

"Let us not pray to be sheltered from dangers but to be fearless when facing them."

– Rabindranath Tagore

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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,

You must have celebrated all the festivals with gaiety and great fervor. While different people are exchanging greetings and wishes, the ICAI has brought as a gift to the students a highly educative e-learning portal – cashiksha.com. Our students, in spite of sincerity and dedication,

sometimes lack the required time to focus more completely on their studies. It has been a long time dream of mine to provide a service that would make available better, regular and systematic learning, that too at a time and place of the students' convenience. This dream of mine has now been turned into reality through a new website exclusively for students.

CA Shiksha is an initiative to transform the learning. We are taking you from e-learning to i-learning (interactive learning), providing you comprehensive package of e-learning, video lectures, mock tests, assessment report, quick revision notes making it lot easier for you to grasp, understand and deliver. Now you can learn at your leisure anytime and anywhere. There is free registration and in first three days of its launch the registrations have almost reached a figure of 2000.

To begin with, lectures on Common Proficiency Tests have been made available. Gradually it will be scaled up to include Integrated Professional Competence Course / Accounting Technician Course and final lectures. By 30th November, 2009 PCC and Final courses will be launched and the process shall be completed by 31st December, 2009.

The main purpose of CA-Shiksha is to change the methodology of learning. Our main focus is on strengthening

the basic fundamentals of students through innovative learning. As scientifically proven, anyone learns more by seeing than by reading. The personal interaction of teachers with the students is decreasing day by day due to increasing numbers of students. So, we will proactively try to make the students feel that they are not ignored by getting personal attention from the Institute. I am sure that this initiative will also go a long way in reducing the students dependence on coaching classes.

CA Examinations: Practical Approach is the Order of the Day

"Every success is built on the ability to do better than good enough"

Those of you who are appearing in the examinations should have their entire focus on them. I am quite sure that you must be toiling your labour day and night to pass the examinations with good marks. It is very aptly said that **there are no short-cuts to achieve success**. You should develop a pragmatic approach to take up the examinations. Ideally, at this stage you should be revising the course while appearing in the examinations.

Passing CA exam is not as complicated as it is perceived. Several students clear it in the first shot and even secure ranks. A student selects the course by choice and not by chance. The Students can trounce the fright of the examination by following a regular and systematic study schedule.

The Chartered Accountancy Examinations are not only aimed at testing your theoretical skills but practical knowledge also. The Institute believes in being transparent. In light of this information was provided to the students that the question papers in the November, 2009 examinations will be practically oriented within the limits of the syllabus. We do not want our students to pass the examinations by following stereotyped learning methods and being book worms. They should get real knowledge that should be useful not only in passing the examinations, but also in practical professional

(Continued on Page 4...)



CA. Uttam Prakash Agarwal, President, ICAI receiving Certificate of honorary membership of The Institute of Chartered Accountants in Australia from Mr. Graham Meyer, Chief Executive Officer, ICAA at a ceremony held in connection with ICAI International Study Tour to Australia organised from 1st to 5th October, 2009.



CA. Uttam Prakash Agarwal, President, ICAI with Mr. Oommen Chandy, MLA, Hon. Leader of Opposition, Kerala during the foundation stone laying ceremony of the Centre of Excellence in Kottayam Kerala on October 21, 2009.



CA Uttam Prakash Agarwal, President, ICAI presenting memento to Mr. Ian Luder, Lord Mayor of the City of London at a reception organised in connection with Joint Program "A New Vision for Financial Services" in Mumbai on October 20, 2009.



CA. Uttam Prakash Agarwal, President, ICAI with Mr. Martin Hagen, President of ICAEW, addressing at a Press Meet organized in connection with Joint Program "A New Vision for Financial Services" in Mumbai organised on October 20, 2009



CA. Uttam Prakash Agarwal, President, ICAI inaugurating the Information Technology Training Center at Gazipur, Delhi on 23.10.09. Also seen in picture, Mrs. Indu Arora, Addl. Director, ICAI.



CA. Uttam Prakash Agarwal, President, ICAI interacting with the students on the occasion of opening of the Information Technology Training Center at Gazipur, Delhi on 23.10.09. Also seen in picture, CA. R. Devarajan, Director, Board of Studies, Mrs. Indu Arora, Addl. Director and Mrs. Sangeetha Jagannathan, Sr. Executive Officer.

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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ANNUAL SUBSCRIPTION RATES:

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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)



lives. In fact, the knowledge gained during Articleship Training would be of immense value in answering many practical questions.

The glorifying success stories of the toppers of the examinations tell us that they achieved the rare feat of achievement only due to their dedication, determination, deep study and positive attitude. Majority of toppers reiterated that they started their preparation before twelve months or so along with their routine office hours during articleship. You can also derive inspiration from the rich experiences of the past toppers of the examinations. Regular, systematic, methodical and well disciplined preparation will certainly yield the desired results. It does not matter how many hours you study, but how much you comprehend. Learn the art of time management and distribute time judiciously for all subjects. A student should be physically vigorous, spiritually sound and mentally attentive. Spare some time for your hobbies as it will help you to unwind and will increase your productivity. Whenever you have doubts, jot down the same & clarify them by calling our highly qualified and experienced faculty members of Board of Studies. For more information you can access our Institute's website. I do hope that you will keep up your preparation level high and will display your mettle in best possible terms. My best wishes to all the burgeoning CA.

Self-study and getting to the root of the subject is indispensable to crack the examinations. Self-study is a great help in self-learning and motivation. I sincerely advice you to take advantage of various Guidance Notes, Study Materials, Revision Test Papers, Suggested Answers and Mock Test Papers of our Institute. Publications such as Revision Test Papers, Suggested Answers and Mock Test Papers are also made available on the website of the Institute.

For the convenience of the students, a number of new examination centres have been started. Now, we are covering more number of cities and gradually taking the examinations to the doorsteps of the students.

At the same time. I exhort you to remain away from rumors that create confusion for yourselves. For any information, please visit website of the Institute that is quite exhaustive and informative.

Successful Special Campus Placement Programme

I am happy to share with you that Special Campus Placement Programme organized on 22nd and 23rd October, 2009 for our young Chartered Accountants who had undergone three months Residential Programme on Professional Skills Development has received overwhelming response from recruiting entities wherein number of jobs on offer far exceeding number of candidates available for Special Campus Placement Programme. Seventeen companies

approached the Institute. I am sure that these candidates would develop a niche for themselves in the Industry at large. The response from the industry has motivated us to give more thrust to the programme.

Our Institute is steadfast for the all round development and growth of your personality. Students' maximum benefit is my top priority. I have a lot of hopes from you. I consider that all of you are full of capabilities and potentials. Do not underrate yourself. The impact of economic downturn is slowly and gradually restrained. The world trade will take time to get fully recovered from the economic despondency. New jobs are pouring in and students who are sound in knowledge, communication and personality will certainly embark upon their job hunt expedition successfully.

We have just begun a fresh batch of around 60 bright students jointly with [NIFM, Faridabad](#). I hope that you will not be going to miss this career enhancement opportunity and take a wise decision by enrolling yourself for the next batch of the programme. Take the maximum benefit of opportunity to mould and nurture your personality in right perspective.

Exit Route through Accounting Technician Course

As per the regulations, the students who could not complete the Chartered Accountancy Course in its entirety can use exit route to avail Accounting Technician Certificate. Such students who have passed Intermediate/ Professional Education Course – II / Professional Competence Examinations and successfully completed articleship tenure can apply for Accounting Technician Certificate without any further conditions/fee while continuing to be eligible to appear in the Final Examination.

Scaling New Heights in Infrastructure Development

I am extremely delighted to inform you that we have decided to set up a central of Excellence in Kottayam Kerala. The process of its setting up has already initiated on October 21, 2009 with the foundation stone laying ceremony.

CA Students' Journal: Reincarnation of CA Students' Newsletter

As already announced that we are in the process of replacing the existing Students' Newsletter with a Students' Journal. This step is most awaited one. *"Change always comes bearing gifts"*-Price Pritchett. Every change brings new dimensions of learning and gives vigor to the process of perpetual development. I do hope that this initiative will certainly redefine and enlarge the scope and quality of our current Newsletter. The format of Journal will add value and explore new vistas of knowledge and learning. The journal will be more thought - provoking and research oriented. It will be packed with a lot of variety and vivid subjects of your

interest. The forthcoming Students' Journal will contain perceptive articles, case studies, experts' columns, scholarly features, official notifications, features on general interest and on our profession, tips on professional and personality development and many more reading stuff of your liking. We have already begun the process of empanelment of experts and resource persons for varied subjects and interest for reviewing the articles and contributing their insightful articles and research papers.

I am pretty sure that the Students' journal will keep you up-dated in relation to recent trends and developments happening in our professional world. I want to emphasize that you should take the Journal seriously and form a habit of reading it regularly. Your suggestions are also welcome in this regard.

Counseling young students

I had an opportunity to address the school students at Career Counseling Seminar on Chartered Accountancy & Accounting Technician Courses. The programme was organised at Dundlod Vidyapeeth, Dundlod, Rajasthan. It was very encouraging to see more than a 1000 students of different schools braving the heat of sun to get career related information and solve their queries. Students although from a remote place have fairly good knowledge of career options and displayed their interest in pursuing the chartered accountancy course.

Agro Based Economy: No Longer a Case of Negligence

"When tillage begins, other arts follow. The farmers, therefore, are the founders of human civilization"- Daniel Webster

In this month our focus will be on Agriculture Sector. On feeling the importance of agriculture, our late Prime Minister Mr. Lal Bahadur Shastri rightly proclaimed the slogan of **"Jai Jawan, Jai Kisan"** ("Hail the soldier, Hail the farmer"). This fact is very revealing that our Agriculture sector employs about 60% of the total population of the country, and yet it accounts for only about 18.5 % of the total GDP.

There are various improvement areas in this sector as the methods of farming are very conservative and provide a very little scope for innovation and adoption of advance scientific harvesting and irrigation methods. Throughout the globe, our country is recognized for its agro-based economy, yet the status of agriculture sector is not very encouraging.

It is beyond doubt that there is a great need to undertake a mass awareness drive by collaborating with banks, insurance companies and agriculture based institutions to elevate the present status of our agriculture sector. I expect you to come forward and contribute your active part in development and growth of agriculture sector and the people engaged in it.

I extend my best wishes on the auspicious occasion of Guru Nanak Jayanti and Idu'l Zuha. I also wish to convey my sincere good wishes to all the candidates who are appearing in the examinations this month.



CA. Uttam Prakash Agarwal

President, ICAI, New Delhi

MESSAGE



The CA examinations are being held this month. My best wishes to all the candidates who are appearing in them. I firmly believe that you must have prepared well in advance and thoroughly revised the course by this time. At this moment, I would like to give you some tips that would help you in actually writing the examinations.

- ◆ **Distribute your time equitably:** Some candidates tend to write lengthy answers to the questions of lesser marks. On the other hand they tend to write less while answering questions requiring elaborate answers. You should make it a point to judiciously allocate the available time to all the questions. Avoid a situation wherein you are left with little time for answering questions in the last few minutes of the examinations.
- ◆ **Write legibly:** It is important that you present your answers properly in legible handwriting. They should be neatly written.
- ◆ **Avoid time wasters:** Be thoroughly engaged in writing your answers. Do not look here and there or waste your precious time. Nothing is important at that time except of writing what you know in the answer sheets.
- ◆ **Be honest:** You should answer the questions to the best of your own ability in a sincere and honest manner. Candidates using unfair means are ultimately found by the invigilators and strict actions are taken by the Institute.
- ◆ **Follow instructions:** Last but not the least you should follow all the instructions given to you for writing examinations.

Summary of Examiners' Comments

Experience is a great teacher. To help the students to learn from the performances of the candidates in preceding examinations, prepare well in their studies and avoid mistakes that were committed, we are publishing the summary of examiners comments for June, 2009 examinations. The summary for Professional Competence Examination was covered in the October issue of the Newsletter. In this issue, we are including the summary of examiners, comments on Professional Education (Examination-II) & the Final Examination.

Learn from the toppers of June, 2009 examinations

In the last October issue of the Newsletter we have

printed the interviews of first and second rank holders of the Final Examinations held in the month of June, 2009. In this issue we are including the interviews of joint third rank holder. Go through their strategies for learning. You will find their answers highly encouraging. Not everybody can be a rank-holder, but following a thorough approach, you can certainly improve your performance.

Faculty Development Programme for IT Trainers

The Board of Studies, organised five days residential Faculty Development Programme for Information Technology Trainers at Kolkata from 24th Aug, 2009 to 28th Aug, 2009. 17 faculty members from various IT centres of Eastern region attended the programme. The aim of the training programme was to groom the trainers in varied area of personality and pedagogical issues related to training and management. The eminent experts added values to the knowledge base of the participating faculty members.

The Board of Studies, also organised the technical faculty development programme (FDP) on TALLY and CAAT Tools for IT trainers. The training programme was held from 5th October, 2009 to 9th October, 2009 at Goa Branch of WIRC of ICAI. 24 IT faculty members from various IT centres of the region attended the programme. The objective of this programme was to train the IT trainers on Tally and CAAT tools. Eminent experts in the field of Tally and CAAT delivered lectures and conducted lab sessions for the trainers. The programme was appreciated by the participants for its conceptual and practical lab exercises on Tally and CAAT.

Three Months Residential Programme on Professional Skills Development

The eighth batch of the Three Months Residential Programme has started from September 30, 2009 jointly with National Institute of Financial Management, Faridabad. Sixty students are undergoing the programme.

Special Placement Programme

For the benefit of the participants of three months residential programme a special placement programme is being organized on October 22 & 23, 2009. In total 17 have come forward to select the candidates in the special placement programme. There are 59 candidates who have registered to appear in the interview.

Gyandarshan's Lectures: Making Learning More Interactive and Interesting

Our Institute is fully determined to provide you the best possible professional education. We never like to compromise with the quality of our world class facilities of learning. As I have already stated, we are imparting the gems of knowledge through distant mode so we are trying our level best to make the process of learning more interactive and

interesting. We want to see the multifarious growth of your personality so that you may not feel lagging behind in this taut competitive world. The live telecast of PCC and CPT lectures on Gyandarshan Channel can be very fruitful in sharing of information and knowledge. We have kept CPT lectures on weekdays and PCC lectures on weekends. The live telecasts of lectures are scheduled in such a manner that our students can watch out in large number at ease.

Further, Students can clarify their doubts during studio timing by dialing toll free no **1800-11-2345** or can e-mail us at bosgyandarshan@icai.org. Students can view the Live Telecast on www.ignou.ac.in after following certain technical instructions. Even if by chance you miss any of CPT Live Lectures, still you can have 24x7 access to the PPTs which were presented by the distinguished faculty members during the live telecast of the course. The available PPTs can be easily downloaded from our Institute's website. This facility will be very valuable for the students in the preparation of their respective examinations. I suggest you to use this exclusive facility to explore your knowledge horizon.

Educational Inputs by the Board of Studies

The study materials developed and prepared by our Board of Studies are very compact and comprehensive in nature and content. These precious study materials reach in your hands after a lot of scrupulous study, research and editorial work. In the preparation for your examinations, take help of the study materials. Make a habit of going through them as these will enable you to understand the basic concepts of the subjects and make you familiar with the various known-unknown aspects of all the respective subjects.

Revision Test Papers will provide you an ample opportunity to come across with latest amendments and information incorporated in any subject. Suggested Answers along with Examiner's Comments will enable you to solve the problems in the best possible manner and guide you to improve your performance as these are thoroughly prepared by the faculty of the Board of studies with a view to assist you. It also helps you to work upon the grey areas and plan a strategy to tackle theoretical and practical problems.

The supplementary study paper in the Direct and Indirect taxes and the Case law digest meant for Final students are extremely useful input of the Board. We have also brought out Two Set of Mock Test Papers in each subject to steer your examination preparation. You can use this test series for your self-evaluation and monitor your study's graph. For the benefit of the students who will be not able to obtain the hard copy of the study materials the same has been uploaded on our Institute's website that can be downloaded effortlessly.

Editorial Board

Search Mantra For Accounting & Finance Professionals

ICAI Campus Placement Programme



ICAI Job Portal



ICAI Campus Placement Programme For Newly Qualified Chartered Accountants

In today's dynamic and challenging business environment, the Campus Placement Programme provides an opportunity to the employers to identify the young talent to match the job requirements of their organizations. CAs are looked upon as Complete Business Solution Providers who are thoroughly trained practically in all avenues of Finance and Accounting.

ICAI Job Portal For Premium Accounting and Finance Jobs For Experienced Chartered Accountants & Accounting Technicians

In order to provide world-class and convenient placement services to Chartered Accountants and Accounting Technicians, ICAI announces the ICAI Job Portal <http://jobs4CAs.icai.org> which is designed to become the best job portal in this part of the world with world-class facilities. All you have to do is to register with us and you will find the best accounting jobs and best accounting professionals just a click away.



Committee for members in Industry
The Institute of Chartered Accountants of India
(Established by the Chartered Accountants Act, 1949)
Website : www.cmii.icai.org; www.icai.org

For further information and details please contact at:
placements@icai.org



COMPUTER HACKING

Shalini Arora



Hacking is an imaginative criminal offense of breaking into an information system directly or a remote system on a network without the owner's permission with the intention of stealing information.

However, the act of hacking started out harmlessly, and was basically a method of trying to figure out how computer systems worked. Hacking in the 1970s was "phreaking," or phone hacking, over the telephone network to gain unauthorized access to make free long distance calls. Hackers initiated with accessing the free phone calls through a varied range of sources, thereby managing to get around into the telecommunication system.

After the age of "phreaking," computers became the next target for a growing hacker population. The fraudulent act of computer hacking has become a major problem with the rapidly expanding population of Internet users today.

Definition of Hacking

Illegal access into another party's computer or Internet site carried out for malevolent or fraudulent purposes or to make unauthorized amendments or just for fun into a Computer.

Who is a hacker?

Technically, a "hacker" is someone who is passionate about computer programming and is motivated by curiosity to reverse engineer software and to explore.

- ◆ A hacker is one who is able to aptly code without the need for a manual, instruction book or other documentation.
- ◆ A hacker is also one who is skilled in the art of obtaining access to a computer which is defended by a security program.
- ◆ A hacker can also be considered someone who uses an assistive device in online games.

Types of hackers

◆ White hat

A white hat hacker breaks security for non-malicious reasons, for instance testing their own security system. This type of hacker enjoys learning and working with computer systems, and consequently gains a deeper understanding of the subject. Such people normally go on to use their hacking skills in legitimate ways, such as becoming security consultants. The word 'hacker' originally included people like this, although a hacker may not be someone into security.

◆ Grey hat

A grey hat hacker is a hacker of ambiguous ethics and/or borderline legality, often frankly admitted.

◆ Black hat

A black hat hacker, sometimes called "cracker", is someone who breaks computer security without authorization or uses technology (usually a computer, phone system or network) for vandalism, credit card

fraud, identity theft, piracy, or other types of illegal activity.

◆ Script kiddie

A script kiddie is a non-expert who breaks into computer systems by using pre-packaged automated tools written by others, usually with little understanding. These are the outcasts of the hacker community.

Hactivist

A hactivist is a hacker who utilizes technology to announce a social, ideological, religious, or political message. In general, most hactivism involves website defacement or denial-of-service attacks. In more extreme cases, hactivism is used as tool for cyber terrorism.

What are the types of hacking?

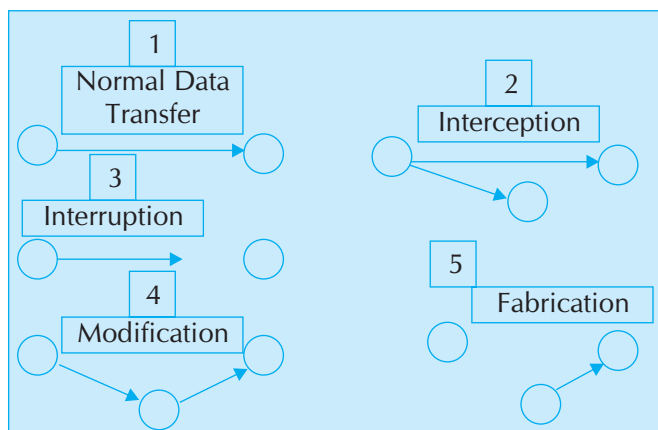
There are several strategies for hacking a computer facility that can result in loss or damage to information and resources leading to undesirable consequences for an organization or an individual. It can also result in violation of the confidentiality or integrity or availability of information. Some of the types of illegal access procedures are:

1. Normal Data Transfer: Here the diagram illustrates a normal flow of data or information over a network on an ideal condition with no known unauthorized access.
2. Interception: This is similar to tapping of telephone lines. Networking cables or telecommunication lines may be tapped by the perpetrator for eavesdropping. This can also be accomplished by use of special probes without any damage to the communication media.
3. Interruption: It means disguising or impersonation. The attacker pretends to be an authorized user of a system in order to gain access to or to gain greater privileges than they are authorized for. This may be attempted through the use of stolen log on IDs and passwords, through finding security gaps in programs, or through bypassing the authentication mechanism.
4. Modification: This involves unauthorized modification of information being transmitted over the network. This could simply involve manually altering the information after tapping the network.
5. Fabrication: Here the hacker may write a program or manually bypass security protections and insert unauthorized logic or modify the behaviour of systems in undesirable ways.

Why do hackers hack?

- ◆ Just for fun,
- ◆ Show off,
- ◆ Hack other systems secretly,
- ◆ Notify many people their thought,

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- ◆ Steal important information, or
- ◆ Destroy enemy's computer network during the war.

What do hackers do after hacking?

- ◆ Patch security hole the other hackers can't intrude.
- ◆ Clear logs and hide themselves by installing a rootkit (backdoor).
- ◆ The hacker who hacked the system can use the system later.
- ◆ Install a Trojan program or a keyboard scanner program.
- ◆ Install exploit program, or
- ◆ Install denial of service program or
- ◆ Use all of installed programs silently.

Who can be a real hacker?

- ◆ Who knows C/C++/assembly language,
- ◆ Knowledge of computer concepts,
- ◆ Knowledge of operating system software,
- ◆ Knowledge of computer network architecture,
- ◆ Aware of the hacking tools.

Why can't we defend against hackers?

- ◆ There are many unknown security holes.
- ◆ Hackers need to know only one security hole to hack the system.
- ◆ Admin need to know all security holes to defend the system.

How to protect the system?

- ◆ Patch all security holes.
- ◆ Encrypt important data.
- ◆ Do not run unused daemon (background programmes).
- ◆ Remove unused setuid/setgid program.
- ◆ Setup loghost.

How can we protect the system?

- ◆ Use a switch hub.
- ◆ Setup a firewall Ex: ipchains programme.
- ◆ Setup Intrusion Detection System Ex: snort.
- ◆ Check unintentional changes Ex: tripwire.
- ◆ Backup the system often.

What should we do after a system is hacked?

- ◆ Shutdown the system or turn off the system.
- ◆ Separate the system from network.
- ◆ Restore the system with the backup or reinstall all programs.
- ◆ Connect the system to the network.
- ◆ It can be good to call the police.

How to translate the hackers' language?

1-> i or l	3-> e	4-> a	7-> t	9-> g	0-> o
\$-> s	-> i or l	-> n	V -> m	s-> z	z-> s
f-> ph	ph-> f	x-> ck	ck-> x.		

Example:

- 1 d1d n0t h4ck th1s p4g3, 1t w4s l1k3 th1s wh3n 1 h4ck3d 1n
- I did not hack this page, it was like this when I hacked in.

Computer Crime and Cybercrime

- ◆ **Computer crimes** occur when intruders gain unauthorized access to computer systems.
- ◆ **Cyber crime** is crime carried out over the Internet.
- ◆ **Cyberlaw** tracks and combats computer-related crime

Types of Computer Crime

Computer crimes depending on their technical scope can be categorized as :

- ◆ Identity Theft,
- ◆ Computer Viruses,
- ◆ Illegal password Access, and
- ◆ Security Risks (Fraud and Theft, Forgery, and Blackmail).

Identity Theft

- ◆ Identity theft is one of the fastest growing crimes in the United States and Canada.
- ◆ Identity theft occurs when enough information about an individual is obtained to open a credit card account in his or her name and charge items to that account.
- ◆ Examples of information needed are name, address, social security number, and other personal information.
- ◆ Laws limit liability to \$50 for each fraudulent charge.
- ◆ An individual's credit report is affected by identity theft.

Computer Viruses

- ◆ Computer viruses are malicious programs that infect a computer system causing various problems with its use.
- ◆ Viruses replicate & attach themselves to programs in the system.
- ◆ There are more than 20,000 different computer viruses with the number growing daily.

Techniques to Obtain Passwords

- ◆ Password guessing,
- ◆ Shoulder surfing,
- ◆ Packet sniffing,
- ◆ Dumpster diving,
- ◆ Social engineering, and
- ◆ Super user status.

Security Risks

- ◆ **Computer security risk** is any event, action, or situation that leads to the loss of computer systems or their data.
- **Wireless Networks**
 - o Inherently insecure,
 - o Information sent over airwaves, and
 - o Individual can drive around looking for a signal.
- ◆ **Corporate Espionage**
 - o On the rise.
 - o Often ex-employees.
 - o Trap doors.

So Computer hacking is not just to read this article but awareness by all the readers and the institute's students is a must apart from their study course.

TOPPERS SPEAK

We have published the interview of first and second rank holders of the CA final examination-2009 in the October issue of the Students' Newsletter. We have asked a set of questions to the joint third rank holders also. The questions and their responses are included in these pages.



VIKESH MUNDHRA,
3rd Rank holder, CA Final,
June 2009.

Q. How do you feel being third rank holder in the final examinations? How do you visualize your success?

Ans. Of course feeling great. It is a matter of pride to me and my family on this achievement.

Q. How did you prepare for the examinations? What were the various components of your plan?

Ans. I have prepared for the examinations in a very systematic way keeping a balance between all eight papers and with an honest hard work taking help of all primary & supplementary materials provided by the Institute. Following were the various components of my plan:

1. Regular Study during fix timings;
2. Maximum written practice (specially of numerical questions);
3. Maximum possible coverage of syllabus;
4. Thorough study without taking help of selective;
5. Maximum utilization of exam time etc.

Q. Do you regret not being first in the examinations? Do you think you could have done something more to be first.

Ans. Not actually. I tried my level best and got the third rank. I think, third rank is also an achievement and I am thankful to God that I have got this.

Q. What are your views on the articleship training? What way the training has helped you in your learning and examinations?

Ans. Articleship training is a very important component in the journey of Chartered Accountancy course. It helped me in understanding the concepts and laws in practical manner, which helped me in presenting the things in a practical way while attempting the examinations.

Q. Please tell us about the contribution of study materials, Students' Newsletter, suggested answers and revision test papers in your success.

Ans. Study material is the best guide to prepare the examinations but I think it can be improved a little more. Students' Newsletter provided me the latest information. Various articles published in newsletters were also helpful. Suggested answers provided me the right pattern to give the answers. Revision test papers were helpful in revisionary work.

Q. How have your family members and friends have contributed to your success?

Ans. My family members gave me full support while preparing for examinations and provided me perfect atmosphere to do the studies. My parents always increased my confidence. My friends helped me best in all manners like providing reference materials and solving the queries. They appraised me best in typical situations.

Q. Why did you choose CA as a career? Having passed the examinations what prospects you see for yourself?

Ans. Since my childhood, it was my aim to become a successful Chartered Accountant. I feel Chartered Accountancy better than other professions in many manners like legal signatory power, best knowledge & work exposures etc. I feel my future very secure after passing the examinations. There is a wide scope in practice and jobs also. Current financial crisis may hurt the exposure for sometime but it is not long-term.

Q. What challenges are being faced by Chartered Accountants today? How do you intend to overcome them?

Ans. The Global Financial Crisis has brought a major challenge before all the Chartered Accountants today. However, it is said, "Every problem is a boon in disguise". We, Chartered Accountants can best possibly design the ways to overcome the current financial sector meltdown by striking on long-term strategic plans. Updating our knowledge, equipping with better skills and by following the policy of "Think Global, Act Local" we can certainly win over these trying situations.

Q. Do you think that the present students of Chartered Accountancy lack in general management and communication skills? What should they do to improve these skills?

Ans. Yes. The students are brilliant but lacking themselves in these areas. They should take the studies in practical way rather than theoretical. They should take interest in management work at their employer's offices and try to improve their communication skills by taking maximum participation in skills developing activities like Class/Group Discussions, Project presentations etc. 3 months residential programme organized by Institute will also be helpful.

Q. What advice you would like to give to the other chartered accountancy students?

Ans. Do hard work honestly, prepare the syllabus thoroughly, do not do selective studies and try to understand the topics in very practical sense. Try to get rank by use of pure competition approach, sure success will be there.

**RUCHIKA KATYAL**

**3rd Rank holder, CA Final,
June 2009.**

Q. How do you feel being third rank holder in the Final examinations? How do you visualize your success?

Ans. It was a very special moment and it feels great. Carrying forward the golden streak, I want to now focus on my career and excel in whatever I do.

Q. How did you prepare for the examinations? What were the various component of your plan?

Ans. Proper planning, focus on 100 % coverage of syllabi, regular revision and a balanced approach towards all subjects were the key things I kept in mind while preparing for the exams.

Q. Do you regret not being first in the examinations? Do you think you could have done something more to be first.

Ans. I do not regret the same, but definitely, I could have done better in Accounts in terms of attempting the questions and indirect taxes in terms of improved coverage of recent case laws.

Q. What are your views on the articleship training? What way the training has helped you in your learning and examinations?

Ans. Articleship is imperative for our development as a professional. Practical exposure is very much important for understanding how businesses work in real world and applying and reapplying knowledge to actual circumstances. Further, it helps us grab and apply the concepts easily, especially for auditing, taxation etc.

Q. Please tell us about the contribution of study materials, Students Newsletter, suggested answers and revision test papers in your success.

Ans. Going through ICAI modules is very important as it ensures necessary coverage of the subjects. However, one needs to go through other books as well for in-depth study on the subject especially for practical subjects. Newsletters and journal help keep us abreast with the latest developments. Further, Suggested answers, RTPs and other relevant publications help in self-evaluation and improvement.

Q. How have your family members and friends have contributed to your success?

Ans. Family and close friends were huge emotional support which is

needed as you tend to get bogged down by pressure sometimes. Also, I used to discuss study topics with friends and family which helped clarify doubts and widen perspective.

Q. Why did you choose CA as a career? Having passed the examinations what prospects you see for yourself?

Ans. My father who is a Chartered Accountant himself was my motivation for the profession and the rest followed. Having passed my examinations, I want to first complete my articleship. Simultaneously, I am focusing on deciding my future course of action as there are immense opportunities in the system and a lot to look forward to.

Q. What challenges are being faced by chartered accountants today? How do you intend to overcome them?

Ans. Constant changes in laws and guidelines and wide range of services to plunge into are the challenges faced today. However, these challenges are in themselves the opportunities and I would like to make an informed choice for the job I would love to do.

Q. Do you think that the present students of Chartered Accountancy lack in general management and communication skills? What should they do to improve these skills?

Ans. I believe there is a mix of students in the course due to its wide student base. However, articleship, GMCS / Professional development course help a lot in improvement. Further, participation in conferences and discussion groups can also help improve on the same.

Q. What advice you would like to give to the other chartered accountancy students?

Ans. Believe in yourself, have an urge to excel and be committed to your goal.

Enterprises today are increasingly deploying ERP solutions to get information for decision making and better manage their operations. Chartered Accountants, whether in industry or profession are increasingly playing a lead role in ERP implementations - Functional Consultants in the Finance Domain .

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Further details of these courses are available on the Committee Portal at <http://cit.icaai.org> and Institute website at www.icaai.org.

You can also contact erp@icaai.org for assistance.



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SUMMARY OF EXAMINERS' COMMENTS ON THE PERFORMANCE OF CANDIDATES

Professional Education (Examination-II)

Group-I, PAPER 1: ACCOUNTING

General Comments

The overall performance of the candidates, as commented by the examiners, was not satisfactory. The quality of most of the answers reflected lack of candidates' knowledge and understanding of the subject. Question requiring practical application of Accounting Standards has not been answered well. It is also observed that the candidates neglect the theoretical aspects of the subject; they should go through the study material carefully. A thorough practice and lots of reading of the subject is required to maintain the level of knowledge expected from the students of PE-II Level. The candidates must present their answers in organized manner and solutions to practical problems should be given in prescribed formats along with suitable working notes.

Specific Comments

Question 1. Internal Reconstruction of a Company: Performance of the candidates has been satisfactory; most of them had attempted and secured good marks. Few candidates wrongly provided for four years' preference share dividend instead of one year and could not give all the journal entries required for the scheme of reorganization. Some among them ignored underwriting commission, preference share dividend payable, contingent liability amounting Rs. 1,50,000 and reconstruction expenses and therefore, were not able to calculate the balance of capital reduction account transferred to capital reserve.

Question 2. (a) Cash Flow Statement: This part of the question was well attempted by most of the candidates. However, a handful of candidates, wrongly prepared the cash flow statement using direct method without reading the question properly. Some candidates did not follow the requirements of AS 3 while preparing the cash flow statement.

(b) Employees Stock Option: Very poor performance was observed in this part of the question. From the answers of the candidates, it has been observed that they have not studied the topic of Employees Stock Option. Only few candidates answered the question correctly and gave the required journal entries.

Question 3. (a) Departmental Accounting: Average performance was observed in this part of the question. Some of them did not consider the fact that the rate of profit on sales is uniform in each department and therefore, erred in computation of profit margin ratio and preparation of Departmental Trading Account.

(b) Partnership Accounting: Most of the candidates answered this part of the question satisfactorily. This question was easy to solve but due to lack of conceptual clarity, few among them erred in (i) Adjustment of reduction in the cost of investment through investment fluctuation reserve, (ii) Computation of profit sharing ratio, (iii) Calculation of Amrisha's share of profits, (iv) Calculation of provision for doubtful debts, (v) Treatment of Joint Life Policy. As a result, they were not able to pass correct journal entries and could not complete the balance sheet of the reconstructed firm.

Question 4. (a) Electricity Company Accounts: This part of the question was well attempted and candidates secured good marks. However, some students were not able to calculate the current replacement cost of the plant and also could not correctly divide the cash cost of replacement of plant into current and capital cost.

(b) Investment Accounting: The performance of the candidates is average in this part. Few candidates committed mistakes in calculating closing balance of 9% Central Government Bonds and profit/loss on sale of bonds and therefore, could not prepare the investment account in the correct manner.

Question 5. (a) Insolvency Accounts for Non-Corporate Entities: Performance of the candidates is satisfactory in this part. However some candidates got confused and gave their statement of affairs under liquidation of companies instead of Presidency Town

Insolvency Act.

(b) Redemption of Preference Shares: Average performance was observed in this part of the question. Few candidates did not calculate the correct number of equity shares to be issued at the time of redemption of preference shares, hence could not complete the remaining steps of the solution in the desired manner.

Question 6. Theory Questions and problems based on Accounting Standards: Many candidates could not apply the provisions of AS 4 and AS 11 respectively in parts (a) and (f) of the question. Regarding part (e), candidates seem to be not fully aware about government accounting structure. The performance of the candidates was average in the other parts of the question. In general, they were not able to support their answers with proper reasoning. Also, candidates were not able to properly express their views.

PAPER 2: AUDITING

General comments

Overall performance of the student was found satisfactory. However, for better scoring of marks, examinees need better presentation. Lack of command of English language and poor presentation skill of the examinees were displayed. Further, lack of clarity and conceptual knowledge of AASs (SAs) and Company Law led to the students' under performance. A few examinees have written vague and irrelevant answers. Many of the examinees answered the questions in a general manner. A few examinees' handwriting was not legible. In many cases, answers of the examinees to sub-questions were neither in proper sequence nor to the point.

Specific Comments

Question 1. (a) Majority of the examinees have attempted this question. A few students have failed to refer to the Guidance Note on Audit of Cash and Bank Balances instead wrongly referred Bank reconciliation statement. A few candidates could correctly and aptly comment on motives and intentions behind the issuance of large number of cheques of high amounts to the creditors in the last week of the financial year.

(b) AS 2 on "Valuation of Inventories" does not apply to producers inventories of livestock, agriculture, forest products and mineral ores and gases but many students failed to understand that AS 2 is applicable to traders of agricultural and food products and hence they failed to score marks.

(c) Many students did not understand the application of CARO, 2003. Only a few students were able to interpret correctly the provisions of CARO, 2003 in plugging of all the three conditions at any time during the year. A few students failed to explain that when bank loan exceeds 25 lakhs on any day in the financial year, CARO, 2003 will still be applicable.

(d) The performance of the students was found satisfactory. However, only a few students could state that the auditor should qualify his report clearly stating that the audit has been conducted on the basis of xerox copies of main books only and corroborative evidence gathered by him.

Question 2. (a) Average performance of the students was found in this question. Very few students could understand the Section 225(2) of the Companies Act, 1956 for appointing a person other than retiring auditor.

(b) Satisfactory performance of the students witnessed in this part. Only some students could make a distinction between holding a credit card and utilising the drawing limit of credit card. Many students failed to understand mere holding of credit card without using any amount does not attract the disqualification.

(c) Many students have answered this part fairly well. However, a few students wrongly stated that ordinary resolution is required to appoint auditor instead of stating that the requirement of special resolution as per Section 224A. A few students mistook with CA 'G' for C&AG and ended up with wrong interpretation.

Question 3. (a) A majority of the students have wrongly referred to current liability. Some of them did not understand the requirements as given in Schedule VI the Companies Act, 1956. A few students had elaborated on fixed assets, unsecured loans and sundry debtors vouching and verification instead of the disclosure requirements as given in the Schedule VI to the Companies Act, 1956.

(b) Most of the candidates did this part well. However, a few students gave inadequate answer instead of explaining the sources of obtaining knowledge of the business.

Question 4. Though the students were expected to give short answers, many students have unnecessarily elaborated. A few students could not explain well the part (d) of this question on "Bills Payable", making it for outstanding expenses.

Question 5. (a) Many students have failed to discuss the correct method of conduct of audit of an educational institution.

(b) Majority of the students have misunderstood the question. Students have wrongly explained the vouching and verification of sales revenue instead of writing the objectives of sales revenue. Many of the students failed to visualise and explain the probable ways through which the fraud might have been perpetrated. Instead they have discussed preventive measures and checks based on internal controls.

(c) The answers given by majority of the students were general in nature and they failed to give appropriate answer as expected.

(d) Only a few students could answer correctly while others were not clear about section 228(2) regarding Branch Audit.

Question 6. (a) Poor performance of the students could be noticed in this part of the question. Some of the students have given irrelevant answer instead of explaining the sources of obtaining audit evidence. Some of the students have wrongly interpreted AS 5.

(b) Many students could give correct answer while a few of the students were not able to explain the matters to be considered when developing the overall audit plan.

Question 7. (a) Most of the students have explained the whole audit procedure for the conduct of an audit of NGO instead of focusing on the steps to be followed in the audit of incomplete books and records. As some of the candidates did not understand this question properly, they went on to interpret wrongly on single entry system of book keeping.

(b) Majority of the students have correctly explained the scope and objective of an internal audit.

Question 8. Generally, most of the students have performed this part of the questions excellently except in the case of "professional skepticism" and "scope paragraph."

PAPER 3 : BUSINESS AND CORPORATE LAWS

General Comments

The performance of the examinees in general was satisfactory. However, students may note following points for further improvement:

1. The answers require practical/ working knowledge rather than general understanding of the subject.
2. Specific provisions and sections relevant to the answers should be referred to.
3. Reference of the case laws should be given.
4. Answers should be supported by appropriate reasons as required by the questions rather than a guess work.
5. Candidates should read the Bare Acts, prescribed text books along with the study material.
6. Examinees to improve their English language skills such that their answers make clear sense.
7. Examinees should concentrate on the other minor Acts such as the Payment of Bonus Act, 1965, Negotiable Instrument Act, 1881, Co-operative Societies Act, 1912, etc.

Specific Comments

Question 1. (a) The answer, in general, was satisfactory. The answer

attempted by large number of students was correctly given, but no relevant provisions and the section of the Indian Contract Act, 1872 were quoted by the candidates. And also many of the students misunderstood the question. They made 'H' the husband 'lunatic' instead of the wife 'w'.

(b) Candidates' performance was satisfactory. However, mention of section 25 of the Indian Partnership Act, 1932 was missing.

(c) Performance of the candidates was found satisfactory. Candidates stated correctly the non-applicability of the Payment of Bonus Act, 1965 to certain classes of employees. Case law and the section referring to the question was lacking.

(d) Although the candidates' performance was satisfactory, the provisions relating to sale or return were not clear to candidates.

(e) The performance of the candidates was average. But many candidates had not mentioned the relevant provision given under section 48 of the Multi-State Co-operative Societies Act, 2002 that was required to answer the question.

(f) Performance of the candidates was poor. There was no clarity of concept relating to dishonour of cheque. According to section 138, cheque should be issued in discharge of a liability and it does not apply to the cheque given as gift.

Question 2. (a) Performance of the candidates was quite average. Most of the students were unable to explain the answer properly.

(b) Performance was average. Candidates could not fully explain the provision laid down under section 77 of the Multi-State Co-operative Societies Act, 2002.

Question 3. (a) Performance was satisfactory. Almost all the candidates attempted it as expected.

(b) Candidates' performance was average. They could not understand the question and hence could not answer it well.

Question 4. (a) Performance of the students was good. Answers laid down were correct, but without furnishing appropriate reasons.

(b) Performance was good and satisfactory.

Question 5. (a) Candidates answered it well, but without reference to the legal provision.

(b) Performance was extremely poor. Students were unable to understand the question and hence, section 6A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 had not been correctly answered.

Question 6. (a) Performance of the students was average. Some of the students were unable to understand the term 'qualified' under the Negotiable Instrument Act, 1881. Hence, they could not attend the question in the right manner.

(b) Performance was quite average. Most of them failed to mention the appropriate reasons.

Question 7. (a) Very well attempted by the majority of students. A good analytical question and most of the candidates answered well.

(b) Performance of the candidates was below average which is not expected from the PE-II level students.

(c) Most of the students attempted this answer satisfactorily. However, relevant case laws were missing.

(d) Performance was average as many students were not able to refer to section 4(b) of the Companies Act, 1956.

(e) Almost all the students attempted the answer correctly, but without referring to the relevant provision.

Question 8. (a) Performance was not up to the mark. Most of the students have not answered the question correctly. They answered it under utter confusion.

(b) Performance was satisfactory. Though reference to section 192A of the Companies Act, 1956 was not made by many candidates. Some candidates gave irrelevant answer explaining the whole section instead of main point.

Question 9. (a) Students were confused and stated wrong answer mentioning that the company has to pass a special resolution to transact a matter requiring special business, forgetting the fact that

special business requires only an explanatory statement to be added under section 173(2) of the Companies Act, 1956. They were also unable to distinguish between the special business and special resolution

(b) It was well attended by most of the candidates.

Question 10.(a) This question was well attempted by the candidates.

(b) Performance of the candidates was satisfactory.

Group-II PAPER 4 :

COST ACCOUNTING AND FINANCIAL MANAGEMENT

General Comments

Overall the performance of the candidates was average. Performance revealed a lack of knowledge of concepts in the areas of Cost Accounting and Financial Management while answering the questions. Working notes to practical problems were either absent or not exhibited by most of the candidates. Majority of the candidates answered the sub-parts of each question in different pages of the answer book instead of writing them consecutively. Some other deficiencies were poor handwriting, poor presentation and spelling and grammatical mistakes.

Specific Comments

Question 1. (a) This practical problem of 'Activity Based Costing' requires sound understanding of 'Activity Based Costing' to solve correctly. Almost every student has attempted this question however many of them failed to prepare 'Statement of Profitability' as per ABC system correctly.

(b) This theoretical part related to 'Cost Reduction' is well attempted by most of the students.

(c) (i) This theoretical question regarding Uniform costing and Batch costing is based on 'Methods of Costing'. Answer given by majority of the candidates were satisfactory

(ii) This theoretical part based on the topic 'Process Costing' were correctly attempted by majority of the students.

Question 2. (a) A large number of students attempted this practical problem related with the 'Preparation of Statement of Cost and Profit'. However only a handful number of candidates were able to calculate cost of sales and profit correctly. In many cases either the cost per unit or profit per unit were calculated wrongly.

(b) This theory question related to 'Essentials of a Good Costing System' requires primary knowledge about basic concepts of Cost Accounting. Most of the candidates attempted the answer well.

Question 3. (a) This numerical part requires conceptual understanding of 'Contract Costing'. Generally the candidates were able to prepare the contract account correctly. Some of the students failed to calculate correctly the amount of profit to be transferred to P&L A/c and many of the candidates were not able to show the relevant 'Balance Sheet Entries'.

(b) This theoretical question concerned with the 'Installation of Uniform Costing System' were attempted well by the majority of the candidates.

Question 4. (a) This practical question related to 'Non-Integrated-Accounts' were attempted by less number of students and the answer given by only few of the students was satisfactory.

(b) This numerical part requires sound understanding of 'Materials'. Few of the candidates unsuccessfully applied EOQ formula to solve this question. However some of the candidates solved the problem correctly.

(c) This question related to 'Cost Accounting Records Rules' was attempted by most of the students. Some of the students were not able to write all the area of activity for which 'Cost Accounting Records Rules' are to be maintained.

Question 5. (a) This theoretical question related to some 'Basic Concepts of Cost Accounting including Cost Audit'. Generally the answer given by the candidates were satisfactory

(b) This simple theoretical question related to 'Objective of Cost Accounting' was attempted well by majority of the candidates.

(c) This practical problem related to calculation of bonus under 'Halsey and Rowan Premium Bonus System' was attempted by large number of students. However they were not able to calculate the hourly rate of wages a worker 'Y' will get under Halsey Premium Bonus System.

Question 6. (a) Being a compulsory question, it was attempted by a number of candidates. Majority of the candidates prepared the cash flow statement as per revised Accounting Standard 3 on correct lines.

(b) A large number of candidates did not attempt this part of the question satisfactorily. Majority of the candidates confused 'Propositions made by Modigliani and Miller' as 'Assumptions made by Modigliani and Miller' and hence answered the question on wrong lines.

Question 7. (a) This part of the question was well attempted by majority of the candidates. However, a few candidates calculated cost of capital in rupee terms instead of as a percentage.

(b) Many candidates failed to explain the role of Finance Manager in the changing scenario of financial management in India. Their answers were limited to the function and role of a finance manager in general context.

Question 8. (a) A large percentage of the candidates attempted this question on evaluation of credit policies. However, only a small percentage could answer it on correct lines.

(b) (i) A large percentage of candidates explained properly the concept of venture capital financing.

(ii) Only a handful of the candidates could mention the various financial instruments dealt with in the international market.

Question 9. (a) This practical question part required candidates to compute the weighted average cost of capital (WACC). A conceptual understanding of cost of capital was needed to solve the problem on correct lines. However, most of the candidates faltered in calculating the correct weights assigned to the different costs, therefore, majority of them arrived at the wrong conclusion.

(b) Most of the candidates determined the earnings after tax correctly. However, only a few of the candidates computed the degree of financial leverage.

(c) In this part of the question, only a fair percentage of candidates could explain the advantages of raising funds by issue of equity shares logically and in short.

PAPER 5 : INCOME-TAX AND CENTRAL SALES TAX

General Comments

The question paper is of good standard and it contains the correct proportion of objective, practical and theory questions. Many candidates exhibited lack of knowledge of the provisions of the Income-tax Act and Central Sales Tax Act. They were also not aware of the recent amendments in the Income-tax Act. Further, most of the candidates have not given proper working notes for practical problems. The presentation of answers is also poor in most cases.

Specific Comments

Question 1. (a) (i) Since most of the candidates were not able to correctly work out the salary for the purpose of computing perquisite value of concessional accommodation, consequently, the value computed by them was incorrect.

(ii) Many candidates have failed to provide deduction under section 80CCD in respect of contribution to Pension scheme of Central Government.

(iii) Some candidates have wrongly set-off business loss against winnings from game show.

(b) (i) Many candidates have wrongly considered the gross annual value of the property at Chennai for the whole year instead of 9 months.

(ii) Further, many candidates have completely ignored the annual value of the house at Los Angeles, USA, without considering that the assessee is a resident and ordinarily resident in India and hence, her

global income would be taxable. Even though this treatment does not affect the computation of income from house property (since the value of this property would anyway be nil, on account of the same being treated as self-occupied) however it is, in principle, wrong.

Question 2 (First Alternative)

(a) (i) Many candidates have ignored the income from sale of coffee grown in Colombo while computing the business income, whereas the entire income is taxable as business income of Ms. Vivitha, since she is resident and ordinarily resident in India.

(ii) It is seen that many candidates have applied the percentages incorrectly while apportioning the income between business income and agricultural income.

(b) Most of the candidates have not explained the meaning of revocable transfer.

Question 2 (Second Alternative)

(a) While discussing the residential status of HUF, many candidates have proceeded to discuss at length about the required period of stay of the Karta in India in order to be treated as a resident and ordinarily resident.

(b) Instead of enumerating the conditions for claiming exemption under section 10A, many candidates have gone about explaining how the deduction is worked out and other provisions.

Question 3.(a) For sub-part (iii), some candidates have wrongly answered as False stating that the securities transaction tax can be claimed as rebate under section 88E and not as deduction under section 36.

For sub-part (v), the reasoning given by many candidates is incorrect. Instead of stating that disallowance under section 40A(3A) would be attracted in the year when the payment is made otherwise than by account payee cheque, many candidates have wrongly answered that since the expenditure has been disallowed in the earlier year, the same cannot be disallowed again in the year of payment.

Further, some candidates simply wrote true or false without giving reasons and some others repeated the question and tagged true or false without adducing any reason.

(b) Notable wrong answers were that –

(i) Notice under section 143(2) should be issued within a period of 12 months from the end of the month in which return is furnished.

(ii) For new two, three and four star hotels started in specified districts, tax holiday of ten years is available under section 80-ID.

Question 4. (a) Most of the candidates were not aware of the definition of Infrastructure Capital Company as per section 2(26A). Instead, they have gone about explaining the meaning of infrastructure activity.

(b) Many candidates were not aware of the revisionary powers of the Commissioner under section 263.

(c) Though the candidates have answered this part well, however, some candidates have wrongly stated that the applicable rate of presumptive tax for retail trade business is 8%.

Question 5.(a) Most of the candidates gave wrong answers in this "Fill in the blanks" type of question. Notable wrong answers were –

(iii) Under section 8(2), the applicable rate of tax for Inter-State sale of goods not falling under section 8(1) is 2%.

(iv) In case of continuing offence, the penalty leviable under section 10 may extend to Rs.100 for every day during which the offence continues.

(v) A branch outside the State cannot be considered as a dealer.

(b) Many candidates were not aware of the powers of the Central Sales Tax Appellate Authority under section 22 and were, hence, not able to answer this question correctly.

Question 6. Most of the candidates were not clear about the inclusions and exclusions from total inter-State sales. Some candidates have wrongly deducted the entire freight of Rs. 1,10,000, though it should be deducted only to the extent of Rs. 30,000, being the amount shown separately in the sales invoices. A

few candidates were not aware that sale price does not include deposit for returnable containers.

PAPER 6 : INFORMATION TECHNOLOGY

General Observations

The overall performance of the candidates was very poor. Most of the candidates attempted the paper without adequate preparation. Examinees have been advised to study the prescribed study material in depth. Examiners were of the view that conceptual understanding of the subject was required to properly answer the practical-oriented questions. Candidates have to improve the subject knowledge as well as the language skills for better performance. Candidates should understand the technical terms with regard to information technology.

Specific Comments :

Question 1. (a) Performance of the candidates was found to be satisfactory. Many examinees were unable to perform the decimal part conversion and even those candidates who attempted the decimal part conversion, committed mistakes.

(b) Most candidates failed to give answer with proper explanation. Concepts of hierarchical database structure, semantics and cache memory were unclear to most of the examinees.

(c) Candidates were unable to mention correct reasons to support their statements relating to Drivers and Spooling software.

(d) Some of the candidates could not provide correct answer for this True and False type question.

Question 2. Most of the candidates could not properly explain the differentiation between compiler and interpreter, social portal and transaction portal and data bus and address bus. Instead of giving to the point answer, most of the candidates gave general discussion. They exhibited lack of technical knowledge while attempting this question.

Question 3. (a) The performance of the candidates was not satisfactory. The candidates exhibited lack of knowledge relating to managerial problems with file processing.

(b) Most of the candidates were unable to describe the bus networking topology. They wrote answer for general networking.

(c) Candidates were unable to understand the question properly and hence very few candidates could draw the flow chart correctly, properly and logically.

Question 4. (a) Issue of the data centre down time was explained by very few candidates in a correct manner.

(b) Performance was moderate. Most of the candidates failed to highlight the importance of 'Data volume and usage analysis' in designing of the database properly.

(c) Through majority of the candidates were able to describe correctly the meaning of 'Database'; however they failed to mention the components of the database environment.

Question 5. (a) Most of the candidates were not clear about the difference between 'Type face and Font'.

(c) Most of the candidates failed to explain proper usage of MS-WORD tools namely 'Section break', 'Auto fit' and 'Auto text'.

(b) Majority of the candidates failed to define MS-EXCEL functions viz. NPER, PMT and POWER. Only few examinees could correctly define these functions.

Question 6. (a) Most of the candidates exhibited lack of knowledge regarding Audit techniques in computerized environment. Their answers were generic in nature. Only few wrote correctly about embedded audit techniques.

(b) Only few candidates were able to explain the Generalized Audit Package correctly.

(c) Very few candidates could describe compositions and powers of Cyber Regulations Appellate Tribunal.

(d) Most of the candidates failed to mention the physical risks that threaten the system assets. Hence, the performance was poor.

Question 7. (i) Many candidates wrongly discussed Bubble

memory as Volatile Memory.

(ii) Majority of the candidates failed to discuss the working procedure of 'MICR'.

(iii) Most of the Examinees could not explain storage area network.

(iv) Many candidates wrongly explained Database rather than explaining features of Object Oriented Database and its advantages.

(v) Candidates gave generic answers for encryption without having clarity of the concept. Hence, the performance was poor.

FINAL (OLD) (GR-I) PAPER 1: ADVANCED ACCOUNTING

General Comments

The performance of the candidates, as commented by the examiners, was not satisfactory. The quality of most of the answers reflected lack of analytical ability and in-depth knowledge of the subject. It is also observed that since the candidates generally neglect basic accounting concepts, they should lay stress on theoretical aspects of each and every topic. The candidates are advised to brush up their skills regarding practical problems based on application of Accounting Standards and Guidance Notes. The candidates are advised to present their answers in a systematic manner and solutions to practical problems must be given in prescribed formats along with suitable working notes. A thorough practice and lots of reading of the subject is required to maintain the level of knowledge expected from the students of Final Level.

Specific Comments

Question 1. (a) Valuation of Shares: There was a good attempt by the candidates in this part of the question. Few candidates could not arrive at the correct value of equity shares for buying (i) a small lot and (ii) controlling interest. Some of them were not able to make the correct decision regarding investment in preference shares.

(b) Valuation of Goodwill: This part of the question was answered satisfactorily by most of the candidates. However, few candidates considered three years' purchase of super profits instead of four years for calculating goodwill and thus did not compute the correct value of goodwill.

Question 2. Corporate Restructuring: The candidates performed unsatisfactorily in this part of the question. Most of the candidates could not arrive at the correct adjusted 'net profits' and 'net assets of Bayu Ltd.' and therefore, computed the wrong amount of purchase consideration.

Question 3. (a) Guidance Note on Accounting for Securitization: Candidates showed lack of knowledge of the "Guidance Note on Accounting for Securitization". This question was not attempted by most of the candidates. Even those who have attempted the question could not provide correct journal entries in the books of originator.

(b) Fund based Accounting: This part of the question was answered satisfactorily by most of the candidates. However, few candidates could not give the correct journal entry for receipt of monthly investment income and surplus accruing after meeting the annuity payable.

(c) Corporate Social Reporting: Overall performance of the candidates in this part of the question is satisfactory.

Question 4. Practical Problems based on Accounting Standards

(a) Many candidates have attempted the question but have not been able to calculate correct amount of weighted average borrowing cost in line with AS 16.

(b) The performance of the candidates is average. However, few candidates did not give their answers in accordance with AS 9.

Question 5. (a) Employee Share Based Payments: The answers of the candidates exhibited that they did not study the provisions of the "Guidance Note on Accounting for Employee Share Based Payments". This question was not attempted by most of the candidates. Except few, no candidate was able to give correct journal entries required in this part of the question.

(b) Financial Instruments: Many candidates answered this question

satisfactorily and secured good marks.

Question 6. (a) Economic Value Added: The performance of the candidates is average in this part of the question. However, some of them erred in calculation of PBIT.

(b) Mutual Funds: The performance of the candidates is average in this part of the question.

(c) & (d) Practical problems on Accounting Standards: From the answers of the candidates, it appears that the candidates lack conceptual clarity of the accounting standards. Few candidates were not able to justify their answers in line with provisions of accounting standards.

PAPER 2:

MANAGEMENT ACCOUNTING AND FINANCIAL ANALYSIS

General Comments

The performance in general is "satisfactory". However, following errors have been observed in answering the questions, which candidates are required to make note for the improvement.

(a) The conceptual knowledge of the candidates was not adequate considering the expected standard level.

(b) Answers have exhibited lack of systematic and logical approach, clear presentation, proper and adequate conceptual and analytical explanation.

(c) Candidates have shown poor knowledge of the concepts and also lacked of adequate practice to solve diverse range of questions.

(d) It has also observed that many candidates did not prepare the subject in depth.

(e) In many cases candidates not answered the questions serially/completely in one sequence. Different parts of the answers to a particular question were scattered over different pages, which should normally be avoided.

(f) Candidates have shown lack of knowledge in answering the theoretical questions, even though they were simple. Therefore candidates should answer theoretical questions correctly, lucidly and precisely.

Specific Comments

Question 1. (a) Being the easiest question the performance of the majority of candidates was good. However, following types of errors were noted in their answers.

(i) Some candidates were not aware the concept of Profitability Index (PI).

(ii) Some candidates were ignorant of the link between Standard Deviation (S.D.) and Risk.

(b) In the question of calculation of Interest Coverage Ratio, the performance of candidates was found quite satisfactory. However, following errors were observed in their answers:

(i) Errors and interchanging of numerator and denominators in the formula of Interest Coverage Ratio.

(ii) Some candidates could not understand the significance of ratio very well and hence could not present it satisfactorily.

Question 2. (a) Overall performance of the candidates in this part was fairly well. However some mistakes have been noted in the calculation of

(I) Value of Business (ii) EPS (iii) Market Price of Shares (iv) Gain/loss of shareholders on account of merger

(b) The overall performance was good. Mistakes were observed while adjusting the extraordinary items, hence calculating wrong future maintainable (before and after tax) profit.

Question 3. (a) Overall performance of the candidates in this part was satisfactory. However following errors have been committed by the candidates in answering the question

(i) Few candidates calculated EMI, which was not required at all.

(ii) Some candidates adjusted depreciation to the lease rent and got confused.

(iii) Some candidates applied different discounting rate than required

one.

(iv) Few candidates adopted a very short cut method for the evaluation of lease option without detailed calculation.

(b) The overall performance was bit disappointing as many candidates were able to write only few points/steps correctly without coverage of full answer. Some candidates also gave very vague answer.

Question 4. (a) The performance of the candidates in this question of derivatives was not good because of following reasons.

(i) Some candidates considered the question as a problem of Straddle instead of an independent a pay-off problem.

(ii) Some candidates got confused about the concepts of call and put and gave opposite interpretation.

(iii) Some candidates gave a wrong pay-off.

(b) The overall performance was good except few candidates who could not calculate monthly and annual rate of return on Mutual Fund.

(c) In this theoretical question performance of candidates was not good as their answers were not crisp and even found vague in many cases. Some candidates were not even aware of the term "Debt Securitisation" and confused it with the "Secured Debt" and "Security for Debt".

Question 5. (a) Being a straight question the performance of candidates is overall very satisfactory, except few mistakes in their answers.

(b) The overall performance was not satisfactory as candidates did not show the conception of Equivalent Annual Cost (EAC) concept and confused the question with the replacement of existing machine with new machine. Hence could not calculate correct EAC and made correct recommendations.

(c) In this theoretical question performance was very poor as most of the candidates not understood the question properly and elaborated MM theory instead of explaining reasons for the payment of dividend.

Question 6. (a) Performance of candidates was poor as many candidates could not understand the requirements of the question and mentioned irrelevant details in their answers. Some candidates explained the concept of Capital Budgeting instead of Sensitivity Analysis.

(b) The general performance was fairly well however some candidates displayed the ignorance of the CP as a discounted instrument.

(c) In this theoretical question performance was very good however some candidates shown ignorance about the concept of mutual funds.

(d) The performance of candidate is of average level as many students were not aware about the term SIDBI and filled their answers with unnecessary details.

PAPER 3 : ADVANCED AUDITING

General Comments

Many students have written their answers in general and failed to address the specific issues in the practical questions. Lack of command of English language and poor presentation skill of the examinees were noticed. Further lack of clarity and conceptual knowledge of AASs (SAs) and Company Law led to, the students' to under performance. Handwriting of many students appeared illegible.

Specific Comments

Question 1. (a) Most of the candidates performed this part of the question well. However, a few students wrongly stated that Accounting Standards are not applicable for charitable or religious organisations.

(b) Very few students have focused their attention on the terms and conditions of employment/contract of service. Most of the students have referred to the provisions of the Income-tax Act, 1961 which

are not relevant.

(c) Many students were confused and inferred that fixed assets are continue to exist even after sale. Only a few students have referred to paragraph 4(1)(c) of CARO, 2003 and some others, instead have discussed "going concern status".

(d) The answer to this question is based on Schedule VI, Section 211 of the Companies Act, 1956 relating to requirements of presentation of the Financial Statements. The students failed to consider the Guidance Note issued by the ICAI. This has resulted in the loss of marks to the students.

Question 2. (a) A few students have correctly referred wrongly to various clauses of Chartered Accountants Act, 1949, while some students have referred to provisions of Companies Act, 1956 and Accounting Standards.

(b) Performance of students in this part was not satisfactory. Most of the students have not understood that the duty of the auditor is also to disclose irregularities to the individual subscribers to the provident fund in addition to his duty towards the trustees and the company. This lapse on students' part have been responsible for loss of marks.

(c) Average performance of the students could be witnessed in this question.

(d) Most of the students have ignored the required clause in the partnership deed. They have referred to the goodwill which is not relevant.

Question 3. (a) Many students never discussed suppressed credit notes and "withdrawal of unclaimed amounts of suppliers". Instead of writing the methods of investigation of fraud, many examinees wrote as to how the fraud is committed.

(b) Most of the students explained the process of doing cost audit instead of circumstances under which the cost audit is conducted. A few students have stated the utility of cost audit which is not required.

(c) The students, in general, have written about the need for appointment of an expert. They have ignored reference to expert in auditor's report. They should have mentioned requirements of the name of the expert in the audit report with the permission of the expert.

Satisfactory performance could be witnessed in this question. Some students instead of referring to the experts, went on referring to the expert's qualifications.

Question 4. (a) Satisfactory performance of the students was found in this part of the question. Only a few students could elaborate on NPA classifications.

(b) Most of the students wrote about the disclosures in final accounts rather than referring to the audit report on Mutual Funds.

Question 5. (a) Though the answers given by majority of the students were correct, they failed to refer to the Accounting Standard 20. For the sub-question (iii) the answers given were very vague and they did not refer to the AAS 21 (SA 250). Instead of writing the points relevant to "communication", general points of audit report were written.

(b) Majority of the students were confused about the reporting requirements regarding books of accounts, in form No. 3CD of Tax Audit under section 44AB of the Income-tax Act, 1961. This led to students' poor performance.

Question 6. (a) Average performance of the students could be seen in this part of the question. Treatment of balances were not discussed instead many students referred to the scrutinizing of balances.

(b) The performance of the candidates was highly satisfactory.

(c) Many of the students were not aware of the meaning of the term "propriety".

Question 7. Majority of the students have attempted this part of the question. However, a few failed to deal with the risk assessment by

the auditor in the CIS.

Question 8. (a) Majority of the students have explained the process of audit planning rather than the usefulness of the audit planning. Due to this, the performance of the students was poor.

(b) The performance of the students in this part of the question was found quite satisfactory.

(c) The students have not been able to understand the difference between general negligence and the negligence resulting in misconduct of the auditor under various provisions of the Chartered Accountants Act, 1949.

(d) The students have explained the meaning and stages of analytical procedures instead of purposes of analytical procedures.

(e) The answers given by the students were found satisfactory.

(f) The performance of the examinees in this part of the question was quite satisfactory.

PAPER 4 :

CORPORATE LAWS AND SECRETARIAL PRACTICE

General Comments

The performance in general was "average". Candidates are required to make note of the following improvements:

(a) Application of Legal provisions to the questions.

(b) Improvement in the English Language and conceptual clarity.

(c) Main Sections/Important case laws, if any and relevant to the answer should form part of the answer.

(d) Updating the knowledge in the subject by way of amendments if any related to the questions.

(e) Drafting skills in respect of answers to questions based on secretarial practice.

(f) Proper reading of study material and Bare Act is required.

Specific Comments

Question 1. Though most of the candidates attempted the question, but while applying the provisions of section 262 of the Companies Act, 1956 in the practical problem given, many candidates were confused regarding whether Mrs. C can be appointed in the forthcoming meeting of the board.

Many of the candidates answered correctly sub-part (b) of the question by stating the restrictions while entering into any transaction as principal with a non-member as under section 15 and section 18 of the Securities Contracts (Regulation) Act, 1956.

The sub-part (c) of the question have been attempted well by the candidates.

Question 2. Most of the candidates attempted well sub-part (a) of the question by correctly stating the kind of approval required for the given transactions under the Foreign Exchange Management Act, 1999.

In sub-part (b) of the question, many of the candidates did not state correctly the provisions of section 8 and section 9 of the Foreign Exchange Management Act, 1999 relating to repatriation of foreign exchange.

Though many candidates stated correctly the term of office of Chairperson and other members as contained in section 10 of the Competition Act, 2002 in sub-part (c) of the question but many of them did not state correctly the composition of the Selection Committee for chairperson and members of commission.

Question 3. Most of the candidates did not explain correctly the provisions of section 11 and section 11D of the Securities and Exchange Board of India Act, 1992 (dealing with SEBI's power to issue prohibition order or directions in the interest of investors). The performance was satisfactory in respect of the second part of the question.

In sub-part (b) of the question, though most of the candidates stated correctly the guidelines for issue of bonus shares but while dealing with the given practical problem many of them were confused regarding increase in authorized share capital of the company.

The performance of the candidates to sub-part (c) of the question was satisfactory.

Question 4. Most of the candidates did not attempt well the practical problem given in the sub-part (a) of the question.

In sub-part (b) of the question, most of the candidates stated correctly the steps required by Hotline Limited for extension of financial year.

Question 5. Most of the candidates correctly stated the Section 399 of the Companies Act, 1956 in sub-part (a) of the question.

In sub-part (b) of the question, the drafting of the board resolution for charging Mr. Shrikant with the duty of ensuring compliances with the provisions of the Companies Act, 1956 was not up to the mark. It requires a lot of improvement though most of the candidates attempted well the consequences in case of default as contained under section 209 of the Companies Act, 1956.

Question 6. Most of the candidates have attempted this question in a proper manner.

In sub-part (b) of the question, most of the candidates correctly stated the provision contained under section 274 of the Companies Act, 1956 and also they applied this provision in the given practical problem in an appropriate manner.

Question 7. Most of the candidates correctly stated the section 581C, section 581Q and section 581ZK of the Companies Act, 1956 in sub-part (a) of the question.

In sub-part (b) of the question, the performance was not satisfactory as most of the candidates were not familiar with the provisions of section 560 of the Companies Act, 1956.

Question 8. Many candidates by and large performed well in the sub-part (a) of the question, however, they could have improved their answers if they had supported their answer with relevant case laws.

The performance of the candidates for the sub-part (b) of this question was satisfactory.

Question 9. Most of the candidates have attempted this question in a proper manner.

The performance of the candidates for the sub-part (b) of this question was satisfactory.

FINAL (OLD) (GR-II) PAPER 5 : COST MANAGEMENT

General Comments

The performance of the candidates in both theory and practical questions is short of what is expected of a CA Final student. It was observed that candidates lacked conceptual clarity. Thus, the explanations and analysis of the facts given by them were poor. Students are advised to understand clearly, the basic concepts underlying various techniques and tools used in both traditional and modern Cost Management. Such an understanding is necessary for correctly analysing practical questions and also for answering theoretical questions in a better way.

Specific Comments

Question 1. It was compulsory question and comprises three parts. Part (a) was practical question and pertaining to managerial decision on plant shut down or continuation. Most of the candidates failed to arrive at correct opinion. In second part of the question, almost all candidates failed to comment on cost and non cost factors which might be relevant for the decision. Part (b) was also practical problem. Candidate is required to calculate budgeted overhead costs using Activity based costing and using absorption costing. Performance of these parts was fair. However 3rd part of this was not properly answered by almost all candidates regarding how company can reduce the ABC. Part (c) was theory question and performance was poor and not up to the marks.

Question 2. Part (a) was practical question and pertaining to transfer pricing. Performance of this part was poor. Many candidates could not find profit of divisions and company as a whole under given circumstances. Part (b) was theory question and performance was not up to the standard. Part (c) was on applicability of Product life

cycle. The performance was poor and not up to the marks.

Question 3. Part (a) was practical question and pertaining to flexible budgeting. Performance of this part was below average. Most of the candidates failed to draw correct budget for all three levels and thus failed to calculate break even point. Answer to parts (b) and (c) was fair.

Question 4. Part (a) was practical question on network diagrams, calculation of float associated with activities and finding optimal project cost and time after crashing. Answer to this part was fair. However many candidates couldn't compute correctly optimal project time and cost. Part (b) was practical problem about assignment. Answer to this part was good. Some candidates could not balance the problem so failed to compute correct assignment.

Question 5. Part (a) was practical question of Standard Costing. Performance of this part is below average. Many candidates failed to compute correct variances thus failed to reconcile budgeted contribution with actual contribution. Part (b) was on CVP analysis and decision making. Answer to this part was poor.

Question 6. Part (a) was theory question. Performance of this part was average. Answer to part (b) was on theory on service sector costing. Performance was also below average. Part (c) was practical question and answer to this part was good.

PAPER 6:

MANAGEMENT INFORMATION AND CONTROL SYSTEMS

General Comments

The questions were simple and within the syllabus. The question paper was primarily prepared to test the working knowledge of the subject. The examiners were of the view that the candidates are expected to write the answers precisely and to the point. Hence, they advised the candidates to read the study material and reference material thoroughly so that they can write to-the-point answers and avoid unnecessary details.

Specific Comments

Question 1. (a) Many of the examinees failed to write the correct answer. They did not correctly answer the question on tests for detecting unauthorized programme changes.

(b) Some of the examinees' answer indicated computer security concern and auditing techniques rather than the objectives on which an Information system auditor should focus.

(c) Some of the candidates restricted their answer to listing the computer abuse techniques.

(d) Some of the examinees did not give the answer to common four cycles of business activity. A few only gave bullet points whereas they were required to explain.

Question 2. (a) Many examinees failed to state the three major categories and items included therein to estimate the information system costs.

(b) Most of the candidates explained the reasons for failure to achieve system development objectives satisfactorily.

(c) Some of the candidates failed to answer the question correctly and could not distinguish between errors and irregularities.

Question 3. (a) Most of the candidates explained the contents of a system manual well, but only a few gave to-the-point answer.

(b) Most of the examinees failed to answer the question on awareness of recent trends and issues of software industry correctly. This question should have been answered using their general awareness.

(c) Many of the candidates could not draw schematic chart for general form of business applications.

Question 4. (a) Many of the examinees answered the question based on general system and not on share accounting system.

(b) Most of the candidates failed to explain the steps to be taken to reduce the threat from destructive programmes; instead the candidates listed destructive threats. They failed to pin-point main threats from hacking.

(c) Many of the candidates answered the question generally.

Question 5. (a) Many of the examinees could not discuss six steps in the system approach to find solution for delay in dispatch of materials.

(b) Very few candidates could give details regarding information requirement at top level of management for decision making.

(c) Many of the candidates could not differentiate properly between programmed and non-programmed decision.

Question 6. (a) Most of the candidates listed the items of information provided by cash management of Treasury module for SAP well, but only a few could provide to-the-point answer.

(b) Many of the candidates did not answer the factors to be considered for validation of a system vendor's proposal correctly.

(c) Many of the candidates failed to enumerate various fears that are expected to arise among employees of an organization during implementation of ERP.

Question 7. (a) Only few examinees could explain software packages that are helpful in analysis of programme logic correctly and most of the examinees listed all the software/software developers.

(b) Many of the candidates failed to state the entities to which Information Technology Act, 2000 does not apply.

(c) Many of the candidates merged the answer on awareness of employees towards security policy with fraud reducing techniques.

(d) Most of the candidates could answer the advantages of pre-written application software packages satisfactorily.

PAPER 7 : DIRECT TAXES

General Comments

The performance of candidates reflected lack of adequate preparation and lack of awareness of latest amendments and judicial rulings. Further, most of the candidates lack conceptual clarity. The explanations given by them and analysis of the facts were not up to the expected standard due to lack of understanding and clarity of the provisions of the Income-tax Act and Wealth-tax Act.

Specific Comments

Question 1. (1) Many candidates have ignored the fact that the partnership deed was revised with effect from 1st June, 2008 and therefore, interest for April and May, 2008 has to be disallowed in full under section 40(b).

2) Most of the candidates were not aware that the amendment permitting deposit of TDS (relating to month of March) on or before the due date of filing return of income is not applicable in case of payment to non-residents.

(3) Some of the candidates could not correctly compute the admissible partners' remuneration as per the provisions of section 40(b)(v).

(4) Many candidates showed lack of awareness of the provisions of section 45(4) applicable in case of transfer of capital asset by firm to a partner on dissolution or "otherwise".

Question 2. (a) Most of the candidates were not able to distinguish between diversion of income by overriding title and application of income. In general, some candidates wrote that fees received by the lawyer is chargeable to tax under the head "Profits and gains of business or profession".

(b) Some candidates were not able to state all the four conditions specified under section 80-IB(11C).

(c) The question relating to application of the provisions of section 91 was attempted well by many candidates. However, some candidates have wrongly reduced the tax of Rs.78,000 paid in the foreign country to determine the total income.

Question 3. (a) Though most candidates could correctly state that in respect of per diem allowance, the employer is liable to FBT, they have not, however, referred to the provisions of section 10(14) exempting such allowance.

(b) This question on capital gain arising from conversion of capital

asset into stock-in-trade was attempted well by most candidates.

(c) The answer to this question based on the provisions of section 115JB was generally found to be vague. The candidates were not aware that a company can charge depreciation on assets at rates higher than the rates prescribed in Schedule XIV to the Companies Act for preparation of its financial statements.

Question 4. (a) Many candidates have wrongly answered that the cost of shares of the demerged company should be considered as the cost of shares of the resulting company, whereas the cost will be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company, the same proportion as the net book value of assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

(b) Only few candidates could correctly state the reason as to why the assessee cannot challenge the notice under section 148 on the basis of change of opinion in a case where assessment was originally made under section 143(1).

(c) Some candidates were not aware of the amendment made by the Finance Act, 2008 in section 143(1) and were hence, not able to answer this question correctly.

Question 5. (a) Although most candidates were able to correctly apply the provisions of the amended section 143(2), however, they have not applied the provisions of new section 292BB to this question.

(b) The question on the applicability of section 10(26AAA) was not answered correctly by many candidates.

(c) Though the candidates were aware of the provisions of section 115-O(1A), however, they were not aware of the rate of dividend distribution tax and the provision that dividend received and dividend distributed can relate to different periods.

Question 6. (a) Many candidates have wrongly discussed the provisions applicable to a public charitable trust though the question is about the applicability of clubbing provisions in case of a trust created for the benefit of a minor child.

(b) Though computation of income of a public charitable institution was done correctly by most candidates, they have wrongly applied the rate of 30% while calculating tax instead of applying the slab rates.

Question 7. (a) In most cases, the candidates have not explained the meaning of Comparable Uncontrolled Price method which is applicable to the facts of the case.

(c) Although most candidates have correctly computed of the value of fringe benefit in case of shares issued under ESOP, they have wrongly answered that FBT recovered from the employee can be claimed by the employee as cost of acquisition of shares.

Question 8. (a) Very few candidates were able to compute the value of house property for wealth-tax purpose correctly. Many candidates have not added premium @40% of capitalized value to compute the value of house property.

(b) The question is about whether an AOP is taxable under the Wealth-tax Act with regard to urban land. However, many candidates have discussed about the taxability of urban land under the Wealth-tax Act, which is not relevant to the question asked.

PAPER 8 : INDIRECT TAXES

General Comments

The question paper was balanced covering various aspects of the indirect taxes and successfully testing the level of knowledge of the students. Sizeable number of candidates lacked the in-depth knowledge of the Central Excise Act, Customs Act and Service Tax Law. Candidates were not able to answer the questions set only on the provisions of different Acts/Rules. It appears that the students are not going through the bare acts of the respective statutes. However, it was heartening to find that the students were generally aware of the latest judgments pronounced.

Specific Comments

Question 1. (a) The question was based on the amendments made

by the Finance Act, 2008. Majority of the candidates were aware of the amendments, but they could not elaborate the effect of the amendment properly.

(b) Most of the candidates did not answer the question as per the provisions of section 3A of the Central Excise Act, 1944 and gave vague answers. A few candidates were aware of the amendment, but could not enumerate the salient features.

(c) A large number of the candidates were not aware of the logic that a quantum of duty already determined by the jurisdictional officers of supplier unit could not be contested by the officers in charge of recipient unit.

(d) Majority of the candidates answered this question correctly.

Question 2. (a) A large number of the candidates were aware of the Supreme Court judgment and answered the question satisfactorily. However, a few candidates failed to understand the term "swaging".

(b) Majority of the candidates were not at all clear about the re-entry of the export goods. Few candidates explained the consequences instead of the procedure.

(c) Most of the students were aware of CAS-4, but still failed to compute the correct assessable value. Few candidates wrongly computed the direct material cost by including excise duty in it.

Question 3. (a) Many candidates treated the statutory provision of section 11AC as being the 'discretionary' power of the adjudicating authority. Very few candidates were aware of the High Court judgment.

(b) Performance of the candidates in all three sub-parts of the question was quite ordinary. Candidates lacked the in-depth knowledge of the provisions of the CENVAT Credit Rules, 2004.

(c) Candidates were aware of the provisions relating to Small Scale Industries. However, most of them failed to compute the total turnover of the unit correctly. Few candidates even performed the totaling mistakes.

Question 4. (a) The question was based on the provisions of the Central Excise Valuation Rules. A large number of the candidates answered it fairly well as per the provisions of rules 10 and 10A, as required.

(b) The question required the candidates to enumerate the cases where the refund can be granted to the applicant. However, the performance of the candidates was not up to the mark.

(c) Answers to this question were mostly correct.

Question 5. It was the least attempted question. Moreover, those who attempted the question had not performed well.

Question 6. In part (a), the relevant date for determination of duty was not stated correctly by many candidates. In part (b), candidates were generally not aware of the general and special exemptions. Candidates gave correct conclusions for parts (c) and (d), but the justification and analysis for the decisions in the case laws were not clear and correct. In respect of part (e) relating to right of warehouse keeper to recover the warehousing charges, answer was in general terms and not in legal terms.

Question 7. (a) The question required the candidates to compute the assessable value. A large number of them attempted it, but very few could write the complete answer correctly.

(b) Majority of the answers were vague and general. Most of the candidates were not aware of the provisions relating to redemption fine under customs.

(c) A large number of candidates attempted this question. However, their answers were not up to the mark and based on simple guess work.

Question 8. Very few candidates attempted this question. Performance of those who attempted the question was very poor.

Question 9. (a) The question was based on various taxable services. Candidates answered the question fairly well.

(b) Candidates were not fully aware of the exemption available to the Chartered Accountants. Computation of the penalty amount was also erroneous in most of the cases.

EXOTIC OPTIONS

Ankit Kejriwal



The Options market has blossomed since early 1970's but in India it came into existence only after 2000. The market of Options is still not fully developed in India and not many people trade on it. The delivery has also not started in the domestic market, which means that at the end of the life of option the contract gets squared off automatically. The most important feature which, distinguishes options from the other derivative instruments is that it has an asymmetric payoff.

Options are instrument that give their holder the right to buy or sell an asset at a specified price within a specified expiry date. The options can be either 'Call' which gives holder the right to buy or 'Put' which gives holder the right to sell. These Call & Put options are called the Plain Vanilla Options. These can either be American (can be exercised anytime till the maturity) or European (can be exercised only on the date of maturity).

Several strategies can be made by mixing these plain vanilla options with shares which are less risky than the individual Options. Some of these strategies are Strangle, Straddle, Strip, Strap, Butterfly, Condour, Bull Spread, Bear Spread etc. These strategies are used based on the market perception of the Investor and are very useful for hedging.

Now we shall proceed to the Options whose features are more complex than any other Options we have discussed till now, these are called Exotic Options. Exotic Options are generally created by the investment banks based on their client need and are thus mostly traded in over the counter market. Even products traded actively in the market can have the characteristics of exotic options, such as convertible bonds, whose valuation may depend on the price and volatility of the underlying equity, the credit rating, the level and volatility of interest rates, and the correlations between these factors.

There are generally two types of Exotic Options:-

1 Path Dependent Options

2 Path Independent Options

Path Dependent Options: - These are the Options whose payoff depends upon their past history of the underlying asset price as well as its spot price at exercise or expiry or the path which they follow. These Options are easier to value than Path Independent Options and so they are traded more frequently. Several Path Dependent Options are:-

a) Asian Option

It is also called an Average Option. In this case the payoff from the Option depends upon the average price of the underlying asset during the specified period of time, which is determined based on the life of the Option. In case of a Call Option if the average price of the asset is more than the exercise price i.e. $\text{Avg } S > E$ then the Option is said to be in the money and exercised, reverse is the case for the Put Option.

Again Asian Option can be based on an average exercise price. In such circumstance Call Option will be exercised if the Spot price is more than average exercise price i.e. $S > \text{Avg } E$. These Options are less expensive than any other normal Option as the approximate price can be determined looking at the path or past prices of the underlying asset.

b) Look Back Option

This is the most peculiar type of the path dependent Option. In this the payoff depends upon the maximum or minimum price of the asset during the option's life. Here the Option holder (whether Call or Put) gets the right to look back at the asset prices during the life of the Option and choose the price most favorable to him. So the Call holder will choose the maximum price whereas Put holder will choose the minimum price. The premium of these Options is high and depends upon the volatility of the asset.

Ex: Suppose an investor purchases a Look back Call Option on the Stock with the exercise price of Rs 100 maturing in 10 days. Now the prices of the stock in 10 days are:

Day 1	2	3	4	5	6	7	8	9	10
95	85	100	125	102	90	80	92	85	110

So at the end of the day, price is 110 but as the Option is Look back, investor can choose any of the prices from the past. Here he will select the price 125 which will give him the payoff of $125 - 100 = 25$ instead of 10 if it would have been the ordinary Option.

c) Shout Option

Here the holder has the right to shout once at the writer time (during the option's life) to fix the guaranteed price and the holder receives the shout price or the price at the maturity which ever is more favorable to him. So Call holder will choose the higher of the two and Put holder the lower. Suppose a man has bought a Call Shout Option with exercise price of Rs 50 and during the Option's life the price of the stock moves up to say Rs 60 and the holder decides to shout, now at maturity, the price of the asset moves to Rs 65, then the holder will get the payoff of Rs 15 instead of Rs 10 but if the price at maturity comes down Rs 60 then the holder would get the payoff of Rs 10 which is the guaranteed payment. Shout Options has some features of the Look Back Option but are less expensive.

d) Exchange Option

This Option follows a type of barter system where the Option on one stock/currency/asset is exchanged for the Option on another stock/currency/asset. The exchange ratios and all other

The author is a student of ICAI. Reg. No. ERO 0109932.
E-mail : ankitkejriwal@indiatimes.com.

terms of exchange are decided before only. These are less popular than any other Exotic Options.

e) Basket Option

This is an Option where the payoff depends upon the difference between the price value of the basket or group of asset and a pre defined strike price. The Option containing two or more assets is termed as a Rainbow Option. The price of the Option depends upon the price of the asset in the basket and their volatility.

Path Independent Options: - These are the Options whose payoff does not directly depend upon their path. The valuation of these Options is not easy and can deviate widely with little change in the related event. The several path independent Options are:-

a) Compound Option

Compound Options are Options on Options. In other words that allows the buyer to exercise option into a second underlying option. There are 4 types of Compound Options:-

- ◆ Call on a Call: This gives investor the right to buy a Call Option at a set price within a set period of time. It is called a call call.
- ◆ Call on a Put: This gives investor the right to buy a Put Option on an asset at a set price within a set period of time. It is called a call put.
- ◆ Put on a Call: This gives investor the right to sell a Call Option on an asset at a set price within a set period of time.
- ◆ Put on a Put: This gives investor the right to sell a Put Option on an asset at a set price within a set period of time.

Compound options have two levels of underlying which determine their value from the underlying Option which in turn depends upon the value of the underlying asset.

Compound Option consists of two strike prices and two exercise dates. The first strike price and exercise date is used by the holder to evaluate whether to exercise the first Option or to receive the second Option.

b) Forward Start Option

These Options have not yet started. An Exotic Option consists of a series of consecutive forward start options, and is also called Cliquet Option or Ratchet Option. The first is active immediately. The second becomes active when the first expires, etc. Each option is struck at-the-money when it becomes active.

A Cliquet is, therefore, a series of at-the-money options but here the total premium is determined in advance. A Cliquet can be thought of as a series of "pre-purchased" at-the-money options. The payout on each option can either be paid at the final maturity, or at the end of each reset period. A simple forward start option would be an investor purchasing a 3 month Call Option that will not come into existence until 6 months from today.

c) Binary Option / Digital Option

Binary options are Options with discontinuous payoff as they pay only one price at expiration if the Option is in the money or pay nothing if they are out of the money and so they are also called Cash or Nothing Option. Binary options come in many

forms, but the most basic are: Cash-or-Nothing and Asset-or-Nothing. Here investor has to judge whether the Option is going to be in the money or not, the amount by which it will be in the money does not matter as the payoff is fixed. These can be valued by using Black Scholes by calculating the probability of Option landing in the money i.e. $N(d_2)$.

d) Barrier Option

Barrier Options are the Options whose payoff depends on whether the underlying asset price reaches a certain barrier level over the life of an Option. These are very attractive and less expensive than ordinary Options. There can be two types of Barrier Options:-

- 1) Knock-in Options
- 2) Knock-Out Options

Knock-In Options are Options that activate (come into existence) as the asset price reaches the barrier level. Knock-Out Options on the other hand cease to exist as the asset price reaches the barrier level. Premiums are paid in advance due to the contingent nature of the Option they tend to be lower than for a corresponding vanilla option. Several Knock-In and Knock-Out Call Options are:

Down and Out Call that ceases to exist if the underlying asset price reaches the barrier level which is set below the current stock price.

Down and In Call that comes into existence as soon as the underlying asset price reaches the barrier level which is set below the current stock price.

Up and Out Call that ceases to exist if the underlying asset price reaches the barrier level which is set above the current stock price.

Up and In Call that comes into existence as soon as the underlying asset price reaches the barrier level which is set above the current stock price.

For example, a European call option may be written on an underlying, with spot price of Rs100, and a knockout barrier of Rs120. This option behaves in every way like a vanilla European call, except if the spot price ever moves above Rs120, the option "knocks out" and the contract is null and void. Note that the option does not reactivate if the spot price falls below Rs120 again. Once it is out, it's out for good.

e) Chooser Option

The Chooser Option has the most unique feature than any other Options. They allow the holder to choose, after a specified period of time, whether the Option is a Call or a Put. These are also called "As You like It" Option. Generally the Strike Price of the Option chosen (whether Call or Put) remains same. The time period to make this choice is fixed.

Hedging using Exotic Options

Hedging is simpler with some Exotic Options than it is with plain vanilla Options. Asian Options, for instance, depend on the average price of the underlying. Through time, the uncertainty of the average value gets smaller and it becomes easy to hedge. Whereas hedging positions in Barrier and other exotic Options are not straight forward and requires the replication of a portfolio that is exactly opposite.

The following is a list of faculty members and the respective subjects being handled by them. Students can contact the concerned faculty members to clarify their doubts.

		☎
Reception		3045900
Director's Office		
1.	CA. R. Devarajan, Director, Board of Studies Overall In charge	3045901
2.	Mr. Umesh Gupta, Private Secretary to Director, Board of Studies	3045902
Faculty Members		
3.	Mrs. Indu Arora, Additional Director Information Technology (PCC, PE-II, IPCC); Information Systems Control & Audit [Final (N)]; Management Information and Control Systems [Final (O)]	3045904
4.	Mr. A.P. Kar, Senior Joint Director Cost Management, [Final (O)]; Advanced Management Accounting [Final (N)]	3045905
5.	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, Ethics and Communication, PCC; Business Laws, Ethics and Communication, (IPCC)	3045909
6.	Mrs. Prem J Bhutani, Deputy Director Economics (CPT)	3045911
7.	Mr. Shaleen Suneja, Senior Assistant Director Strategic Management (PCC, IPCC); Three Months Residential Programme on Professional Skill Development	3045912
8.	CA. Priya Subramanian, Senior Assistant Director Taxation (PCC, PE-II, IPCC); Direct Taxes [Final (O)]; Direct Tax Laws [Final(N)]	3045913
9.	CA. Ashish Gupta, Senior Assistant Director Management Accounting and Financial Analysis [Final (Old)]; Strategic Financial Management [Final(N)]	3045914
10.	Mr. Ranjit Kr. Sarmah, Senior Assistant Director General Management & Communication Skills, Orientation Programme	3045915
11.	Mr. Alexander D. Samuel, Senior Assistant Director Law, Ethics and Communication (PCC); Business Laws, Ethics and Communication (IPCC)	3045939
12.	CA. Seema Gupta, Assistant Director Financial Reporting [Final (N)]; Advanced Accounting [Final (O)]; Accounting (PE-II); Fundamentals of Accounting (CPT); Advanced Accounting (PCC); Advanced Accounting (IPCC)	3045916
13.	Mrs. Nidhi Singh, Assistant Secretary Financial Management (PCC, IPCC, PE-II)	3045918
14.	Dr. N.N. Sengupta, Assistant Director Cost Accounting (PE-II, IPCC, PCC); Cost Management [Final (O)]; Advanced Management [Final (N)];	3045919
15.	CA. Smita Mishra, Assistant Secretary Indirect Tax Laws [Final (N)]; Indirect Taxes [Final (O)]	3045906
16.	CA. Shilpa Aggarwal, Assistant Secretary Financial Reporting [Final (N)]; Advanced Accounting [Final (O)]; Accounting (PE-II); Fundamentals of Accounting (CPT); Advanced Accounting (PCC); Advanced Accounting (IPCC)	3045921
17.	Dr. N. V. Ravi, Senior Executive Officer Quantitative Aptitude (CPT)	3045939
18.	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)]	3045939
19.	CA. Shefali Jain, Senior Executive Officer Indirect Tax Laws [Final (N)]; Indirect Taxes [Final (O)]	3045937
20.	Ms. Srishti Gupta, Executive Officer Quantitative Aptitude and administrative queries of ITT (CPT)	3045927
21.	Ms. Ginni Goel, Executive Officer Quantitative Aptitude and administrative queries of ITT (CPT)	3045927
22.	CA. Ruchika Bhatia, Executive Officer Taxation (PCC, IPCC)	3045926
23.	Mr. S. Manikandan, Executive Officer CPT (Economics)	3045939
24.	Ms. Nisha Gupta, Executive Officer Mercantile Laws (CPT); Business & Corporate Laws (PE-II); Business Laws, Ethics and Communication (CPT)	3045923
25.	Ms. Megha Goel, Management Trainee Corporate & Allied Laws [Final (N)]; Corporate Laws and Secretarial Practice [Final (O)]	3045925
26.	Ms. Anu Munjal, Management Trainee Cost Accounting (PE-II, IPCC, PCC)	3045937
IT Faculty		
27.	Mr. Avadh Narayan Yadav, Assistant Director Management Information and Control Systems [Final (Old)]	3045939
28.	Mr. Manna Dey, Senior Education Officer Information Technology (PE-II, IPCC)	3045924
29.	Ms. Nidhi Agrawal, Senior Executive Officer Information Technology (IPCC)	3045924
30.	Ms. Sukriti Arora, Senior Executive Officer Information Technology (PCC)	3045923
31.	Ms. Sangeetha Jagannathan, Senior Executive Officer Information Systems Control & Audit [Final (New)]	3045937
32.	Mr. Santosh Kumar Pandey, Executive Officer Information Systems Control & Audit (Final (New))	3045937
General Administration		
33.	Mr. K. Sudhakaran, Sr. Education Officer Newsletter	3045938
34.	Mr. V.K. Sharma, Assistant Secretary Scholarships	3045929
35.	Mr. S. C. Ravishankar, Assistant Secretary Students query	3045930
36.	Ms. Neha Singhal, Management Trainee Students' Newsletter	3045959
Students are advised to contact the above faculty/officers between 3 p.m. to 5 p.m. on working days. "Students are requested to contact the following telephone numbers for examination related queries . • PCE (0120) 3054831, 3054837 • CPT (0120) 3054806 • PE-II (0120) 3054807 • Final (0120) 3054809 • PQC (0120) 3054836 You may also write to guidance@icai.org for academic queries & bosnoida@icai.org for general queries. Please prefix STD code - 0120		

NATIONAL CONVENTION OF CA STUDENTS

Theme: Global Dreams CA Vision

Days & Dates : Saturday, 26th & Sunday, 27th December, 2009

Venue: Savin Kingdom, Siliguri, Dist - Darjeeling

Organized by:



**BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

Hosted by: Siliguri Branch of EICASA

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 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 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.icaibiliguri.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



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

NO. 13-CA(EXAMS)/FINAL/JUNE/09/R.NO.17523/SRO0151278:- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI ABHINAV BARMECHA R., R/O. 4-7-1072, 'BARMECHA NIWAS' ESAMIA BAZAR, HYDERABAD- 500027 IN THE FINAL EXAMINATION HELD IN JUNE, 2009 BE CANCELLED AND FURTHER DECIDED THAT HE BE ALSO DEBARRED FROM APPEARING IN THE FINAL EXAMINATIONS UPTO NOVEMBER, 2013.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

NO. 13-CA(EXAMS)/UFM/FINAL/NOV/08/ ROLL NO. 23425 (Regn. No. CRO0023898):- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI ALOK GUPTA, 433-III, SHASTRI NAGAR, A.G. COLONY, THATIPUR GWALIOR- 474011 IN THE FINAL EXAMINATION HELD IN NOVEMBER, 2008 VIDE ROLL NO. 23425 BE CANCELLED AND THAT HE BE DEBARRED FROM APPEARING IN THE CA EXAMINATIONS UPTO JUNE, 2010.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

[FOR PUBLICATION IN THE STUDENT'S NEWSLETTER]

NO. 13-CA(EXAMS)/UFM/PCE/NOV/08/ ROLL NO. 66284 (REGN. NO. NRO0171829):- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI KAPIL SINGAL, J-1/11A, PHASE- I, BUDH VIHAR, NEW DELHI-110 086 IN THE PCE EXAMINATION HELD IN NOVEMBER, 2008 VIDE ROLL NO. 66284 BE CANCELLED AND FURTHER HIS RESULT OF JUNE, 2009 EXAMINATIONS BE DECLARED.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

NO. 13-CA(EXAMS)/PCE/NOV/08/ ROLL NO.41711/WRO0246516:- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF MS. REEMABEN DINESHKUMAR SHAH A-12, RAJMANDIR APPT. OPP. DEVI CINEMA BETHAK, NARODA, AHMEDABAD-382330 VIDE ROLL NO. 41711 IN CHARTERED ACCOUNTANTS PCE EXAMINATION HELD IN NOVEMBER, 2008 BE CANCELLED.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

NO. 13-CA(EXAMS)UFM/PE-II/MAY/2008 /ROLL NO. 02120:-IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI MANU GAREKAR, P- BLOCK, FLAT NO. 94, RAILWAY OFFICERS FLATS, BADHWAR PARK, WODE HOUSE ROAD, COLABA, MUMBAI- 400005 VIDE ROLL NO. 02120 IN THE PE-II EXAMINATION HELD IN MAY, 2008 BE CANCELLED.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

No. 13-CA(EXAMS)/UFM/PEII/JUNE/2009/ROLL NO. 00888/WRO0263635:- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI NADIM M. SAYYED, 19/C, KHOTE NAGAR, P.O. – PIMPRALA, JALGAON- 425002 BEARING ROLL NO. 00888 IN THE PROFESSIONAL EDUCATION-II EXAMINATION HELD IN JUNE, 2009 BE CANCELLED AND FURTHER, HE BE DEBARRED FROM APPEARING IN THE PE-II/PCE EXAMINATIONS TO BE CONDUCTED BY THE INSTITUTE IN FUTURE.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

NO.13-CA(EXAMS)/UFM/PCE/JUNE/09/ ROLL NO. 63853/ NRO0196944:- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI ALOK KUMAR JHA, C/O. RAJ KUMAR JHA, 108 MASOODPUR, VASANT KUNJ, NEW DELHI- 110070 IN THE PCE EXAMINATION HELD IN JUNE, 2009 BE CANCELLED AND THAT HE BE DEBARRED FROM APPEARING IN THE CA EXAMINATIONS UPTO NOVEMBER, 2011.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

NO. 13-CA(EXAMS)/UFM/PCE/NOV/08/ROLL NO. 58209 (Regn. No. ERO0121541):- IN EXERCISE OF THE POWERS CONFERRED BY REGULATION 41 READ WITH REGULATION 176 OF THE CHARTERED ACCOUNTANTS REGULATIONS, 1988, THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA HAS DECIDED THAT THE RESULT OF APPEARANCE OF SHRI PAWAN LAHOTI, 104/1A, BEADON STREET, 2ND FLOOR, NEAR COMPANY BAGAN TRAM LINE, KOLKATA-700 006 IN THE PCE EXAMINATION HELD IN NOVEMBER, 2008 VIDE ROLL NO. 58209 BE CANCELLED AND DECLARE THE RESULT OF HIS APPEARANCE IN THE CHARTERED ACCOUNTANTS PCE EXAMINATION HELD IN JUNE, 2009.

(G. SOMASEKHAR)

ADDITIONAL SECRETARY (EXAMS.)

Launch of E-learning educational portal

www.cashiksha.com

- * Highly educative lectures
- * Register free of cost
- * Flexible learning time.
- * Study at place of your choice

To begin with lectures on Common Proficiency Tests have been made available. Gradually it will be include Integrated Professional Competence Course / Accounting Technician Course and final lectures.



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 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 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

CA. MILIND GRAMOPADHYE

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(C) +91 9823015622

-Mail: mgramo@gmail.com

CA. VINIT V. DEO

Vice-Chairman, Pune Branch of WICASA
(c) +91 9822088313

E-Mail: vinitdeo@gmail.com

MR. ANSHUL A. AGRAWAL

Vice-Chairman, Pune Branch of WICASA
(c) +91 9096460464

E-Mail: anshulagrawal@icai.org



CA Uttam Prakash Agarwal, President, ICAI, with delegates and dignitaries at ICAI International Study Tour to Australia organised from 1st to 5th October, 2009.



CA Uttam Prakash Agarwal, President, ICAI, at the lighting of auspicious lamp during International Study Tour to Australia from 1st to 5th October 2009.



CA Uttam Prakash Agarwal, President, ICAI participating at UNCTAD meeting at Geneva Switzerland from 7th to 9th October, 2009



CA Uttam Prakash Agarwal, President, ICAI with the office bearers of Shekhawati CA Association. Sitting in the picture (L-R) CA. D.D. Sharma, CA. P.C. Dixit, CA. P. R. Jhuria, CA. A. Khan (Convener of Shekhawati CA Association). Standing (L-R) CA. R.L. Sharma, CA. Ravinder Sharma, CA. Sunil Mor, CA. Mahendra Jalan, CA. Mahesh Agarwal, CA. Rajendra Agrawal, CA. Arun Agarwal, CA. Abhishek Jain, CA. Shrihari Biyani, CA. Anand Mor.



CA Uttam Prakash Agarwal, President, ICAI lighting the auspicious lamp at the inaugural ceremony of the Career Counseling Seminar on Chartered Accountancy & Accounting Technician Courses at Dundlod Vidyapeeth. Also seen in picture: Shri. Ramakant Sharma, Chairman, Dundlod Vidyapeeth, and Shri. S C Karnatak, Principal, Dundlod Vidyapeeth on September 27, 2009.



CA Uttam Prakash Agarwal, President, ICAI addressing the school students at Career Counseling Seminar on Chartered Accountancy & Accounting Technician Courses at Dundlod Vidyapeeth.



CA Uttam Prakash Agarwal, President, ICAI presenting memento to Mr. Martin Hagen, President of The Institute of Chartered Accountants of England and Wales at a reception organised in connection with Joint Program "A New Vision for Financial Services" in Mumbai on October 20, 2009.

Mrs. Sreela Ghosh, Chief Commissioner, Central Excise and Service Tax lighting the auspicious lamp at "Automation in Central Excise and Service Tax (ACES)" on 14th October, 2009. Also seen in picture: CA. Uttam Prakash Agarwal, President, ICAI, Guest of honour.



CA. Uttam Prakash Agarwal, President, ICAI, Guest of honour, at the launch of "Automation in Central Excise and Service Tax (ACES)" in Service Tax Commissionerate, Delhi on 14th October, 2009. Also seen in picture, Mrs. Sreela Ghosh, Chief Commissioner, Central Excise and Service Tax, Mr. R.D. Negi, Commissioner, Service tax, Delhi, Mr. Satish Kumar Goel, Member (Service tax) Central Board of Excise and Service Tax, Mr. Debi Prasad Dash, Additional Director General - Systems.

CA. Uttam Prakash Agarwal, President, ICAI addressing at the inaugural ceremony of the National Conference on CA- Core of Global economy Practice & Innovations held in Chandigarh on September 19, 2009.



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