4.2 crores X 15% X 0.5)	(B) Rs. 31,50,000	
Borrowing cost (A) or (B) whichever is lower		Rs. 31,50,000
D. Exchange difference (Rs. 36,75,000 - Rs. 31,50,000)		Rs. 5,25,000
E. Payment made (\$ 1,00,000 X 43.50)		Rs. 43,50,000
F. Closing Balance (B + C + D - E)		Rs. 4,13,25,000

Illustration 2

From the following information compute the value of closing stock as it would appear in the financial statements of X Ltd in each of the alternative cases:

Particular	Amount
Stock at cost lying with 100% subsidiary of X Ltd. (integral foreign operation) in USA on 31/03/20X2	\$ 50,000
Exchange rate that existed when costs of closing inventory were incurred.	Rs. 41.50
Net realizable value of stock: and exchange rate as on 31/03/20X2	
Case (a) \$ 51,000 and Rs. 40 per dollar	
Case (b) \$ 49,000 and Rs. 43 per dollar	

Solution

Case (a) When NRV was \$ 50,000 and exchange rate was Rs. 40 per dollar

Particular	Rs.
A. Closing stock at cost (\$ 50,000 x Rs. 41.50)	20,75,000
B. NRV of closing stock as on 31-3-20X2 (\$ 51,000 x Rs. 40)	20,40,000
C. Adjustment to be made in the books of X Ltd. to reduce the carrying amount of inventories (not as exchange difference) [A - B]	35,000

Case (b) When NRV was \$ 49,000 and exchange rate was Rs. 43 per dollar

Particular	Rs.
A. Closing stock at cost	\$ 50,000
B. NRV of closing stock as on 31/03/20X2	\$ 49,000
C. Value of closing stock at cost or at NRV whichever is lower	\$ 49,000
D. Value of closing stock at NRV (\$ 49,000 x Rs. 43)	Rs. 21,07,000
E. Value of closing stock at cost (\$ 50,000 x Rs. 41.50)	Rs. 20,75,000
Hence, in this case in the books of X Ltd. stock would be valued at cost since its NRV is more than its cost in reporting currency. This can be achieved by reversal of loss made in financial statements of foreign operation.	

Illustration 3

Trial balance of X Ltd. of U.S.A. (100% subsidiary of an Indian company A Ltd.) for the year 20X1 - 20X2 is given below:

Particulars	Dr. Balance (\$)	Cr. Balance (\$)
Plant & Machinery	50,000	
Opening Stock	40,000	
Purchase / Sales	4,00,000	6,00,000
Salary & Wages	25,000	
Printing & Stationery	5,000	
Depreciation	10,000	
Debtors / Creditors	2,50,000	50,000
Cash in hand / Bank	1,00,000	
Share Capital		2,00,000
Reserve & Surplus		30,000
Total	8,80,000	8,80,000

Additional Information:

- Closing Stock as on 31/03/20X2 was U.S. \$ 50,000. Exchange rate that existed when costs of closing inventory were incurred was Rs. 42.50 per dollar.
- Exchange rate that existed when costs of opening inventories were incurred was Rs. 41.50 per dollar.
- Exchange rate when plant & machinery was acquired was Rs. 46 per dollar.
- Exchange rate on 01/04/20X1 and 31/03/20X2 were Rs. 42 and Rs. 44 respectively.
- Cost of investments when acquired was Rs. 1 crore. During the year X Ltd. paid a dividend of \$ 20,000 when exchange rate was Rs. 42.50 but no entry in respect of dividend had been made in the books of A Ltd.

Translate the subsidiary trial balance if it is integral foreign operation.

Solution

Trial balance of X Ltd. as on 31/03/20X2 in Indian currency

Particulars	Conversion Rate	Dr. Balance (Rs.)	Cr. Balance (Rs.)
Plant & Machinery	46.00 (W.N. 1)	23,00,000	
Opening Stock	41.50 (W.N. 2)	16,60,000	
Purchase / Sales	43.00 (W.N. 3)	1,72,00,000	2,58,00,000
Salary & Wages	43.00 (W.N. 3)	10,75,000	
Printing & Stationery	43.00 (W.N. 3)	2,15,000	
Depreciation	46.00 (W.N. 1)	4,60,000	
Debtors / Creditors	44.00 (W.N. 4)	1,10,00,000	22,00,000
Cash in hand / Bank	44.00 (W.N. 4)	44,00,000	
Share Capital and Reserve & Surplus	(W.N. 5)		91,50,000
		3,83,10,000	3,71,50,000
Exchange Difference			11,60,000
Total		3,83,10,000	3,83,10,000

Working Notes:-

- Plant & Machinery and depreciation thereon has been converted using the conversion rate that existed when the plant & machinery was purchased.
- Opening Stock has been converted using the conversion rate that existed when cost of opening inventories were incurred.
- Revenue items have been converted using the average rate.
- Monetary items (i.e. Debtors, Creditors, Cash balance and Bank balance) are converted using the closing rate.
- Calculation of Cost of investment

Particulars	Rs.
A. Opening Balance of cost of investment	1,00,00,000
B. Dividend received (\$ 20,000 x Rs. 42.50)	8,50,000
C. Cost of investment (A - B)	91,50,000

RELEVANCE OF COMPETENCY IN BUSINESS ORGANIZATION

Ranjit Kumar Sarmah

What is Competency?

Competency is the combination of knowledge, skills, attitude and personality of an individual as applied to a role or job in the context of the present and future environment, that account for sustain success within the framework of the organizational values. The characteristics of competencies are motives, traits, self-concept, knowledge and skill; however a person for performing different jobs may require different competencies. Similarly, to perform the same job by different people individually may not exactly require similar competencies since individuals use different methods / means to accomplish the given task.

Steve Garrett, a Senior Management Consultant, defined that competencies include the collection of success factors necessary for achieving important results in a specific job or work role in a particular organization. Success factors are combinations of knowledge, skills and attributes (called as KSAs) that is described in terms of specific behaviors and are demonstrated by superior performers in those jobs or work roles. Attributes include personal characteristics, traits, motives, values or ways of thinking that impact an individual's behavior.

Davis D Dubois, an expert in the area of competency-based human resource practices, defined competencies as the tools that individuals use for successful or exemplary performance. Competencies are the traits or characteristics including an individual's knowledge, skills, thought patterns, aspects of self esteem and social roles that they use to achieve successful or exemplary performance of any type.

Categories of Competencies in an organization:

Competencies in organizations fall into two broad categories

- ◆ Personal functioning competencies and
- ◆ Functional / Technical competencies.

Personal functioning competencies include broad success factors not bide to a specific work function or industry and often focus on leadership or emotional intelligence behaviors.

Functional / technical competencies include specific success factors within a given work function or industry.

However, research is ongoing about the nature of competencies that are important for success across many organizations. From the research, it is seen that a basic set of four competencies which would differentiate the top performers from the rest in most organizations are Initiative, Influence, Result orientation and Concern for quality.

In addition, research on the importance of emotional intelligence to organization success is starting to identify a number of emotional intelligence competencies in particular four categories i.e. Self Awareness, Self Management, Social Awareness and Relationship Management.

Classification of Competencies:

Based on **performance outcomes**, competencies can be classified into

- ◆ Threshold competencies and
- ◆ Differentiating competencies.

People with threshold competencies show normal performance results like achieving the assigned targets etc, whereas people possessing differentiating competencies perform exceptionally well above the assigned targets by fixing their own benchmark standards.

Again, **based on universality**, competencies can be classified as

- ◆ Generic competencies and
- ◆ Specific competencies.

Ability to communicate effectively is a generic competency used across several vocations and at different levels whereas ability to code instructions into computer language is a specific competency used only by computer programmers.

Competencies can also be classified as

- ◆ Higher order and
- ◆ Lower order competencies

For managerial people in leadership roles, the motives, attitudes, traits and self-concept (higher order) are more important than competencies (lower order) like knowledge and skills because managerial work involves getting the work done through people. Whereas for workmen in assembly line who work under strict supervision, the knowledge and skills become higher order competencies and the rest are in lower order. However, in either case, knowledge and skills are easier to develop by training and development, identify and assess than motives, traits, attitudes and self-concept.

In 2003, **T V Rao**, Former Professor of IIMA has classified the competencies into four groups namely

- ◆ Technical i.e. dealing with the technology associated with the function, role and task,
- ◆ Managerial or organizational i.e. dealing with managerial aspects, organizing, planning, mobilizing resources, monitoring and systems use,
- ◆ Human or behavioral i.e. competencies that are personal, interpersonal and team related and
- ◆ Conceptual or theoretical i.e. competencies like visualizations and model building.

Benefits for the organization by using competencies:

Competency based human resource systems ensure that the people who get hired have the potential to succeed. It has

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been estimated that the wrong hire costs 1.5 times that person's annual salary. And that does not measure the frustration of an individual trying to succeed in the wrong job. Competency-based systems can also be used to provide appropriate development to help employees realize their potential and to provide appraisal, feedback and coaching to improve productivity. Improvements in productivity directly contribute towards maximization of wealth of the organization. In addition, competencies provide employees with an objective, define target for development and realistic career goals.

Competencies can be the basis of individual selection and career development. Demonstrating appropriate competencies can help candidates get hired and position them for future opportunities. Demonstrating a desire to improve related competencies generates development on the job and makes performance management meaningful. Competencies are increasingly being used to select and develop leaders and for succession management. Competency-based internal selection makes career mobility across functions easier and helps individuals overcome any discriminatory practices in the organization. A validated competency model is an objective way to integrate and ensures fairness of talent management initiatives within the organization. In short, knowing and demonstrating competencies provide substantial benefits to individuals who want to be seen as qualified and valued accordingly.

Need for individual employee to map their competencies:

By mapping the competencies of individual employees, he / she

- Gains a clear sense of true marketability in today's job market, once he / she knows how his / her competencies compared to those that are asked for by the job market in key positions of interest.
- Projects an appearance as a cutting-edge and well prepared candidate who has taken the time to learn about competencies prior to interviewing.
- Demonstrates self-confidence that comes from knowing one's competitive advantages more convincingly and from being able to articulate those advantages in specific language.
- Secures essential input to resume development a set of important terms to use in describing expertise derived from prior career experience.
- Gains advanced preparation for interviews, many of which may be delivered using a competency-based approach called structured behavioral interviewing or behavioral event interviewing.
- Develops the capability to compare one's actual competencies to an organization or position's required / preferred competencies in order to create an Individual development plan.

Many organizations today are using the process of 360 degree feedback to compare an individual's self assessment of his / her own performance against key position and organization competencies to the assessment of key stakeholders that the individual interacts regularly with. The 360 degree feedback

received is then used as input to the individual development plan. The feedback information also provides a basis for career counseling or explaining why a person should or should not be promoted.

References:

- The Handbook of Competency Mapping:*
Seema Sanghi
- Competency Mapping Assessment & development:*
Dr. G Pandu Naik
Siraj Ur Rahman
- Performance Management:*
Michael Armstrong
Angela Baron
- Websites on Competency Mapping*

THE CHARTERED ACCOUNTANT STUDENT

Invitation for empanelment as resource person

It has been decided to replace the existing students' newsletter with a students' journal. The Journal will contain useful articles, case studies, columns from subject experts, write-ups, examination tips and other useful write-ups and features for the students.

For the purpose we are preparing a Panel of Experts and Resource persons for different subjects for reviewing articles received and writing in the Students' Journal. The panellists will be required from time to time to write for the students in different subjects.

The following categories of persons, with consistently good academic record, a strong aptitude for academic and research work, good written communication ability and with minimum of 10 years experience, which should include teaching experience as well as some exposure to writing of books or reasonable number of articles, may apply:

- Persons with professional qualifications such as Chartered Accountants / Cost Accountants / Company Secretaries.
- Faculty in colleges / universities teaching at post-graduate level.
- Retired Lecturers and Professors who continue to be academically active.

Such panels are proposed to be prepared for the areas of accounting, auditing, costing, management accounting and financial analysis, direct and indirect taxation laws, corporate and other laws, mathematics and statistics, information technology and communications.

Application giving particulars regarding educational qualifications, your academic area(s) of interest, work experience, academic work handled, list of papers and articles published, full address, telephone office and residence, fax number, Mobile Number, E-mail Id etc. may be sent to:

Director, Board of Studies
The Chartered Accountant Student
The Institute of Chartered Accountants of India,
ICAI Bhawan,
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RIGHT OF ADVOCATES TO ADVERTISE

Bhoomika Sharma



Law is a double profession. In its subjective aspect, it possesses a life of spirit – a high and lofty ethic-higher than the gentleman's noblesse oblige. It involves subjection to self-denying ordinances and domination by a spirit of unselfish service.

– Henry Wynans Jessup

1. INTRODUCTION



An advocate shall, at all times, comport himself in a manner befitting his status as an officer of the Court, a privileged member of the community, and a gentleman, bearing in mind that what may be lawful and moral for a person who is not a member of the Bar, or for a member of the Bar in his non-professional capacity may still be improper for an advocate.¹

An advocate shall maintain towards the courts a respectful attitude, bearing in mind that the dignity of the judicial office is essential for the survival of a free community.² An advocate shall not permit his professional services or his name to be used in aid of, or to make possible, the unauthorized practice of law by any law agency.³

In *Bar Council of India vs. M. V. Dhabolkar*⁴, the Court opined "...the canons of ethics and propriety for the legal profession totally taboo conduct by way of soliciting, advertising, scrambling and other obnoxious practices". It further noted that Law is not a trade, not briefs, not merchandise, and so the heaven of commercial competition should not vulgarize the legal profession.

In *Satish Kumar Sharma vs. The Bar council of Himachal Pradesh*⁵, the Apex Court opined that the profession of law is called a noble profession. It does not remain noble merely by calling it as such unless there is a continued, corresponding and expected performance of a noble profession. Its nobility has to be preserved, protected and promoted. An institution cannot survive in its name or on its past glory alone. The glory and greatness of an institution depends on its continued and meaningful performance with grace and dignity. The profession of law being noble and honourable one, it has to continue its meaningful, useful and purposeful performance inspired by and keeping in view the high and rich traditions consistent with its grace, dignity, utility and prestige.

2. POSITION OF RIGHT OF ADVERTISEMENT BY

ADVOCATES IN OTHER COUNTRIES

1.1 USA

In *Bates vs. State Bar of Arizona*⁶ The Federal Supreme Court laid following principles:

The belief that lawyers are somehow above "trade" is an anachronism, and for a lawyer to advertise his fees will not undermine true professionalism.

Advertising legal services is not inherently misleading. Although a client may not know the detail involved in a given task, he can identify the service at the level of generality to which advertising lends itself. Though advertising does not provide a complete foundation on which to select an attorney, it would be peculiar to deny the consumer at least some of the relevant information needed for an informed decision on the ground that the information was not complete.

Advertising, the traditional mechanism in a free-market economy for a supplier to inform a potential purchaser of the availability and terms of exchange, may well benefit the administration of justice.

An attorney who is inclined to cut quality will do so regardless of the rule on advertising, the restraints on which are an ineffective deterrent to shoddy work.

1.2 England

Solicitors are governed by the Solicitors Code of Conduct, 2007 which only requires that the advertising must not impair the solicitors

¹ *Bar Council of India Rules, Preamble*

² *Ibid; Rule 2*

³ *Ibid; Rule 37*

⁴ *AIR 1976 SC 242*

⁵ *AIR 2001 SC 509*

⁶ *433 U.S. 350 (1977)*

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independence and integrity and must not bring the profession into disrepute. Barristers are also allowed to engage in advertising or promotion, which conforms to British Codes of advertising and sales promotion advertisements may include photographs or other illustrations of the barrister, statement of rates and methods of charging; statement about the nature and extent of barristers service; information about any case in which the barrister appeared where such information has been publicly available etc.

1.3 Italy

The legal marketing has been legalized by the Bersani Decree⁷ enabling Italian law firms to advertise their services.

1.4 Malaysia

Legal Profession (Publicity) Rules, passed in 2001 is a simple yet comprehensive code that regulates advertisements in legal and non-legal directories, controls publication of journals, magazines, brochures and newsletters by lawyers and interviews in electronic and print media, bars publicity through clients and even includes a rule that regulates lawyers sending greeting cards on special occasions.

2. CHANGING VIEWS ON RIGHT OF ADVERTISEMENT IN INDIA

2.1. POSITION BEFORE 2008

An advocate shall not solicit work or advertise, either directly or indirectly, whether by circulars, advertisements, touts, personal communications, interviews not warranted by personal relations, furnishing or inspiring newspaper comments or producing his photographs to be published in connection with cases in which he has been engaged or concerned. His sign-board or name-plate should be of a reasonable size. The sign-board or name-plate or stationery should not indicate that he is or has been President or Member of a Bar Council or of any Association or that he has been associated with any person or organisation or with any particular cause or matter or that he specializes in any particular type of work or that he has been a Judge or an Advocate General.⁸

It is against an advocate's code of ethics to solicit or advertise work and amounts to a misconduct on the part of the advocate. Both direct and indirect advertising is prohibited.⁹

The words of Section IV of Chapter II of Part IV of Bar Council of India Rules are clear i.e.: Duty to colleagues. This means that the another reason behind enactment of such a norm is to prevent the advocates, law firms, etc from enticing the clients of their adversary and to snatch away the business of their adversary. Such a law is also made in order to

help the small and unknown advocates and firms to rise in the market and do business.

2.1.1 Advertisement on Internet

Lawyers may not solicit clients and cannot do anything that might influence the decision of a potential litigant from engaging one or the other lawyer.

Bar Council of India, in a notice dated 21st October 1999, reaffirmed that such advertisements on the Internet are considered an offence. It ordered all the legal Websites to be withdrawn immediately, under threat of legal action ranging from temporary suspension to permanent debarring of the lawyer from practice.

2.1.2 Public policy and dignity of profession

The conception of legal services as a noble profession rather than services has resulted in the formulation of such stringent and restrictive regulatory machinery. This law relating to bar on advertisement for legal professionals has been justified on the grounds of public policy and dignity of profession.¹⁰ Letting advertise, would lead to the commercialization of this noble profession and would degrade it.

2.1.3 Constitutional validity of Rule 36

The Rule 36 of Bar Council of India Rules, prohibit advocates from advertising. This is against fundamental rights guaranteed under Article 19 of Constitution of India.

In *Hamdard Dawakhana vs. Union of India*¹¹, Supreme Court held:

An advertisement is no doubt a form of speech but its true character is reflected by the object for the promotion of which it is employed. It assumes the attributes and elements of the activity under Article 19(1) which it seeks to aid by bringing it to the notice of the public. When it takes the form of a commercial advertisement which has an element of trade or commerce it no longer falls within the concept of freedom of speech for the object is not propagation of ideas social political or economic or furtherance of literature or human thought; but as in the present case the commendation of the

⁷ Of 2004, came into effect in 2007

⁸ Bar Council of India Rules, Rule 36.

⁹ Trushil Vora, A bar on advertising for advocates in India under Advocates Act, 1961 and Bar Council of India Rules; sourced from jurisonline.in/.../a-bar-on-advertising-for-advocates-in-india-under-advocates-act-1961-and-bar-council-of-india-rules

¹⁰ Ibid.

¹¹ AIR 1960 SC 554

efficacy, value and importance in treatment of particular diseases by certain drugs and medicines... It cannot be said that the right to publish and distribute commercial advertisements advertising an individual's personal business is a part of freedom of speech guaranteed by the Constitution.

In *R. D. Saxena vs. Balram Prasad Sharma*¹², Justice Sethi stated that Professional obligations of a lawyer are distinguished from the business commitments followed by the trading community. The legal profession owes social obligations to the society in discharge of professional services to the litigants.

2.2. POSITION AFTER 2008

2.2.1 Amendment of rule 36 by Proviso

The Bar Council in resolution dated 3-0-4-2008 added

PROVIDED that this rule will not stand in the way of advocates furnishing website

information as prescribed in the Schedule under intimation to and as approved by the Bar Council of India. Any additional other input in the particulars than approved by the Bar Council of India will be deemed to be violation of Rule 36 and such advocates are liable to be proceeded with misconduct under Section 35 of the Advocates Act, 1961.

Indian lawyers have been asking for a change in the archaic rules of professional conduct and etiquette rules enabling them to advertise their services in all media.

3. CONCLUSION

There has been a drastic change in legal approach towards right of advocates to advertise. By 2008 Resolution of BCI, advertising through website is permissible. This step should be appreciated as it is a step towards providing opportunity of competition which further improves performance with regard to cases.

¹² (2000) 7 SCC 264 (268)

Three Months' Residential Programme on Professional Skills Development (General Management, Personality Development and Communication Skills)

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A three months residential programme on Professional Skills Development has been initiated for the benefit of CA students and newly qualified Chartered Accountants. The programme is being organised for twelve weeks commencing from January 25, 2010.

The programme will help the CA students and newly qualified CAs in imbibing the professional skills required for effective functioning in business organisations and profession. The Programme environment would focus on development of communication skills, personal qualities, interpersonal and teamwork skills, working in a complex and turbulent, problem solving skills and leadership skills.

Course Content

The programme is divided in six modules covering:

- Developing personal traits
- Corporate communications
- Strategic management
- Practice development and management
- Professional business environment
- Multi-disciplinary case studies

The programme would also include extra-curricular activities (study tour/industrial visits, yoga, meditation and cultural activities).

Course methodology

Modern education techniques would be used to make learning wholesome and interesting. The methodology will involve:

- Class/Group Discussion
- Management Games
- Role Plays
- Simulation Exercises

Case Studies

Project preparation

The programme would be completely residential. The participants would have access to high quality computer facility. National Institute of Financial Management (NIFM)

The programme is being organised with NIFM. It was set up in 1993 by the Government of India with the Finance Minister, Government of India as the President of the society. NIFM has evolved itself as a centre of excellence in the areas of Financial Management and related disciplines. It regularly conducts Management Development Programmes for the officials of Civil Services, Central and State Governments. NIFM addresses the requirements of both public and private sector. It also offers Post Graduate Diploma in Business Management (Financial Management), Consultancy and Research and International Training Programmes.

Date

January 25, 2010 – April 16, 2010

Course Fee

Rs. 48,000 per participant. The course fee includes tuition fee, course material, computer time, boarding, lodging, local field visits, etc. Applicants may register by paying 10% of the fees and the balance is to be paid before starting of the course. The payment may be made through an account payee demand draft for a sum of Rs. 4,800/ Rs. 48,000 in favour of The Secretary, The Institute of Chartered Accountants of India payable in New Delhi.

Contact

Interested students may fill in the registration form. The duly filled in copy of the form should be send to Shri Shaleen Suneja, Sr. Assistant Director, ICAI Bhawan, A-94/4, Sector-58, Noida- 201301. Telephone number 0120-3045912, Mobile: 9350799916, Email ssuneja@icai.org

Telephonic calls should be made from 3:00 PM to 5:00 PM on working days. For further details, visit the Institutes' web site: www.icai.org.

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Candidates who have been certified as Accounting Technicians by ICAI upto 30th November, 2009.

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Day of the Event	For Organisations other than Firms of CAs	For Firms of CAs
Day 1	Rs. 65,000/- + Service Tax @ 10.3%	Rs. 30,000/- + Service Tax @ 10.3%
Day 2	Rs. 50,000/- + Service Tax @ 10.3%	Rs. 20,000/- + Service Tax @ 10.3%
Day 3	Rs. 30,000/- + Service Tax @ 10.3%	Rs. 15,000/- + Service Tax @ 10.3%

Payment Terms: Participation fee shall be payable by way of Cheque / Demand Draft in favour of 'The Secretary, The Institute of Chartered Accountants of India' payable at New Delhi only and should be sent to Dr. T. Paramasivan, Secretary, CMII, The Institute of Chartered Accountants of India, ICAI BHAWAN, Indraprastha Marg, New Delhi-110002.



Committee for Members in Industry The Institute of Chartered Accountants of India

(A statutory body established under an Act of Parliament)
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DAY 1

Inauguration : 10.00—11.00 hrs.

Technical Session I : 11.00—13.30 hrs.

Developments in Financial Reporting and Auditing

Topics:

1. IFRS in Indian Context.
2. Concurrent Audit in Banks.
3. Auditing in IT Environment :- A New Horizon

Lunch Break : 13.00—14.00 hrs.

Special Session I : 14.00—15.00 hrs.

Initiatives of the Board of Studies

Technical Session II : 15.00—17.00 hrs.

**Information Technology & Issues
in Financial Management**

Topics:

1. Costing concept in Relation to infrastructure projects.
2. Chartered Accountants & Information Technology.
3. Business Financing Global Trends.

DAY 2

Technical Session III : 10.00—12.00 hrs.

Direct and Indirect Taxation

Topics:

1. GST- The Road Ahead
2. Direct Tax Code.
3. Issues in Service Tax.

Special Session II : 12.00—13.00 hrs.

**Opportunities for Chartered Accountants –
In Practice & in Industry**

Lunch Break : 13.00—14.00 hrs.

Technical Session IV : 14.00—16.00 hrs.

Law & Economics – Some Aspects

Topics:

1. Salient feature of LLP.
2. SEZ Is it a Boon?
3. Labor Laws- PF, ESI & Gratuity.

Valedictory Session: 16.00 – 17.30 hrs.

Topics:

1. Valedictory Address
2. New Scheme of Education and Training
3. Best Paper Award for paper submitted in each technical session
4. Feedback from participants

Students are invited to contribute papers for various technical sessions. It has been decided to select two papers on each topic.

Paper writers selected for presentation of paper at the Convention are exempted from payment of registration fee. All paper writers of the National Convention will be reimbursed to and from first class or 2 Tier AC railway fare by the shortest route (including service tax paid) or any airline, whichever is less.

They would also be paid an allowance @ Rs. 1,500/- per day which would include expenses on boarding, lodging and conveyance. The daily allowance would be payable on actual expenses incurred up to a maximum of five days to meet the daily and incidental expenses subject to actual number of days spent from the commencement of the journey till the end of the journey, including travel time. There would be no restriction for travel by Rajdhani and Shatabdi trains.

Students interested to submit a paper can do so in a **soft copy of the paper along with scanned photograph and biodata** for approval so as to reach positively by 30th November, 2009 to CA R. Devarajan, Director, Board of Studies, ICAI, by e-mail at umesh.gupta@icai.org & psdos@icai.org.

A student cannot submit more than one paper. Please provide your registration number, course of study, complete postal address for communication, phone no. (Landline & mobile) & e-mail id. and the Paper in MS Word format (14 points typing) to be sent as attachment to the mail (the subject of the mail should be Paper on of National Convention of CA Student).

Registration fee: Rs. 300 per student.

Fees for outstation delegates (Delegate fee plus Rs.300 per day for accommodation which includes food): -

Staying for	2 days	3 days	4 days
Rate	Rs. 900	Rs. 1200	Rs. 1500

Outstation delegates are requested to confirm their participation latest by 30th November, 2009 for accommodation arrangement. Demand Draft to be drawn in favour of Siliguri Branch of ICAI, payable at Siliguri. Delegate fee can be paid in cash only in case of submission in Person (not through Post / Courier) at Siliguri Branch office with effect from 1st November 2009 during office hours on working days (Monday to Friday excepting holidays).

Students joining for the programme would get their delegate certificate at the end of the Convention.

All correspondence relating to registration may be addressed to:

Convenor, National Convention for CA Students,

Siliguri Branch of EIRC of ICAI, ICAI Bhawan, Teenbatti More, Near NHPC Overbridge, Siliguri 734005. Phone: 0353-2560445, 9233780618, 9233780619, 92312-75221, E-mail: siliguri@icai.org; website: www.icai.org, www.icaisiliguri.org

Convention Director : CA. R. Devarajan, Director, Board of Studies
Convention Co-ordinator : CA. Manish Goyal, Chairman, Siliguri Branch, 94340-39003/ 98320 62449.
Convention Convenor : CA. Pankaj Maskara, Students Committee Chairman, Siliguri Branch, 9832096660

SOLVE YOUR QUERIES

While studying students often feel need for guidance on different academic subjects. They also face other difficulties related to the activities performed by the Board of Studies. To solve their academic and non-academic problems and issues, students may contact different faculty and other officers of the Board of Studies. They may write to their respective e-mail addresses or contact them telephonically. The timings of telephonic calls is between 11 a.m. and 12 noon and 3 p.m. to 5 p.m. on working days. **Please prefix STD Code 0120.** You may also write to guidance@icai.org for academic queries & bosnoida@icai.org for general queries.

Overall Administration

CA. R. Devarajan , Director, Board of Studies Overall In charge (devarajan@icai.org)	3045901
Mr. Umesh Gupta , Private Secretary to Director, Board of Studies (umesh.gupta@icai.org)	3045902

Accounting

CA. Seema Gupta , Assistant Director Financial Reporting [Final (N)]; Advanced Accounting [Final (O)]; Accounting (PE-II); Fundamentals of Accounting (CPT); Advanced Accounting (PCC); Accounting/ Advanced Accounting (IPCC) (seema@icai.org)	3045916
CA. Shilpa Agrawal , Assistant Secretary Financial Reporting [Final (N)]; Advanced Accounting [Final (O)]; Accounting (PE-II); Fundamentals of Accounting (CPT); Advanced Accounting (PCC); Accounting/Advanced Accounting (IPCC) (shilpa@icai.org)	3045916

Auditing

Dr. A. Dhanalakshmi , Senior Executive Officer Auditing (PE-II); Auditing and Assurance (PCC); Auditing and Assurance (IPCC); Advanced Auditing [Final (O)]; Advanced Auditing and Professional Ethics [Final (N)] (a.dhanalakshmi@icai.in)	3045939
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Direct Taxes

CA. Priya Subramanian , Senior Assistant Director Income tax & Central Sales tax (PE-II), Direct Taxes [Final (O)]; Direct Tax Laws [Final (N)] (priya@icai.org)	3045913
CA. Ruchika Bhatia , Executive Officer Taxation (PCC), Taxation (IPCC) (ruchika@icai.org)	3045913

Indirect Taxes

CA. Smita Mishra , Assistant Secretary Indirect Tax Laws [Final (N)]; Indirect Taxes [Final (O)] (smitta@icai.org)	3045906
CA. Shefali Jain , Senior Executive Officer Indirect Tax Laws [Final (N)]; Indirect Taxes [Final (O)] (shefali.jain@icai.in)	3045937

Laws

Dr. P.T. Giridharan , Joint Director Mercantile Laws (CPT); Business & Corporate Laws (PE-II); Corporate & Allied Laws, [Final (N)]; Corporate Laws and Secretarial Practice, [Final (O)]; Law and Ethics (PCC) Business Laws and Ethics (IPCC) (giridharan@icai.org)	3045909
Mr. Alexander D. Samuel , Sr. Assistant Director Law and Ethics (PCC); Business Laws and Ethics (IPCC) (alexander.samuel@icai.in)	3045939
Ms. Nisha Gupta , Executive Officer Mercantile Laws (CPT); Business & Corporate Laws (PE-II); Corporate & Allied Laws [Final (N)]; Corporate Laws and Secretarial Practice [Final (O)]	3045923
Dr. Naveen Mehta , Sr. Executive Officer PCC, IPCC (Business Communication)	3045937

Cost Accounting / Cost Management /

Advanced Management Accounting Mr. A.P. Kar , Senior Joint Director Cost Management, [Final (O)]; Advanced Management Accounting [Final (N)] (ap.kar@icai.in)	3045905
Dr. N.N. Sengupta , Assistant Director Cost Accounting (PE-II, IPCC, PCC); Cost Management [Final (O)]; Advanced Management Accounting [Final (N)]; (nnsengupta@icai.org)	3045919
Ms. Anu Munjal , Management Trainee Cost Accounting (PE-II, IPCC, PCC) (anu.munjal@icai.in)	3045937

**Management Accounting and Financial Analysis /
Financial Management / Strategic Financial Management**

CA. Ashish Gupta , Senior Assistant Director Management Accounting and Financial Analysis [Final (Old)]; Strategic Financial Management [Final (N)] (ashish.gupta@icai.org)	3045914
Ms. Nidhi Singh , Assistant Secretary Financial Management (PCC, IPCC, PE-II) (nidhi@icai.org)	3045918

Strategic Management

Mr. Shaleen Suneja , Senior Assistant Director Strategic Management (PCC, IPCC); (ssuneja@icai.org)	3045912
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Information Technology

Ms. Indu Arora , Additional Director Information Technology (PCC, PE-II, IPCC); Information Systems Control & Audit [Final (N)]; Management Information and Control Systems [Final (O)] & 100 Hours IT Training (indu@icai.org)	3045904
Mr. Avadh Narayan Yadav , Assistant Director Management Information and Control Systems [Final (Old)]	3045939
Mr. Manna Dey , Senior Education Officer Information Technology (PE-II, IPCC) (mannadey@icai.org)	3045924
Ms. Sukriti Arora , Senior Executive Officer Information Technology (PCC)	3045923
Ms. Sangeetha Jagannathan , Senior Executive Officer Information Systems Control & Audit [Final (New)] (sangeetha.jaganathan@icai.in)	3045937
Mr. Santosh Kumar Pandey , Executive Officer Information Systems Control & Audit (Final (New))	3045937

Economics (CPT)

Ms. Prem J Bhutani , Deputy Director (prem@icai.org)	3045911
Mr. S. Manikandan , Executive Officer (s.manikandan@icai.in)	3045939

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Dr. N. V. Ravi , Senior Executive Officer (dr.nv ravi@icai.org)	3045939
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Ms. Ginni Goel , Executive Officer (ginni@icai.org)	3045927

Other important phone numbers**Scholarships, Accreditation**

Gyandharshan Mr. V.K. Sharma , Assistant Secretary (vipin@icai.org)	3045929
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Students query (related to regulations)

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Ms. Neha Singhal , Management Trainee (neha.singhal@icai.in)	3045959

Students' Newsletter

Mr. Shaleen Suneja , Senior Assistant Director (ssuneja@icai.org)	3045912
Mr. K. Sudhakaran , Sr. Education Officer (kunhan.sudhakaran@icai.org)	3045938
Ms. Neha Singhal , Management Trainee (casnewsletter@icai.org)	3045959

Information Technology Training (Administrative queries)

Ms. Srishti Gupta , Executive Officer (srishti@icai.org)	3045927
Ms. Ginni Goel , Executive Officer (ginni@icai.org)	3045927

General Management & Communication Skills and Orientation Programme

Mr. Ranjit Kr. Sarmah , Senior Assistant Director (ranjit.sarmah@icai.org)	3045915
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Three Months Residential Programme on Professional Skills Development

Mr. Shaleen Suneja , Senior Assistant Director (ssuneja@icai.org)	3045912
Ms. Nisha Gupta , Executive Officer (psdp@icai.in)	3045912

MOU (Indian) related queries

Dr. N.N. Sengupta , Assistant Director (nnsengupta@icai.org)	3045919
Dr. Rishi Mishra , Executive Officer (rishi.mishra@icai.in)	3045925
Mr. S. Manikandan , Executive Officer (s.manikandan@icai.org)	3045939

MOU (Foreign) related queries and others

Mr. Sunil K. Jha , Sr. Assistant Secretary MOU with ICAEW & MRA with CPA, Australia National Convention of CA students, All India CA Students' Conference, International Training Programmes (sunil.jha@icai.in)	3045903
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Examination related queries

- PCE 3054831, 3054837 • CPT 3054806
- PE-II 3054807 • Final 3054809 • PQC 3054836



CASE LAWS

CA. Shefali Jain

Section 11AC of the Central Excise Act, 1944

1. What are the conditions and the circumstances that would attract the imposition of penalty under section 11AC of the Central Excise Act, 1944?

UOI vs. Rajasthan Spinning & Weaving Mills 2009 (238) ELT 3 (SC)

The Apex Court overruling the decision of the Tribunal held that mandatory penalty under section 11AC of the Central Excise Act, 1944 is not applicable to every case of non-payment or short-payment of duty. In order to levy the penalty under section 11AC, conditions mentioned in the said section should exist. Supreme Court ruled that the Tribunal was not justified in striking down the levy of penalty against the assessee on the ground that the assessee had deposited the balance amount of excise duty (that was short paid at the first instance) before the show cause notice was issued.

Supreme Court clarified that both section 11AC as well as proviso to sub-section (1) of section 11A use the same expressions : *....by reasons of fraud, collusion or any wilful mis-statement or suppression of facts, or contravention of any of the provisions of this Act or of the rules made thereunder with intent to evade payment of duty,....*. Hence, it drew the inference that the penalty provision of section 11AC would come into play only if the notice under section 11A(1) states that the escaped duty was the result of any conscious and deliberate wrong doing and in the order passed under section 11A(2) there is a legally tenable finding to that effect.

Section 65(105)(j) of the Finance Act, 1994

2. Is it necessary that in order to levy the service tax under the category "clearing & forwarding agent's services", the agent must be rendering both clearing and forwarding services?

CCEx. vs. Kulcip Medicines (P) Ltd. 2009 (14) S.T.R. 608 (P & H)

The assessee-respondent entered into an agreement with M/s. Cipla for handling and distribution of their products and were entrusted with the job of receiving, storing and distributing Cipla products to their authorised stockists and distributing centres. For the services so rendered, the assessee-respondent was entitled for commission based on agreed percentage of sales figures and also for reimbursement of recurring expenses. Revenue contended that the services provided by the assessee attracted service tax under the category clearing & forwarding agent's

services. On the other hand, the assessee pleaded that service tax could be levied under the said category only when clearing and forwarding agent would have carried out both clearing and forwarding operations.

The Tribunal held that as per the facts of the case, there was no clearing activity being undertaken by the dealer. Therefore, the services rendered by him would not satisfy the requirement of clearing and forwarding agent and consequently, no service tax liability would arise. The High Court, affirming the decision taken by the Tribunal, held that since no clearing activity was directly undertaken by the agent from the manufacturer's (Principal) premises, he is not liable to pay the service tax under the category clearing and forwarding services. Service tax is leviable under the category clearing and forwarding only if an agent renders both clearing forwarding services.

The High Court further elaborated the question whether word 'and' used after the word 'clearing' but before the word 'forwarding' in section 65(105)(j) can be considered in a conjunctive (combined) sense or disjunctive (separating) sense. It elucidated that if one person who has rendered service only as 'forwarding agent' without rendering any service as 'clearing agent' would be deemed to have rendered both services, it would amount to replacing the conjunctive 'and' by a disjunctive which is not possible. Moreover, the learned counsel for the Revenue failed to bring on record any material to show the word 'and' should be construed as disjunctive. Further, Revenue had not shown any 'trade practice' which might lead to a necessary inference that service of one kind rendered is invariably considered to comprise both. Therefore the word 'and' should be understood in a conjunctive sense.

Note : Students may note that in the above case, the High Court has overruled the decision in case of **Medpro Pharma Pvt. Ltd. vs. Commissioner 2006 (3) S.T.R. 355 (Tribunal-LB)** [a case reported in Select Cases-2006]. In Medpro Pharma, the large bench of the Tribunal had held that the clearing and forwarding operations cannot be dissected into clearing and forwarding. Both fall in the common category and any service provided in that category will attract service tax. Even if one segment of activities is not performed, the appellants can be said to be engaged in the taxable service.

Sections 65(78) & 65(79) of the Finance Act, 1994

3. Whether the services provided by colour photo

The author is Senior Executive Officer (Faculty), ICAI.

laboratories are liable to pay service tax under the category “photography services”?

Colorway Photo Lab vs. UOI 2009 (15) S.T.R. 17 (M.P.)

In this case, the assessee’s firm was engaged in the activity of developing of exposed negatives, film processing, and printing of photographs. According to the assessee, the services rendered by a colour photo laboratory did not fall within the mischief of photography and/or photography studio or agency. Hence, they were not liable to pay the service tax.

The High Court pronounced that the colour photo laboratory is an extended design of a studio. In a photography studio, the photographer shoots the photos, develops the negatives in his dark room and, thereafter prints the desired size of the photographs. The work of the colour laboratory is to receive the exposed negatives/rolls, develop the same and print the photographs of the desired size as per the orders placed by the original consumer through the photographer who had taken the photographs either in the studio or anywhere else. When the word photography includes still photography, motion picture photography, laser photography, arial photography, fluorescent photography etc., then any negative used for taking photograph would come under the inclusive definition of photography. The work of the photographer is not only to shoot the person or the scene but is also to develop the negatives and bring the prints. When a part of the work is done by the photographer and part of the work is assigned to others, such person; i.e, colour laboratory would in fact be a photography studio or agency.

In the light of the above discussion, the High Court concluded that the colour laboratories would be a part of the photography studio or agency involved in providing the service to the consumer and are amenable to the service tax.

Sections 65(23) & 65(82) of the Finance Act, 1994

4. Can the assessee holding the Stevedoring licence issued by the port, be made liable to pay service tax under the category “port service”?

CCEx. vs. Konkan Marine Agencies 2009 (13) S.T.R. 7 (Kar.)

The question raised before the High Court for consideration was whether the services rendered by assessee could be classified under the category port service or cargo handling service. The assessee contended that it should be entitled to the refund of the service tax paid under the category port service because it had only handled export cargo and handling of export cargo had been exempted from payment of the service tax under the category of cargo handling service and that they had erroneously paid service tax on such export cargo handled by it. However, the Revenue contended that the assessee had been rendering the services exclusively within the port premises and the services rendered by the assessee were rightly classifiable under the category of port service and there was no exemption of payment of service tax under the said category in respect of export cargo.

After a bare reading of the definition of the cargo handling service under section 65(23) of the Finance Act, 1994 as amended, High Court elucidated that it was amply clear that **handling of export cargo shall not attract service tax at all**¹. Therefore, the service tax could not have been levied on the assessee who was handling loading of cargo, meant for the export purpose. Further, the High Court rejected the Revenue’s contention that since the Port has issued a Stevedoring licence in favour of the assessee, he would be the person authorized² within the definition of port service under section 65(82) of the Finance Act, 1994. The reason quoted by the Court for rejecting Revenue’s contention was that the definition of cargo handling service under section 65(23) clearly puts a bar with regard to the imposition of tax meant for export which also includes handling of the export cargo.

Notes:

1. Section 65(23) of the Finance Act, 1994, *inter-alia*, provides that cargo handling service **does not include, handling of export cargo** or passenger baggage or mere transportation of goods.
2. Section 65(82) of the Finance Act, 1994 provides that *port service means any service rendered by a port or other port or any person authorised by such port or other port*, in any manner, in relation to a vessel or goods.

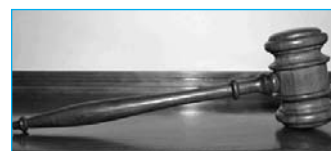
Explanation to section 65(19)(ii) of the Finance Act, 1994

5. Whether the explanation inserted by Finance Act, 2008 to the definition of ‘business auxiliary service’ is clarificatory or declaratory in nature so as to be construed having retrospective effect and retroactive operation?

Union of India & Ors vs. M/s Martin Lottery Agencies 2009 (14) S.T.R. 593 (S.C.)

The Apex Court ruled that by reason of an explanation, a substantive law* may also be introduced. If a substantive law is introduced, it will have no retrospective effect. Subject to the constitutionality of the Finance Act, 1994 in view of the explanation appended to this, the Supreme Court opined that the service tax, if any, would be payable only with a prospective effect and not with retrospective effect.

It further opined that in a case of this nature, the Court must be satisfied that the Parliament did not intend to introduce a substantive change in the law. For the afore-mentioned purpose, the expressions like ‘for the removal of doubts’ are not conclusive. The said expressions appear to have been used under assumption that organizing games of chance would be rendition of service. It held that the explanation is not clarificatory or declaratory in nature. Hence, it could not be construed having retrospective effect and retroactive operation.





BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

NATIONAL CONVENTION OF CA STUDENTS

Days & Dates : Saturday 9th & Sunday 10th January 2010 • **Venue:** Maheshwari Sanskrutik Bhawan

Conducted by : BOARD OF STUDIES

Hosted by: PUNE BRANCH OF WIRC OF ICAI AND PUNE BRANCH OF WICASA

DAY 1

Breakfast: 08.00-09.00 hrs.

Inauguration : 09.00—10.30 hrs.

Initiatives of BOS: 10.30-11.30 hrs.

Technical Session I : 11.30—14.00 hrs.

Accounting & Auditing

Topics:

1. Transition from AAS to SA
2. Convergence with IFRS
3. Schedule VI of Companies Act 1956
- Accounting Compliances

Lunch Break : 14.00—15.00 hrs.

Technical Session II : 15.00—17.30 hrs.

Economics & Laws

Topics:

1. Ministry of Corporate Affairs in 21st Century (MCA-21)
2. Recent Recessionary Cycle in World Economy
3. Impact of Nano Technology on Indian Economic Scenario

Cultural Evening with Dinner: 18.30-21.30 hrs.

DAY 2

Breakfast: 08.00-09.00 hrs.

Technical Session III : 9.30—12.00 hrs.

Finance & Taxation

Topics:

1. Overview of New Direct Tax Code
2. Goods & Service Tax-Concept & Impact
3. Futures and Options-Modern Financial Instruments

Special Session I : 12.00—13.00 hrs.

Lunch Break : 13.00—14.00 hrs.

Technical Session IV : 14.00—16.00 hrs.

Education & Learning

Topics:

1. Making the most of Articleship
2. Evolution in CA Practice

Tea Break : 16.30 – 17.00 hrs.

Valedictory & Special Session II : 17.00—18.00 hrs.

High Tea & Snacks : 18.00-19.00 hrs.

Students are invited to contribute papers for various technical sessions. It has been decided to select two papers on each topic.

Paper writers selected for presentation of paper at the Convention are exempted from payment of registration fee. All paper writers of the National Convention will be reimbursed to and fro first class or 2 Tier AC railway fare by the shortest route (including service tax paid) or any airline, whichever is less.

They would also be paid an allowance @ Rs. 1,500/- per day which would include expenses on boarding, lodging and conveyance. The daily allowance would be payable on actual expenses incurred up to a maximum of five days to meet the daily and incidental expenses subject to actual number of days spent from the commencement of the journey till the end of the journey, including travel time. There would be no restriction for travel by Rajdhani and Shatabadi trains.

Students interested to submit a paper can do so in a soft copy of the paper along with scanned photograph and biodata for approval so as to reach positively by December 15 2009 to CA R. Devarajan, Director, Board of Studies, ICAI, by e-mail at

umesh.gupta@icai.org , psdos@icai.org and punewicasa@gmail.com.

A student cannot submit more than one paper. Please provide your registration number, course of study, complete postal address for communication, phone no. (Landline & mobile) & e-mail id. and the Paper in MS Word format (14 points typing) to be sent as attachment to the mail (the subject of the mail should be Paper on of National Convention of CA Student).

Students interested to participate in the Cultural Evening are requested to register with Mr. Anshul Agrawal, Vice-Chairman, Pune Branch of WICASA before December 15th, 2009.

Registration Fee: Rs. 450/Delegate (if Registered on or before December 25th, 2009, from December 26th, 2009 Registration Fee will be Rs. 550/Student. For accommodation, outstation students are requested to inform & register well in advance, Rs. 200 extra for outstation students).

Cheques/Demand Drafts to be Drawn in of NATIONAL CONVENTION OF CA STUDENTS payable at Pune.

—————FOR REGISTRATIONS / ENQUIRIES CONTACT, ALL CORRESPONDENCES MAY BE ADDRESSED TO—————

Vice-Chairman, Pune Branch of WICASA

ICAI Bhavan', 5th Floor, Amber Chambers, 28-A, Budhwar Peth, PUNE-2. Phone: + 2024451636 URL: www.pune-icai.org

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ICAI's CORPORATE FORUM

Ascent to Pinnacle

Committee for Members in Industry (CMII) of ICAI is pleased to announce the conduct of the comprehensive three days **Corporate Forum** event at Mumbai in January, 2010.

Creation of Employment Opportunities, Enhancing Knowledge and Skill Sets and Recognition of the Exemplary work of members in Industry are the primary goals of the CMII. Keeping this in mind, the CMII will organize this unique **Annual Corporate Forum** at Mumbai from 29th January to 31st January, 2010. The ICAI forum comprises of Seven high-profile concurrent events, i.e.

- ♦ Career Ascent Mid Career Campus
- ♦ Special Campus Placement Programme
- ♦ Accounting Thrust Career Fair for ICAI Certified Accounting Technicians
- ♦ Corporate Conclave - In Pursuit of Excellence
- ♦ Capital Advantage Invest & Buy Mart
- ♦ ICAI Awards for Excellence in Financial Reporting
- ♦ ICAI Awards 2009 Corporate CA Achievers' Acclaim

Brief details of the programmes are as under :

- 1) **CAREER ASCENT- Mid Career Campus (29, 30, 31st January 2010, Goregaon Sports Club, Mumbai):** To provide Chartered Accountants who have one year or more of industry experience with growth and career prospects, enabling them to realize their full potential and aspirations and widen their horizon. It will also enable employers seeking experienced CAs to identify and recruit talent best suited to their (organisations') requirements.
- 2) **SPECIAL CAMPUS PLACEMENT PROGRAMME (29, 30, 31st January 2010, Goregaon Sports Club, Mumbai):** For Chartered Accountants who had undergone three months Residential Programme of ICAI on Professional Skills Development wherein prospective employers and candidates interact and explore the possibility of taking up employment careers in various organizations.
- 3) **Accounting Thrust – Career Fair for ICAI certified Accounting Technicians (29, 30, 31st January 2010, Goregaon Sports Club, Mumbai):** For the first time ICAI has taken an initiative to conduct this placement programme for meeting the requirements of the organizations for entry level accounting professionals.
- 4) **CORPORATE CONCLAVE - In pursuit of Excellence (29, 30, 31st January 2010, Hotel JW Marriott, Juhu, Mumbai):** Four one-day National Conclaves on contemporary topics to enrich the knowledge and to enhance the skill sets of members. Themes being covered are
 - (i) Conclave on Cyber Threats & Information Systems Security on 29th January, 2010,
 - (ii) Conclave on Inspiring Today, For Tomorrow (All India Mega Women Conference) on 30th January, 2010 (Goregaon Sports Club, Mumbai)
 - (iii) Conclave on Corporate Governance on 30th January, 2010
 - (iv) Conclave on Challenges & Roadmap to IFRS on 31st January, 2010.
- 5) **CAPITAL ADVANTAGE- Invest & Buy Mart (29, 30, 31st January, 2010, Goregaon Sports Club, Mumbai):** Capital Advantage exhibition is a platform where Chartered Accountants and Corporates from all over India would mark their presence. This would enable various organizations involved in Banking, Insurance, Mutual Funds, Capital Markets, Real Estate, Information Technology products and services and other technological products to interact with Chartered Accountants, Investors, Finance Fraternity, and Corporate Decision Makers.
- 6) **ICAI AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING (30th January, 2010, Goregaon Sports Club, Mumbai):** To

promote better standards in the preparation and presentation of information in the financial statements. An endeavour of the Research Committee of ICAI, these Awards are given in seven categories of business and other entities (last date of receipt of nominations for this award was 15th October, 2009).

- 7) **ICAI AWARDS 2009 – Corporate CA Achievers' Acclaim (31st January 2010, Goregaon Sports Club, Mumbai):** Would honour the exemplary work of Chartered Accountants in Industry by recognising those who have demonstrated excellence in the professional life, personal life and are the role models for others in industry. These Corporate CA Achievers Acclaim Awards of ICAI also seek to acknowledge Chartered Accountants who have created value to their company's stakeholders on a sustainable basis.

This year the Institute has introduced some new sub-categories in the CA Professional Achiever and CFO Awards to honour the CAs working in the following sectors:

- ♦ Auto & Ancillary Sector
- ♦ Telecom Sector
- ♦ FMCG Sector
- ♦ Healthcare Sector
- ♦ Engineering and Capital Goods Sector

ICAI **Corporate Forum** will be a unique opportunity for the members of ICAI to participate in an event which will provide them knowledge, Career Opportunities and the chance to be recognized amongst the best in the profession.

Complete details have been hosted at the home page of the Institute's Website <http://www.icai.org>. If you need any assistance /details regarding any of the events in the **Corporate Forum 2010**, feel free to get in touch at following helpline numbers.

Event	E-mail	Helpline Numbers
Career Ascent Mid Career Campus	campus@icai.org	011-30110549
Special Campus Placement Programme	placements@icai.org	011-30110450
Accounting Thrust Career Fair for ICAI Certified Accounting Technicians	mii@icai.org	011-30110548
Corporate Conclave In Pursuit of Excellence	kapoor@icai.org	022-39802921
Capital Advantage Invest & Buy Mart	kapoor@icai.org	022-39802921
ICAI Awards 2009 Corporate CA Achiever's Acclaim	cmii@icai.org , secretarycmii@icai.in	011-30110555 011-30110491
ICAI Awards for Excellence in Financial Reporting	research@icai.org	011-30110457
Sponsorships	secretarycmii@icai.in	011-30110491

For details contact:

- ♦ CA. B. C. Jain, Chairman, WIRC of ICAI,
Mob: +91 9821117813 • Email: bhalawat@vsnl.com
- ♦ Dr. T. Paramasivan, Secretary, CMII,
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16TH NATIONAL CONVENTION OF CA STUDENTS'

Theme: Shaping Young Professionals – Challenges Today

Days & Dates :
Monday & Tuesday,
December 21 & 22, 2009



Venue:
Centenary Auditorium, Madras University,
Chennai – 600 005

Organised by :
BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Hosted by:
SICASA of SIRC of ICAI

DAY 1 Monday, December, 21, 2009

Inaugural Session:

Technical Session 1: Accounting and Auditing

1. IFRS - Future ahead
2. Standards on Auditing (SA) The new evolution
3. Core banking system

Lunch

Special address – Power of Communication

Special session - Initiatives of the Board of Studies

Technical Session 2: Corporate Governance

1. Corporate Governance and Role of Independent Directors
2. Companies Bill, 2009
3. Limited Liability Partnership

Special address – Professional etiquette

Cultural Programme: Evening

Dinner

DAY 2 Tuesday, December, 22, 2009

Technical Session 3: Direct and Indirect Taxation

1. Double Taxation Avoidance Agreement
2. Automation of central excise and service tax (ACES)
3. GST Issues & impact

Special address – Value of articleship training

Lunch

Technical Session 4: Financial Management and capital markets

1. Changing face of capital markets National and International
2. Treasury management
3. Credit rating Future of profession

Special address – Facing an interview

Valedictory Session:

1. Valedictory Address
2. New Scheme of Education and Training
3. Best Paper Award for paper submitted in each technical session
4. Feedback from participants

Students are invited to contribute papers for various technical sessions. It has been decided to select two papers on each topic.

Paper writers selected for presentation of paper at the Convention are exempted from payment of registration fee. All paper writers of the National Convention will be reimbursed to and fro first class or 2 Tier AC railway fare by the shortest route (including service tax paid) or any airline, whichever is less.

They would also be paid an allowance @ Rs. 1,500/- per day which would include expenses on boarding, lodging and conveyance. The daily allowance would be payable on actual expenses incurred up to a maximum of five days to meet the daily and incidental expenses subject to actual number of days spent from the commencement of the journey till the end of the journey, including travel time. There would be no restriction for travel by Rajdhani and Shatabdi trains.

Students interested to submit a paper can do so in a **soft copy of the paper along with scanned photograph and biodata** for approval so as to reach positively by 5th December, 2009 to CA. R. Devarajan, Director, Board of Studies, ICAI, by e-mail at umesh.gupta@icai.org & psdos@icai.org.

A student cannot submit more than one paper. Please provide your registration number, course of study, complete postal address for communication, phone no. (Landline & mobile) & e-mail id. and the

Paper in MS-Word format (14 points typing) to be sent as attachment to the mail (the subject of the mail should be Paper on _____ of National Convention of CA Students).

Registration fee: Rs. 500 per student.

Fees for outstation delegates (Delegate fee plus Rs.200 per day for accommodation which includes food): -

Outstation delegates are requested to confirm their participation latest by 15th December, 2009 for accommodation arrangement. Demand Draft to be drawn in favour of SICASA National Convention 2009, payable at Chennai. Delegate fee can be paid in cash only in case of submission in Person (not through Post / Courier) at SIRC office with effect from 14th December 2009 during office hours on working days.

Students joining for the programme would get their delegate certificate at the end of the Convention.

All correspondence relating to registration may be addressed to:

Convenor, National Convention of CA Students,
SIRC of ICAI, ICAI Bhawan, 122 MG Road, Nungambakkam,
Chennai. Phone: 044-39893989, E-mail: sirc@icai.org;
sicasa@icai.in, website: www.icai.org, <http://sicasa.sircoficai.org>

Convention Director
Sri Devarajan, Director, BOS, ICAI

Convention Co-ordinator :
Ms. Ayushi S. Jain

Convention Convenor :
Mr. Ramanujam Raghavan

ANNOUNCEMENT FOR MAY AND NOVEMBER 2010 EXAMINATIONS

Applicability of services for May 2010 examinations:-

Professional Competence Examination

It is clarified that in Part II : Service tax and VAT of Paper 5 : Taxation, students will not be tested on specific questions covering individual taxable services

Integrated Professional Competence Examination

It is clarified that in Part II : Service tax and VAT of Paper 4 : Taxation, students will be examined only in respect of the following taxable services:

1. Legal consultancy services
2. Mandap keeper's services
3. Commercial training or coaching services
4. Information technology software services
5. Services in respect of membership of clubs or associations

Final Examinations (Both Existing and New)

Paper 8 : Indirect taxes/ Paper 8 : Indirect Tax Laws

It is clarified that in respect of taxable services covered in the syllabus of Paper 8 : Indirect taxes/ Paper 8 : Indirect Tax Laws, students will be examined only in respect of the following taxable services:

- **Intellectual Property Services**
 1. Franchise services
 2. Intellectual property services
- **Financial services**
 3. Banking & other financial services
 4. Credit rating agency's services
 5. Stock broking services
- **Transport of goods services**
 6. Goods transport agency's services
 7. Courier services
 8. Mailing list compilation and mailing services
 9. Transport of goods by air services
 10. Clearing and forwarding services

11. Cargo handling services
12. Customs house agent's services
13. Storage and warehousing services
14. Transport of goods through pipeline or other conduit
15. Transport of goods in containers by rail by any person, other than government railway

- **Professional Services**

16. Practising chartered accountant's services
17. Management or business consultancy services
18. Consulting engineer's services
19. Scientific and technical consultancy services
20. Technical testing and analysis services
21. Market research services
22. Opinion poll services
23. Public relations services

- **Real estate & infrastructure services**

24. Construction services in respect of commercial or industrial buildings or civil structures
25. Construction services in respect of residential complexes
26. Architect's services
27. Real estate agent's services
28. Site preparation and clearance, excavation, earthmoving and demolition services
29. Interior decorator's services

- **Business services**

30. Business auxiliary services
31. Business support services
32. Manpower recruitment or supply agency's services

CA. R. Devarajan

Director Board of Studies (SG)



I.P.C.C. & FINAL STUDENTS' EDUCATION CRASH COURSE

For May & November 2010 Examinations

Jointly by

Western India Regional Council of The Institute of Chartered Accountants of India and
Bombay Chartered Accountants' Society



Bombay Chartered Accountants' Society – Human Resources Development Committee

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Convenor : Mukesh Trivedi, Aliasgar Kherodawala, Manish P. Sampat

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Miss Janhavi Thatte & Miss Komal Jain

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Indirect Taxes

2. Course Co-ordinators : **CA. Chandrakant Ruparelia, CA. B. C. Jain**
3. Fees : **Rs. 1500/- per student for I.P.C.C or Final** (Total, and not per Subject, Including cost of Study Materials)
4. Timings & Venue : **6.15 p.m. to 8.30 p.m. on weekdays** (Monday to Friday) at Sydenham College, B' Road, Churchgate.
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For Sponsorship Opportunities Please Contact : Dr. T. Paramasivan, Secretary, CMII



Committee for Members in Industry

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<http://jobs4cas.icai.org>



CA. Uttam Prakash Agarwal, President, ICAI with other dignitaries on the occasion of the Annual General Meeting of Doha Chapter of ICAI on 22nd October, 2009.



CA. Uttam Prakash Agarwal, President, ICAI with members and students on the occasion of his visit to the Pali Marwar CPE Chapter of CIRC of ICAI . Also seen in dais CA. Ashok Sharma Convener and CA. Sharad Kalani Co-Convener.



A view of the audience at the function organized by Pali Marwar CPE Chapter of CIRC of ICAI to welcome CA. Uttam Prakash Agarwal, President, ICAI.



Mrs. Indu Arora, Additional Director, ICAI addressing the participants at Valedictory function of the 5 days residential Faculty Development Programme organized by the Board of Studies and EIRC of ICAI in Kolkata. Also seen Mr. Manna Dey, Sr. Education Officer.



CA. S.G. Hegde, Chairman, Goa branch of WIRC of ICAI greeting CA. M.S.Mehta, faculty on the occasion of the Faculty Development Programme organized by the Board of Studies and hosted by the Goa branch.



A Group photo taken on the occasion of the Faculty Development Programme organized by the Board of Studies and WIRC of ICAI in Goa. Also seen in picture include Dr. Bhanumurthy, Principal, Damodar College, Goa, CA S. G. Hegde, Chairman, Goa Branch and Mr. Avadh Yadav, Asst Director, ICAI.



CA. Uttam Prakash Agarwal, President, ICAI with other dignitaries at the 1st Meeting of Asian-Oceanian Standard-Setters Group on 4th November, 2009 at Kuala Lumpur, Malaysia.



CA. Uttam Prakash Agarwal, President, ICAI addressing at the Annual General Meeting of Doha Chapter of ICAI on 22nd October, 2009.



CA. Uttam Prakash Agarwal, President, ICAI inaugurating the IT lab at Chittorgarh CPE Chapter of ICAI on 8th November, 2009.



CA. Uttam Prakash Agarwal, President, ICAI addressing at the inaugural ceremony of the IT lab at Chittorgarh CPE Chapter of ICAI on 8th November, 2009

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