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The Chartered Accountant Student

Your Monthly Guide to the CA News, Information & Events

STUDENTS' JOURNAL

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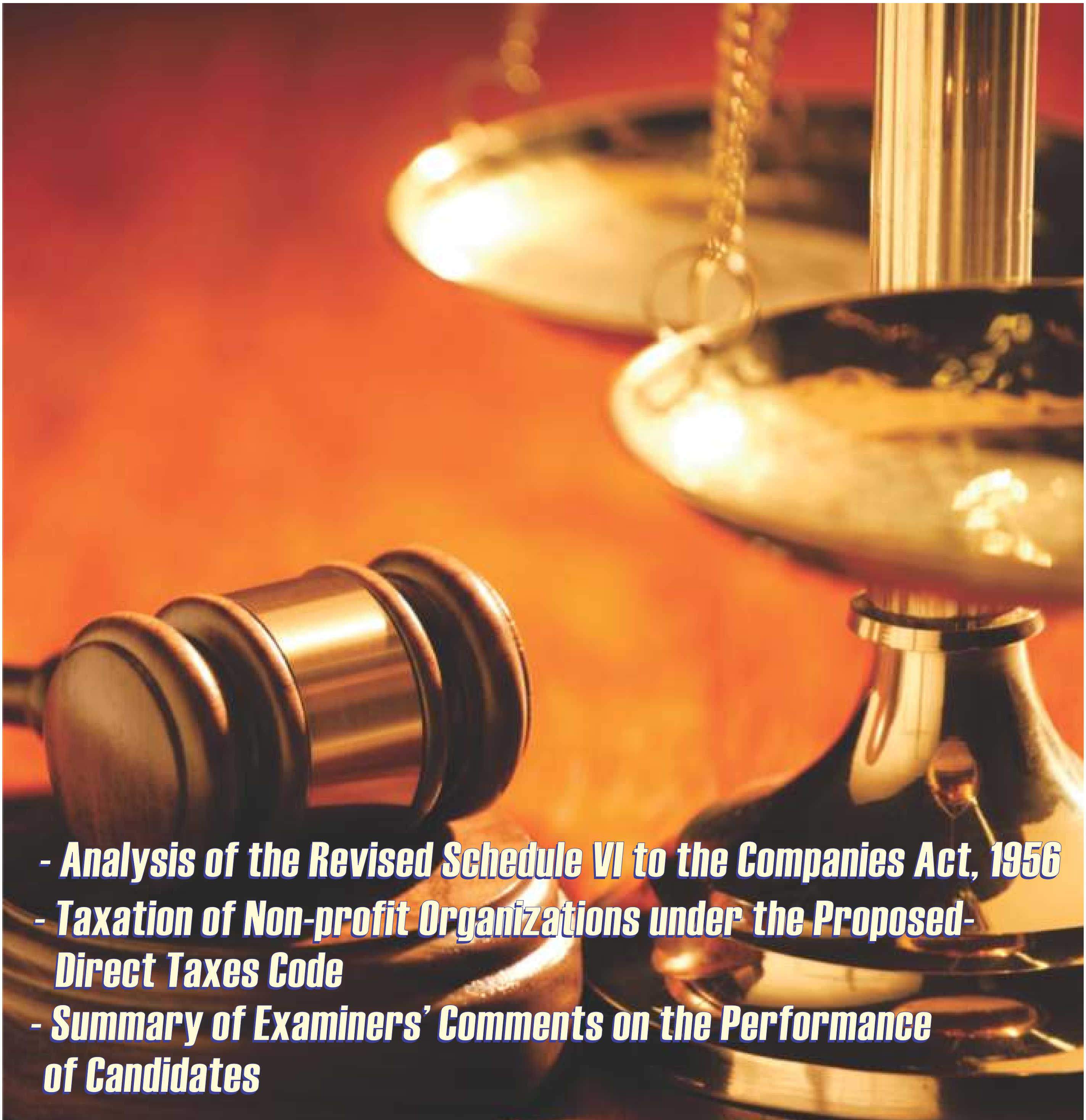


- *Analysis of the Revised Schedule VI to the Companies Act, 1956*
- *Taxation of Non-profit Organizations under the Proposed-Direct Taxes Code*
- *Summary of Examiners' Comments on the Performance of Candidates*

President's Communication

Dear Students,

It gives me immense pleasure to communicate with you as the new President of the Institute. Students have been very close to my heart. I consider myself fortunate to work for the cause of students as the Chairman of Board of Studies for four times and once as its Vice-Chairman. Now, when I have been assigned greater responsibilities it would be my endevour to continue to serve the interest of students besides working towards the growth of profession.

The previous Presidents of the Institute, through their hard-work and dedication have achieved a lot. Their achievements have created a very high set of benchmarks for us. I will pray to the God to provide me enough power so that I can prove worthy of my Job. At this juncture, I pledge to do my best specially for the progress of our Institute and for the betterment of our Accounting Profession. Highly stimulating and challenging responsibilities are ahead. It is my firm belief that with the help and whole-hearted support of all the stakeholders, we can ensure that the accountancy profession continues to grow, enhancing its public value in the society.

As you know that, the challenges facing professional accountants are both complex and pressing. It is an undisputed fact that an effective response to these challenges will not come from temporary or piecemeal solutions. We have to produce excellent professionals to meet the challenges. Our Institute provides the best infrastructure, learning facilities and technical skills in all the key areas of accounting profession. We would also like to further revitalize our education and training systems and establish an enabling ecosystem to produce globally competitive accounting professionals. As a part of our new initiative to strengthen education and training initiatives, we would like to update the chartered accountancy course curriculum to satisfy the needs of the students, employers and the society as well. As a first step, we are planning to analyze the course curriculum of leading accounting bodies. To redesign our curriculum, a survey would be conducted to reflect the requirements of students, industry, government and other regulators. All efforts would be made to reinforce the theoretical education with application-based learning. Further, real life examples and case studies would be included in the curriculum.

The Chartered Accountancy qualification is considered as a leading accounting qualification because the theoretical learning is coupled with a component of practical experience. The theoretical component involves completing various papers whilst employed in a recognized accounting role, which represents the practical experience component. The purpose of the rigorous three years of practical experience for students is to build on their academic qualifications by applying theoretical knowledge and developing the professional skills and values relevant to their specific job. The chartered accountancy firms provide the professional environment for articles to develop and apply their professional knowledge and skills.

It is also in the workplace where they normally encounter with real professional issues. Considering the importance of articleship training, we felt that a monitoring system should be in place. Hence, the Institute proposes to introduce an e-Diary system to monitor the articleship training. Moreover, it is also in our mind to conduct survey among the articles to assess the quality of articleship training. Programmes would be developed for effective articleship training. To help the students to familiarize with corporate world, the Institute will organize student's visits to banks, Industry and regulatory organizations.

We believe that the soft-skills are highly critical for becoming a successful professional. Emphasis would also be given to the development of soft skills of students. Steps would be initiated for improving the communication skills of the students.

In the contemporary age of specialization, the practice of chartered accountancy has a number of facets from which a budding Chartered Accountant may choose. We, at the Institute, are trying our best to ensure that all possible doors are opened for the students who will join the profession in coming years. I hope that the student community will enthusiastically respond and support the Institute's initiatives for the advancement of the accounting profession.

During my tenure as President of the Institute, I shall endeavour to see that your path to a successful professional life is smoothened. I wish to congratulate all those who have passed the examinations held in November, 2011.

Wish you all the best.

Yours sincerely,

CA. Jaydeep Narendra Shah
President, ICAI, New Delhi

Vice-President's Communication

Dear Students,

It gives me immense pleasure to write to you as the new Vice-President of our august Institute through the medium of Students' Journal. I am thankful to my colleagues and CA fraternity for the big responsibility that has been assigned to me. I pray to the Almighty, to give me enough strength to work with dedication and integrity and take the Institute higher on its virtuous path. With great humility, I wish to discharge this responsibility and work for the benefit of the students, members, profession of chartered accountancy and society.

Chartered Accountancy is one of the finest courses, wherein you are helped to sharpen your acumen and develop competencies in the area of accounting, finance, taxation, management and so on. Practical training and personality development related measures help you mould yourself into a total professional. All through my professional career, students have been close to my heart. I firmly believe that the students are the future as well as the hope of the profession. The profession also enjoys significant strengths and opportunities, based on the profession's core values of objectivity, integrity and commitment to protect the public interest, as well as the quality of its education and training.

The world is fast changing and the finance professionals will have a significant role to play in the global scenario. Around the globe, the demand for professional accountants and their broad range of knowledge and skills that add value to business continue to grow. In the public sector also, accountants need to demonstrate their leading role in public sector reforms, delivering effective financial management and sound stewardship of public funds. In all sectors, professional accountants recognize the importance of building relationships with their clients and internal customers, based on trust and independence as much as technical expertise. So, it is appropriate for you to equip yourself during the student days with an excellent knowledge base, not only with a view to pass the examinations but to emerge successful in the competitive environment.

In my opinion, the best way you can succeed in the CA examination is to spread your preparations over several months from the day commence your course. This will definitely help you to avoid stress and strain in learning. Carefully plan your studies to complete your preparation at least one month prior to the examination. You should plan your schedule so that your time is distributed equally for the preparation of all the subjects. If you succeed in this, it is possible for you to overcome any difficulty and qualify your examinations with good percentage.

Compared to other professional courses, our CA course has its own uniqueness as it is devised and developed to offer you an exposure of both theoretical and practical aspects. The articleship training programme of the CA course is the backbone in framing a strong base for the application of theory into practice. I would therefore like to advise you to develop a high level of concentration while pursuing your articleship. I firmly believe that an honest and sincere approach towards your articleship will definitely yield rich dividends in all your professional endeavours.

As you know that the profession of chartered accountancy warrants a strong base on soft skills and IT knowledge. These are the areas where you are expected to concentrate a bit. Soft skills and IT knowledge play an important role in silhouetting career of successful CAs. Never consider the 100 hours IT training lightly. I advise you to participate very seriously in the Institute's programmes on Professional Development Skills and IT Training.

It is very easy to pronounce the word 'success'. But it requires a lot of pain and persistent efforts to achieve it. Success comes to those who believe in themselves and work towards it. Strong determination and will-power will definitely help you to achieve your goals. But one thing you must remember that you should have a clear idea about your destination. If you are not clear about what you wish to achieve, you can never end up there. In your journey towards success, you may encounter small setbacks. But never give up. Resume your journey with strong determination. You will be victorious and you will rejoice with the feeling of accomplishment.

I take this opportunity to wish you all a bright and prosperous career ahead and a wonderful and cheerful Holi festival.

Yours sincerely,

S K Agrawal

CA. Subodh Kumar Agrawal
Vice President, ICAI, New Delhi.

Chairman's Communication

My Dear Students,

I am delighted to communicate to you as the Chairman, Board of Studies. At the outset, I put on record my gratitude to President CA Jaydeep Narendra Shah and all the Council members for reposing faith in me and entrusting me with the overall responsibility of Board of Studies. I am confident that under the dynamic leadership of President CA Jaydeep Narendra Shah and Vice President CA Subodh Agrawal, I shall be able to carry out these responsibilities. With the active cooperation of my enthusiastic Vice Chairman - CA Madhukar Hiregange and all the members of the Board of Studies for the year 2012-13 we will take new initiatives in the interest of students.

The Board of Studies, as you are aware, is the academic wing of the Institute and it carries out wide array of functions, which help in furthering your overall development. Besides, writing and revising the Study Material, Suggested Answers, Revision Test papers, it also organizes National Seminars and Conventions in which contemporary topics relevant to the Profession are deliberated upon. Students all over the country are encouraged to actively participate in these events as these provide them with a forum to exchange views with their fellow students and also the subject experts. The Board of Studies also encourages Branches to organize One day Seminars and other programmes including Youth festivals and Sports events. It also holds Quiz and Elocution Contests at Regional and National Levels. Apart from the above, it also brings out the Students Journal - **The Chartered Accountant Student** every month to keep you updated about the students' related activities and events. This Journal also acts as a forum for you to voice your thoughts, ideas and suggestions. We elicit your feedback to make it more effective.

We at the ICAI are continuously in process to provide you the best available educational facilities so as to enable you to strive for excellence in this IT enabled world. One such recent initiative is the E-Learning programme launched by the Board of Studies. To begin with, e- learning modules of CPT subjects are being launched. On their successful launching, work at other levels will be started. I hope CPT students will take full benefit of this IT- enabled service of the Institute.

You will agree with me that in today's professional world, effective communication skills are keys to unlock the doors of success. Being well aware of this, the Institute launched General Management and Communication Skills Course (GMCS) few years back. This was augmented with Residential Programme on Professional Development and Communication Skills. To make it more contemporary, the GMCS course's syllabus has been thoroughly revised. It will now be conducted at two phases -GMCS I and GMCS II. Students in the first year of articleship will have to undergo GMCS I and students in the third year of articleship will have to undergo GMCS II.

Students have always been the biggest priority for the Institute. That is why it takes initiatives, which boost your confidence and help you overcome your examination fears. One such initiative is the publication of the booklets "How to Face CA Examination" for IPCC and Final students and "How to face CPT" for CPT students. These booklets not only give general tips but also give subject wise approach guidance. The revised versions of these booklets are available free of cost at all our Branches .Do read these booklets and plan your studies accordingly.

I am well aware that many of you would be gearing yourselves to prepare for the forthcoming May examinations. The keys for success in examinations are not only academics, hard work and sincerity but also positive attitude, enthusiasm and self-confidence. In order to assist students in their preparation for the examination, the Board of Studies holds Mock Tests for all levels of students. Two sets of Mock Tests are being prepared by the BOS and soon they will be made available with the Regions and Branches. I suggest you to take both of these Tests as they will help you not only in revising your syllabus but also point out your weak areas, which you can work upon to improve.

Before, I conclude my message, I wish to emphasize that our profession is very dynamic, demanding and rewarding. If offers you to lead a professional life of honour and prestige. To excel in your endeavours, even as students, imbibe and follow the mantras of honesty, integrity and ethics in your conduct and in deeds, which will keep you in good stead throughout the year.

Victory is not the property of brilliant. It is the crown for those who bow themselves in front of hard work and confidence.

Wishing you all the best,

Yours sincerely,

N.S. Vikamsey

CA Nilesh Vikamsey

OUR NEW PRESIDENT

CA. JAYDEEP N. SHAH
President, ICAI

A man of efficiency and discipline and a combination of intellect, prudence and professional excellence, CA. Jaydeep Narendra Shah has become the supreme torch-bearer of Indian accountancy profession as the President of Institute of Chartered Accountants of India (ICAI) for the year 2012-13. Having a deep-rooted interest in academic discipline, he has been a fellow member of the ICAI with more than 24 years of standing and an outstanding track record of constant and dedicated service to accountancy profession. He was elected as the President of the ICAI by the 21st Council of the Institute on February 12, 2012. Bestowed with exceptional organisational and administrative skills, he was serving as the Vice President of the ICAI for the year 2011-12. A man of his word with a penchant for hard work, he has always dazzled his fellow members with his altruistic and selfless service to the profession that he has been serving since 1987 with an inextinguishable enthusiasm.

CA. Jaydeep Narendra Shah has shown his professional skills and acumen in all tasks and responsibilities assigned to him both at the international, national and Council level. A resident of Nagpur, Maharashtra, CA. Shah started his illustrious 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 for three terms since 2004.

An ardent proponent of 'brand Indian CA' and accountancy profession globally, CA. Shah is also currently a member of International Accounting Education Standards Board (IAESB) of International Federation of Accountants (IFAC) for the period January 2012- December 2014 besides being on the board of the Confederation of Asian and Pacific Accountants (CAPA) and a member of CAPA Sub Committee on Environmental Accounting. He is also an elected member of the Nominations Committee of XBRL International for the period October 2011-October 2013 in addition to being a member of Asian Oceanian Standard Setters Group. He has also been nominated on South Asian Federation of Accountants Assembly (SAFA) and the SAFA Board.

At the national level, he has been an outstanding facilitator of ICAI as 'Partner in Nation Building'. As such, he has been nominated on 'Central Direct Taxes Advisory Committee' constituted by the Central Board of Direct Taxes, and on 'Regional Direct Taxes Advisory Committee.' He is also a member of 'RBI Sub-Committee (Audit) of the Board for Financial Supervision,' Reserve Bank of India's 'Working Group to Study the Scope and Effectiveness of Concurrent Audit in Banks,' 'Working Group constituted for addressing implementation issues and formulation of operational guidelines in the context of IFRS convergence for banks and NBFCs in India,' 'Working Group to review the norms for empanelment of statutory auditors in public sector banks,' and 'Task Force for Working Groups of G20'. He also represents the ICAI in the 'Insurance Advisory Committee' constituted by the Insurance Regulatory and Development Authority (IRDA), and in 'High Level Steering Committee for Implementation of XBRL-based Data Submission by Banks.' CA. Shah is also the Chairman of XBRL India.

Under the Ministry of Corporate Affairs, CA. Shah is a member of 'National Advisory Committee on Accounting Standards,' 'Working Group for matters related to trade in accounting, book-keeping and auditing services and other related issues,' 'India-UK (Indo-UK) Task force on Corporate Affairs,' 'Task Force in regard to the Plan Budget of the Ministry of Corporate Affairs for the 12th Five Year Plan, 'Working Group in the areas of Corporate Governance, Corporate Social Responsibility and other aspects of Corporate Affairs' (in connection with Agreement inked by MCA with the Ministry of Economic Affairs, Agriculture and innovation of Netherlands on Corporate Governance and Corporate Social Responsibility) He is also a member of Indian Team under India-UK Accountancy Task Force.

A thorough professional, CA. Jaydeep Narendra Shah has also been nominated on 'Audit Advisory Board,' 'Government Accounting Standards Advisory Board (GASAB) for Union and the States,' and Audit Boards for conducting performance audit of `Corporate Social Responsibility of the PSUs in Steel Sector covering issues of safety, environment, fraud and corruption and ethical practices' and performance audit of `Fund Management and Special Purpose Vehicles of Power Finance Corporation and Rural Electrification Ltd,' of C&AG, besides being on the 'Committee on Internal Audit' constituted by the Office of Controller General of Accounts.

He has also been nominated on the 'Advisory Body (Ad-hoc Task Force (ATF)) for finalising the MoU between Administrative Ministries and the Managements of the PSEs' constituted by the Ministry of Heavy Industries and Public Enterprises besides being on the 'Task Force of Department of Public Enterprises to provide professional and technical support to DPE in the process of finalisation of MoU documents.' He is also representing the Institute on the 'Advisory Committee on Mutual Funds' constituted by Securities & Exchange Board of India, 'Governing Body of the National Institute of Public Finance And Policy,' and in the 'High Level Committee' constituted by Ministry of Finance's Department of Economic Affairs for the G20 issues alongwith Inter-ministerial Meeting on G-20. He is also a member of 'Panel of Experts on Reforms in Central Public Sector Enterprises constituted by Planning Commission.

A seasoned professional, he is Director (Ex-Officio) of the Accounting Research Foundation of the Institute of Chartered Accountants of India besides being a member of the ICAI-IFRS Task Force of the Institute. He has been actively involved with the functioning of the Central Council of the Institute in various capacities, viz. as Vice President and Chairman, Vice-Chairman and member of its various Committees. As President, he is the chairman of all the standing committees of the ICAI viz. Examination Committee, Finance Committee and Executive Committee besides being Presiding Officer of the Board of Discipline (Under Section 21-A), Disciplinary Committee (Under Section 21-B), Disciplinary Committee-Satyam Bench (u/s 21-B)and chairman Disciplinary Committee (under section 21D). He is the ex-officio Member in all the Non-Standing Committees of ICAI and Editor of *The Chartered Accountant* journal.

He is also leader of Coordination Committee with Sister Institutes. Presently, he is also Chairman of International Affairs Committee, Public Interest Advisory Committee and Vision and Perspective Planning Committee and Co-ordination Committee with Sister Institutes. Earlier, he has also been the Chairman Board of Studies for 4 years and also Chairman for Committee for Commerce Education & Career Counseling, Ethical Standards Board, HR and Administration Committee and Financial Reporting & Review Board. He has also served as Vice-Chairman of the Committee for Financial Market and Investor Protection, the Peer Review Board, the Committee on Information Technology and Capacity Building and Small & Medium Practioners Committee.

Before being elected to Central Council, CA. Shah served at various Committees of the Western India Regional Council of ICAI for nine years (1995-2004) in various capacities, including as the Vice-Chairman of WIRC of the ICAI for the year 1997- 98. He was also a member of Managing Committee of Nagpur Branch of WIRC of ICAI during 1991-95 and served as its Secretary for 1991-92, 1992-94 and Chairman for 1994-95.

As an avid academic, CA. Jaydeep Narendra Shah has attended and contributed to numerous national and international seminars and conferences on the issues of professional interest including on E-learning initiatives of ICAI at International Innovation Network's conference in Hong Kong, on Initiatives on Education for Chartered Accountancy Course at International Conference in Dublin, Ireland, and in the International Conferences held on Investment Strategies and Networking of firms in Nepal, showing his passion for the profession and its core concerns.

Having been a student of thorough merit and brilliance, CA. Jaydeep Narendra Shah had secured first rank in M. Com in the Nagpur University. He, therefore, was awarded P Satyanarayanan Gold Medal and an Award from the Jawaharlal Nehru Memorial Fund. He passed B.Com from Nagpur University Standing 8th in the order of Merit and has also been a recipient of Government of India Open Merit Scholarship. He has also been a member of Board of Studies, Accounts and Statistics Board of Nagpur University for 3 years, and a visiting faculty to 47th IRS batch in National Academy of Direct Taxes.

OUR NEW VICE-PRESIDENT

CA. SUBODH K. AGRAWAL
Vice-President, ICAI

A combination of erudition, foresight and professional excellence, CA. Subodh Kumar Agrawal has become the Vice President of the Institute of Chartered Accountants of India (ICAI) for the year 2012-13. A fellow member of the ICAI with 23 years of standing, he was elected as the Vice President by the 21st Council of Institute on February 12, 2012. An altruistic hard-worker bestowed with exceptional organisational, networking, administrative and leadership skills, he has been serving as Central Council member for two terms since 2007. An illustrious and versatile accountancy professional since 1988, he is known for his passion for professional uplift.

Hailing from Kolkata, he has specialisation in the area of Internal and Statutory Audit of Private and Public Sector Entities *viz.* Banks and Insurance Companies. He has also been providing Consultancy Services in the fields of Accounting & Auditing, particularly matters relating to Indian and International Auditing and Accounting Standards, Corporate Laws, Corporate Governance, Restructuring of Business - Mergers, Amalgamations, Demergers, SEBI and NBFC Matters, etc.

Having passionately represented Indian accountancy profession on the international front, he has been nominated on the 'Committee on Professional Ethics and Independence' of South Asian Federation of Accountants (SAFA). Besides, he has also been an ICAI nominee on various Committees of SAFA, including Committee for Improvement in Transparency, Accountability and Governance, Committee on Professional Accountants in Business and Committee on Quality Control Review. He has also put forward Indian accountancy profession's views in the meetings of International Ethics Standards Board for Accountants of IFAC at New York and its International Standards Setters meeting at Toronto.

An outstanding facilitator of ICAI and accountancy profession as a leading partner in nation building, he has been nominated on the 'Working Group' constituted by the Competition Commission of India and on 'Committee of Experts' constituted by the Ministry of Corporate Affairs to prepare a fresh Inspection Manual. He also represents ICAI in the 'Standing Committee on Accounting Issues' constituted by Insurance Regulatory and Development Authority and in the 'Committee to review SIDBI's lending to MSME Sector.' Presently, he is also a member of the '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. Earlier also, in 2008, he was appointed as Task force Member by Department of Public Enterprises for MoU in Mining and Metal Sector and in the year 2009, he was appointed as Task Force Member by Department of Public Enterprises for Petroleum – II. He has also commendably performed as member of Banking and Financial Services Sectional Committee - MSD 7 constituted by Bureau of Indian Standards, Regional Advisory Committee of Central Excise Commissionerate, Technical Group on Institution & Market Structure of the Committee on Financial Sector Assessment constituted by RBI, and member of SEBI Primary Market Advisory Committee. He is also an Independent Director in 'M/s Gujarat NRE Coke Ltd'. and 'Accounting and Research Foundation' (ARF) of the ICAI.

A seasoned professional with a futuristic vision, CA. Subodh Kumar Agrawal, in his illustrious inning in Council, has served the profession holding important positions in both Standing and Non Standing committees of the ICAI. As the Vice President of the ICAI, he is Vice-chariman of all the Standing Committees and also the Member *ex-officio* in all Non-standing Committees of ICAI and Joint Editor of *The Chartered Accountant* journal.

He has made noteworthy contributions in whatever capacities he served the profession, particularly as Chairman 'Committee for Members in Industry (2010-11), Audit Committee (2008-09), Public Finance Committee (2008 and 2009) and as a member of Executive committee of ICAI (2007). He has also distinctly served as Convenor the group for Satyam Report - High Powered Committee (2010-12).

During his years in ICAI Council, he has also remarkably contributed as Chairmen of Committee for Member in Industry and Ethical Standard Board and member in various Non-Standing Committees such as Accounting Standards Board, Auditing and Assurance Standards Board, Direct Taxes, Indirect Taxes, International Taxation, etc.

Before his election to the Central Council of the ICAI, CA. Agrawal has also made wide contributions in Eastern India Regional Council as he became the Secretary of the EIRC of ICAI in 2004, Vice Chairman in 2005 and then its Chairman in 2006. It was under his dynamic chairmanship that Eastern India Regional Council was honoured with 'Best Regional Council award' in the year 2006.

Known for his hard work and selfless service to the accountancy profession, CA. Subodh Kumar Agrawal is also a prolific speaker and has addressed various seminars, symposia and conferences at national, regional councils, branches and ICAI Study Circles level across the country on various issues of professional interest. He has also addressed other organisations of national and international repute on topics like Bank Audit, Corporate Governance, Micro Finance, NGO, Derivatives, Right to Information Act, CAAT, CARO, Accounting Standards, Auditing Standards and LLP, etc.

Having been a brilliant student, CA. Subodh Kumar Agrawal secured 10th rank in Final examination of Chartered Accountancy in the year 1988. He did B.Com (Hons) from Kanpur University.

His other areas of interest include sports and reading management and professional books.

OUR NEW CHAIRMAN, BOARD OF STUDIES

CA. NILESH VIKAMSEY
Chairman,
Board of Studies

CA. Nilesh Shivji Vikamsey, a Fellow Member of the Institute of Chartered Accountants of India, has been nominated as the Chairman of the Board of Studies of ICAI for the year 2012-13. A Diploma holder in Information System Audit (DISA), Nilesh Vikamsey has also pursued Business Consultancy Studies Course of Bombay Chartered Accountants Society, organized jointly with Jamnalal Bajaj Institute of Management Studies (JBIMS) in 2000-2001.

He has been a member of the Central Council of the Institute of Chartered Accountants of India for 2010-2013. In addition to the Chairmanship of Board of Studies, he is currently holding Vice Chairmanship of the Committee on Banking, Insurance and Finance. He has also been nominated as Member of the Accounting Standards Board, Auditing and Assurance Standards Board, Editorial Board, Expert Advisory Committee, Ind AS (IFRS) Implementation Committee, Committee on Information Technology, Internal Audit Standards Board, Professional Development Committee, Public Interest Advisory Committee and Research Committee.

Earlier, he has served as Chairman of the Research Committee and Vice Chairman of the Corporate Laws and Corporate Governance Committee and Financial Reporting Review Board.

He has been nominated by ICAI to represent the Institute on the Committee for Improvement in Transparency, Accountability and Governance (ITAG) of South Asian Federation of Accountants (SAFA). Apart from being a Member of SEBI Committee on Disclosures and Accounting Standards (SCODA), CA. Nilesh Vikamsey is also Member of the IRDA--Working Group for developing Indian Specific ACORD Standards for the Indian Insurance Market and Committee on Road Map for Risk Based Solvency Approach in Insurance Sector Member of LLP Committee of the Ministry of Corporate Affairs (MCA).

He is also a Member of the Professional Development Committee & Management Accounting Committee of WIRC of ICAI; Accounting and Auditing Committee of Bombay Chartered Accountants Society (BCAS) and in its Core Group. He is a Member of Law, Review, Reforms & Rationalization Committee of Indian Merchants Chamber, Legal Affairs Committee of Bombay Chamber of Commerce and Industry (BCCI) and Member of the Corporate Members Committee of The Chamber of Tax Consultants (CTC). He is on the Board of Directors of ICAI-Accounting Research Foundation.

He has also been nominated to the Study Groups formed by ICAI on Amendment to Chartered Accountants Act, Review of Examination Process, Proposed Accounting Standard - 30 on Financial Instruments - Recognition & Management, Considering Developments on Fair Value Accounting (AS 30) post Sub - Prime Crisis, Approaching the Government and Regulatory Authorities for Convergence with IFRS, Alternate Dispute Resolution Mechanism for disputes between members or students and Revision of Accounting Standard - 5.

CA. Nilesh Vikamsey is a Director of a leading private sector Bank and a few financial and Private Limited Companies.

His work profile extends to diverse fields like Management Consultancy, Corporate Restructuring, Due Diligence, Valuations, Strategic Planning, Mergers & Acquisitions, System Studies & Manuals, Consultancy in FEMA, Buyback of Shares, Company Law and Feasibility Studies.

OUR NEW VICE-CHAIRMAN, BOARD OF STUDIES

CA. MADHUKAR N HIREGANGE
Vice-Chairman, Board of Studies

Madhukar N Hiregange, a Fellow Member of the Institute of Chartered Accountants of India, is a Bachelor of Commerce from Bangalore University. He also possesses the DISA (ICAI) and CISA qualifications. He has authored 12 books on Central Excise, Service Tax, Karnataka VAT and Excise / Service Tax audit besides two online books on Service Tax and Central Excise.

He has been active in spreading awareness and knowledge through seminars, articles, online replies including pdicai.org. He has been a visiting faculty to various Professional and Management Institutes including the IIM, Bangalore. Being elected as the Central Council Member of the Institute of Chartered Accountants of India for the term 2010-13, he has the vision to enhance the credibility of the profession, strengthen the professionals in practice and employment. He has the ambition to make course less painful and burdensome, while enhancing the quality of the education for the students coming out successful through the Course.

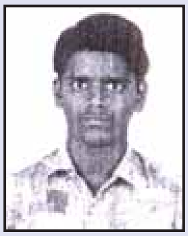
CA Madhukar has been elected as the Chairman of the Indirect Taxes Committee for the year 2012-13. He aims to make the Indirect Tax laws in India simple, certain and fair and create an awareness about the potential of opportunities available to practitioners of Indirect Taxes in India.

Being the Vice Chairman of the Board of Studies for the current year he aims at having a more contemporary curriculum, enhanced skill and technology training for a longer period, more standardized and effective IT Training and GMCS Course. He is also looking at making the educational material more readable.

He is the Managing Trustee of "Empower Education Foundation". Being interested in education of lesser privileged CA Madhukar N Hiregange believes in "Value Based Practice and Life".

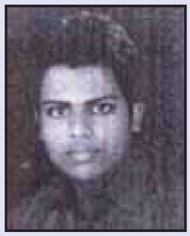
TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS

IPCC Examination, November-2011



DAGGUPATI GURU PRASAD
First Rank
Kadapa

ASTHA MONGIA
Second Rank
Panchkula



VASU SINGAL
Third Rank
Sri Ganga Nagar

PCC Examination, November-2011

BHAGIRATH SINGH RATHORE
First Rank
Bangalore

PAKALA MOUNIKA
Second Rank
Warangal

TINKU KUMAR JHA
Third Rank
Mumbai

Our heartiest congratulations!!

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Editor: CA. Nilesh S. Vikamsey
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Analysis of the Revised Schedule VI to The Companies Act, 1956

CA. V. Rajagopal

The financial health of a Company is assessed by its stakeholders mainly through its annual audited financial statements. The financial statements format is stipulated by the Ministry of Corporate Affairs (MCA) in Schedule VI to the Companies Act, 1956. Vide notification dated 28.2.2011 the MCA has comprehensively revised the Schedule VI which would be mandatorily applicable for all Corporate financial statements prepared for periods from 1.4.2011 with the exception of companies in the insurance and banking sectors and those engaged in the generation and supply of electricity. For companies in such sectors a separate form of Balance Sheet has been prescribed.

With a view to improve the transparency and disclosure levels in the financial statements the revised Schedule VI has introduced new terms, mandated additional disclosures and changed certain groupings. Some existing disclosures have been done away with. It has been clarified that the disclosure requirements specified are in addition to that mentioned in the Accounting Standards prescribed under the Companies Act, 1956. Such disclosures shall be made in the notes to accounts or by way of additional statement unless they are required to be disclosed in the face of the Financial Statements. Similarly addition, amendment, substitution or deletion in the head/ sub head or any changes interse, in the financial statements or statements forming part thereof may be made to comply with the requirements of the Companies Act, 1956 including Accounting Standards as applicable. The salient changes are analysed below

A. Balance Sheet: The Balance Sheet format is stipulated as under:

Name of the Company…………

Balance Sheet as at…………

	Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	1	2	3	4
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' funds**			
	(a) Share Capital			
	(b) Reserves and surplus			
	(c) Money received against share warrants			
(2)	**Share application money pending allotment**			
(3)	**Non-current liabilities**			
	(a) Long-term borrowings			
	(b) Deferred tax liabilities (Net)			
	(c) Other Long term liabilities			
	(d) Long-term provisions			
(4)	**Current liabilities**			
	(a) Short term borrowings			
	(b) Trade payables			
	(c) Other current liabilities			
	(d) Short term provisions			

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II.	ASSETS			
	Non-current assets			
(1)	(a) Fixed assets			
	(i) Tangible assets			
	(ii) Intangible assets			
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(b) Non-current investments			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets			
(2)	**Current assets**			
	(a) Current investments			
	(b) Inventories			
	(c) Trade receivables			
	(d) Cash and cash equivalents			
	(e) Short-term loans and advances			
	(f) Other current assets			

1. The headings of the Balance Sheet has been changed from 'Sources of Funds' and 'Application of funds' to 'Equity and Liabilities' and 'Assets' respectively.
2. Detailed notes are to be given relating to the share capital. These include particulars of rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and repayment of capital. Terms for conversion of any security issued to equity/ preference shares along with the earliest date of conversion need to be disclosed. Disclosures include shares held by the holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company and the name and shareholding of each shareholder holding more than five percent shares. This would be useful for analysts to understand the holding pattern and track the changes therein.
3. Details of aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash, details of shares allotted as fully paid by way of bonus shares and details of shares brought back now need to be disclosed only for the period of five years immediately preceding the balance sheet date. Changes in share capital by such methods for the period exceeding five years need not be brought out.
4. Amount received against issue of share warrants is to be brought out in the face of the Balance Sheet. This would give information with regard to how much warrants exist for conversion to equity shares and thereby highlighting the potential dilution to the equity capital.
5. **Reserves and Surplus**
   a) Nature, purpose and amount of each item of other reserve is to be specified
   b) Additions, deductions since last Balance sheet under each of the specified heads to be disclosed
   c) A reserve specifically represented by earmarked investments shall be termed as `fund'
   d) Debit balance of statement of profit and loss (carried forward loss) shall be shown as negative figure under the head `Surplus'. Similarly the balance of `Reserves and Surplus' after adjusting negative balance of surplus, if any, shall be shown under the head `Reserves and Surplus' even if the resulting figure is negative. Consequently a company continually incurring losses could reflect a negative figure under `Shareholders funds' in the balance sheet. Earlier a debit balance in the profit and loss account would be reflected in the assets side under `Miscellaneous expenditure and losses'.
6. The disclosure requirements for share application money received for allotment of securities have been stringently enhanced. The following details now need to be disclosed:
   a) Terms and conditions including the number of shares proposed to be issued and the amount of premium, if any, and the period before which the shares shall be allotted

b) Whether the company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of share application money.

c) The period for which the share application money has been pending beyond the period of allotment as mentioned in the document inviting application of shares along with the reason for the same

Share application money not exceeding the issued capital and to the extent not refundable shall be shown under the head Equity. Share application money which is refundable i.e amount in excess of subscription or in case the requirements of minimum subscription are not met shall be shown under 'Other Current Liabilities'.

7. Identification of current liability and current asset shall be with reference to the company's normal operating cycle. This is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The normal operating cycle would require to be identified and may vary for different product lines of the Company.

8. A liability shall be classified as current if any of the following criteria is satisfied:

   a) Expected to be settled within the normal operating cycle

   b) Held primarily for the purpose of being traded

   c) Due for settlement within twelve months after reporting date

   d) There is no unconditional right for the company to defer settlement of liability of at least twelve months after the reporting date.

   Other liabilities would need to be categorised under `Non-current liabilities'.

9. Earlier current liabilities would be set off against the current assets to reflect the net working capital funds. Now current liabilities would need to be disclosed in the liabilities side of the Balance sheet.

10. The sub classification of account heads under the stipulated items of non current liabilities have been specified. Saliently:

    a) Bonds/ debentures (along with the rate of interest and particulars of the redemption/ conversion) shall be stated in the descending order of maturity/ conversion

    b) Period and amount of default in loans/ interest shall be specified both for long term and short term borrowings

11. **Fixed Assets:** It would now be necessary to bifurcate the tangible and intangible assets. Capital work in progress and intangible assets under development would need to be separately identified. Stakeholders would be able to clearly review the constitution and changes in these sub heads and identify where the funds are being deployed. Saliently:

    a) Assets under lease would need to be specified

    b) Write offs/ reduction of capital or revaluation of assets shall be disclosed for a period of five years.

    c) Intangible assets would need to be bifurcated into the specified sub categories and the changes therein during the accounting period brought out

12. **Non-current investments:** Earlier both current and non-current investments were reflected under the head investments. Now they are to be disclosed separately under the head current assets and non-current assets respectively. Non-current investments are to be brought out in the specified sub heads with details including names of bodies corporate, whether subsidiaries, associates, joint ventures etc. For investments in partnership firms the firm name, its partners and the shares of each partner shall be given.

13. **Other non-current assets:** The break-up of other non-current assets in the specified sub heads need to be disclosed. These include long term trade receivables with the amount of allowance for bad and doubtful debts.

14. **Current assets:** An asset shall be classified as current if any of the following criteria is satisfied:

    a) Expected to be realised/ sold/ consumed within the normal operating cycle

    b) Held primarily for the purpose of being traded

    c) Expected to be realised within twelve months after reporting date

    d) Is cash/ cash equivalent unless restricted from being utilised for atleast the next twelve months

    Pertinently the term `Sundry debtors' has been replaced with the term `Trade receivables'. Trade receivable has been defined as amount due on account of goods sold or services rendered in the normal course of business. Other receivables would not be included herein.

    Cash and cash equivalents would need to be bifurcated into the stipulated break up which would include cheques, draft on hand

B. STATEMENT OF PROFIT AND LOSS

The format of the Statement of Profit and Loss is stipulated as under:

Name of the Company…………

Profit and loss statement for the year ended ……….

	Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
I.	Revenue from operations			
II.	Other income			
III	Total Revenue (I+II)			
IV.	Expenses:			
	Cost of materials consumed Purchases of stock-in-trade Changes in inventories of finished goods work in progress and stock-in-trade Employees benefits expense Finance costs Depreciation and amortization expense Other expenses			
	Total expenses			
V.	Profit before exceptional and extraordinary items and tax (III-IV)			
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V-VI)			
VIII.	Extraordinary items			
IX.	Profit before tax (VII-VIII)			
X.	Tax expense: (1) Current tax (2) Deferred tax			
XI.	Profit/(Loss) for the period from continuing operations (VII-VIII)			
XII.	Profit/ (Loss) from discontinuing operations			
XIII.	Tax expense of discontinuing operations			
XIV.	Profit/ (Loss) from discontinuing operations (after tax)(XII-XIII)			
XV.	Profit/ (Loss) for the period (XI+XIV)			
XVI.	Earnings per equity share:			
	(1) Basic (2) Diluted			

1. The earlier Schedule VI did not specify any format for the statement of profit and loss.
2. Profit and loss from discontinuing operations need to be shown separately on the statement of profit and loss.
3. Category wise break-up of the profit and loss items have been stipulated which would need to be disclosed by way of notes to accounts.
4. Earlier financial expenses were disclosed under Interest on term loans and other loans. Now finance cost shall be classified as interest expense, other borrowing costs and applicable net gain/ loss on foreign currency transactions and translation.
5. Earlier any item of expenditure exceeding 1 per cent of the total revenue or Rs 5,000 whichever is higher had to be separately disclosed and were not to be combined with any other item to be shown under `Miscellaneous expenditure'. This has now been changed to 1 per cent of the total revenue or Rs 100,000 whichever is higher.
6. The net gain or loss on foreign currency transaction and translation is to be disclosed.
7. In the format specified there is no scope for showing appropriations.
8. There is now no stipulation to disclose details relating to licenced capacity, installed capacity and production details.

Corporates so far accustomed to preparing its financial statements in the format and using the terminology of the old Schedule VI would need to gear up and bring out its financial statements in the new format in the coming results season. By and large, it is a step forward for greater transparency. ■

Taxation of Non Profit Organizations under the Proposed Direct Taxes Code

CA. Varun Kukreja

The Union Cabinet on 26th August 2010 approved the Direct Taxes Code (DTC) Bill to simplify the country's direct tax laws .When enacted, DTC will replace the existing Income-tax Act, 1961 and is intended to simplify the whole direct tax regime in the country. The enactment of DTC would impact both profit as well as non profit making organizations. The new bill consolidates all the scattered provisions related to Non-Profit Organisations (NPOs) in the existing Income-tax Act, 1961 under one shed i.e., Chapter IV.

A. Key Highlights of the proposed DTC related to non profit organizations are as under

- No re registration required.
- Public Religious Trust or Institutions are exempt from tax.
- Last month Income receipt will not be treated as Income.
- NPOs will not be permitted to claim depreciation on Assets.
- The Central Government can notify some NPOs as exempt entity.
- NPOs have to follow Cash Basis of accounting. However section 25 companies can follow mercantile basis of accounting.
- Except loan and corpus donation, other receipts shall be considered as part of income.
- Anonymous donation will be exempted to the extent of 5% or 1 lakh rupees whichever is higher. The remaining amount will be taxed @30%.

B. Definition of a Non Profit Organization under the Direct Taxes Code, 2010

Clause 314(169) of the DTC defines Non Profit Organization as:

"*non-profit organization*" *means an organization, by whatever name called, including a trust, if-*

- *it is not established for the benefit of any particular caste or religious community;*
- *it does not provide any benefit for the members of any particular caste* or religious community;
- *it is established for the benefit of the general public or for the benefit* of the Scheduled Castes, the Scheduled Tribes, backward classes, women or children;
- *it is established for carrying on charitable activities;*
- *it is not established for the benefit of any of its members;*
- *it actually carries on the charitable activities during the financial year;*
- *the actual beneficiaries of its activities are the general public, the* Scheduled Castes, the Scheduled Tribes, backward classes, or women or children; and
- *it is registered as such under clause 98;*

Besides this, the Central Government may, subject to such conditions as may be considered necessary, notify a person as a non-profit organisation of public importance for the purpose of the Seventh Schedule.

C. Rates of Income Tax on NPOs

In the existing Income- tax Act, 1961 NPO has been treated as an individual for calculation of tax liability. DTC makes it a separate entity for the purpose of calculating tax liability. Rate of tax applicable on non profit organizations have been specified under the Ist Schedule of the DTC. Accordingly, tax on NPOs will be chargeable as follows:

(i)	when the total income does not exceed ₹ 1,00,000	Nil;
(ii)	where the total income exceeds ₹ 1,00,000	15 percent of the amount by which the total income exceeds ₹ 1,00,000

However, entry 39 of the VIIth Schedule to the code exempts non profit organization being a public religious trust or institutions from income tax subject to the fulfillment of certain conditions.

D. Computation of Income

- *The proposed DTC has re-affirmed that the NPOs have to apply 100% of their income for charitable purposes and existing provision of 15% accumulation has been withdrawn. The total income of a NPO would be the gross receipts as reduced by the amount of outgoings. For this purpose, gross receipts would be the aggregate of the following:*

The contributor is Executive Officer, ICAI

1. voluntary contribution received;
2. rent received in respect of property;
3. income from any business , if the business is incidental to charitable activity;
4. Income from transfer of capital assets where the asset is not used for the purposes of any charitable activity or any business incidental to such charitable activity; (Separate provision for the computation of Capital Gain has been withdrawn)
5. full value of consideration on transfer of any capital asset other than the asset referred to in above clause;
6. Income received from Investment of its funds or assets;
7. the amount of any incoming, realisation, proceeds, or subscription received from any source; and
8. Amount received in the last month of the immediately preceding financial year and was deposited in a specified deposit account. For example - Amount received in March 2012 which was not deposited in the specified deposit account during the financial year 2011-12 would be included in the gross receipt for the financial year 2012-13.

However Gross receipts would not include any loan taken during the financial year and voluntary contributions received with a specific direction that they shall form part of the corpus of the non-profit organisation.

- *Outgoings for the purpose of computation of total income would be the aggregate of the following:*

1. the amount paid for any expenditure, not being capital expenditure, incurred wholly and exclusively for earning or obtaining any receipts referred to in the above clause;
2. the amount paid for any expenditure, incurred for the purposes of carrying out any charitable activity;
3. the amount paid for any capital expenditure for the purposes of any business, if the business is incidental to any charitable activity carried on by the non profit organisation
4. amount applied outside India, if amount applied to promote international welfare in which India is interested and non-profit organisation is notified by the Central Government in this behalf;
5. amount received in the last month of the financial year & deposited in the specified deposit account in the same year;
6. amount accumulated or set aside for charitable activities-
   i. to the extent of **fifteen per cent** of the total income (before giving effect to the provisions of this clause) or **ten percent** of the gross receipts, whichever is higher; and
   ii. Invested or deposited in the modes specified, for a period not exceeding three years from the end of the financial year.

This may be explained with the help of the following illustration:

Financial Data of ABC Trust (not being a religious trust) for the Year Ended 31st March 2012	
Calculation of Total Income	
Gross Receipt	₹ 25, 00,000
Amount of outgoings (excludes amount accumulated or set apart for Charitable purpose i.e., ₹ 3,00,000)	₹ 15,00,000
Total Income (A)	₹ 10,00,000
Amount accumulated or set aside for charitable activities	
15% of Total Income	₹ 1,50,000
10% of Gross Receipt whichever is higher	₹ 2,50,000
Therefore, amount accumulated or set apart for carrying on any Charitable Purpose (B)	Rs.2,50,000
Computation of Taxable Income	
Taxable Income (A-B)	₹ 7,50,000
Tax Amount	15% of ₹ 6,50,000 (₹ 7,50,000 - ₹ 1,00,000) ₹ 97,500

₹ 2,50,000 being an amount accumulated or set apart for carrying out any charitable activity has to be invested or deposited as per the provisions of clause 95 and applied for the said purpose within three years.i.e,31st March 2015.

- *Further, a non profit organization would be liable to income tax at the rate of 30% in respect of its net worth if it:-*

1. converts into any other organization which doesn't qualify as a NPO

2. merges with any other form of business
3. fails to transfer all its assets to any other NPO within three months from the end of the month in which the dissolution takes place.

("net worth" of the non-profit organisation means the aggregate value of the total assets of the non-profit organisation as reduced by the liabilities of such organisation computed in accordance with such rules of valuation as may be prescribed and shall be computed as on the date of conversion, merger or dissolution as the case may be.)

E. Anonymous Donations

"Anonymous donation" means any voluntary contribution, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and such other particulars as may be prescribed.

Where the total income of a non-profit organisation includes any anonymous donation, the income-tax payable shall be the aggregate of-

- The amount of Income tax calculated at the rate of thirty per cent on the aggregate of anonymous donations received in excess of the higher of the following, namely:-

1. five per cent of the total donations received; or
2. one lakh rupees; and

- the amount of income-tax with which the non-profit organisation would have been chargeable had its total income been reduced by the amount of anonymous donations referred to in the previous point.
- this provision is notwithstanding that the anonymous donation has been made with a specific direction that it shall form part of the corpus
- No outgoings shall be allowed

This may be explained with the help of the following illustration:

Financial Data of DEF Trust (not being a religious trust) for the Year Ended 31st March 2012		
	Case 1 - Where the Total Income is more than Anonymous Donation	**Case 2 - Where the Total Income is less than Anonymous Donation**
Gross Receipt (includes ₹ 5,00,000 as Anonymous Donations)	₹ 25,00,000	₹ 25,00,000
Amount of Outgoings	₹ 18,00,000	₹ 23,00,000
Total Income	₹ 7,00,000	₹ 2,00,000
Tax Computation		
1. Anonymous Donation		
Deduction from Anonymous Donations		
• 5% of Total Donations (5% of ₹ 25,00,000)	₹ 1,25,000	₹ 1,25,000
• ₹ 1,00,000 Whichever is higher		
Amount of Taxable Anonymous Donation	₹ 3,75,000 (5,00,000 - 1,25,000)	₹ 75,000 (2,00,000 - 1,25,000)
Tax Amount (A)	30% of ₹ 3,75,000 ₹ 1,12,500	30% of ₹ 75,000 ₹ 22,500
2. *Tax on Balance Income*		
Taxable Income	Rs.2,00,000 (7,00,000 - 5,00,000)	NIL (2,00,000 - 2,00,000)
Tax Amount (B)	15% of ₹ 1,00,000 (2,00,000 - 1,00,000) ₹ 15,000	NIL
Total Tax Payable by Charitable Trust (A+B)	₹ 1,27,500	₹ 22,500

Conclusion

NPOs play a significant role in the society. Therefore, it is necessary to determine which provisions under the proposed DTC would benefit the NPO's and to what extent they would provide a better structure over the existing Act. The Non Profit Organizations will now have to comply with all the provisions applicable to them on the implementation of DTC. Our Honorable Finance Minister has also expressed his hope to implement the new Direct Tax Code in April 2012. Hence, proper guidance and notes have to be provided to the non profit organizations by the experts as well as government which would help these organisations to interpret the new Code in a more prudent manner. ■

Examiners' Comments on the Performance of Candidates-Final

PAPER - 1: FINANCIAL REPORTING

Specific Comments

Question 1.(a) Many candidates treated freight given in rupees as in US $ and finally arrived at the wrong answer. Also, many candidates failed to mention that the refundable grant is accounted as an extra ordinary item as per the provisions of AS 12. Few candidates erred in the calculation of depreciation already charged and revised depreciation on refund of grant. Many candidates solved the question as theory question without supporting their answer with necessary calculations.

(c) Answers of the candidates reflected their poor knowledge in accounting for ESOP/ESPP. Some candidates were not able to calculate correctly the amount of securities premium and employees compensation expenses while some made mistake in computing the correct fair value of ESPP.

(d) Few candidates applied wrong discounting rates for calculating the total value of human resources i.e. of skilled and unskilled group of employees.

Question 2. Most of the candidates omitted to consider the preference dividend attributable to minority shareholders. Capital and revenue profits of Klear Ltd. have not been correctly worked out by many candidates, which made them to arrive at wrong solution. A large number of candidates could not attempt this question correctly.

Question 3. Majority of the candidates omitted to take into account the rectification effect of inventory valuation while calculating number of shares to be issued as purchased consideration. Also many candidates were not able to correctly draw the projected profit and loss account and balance sheet of Black and White Ltd. Almost no student was able to complete the question correctly or had not attempted this question at all.

Question 4.(a) Few candidates considered excise duty as part of 'application of value added' instead of 'value added by trading activities'.

(b) As observed by the examiners, candidates' answers in general, reflected lack of comprehension and lack of substance. Most of the candidates failed to compute carrying value of part holdings and profit on disposal as per the provisions of AS 23.

Question 5. Small number of candidates committed mistake in valuing machinery for capital employed and calculating depreciation on additional value of machinery. Some of the candidates were unable to derive at correct future maintainable profit. However, the overall performance of the candidates was satisfactory.

Question 6.(a) Many candidates were not able to explain the reason for the difference between EVA & MVA. While small section of candidates made mistake in the calculation of cost of capital.

(b) Some of the candidates did not know the procedure to calculate NAV of a fund while few of them failed to calculate allowable management expenses.

Question 7.(a) Certain computational mistakes in determining present value of debentures to be redeemed in 2014 has been observed, otherwise candidates performed fairly well in this part of the question.

(b) Some candidates erred in calculating balance of revaluation reserve and loss to be debited to Profit and loss account for giving effect to impairment loss.

(c) Many candidates did not deduct origination fee from the amount of loan to arrive at fair value of loan.

(d) Some of the candidates were not able to calculate the correct amount received from the new investors and the amount to be credited to the reserves account on sale of mutual fund units.

(e) Poor performance of the candidates has been observed in this part of the question. Candidates were not aware of the provisions of AS 31 and also the mode of settlement i.e. net or delivery basis, which was one of the crucial factor to determine whether the given asset is a Financial Instrument or not.

PAPER 2 : STRATEGIC FINANCIAL MANAGEMENT

Question 1.(a) This question requiring calculation of return on mutual fund investments, was found to be easy and generally answered well by most of the candidates.

(b) This question on foreign currency conversion was not answered correctly by many candidates. The question indicated two way buy-sell rates and the candidates found it difficult to identify which rate to use.

(c) The question required the application of a simple formula and the formula was wrongly applied by many students even though similar simple illustrations are found in the study material.

(d) This question required the application of monthly compounding. Many candidates were found unable to handle monthly compounding given an annual interest rate.

Question 2.(a) This question on valuation of business, was reasonably well answered by the candidates who selected it.

(b) This was a good question on forex risk hedging methods. While some candidates had handled it perfectly, quite a few struggled.

Question 3.(a) This question expected to the candidates to compute future cash flows and terminal cash flows and to value the business based thereon. It was found that most candidates had not understood the problem in the right perspective. Even the first step of projecting the annual cash flows was not handled clearly. This sort of inability requires to be corrected since handling cash flows, discounting them and computing values based thereon is fundamental to financial analysis. Candidates need practice in this area.

(b) Even though the problem is ordinary, the number of students who attempted this question was not large.

Question 4.(a) This question required calculation of bond values and yields. The answers were generally satisfactory.

(b) This was a question on evaluation of leasing and buying options. It was found to be easy and answered well by many candidates. However, tidiness of work-sheets can be improved. Students should practice neatness and orderliness.

Question 5.(a) The candidates considered this to be a question on accounting and not on the effects of financial planning. Certain candidates even went to the extent of giving journal entries. Students need to understand the differences between financial planning and financial reporting. This part of the question relating to the impact of reconstruction relates to financial planning strategy which in these times of enhanced merger and acquisition activity the students need to be aware of. It is on account of the manner in which the students attempted the question perhaps, a perception has arisen that this question may have been appropriate for Paper 1 of Financial Reporting. We would however recommend that the Students/ Candidates need to be educated through reading material on the significance and effects of merger and acquisition activity on financial reconstruction and its effects.

(b) This question on impact of forex rates on timing a transaction was reasonably well answered.

Question 6.(a) This question related to portfolio management and calculation of portfolio beta. The performance was generally satisfactory.

(b) This question on options, was generally answered well. However, a finer aspect of the question was not understood. The question required the determination of profit/loss on options spread. Most of the candidates had found out unit profit/loss and not total values. Candidates should read the question carefully.

Question 7.(a)-(f) The six short theory questions were not testing. As is often seen, the expressions were poor and handwriting below par.

PAPER - 3 : ADVANCED AUDITING AND PROFESSIONAL ETHICS

General Comments

The overall performance of the candidates has been average. Many of the candidates did not refer to relevant Standard on Auditing (SAs) and Accounting Standards (AS). A few candidates have written vague and irrelevant answers. Many of the candidates answered the questions in a general manner.

Specific Comments

Question1.(a) Using the work of an expert : A Few candidates wrongly referred to AS 15 instead of relevant Standard on Auditing and thereby arrived at wrong conclusion.

(b) Prior Period adjustment / Estimation: Some candidates discussed AS- 2 wrongly.

(c) Compliance with Accounting Standards: Most of the candidates did not understand the question, therefore failed to discuss relevant Accounting Standards.

(d) Documentation for division of work between the Joint Auditors: The answers were generally vague.

Question 2.(b) Failure to disclose material facts: Some candidates answered the question stating that the auditor has to qualify in his report, without giving reference of relevant provisions of the Chartered Accountants Act, 1949.

(d) Disrepute to the Profession: Majority of the candidates have failed to understand the question and wrongly referred to Advertisement/Publicity and sharing of fees.

Question 3.(c) Revenue Recognition: Many candidates have given a vague answer. Few candidates wrongly referred to AS 7- Construction Contracts and AS-19 Lease Accounting in place of relevant Accounting Standard.

Question 4.(a) Audit plan to locate abnormal wastage of raw material: Most of the candidates have fair knowledge on the topic. However, many have not referred to reports on Preventive Maintenance, Laboratory and Inspection.

Question 5.(a) Tax Audit Report

(i) Borrowal of ₹ 50 Lakhs : Most of the candidates did not refer to the correct Clause 24 of Form 3CD or the correct sections 269SS & 269T of the Income Tax Act. 1961.

(ii) Payment of Rent and Interest: Most of the candidates did not refer to the correct Clause 18 of Form 3CD or correct Section 40 A (2) (b) of Income Tax Act, 1961, but few candidates discussed AS-18 Related Party transaction whereas many discussed about T D S.

(iii) Payment to Club: Most of the candidates did not refer the correct Clause 17 (d) of Form 3CD.

(b) Verification of Advances in LFAR: Most of the candidates have answered this part well, while a few of them laid stress only on Sanction and Documentation without covering information and explanation to be obtained.

(c) Reporting of Loan under CARO, 2003: Many candidates wrongly referred to AS 18 - Related Parties. Only few candidates have referred to Para 4 (iii) (a) and Para 4 (v)(a) of CARO, 2003 and Section 301 of Companies Act,1956.

Question 6. On the whole very few candidates have attempted this question.

(a) Sarbanes & Oxley Act, 2002: The candidates discussed only about Corporate Governance and Audit Committee inspite of required answer.

(b) Basic elements of Management Representation Letter: The candidates mentioned the contents of Management Representation Letter instead of basic elements of it.

(c) Audit Plan for evaluating the reliability of controls in CIS environment: The candidates discussed about all types of controls inspite of audit plan for evaluation the reliability of control.

Question 7.Short Notes

(a) Scope of Peer Review: Many candidates discussed about the procedure viz. Planning, Execution, Report instead of the scope.

(c) Outstanding Premium & Agents Balances: Most of the candidates gave a general answer without giving reference to outstanding balances.

(e) Propriety elements in CARO - 2003: Inspite of writing Propriety Elements in CARO 2003, most of the candidates discussed reporting U/s 227 (IA), while few candidates gave a long list under CARO. Many discussed about Propriety Audit w.r.t. Government Companies whereas some candidates discussed CARO in greater details.

PAPER - 4 : CORPORATE AND ALLIED LAWS

Question 1.(a) Performance of the students has been highly satisfactory.

(b) Students' performance in this part was average because most of the students did not state the procedure as laid down in Section 269 of the Companies Act, 1956.

(c) Performance of majority of students has been highly satisfactory.

(d) Performance of the students' has not been satisfactory because most of them did not state the Provisions of Section 205C of the Companies Act, 1956.

Question 2.(a) Students' performance in this part has been average. Majority of the students did not state the provisions regarding authorization by the Magistrate.

(b) Performance of the students in this part has been satisfactory except the point regarding validity of the loan transaction.

Question 3.(a) Performance of the students has been satisfactory.

(b) Students' performance has not been satisfactory. Barring a few exceptions, students did not explain the meaning of "book-building" and conditions of different pricing under theSEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Question 4.(a) Performance of the students has been satisfactory.

(b) Students performance in this part was not satisfactory. Most of the students did not explain the powers of the Reserve Bank of India under Sections 35 and 36 AB of the Banking Regulation Act, 1949.

Question 5.(a) Barring a few exceptions, performance of the students has not been satisfactory. Most of the students did not explain the concept of oppression and remedies to the aggrieved person.

(b) Performance of the students in this part has been average. The second part i.e. transferability and third part i.e. share capital under sections 581 ZD and 581 ZB of the Companies Act, 1956, has not been properly explained, relating to producer company.

Question 6.(a) Students' performance in this part has been highly satisfactory.

(b) Performance of the students has been average. Most of the students did not state the procedure of election /appointment of Small Shareholders' Director under Section 252 of the Companies Act, 1956 and Rules thereunder.

Question 7.(a) Performance of the students has been highly satisfactory.

(b) Students' performance has been average. Majority of the students did not state value of 'preamble' and 'provisio' in the process of interpretation of statutes.

(c) Students' performance has been highly satisfactory.

(d) Performance of the students has not been satisfactory. Most of the students did not state the obligations of Banking Companies under section 12 of the Prevention of Money Laundering Act, 2002.

(e) Student's performance has not been satisfactory. The Provisions of Section 13 of the SARFAESI Act, 2002 have not been explained properly.

PAPER 5 : ADVANCED MANAGEMENT ACCOUNTING

Question 1.(a) When and Whether to manufacture : The students were required to decide on the range of market demand for which fully manufacture or sub contract or no production at all was recommended. A few students did this right. Some did the BEP for the 2 products. Many worked out the indifference point for preference of one option over the other, but did not do the BEP part and many did the BEP for only one product. Most students failed to conclude properly. They had a set of figures in front of them, but were unable to conclude. Even when some concluded, they gave one conclusion contradicting their own earlier conclusion. Application of concept was found lacking.

(b) Process further or not- Incremental Cost Approach: A very few students used the incremental cost approach. Most tried to work out the total costs under each option. Some concluded wrongly.

(c) Limitations on assumptions of PERT and CPM: Students were not prepared at all for this though this is a repeatedly asked question from the study material. Most students converted the question into differentiating between PERT and CPM and wasted time on lengthy answers. Generally, performance was poor.

(d) Classification of Quality Costs: This was a new type of question, which tested the application of the concept of quality costs. Performance was moderate on the whole.

Question 2.(a) Standard Costing - Sales Margin Variances: Many students lacked understanding of the concept of eliminating cost variances from the margin variances by taking the budgeted cost for both actual and budgeted margins. This fundamental mistake has been committed earlier also. Most students identified that the variances were favourable or adverse, but a few of them interchanged the favourable and adverse tags. Some were confused whether to take the margins and compute or just the selling price. Many did not know the mix variance calculation. Some had price, volume and mix variances interchanged.

(b) Assignment - (Operations Research): Many students lacked understanding of the concept of the topic. They did not use the information of the part answer given in the question. They laboured out fully from the start. Many had fruitfully used the information and proceeded from that point to finish it quickly. Some students could not interpret the solution for finding the discount figure.

Question 3.(a) ABC Costing: This was an analytical question. Students applying their minds on a basic cost- benefit analysis would have attempted reasonably. Very few got this fully right. Normally, students perform very well on ABC system of costing, by using their calculator and routinely distributing overheads among products. This question sought to test their fundamentals on appreciating ABC system and its suitability. They had no grasp of the concept. But a good number did justice to the second part. Even those who reasonably analysed were not able to report effectively. Performance was poor.

(b) Transfer Pricing: This question was a test on the entire topic of transfer pricing. The question had an error on the transferring division. But most students took it correctly and stated the assumption. Many were able to appreciate only the usual variable cost or market price transfers. Most were able to do part (vi) by adding specific transfer costs to the price. Performance was average.

Question 4.(a) Performance Budget: Most students fared very well. Calculations were simple. A few missed out marks for not classifying into the fixed and variable parts. A very few students did badly.

(b) Marginal Costing with step costs: Many students ignored the step fixed costs concept. They calculated these as variable costs.

Question 5.(a) Relevant Costs for decision making: Most students fared very badly. Though they normally get good marks when a theory is asked on relevant costs, they exhibited complete lack of knowledge. The problem had very minor calculations. A few students got the answer, presented a clear solution and got full marks. Performance was poor on the whole.

(b) Simplex - Linear Program (Operations Research): Most of the students got the first part of formulating the inequations. Many tried to complete the table. But the question gave a portion of the table and required interpretation of the numbers. Students are probably used to memorising the steps and therefore had no understanding of what the contents of the table are. Student have not read the study material, where the meanings of these figures are well discussed.

Question 6.(a) - Network - (Operations Research): Many students did not even draw the network properly. There was a mistake in the problem on the float of a particular activity. But students did not even reach there. This was a reverse question. Given the floats and the ESTs, they had to find the paths and their durations. Actually, the problem could have been solved very simply by subtracting the floats of each path from the total duration. **Very few** students understood this concept and submitted a neat and effortless answer.

(b) Pricing Strategy: Many students had not read through this portion clearly, though this is a repeatedly asked topic.

(c) P/V ratio- Product performance: Most students got this right. Some cared to give an example. But many wrote precisely and got the marks.

Question 7.(a) Steps in Simulation Process - (Operations Research): Though the general simulation process was asked, many students wrote about Monte Carlo simulation and explained the problem solving process. Many students had not prepared well enough from the study material, though this is an often repeated question. Some secured full marks, some got zero, and some got one or two. Performance in general was average.

(b) Learning curve theory - (Operations Research): This is a repeated question. Some students lost marks as they tried to explain the same point as many. Performance was average.

(c) Life cycle of a product: Performance was mostly good as this was an easy and repeated question.

(d) Pareto analysis: Most students had prepared well. Performance was good.

(e) Just -in -time concept: Many students only discussed the raw material aspect and missed the marks. This is also a repeated question. Performance was average.

PAPER - 6: INFORMATION SYSTEMS CONTROL AND AUDIT

Question 1. It was a simple case study based question comprising four sub parts.

(a) For the first part, most of the candidates were able to identify the areas, which are required to be studied in order to know about the present system. In second part, problems faced by ABC Udyog were also covered fairly well by quite a few students. However, some candidates could not link the questions with the case study but they answered theoretically correct. Performance was average for this question.

(b) Most of the candidates mentioned the reasons for selecting ERP solution with a detailed description. Hence, the performance was very good for this part.

(c) Only a few candidates mentioned about the trainings to various stakeholders for effective utilization of the proposed new system and standards. Overall performance was below average for this question.

(d) Most of the candidates explained different backup techniques with their proper explanation. However, some of them had difficulty to differentiate between differential and incremental backup; accordingly for recommending one backup technique for the given case. Hence, performance was average for this part.

Question 2.(a) 'Information' and its important attributes were discussed by the candidates well. Accordingly, very good performance was observed for this part.

(b) Only a few candidates wrote the correct answer. Some of the candidates have not been specific to the System Requirements Specification (SRS) and therefore, they could not write the content precisely. Overall performance was average for this question.

(c) In many cases, discussion was focused both on generalized view and technicalities and not on the core significance of Post Implementation Review. Overall performance was average for this question.

Question 3.(a) Though the concept of 'Risk Assessment' was clear to most of the candidates but quite a few candidates could not write about its various areas that needed to be focused. Accordingly, an average performance was observed for this part.

(b) Most of the candidates wrote the appropriate answer. However, some of the candidates gave a generic answer and they have not been specific to various roles involved in the SDLC, as asked in the question. But, overall performance was good.

(c) Flowchart to find the sum of first 50 even numbers, starting from 2 was not drawn correctly by most of the candidates; very poor understanding of the logic was observed in most of the cases. Overall performance was below average for this part.

Question 4.(a) This part dealing with various General Components of a Disaster Recovery Plan was answered well by the candidates. Hence, performance was good for this part.

(b) Most of the candidates did not attempt the question in the desired way by explaining Data Privacy, Policy Communication-P3P and Policy Enforcement- XACML, EPAL and WS-Privacy. Hence, the performance was poor.

(c) Very few candidates wrote about the significance of audit trail to support security objectives. Hence, overall performance was average for this part.

Question 5.(a) In this question, many candidates listed threats with a generic description; many wrote about the categories of controls without explaining 'what control works for what threat'. But, overall performance was average.

(b) Most of the candidates attempted the question well by explaining major advantages and disadvantages of Continuous Auditing Techniques. Hence, performance was good.

(c) The question based on the commonly known techniques to assess and evaluate risk was well attempted by the candidates. However, a few candidates did not understand the question and wrote irrelevant techniques. Overall performance was good.

Question 6.(a) For the first part, candidates explained the significance of Business Impact Analysis up to a satisfactory level. But, most of the candidates were not able to enumerate the tasks to be undertaken in BIA. Very few candidates could write the ways by which information can be obtained for this analysis. Overall performance was average for this question.

(b) Many of the candidates discussed the information security policies well but some of them could not show the hierarchy of these policies by chart/diagram. Overall performance was average.

(c) First part based on the Composition of Cyber Regulatory Appellate Tribunal was not properly answered by many candidates; however, most of the candidates wrote the powers of the Tribunal, correctly in the second part. As a result of this, average performance was observed for this part.

Question 7. Question was based on the short notes.

(a) General description of Operating System was given by most of the candidates instead of giving some of its fundamental objectives. Hence, overall performance was average for this part.

(b) Most of the candidates could not answer this question properly by explaining Information systems maintenance and its various types; rather, it was interpreted in terms of AMC by many candidates. Hence, overall performance was below average for this part.

(c) Meaning of the Client/Server Technology was explained well by most of the candidates but further explanation about the same was not given by many candidates. Performance was average for this part.

(d) The question was based on the 'Locks on Doors with respect to Physical Access Control'. The candidates, who understood the question, attempted well; otherwise many candidates could not write the answer appropriately. Overall performance was below average for this part.

(e) Most of the candidates had fairly clear understanding of HIPAA while security rule was not clear to many candidates. An average performance was observed for this part.

PAPER - 7 : DIRECT TAX LAWS

General Comments

(1) The presentation of the answers were poor.

(2) Precise legal terminology were used by very few candidates.

(3) Communication skills were poor.

(4) For questions 1(a) and 2, most of the students could not adduce proper reasons for the tax treatment of the concerned items. The brief nature of the item as appearing in the question paper and the amount were reproduced by many of them.

(5) Few students could correctly state the provisions involved in solving the answers for the impugned questions.

(6) Even students who appear to know the answers, simply mentioned correctly the case law involved and the conclusion. Students should understand that they must also clearly state the rationale involved in their answer.

Specific Comments

Question 1.(a) Most of the students did not know the concept involved in income to be applied by a charitable trust as per the provisions of section 11 of the Income-tax Act, 1961. Very few students could solve this problem in satisfactory manner.

(b) These two sub-divisions were answered satisfactorily by several students. However, the precise treatment as regards building under construction was meted out by few students only.

(c) Though the clubbing provisions in wealth-tax relating to a minor child were known to most of the students, some of them did not understand that assets acquired out of capital gains arising from sale of an asset, is liable for clubbing.

(d) This sub-division was the most poorly answered one amongst all the sub-divisions in the question paper. Most of the students wrongly opined that the rules enshrined in Schedule III of the Wealth-tax Act, 1957 are not binding on Valuation Officers.

Question 2. Proper treatment of various issues in this question [i.e., waiver of bank loan principal and interest, disallowance of payment made to contractor without TDS and depreciation on intangible asset (franchise fee)] was not known to many students.

Question 3.(a) Many students did not know the proper treatment of unabsorbed depreciation. Certain students were not aware of the concept involved in the computation of presumptive income and computed the deductions from the total turnover of ₹ 55 Lakhs and arrived at the total income.

(b) Several students wrongly concluded that the resultant capital gain was long term in nature and hence went wrong in the entire computation, thus losing valuable marks.

(c) This sub-division evoked a satisfactory response, though precision was lacking.

Question 4.(a) Though most of the students stated that the CBDT had the power to condone the delay, only a few of them could state the provisions of section 119(2)(b).

(b) This sub-division was answered in a satisfactory manner by several students.

(c) Several students simply stated that the liquidated damages received was a capital receipt and hence not taxable. They could not elaborate the reasons as to why the said receipt had to be treated as a capital receipt.

(d) Though most of the students could decipher that TDS provisions under section 194-I were involved, they did not adduce reasons as to why the landing and parking charges paid by the airlines constituted "rent".

(e) By and large, this sub-division met with a satisfactory response. The underlying reasons could however, be precisely pinpointed by few students only.

Question 5.(a) Vague and general answers were given for this sub-division.

(b) Several students were not aware of the correct interpretation of the provisions of chapter XII-A of the Income-tax Act, 1961.

(c) This sub-division was also one of the poorly answered questions. Neither the precise consequence, nor the remedies available, were known to several students.

Question 6.(a) The general aspects of survey as per the provisions of section 133A were known to many students. However, the power to impound books was not known to several students.

(b) Though the conclusions could be correctly drawn in a satisfactory number of cases, several students did not explain the provision of sections 80 and 139(3) of the Income-tax Act, 1961.

(c) The validity of the reassessment proceeding was properly explained by few candidates only. Very few amongst them were aware of the option available to the Department in this regard.

(d) Most of the students did not give satisfactory answers for both the sub-divisions.

Question 7(a) Few students could correctly compute the deductions available under Chapter VIA.

(b) Provisions relating to interest chargeable under section 201(1A) were known to few students only.

(c) Vague and general answers were given by most students. Even the portion relating to tax treatment of both the items were satisfactorily explained by few students only.

PAPER - 8 : INDIRECT TAX LAWS

General Comments

The overall performance of the students was "above average" and many candidates were able to answer the numerical questions representing 25% of the total marks of the paper quite well. Moreover, a good performance in case law based questions particularly on Central excise and service tax enabled the candidates to score high marks. The students were well aware about the latest amendments also, which was reflected in the answers written by them for question no. 2. However, in most cases, the theoretical part was not attempted adequately owing to lack of preparation and the concepts not being understood properly by the students.

Question 1. This is a compulsory question with sub-parts (a) to (e) involving numerical problems to be solved based on application of law in Central excise, customs, service tax and VAT. Most of the students were able to attempt this part quite satisfactorily.

(a) Many candidates did not consider turnover of previous tenant and some candidates wrongly treated the turnover/clearance of branded goods.

(b) While computing cost of production, many candidates included 'administration cost not related to production' also.

(c) Very few candidates provided proper reasoning for not including commission on distribution of UTI mutual fund & on procurement of advertisements. The abatement of 30% for services of processing parts & accessories of cycles was also not clear to the most of the candidates.

(d) Set off of input tax credit of goods 'Y' and 'Z' and branch transfer was wrongly treated by most of the candidates.

(e) Many candidates got confused in rate of exchange. Some candidates added design and development charges in UK to find FOB and few candidates added design/development charges paid in India also while arriving at the assessable value.

Question 2. The performance was generally satisfactory as the questions were based on the recent amendments. However, in sub-part (a), some candidates wrongly concluded that no CENVAT credit is available for services used in repair/renovation of factory/office. In sub-part (b), the category of service in which the services were taxable and reasoning thereof were not provided correctly.

Question 3 and 4. The performance with respect to the case law based problems on Central excise was satisfactory in general while the problems relating to customs and service tax revealed that candidates had not fully understood the application of the legal concepts involved in the same .The analysis of the cases was not up to the mark. In sub-part (c), only few candidates arrived at the correct conclusion that penalty under section 112(a) can be imposed.

Question 5. The question on "Basic Concepts" in Central excise was answered well while in the case of customs and service tax, the answers showed that the candidates had not prepared adequately. In sub-part (c), most of the candidates only mentioned the point that imported goods would be valued at highest rate. They did not provide comprehensive answer elaborating the provisions of section 19 of the Custom Act.

Question 6. This question with a sectional choice is mainly on procedural parts and the performance was below average since it appears that the candidates had not particularly focused on the procedural aspects as part of their preparation. In sub-part (a)(ii) of the alternative question, only few candidates mentioned the exemptions from filing the Annual Installed Capacity Statement. In sub-part (b), some candidates wrongly opined that deemed registration is same as centralized registration under service tax.

Question 7. This question is a mix of procedure and substantive law and the performance was far from satisfactory since the candidates were not well equipped to deal with this portion. However, this question was least attempted. ■

Finance

Circular No. CIR/ IMD/FII&C/3/2012 dated 13-01-2012: Investment by Qualified Foreign Investors (QFI) in Indian equity shares.

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992. It has now been decided to permit QFIs to directly invest in Indian equity market in order to widen the class of investors, attract more foreign funds, reduce market volatility and to deepen the Indian capital market. This scheme is also subject to relevant and extant FEMA regulations and guidelines issued by the Reserve Bank of India under FEMA, 1999 from time to time.

Guidelines regarding the Investment by Qualified Foreign Investors (QFI) in Indian Equity Shares

1. It has been decided that foreign investors (termed as Qualified Foreign Investors/ QFI) who meet prescribed Know Your Customer (KYC) requirements may invest in equity shares listed on the recognized stock exchanges and in equity shares offered to public in India.
2. The QFI for the purpose shall have the same meaning as that provided in para 3.1 of SEBI circular Cir/IMD/DF/14/2011 dated August 09, 20111.
3. To become a qualified Depository Participant (DP), a SEBI registered DP shall fulfill the following:
    - 3.1. Paid up capital of Rs. 50 crore or more;
    - 3.2. Member of a clearing bank or clearing member of any of the clearing corporations;
    - 3.3. Have appropriate arrangements for receipt and remittance of money with a designated Authorised Dealer (AD) Category - I bank;
    - 3.4. Has systems and procedures to comply with the FATF Standards, Prevention of Money Laundering (PML) Act, Rules and SEBI circulars issued from time to time; and
    - 3.5. Approval of SEBI before commencing the activities relating to opening of accounts of QFI.
4. All DPs having approval for undertaking activities relating to accepting investments by QFI in Mutual Fund schemes are eligible.
5. **Eligible transactions for QFI**
    - 5.1. The DP shall ensure that transactions of QFI are limited only to the following:
        - 5.1.1. Purchase of equity shares in public issues, to be listed on recognised stock exchange(s).
        - 5.1.2. Purchase of listed equity shares through SEBI registered stock brokers, on recognized stock exchanges in India.
        - 5.1.3. Sale of equity shares which are held in their demat account through SEBI registered stock brokers.
        - 5.1.4. Purchase of equity shares against rights issues.
        - 5.1.5. Receipt of bonus shares or receipt of shares on stock split/ consolidation.
        - 5.1.6. Receipt of equity shares due to amalgamation, demerger or such other corporate actions, subject to the investment limits.
        - 5.1.7. Receipt of dividends.
        - 5.1.8. Tender equity shares in open offer in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
        - 5.1.9. Tender equity shares in open offer in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009.
        - 5.1.10. Tender equity shares in case of buy-back by listed companies in accordance with SEBI (Buyback of Securities) Regulations, 1998.
6. **Account opening and manner of operation by QFI**
    - 6.1. A QFI can open only one demat account with any one of the DPs and shall make purchase and sale of equity shares through that DP only. The DP shall carry necessary due diligence.
    - 6.2. The DP shall ensure that the same set of ultimate/ end beneficial owner(s) are not allowed to open more than one demat account as QFI.
    - 6.3. A QFI can open trading accounts with one or more SEBI registered stock brokers.
    - 6.4. The DP shall ensure that only QFI who meet the stipulated conditions of SEBI are

eligible. DP shall ensure that only those entities are allowed to open demat account as QFI whose ultimate/ end beneficial ownership is not resident in India.

6.5. The entities having opaque structure(s) such that the details of ultimate/ end beneficiary are not accessible or where the beneficial owners are ring fenced from each other or where the beneficial owners are ring fenced with regard to enforcement shall not be allowed to open demat account as QFI.

6.6. In case of any direct/ indirect change in structure or beneficial ownership of the QFI, the DP shall assess the eligibility of that QFI afresh, before allowing it to undertake any further transactions.

6.7. The QFI shall, as and when required by the Government, SEBI or any other regulatory agency in India, submit to that agency, as the case may be, any information, record or documents in relation to his activities as QFI.

6.8. The QFI shall, in relation to his activities as QFI, at all the times, subject themselves to the extant Indian laws, rules, regulations, circulars etc. from time to time.

6.9. The DP shall open a separate single rupee pool bank account with a designated AD Category-1 Bank.

6.10. The DP shall ensure that funds of each and every QFI in the rupee pool account are clearly segregated from each other at all times.

6.11. The DP shall open a demat account for the QFI only after ensuring compliance with all the requirements as per rules and regulations.

6.12. The DP shall ensure that every QFI transacts only through one designated overseas bank account and such overseas bank account.

6.13. The DP shall capture, the details of the overseas bank account designated by the QFI and shall ensure that all inward bound investments are received from that overseas account and repatriation/ remittances of proceeds are also transferred into the same overseas account.

6.14. The DP shall require QFI to submit necessary information for the purpose of obtaining PAN.

6.15. The DP shall ensure that all the investor related documents/ records of QFI are available with the DP.

6.16. The DP shall ensure that equity shares held by QFI are free from all encumbrances including pledge or lien etc. at all times.

6.17. The DP shall, at all times, ensure compliance with laws, rules and regulations of the jurisdictions where the QFI are based.

6.18. The DP shall ensure that the interests of other clients of DP are not adversely affected in any manner due to transactions done on behalf of QFI.

6.19. In case of any penalty, pending litigations or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by an overseas regulator against DP/ QFI, the DP shall notify such information forthwith, to the attention of SEBI, depositories and stock exchanges.

6.20. The DP shall be responsible for the deduction of applicable tax at source.

6.21. In case a QFI desires to change the DP with whom he holds the demat account, he shall be allowed to operate a new demat account with another DP only after closure of the earlier demat account.

7. **Investment restrictions and monitoring of investment limits for QFI**

7.1. The QFI shall transact in Indian equity shares only on the basis of taking and giving delivery of shares purchased or sold.

7.2. Each transaction by QFI shall be cleared and settled on gross basis.

7.3. QFI shall not issue offshore derivatives instruments/ participatory notes. A declaration and undertaking to this effect shall be obtained by DP from the QFI.

7.4. The DP shall provide on a daily basis, QFI wise, ISIN wise and company wise buy/ sell information and any other transaction or any related information to their respective depositories on the same.

7.5. The stock exchanges shall provide the details of paid up equity capital of all the listed companies, ISIN wise, to the depositories once in six months, periodically and also provide information regarding change in paid up equity capital in any listed company, immediately.

7.6. The QFI and DP shall ensure that the total shareholding held by a QFI shall not exceed five percent of paid up equity capital of the company at any point of time.

7.7. The depositories shall put in place appropriate systems and procedures to monitor the above limit by using PAN and/or other unique identity number of the QFI.

7.8. The depositories shall administer and monitor, so as to ensure, that aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the company at any point of time.

7.9. The depositories shall jointly publish/disseminate the ISIN wise and company wise aggregate shareholding of QFIs to public, on daily basis.

7.10. The information regarding ISIN wise and company wise aggregate QFI shareholding shall also be provided by the depositories to the RBI in a manner and format as stipulated by the Reserve Bank of India from time to time.

7.11. When the aggregate shareholding of all the QFIs in a company reaches 8% of the equity paid up capital, the company's name along with ISIN shall be published in caution list by the depositories and no fresh purchases shall be allowed without prior approval of the depositories.

7.12. For fresh purchases by QFI in equity shares of companies in the caution list, prior approval of the depositories shall be obtained.

7.13. After market hours, the depository shall give prior approval to request for purchase of equity shares of companies in the caution list on a first-come-first-served basis in co-ordination with the other depository, based on time of receipt of the prior approval requests by the depositories.

7.14. In case the aggregate shareholding of the QFI exceeds the limit of ten percent in respect of any ISIN, the depositories shall jointly notify the respective DPs regarding the breach along with the names of the QFI due to whom the limits have been breached.

7.15. In case the aggregate shareholding of the QFIs exceeds the limit of ten percent for whatsoever reason, the QFI due to whom the limit is breached shall mandatorily divest excess holdings within three working days of such breach being notified by depositories to the DP.

7.16. The stock exchanges shall amend Clause 35 of the listing agreement on or before June 30, 2012, so as to incorporate another class of investor to disseminate QFI shareholding in equity shares.

7.17. The stock exchanges shall develop a separate segment for intra QFI transactions in the equity shares of companies in the caution list, if they wish to buy without the prior approval of depositories.

7.18. The stock exchanges/ depositories/ DPs shall not levy any charges towards services relating to monitoring and administering of investment limits of QFI.

8. **Process flow**

8.1. **Purchase**

8.1.1. The QFI shall place a purchase order with the DP mentioning the name of the company and ISIN, number of equity shares, name of the stock broker and remit foreign inward remittances from the designated overseas bank account of QFI through normal banking channel in any permitted currency (freely convertible) directly to the single rupee pool bank account of the DP maintained with a designated AD category - I bank.

8.1.2. The DP in turn shall forward the purchase order to the SEBI registered stock broker with whom QFI has opened trading account.

8.1.3. If for any reasons, the QFI is not able to purchase equity shares within five working days of the inward remittance the DP shall immediately remit the money back to the designated overseas bank account of the QFI.

8.1.4. The DP shall ensure that equity shares purchased on behalf of QFI are credited into the demat account of that QFI on the pay-out date.

8.1.5. In case of QFI' participation in public issues, the QFI shall provide instruction to the DP to make application for public issue.

8.2. **Sale**

8.2.1. On receipt of instruction from QFI containing name of the company and / or ISIN, number of equity shares and name of the stock broker, the DP shall place order for sale of equity shares only after verifying availability of such equity shares in demat account of that QFI.

8.2.2. The QFI can instruct the DP to make fresh purchase of equity shares out of sale proceeds on account of sale of equity shares provided that such purchase is made within five working days of receipt of money in the pooled bank account.

8.3. **Dividend and other corporate actions**

8.3.1. In case of dividend received on account of QFI, the DP shall remit the same to the designated bank overseas account of the QFI within five working days.

8.3.2. In case of QFI participation in corporate actions such as buy back, delisting etc. wherein the pool account maintained with DP is credited with funds, such funds shall be remitted back to the designated bank overseas account of the QFI within five days of receipt of same, unless any fresh purchase of equity shares is made out of such funds.

9. The transactions of QFIs, for all purposes, shall be treated at par with that of Indian non-institutional investors with regard to margins, voting rights, public issues etc.

The complete text of the above circular can be downloaded from:

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1326453304731.pdf

(Compiled by Nidhi Singh, BoS)

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whether citizen of India?	:	Yes
(If foreigner, state the country of origin)		
Address	:	Chairman, Board of Studies, The Institute of Chartered Accountants of India, Post Box No. 7100, Indraprastha Marg, New Delhi - 110104.
6. Name and Addresses of individuals who own the newspapers and partners or the shareholders holding more than one percent (Act xxxVIII of 1949) of the total Capital	:	Council of the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 There is no share capital

I, Vijay Kapur, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-

Dated : February 26, 2012 Signature of Publisher

TOPPERS SPEAK ...

A set of questions were asked to the first three rank holders of CA Final Examination- November 2011. The questions and their responses, which are included in these pages would definitely help the students sail through the Examinations smoothly and with good scoring.

Roohi Aggrawal
Hyderabad,
First Rank – CA Final
November 2011

Q. How does it feel to be at the top?

Ans. It feels awesome to have achieved what I aspired for. It gives me immense satisfaction that I could fulfill people' expectations. Finally, I got the reward for my efforts.

Q. Did you ever consider gender as a limiting factor/ contributing factor in achieving your goal?

Ans. No I never considered gender as a limiting factor or contributing factor in achieving my goal. It all depends on your hard work, dedication and commitment towards your goal. Our inner strength motivates us to put in the required efforts.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. Intrinsic factors would be positive attitude, understanding of concepts, balanced approach towards all the subjects and faith in God. Strategic planning based on your strengths and weaknesses and proper time management are important ingredients for success. External factors would be exposure in articleship training, excellent coaching and books of reputed authors and guidance from seniors.

Q. What strategy/study plan did you follow while preparing for the exam?

Ans. I prepared a study plan based on my strengths and weaknesses and allotted time for particular subject and topics. I used to study 2 subjects in a day: one practical and one theoretical. I ensured time gap between two successive revisions should not exceed 1 to 1.5 months. I had set targets for each subject and ensured coverage of whole syllabus. At the same time I focused more on scoring and less on time consuming topics. After giving two revisions, I did self assessment by solving RTPs and previous years' exam papers. This helped me find out the areas needing improvement and I gained confidence in the process. I ensured minimum 6 hours sleep during preparation.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. Inputs provided by the Institute have been extremely helpful especially practice manuals. It helped me in quick revision of all important topics and I also learnt how to improve presentation of answers. The academic updates in students journal, case laws published by Institute and recent amendments given in RTP helped me in scoring well.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. I am planning for employment in Industry. I will evaluate all the available options and choose the best among them.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. It is true that Chartered Accountancy Course is the gateway to achieve professional excellence through its wide ranging subjects and application of knowledge during articleship training. Students pursuing this course learn and develop analytical, time management, communication, leadership and presentation skills.

Q. How would you motivate the youngsters joining this course?

Ans. I will advise them to set their goals and put in required efforts to enjoy the success. Make a proper study plan and strategize your success in your own way. Conceptual learning, time management, dedication and a balanced state of mind are the keys to success.

"Give your best and forget the rest"

Pawan Sarda
Nagpur
Second Rank - CA Final,
November 2011

Q. How does it feel to be at the top?

Ans. I am feeling absolutely ecstatic not just because of the rank but because of the happiness on the faces of my parents, friends and teachers which matters more to me.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. Most importantly, it was the faith in the teachers, books and myself that helped achieve this success. I had done proper planning and its implementation. I think it was important to be sincere and at the same time enjoy the study process. Such a result cannot be an outcome of just one person's own efforts. There has been a great role played by my family members, teachers, seniors and friends. It is not just my success, it is success of all these people.

Q. What strategy/study plan did you follow while preparing for the exam?

Ans. My plan was simple: Revise multiple times, Study 100%, Solve 100%.

Mostly I had to do my studies in the 4 months leave I got from my office. So, I had planned that I would complete my course in 2 months by the end of August and so accordingly I planned to do 2 subjects in 15 days so likewise in 60 days I was able to complete 8 subjects. I had scheduled 2 to 3 sessions of 3-4 hours each day and in between the sessions I used to take breaks by listening to songs and watching cricket. I used to keep a track of the number of pages I was able to do in each hour.

After the first reading, I targeted to complete the second reading during September. I must admit sometimes it was getting very difficult, that was the time when anybody could have given up... but if you hold on... if you don't give up at that time then it becomes easy later on. So, I somehow managed to complete my second revision also. In October first week, we had test series. Every day we had one paper. The test series helped me a lot. Not only I revised the entire syllabus once again, I also got to write the answers under examination conditions and hence came to know how much scope is there for improvement. And then, after the test series ended on 11th October 2011, we again had 20 days before the final exams. For those 20 days I again made my plan. In my opinion, the two days which we have before the exams are very important. If you study something for 4 months but if you don't study the same thing just before the exam, it could be a waste of time and effort because when you go for the exam you should have the confidence that you have read everything, everything should be fresh in your mind, so I had made 20 hours plan for those two days before the examination. Hence I ended up reading the material 4 to 5 times before appearing for the exams.

Also, I used the strategy of 1.8: In 180 minutes you have to give 100 marks paper, hence you have 1.8 minutes for each mark so likewise you can calculate that for a 5 mark question you have 9 minutes in hand, for 10 marks question you have 18 minutes in hand so while giving the answers we can keep a track of time.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. The Practice Manuals for certain subjects have been of special help. Also the Case Studies and the Amendment Notes in Taxation were quite useful. I was also tremendously benefited from the Revision Test Papers of all the subjects as they helped me revise things quickly and gain a lot of confidence.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. As regards future, I wish to start practicing as a Chartered Accountant. Also, I am thinking of pursuing the Actuarial Science Course.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. Yes. The Chartered Accountancy Course is indeed very well designed to create responsible and excellent professionals. One of the most crucial aspects of this course is the element of 'articleship training'. On becoming a CA we already have certain amount of practical exposure through articleship. I feel lucky to be a part of this esteemed profession.

Q. How would you motivate the youngsters joining this course?

Ans. I would like to advise all to pursue their articleship sincerely. Everything can be managed properly provided you do the right thing at the right time in the right way.

Also I would like to share that CA course is not as difficult as it is perceived to be. It is all about holding your nerves. One, who plays the mental game well, is the "king of the ring". It is very easy to give up but the consequences are tough to face later. However, if you hold on and don't give up at the critical moment, success is bound to come. I want to give them the message to be honest to themselves, not to show off to anybody what they are, but be truthful to their own selves.

Do not underestimate the power of your mind. At the same time over-confidence is harmful as well. A golden mantra is "Plan your work and work your plan." Time management is the "name of the game".

We should "Try to understand everything and do not memorize anything." Developing conceptual clarity is very crucial aspect of CA studies.

Regarding CA exams it is definitely true that "If you do not study now, you will have to study later and that too a lot more under much more mental pressure." So give the best you can in the very first shot and challenge your limits instead of limiting your challenges.

"*If you want to achieve something that you have never achieved before, you'll have to do something that you never did before.*"

Pavan Pal Sharma
Bangalore
Third Rank-CA Final,
November 2011

Q. How does it feel to be at the top?

Ans. It does feel good. But, there is a lot more to be done. Having done well in a professional examination gives you lot of confidence - confidence to excel and the confidence to face the world. I feel humbled on achieving this milestone.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. The support that I received from my parents and my teachers, and encouragement from my friends were major factors. There were quite a few critical decisions in my career, as a student, that I had to make. It was during this phase that I needed their support the most. I would probably not have achieved this success had it not been for them.

Q. What strategy/study plan did you follow while preparing for the exam?

Ans. I have always maintained that one needs to prepare one's strategy! My strategy may not work for others. I had no other work except to study. So most of my day was spent studying - not that I am a bookworm or a nerd! I would request students to prepare a lot of notes - not borrow notes from friends or tutors - but to actually sit down and make notes. You will then know what your understanding levels are and where you need to focus. Apart from this, there would be nothing special for me to share with the readers of this interview - I am a normal guy like the rest of them. All I can say is that if I could smell success I am sure they can too with the right amount of hard work.

To add something else; CA Final exams are special. You know you are just a step away from being a chartered accountant. As the exams keep nearing, your future becomes clearer. It is as if the haze in front of your eyes has cleared up - the journey as a student; of almost 4 years is coming to an end! I also believe in the fact that exams should be more of a formality. Be it any exam, whether 10th, 12th, CPT, PCC or CA Finals - I believe that the exam should not define what you are. Nor should it be the barometer to measure one's potential or talent. I always say - be a chartered accountant before you write your CA Finals - only then will you succeed. Unless you get that feeling from within, before your exams, clearing Finals will be an uphill task.

We have often heard of students who are surprised at not clearing the exams. But there are another few who are surprised on clearing the exams. If you ask me, I would be far more alarmed with the later few and understandably so. You cannot be a "surprised" chartered accountant! Nor can you be a CA by luck. Hard work is the only way.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. From the student's perspective, of late there have been many encouraging developments - few of them being giving students reading time in the exams, good revision test papers and a few booklets like "How to clear the CA Examination" and also a far greater positive involvement by the BOS. Despite this, as a student I really wish that our Institute played a far greater role in moulding good chartered accountants. We need to provide students with better reading material / study material. In my opinion, revised study materials in respect of few of the subjects are simply excellent. But in respect of others, I personally feel that a lot needs to be done.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. I am considering the option to take up a course in actuarial sciences. I love mathematics. I would like to pursue a career in mathematics now. Actuarial Science is an exciting field. I am interested in the financial modules of this science. I hope I get to learn a lot.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. Yes! Of course! But then again it all depends on how you want to mould your career after becoming a CA. You can be the most sought after chartered accountant in India or world over in a few years. It all depends on one's hard work and dedication.

Q. How would you motivate the youngsters joining this course?

Ans. I would really like to talk to students studying in colleges and who are interested in undertaking this course.

As I am practicing I do have some spare time to share with students. I love interacting with them. I would love to help them make a meaningful career decision for themselves. If I see some kid out there who plays cricket like no other I would prefer him being a cricketer than a CA or a doctor or an engineer. He would be an asset to the country if he became a good cricketer than by being an average CA or an average engineer.

Moreover, motivation should be from within. Unless one can motivate oneself, any external motivation would be futile. I need years of experience and knowledge before I can motivate anybody. For now, I can only talk to students and be their friend. I would like to help them out in any possible way I can. ■

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]
Post Box No.7112, 'ICAI BHAWAN', Indraprastha Marg
New Delhi – 110002

TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA

NOTIFICATION

9th February, 2012

No.13-CA (EXAM)/CPT/ June/2012: In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Common Proficiency Test (Paper- Pencil Mode) will be held on Sunday, 17th June, 2012 in two sessions as below, at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

[This Common Proficiency Test will be conducted as per provisions of Regulation 25 D (3) of the Chartered Accountants Regulations, 1988 and the syllabus as published in the pages 291-293 of the Journal 'The Chartered Accountant' August 2006 issue and pages 12-13 of Chartered Accountants Students' Newsletter August 2006 issue.]

First Session (i.e. Morning Session)	**10.30 AM to 12.30 PM (IST)** Section - A Fundamentals of Accounting Section - B Mercantile Laws
Second Session (i.e. Afternoon Session)	**2.00 PM to 4.00 PM (IST)** Section - C General Economics Section - D Quantitative Aptitude

EXAMINATION CENTRES: (IN INDIA)

1	AGRA	47	GORAKHPUR	93	PANVEL
2	AHMEDABAD	48	GUNTUR	94	PATNA
3	AHMEDNAGAR	49	GURGAON	95	PATIALA
4	AJMER	50	GUWAHATI	96	PIMPRI-CHINCHWAD
5	AKOLA	51	GWALIOR	97	PONDICHERRY
6	ALAPPUZHA	52	HISAR	98	PUNE
7	ALIGARH	53	HUBLI	99	RAIPUR
8	ALLAHABAD	54	HYDERABAD	100	RAJAMAHENDRAVARAM
9	ALWAR	55	INDORE	101	RAJKOT
10	AMBALA	56	JABALPUR	102	RANCHI
11	AMRAVATI	57	JAIPUR	103	RATLAM
12	AMRITSAR	58	JALANDHAR	104	REWARI
13	ANAND	59	JALGAON	105	ROHTAK
14	ASANSOL	60	JAMMU	106	ROURKELA
15	AURANGABAD	61	JAMNAGAR	107	SAHARANPUR
16	BANGALORE	62	JAMSHEDPUR	108	SALEM
17	BAREILLY	63	JODHPUR	109	SAMBALPUR
18	BATHINDA	64	KANPUR	110	SANGLI
19	BEAWAR	65	KARNAL	111	SATARA
20	BELGAUM	66	KISHANGARH	112	SHIMLA
21	BELLARY	67	KOLLAM	113	SIKAR
22	BERHAMPORE	68	KOLHAPUR	114	SILIGURI
23	BHAGALPUR	69	KOLKATA	115	SIRSA
24	BHARAUCH	70	KOTA	116	SOLAPUR
25	BHAVNAGAR	71	KOTTAYAM	117	SONEPAT
26	BHILWARA	72	KOZHIKODE	118	SRI GANGANAGAR
27	BHOPAL	73	KUMBAKONAM	119	SURAT
28	BHUBANESWAR	74	LATUR	120	THANE
29	BHUJ	75	LUCKNOW	121	THIRUVANANTHAPURAM

30	BIKANER	76	LUDHIANA	122	THRISSUR
31	BILASPUR	77	MADURAI	123	TINSUKIA
32	CHANDIGARH	78	MANGALORE	124	TIRUCHIRAPALLI
33	CHENNAI	79	MATHURA	125	TIRUPATI
34	COIMBATORE	80	MEERUT	126	TIRUPUR
35	CUTTACK	81	MORADABAD	127	TUTICORIN
36	DEHRADUN	82	MUMBAI	128	UDAIPUR
37	DELHI/NEW DELHI	83	MUZAFFARNAGAR	129	UDUPI
38	DHANBAD	84	MYSORE	130	UJJAIN
39	DUNDLOD	85	NAGPUR	131	VADODARA
40	DURG	86	NANDED	132	VAPI
41	ERNAKULAM	87	NASHIK	133	VARANASI
42	ERODE	88	NELLORE	134	VELLORE
43	FARIDABAD	89	NOIDA	135	VIJAYAWADA
44	GANDHIDHAM	90	PALGHAT	136	VISAKHAPATNAM
45	GHAZIABAD	91	PALI MARWAR	137	YAMUNA NAGAR
46	GOA	92	PANIPAT		

OVERSEAS CENTRES: **1) ABU DHABI** **2) DUBAI** **3) KATHMANDU** **4) MUSCAT***

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to Common Proficiency Test is required to be made in the relevant prescribed form as contained in the Information Brochure, which may be obtained from the **Additional Secretary (Examinations)**, The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi - 110 002 on payment of ₹ 1000/- (₹500/- towards examination fee and ₹ 500/- towards cost of application form and Information brochure) per application form. The fee for candidates opting for Abu Dhabi, Dubai, Doha and Bahrain centres will be US $160 (US $ 150 towards examination fee and US $ 10 towards cost of application form and information brochure) or its equivalent Indian Currency. The fee for the candidates opting for Kathmandu centre are required to remit INR.1350/-(INR 850/- towards examination fee and INR 500/- towards the cost of application form and information brochure) or its equivalent foreign Currency. Since the cost of Information brochure containing Common Proficiency Test application form includes the examination fee, no separate fee is required to be remitted at the time of submitting the filled in application form. The Information brochure containing Common Proficiency Test application form will also be available in the Regional and Branch Offices of the Institute and can be obtained there from on cash payment on or from **4th April, 2012**.

Common Proficiency Test application forms duly filled in may be sent so as to reach the **Additional Secretary (Examinations)** at New Delhi not later than **25th April, 2012**. Applications received after 25th April, 2012 shall not be entertained under any circumstances. Applications duly filled in will be received by hand delivery at the offices of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto **25th April, 2012. Candidates residing in these cities are advised to take advantage of this facility. It may be noted that there is no provision for acceptance of application forms after 25th April, 2012 with late fee.**

The candidates who fill up the examination application form **online** at http://icaiexam.icai.org from **4th April, 2012 (10.00 hrs) to 25th April, 2012 (17.30 hrs)** and remit the fee online by using either VISA or MASTER Credit/ Debit Card **shall not be charged ₹ 500/-** (i.e. cost of application form fee) in order to popularize filling-in of application form online.

Common Proficiency Test (CPT) is open only to those students who are already registered with the Institute of Chartered Accountants of India for the said course on or before 4th April, 2012 and fulfill the requisite eligibility conditions.

QUESTION PAPER BOOKLET LANGUAGE:

Common Proficiency Test will be an objective type multiple choice questions based examination. Candidates will be allowed to opt for Hindi medium Question Paper Booklet for answering the questions. Detailed information will be found given in the Information brochure.

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMINATIONS)

Scholarships for CA Students

The Board of Studies awards following Scholarships to students twice a year i.e. in the month of April and October:

Sr. No.	Scholarship Name	No. of Scholarships	Amount (p.m.)	Eligibility Criteria
1.	**Merit**	As per eligibility criteria	₹1500/- for IPCC Students & ₹2000/- for Final Students	Awarded to students whose names appear at Sl. No. 1-10 of Merit lists of CPT/ PCC/ IPCC of Nov./ Dec. 2011 Exam. In case the Rank at Sl. No.10 continues to Sl. No. 11 or 12 or so on, then all such rank holders securing the same marks in a particular rank shall be covered.
2.	**Merit-cum-Need**	30	₹1500/-	Rank holders (other than covered under Merit category at Sr. No.1) of CPT/ PCC/ IPCC Nov./ Dec. 2011 Exam provided their parents/guardians total annual income does not exceed ₹1,50,000/-
3.	**Need Based and Weaker Sections**	100	₹1250/-	Students of PCC/IPCC/Final provided their parents/guardians total annual income does not exceed ₹1,00,000/-
4.	**Sri Dhanraj Kanhaiyalal Dudharia Scholarship**	10	₹1250/-	Students of IPCC/Final from Karnataka State under Need Based & Weaker Sections criteria
5.	**R.K. Khanna Memorial Scholarships**	2	₹1250/-	Students of PCC/IPCC/Final under Need Based & Weaker Sections criteria
6.	**Out of Joint Corpus formed by Donors**	5	₹1250/-	Student of PCC/IPCC/Final under Need Based & Weaker Sections criteria

Merit Scholarships under Serial No. 1 are automatically awarded to the eligible students hence they are not required to apply.

With regard to Scholarship from Sl. No. 2 to 6, applications are invited for grant of scholarship to be paid from April 1, 2012.

The detailed guidelines along with the requisite application forms are available on the Institute's Website (www.icai.org) (link: http://icai.org/post.html?post_id=6486).

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.
- An additional amount of ₹100/- p.m. will be paid to SC/ ST/ OBC students, under Need-based and Weaker Sections Category. They shall have to enclose a certificate/ documentary proof duly attested by a gazetted officer or a member of the Institute.
- One scholarship under the Need-Based and Weaker Section Category is reserved for a Physically Challenged student.

Duly completed and signed Application Forms 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, 2012.

In case of any clarification, please contact the Board of Studies, ICAI Bhawan, A-29, Sector-62, Noida-201309, Tel. No. 0120-3045930/931; e- Mail: bosnoida@icai.org.

Director, Board of Studies

Hon'ble Union Minister of Corporate Affairs Dr. M. Veerappa Moily inaugurates the 62nd Annual Function of ICAI in the presence of CA. G. Ramaswamy, the then President, ICAI, CA. Jaydeep Narendra Shah, President, ICAI (the then Vice-President), Padma Shri Awardees and Past Presidents of ICAI, CA. Y.H.Malegam and CA. T.N. Manoharan on February 11, 2012 in New Delhi.

CA. G. Ramaswamy, the then President, ICAI welcomes the Hon'ble Union Minister of Corporate Affairs Dr. M. Veerappa Moily at the 62nd Annual Function of ICAI in the presence of CA. Jaydeep Narendra Shah, President, ICAI (the then Vice-President) on February 11, 2012 in New Delhi.

Hon'ble Union Minister of Corporate Affairs Dr. M. Veerappa Moily being welcomed at the GMCS Orientation programme organized by the NIRC in New Delhi on February 17, 2012. CA. Jaydeep Narendra Shah, President, ICAI, CA. Subodh Kumar Agrawal, Vice President, ICAI, CA. Pankaj Tyagee, Central Council Member and CA. Rajesh Sharma, Chairman, NIRC also seen in picture.

CA. Subodh Kumar Agrawal, Vice President, ICAI being presented with a memento on the occasion of Diamond Jubilee Orientation for GMCS Scholars organized by NIRC of ICAI in New Delhi on February 17, 2012 in the presence of CA. Jaydeep Narendra Shah, President, ICAI , Central Council Members CA. C. J. S. Nanda, CA. Pankaj Tyagee and CA. Rajesh Sharma, Chairman, NIRC.

Hon'ble CA. K. Rahman Khan, Deputy Chairman, Rajya Sabha, inaugurating the Convocation at Mumbai on January 24, 2012. CA. G. Ramaswamy, the then President, ICAI, CA. Jaydeep Narendra Shah, President, ICAI (the then Vice-President) and CA. V. Murali, the then Chairman, BoS and CA. Sriniwas Joshi, Chairman, WIRC also seen in picture.

Seen in picture (L-R) CA.Anuj Goyal , Central Council Member, CA.G.Ramaswamy, the then President, ICAI, Shri. B.P.S.Bisht,Commissioner of Income tax, Kanpur and Chief Guest, CA.Vivek Khanna , Chairman, CIRC and CA.Kushwah Mukesh Singh, Treasurer ,CIRC at the Convocation held in Kanpur on February 4, 2012.

Seen in picture (L-R) CA. Sushil Goyal, Chairman, EIRC, CA. Abhijit Bandyopadhyay, Central Council Member, CA. G. Ramaswamy, the then President, ICAI and CA. V.Murali, the then Chairman, Board of Studies at the Convocation held in Kolkata on January 26, 2012

Shri Vijay Kapur, Director, Board of Studies with the participants of the 10th batch of GMCS Residential Programme at the Centre of Excellence, Hyderabad.

RNI No. 66180/97

REGISTERED: DL- (C)-01/1280/2012-2014
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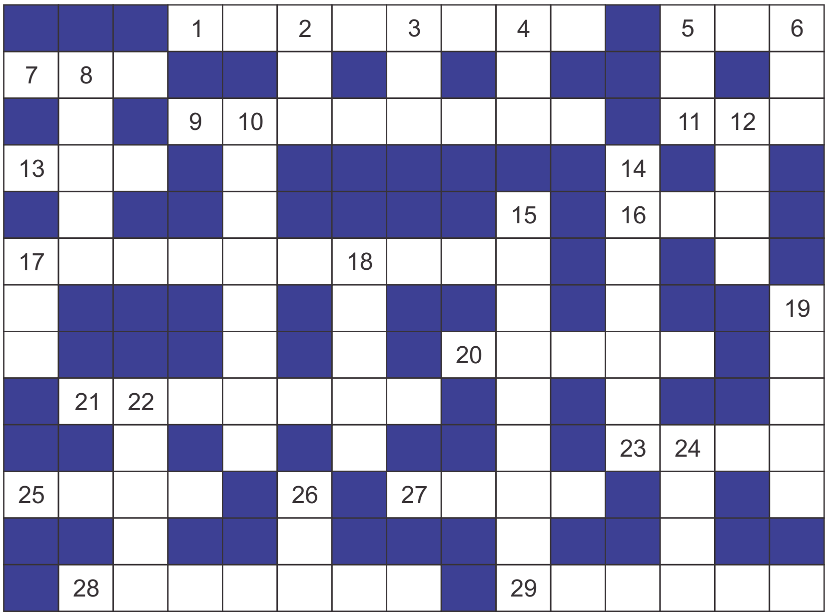
POSTED AT N.D.P.S.O. ON 26th, 27th and 28th FEBRUARY, 2012

CROSSWORD



Across

1. Section 44BBA contains special provision for computing profits and gains of business of operation of _____ in the case of non-residents.
5. A _____ is a grouping of related businesses.
7. ______ Act is prevalent in India to secure access to information under the control of public authorities.
9. The cost of factors owned by the entrepreneur himself and employed in his business are called ______ costs.
11. A _______ is an organization that provides financial services to the poor.
13. A tax levied on all transactions done on the stock exchanges.
16. While estimating the ____, the purpose of holding the stock should also be taken into consideration.
17. Section 44C provides for deduction of _______ expenditure in the case of non-residents.
20. A mechanical or virtual intelligent agent that can perform tasks automatically or with guidance, typically by remote control.
21. Production means creation of ______.
23. ____max is a decision rule used in decision theory, game theory, statistics and philosophy for minimizing the possible loss for a worst case scenario.
25. A derivative in which counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument.
27. Recently issued a trust based IDF would normally be a Mutual Fund (MF) which would be regulated by __________.
28. A _______is a collection of Web pages, images, videos or other digital assets that is hosted on one or more web servers accessible via the Internet.
29. In MS-Word 2010, _______ effect makes the selected text appear to be raised off the page in relief.

Down

2. To cut or tear apart in a rough or vigorous manner.
3. A performance measure used to evaluate the efficiency of an Investment.
4. _______ up to 100 per cent, under the government approval route, would now be permitted in single brand product retail trading.
5. ______is a smart card that stores data for GSM cellular telephone subscribers.
6. ____ bank is now Axis bank.
8. The auditor's report shall have a _____that clearly indicates that it is the report of an independent auditor.
10. The market condition in which a single seller sells to many buyers.
12. All Companies having paid up capital of Rs ______ crores have to file their financial statements using the XBRL Taxonomy .
14. As per recent RBI notification, each bank have to offer a _____interest rate on their saving bank deposits up to Rs 1 lakh.
15. All income arising to a person by virtue of a _____ transfer of assets shall be chargeable to income-tax as the income of the transferor and shall be included in his total income.
17. Education in India comes under the Ministry of _____.
18. The number of directors in a private limited company cannot exceed _____.
19. Country with Asia's longest rail network.
22. As per section 2(13), business includes _____, commerce or manufacture.
24. Primary body for space research in India.
26. Lender of Last Resort in India

If undelivered, please return to:
The Institute of Chartered Accountants of India
ICAI Bhawan, Indraprastha Marg
New Delhi - 110 104