



The Chartered Accountant Student

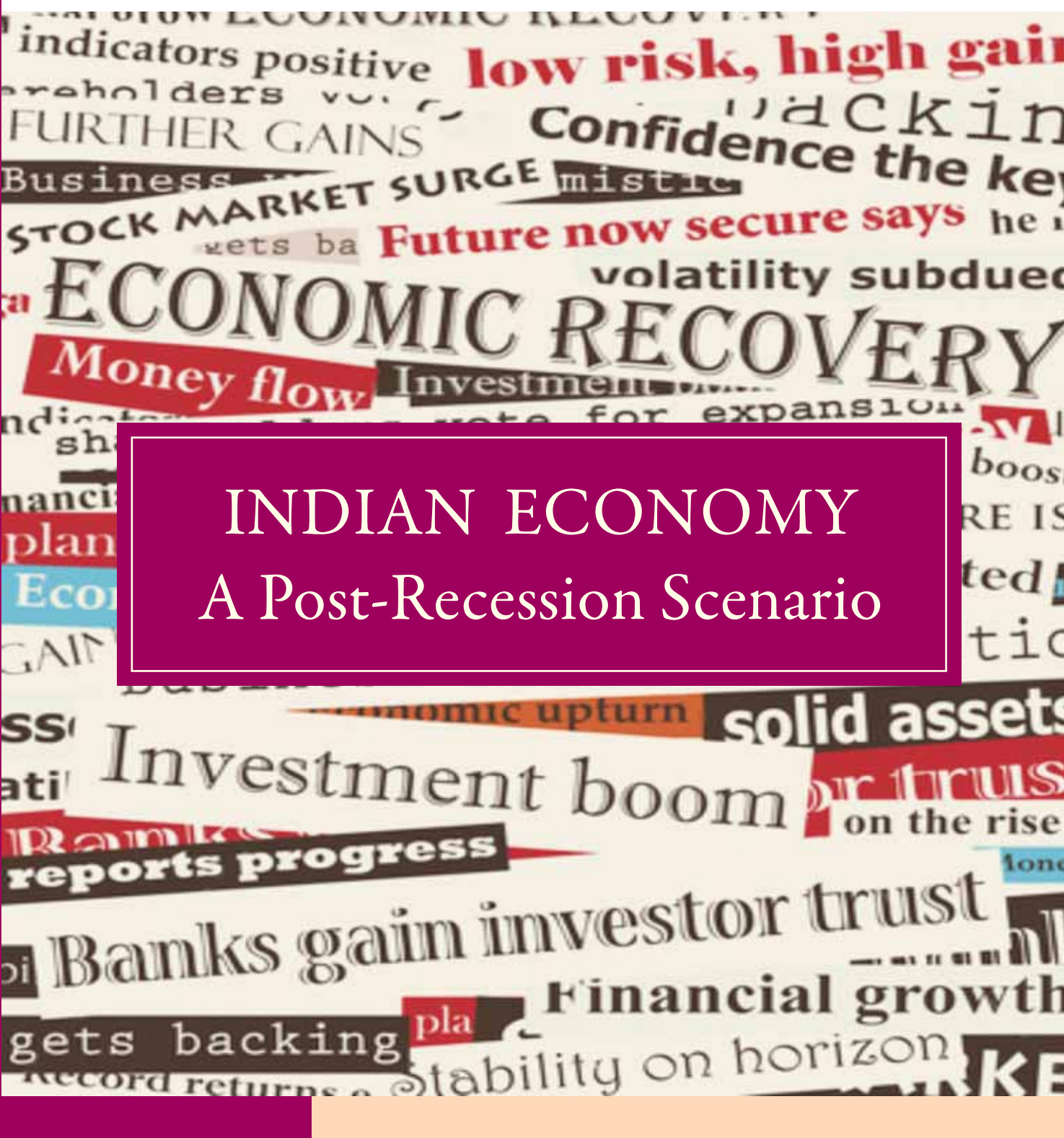
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STUDENTS' JOURNAL

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INDIAN ECONOMY A Post-Recession Scenario



President's Communication

Dear Students,

I really feel delighted to communicate to you for the first time as the President of our Institute.

During my tenure as the Vice President of the Institute, I tried all the possible measures to work for the betterment of our enduring Accounting Profession. I know that this new responsibility is more stimulating and full of challenges.

Academic Activities to be Strengthened

Chartered Accountancy is regarded as a very prominent and worthy profession in the society. Our Institute plays a very vital role in providing the best of infrastructure, learning facilities and technical skills in all the key areas of Accounting Profession. I assure you that we will try our level best to provide ample and equal opportunities to explore your horizons in the right perspective. Further, we would like to strengthen our academic and administrative activities as to facilitate you with the value added professional services in India and abroad as well. We would like to offer the Institute's value added services to our students and members those are associated with us from foreign lands. It is very necessary for us to work in all out manner to popularize Indian CA qualification in countries that have shown their ardent interest in collaboration with **Indian Accountancy Profession. National Study Centres**

The present time is beckoning us to act in unison to work for the multifaceted growth of our adorable motherland. To speed up the process of professional education in the country, we would like to set up **National Study Centres** across the nation and to bring the students of remote areas into the main stream of learning; we are fully determined to offer our Institute's educational services. We have to initiate an educational movement in order to develop a crystal-clear concept amongst students to think beyond commerce education and join professional courses like ours. We would like to explore the possibilities of adoption of district schools and colleges in

strengthening our impervious assistance to commerce and accountancy education. In this context, we would also like to put our impetus on intensive Career Counseling Programmes and rejuvenate our **Career Counseling Cell** to impart the importance of CA qualification as a career option. We wish to establish **Student Registration Centres** at **CAs' Offices** as to save the valuable time, money and energy of our students.

Tie-up for Higher Education

We are looking forward to have strong tie-up with leading national-international universities and premiere institutes of professional learning for advanced research studies and **Ph. D programmes**. We are also very optimistic in forming **ICAI's Chairs** in universities of India and abroad. Since our learning system is of distance mode, we like to remain in constant interaction with our students. Our project on Live Virtual Classes is an attempt to make the process of learning an interesting one. Similarly, I am very much interested in bringing **Universal Classes** through **Satellite** and launching of our very own **ICAI TV Channel** so as to facilitate our students and members with the latest IT driven learning facilities. To improve the performance of our students and motivate them for active participation, we are resolute to provide them best available **E-learning** tools and modules.

More Library Facilities

We are desirous in the Development of education (web) portal for students and **WEB TV**. I also envisage in providing our students **Special Library Facility** through the support of local bodies and educational institutions. Moreover, I like to see diversification of all these activities so as to mould the personality of our students. I am quite hopeful that with your vibrant vibes and continual co-operation, we at the Institute will be able to develop an ambience for transparent, integrated and ethical professional practices that can be helpful to us to meet the challenges of a globalized professional world with a note of resounding success.

With best wishes for a colorful Holi.

Yours sincerely,

CA. G. Ramaswamy,

President, ICAI, New Delhi

"The greatest accomplishment is not in never falling, but in rising again after you fall."



Vice-President's Communication

Dear Students,

Really, it is a matter of great pleasure for me to communicate to you as the Vice President of one of the

largest and premier accounting bodies of the world. Though I communicated to you at several occasions when I was holding the offices of the Institute as the Chairman-Board of Studies, I think that the present role is much wider and bigger in terms of responsibilities. I hope that with the active participation and staunch support of our esteemed members, our Institute will be able to set new milestones of towering success in times to follow.

Being the budding CA professional a great onus lies on our strong shoulders. I know that you are capable enough to live up to our expectations and hence completely gear up to work in the changing working environment and will be able to meet all the deadlines. For achieving all-round excellence in the personal and professional ring, our Institute offers latest Professional Courses that provide numerous opportunities of professional enhancement and at the same time whet your personal & professional skills. I am confident that you will take an earnest note of the social and economic development and contribute your share with an exemplary way so that our land, which is known as '**Light of Asia**' will be able to illuminate the rest of the world with its crowning glory of knowledge and wisdom.

I am highly determined to provide an ambience of trust, honesty and professional growth to our students so that they can develop a sense of belongingness towards their alma-mater Institute. Similarly, we at the Institute must become fully equipped to facilitate best available learning facilities and world class infrastructure to our students. The profession of Chartered Accountancy is drawing the attention of millions of youths and witnessing a rapid growth. This phenomenal growth has brought our Accounting Profession at the forefront. Our CA course is very unique as it

is developed to offer you an exposure of theoretical and practical knowledge. The rigorous articleship training programme is the backbone in framing a strong base for applying theory into practice. I advise all of you to develop a high level of concentration while pursuing your articleship. An honest and sincere approach towards articleship will yield rich dividends in all your professional endeavours.

I am a strong supporter of self-study method as I find that there is no substitute to self-study. Develop a habit of regular studies. Focus on your grey areas and enhance your strong areas. Do follow **3P's i.e. Prepare in a well planned manner, Practice regularly and Present effectively**. Our Institute's study materials are very vital in developing a better understanding of core subjects. Take the help of Suggested Answers, Revision Test Papers, Model Questions and Practice Manuals that are being published by our Board of Studies on regular basis. I wish to see all of you to excel in your ensuing examinations with grand success.

The profession of Chartered Accountancy requires a strong hold on soft skills and IT knowledge. These are the areas where you are expected to work upon a bit. Soft skills and IT knowledge play a huge role in silhouetting career of successful CAs. I exhort you to show keen interest in participating in our Institute's Programmes on Professional Development Skills and IT Training. The word success appears to be very simple to pronounce and spell out but contrary to this it requires lots of painstaking and persistent efforts to make it worth-meaning and enjoyable. I know that you are brimmed up with lots of potentials so acknowledge and unleash your skills in the overall development of your personality.

Wishing you and your family a very wonderful and cheerful Holi festival

Yours sincerely,

CA Jaydeep Narendra Shah,
Vice President, ICAI, New Delhi



Chairman's Communication

My Dear Students,

Writing this first missive to you in my capacity as Chairman, Board of Studies fills me with joy and happiness because I am addressing the future of our CA Profession. I have no doubt that each and every one of you will

achieve the target and will have a coveted prefix 'CA' to your name in the near future. We would like to use the Students' Journal **"The Chartered Accountant Student"** as a channel of communication and as your mouthpiece. This Journal is a forum for you to voice your thoughts, ideas and suggestions. We elicit your feedback.

POINT TO PONDER

Self motivation is the key to success. Imaging oneself in a winning situation, working towards that dream, sheer perseverance and persistence are the corner stones to self-motivation. As Milton Berle said – ***If Opportunity doesn't knock, you build a door.*** If we keep waiting for the shining moment, the one in a million chance, we shall have to keep waiting and yearning. There is no shotgun to start the race, we must run in our own steam, pace ourselves and learn to resolve to make things happen in our way. Gen. Theodore Roosevelt said ***"If you think you can, or somebody who believes in you, thinks you can, then of course – you can!"*** The first step to success is the setting of goals, the second is your faith and belief that you will reach it, the third step is imaging it and the fourth is with God by your side, determination, courage and tenacity to toil – success is yours. When Beethoven composed the Ninth Symphony, he was Deaf. When John Milton wrote his epic poem titled – PARADISE LOST – one of the all time greats in English Literature, he was blind. Despite their physical disabilities, they were able to overcome them and give the world masterpieces which are appreciated even today. The message is loud and clear – we have to carry on despite the hurdles and the obstacles in our path. Stumbling blocks must be converted into stepping stones to our ascent to success. With this positive attitude, life will be a smoother ride and we can cushion ourselves to bear the ruts and potholes on the road.

KEYS FOR SUCCESS IN YOUR EXAMINATIONS

I am well aware that most of you would be gearing yourselves to write the forthcoming May examinations. Positive attitude, enthusiasm, hard work and self confidence are the keys for your sure success in your examinations. Nothing great was ever achieved without enthusiasm and there is no substitute for hard work. The immortal quote of Stephen Leacock is apt in this respect ***"I am a great believer in luck, and I find the harder I work, the more I have of it."***

In fact, genius is one percent inspiration and ninety nine percent perspiration. Regular study, Review and Repetition are the three R's for success in your examination and self-confidence borne out of consistent and regular study will steer clear of your exam related worries and tensions.

KUDOS AND CONGRATULATIONS

My warm congratulations to all those who have been successful in the recently conducted CA exams. My best wishes for a bright and professionally fulfilling career as a

Chartered Accountant. This is the time for you to decide on your career option – further study, practice or industry. Whatever be your choice, I wish you All the very Best to become a successful professional and I request you to do your bit for the society as well. ***"Give to the world the best you have and the best will come back to you."*** Fine tune your skills, focus and sharpen your core areas and update yourself to keep ahead in life.

FOR STUDENTS WHO HAVE NOT BEEN FORTUNATE TO CLEAR THE EXAMINATIONS

Please don't lose heart. Sometimes, not getting what you want may become your greatest turning point. Sometimes, God upsets your plans to execute His plans for you. Hence, dear students, please evolve a long range vision and combine it with result oriented action. Vision without action is a daydream. Action without vision is a nightmare. Vision plus action is progress. Act today in sync with tomorrow's vision.

I urge you to put your heart and soul into your study. After all failures are the Stepping Stones to success. Napoleon Hill said ***"In every adversity there is the seed of an equivalent or greater benefit. Defeat is never permanent, unless you accept it as such."*** Great men like Robert Bruce, Abraham Lincoln and Mahatma Gandhi went through trials and tribulations before they triumphed. Thomas Alva Edison failed ten thousand times before perfecting the electric lightbulb. So recoup yourself, don't worry or despair or moan, but pull your socks up, put your head down to your books and victory will be yours.

Thomas Alva Edison had a wonderful piece of advice and it could apply to every sphere of life – ***"Many of life's failures are people who did not realize how close they were to success when they gave up."*** Problems are like trees seen through a running train. As you approach them they grow bigger. Once you pass them, they become smaller. That's Life.....! Helen Keller said ***"We can do anything we want, if we stick to it long enough"***.

WRAP UP POINT

Helen Keller was a person who had a very positive attitude in life and her words of wisdom have been a beacon light. One of her pro-active quotes I share with you ***"Keep your face to the sunshine and you cannot see the shadows."*** To carry on in life we must polish up the bright side and not be sucked into the dark and dreary void of vindictiveness, hatred, non-achievement and other energy draining emotions. ***It is better to light one small candle than to curse the darkness.*** As accountants we learn depreciation, but there is one thing that we should avoid depreciating – our life and the moral values and ideals that go with it. As a fraternity we should work towards a better tomorrow for society, for growth and prosperity of our country. ***From what we get, we can make a living; what we give, however makes a life.***

There is no way to happiness. Happiness is the way. Let anything in Life come and go. Let your happiness go on

Wishing each and every one of you a Life filled with academic fulfillment, prosperity, a wonderful career and bliss at home.

Good Luck.

With Warm Professional Regards,

Forever, yours in service,

CA. V. Murali,
Chairman, Board of Studies

OUR NEW PRESIDENT



CA. G. RAMASWAMY
President, ICAI

A combination of erudition, foresight and professional excellence, CA. G. Ramaswamy has become the supreme torch-bearer of Indian accountancy profession as the President of Institute of Chartered Accountants of India (ICAI). A fellow member of the ICAI with more than 25 years of standing, he has been elected as the President of ICAI for the year

2011-2012 by the 21st Council of Institute on 12th February, 2011. Bestowed with exceptional organisational and administrative skills, he was serving a Vice president of the ICAI for 2010-2011. An illustrious and versatile practicing Chartered Accountant since 1984, he is also a fellow member of the Institute of Company Secretaries of India (ICSI).

Hailing from Coimbatore (Tamil Nadu), he has vast experience in the field of taxation, company law matters, audit and internal audit, and management consultancy of more than two decades. Having a penchant for perfection, he has the distinction of being the 1st nominated member of the Quality Review Board, an external body constituted under the Chartered Accountants (Amendment) Act, 2006 to act as an oversight body of the profession. He has also been nominated as member of the 2nd Quality Review Board constituted by the Government of India.

An ardent advocate and proponent of 'brand Indian CA' and accountancy profession globally, he has been nominated Technical Advisor to IFAC Board and Technical Advisor to Professional Accountancy Organisation Development Committee (PAODC) of IFAC. He also played a crucial role as the Institute's Representative to the Committee on Harmonisation of Fiscal and Tariff Regimes in SAFA Region for the year 2010-2011. He was nominated as Vice Chairman in SAFA Centre of Excellence on Standards and Quality Control and as a member of SAFA task force. He was also the nominated member of SAFA Committee for Improvement in Transparency, Accountability and Governance.

A facilitator of ICAI as 'Partner in Nation Building', he also represents ICAI on a number of Governmental/other stakeholder committees/boards, including as member of National Advisory Committee on Accounting Standards (NACAS). He has also been nominated to the Standing Committee on TDS for the year 2011 for exchange of ideas on enhancing voluntary TDS/TCS compliance, strengthening partnership with tax practitioners, tax deductors/collectors and third party partners, and promoting education and awareness of TDS/TCS provisions amongst the deductors/collectors & tax payers besides minimising scope for grievances. Some other such committees include 'Task Force of Department of Public Enterprises (DPE) to provide professional and technical support to the DPE in the process of finalisation of MoU documents,' 'Secretarial Standards Board of the Institute of Company Secretaries of India (ICSI),' 'Board of Tariff Advisory Committee of Insurance Regulatory and Development Authority (IRDA),' 'Project Implementation Committee to pursue the implementation of Accrual Accounting in the ministry of Road Transport and Highways constituted by ministry of Road Transport and Highways and ministry of Shipping,' 'Working Group constituted by the Competition Commission of India,' 'Committee of Experts to prepare a fresh Inspection manual constituted by the ministry of Corporate Affairs,' 'Advisory Committee of micro, Small and medium Enterprises of the ministry of micro, Small and medium Enterprises,' 'Audit Board constituted by Comptroller and Auditor General of India for

conducting Performance Audit of Corporate Social Responsibility of the PSUs in Steel sector,' and 'Financial Action Task Force (FATF) constituted by ministry of Finance, Department of Revenue, Government of India'.

A seasoned professional with a futuristic vision, CA. G. Ramaswamy began his illustrious inning in ICAI Council with his election in 2004, and has served the profession holding important positions in both Standing and Non Standing committees of the ICAI ever since. He served as member of all the standing committees of the ICAI viz. Disciplinary Committee (Old and new mechanism), Examination Committee, Finance Committee and Executive Committee. He has made noteworthy contributions in whatever capacities he served the profession, particularly as Chairman 'Committee on Electoral Reforms', 'Fiscal Laws Committee', 'Continuing Professional Education Committee,' Vice Chairman for 'Committee on Accounting Standards for Local Bodies,' 'Audit Committee' and 'Committee on International Taxation', 'Committee on Information Technology', 'Committee on Corporate Governance', 'Fiscal Laws Committee,' and 'Commerce Education and Career Counseling'. As Vice President of the ICAI, he was the member exofficio in all Non-standing Committees of ICAI and Joint Editor of *The Chartered Accountant* journal. He has also distinctly served as Convenor of 'Group for Codification of Regulations, Directions of the Council,' 'Information Technology Initiatives Group,' 'ICAI Study Group to recommend CPE credit requirements to CPEC,' 'ICAI Study group for Guidance Note and model Code of Conduct for Independent Directors,' 'Professional Development Task Force,' and Dy. Convenor 'Infrastructure Acceleration Group'.

During his Council term 2007-2010, he served as a member in Board of Discipline, ICAI-ICSI-ICWAI Co-ordination Committee, Committee on Ethical Standards, Committee for members in Industry, HR and Administration Committee, Committees for Direct Taxes, Indirect Taxes and SmPs, Research Committee, Representation Committee, Committee on Insurance and Pension, etc. He also served as a member in International Affairs Committee, FRRB, Editorial Board, Corporate and Allied Laws Committee, etc. During these two terms, he served as a member of Professional Development Committee, Audit committee, Continuing Professional Education Committee and AASB. He has also served in various sub-groups of the ICAI on Service Tax, CES, DTC, CA (Amendments) Act of ICAI and worked as Chairman SIRC Audit committee of ICAI.

He had been a member of Southern India Regional Council (SIRC) of ICAI since 1994 and went on to become the Chairman of the SIRC for 1999-2000, during which period the SIRC bagged the best Regional Council award and Best Students Association award on all India basis. He was also the member of Body of Board of Governors of Institute of Internal Auditors, [IIA]-Chennai. Earlier, he was the Chairman of the Coimbatore Branch of the ICAI for 1988-1989 and a member of the managing Committee of the Coimbatore Branch of SIRC of ICAI for the period 1984-1989. During 1994-1995, he also served as Director, The Tamil Nadu Industrial Investment Corporation Ltd, an undertaking of Tamil Nadu Government.

CA. G. Ramaswamy is a prolific speaker and writer. He has addressed various national and international conferences on Accounting and Auditing Standards, Taxation, Company Law matters, banking and various topics related to the CA profession. He has represented ICAI in various international fora, including CAPA and SAFA, and has addressed a series of international conventions and seminars on the themes related to Governance and IFRS.

A keen golfer, he is a member of various social clubs and organisations. He has widely traveled and visited a number of foreign countries as part of international delegations and study tours.

OUR NEW VICE-PRESIDENT



CA. JAYDEEP N. SHAH
Vice-President, ICAI

A man of efficiency and discipline with a deep-rooted interest in academic discipline of accountancy, CA. Jaydeep N. Shah is new Vice-President of The Institute of Chartered Accountants of India for the term 2011-12. With a fellowship of the Institute and with more than two decades professional standing and of

constant and dedicated service to the cause of accountancy profession, he was elected Vice-President of the Institute by the 21st Council of the Institute on February 12, 2011. He has always dazzled his fellow members with his brilliant and uninterrupted service to the profession that he has been serving since 1987 with an inextinguishable enthusiasm.

A resident of Nagpur, Maharashtra, CA. Shah started his professional journey as member of the Nagpur Branch Managing Committee in 1991 and went on to record his magnetic presence in the Western India Regional Council of the Institute in 1995 and, then, in the Central Council of the Institute in 2004. Since then, he has been actively involved with the functioning of the Central Council of the Institute in various capacities, viz. as Chairman, Vice-Chairman and member of its various Committees.

CA. Shah is currently a Technical Advisor on the Small and Medium Practitioners Committee of the International Federation of Accountants (IFAC) that has 159 members and associates from 124 countries across the world. He has been nominated on the International Innovative Network. He is also a Nominee of the Institute on the Committee to Review SIDBI's lending to Micro Small and Medium Enterprise (MSME) sector. He is Director of the Accounting Research Foundation of the Institute, as well as the Chairman of Audit Committee at the Foundation. He has been nominated as the promoter of XBRL India. He has also been nominated on a sub-committee on the Investors Education and Protection Fund, a constitution of Ministry of Corporate Affairs. He is a member of the ICAI-IFRS Task Force of The Institute of Chartered Accountants of India.

CA. Shah has shown his professional skills and acumen in all tasks and responsibilities assigned to him both at national as well as international level. Previously, he had served the International accountancy profession as Chairman of South Asian Federation of Accountants (SAFA) Committee on Education, Training and CPD and also as member of the Task Force for Harmonization of Fiscal & Tariff Regimes in South Asian Association for Regional Co-operation constituted by SAFA. At home, he had been nominated by the Institute (ICAI) on Education, Education Services and their related services Sectional Committee, MSD 9 of Bureau of Indian Standards as well as on Core Group for SMEs at the National Foundation for Corporate Governance (NFCG)

as a representative of ICAI. He had also been a member of the Board of Studies-Accounts & Statistics Board of the Nagpur University for three years.

During his tenure as Central Council member of the Institute, CA. Shah worked for the cause of profession by serving in almost all the Committees of the Institute in various capacities, viz. Chairman, Vice-Chairman and member. Before 2010-11, he served in the Board of Studies of the Institute as Chairman for four terms proving his passion for the studentship and academics time and again, apart from serving on HR and Administration Committee and Committee for Commerce Education & Career Counseling of the Institute as Chairman. He also contributed as Vice-chairman of Committee for Financial Market and Investors' Protection, Peer Review Board and Committee on Information Technology.

Just before getting elected as the Vice-president of the Institute, he served the Ethical Standards Board (second term) and Financial Reporting Review Board of the Institute as Chairman, and Capacity Building and Small & Medium Practitioners Committee of the Institute as Vice-chairman. He was member of the Editorial Board, ICAI-ICWAI-ICSI Committee, Continuing Professional Education Committee, Auditing and Assurance Standards Board, Professional Development Committee and Committee for Financial Market and Investors' Protection of the Institute during last year.

Before CA. Shah began his tenure in the Central Council, he served at various Committees of the Western India Regional Council of ICAI for nine years (1995-2004) in various capacities, viz. chairman, convener, etc., including as member of its Executive Committee. He showed his keen interest and worked a lot towards the welfare of CA students in the capacity of the Chairman of the Students Committee for three years in continuity. Later, he also took charge of Professional Development Committee and Continued Professional Education Committee as Chairman and worked for the core issues of the profession.

Under his tenure as Secretary, the Nagpur Branch was adjudged All India Best Branch. In his tenure, Nagpur Branch was declared Best Branch of WIRC twice. Later, he became the Chairman of the Branch and, again, the Branch was declared Best Branch of WIRC third time in continuity. During his stint at Nagpur Branch (1991-94), he served on its 17 committees in the capacity of their Chairman.

As an avid academic, CA. Shah has attended and contributed to numerous national and international seminars and conferences on the issues of professional interest. He has addressed at length on various issues including networking, investment strategies, e-learning, initiatives on education for accountancy showing his passion for the profession and its core concerns.

A student of thorough merit and brilliance, CA. Shah had secured first rank in M. Com. in the Nagpur University. He, therefore, was consequently awarded by the Jawaharlal Nehru Memorial Fund. He was also awarded the P. Satyanarayanan Gold Medal for the same. He was a recipient of Govt. of India Open Merit Scholarship.

OUR NEW CHAIRMAN, BOARD OF STUDIES



CA. V. MURALI
Chairman, Board of
Studies

He has been a Student Union Leader since his school and college days.

POSITIONS HELD IN THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA:

V. Murali is an elected Central Council Member of ICAI. He has been elected to the Central Council of ICAI for three terms in succession for the periods 2004-2007, 2007-2010 and 2010-2013. For the year 2011-2012 he has been nominated as the Chairman of Board of Studies and as Chairman of the Committee on Banking, Insurance and Pension and as Vice Chairman of the Ethical Standards Board. He was the Vice-Chairman of the Board of Studies for the years 2008-2009 and 2010-11 and Chairman, Board of Studies & Career Counselling for the year 2006-07. Before being elevated to the Central Council, he was elected to the SIRC of ICAI for two terms in succession for the periods 1998-2001 and 2001-2004 and he was the Chairman of SIRC of ICAI for the year 2002-2003. He has held all the important positions in the SIRC of ICAI viz. SICASA Chairman, Treasurer, Secretary, Vice- Chairman and Chairman.

NOMINATION OF V.MURALI TO OUTSIDE BODIES BY GOVERNMENT / REGULATORS :

The Ministry of Finance, Government of India has nominated V.Murali as a Director on the Board of State Bank of Hyderabad for a period of three years with effect from 1st June, 2008. He is also the Chairman Audit Committee and Executive Committee Member on the Board of State Bank of Hyderabad. With the approval of the President of India, the Ministry of Coal, Government of India has appointed V.Murali as a Director on the Board of Neyveli Lignite Corporation Limited for a period of three years with effect from 27th September, 2010. The Ministry of Information & Broadcasting, Government of India has nominated V.Murali as a Censor Board Member on the Advisory Panel of Central Board of Film Certification for a term of two years with effect from 16th November, 2009. The Comptroller & Auditor General of India, New Delhi has nominated V.Murali to the Audit Board of Power Finance Corporation Limited and Rural Electrification Corporation Ltd as 'Technical Expert'. The Securities and Exchange Board of India (SEBI) has nominated V.Murali as a Public Representative Director on the Board of MSE Financial Services Limited a fully owned Subsidiary of Madras Stock Exchange Ltd.

NOMINATION OF V.MURALI TO EDUCATIONAL INSTITUTIONS:

V.Murali has been appointed by the University of Madras as Member on the Board of Studies for a period of 3 years and he is an Honorary Member, Curriculum

Advisory Committee, School of Management Studies, University of Hyderabad (A Central University established by an Act of Parliament.) He has been nominated as Member of the Academic Council of Ramakrishna Mission Vivekananda College, D.B. Jain College and Quaid -E-Millath Government College for Women at Chennai.

POSITIONS HELD IN CHAMBERS OF COMMERCE & INDUSTRY :

V.Murali is the elected Vice-President of the Hindustan Chamber of Commerce for the year 2010-2011 and presently he is the elected Executive Committee Member of the following Chambers of Commerce & Industry viz., The Madras Chamber of Commerce & Industry, Andhra Chamber of Commerce and The Tamil Chamber of Commerce.

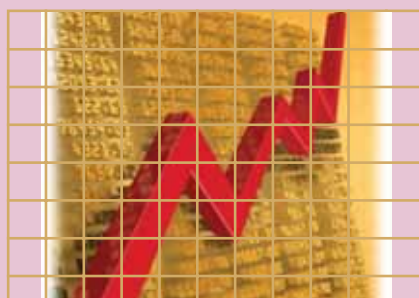
BOOKS AUTHORED/ARTICLES PUBLISHED :

V. Murali has Co-Author a Book "Practical Auditing" published by Himalaya Publishing House and has authored a Book on "Conveyancing & Real Estate Transactions", Guidance Books on "Computation of Capital Gains - A Ready Referencer" and "Computation of Taxable Income-A Ready Referencer". He has authored 3 Books on Interpersonal skills namely "Strategies for Success in Life", "Winning Communication Skills" and "Public Relations and Positive Thinking."

POSITIONS HELD IN SOCIAL ORGANISATIONS, PROFESSIONAL BODIES AND ASSOCIATIONS :

V.Murali is the Honorary Secretary, All India Tax Payers Association. He is the elected President of Citizen Awareness Forum of India (CAFI) for the years 2008-2010 and has been unanimously elected as President of the Film Fans' Association for the year 2010-11 in its Diamond Jubilee Year. He is the Vice-President, Triplicane Cultural Academy and Kasturi Srinivasan Public Library, Chennai, Honorary Treasurer, Bharathiar Sangam and is elected to the Governing Body and as a member of the Executive Committee of The Young Men's Indian Association. He is the Honorary Secretary of Indian Heritage Cultural Society and Rural Economy Developmental Studies. He was Secretary PTA-Padma Seshadri Bala Bhavan schools.

He has been elected to the Management Committee of Madras Gymkhana Club for the years 2008-2009, 2009-2010 and 2010-2011. He was a Finance Committee Member of the Cosmopolitan Club, Chennai. He is the Management Committee Member of Tamilnadu Investors' Association (TIA) for the term ending 31st October, 2012. He is a former Executive Committee Member SPCA. He is a Prominent Rotarian and a Paul Harris Fellow being a member of the Rotary Club of Madras. Elected Treasurer, Rotary Club of Madras Charitable Trust for the years 2007-08 and 2008-09 and Board Member, Rotary Club of Madras. He is an active Free Mason and an active member of the Indian Red Cross Society and Tamil Nadu Discharged Prisoners' Aid Society. He is a member of various Social Clubs - Madras Gymkhana Club, Cosmopolitan Club, Madras Cricket Club, Presidency Club, Suguna Vilasa Sabha, and Mylapore Club. He is a Life Member of the Indian Institute of Public Administration, New Delhi and Committee Member of the Association for Hospitality. V.Murali is connected with various Professional, Cultural, Social, Voluntary, Non-Profit Organisations, Public Charitable and Religious trusts.



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TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS

Final (Existing Course) Examination, November- 2010



SUJAY K.N.
First Rank
Bangalore



NITIN GUPTA
First Rank
Delhi



ANJARI OMPRAKASH BIHANI
Second Rank
Mumbai



LOKESH P. GANDHI
Third Rank
Ahmedabad

Final (New Course) Examination, November- 2010



DIMPY JINDAL
First Rank
New Delhi



RAHUL KUMAR JAIN M.
Second Rank
Hyderabad



DINESH JAIN R.
Third Rank
Chennai

Professional Competence Examination, November- 2010



JESWIN JOY SOHN
First Rank
Bangalore



KAVISH JALAN
Second Rank
Kolkata



DEBDUTI BISWAS
Third Rank
Kolkata

Integrated Professional Competence Examination, November- 2010



VIJENDER AGGARWAL
First Rank
New Delhi



PURVI RANASARIA
Second Rank
Kathmandu



MANSEE SUNIL DUGAR
Third Rank
Jodhpur

Common Proficiency Test 19th December- 2010



GOTTIKATI SANDESH REDDY
First Rank
Guntur



G K THRISANDHYA
Second Rank
Guntur



YAKKALA UDAYA NAGA
Second Rank
Vijayawada



AMBATI RAJESH REDDY
Third Rank
Vijayawada



DUVVURU SUMANTH REDDY
Third Rank
Vijayawada

Our heartiest congratulations!!

Indian Economy : A Post Recession Scenario

Ashwin Hariharan



Introduction

We Indians, take pride when we read the following facts:

1. India is one of the fastest growing economies in the world
2. India is one of the very few countries which have withstood the onslaught of the economic slowdown

But, very little of us remember the fact that our exports reduced during the slowdown period. Our growth rate reduced from 9% to around 7% during the same period. Although the recession is not the only reason for this fall in growth. The drought in these years is an important contributor for the fall in growth.

Hence, it can be concluded that India was indeed affected by the slowdown, but we survived it thanks to our economic policies.

Cause of the Recession

The start of the recession can be attributed to a phenomenon, which is the latest identity to our profession. It is the IFRS, or the International Financial Reporting Standards. It is a well known fact that the IFRS requires the reporting entities to value their assets at their fair market value. The collapse of the housing bubble, which peaked in the U.S. in 2006, caused the values of securities tied to real estate pricing to plummet thereafter, damaging financial institutions globally. The financial institutions which had invested in these real estate assets, had to disclose these assets

at their fair value in their financial statements. Now, the fair value of these assets had declines significantly due to the collapse of the housing bubble, thereby leading to a mismatch in the financial statements of the banks and financial institutions, thus creating a liquidity crisis.

The financial crisis of 2007 to the present was triggered by this liquidity shortfall in the United States banking system. It has resulted in the collapse of large financial institutions, the bailout of banks by national governments, and downturns in stock markets around the world.

This was the one of the causes of the financial slowdown.

Recovery from the recession

What began as a series of liquidity shortfall in one country, soon spread to the other countries. Economies which depended on the American economy for survival and economic resources were among the first countries to collapse under pressure.

Governments around the world were panic stricken by the collapse of the banking system in the United States, and since majority of the world governments were dependent on the American economy for their trade and finances, their economies too were beginning to get affected. At this stage, the governments began the tough task of recovering from the recession. The United States government pumped in billions of dollars to bailout the banking and financial system. The priority was

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to ensure sufficient liquidity in the system so as to enable the public regain their purchasing power, which in turn, will increase the demand for consumer goods, which again will lead to the industries being revived.

But, the recovery was not to be as easy as it seemed to. With governments around the world concentrating on reviving their respective economies, the financial powers shifted their concentration from the underdeveloped and developing economies. The underdeveloped and developing economies, which were inhabited by majority of the world's human population, began to feel the heat of the recession, and more people were being pushed to extreme living conditions with every passing day

It was at this juncture, did the developed countries began to pursue the policy of protectionism. Protectionism is the economic policy of restraining trade between states, through methods such as tariffs on imported goods, restrictive quotas, and a variety of other government regulations

designed to discourage imports, and prevent foreign take-over of domestic markets and companies. The developed countries began to resort to protectionist attitude, which ensured that the developing countries were to take more time to return to normalcy. The leaders of the developing countries are still arguing against this attitude of the developed countries and it will take some more years before we come out of the recession.

Recovery from the recession – The Indian Story

As the economies around the world were providing bailouts, the Indian government began to get its act together. India faced more challenges in form of an inflationary trend in the economy and a season of drought, which had affected the agricultural sector. In midst of these challenges, the country was preparing for the general elections, 2009, which was turning to be a boon in disguise. It ensured that the economy, particularly the

unorganized sectors were being provided with an influx of funds to the tune of ' 5000 Crores.

In the month of March, 2009, the government initiated a stimulus program to help the economy withstand the effects of the slowdown. Excise Duty, better known as CENVAT, was reduced. Also, the rate of service tax was reduced to 10% and there was a reduction in the Customs Duty as well.

The Reserve Bank of India (RBI) allowed the banks to restructure their advances, so as to help the economy by providing convenient repayment schedules in the tougher times. The industries responded with caution and were shifting focus from aiming for growth to aiming for surviving the recessionary trend.

The RBI ensured that the controls were relaxed with regard to exports and imports, so as to help exporters repatriating their incomes or revenues into India.

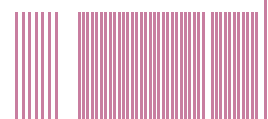
These steps gradually begun to produce results. Sectors which were dependent on exports for

survival like the textile and software BPO sectors were provided with extra support to survive the slowdown.

Status Update

The recession has shifted the centre of global financial power from the capitalistic countries of the west to the socialistic countries of the east. India, China, Brazil and South Africa are being seen as the representatives of the new global financial order. The G-20 has begun to assume greater significance to its predecessor, the G-8. But, with more power, comes even more responsibilities. The G-20, along with regional associations like the ASEAN need to set benchmarks in framing economic policies, which will ensure inclusive growth and fair distribution of the available resources. For this very purpose, India needs to set an example of how an economy can achieve inclusive growth.

We need to create social and economic infrastructures to meet the requirements of rapid and inclusive growth.



Identification of Priorities

Governments across the world will have to understand that no growth story is complete unless and until the benefit of that growth reaches the poorest of the poor. Inclusive growth is the need of the hour. But, it must be ensured that we should not move on our road to growth at the cost of our environment. Climate Change is now an integral component of any economic plan.

Countries have agreed to cut down on carbon emissions including the intensity of emissions. Newer technologies need to be developed, which along with reducing the emission of the green house gasses, will consume lesser resources.

In the Indian perspective, it is necessary to ensure that control is placed on our fiscal management. We need to create social and economic infrastructures to meet the requirements of rapid and inclusive growth. To ensure the same, it is necessary that our fiscal deficit is under control. Three factors are important in this context.

1. Control over non plan expenditures,
2. Aggressive program of disinvestment in Public Sector Undertakings, and
3. Scope of Public – Private – Partnerships (PPP) need to be explored wherever possible

Control over non plan expenditures will mean controlling the subsidies provided by the government. While food subsidy and fertilizer subsidy provided need to be continued, petroleum subsidy can be tightened.

Also, there is a need to continuously assess and monitor the socio-economic programmes undertaken by the Central Government like the MNREGS and the Bharat Nirman. While these schemes are an effective means of ensuring economic empowerment of the rural masses, these schemes cast a negative shadow on the established practices of labour supply, which in turn alter the economic equations of prices and inflation.

Improving economic infrastructure like roads, transportation, ports and airports, power plants; urban and rural infrastructure in terms of housing

schemes, irrigation and water projects etc. must be the priority. Also, investments must be made in education and health sectors with a view to gain benefits in the long tem. In addition, investments must be made to enhance the productivity of our human resources.

Agriculture as an industry has not been receiving the attention it needs to. According to a famous agricultural scientist, “In future, wars will not be fought with guns, but with grains”. This aptly describes the crucial role played by this sector. The employment it generates to the rural population is significant. Investment must be made in providing irrigation and warehousing the agricultural produces. Excise duties on agriculture related goods must be reduced so as to ensure their demand among the farmers. Co-operative farming, rain water harvesting and similar practices must be encouraged.

India lives in its villages. These were the words of our father of nation. Greater emphasis must be provided to improving rural infrastructure and providing urban scale lifestyle in the rural areas. Efforts must be undertaken to ensure that the urban rural divide is brought down to a very thin level.

To ensure greater food security, the Public Distribution System must be strengthened and greater transparency must be ensured in areas relating to managing retail prices of the food items.

Conclusion

While economies around the world are still trying to come to a consensus over the extent of efforts required, what needs to be understood is the fact that the recession was never a global phenomenon. Just because of the effects of globalization, the recession had such a drastic effect.

From an Indian perspective, this should be seen as a new beginning, and our journey should be committed to the principles of inclusive growth. Greater controls must be put in place to ensure propriety in managing public resources.

In the end, it can be concluded that recovery from the economic slowdown is a process and not a project, which can be declared complete.

Limited Liability Partnership (LLP)

CA. Suresh Balachandran



Introduction

The economic strength of a country is indicated by its Gross Domestic Product (GDP) and GDP's growth. India has been achieving a reasonably good GDP run rate over the past decade. One of the factors for the good growth rate being globalisation, the international community does laud the capacity and contribution of the Indian entrepreneurs and professional workforce in this achievement. In order to retain the steady run rate and to push it up further, the combination of business skill, technical knowledge and investment should take the driver seat and guide it into the future.

Need to enact LLP Act, 2008

With the increase in the various business solutions, it was thought to find a separate format of business entity which would blend the flexibility of traditional partnership firm with that of corporate form with limited liability which shall be governed by a separate and unique Statue. This thinking paved way to the concept of Limited Liability Partnership (LLP) in India, few countries where the Corporate Structure of LLP is in vogue are USA, UK, Canada, Singapore, Japan, Germany and others.

Coverage of the Article

This article tells about the features of LLP, procedures of incorporating, managing and winding of LLP and the comparison of LLP with that of traditional Partnership Firms and Companies.

Unique Features of the Limited Liability Partnership Act are as follows

1. LLP is a body corporate, a legal entity separate from its partners with perpetual succession. Any two or more persons joined together to carry on any lawful business with a view to profit (non-profit motive not allowed in LLP's) subscribing their names to an incorporation

document and filing with the concerned Registrar of Companies.

2. The LLP Agreement subject to the provisions of the LLP Act, 2008 shall specify the rights and duties of partners in between them and between LLP and partners. The LLP Act gives choice to the partners and LLP to devise their own agreement and if there is no such agreement then the provisions of LLP Act viz., First Schedule read with Section 23(4) shall be applicable.
3. LLP being a separate legal entity, liability of the partners is limited to their agreed contribution in LLP. The unauthorised, independent actions and misconduct of other partners will not in any way make liable the other partner/s. The liability of LLP and partners who have acted fraudulently and with an intention to defraud creditors shall be unlimited for all.
4. LLP shall have at least two partners and shall also have at least two individuals as Designated Partners.
5. LLP shall maintain annual accounts reflecting true and fair view of its state of affairs. Statement of accounts and solvency shall be filed with Registrar every year. The accounts of the LLP's shall be audited, subject to the rules specified.
6. Compromise or arrangement including merger and amalgamation of LLP's shall be governed by the LLP Act, 2008 and the Central Government has powers to investigate affairs of LLP if required, through a competent inspector of this purpose.
7. A firm, private company or an unlimited public company is allowed to be covered into LLP in accordance with the provisions of the LLP Act.

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8. The winding up of the LLP may be either voluntary or by the Tribunal to be established and till such time the powers are vested with the jurisdictional High Courts.
9. The LLP Act gives powers to the Central Government to apply provisions of the Companies Act, 1956 as appropriate, by notification with such changes or modifications as deemed necessary.
10. The Indian Partnership Act, 1932 shall not be applicable to the LLP's

I. Registration and Incorporation of LLP

Section 11 to 21 of Chapter III of the LLP Act, 2008 and LLP Rules, 2009 gives in detail the provisions for Incorporation of LLP, for the purpose of ease it is summarised as below:

- (a) User Registration:
Access the website www.llp.gov.in register yourself and upload the digital signature certificate (DSC)
- (b) Obtain Designated Partner Identification Number:
- (i) Obtain Designated Partner Identification Number (DPIN) by filing online application in Form No.7 individually by paying necessary fees.
- (ii) Upon filing online application and paying fees a Provisional DPIN is generated and take print, attach photograph, proof of identity, proof of address and despatch to the address as notified.
- (c) Reservation of name:
In Form No.1 fill the proposed names (Upto 6 choices) and append the digital signature of any of the partner or designated partner, submit the same online in the website after paying necessary fees.
- (d) Incorporation of LLP:
 - (i) Once the name is reserved by the Registrar, fill up Form No. 2 i.e., Incorporation Document and Statement and pay the necessary fees based on the monetary value of contribution of the partners.
 - (ii) Statement in e-form digitally signed by the person named in the incorporation document as designated partner and by an advocate or chartered accountant or company secretary or cost accountant in practice who is engaged in formation of LLP.
 - (iii) On submission of complete documents the Registrar after satisfying himself about the full

compliance will register the LLP within 14 days of filing Form No. 2 and will issue certificate of incorporation in Form No.16

- (e) Filing of LLP Agreement and Partner Details:
Form No.3 – Information regarding LLP and changes made therein and Form No.4 – Notice of appointment of partner or designated partner etc., shall be filed simultaneously along with Form No.2 as stated above or within 30 days of the date of incorporation

II. Appointment of a partner or Cessation of a partner

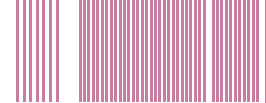
Any person can be appointed as partner in terms of LLP Agreement and may cease to be a partner in accordance with the LLP Agreement. Any change to be informed to the Registrar in Form No. 4 within 30days of occurring of such event.

III. Extent and limitation of liability of LLP and Partners

- (i) A LLP is not bound by anything done by a partner in dealing with a person if he had no authority to act for LLP in that particular case.
- (ii) An obligation of the LLP whether arising in contract or otherwise shall be solely the obligation of LLP.
- (iii) The liabilities of the LLP shall be met out of the property of the LLP.
- (iv) A partner because he is partner in LLP will not personally be liable for the wrongful act or omission of any other partners of LLP.
- (v) If in case an act being carried out by LLP or any partner with an intention to defraud creditors or any other person or for any fraudulent purpose, the liability in such case shall be unlimited for all or any other debts or other liabilities of LLP.

IV. Contribution in LLP

- (i) A partners' contribution to the LLP shall be in tangible, movable and immovable property viz., money, promissory notes, property and contract for services performed or to be performed.
- (ii) The LLP agreement may specify what will be obligation of a partner to contribute in monetary terms or other property or to perform services or other ways. The monetary value of contribution of partners shall be accounted and disclosed in the accounts of the LLP.



V. Financial Disclosures

- (i) The LLP shall maintain the books of accounts relating to its affairs for each year of its existence on cash basis or accrual basis and according to the double entry system of accounting at the registered office.
- (ii) The LLP shall within six months from the end of financial year, prepare a Statement of Account and Solvency for the financial year as the last day of financial year and such statements shall be signed by the designated partners.
- (iii) The LLP shall file the Statement of Account and Solvency with the Registrar every year within a period of 30 days from the end of six months of the financial year to which such statement relates to.
- (iv) The accounts of LLP shall be audited if the turnover is ₹40 Lakhs and or if the contribution is ₹25 Lakhs.
- (v) The LLP shall file annual returns in Form No.11 duly authenticated with the Registrar within 60 days of closure of financial year.

VI. Conversion from Partnership Firm into LLP

A firm can be converted into a LLP as per Section 55 read with Second Schedule of LLP Act, 2008 once a firm is converted, the firm shall be dissolved and all the assets and liabilities shall be transferred to LLP, further the procedure is as follows:

- (i) Register in the website www.llp.gov.in
- (ii) Apply and get Designated Partner Identification Number
- (iii) Apply and Reserve name in Form No. 1
- (iv) Apply to the Registrar in Form No.17 duly signed by Designated Partner and attach consent of partners, Form 2, 3, 4 wherever applicable and consent of creditors
- (v) Registrar will register the firm as an LLP and issue incorporation certificate in Form No.19 provided all the partners of the firm become partners of LLP
- (vi) The new LLP shall inform in Form No. 14 to the Registrar of Firms about the conversion of firm into LLP within 15 days from registration.

VII. Conversion from Private Limited Company/ Unlisted Public Company into LLP

A private limited company/unlisted public company can be converted into a LLP as per

Section 56 and 57 read with Third and Fourth Schedule of LLP Act, 2008 respectively once the conversion is over, the company shall be dissolved and all the assets and liabilities shall be transferred to LLP, further the procedure is as follows:

- (i) Register in the website www.llp.gov.in
- (ii) Apply and get Designated Partner Identification Number
- (iii) Apply and Reserve name in Form No. 1
- (iv) Apply to the Registrar in Form No.18 duly signed by Designated Partner and attach consent of each shareholder of the company, Form 2, 3, 4 wherever applicable and consent of creditors
- (v) Registrar will register the firm as an LLP and issue incorporation certificate in Form No.19 provided all the members of the company become partner of LLP.
- (vi) The new LLP shall inform in Form No. 14 to the Registrar of Companies about the conversion of company into LLP within 15 days from registration.

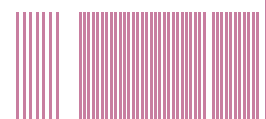
VIII. Winding up and Dissolution

The LLP Act provides that a LLP can be wound up voluntarily or under certain circumstances by the Tribunal. The Central Government may make rules and provisions for winding up and dissolving a LLP.

IX. The circumstances as specified in the Act for winding up of LLP by Tribunal are as follows

- (i) If the Tribunal decides that a LLP be wound up
- (ii) If the partners in the LLP is reduced below two and LLP continues for a period of more than six months,
- (iii) If the LLP is unable to pay its debts,
- (iv) If the LLP is acted against the interests of the sovereignty and integrity of India, the security or public order
- (v) If the LLP is defaulted in filing accounts or annual returns with the Registrar for any five consecutive financial years
- (vi) If the Tribunal opines that it is just and equitable to wind up a LLP.
- (vii) Further the Central Government may make rules and provision for winding up and dissolving a LLP.

Sources: The Limited Liability Partnership Act, 2008, The Limited Liability Partnership Rules, 2009 and www.llp.gov.in.



Accounting

Application of AS 30, Financial Instruments: Recognition and Measurement, for the accounting periods ending on or before 31st March 2011.

1. Accounting Standard Board of ICAI has recently issued a clarification regarding applicability of AS 30 (dated 11th February, 2011). It is clarified that in respect of the financial statements or other financial information for the accounting periods commencing on or after 1st April 2009 and ending on or before 31st March 2011, the status of AS 30 would be as below:
 - (i) To the extent of accounting treatments covered by any of the existing notified accounting standards (for eg. AS 11, AS 13 etc,) the existing accounting standards would continue to prevail over AS 30.
 - (ii) In cases where a relevant regulatory authority has prescribed specific regulatory requirements (eg. Loan impairment, investment classification or accounting for securitizations by the RBI, etc), the prescribed regulatory requirements would continue to prevail over AS 30.
 - (iii) The preparers of the financial statements are encouraged to follow the principles enunciated in the accounting treatments contained in AS 30. The aforesaid is, however, subject to (i) and (ii) above.
2. From 1st April 2011 onwards,
 - (i) the entities to which converged Indian accounting standards will be applied as per the roadmap issued by the MCA, the Indian Accounting Standard (Ind AS) 39, Financial Instruments; Recognition and Measurement, will apply.
 - (ii) for entities other than those covered under paragraph 2(i) above, the status of AS 30 will continue as clarified in paragraph 1 above.
3. The abovementioned clarifications would also be relevant to the existing AS 31, Financial Instruments: Presentation and

AS 32, Financial Instruments: Disclosures as well as for Ind AS 32, Financial Instruments: Presentation and Ind AS 107, Financial Instruments: Disclosures, after 1st April 2011 onwards.

(Source: www.icaai.org)

Provision of 0.25% for standard assets of all NBFCs

RBI has issued a notification no. DNBS.PD.CC.No.207/03.02.002/2010-11 dated January 17, 2011. As per the notification, in terms of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, and Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, all NBFCs are required to make necessary provisions for non performing assets. In the interests of counter cyclicity and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, it has been decided to introduce provisioning for standard assets also.

Accordingly,

- (i) NBFCs should make a general provision at 0.25 per cent of the outstanding standard assets.
- (ii) The provisions on standard assets should not be reckoned for arriving at net NPAs.
- (iii) The provisions towards Standard Assets need not be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.
- (iv) NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Notifications No. DNBS. 222 CGM(US)2011 and No. DNBS. 223 CGM (US) 2011 both dated January 17, 2011 are also issued for meticulous compliance of the said norms.

Liquidity Adjustment Facility – Repo and Reverse Repo Rates

RBI vide notification no. RBI/2010-11/388 FMD.MOAG. No.56/01.01.01/2010-11 dated January 25, 2011 has been decided to increase the repo rate in the Third Quarter Review of Monetary Policy 2010-11 under the liquidity adjustment facility (LAF) by 25 basis points from 6.25 per cent to 6.50 per cent and the reverse repo rate by 25 basis points from 5.25 per cent to 5.50 per cent with immediate effect. All other terms and conditions of the current LAF Scheme will remain unchanged.

Investment in non-Government Securities- Non-Convertible Debentures (NCDs) of maturity up-

to one year by standalone Primary Dealers (PDs)

RBI has issued a notification no. RBI/2010-11/401 IDMD. PCD.No. 26/14.03.05/2010-11 dated February 10, 2011. According to which Primary Dealers are permitted to invest in NCDs with original or initial maturity up to one year issued by the corporates (including NBFCs). However, their investments in such unlisted NCDs should not exceed 10 per cent of the size of their non-G-Sec portfolio on an on-going basis. Earlier they were advised that they should not invest in non-Government securities of original maturity of less than one-year, other than the Commercial Papers and Certificates of Deposits which are covered under the RBI guidelines (vide Master Circular RBI/2010-11/81 IDMD.PDRD. 01/03.64.00/2010-11 dated July 1, 2010)

(Sources: www.rbi.org.in)

General Exemption under Section 211

Press Notes No. 2 and 5 dated 8.2.2011 (Ministry of Corporate Affairs)

Section 211 of the Companies Act, 1956 requires that the balance sheet and profit and loss account of a company shall be in the form set out in Part I of Schedule VI or in such other form as may be approved by the Central Government either generally or in any particular case. So far, these exemptions were being given on a case-by-case basis with certain conditions.

The Central Government has, by notification, issued a general exemption whereby the categories of companies in column (2) of the Table below will be exempted from the disclosures given in column 3:-

SN	Class of Companies	Exemptions from para(s) of Part-II of Schedule VI
1.	Companies producing Defence Equipments including Space Research;	para 3(i)(a), 3(ii)(a), 3(ii)(d), 4-C, 4-D (a) to (e) except (d)
2.	Export Oriented company (whose export is more than 20% of the turnover);	para 3(i)(a) 3(ii)(a), 3(ii)(b), 3(ii)(d)
3.	Shipping companies (Including Airlines);	para 4-D (a) to (e) except (d)
4.	Hotel companies (including Restaurants);	para 3(i)(a) and 3(ii)(d)
5.	Manufacturing companies/multi-product companies;	para 3(i)(a) and 3(ii)(a)
6	Trading companies;	para 3(i)(a) and 3(ii)(b)

The Central Government has also, by notification, issued a general exemption whereby the Public Financial Institutions will be exempted from disclosing Investments as required under paragraph (1) of Note (1) of Part-I of Schedule VI in their balance sheet subject to fulfillment of the following conditions, namely:-

- (i) the Public Financial Institutions shall make the complete disclosures about investments in the balance sheet in respect of the following, namely: -
 - (a) immovable property;
 - (b) capital of Partnership firms;

- (c) all unquoted investments and;
- (d) investments in subsidiary companies.
- (ii) the Public Financial Institutions shall disclose the total value of quoted investments in each of the following respective categories, namely:-
 - (a) Government and trusts securities;
 - (b) shares;
 - (c) debentures;
 - (d) bonds; and
 - (e) other securities.
- (iii) in each of the above categories referred to in sub-paragraphs (i) and (ii), investments where value exceeds two percent of total value in each category or one crore rupees, whichever is lower, shall be disclosed fully provided that where disclosures do not result in disclosure of at least fifty percent of total value of investment in a particular category, additional disclosure of investments in descending order of value shall be made so that specific disclosures account for at least fifty percent of the total value of investments in that category;
- (iv) the Public Financial Institutions shall also give an undertaking to the effect that as and when any of the shareholders ask for specific particulars the same shall be provided;
- (v) all unquoted investments shall be separately shown;
- (vi) the company shall undertake to file with any other authorities, whenever necessary, all the relevant particulars as may be required by the Government or other regulatory bodies;
- (vii) the Investments in subsidiary companies or in any company such that it becomes a subsidiary, shall be fully disclosed.

Schedule XIII of the Companies Act 1956 being amended- Unlisted Companies shall not require Government Approval for Managerial Remuneration where they have no Profits

The Ministry of Corporate Affairs issued a notification on Managerial Remuneration in unlisted companies having no profits/inadequate profits.

Public limited companies (listed and unlisted) with no profits/ inadequate profits are currently required to approach the Ministry for approval in those cases where the remuneration of Directors/ equivalent managerial personnel exceeds certain limits. Private limited companies are not subject to any limits on managerial remuneration.

The primary purpose of regulations over managerial remuneration is to protect stakeholders, particularly shareholders and creditors. Unlisted companies are in several respects similar to private limited companies. A substantial number of the applications coming to the Ministry fall under this category and the Ministry's limited manpower is disproportionately involved in this exercise. In the case of unlisted companies so long as the conditions specified in Schedule XIII, including special resolution of shareholders and absence of default on payment to creditors, are fulfilled approval will not be needed hereafter. Accordingly, Schedule XIII of the Companies Act 1956 is being amended to provide that unlisted companies (which are not subsidiaries of listed companies) shall not require Government approval for managerial remuneration in cases where they have no profits/ inadequate profits, provided they meet the other conditions stipulated in the Schedule.

(Sources: www.mca.gov.in)

(Compiled by CA.Seema Gupta / CA.Shilpa Agrawal, BoS)

Audit

General Circular No: 2/2011 issued by MCA dated 08-02-2011 :

The Central Government hereby directs that provisions of Section 212 shall not apply in relation to subsidiaries of those companies which fulfill the following conditions:-

- (i) The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiary concerned;
- (ii) The company shall present in the annual report, the consolidated financial statements of holding company and all subsidiaries duly audited by its statutory auditors;
- (iii) The consolidated financial statement shall be prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Security and Exchange Board of India;
- (iv) The company shall disclose in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries:- (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend;
- (v) The holding company shall undertake in its annual report that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned and a note to the above effect will be included in the annual report of the holding company. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand;
- (vi) The holding as well as subsidiary companies in question shall regularly file such data to the various regulatory and Government

authorities as may be required by them;

- (vii) The company shall give Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the subsidiary companies along with exchange rate as on closing day of the financial year;

(Source : <http://www.mca.gov.in>)

Notification No. RBI/2010-11/398 DBOD. FID. FIC. No.11/01.02.00/2010-11: Recognition of Permanent Diminution in the Value of Investments in Banks' Subsidiaries / Joint Ventures

In terms of para 14 of Annexure to circular DBS. FID. No. C.9/01.02.00/2000-01 dated November 9, 2000 on 'Guidelines for Classification and Valuation of investments', FIs are required to recognise any diminution, other than temporary, in the value of their investments in subsidiaries / joint ventures which are included under Held to Maturity category and provide therefore. However, in the absence of any specific instructions on the method of assessment / measurement of permanent diminution, it has been observed that Banks/FIs are not making any attempt to determine whether there is any permanent diminution in their strategic equity investments held under HTM or AFS categories. The need to determine whether impairment has occurred is a continuous process and the need for such determination will arise in the following circumstances:

- (a) On the happening of an event which suggests that impairment has occurred. This would include:
 - (i) the company has defaulted in repayment of its debt obligations.
 - (ii) the loan amount of the company with any bank/FI has been restructured.
 - (iii) the credit rating of the company has been downgraded to below investment grade.
- (b) When the company has incurred losses for a continuous period of three years and the net worth has consequently been reduced by 25% or more.
- (c) In the case of new company or a new project when the originally projected date of

achieving the breakeven point has been extended i.e., the company or the project has not achieved break-even within the gestation period as originally envisaged.

When the need to determine whether impairment has occurred arises in respect of a subsidiary, joint venture or a material investment, the FI should obtain a valuation of the investment by a reputed/qualified valuer and make provision for the impairment, if any.

(Source : <http://www.rbi.org.in>)

Notification No. RBI/2010-11/400 DBOD.No. BP.BC.80/ 21.04.018/2010-11 dated 09-02-2011:Re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits - Prudential Regulatory Treatment

Consequent on the re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits following the amendment to Payment of Gratuity Act 1972, banks and the Indian Banks' Association (IBA) have approached Reserve Bank of India for the amortisation of the enhanced expenditure resulting therefrom.

The additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits should be fully recognised and charged to Profit and Loss Account for the financial year 2010-11.

However, banks have expressed that it would be difficult to absorb the large amount involved in a single year. We have examined the issues from a regulatory perspective and it has been decided that banks may take the following course of action

in the matter:

- a. The expenditure, as indicated in paragraph 2 above, may, if not fully charged to the Profit and Loss Account during the financial year 2010-11, be amortised over a period of five years {subject to (b) and (c) below} beginning with the financial year ending March 31, 2011 subject to a minimum of 1/5th of the total amount involved every year.
- b. Consequent upon the introduction of International Financial Reporting Standards (IFRS) from April 1, 2013 for the banking industry as scheduled, the opening balance of reserves of banks will be reduced to the extent of the unamortised carry forward expenditure.
- c. The unamortised expenditure carried forward as aforementioned shall not include any amounts relating to separated/retired employees.

Appropriate disclosures of the accounting policy followed in this regard may be made in the Notes to Accounts to the financial statements.

In view of the exceptional nature of the event, new pension option and enhanced gratuity related unamortised expenditure would not be reduced from Tier I capital.

Banks should keep in view 3(b) above while planning their capital augmentation, suitably factoring in Basel III requirements also (a separate circular would be issued on Basel III).

(Source : <http://www.rbi.org.in>)

(Compiled by CA.Karuna Bhansali, BoS)

Indirect Taxes

A. SERVICE TAX

1. New conditions specified for availing exemption from service tax for right to use packaged or canned software

Providing the right to use information technology software supplied electronically is taxable under clause (v) of section 65(105)(zzzz) relating to information technology software services. Right to use packaged or canned software manufactured in India, pre-packed in retail packages for single use was exempt from service tax subject to

certain conditions vide Notification No. 2/2010 ST dated 27.02.2010. Similarly, right to use packaged or canned software, pre-packed in retail packages for single use imported from outside India was exempt from service tax vide Notification No. 17/2010 ST dated 27.02.2010. The above two notifications have been rescinded and a new notification has been issued providing the exemption to right to use packaged or canned software subject to certain new conditions. The new conditions inter alia specify that:

- (a) such software manufactured in India/ imported from outside India should be valued as per the provisions of section 4A of the Central Excise Act, 1944 for the purpose of payment of excise duty/ additional duty of customs leviable under section 3(1) of the Customs Tariff Act, 1975;
- (b) appropriate excise duties/custom duties including additional duty of customs should be paid in respect of such software manufactured in India/imported from outside India;
- (c) a declaration to the effect that only the retail sale price of such software has been recovered from the customer should be made by the service provider on the invoice relating to such service.

[Notification No. 51, 52 and 53 ST all dated 21.12.2010]

2. Management, maintenance or repair of bridges, tunnels, dams, airports, railways and transport terminals exempted from service tax

Notification No. 24/2009 ST dated 27.07.2009 has been amended so as to extend the exemption hitherto available only in respect of management, maintenance or repair of roads to management, maintenance or repair of bridges, tunnels, dams, airports, railways and transport terminals as well.

[Notification No. 54/2010 ST dated 21.12.2010]

3. Exemption to transport of goods by the Government railways extended till March 2011

Service tax levy on transport of goods by the Government railways and transport of goods by rail otherwise than in containers would be applicable from April, 2011 instead of January, 2011. Consequently, exemption for transport of notified goods like defence military equipments, railways equipment / materials, postal mail bags by rail and abatement of 70% of the gross amount charged for transport of goods by the Government railways and transport of goods by rail otherwise than in containers would be effective from April 2011.

[Notification No. 55-57/2010 ST dated 21.12.2010].

4. Insurance services provided under the Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme exempt from service tax

Taxable services in relation to general insurance business provided under the 'Weather Based Crop Insurance Scheme' or the 'Modified National Agricultural Insurance Scheme', approved by the Government of India and Implemented by the Ministry of Agriculture have been exempted from the whole of service tax leviable thereon under section 66 of the Act.

[Notification No. 58/2010 ST dated 21.12.2010].

B. EXCISE DUTY

1. Excise duty to be paid on packaged or canned software on the basis of retail sale price with abatement of 15%

Consequent to the changes made in the conditions for availing exemption of service tax in respect of right to use of packaged or canned software, following amendments have been made in excise duty provisions applicable in respect of packaged or canned software:

- (a) Notification No. 17/2010 CE dated 27.02.2010 providing exemption of excise duty on packaged or canned software has been withdrawn.
- (b) Notification No. 49/2008-CE (NT) dated 24.12.2008 has been amended to provide for an abatement of 15% of excise duty from retail sale price of packaged or canned software.

[Notification Nos. 35/2010 CE dated 21.12.2010 and 30/2010 CE (NT) dated 21.12.2010]

C. CUSTOMS DUTY

- 1. Withdrawal of exemption of customs duty from packaged or canned software

Consequent to the changes made in the conditions for availing exemption of service tax in respect of right to use of packaged or canned software, Notification No. 31/2010-Cus. dated 27.02.2010 which provides exemption of customs duty on packaged or canned software has been withdrawn.

[Notification No. 126/2010 Cus. dated 21.12.2010]

(Compiled by CA. Smita Mishra, BoS)

Legal decisions on provisions of Tax Deduction at Source

1. **What is the nature of landing and parking charges paid by an airline company to the Airports Authority of India and is tax required to be deducted at source in respect thereof?**

CIT v. Japan Airlines Co. Ltd. (2010) 325 ITR 298 (Del.)

On this issue, the Delhi High Court referred to the case of ***United Airlines v. CIT (2006) 287 ITR 281***, wherein the issue arose as to whether landing and parking charges could be deemed as rent under section 194-I. The Court observed that rent as defined in the said provision had a wider meaning than “rent” in common parlance. It included any agreement or arrangement for use of land. The Court further observed that when the wheels of the aircraft coming into an airport touch the surface of the airfield, use of the land of the airport immediately begins. Similarly, for parking the aircraft in that airport, again, there is use of the land. Therefore, the landing and parking fee were definitely “rent” within the meaning of the provisions of section 194-I as they were payments for the use of the land of the airport.

2. **Does payment of charter fee to a non-resident (for chartering fishing vessels), by way of percentage of fish catch done outside the territorial waters of India but brought to an Indian port for verification and valuation before dispatch of the same to the non-resident, attract the provisions of tax deduction at source under section 195?**

Kanchanganga Sea Foods Ltd. v. CIT & ITO (2010) 325 ITR 540 (SC)

An Indian company engaged in the sale and export of sea foods entered into an agreement with a non-resident for chartering two fishing vessels (trawlers) for an all-inclusive charter fee of US \$ 6,00,000 per vessel per annum. The charter fee was payable out of earnings from the sale of fish and for this purpose, 85% of the gross earnings from the sale of fish was to be paid to the non-resident company.

The trawlers were delivered to the Indian company. The actual fishing operations were done outside the territorial waters of India but within the exclusive economic zone. The voyage commenced and concluded at the Chennai Port. The catch made at high seas

were brought to Chennai where the surveyor of the Fishery Department verified the log books and assessed the value of the catch over which local taxes were levied and paid. The Indian company paid the dues and arranged for customs clearance for the export of fish. The trawlers, which were used for fishing, carried the fish to the destination chosen by the non-resident company. The trawlers reported back to the Chennai Port after delivering fishes to the destination and thereafter, commenced a fresh voyage.

The Indian company did not deduct tax at source from the payments to the non-resident and therefore, notice under section 201(1) of the Income-tax Act, 1961 was issued deeming the company as an assessee-in-default for failure to deduct tax at source under section 195. The Indian company, however, contended that it was not required to deduct tax at source since –

- (i) no income accrued to the non-resident company in India since it did not carry on activities in India.
- (ii) even if bringing the catch to the Chennai Port for customs appraisal and export to the non-resident results in an operation, it was an operation for mere purchase of goods and therefore, there is no assessable income.
- (iii) even if 85% of the catch is considered as charter fee to the non-resident company, it was paid outside India.

The Apex Court observed that the chartered vessels with the entire catch were brought to the Indian Port, the catch were certified for human consumption, valued, and after customs and port clearance, the non-resident company received 85% of the catch. As long as the catch was not apportioned, the entire catch was the property of the Indian company and not of the non-resident company as the latter did not have any control over the catch. The control came into the hands of the non-resident only after it was given its share of 85% of the catch.

Since the first receipt of 85% of the fish catch was in India, the non-resident effectively received the charter fee in the shape of 85%

of the fish catch in India. The sale of fish and the realization of the sale consideration of fish by the non-resident outside India does not mean that there was no receipt in India. When 85% of the catch is received after valuation by the non-resident in India, in sum and substance, it amounts to receipt of the value of money. Had it not been so, the value of the catch ought to have been the price for which the non-resident sold the fish catch at the chosen destination.

In light of the above, the income earned by the non-resident was chargeable to tax under section 5(2) of the Income-tax Act, 1961. The Indian company was, therefore, liable to deduct tax under section 195 on the payment made to the non-resident company. Since it had failed to deduct tax at source, it was an assessee-in-default under section 201.

Note – It may be noted that TDS provisions under section 195 are attracted even if the charter fees is payable in kind, for example, as a percentage of fish catch, as in this case.

3. Whether retention of a percentage of advertising charges collected from customers by the advertising agencies for payment to Doordarshan for telecasting advertisements would attract the provisions of tax deduction at source under section 194H?

CIT v. Director, Prasar Bharti (2010) 325 ITR 205 (Ker)

Prasar Bharti is a fully owned Government of India undertaking engaged in telecast of news, sports, entertainment, cinema and other programmes. The major source of its revenue is from advertisements, which were canvassed through agents appointed by Doordarshan under the agreement with them. The advertisement charges were recovered from the customers by the advertisement agencies in accordance with the tariff prescribed by Doordarshan and incorporated in the agreement between the parties. There was a provision in the agreement permitting advertising agencies to retain 15% of the advertising charges payable by them to Doordarshan towards commission from out of the charges received for advertising services from customers.

The issue under consideration is whether retention of 15% of advertising charges by the

advertising agency is in the nature of commission to attract the provisions of tax deduction at source under section 194H. It was contended that the agreement between Prasar Bharti and the advertising agency is not an agency but is a “principal to principal” agreement of sharing advertisement charges and therefore, the provisions for deduction of tax at source under section 194H would not get attracted in this case.

In this context, attention was invited to a clause of the agreement between the parties which reads as follows –

“Agency agrees to pay the TDS/income-tax liability as applicable under the income-tax law on the discount retained by him. For this purpose, the agency agrees to make payment to Doordarshan Commercial Service by means of cheque/demand draft for the TDS on 15% discount retained by them. This cheque/demand draft will be drawn separately and should not be included in the telecast fees/advertisement charges”.

The above provision makes it clear that the advertising agency clearly understood the agreement as an agency agreement and the commission payable by Prasar Bharti to such agency is subject to tax deduction at source under the Income-tax Act, 1961. The permission granted by Doordarshan under the agreement to the agencies to retain 15% out of the advertisement charges collected by them from the customers amounts to payment of commission by Doordarshan to agents, which is subject to deduction of tax at source under section 194H.

It is clear from section 194H that tax has to be deducted at the time of credit of such sum to the account of the payee or at the time of payment of such income in cash or by the issue of cheque or draft or any other mode, whichever is earlier. When the agent pays 85% of the advertisement charges collected from the customer, the agent simultaneously gets paid commission of 15%, which he is free to appropriate as his income. TDS on commission charges of 15% has to be paid to the Income-tax Department with reference to the date on which 85% of the advertisement charges are received from the agent.

(Compiled by CA.Priya Subramanian, BoS)

Examiners' Comments on the Performance of Candidates

PAPER – 1 : FINANCIAL REPORTING

Question 1. (a) Most of the candidates had correctly mentioned empty beer bottles as “assets” but they failed to answer the second part of the question. They could not substantiate the answer with reference to the relevant provisions of AS 2.

(b) Majority of the candidates wrote that Proposed Dividends should be shown under ‘Current Liabilities & Provisions’ in the balance sheet but they did not refer the provisions of AS 4.

(c) Except for few candidates, majority of them could not ascertain carrying amount of investment in separate and consolidated financial statements of Bright Ltd., as asked in the question.

(d) Most of the candidates could not provide the required answer in accordance with the provisions of AS 28.

Question 2. Very few candidates attempted this question correctly. Most of the candidates failed to arrive at the correct amount of provision for SARs by fair value method. Another mistake committed by many candidates was using employees leaving rate of 3% thrice instead of twice in the year 2008-2009, consequent to which, subsequent calculations also went wrong.

Question 3. Most of the candidates could not prepare the correct consolidated balance sheet of Air Ltd. and its subsidiaries. They erred in computation of purchase consideration and its discharge, retained earnings, pre and post acquisition profits, which resulted in wrong computation of capital reserve (Cold Ltd.) and goodwill (Dry Ltd.).

Question 4. Most of the candidates ascertained the amount of purchase consideration correctly but failed to arrive at the correct amounts of capital reserve, cash of Y Ltd. taken over, combined cash balance in the balance sheet after absorption. Some candidates had not understood the language used in the question paper i.e., “Stock and Debtors are to be taken over at 5% less than their book values.” They had wrongly applied this revaluation for both the companies instead of making adjustment in the values of stock and debtors of Y Ltd. only.

Question 5. (a) This part of the question was satisfactorily answered.

(b) Majority of candidates failed to give the required journal entries for forward contract in accordance with the provisions of AS 30 and AS 31.

Question 6.(a) Most of the candidates ascertained the correct amount of debt portion in convertible debentures.

(b)(i) This sub-part of the question was fairly well answered by majority candidates.

(ii) Few candidates had explained the theory of verification of liabilities instead of purpose of valuation of liabilities in financial accounting and reporting.

(iii) Most of the candidates had omitted to answer this sub-part of the question. Few candidates had explained the concept of financial lease and its recognition without reference to AS 19.

Question 7.(a) Most of the candidates had mentioned about call option and put option and gave irrelevant answers. They could not substantiate their answers with reference to AS 31.

(b) Depletion expense as per IFRS 6 was correctly computed by most of the candidates.

(c) Majority of the candidates could not give the required answer in line with the relevant accounting standards. Most of them did not mention that building should be removed from Balance Sheet.

(d) Most of the candidates had scored full marks by ascertaining original cost of the machine. However, they could not suggest the required accounting treatment for the cost incurred during the period between the date the machinery got ready for use and the actual date when the machine was put to use.

(e) The candidates had correctly ascertained present value of minimum lease payments. However, they could not ascertain the amount of lease liability as per AS 19.

PAPER-2 : STRATEGIC FINANCIAL-MANAGEMENT

Overall performance of the candidates is satisfactory. However, the question-wise performance of the candidates is given as under:-

Question 1. has four parts of 5 marks each and is compulsory. Performance in Part (a) and (c) was good but in part (b) and (d) the performance was poor to satisfaction.

Question 2.(a) The problem is based on interest rate swap. Not many candidates could do it correctly.

(b) This is a question on the mergers and acquisitions. Most of the candidates attempted this question very well.

Question 3.(a) This question is on capital structure and EVA. Most of the students attempted well.

(b) This question is on generic swap. Most of the candidates did well in this question.

Question.4.(a) This question is about valuation of the company. Performance in this question was average.

(b) The question is on valuation of shares and impact of share re-purchase on EPS. Performance in this question was very good.

Question 5.(a) This question relates to portfolio



management based on risk and return. Most of the candidates attempted this question very well.

(b) This question is on Capital Budgeting based on inflation adjusted decision making. Performance in this question was very good.

Question 6.(a) This question is on Forex arbitrage gain/loss. Most of the student could not perform well in this question.

(b) This question on Dividend Policy is based on Walter's model. The performance in this question was very good.

Question 7. This question has 5 parts of 4 marks each with a choice to attempt any four on various important aspects of today's world of Financial Management. The Performance was average.

PAPER – 3 : ADVANCED AUDITING AND PROFESSIONAL ETHICS

Question 1.(a) Very few candidates referred to AS 29 and SA 560. They could not distinguish between AS 4 and AS 29. Many candidates could not arrive at the proper conclusion.

(b) Most of the candidates failed to understand that AS 7 is applicable to Contractors. They could not analyse the nature of the business of B Co. Ltd. Many candidates have not defined the applicability of AS 7 properly and could not substantiate their answer with the provisions of relevant accounting standard.

(c) Many of the candidates mentioned that the detention charges are part of capital expenditure. Candidates could not understand the problem, so failed to conclude whether the amount paid is to be capitalised or treated as revenue item.

(d) Without understanding the requirement of the question, majority of the candidates have suggested the procedure to collect overdue amount. They also failed to mention that the amount of deposits is not safe and is likely to be unrealised and hence auditor's duty is to qualify the report.

Question 2.(a) Fairly well answered. However, few candidates have not explained the clause 6 of Part 1 of First Schedule of the Chartered Accountants Act, 1949.

(b) Many candidates were confused regarding the relative of the director and directorship for a CA who is partner of the statutory auditor of the company.

(c) Though conclusion was correctly drawn by many candidates on the basis of 'disqualification due to indebtedness', they omitted to refer to 'the use of influence as concurrent auditor for wrong doing'.

(d) Only few candidates did not mention details of records to be verified / scrutinised for the purpose.

Question 3.(a) Requirement of Section 224(6) were omitted by most of the candidates while giving more emphasis on what is the proper communication and why it is necessary. Most of

the candidates have produced two or three conditions required for the auditor before accepting the appointment where previous auditor has resigned and his audit fee is not paid.

(b) Most of the candidates were able to show knowledge about SA 620 but could not explain properly the extent to which auditor can rely on the expert opinion. Candidates have concluded it correctly that auditor can use the work of an expert, but some of the candidates could not mention the auditors duty to review and examine the work done by an expert.

(c) Many of the candidates could not discuss the different types of control for moving the data through and out of the computer and wrote irrelevant points on different types of controls, while wrongly emphasising on white box / black box approach.

Question 4.(a) The point of 'independence of the auditor' was discussed by many candidates but they could not mention the guideline issued by the ICAI in August 2008

(b) The responsibility of auditor in relation to Section 297 of the Companies Act could not be explained properly by many candidates. Many of them stressed on AS 18 while some of the candidates did not refer to Sections 301, 297 and 299.

(c) Many candidates could not understand that Clause 4 (vii) of CARO 2003 has a mandatory application for the listed companies irrespective of the size of paid-up capital and reserve or turnover. Therefore, they wrote irrelevant points in their answers.

Question 5.(a) Majority of the candidates have given the general points instead of main features of Co-operative Society.

(b) Most of the candidates emphasized on Form 3 CD and very few referred to the adverse opinion in Form 3CA or 3 CB. Most of the candidates have discussed reporting u/s 40A (3) in Form 3 CD but very few have mentioned the basic principles of SA 700.

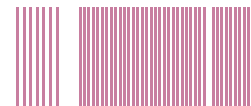
(c) Many candidates wrote on features of Due Diligence and did not mention anything about the hidden liabilities and overvalued assets which the question required. Many of them wrote about various types of Due Diligence and its detailed procedure.

Question 6.(a) Most of the candidates failed to explain the requirements under section 227 (1A) on the points referred in the question. They gave the detail reporting under section 227(1A).

(b) Handful of candidates discussed the participative approach etc.

(c) Many Candidates could not mention the major provisions of Sarbanes-Oxley Act 2002. They have discussed about the history and reasons for enacting this Act.

Question 7.(a) Except few, majority of Candidates have explained 'Circuit Filter' on correct lines.



(b) This part of the question was satisfactorily answered except few candidates, who referred to irrelevant point's viz. KVP, NSC.

(c) Most of the candidates failed to give the required answer in accordance with 'Guidance Note on Audit of Miscellaneous Expenditure'.

(d) This part of the question was fairly well answered.

(e) Many candidates wrote irrelevant answers, assuming the question as a problem in Cost Accounting.

PAPER - 4 : CORPORATE AND ALLIED LAWS

Question 1. Performance of students in all the parts of the question has been highly satisfactory, except Part (b) where the students did not know the provisions of the Companies Act, 1956 and the answer given by them was partially not correct.

Question 2. Performance of students has been quite satisfactory in both the parts of the question.

Question 3. Performance of students has been highly satisfactory in both the parts of the question.

Question 4. Performance of students in both the parts of the question has been highly satisfactory.

Question 5.(a) Students did not know the matter to be included in the 'Directors Responsibility Statement' under section 217 (2AA) of the Companies Act, 1956.

(b) Unsatisfactory Performance. Most of the students did not know the conditions to be complied for the Initial Public offer (IPO) as prescribed by SEBI.

Question 6.(a) Highly satisfactory performance.

(b) Average performance. Many students did not state all the steps involved in E-Filing & Authentication of Documents

Question 7.(a) Highly satisfactory in both the parts (i) and (ii).

(b) Highly satisfactory.

(c) Highly satisfactory.

(d) Unsatisfactory. Many students could not explain the rule of 'Reasonable construction under the interpretation of Statute, Deeds etc.'

(e) Unsatisfactory. Most of the students could not explain the meaning of Asset Reconstruction, Financial Assets under the Securitization & Reconstruction of Financial Assets Enforcement of Security & Interest Act, 2002.

On the whole the performance of students has been quite satisfactory.

PAPER - 5 : ADVANCED MANAGEMENT ACCOUNTING

Question 1.(a) t distribution - problem - Performance: Average Many candidates identified that 't' distribution was to be used. Some candidates wrongly used the normal distribution. Many candidates did not understand the concept of null hypothesis. Only some candidates got full marks. Many lost marks while defining the hypothesis.

(b) Zero Based Budget - theory - Performance: Average. Most candidates failed to convey their ideas. They repeated the same point on not having a look at the earlier year's budget. Most of the candidates got 1 or 2 marks, though it has been a repetitive question.

(c) Shut down point. - Problem - Performance: Good: Most candidates were able to attempt this question well. Most of them did not work out the capacity level as a percentage.

(d) Throughput accounting - Problem - Performance: Not good: A large number of candidates got 2 marks by working out the contribution per minute and the ranking. Only a few candidates were able to proceed beyond this step.

Question 2.(a) Marginal Costing under constrained resources - problem - Performance: Bad Many candidates were able to identify that raw materials was the limiting factor and attempted to calculate contribution per limiting factor. The question could have clearly stated that each product A, B and C was limited to sales of 900 lacs the next year. If candidates had found out the current sales, contribution, fixed cost and profit, they could have earned some marks effortlessly due to the step wise marking.

(b) PRAISE - Theory - Performance: Very poor Some candidates managed to list out the remedies. Most of the candidates did not know the answer. The question could have indicated the topic of TQM so that they could have answered something in their own words.

Question 3.(a) Standard Costing Problem - Performance: Poor Most candidates were unprepared. The question was straightforward and a time saver for good marks. Yet, they had not prepared how to deal with idle time in fixed overhead variances. Most candidates got fixed overhead efficiency variance and the calendar ratio right. Only a handful of candidates got it fully right.

(b) Linear programming - Problem - Performance: Good Many candidates were able to get marks for formulation. Many of the candidates got the graph reasonably correct and the optimum contribution right.

Question 4.(a) Marginal Costing - Problem - Performance: Very good Most candidates got the answer fully correct. Even those who went wrong had reasonably approached the question and at least got the selling price right.

(b) Balanced Score Card - Theory - Performance: Good This is an often repeated theory question and was attempted well.

(c) Critical Path method - theory - Performance: Good Many candidates made a good attempt.

(d) Return on capital employed - problem - Performance: Very Good Many candidates solved the problem correctly and scored full marks.

(e) Simulation – theory - Performance: Fair The question was attempted reasonably well.

Question 5.(a) ABC system Vs. traditional system – Performance: Very Good Most candidates did very well. The question was simple and marks were easily obtained.

(b) – Forecasting – time series – Performance: Average This simple question was adapted from the study material but was not attempted well enough.

Question 6.(a) Transportation – problem - Performance: Good This problem was designed well and had a unique answer. The cost differences had no ties and many candidates got the initial allocation right. A few candidates omitted to calculate the minimum cost and some did not work out the optimality test and lost marks.

(b) Material Requirement Planning – theory – Performance: Average Candidates had not prepared adequately for this question. They tried to attempt the question in a general manner and did not succeed. Main points were left out. Very few candidates who had prepared well did well and brought out all the points.

(c) Customer Profile in service costing – theory – Performance: Fair Many candidates had an idea of the answer and made a fair attempt to put across the points in their own words. Noticeably, most of the candidates came up with apt examples and had understood the concept. Some candidates elaborated the same point and lost marks.

Question 7.(a) Divisional Costing and Pricing – problem – Performance: Poor This problem was peculiar since the input material required was less than the output produced. Many candidates got the cost of raw material right by dividing the total value by the finished output. Very few candidates applied the yield factor to obtain the cost per tonne of output of raw material. Most candidates gave the weighted average value per tonne of divisional output and ranked two options. Marks were given for this approach also. The problem did not require too much calculation. It could have been solved easily by analysing the quantities needed in each division and then finally working out the values. Candidates lacked the skill of using weighted average costs, deriving cost per tonne of output using yield factor, etc. This resulted in a lot of wastage of time. Very few candidates got the problem fully right. Most got the first part, where variable cost per tonne of output had to be found. Many got zero for the second part for optimal divisional transfer and some did not get third part in determining the selling price per tonne.

(b) Learning Curve – theory – Performance: Fair Most candidates knew the concept, but wasted time in explaining the learning curve. The question also said ‘features’ of learning curve and the answer expected was the uses or application of the learning curve. Candidates lost time and

marks by repeating a single point in different ways.

PAPER – 6: INFORMATION SYSTEMS CONTROL AND AUDIT

Question 1.(a) None of the candidates answered in the desired manner. Candidates answered on the basis of operations instead of controls and hence, they did not obtain good marks.

(b) Many candidates got confused between office automation and business automation and as such did not discuss any operation of office automation. This resulted in a poor performance.

(c), (d) These parts were of general nature and hence, candidates could score well.

Question 2.(a) Many of the candidates did not understand the question, but still attempted and discussed ERP implementation and therefore, got poor marks.

(b) This was a general question based on ERP evaluation and candidates got relatively good marks.

(c) Though the candidates got confused with insurance of general items, but still attempted well.

Question 3.(a) This question was based on the method to test the correctness of the module. It was poorly attempted by the candidates.

(b) Candidates confused Documented Audit Program with Normal Financial Audit Program and hence, did not answer correctly.

(c) Average performance was found in this question.

Question 4. All the parts of this question were of general nature. Overall performance was average.

Question 5.(a), (c) These parts of the question were of general nature.

Part (b) based on database was not attempted as per expectation.

Question 6.(a) This was a system development question based on the combination of prototype and waterfall models; poorly attempted by the candidates.

(b) This question based on the auditor’s role while developing the Information System (SDLC). Candidates were confused and therefore, they could not score well.

(c) This question was of general nature and poor performance was observed.

Question 7. This question was based on the short notes. Average score has been noticed.

PAPER – 7 : DIRECT TAX LAWS

A. OVERALL COMMENTS.

1. The overall performance of the candidates was found to be much below the expected level depicting poor knowledge of law and lack of application of statutory provisions. It was also observed that some candidates have reproduced the script of the questions in the answer book or have left the answer book blank even at the final level.
2. Question No. 1(b), 1(d), 2(a), 3(a), 6(b) & 7(b) totalling 40 marks do not require either

reproduction of any statutory provision or complicated calculation or application of case law. The performance of the candidates in these questions were also not found to be satisfactory.

3. The other questions asked in the paper are also based on simple issues requiring application of the substantive law.
4. Question No. 1(c), 4(b), 4(c), 7(c), & 7(d) totalling 21 marks are straight questions based on substantive law. The candidates have failed to give the correct answers to such questions which indicate that they have failed to read the statutory provisions properly.
5. The candidates have scored good marks in all the parts of question numbers 3, 6(b), and 7 and moderate marks in rest of the questions.

B. QUESTION-WISE COMMENTS ON PERFORMANCE OF CANDIDATES

1.(a) The candidates have not stated the various clauses of Form 3CD which require reporting of currency exchange losses by an auditor.

(b) The provisions of section 54 were not applied in relation to investment made by the assessee in purchase of residential house. Even the working of cost inflation index was wrong.

(d) The investment made out of gifted funds on the first day of the financial year was not worked out, as a result of which the amount to be clubbed under section 64 in the hands of spouse was wrongly calculated.

2.(a) Except for the adjustment of speculative loss of the amalgamating company which was not dealt with correctly, the other calculations were found to be in order.

(b) The provisions of section 28(va) read with section 194J and section 40(a)(ia) were not explained. Vague answers were given relating to transfer of building to the retired CEO of the Company.

3.(a) The application of proviso to section 54EC(1) and calculation of tax on long term capital gain as per section 112 was not correct.

(b) The various adjustments to compute the income chargeable to tax were not explained properly and vague answers were given. Simple issues covered under sections 41(1), 40A(3), 40(a)(i) and 43B were not properly explained.

4.(a) The concept of Explanation added to section 147 by the Finance (No.2) Act, 2009 was not explained which resulted in wrong answers. Majority of the candidates have stated that provisions of section 271(1)(c) would be invoked.

(b) This is a simple question on substantive law relating to LLP and was found to be answered well.

(c) Vague answers were given to this simple question based on substantive law.

(d) The working of depreciation on various assets was found to be correct.

5.(a) The concept of “manufacturing” was not

applied properly and therefore, the candidates have not answered this question correctly.

(b) The invoking of provisions of section 154 on the matters which were not apparent from record was answered well.

(c) Answer to this question was found to be correct in general.

(d) Instead of explaining the chargeability of amount of bogus refund claimed, many candidates had answered about initiation of action for concealment.

(e) This question was answered correctly by most candidates.

6.(a) Candidates failed to apply provisions of sections 269SS and 269T and further erred in not giving the answer as to penalty imposable as per sections 271D and 271E. Generally, the answers were based on provisions of section 40A(3).

(b) A simple arithmetic calculation required in this question was found to be answered well by majority of the candidates.

7.(a) In general, candidates have correctly worked out the perquisite value of interest on the loan amount given by the employer.

(b) The treatment of various assets chargeable to wealth tax as per section 2(ea) of the Wealth-tax Act, 1957 was found to be correct.

(c) The provisions of Section 285BA were explained wrongly by most candidates.

PAPER – 8 : INDIRECT TAX LAWS

Question 1. Candidates secured very good marks in the question. Generally, they solved all the problems correctly except Q. 1(d).

Question 2. Candidates did well in this question also. However, most of the candidates could not answer question No. 2 (c) correctly.

Question 3. Candidates did very well in respect of Q. No. 3 (a) & 3 (b). In respect of documents for claiming rebate Q. No.3(c), hardly any candidate could give the answer correctly. In respect of Q.No.3(d), candidates perhaps, could not understand the question, properly.

Question 4. Problem in Q. 4(a) could not be solved correctly by many candidates. Answers in respect of other sub-questions were also average. In respect of Q. 4(d) relating to penalty for late payment of service tax, answer was not as per the expectation.

Question 5. Candidates generally did well except in respect of Q. 5(b).

Question 6. Least attempted question. Equally bad performance. This shows the poor knowledge of the candidates about provisions of law.

Question 7. Mixed performance by the candidates.

(a) Candidates did not understand the problem posed. They were also confused between exempted goods and goods chargeable to nil rate of duty.

(b) Good performance.

(c) Average performance.

(d) Very Good performance.

Revision in Study Materials for Final Course

We have been receiving innumerable queries, post-release of the revised/updated Study Materials for the Final Course in January 2011, as to whether there has been revision in the syllabus for May 2011 examination. We once again reiterate that there is no change in the syllabus of Final Course, except that the topic “Inflation Accounting” in Paper 1: Financial Reporting and the topics “Time Series Analysis” and “Test of Hypothesis” in Paper 5: Advanced Management Accounting have been excluded for May 2011 examination. Students may be rest assured that there is neither any revision nor any inclusion in the syllabus for May 2011 examination.

As far as revision/updation of Study Materials is concerned, it is a continuous process and it is very essential that you remain updated with the developments in all the subjects of your curriculum. In the Study Materials released in January 2011, the revision in core subjects has been effected to bring them in line with the latest Accounting Standards/IFRSs, Standards on Auditing, Guidance Notes, Finance Act, 2010, Notifications and Circulars, SEBI regulations etc. In other subjects, like Strategic Financial Management, practical illustrations have been added and efforts have been taken to explain the concepts in a more student-friendly manner.

Students may note that the Study Material of Paper 1 : Financial Reporting has been revised in line with the latest applicable Accounting Standards and Guidance Notes, IFRSs, amendments made by SEBI regulations and prudential norms for Non-Banking Financial Companies. Similarly, the Study Material for Paper 3: Advanced Auditing and Professional Ethics has been revised in line with the latest applicable Standards on Auditing and notifications and circulars issued by RBI. As regards the Study Material of Paper 4: Corporate and Allied Laws, the revision has been mainly on account of the latest SEBI regulations and amendments in FEMA, 1999. The significant areas/chapters in which changes have been effected in the Study Materials have been tabulated subject-wise and given as an **annexure**.

The revised Study Materials, including Practice

Manuals, for all the subjects of the Final Course are available at all the regional offices and branches of the Institute. They have also been hosted on the BOS knowledge portal of the Institute’s website. It is desirable that you read the latest Study Materials from the examination point of view also.

In the subjects of Direct Tax Laws and Indirect Tax Laws, Practice Manuals have been prepared for the first time. The Study Materials of these two subjects are based on the law as amended by the Finance Act, 2010 and therefore, they are particularly relevant for May 2011 and November 2011 examinations. These amendments were communicated to the students way back in July 2010 vide the Supplementary Study Paper – 2010 hosted on the Institute’s website and also made available at the sale counters of the branches and regional offices of the Institute. Similarly, significant notifications and circulars as well as case laws in both direct and indirect tax laws are being regularly reported in the Students’ journal. Case Laws are also being hosted on the BOS knowledge portal from time to time. These case laws have now been compiled as a publication “Select Cases in Direct and Indirect Case Laws” and hosted on the BOS knowledge portal after addition of more cases and chapterisation thereof. The latest notifications and circulars reported regularly in the Students journal have also been compiled and given as part of the Revision Test Paper for May 2011 examination.

Therefore, revision/updation is a continuous process and it is our endeavour to regularly communicate the developments in each subject to you vide our monthly Students’ Journal “The Chartered Accountant Student”, which contains academic updates/articles on different subjects. You are expected to read the journal regularly so that you update yourself on a continuous basis. You need not wait till the next edition of the Study Materials are published, since you may find it difficult to assimilate extensive updation in one stroke. The BOS knowledge portal is another a useful medium for you to keep yourself updated on a regular basis.

(Director, Board of Studies)

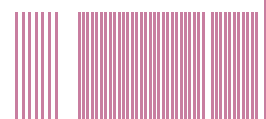
ANNEXURE

The major changes made in the January 2011 edition of the Study Materials are given hereunder -

Paper Subject	Significant changes made in the Jan 2011 edition of the Study Material
1. Financial Reporting	Chapter 1 on "Accounting Standards and Guidance Notes" has been revised in line with the latest applicable Accounting Standards and Guidance Notes. Chapter 2 on "IAS, IFRS, their interpretations & US GAAPs - An Overview" has been revised in line with the latest amendments in IFRS and its interpretations. Chapter 8 on "Financial Reporting for Financial Institutions" has been updated in line with - (i) SEBI (Mutual Funds) (Amendment) Regulations, 2010; (ii) Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and circulars issued from time to time; (iii) SEBI (Merchant Bankers) (Amendment) Regulations, 2010; (iv) SEBI (Stock brokers and Sub-brokers) (Amendment) Regulations, 2010; and (v) SEBI (Intermediaries) Regulations, 2008.
2. Strategic Financial Management	The following chapters in the Study Material have been thoroughly revised - Chapter 1 - "Financial Policy and Corporate Strategy" Chapter 2 - "Project Planning and Capital Budgeting" Chapter 3 - "Leasing decision" Chapter 4 - "Dividend Decisions" Chapter 5 - "Indian Capital Market" Chapter 7 - "Portfolio Theory" Chapter 9 - "Mutual Funds" Chapter 12 - "Foreign Exchange Exposure and Risk Management" Chapter 13 - "Mergers, Acquisitions and Restructuring".
3. Advanced Auditing and Professional Ethics	The following chapters have been updated in line with the latest standards on auditing - Chapter 1 on "Auditing Standards, Statements and Guidance Notes - An overview", Chapter 2 on "Audit Strategy Planning and Programming", Chapter 3 on "Risk Assessment and Internal Control" (including Salient Feature of Sarbanes Oxley Act, 2002 as an annexure), Chapter 5 on "Special Audit Techniques" and Chapter 8 on "Audit Report" Further, Chapter 14 on "Audit of Non Banking Financial Companies" has been updated as per the latest notifications and circulars issued by RBI. Also, Chapter 15 on "Audit under Fiscal Laws" has been updated based on the law as amended by the Finance Act 2010.



		In addition, Chapter 21 on "Peer Review" and Chapter 22 on "Code of Ethics" have also been updated. Text of all latest Standards on Auditing have also been given separately in Volume II.															
4.	Corporate and Allied Laws	The following Chapters have been revised - <table> <tr> <th>Chap.</th><th>Chapter heading</th><th>Revision effected</th></tr> <tr> <td>13.</td><td>E- Governance</td><td>" Director Identification Number (DIN) " List of E-Forms</td></tr> <tr> <td>15.</td><td>Corporate Secretarial Practice - Drafting of Resolutions, Minutes, Notice and Report</td><td>" Topic 15.1 i.e. "Certain Companies to have Secretaries"</td></tr> <tr> <td>16.</td><td>The Securities And Exchange Board of India (SEBI) Act, 1992 - Unit II</td><td>" SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 amended upto 13th April, 2010</td></tr> <tr> <td>18.</td><td>Foreign Exchange Management Act, 1999</td><td>" Current Account Transactions " Acquisition and transfer of Immovable Property in India " Acquisition and transfer of Immovable Property outside India " Export of goods and services " Compounding of offences</td></tr> </table>	Chap.	Chapter heading	Revision effected	13.	E- Governance	" Director Identification Number (DIN) " List of E-Forms	15.	Corporate Secretarial Practice - Drafting of Resolutions, Minutes, Notice and Report	" Topic 15.1 i.e. "Certain Companies to have Secretaries"	16.	The Securities And Exchange Board of India (SEBI) Act, 1992 - Unit II	" SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 amended upto 13th April, 2010	18.	Foreign Exchange Management Act, 1999	" Current Account Transactions " Acquisition and transfer of Immovable Property in India " Acquisition and transfer of Immovable Property outside India " Export of goods and services " Compounding of offences
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13.	E- Governance	" Director Identification Number (DIN) " List of E-Forms															
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16.	The Securities And Exchange Board of India (SEBI) Act, 1992 - Unit II	" SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 amended upto 13th April, 2010															
18.	Foreign Exchange Management Act, 1999	" Current Account Transactions " Acquisition and transfer of Immovable Property in India " Acquisition and transfer of Immovable Property outside India " Export of goods and services " Compounding of offences															
5.	Advanced Management Accounting	There are no significant changes in the latest edition of the Study Material.															
6.	Information Systems and Control Audit	Chapter 4 on Testing- General and Automated Controls has been revised from the audit/controls perspective. In Chapter 8 on Information Systems Auditing Standards, Guidelines, Best Practices, older version of COBIT has been replaced by the latest version i.e. COBIT 4.1 and BS 7799 has been replaced by ISO 27001.															
7.	Direct Tax Laws	The new study materials are based on the law amended by the Finance Act, 2010 and significant circulars/notifications issued upto 30.4.2010. The relevant assessment year for Direct Tax Laws is A.Y.2011-12. Therefore, these study materials are specifically relevant for May 2011 and November 2011 examinations. Note - The amendments made by circulars/notifications issued between 1.5.2010 and 31.10.2010 are contained in the RTP for May 2011 examination, which has also been hosted on the BOS knowledge portal of the Institute's website.															
8.	Indirect Tax Laws																



Scholarships for CA Students

CA Students are awarded Scholarships by the Board of Studies, ICAI in the months of April and October every year under the following three categories:

Sr. No.	Scholarship Name	No. of Scholarships	Amount (p.m.)	Eligibility Criteria
1.	Merit	30	1250	Granted to students whose names appear at Sl. No. 1-10 of Merit lists of CPT/ IPCC/ PCC of Nov/ Dec 2010 Exam
2.	Merit-cum-Need	30	1250	Available to rank holders of CPT/ IPCC/ PCC Nov/ Dec 2010 Exam provided their parent/guardians total annual income does not exceed ₹1,50,000/-
3.	Need Based and Weaker Sections	50	1000	Available to students of PCC/IPCC/Final provided their parent/ guardians total annual income does not exceed ₹ 1,00,000/-

Applications are invited for the April 2011 Phase for Merit-Cum-Need and Need Based categories; which would be paid w.e.f. April 1, 2011. Merit Scholarships under Serial No. 1 above are automatically awarded to the students whose names appear at Sr. No. 1 to 10 of Merit List and hence they are not required to file/ send any application. For other two categories, the requisite application in required format available on the Institute's Website (www.icai.org) must be filed within the stipulated date.

Notes:

- Applicants should be registered students of PCC/IPCC or Final course.
- Scholarship will be paid to IPCC/ PCC and Final students for a maximum period of 18 months and 30 months respectively or balance period of their articleship.
- For students under SC/ ST/ OBC category, an additional amount of ₹ 100/- p.m. will be paid under Need-based/ Weaker Section Scholarship. They shall have to enclose a certificate/ documentary proof duly attested by a gazetted officer or a member of the Institute.
- One scholarship out of the Need-Based/ Weaker Sections Category is reserved for a Physically Challenged student.

Duly completed and signed Scholarship Application Form in the prescribed formats (Form Number 3 & Form Number 4) should reach the Director, Board of Studies, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, NOIDA-201309 latest by 31st March, 2011.

Director, Board of Studies

February 23, 2011

Re: Change in Examination timings from 9.00 AM-12.00 Noon to 02.00 PM-05.00 PM for May, 2011

Chartered Accountants Examinations

The Candidates appearing in the next Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE), Final Examinations and Insurance and Risk Management Examination of the Institute to be held from **2nd May, 2011 to 16th May, 2011** may kindly note that the Examination Timing has been changed from **9.00 AM – 12.00 Noon** to **02.00 PM - 05.00 PM (IST)** owing to unavoidable circumstances.

Similarly, Examination timings at Abu Dhabi and Dubai Centres will be 12.30 PM to 3.30 PM. UAE local time equivalent to 02.00 PM to 05.00 PM (IST). Examination timings at Kathmandu centre will be 02.15 PM to 05.15 PM Nepal local time equivalent to 02.00 PM to 05.00 PM (IST).

Further to this, please note that there will be no change in the examination schedule in the event of any day of the examination schedule being declared a Public Holiday by the Central Government or any State Government.

**(Dr. T. Paramasivan)
Sr. Deputy Director (Exams)**

Campus Placement Programme for selection of Articled Assistants - April, 2011.

Invitation to Firms of Chartered Accountants and Eligible Students

The Board of Studies of the institute has introduced Campus Placement Scheme for selection of Articled Assistants by CA Firms. The scheme has been evolved to provide an opportunity to the CA Firms having vacancies for Articled Assistants to interact with eligible students interested in undergoing articled training. This is in addition to the Online Placement Service already available at <http://bosapp.icaai.org>.

The Board of Studies of the Institute is organizing the Second Campus Placement in April 2011 for selection of Articled Assistants by CA Firms at the following Regional Councils/ Branches of Regional Councils:

Region	Cities
Western	Ahmedabad, Mumbai, Nagpur and Pune
Southern	Bangalore, Chennai, Ernakulam and Hyderabad
Eastern	Kolkatta
Central	Indore, Jaipur, Kanpur and Ghaziabad
Northern	Chandigarh and New Delhi.

This programme would provide an opportunity to the CA Firms having vacancies for Articled Assistants to interact with eligible students interested in undergoing articled training at Regions/Branches of the Institute at the aforementioned locations.

This Campus Placement Programme is in addition to the Online Placement Service already available at <http://bosapp.icaai.org>. **CA Firms and eligible CA Students for Articles Training desirous of participating in this Campus Placement have to register separately for the Campus Placement programme on the portal at <http://bosapp.icaai.org> as per following schedule,:**

Activity	Opening Date (10.00 a.m.)	Closing Date (10.00 p.m.)
1. Registration of CA Firms	15—Mar-2011	24-Mar-2011
2. Registration of Candidates	15-Mar-2011	24-Mar-2011
3. Availability of Candidates' database to CA Firms and short-listing of Candidates by CA firms	25-Mar-2011	31 st -Mar-2011
4. Consents to be received from candidates in order of preference	01-Apr-2011	7-Apr-2011
5. Availability of data of Candidates from where consents/ confirmations have been received for Interviews/ Interactions:	8-Apr-2011	13-Apr-2011
6. Interview Dates (<i>Exact dates of each centers would be announced later</i>)	Tentatively Between 15-Apr-2011 and 30- Apr-2011	

Please refer to detailed guidelines available on the BoS Articles Placement Portal at <http://bosapp.icaai.org>. In case of any clarification, please get in touch with Shri Rajesh Bhalla, Deputy Secretary, Programme Coordinator, Board of Studies, ICAI Bhawan, A-29, Sector-62, Noida-201309, Tel. No. 0120-3045930/ 31, eMail: bosapp@icaai.org.

Director, Board of Studies

Revision of Study Material of IPCC/PCC, Group –II, Paper-7/6: Information Technology

In the Study Material of IPCC/PCC, Group-II, Paper-7/6, Information Technology, the revision of study material has been carried out keeping in view the latest advances in Information Technology. In chapter 1, 'Introduction to Computers', updation has been carried out in several relevant topics. In chapter 2, 'Data Storage, Retrievals and DBMS' certain topics like Data Types, File organization, RDBMS, Parts of Database, E-R model, SQL queries have been elaborated. Also many new diagrams have been added to the study material.

The revised material is applicable for May, 2011 examination as well.

(Director, Board of Studies)

Empanelment of Schools/ Educational Institutions for holding May-2011 Chartered Accountants Examinations and Common Proficiency Test June-2011

The ICAI conducts Chartered Accountants Examinations in most of the cities in the Country as under:

- (i) Chartered Accountants Examinations
(Timings: 9.00 AM to 12.00 Noon)
 - (a) 2nd May-2011 to 16th May-2011
(Including intermittent Sundays)
- (ii) Common Proficiency Test
(10.30 AM to 4.00 PM with break of 1 1/2 hrs):
 - (a) 19th June-2011 – One day, Sunday

The ICAI requires additional Schools/ Educational Institutions with good infrastructure and facilities in addition to the existing Examination Centres to hold Chartered Accountants Examinations.

Interested parties may see the terms & conditions at the URL <http://220.227.161.86/21600announ12287.pdf>. The existing Schools/ Educational Institutions which are already providing accommodation for CA Exams need not apply. The Terms and Conditions for Empanelment have been given on page nos. 1 & 2. The Format in which the Schools/ Colleges are required to submit their relevant details is given on page nos. 3 & 4. The names of the cities where Chartered Accountants Examinations May-2011 and Common Proficiency Test June-2011 are being held have been given on page no. 5.

Select Cases in Direct and Indirect Tax Laws-2010

Students of Final Course may note that the publication “Select Cases in Direct and Indirect Tax Laws (2010) – An Essential Reading for the Final Course”, relevant for May 2011 and November 2011 examinations, has been hosted at the BOS knowledge portal on the website of the Institute.

This publication contains a summary of important judicial decisions which would enable the students to appreciate the significant issues involved in

interpreting and applying the provisions of direct and indirect tax laws to practical situations. It would also help them to develop knowledge and expertise in legal interpretation.

Students desirous of downloading this publication are advised to use the following link:

http://www.icai.org/post.html?post_id=6742

The said publication would also be made available at the sale counters of branches and regional offices of the Institute.

(Director, Board of Studies)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

24th January, 2011

The next Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final Examinations of the Institute will be held from 2nd May 2011 to 16th May 2011. Notification and detailed announcement thereon have already been hosted on ICAI website www.icai.org.

Applications for admission to Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final examination can be made either through the online mode at <http://icaiaexam.icai.org> or through physical application forms, which are priced as follows:

PCE and IPCE examinations ₹ 100/- per form.

Final examination ₹ 500/- per form

In order to encourage the student community to

take to on-line applications, it has been decided to waive off the cost of application form (i. e, ₹100/- or ₹ 500/- as the case may be) in respect of candidates who fill in their forms online at <http://icaiaexam.icai.org>

and remit the examination fee online by using either VISA or Master credit/debit card.

Students may note the following:

Last date for submission of physical/on-line forms without late fee- 28.02.2011

Last date for submission of physical/on-line forms with late fee of ₹ 500/- 07.03.2011

Students are advised to take advantage of the facility of making on-line applications and save on the cost of the exam form.

(Dr T. Paramasivan)
Sr Deputy Director(Exams)



The Worshipful Mayor of Chennai, **Mr. Ma. Subramanian** inaugurating the convocation II 2010 on 9th January, 2011 at Chennai.



The Dignitaries on the dais at the Convocation 2010



CA. Amarjit Chopra, Immediate Past President, ICAI conferring the Membership Certificate.



Chief Guest, Worshipful Mayor of Chennai **Mr. Ma. Subramanian** being presented with a Memento by **CA. Amarjit Chopra**, Immediate Past President, ICAI.



Col. Dr. G. Thiruvassagam, Vice Chancellor, University of Madras with Central Council Members.



The office bearers of SIRC of ICAI with the President and Immediate Past President of ICAI.



CA. Amarjit Chopra, Immediate Past President ICAI, **CA. G. Ramaswamy**, President, ICAI, **CA. Babu Abraham**, Immediate Past Chairman SIRC along with the Rank Holders.



Photo taken at the occasion of the Valedictory Session of the GMCS Batch held in January 2011.

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CROSSWORD

ACROSS

3. XBRL uses _____ syntax and technology.
5. A person can hold directorship in not more than _____ companies.
7. The ceiling limit for exemption of _____ has been increased from ₹ 3,50,000 to Rs 10,00,000 w.e.f. 24th May 2010.
11. GST Model proposed in India.
12. In accounting, a _____ indicates a liability or a gain transaction.
14. _____ is the amount paid every month as long as the loan amount is outstanding, which goes towards both the interest and principal.
16. The affairs of "Competition" in the market are regulated by the _____.
17. DTC proposes _____ linked tax incentives.
18. _____ is the projected percentage return on an investment, based on the weighted probability of all possible rates of return.
20. A credit rating agency.
22. ICAI has so far issued _____ XBRL taxonomies.
23. The rate of interest on Provident Fund amount under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is enhanced by _____%.
24. India's premier business association of Indian industries.
25. At _____ level of stock the storekeeper should initiate a purchase requisition.

DOWN

1. _____ was the first Development Financial Institution in the country to cater to the long-term finance needs of the industrial sector.
2. _____ is a multi point sales tax with set off for tax paid on purchases.
4. The rate of _____ has been increased from 15% to 18% by the Finance Act, 2010.
6. CRY is an example of _____ in India.
8. Wages paid to supervisors are _____ costs.
9. Copyright for _____ work is not taxable under Service Tax.
10. For _____ budget, classification of fixed and variable cost is useful.
12. A health scheme to provide comprehensive health care facilities for the Central Govt. employees.
13. _____ messaging, refers to the exchange of brief written messages between fixed-line phone or mobile phone and fixed or portable devices over a network.
15. Method of computation of VAT prevalent in India.
16. Recently RBI has issued regulatory framework for _____ investment companies.
19. A performance measure used to evaluate the efficiency of an investment
21. External _____ is a voluntary transfer of resources from one country to another, given at least partly with the objective of benefiting the recipient country.