Price ₹ 50
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

The Chartered Accountant Student

Your Monthly Guide to the CA News, Information & Events

STUDENTS' JOURNAL
October 2012 Vol SJ3 Issue 10 Pages 36

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President's Communication

Dear Students,

At the outset, I would like to pay rich tributes to the Father of the Nation, Mahatma Gandhi, on his 143rd birth anniversary on October 2, 2012. Mahatma Gandhi was a great Indian and a major force which got India her long awaited and much deserved freedom. His peaceful and non-violent ways of struggle made a lot of difference in our fight for freedom. His principles are relevant even today and have inspired many political, social and religious leaders all over the world. The Mahatma loved everybody including those who were against his peaceful and non-violent methods.

In the recently held May 2012 Examinations many students have performed very well and have secured praiseworthy marks. At the same time there are lessons to be learnt from the shortcomings as explained in the Examiner's Comments on the performance of candidates. Students should carefully go through these comments and strategize their learning approaches.

You should remember that the Chartered Accountancy is a professional course that requires in-depth knowledge and clear understanding. CA examinations aim to test the expertise of students and hence, the question papers are of a very high standard. Selective or superficial studies will not be helpful and you need to understand the various concepts of different subjects thoroughly. Practice a large number of numerical questions to get very good command over them. It has been noticed that the presentation of the theoretical answers needs further improvement. I would like to advise all the students that they should pay due attention to the content and presentation of the theoretical answers. You must possess contemporary knowledge, particularly in the area of taxation; you should be aware of the latest amendments and provisions that are relevant to the examinations.

In the examination hall you should carefully read the question paper. Make full use of additional 15 minutes allotted to you to read the questions. It will help you in getting clarity on what is to be answered. Once you have this clarity, you will be able to provide to the point and relevant answers.

While preparing for the examinations, make full use of the resources provided by ICAI. Board of Studies has already published the Suggested Answers of May 2012 Examinations and the Revision Test Papers for the November 2012 Examinations. Acquire your personal copy at the earliest. They have been also hosted on the website of the Institute.

I am happy to inform our students that the 16th & 17th Batch of Four Weeks Residential Programme on Professional Skills Development would start from 21st November, 2012 to 18th December, 2012 at our Centre of Excellence, Hyderabad. All the students who have passed IPCC/ PCC/ PE- II examination and pursuing last year of articleship training or completed articleship are invited to join the course. Recently qualified Chartered Accountants are also welcome to join the course. The programme will offer a unique opportunity to the CA Students and would focus on development of communication skills, leadership skills, and personal traits for effective functioning in business organization and profession.

To provide topical knowledge and bring a sense of competition the Board of Studies is organizing elocution and quiz contests at three levels viz. branch, regional and all India. Till date, quiz contests have been held at 78 places and Elocution Contests have been held at 79 places. The contests at the first level were also held in all the cities where regional offices are situated. The regional level contests are underway wherein we have already completed the schedule for four regions - EIRC, NIRC. SIRC and WIRC. The CIRC is conducting regional level elocution and quiz contests, 2012 on 8th and 9th October, 2012 in Jaipur. Subsequently, all India level contests will be organized.

I would like to convey you all my greetings & best wishes for Dussehra. This day is considered to be auspicious and festive in our country and symbolizes the victory of 'Good over Evil'.

Wish you all the best

Yours sincerely,

CA. Jaydeep Narendra Shah
President, ICAI, New Delhi

ARTICLES INVITED FOR STUDENTS' JOURNAL

The Board of Studies is planning to bring out theme based Special Issues of the Chartered Accountant Students' Journal in the upcoming months. We invite articles from members, academicians, students and others as follows:-

S.No	Month	Theme
1.	November 2012	Limited Liability Partnership
2.	December 2012	Corporate Law
3.	January 2013	Information Technology
4.	February 2013	Accounting & Social Audit

The theme-based articles should be received at the Board of Studies latest by 10th of the preceding month in which the article is to be published. The article should comprise 1600 to 2400 words only. The authors are advised to enclose the following along with the articles:-

1. A formal & signed undertaking in the form of a letter stating that the article is original in all respects and does not infringe any copyright and has not been published elsewhere or has been sent for publication.
2. A latest passport size colour photograph (with full name and registration number written on the back).
3. A soft copy of the article with complete communication and E- mail address. Articles received without the details/ enclosures specified above will not be considered.

An honorarium of ₹2500/- will be paid if the article is published. All correspondence in this regard should be made to The Director, Board of Studies, ICAI Bhawan A-29, Sector-62, Noida - 201 309 with the full name, complete address and the membership/ registration number if applicable.

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Non-receipt of Students' Journal
Email : nosj@icai.org

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The Institute of Chartered Accountants of India,
ICAI Bhawan, Indraprastha Marg,New Delhi - 110 104.
http://www.icai.org

Inside October

Annual Subscription Rates:

CA Students	:	₹	200
Members & Others	:	₹	500
Overseas	:	US $	100

Total Circulation: 2,44,211

Check your Address : All students should check their mailing address printed on back cover. In case, there is any change or the PIN Code (Postal Index Code) is either missing or incorrect, kindly inform immediately the concerned Regional Office giving full particulars of your address along with correct PIN Code. This would enable us to ensure smooth and prompt delivery of the Journal.

Printed and published by Shri Vijay Kapur, on behalf of The Institute of Chartered Accountants of India, New Delhi. Published at the Institute's Office at Indraprastha Marg, New Delhi and printed at International Print-O-Pac Ltd., B-204, 205, Okhla Industrial Area, Phase-1, New Delhi.

Date of Publication: 26-09-2012

Corporate Governance - Role of Independent Directors / Audit Committee

Maunik Ashitbhai Patel

Corporate Governance is concerned about promoting corporate fairness, transparency and accountability. It is concerned with structures and processes for decision making, accountability, control and behaviour at the top level of organizations. Corporate Governance is getting a focused attention for satisfying the divergent interests of the stakeholders of a business enterprise.

"Corporate Governance is the system by which companies are directed and controlled by the management in the best interest of the shareholders and others ensuring greater transparency and better and timely financial reporting. The Board of Directors are responsible for governance of their companies."

"Corporate Governance is needed to create a corporate culture of consciousness, transparency and openness. It refers to combination of laws, rules, regulations, procedures and voluntary practices to enable the companies to maximize the shareholders long-term value. It should lead to increasing customer satisfaction, shareholder value and wealth."

Karl Marx said "Business is all green, only philosophy is grey". He meant that business is all about profits and comforts of its rich owners and discomforts for all other sectors of society who are at the receiving end of the business.

But one has to accept that much of the progress in the world would not have been possible without entrepreneurship and business which involves lot of risk and planning.

"***A business that makes nothing but money is poor kind of business***" - Henry Ford.

Reports on Corporate Governance

- Report of the Cadbury committee,
- Report of the Greenbury committee,
- The Report of Blue Ribbon committee in the U.S.
- The OECD code of Corporate Governance
- K.M. Birla Committee for suggesting changes in Listing Agreement
- SEBI committee on corporate governance to Indian Banks

Investors must care about corporate governance. Speculators, however, do not care, and arguably should not care." If we turn speculators into investors, we'll get better corporate governance, better returns and more responsible corporations.

Corporate governance is most often viewed as both the structure and the relationships which determine corporate direction and performance. The board of directors is typically central to corporate governance. Its relationship to the other primary participants, typically shareholders and management, is critical. Additional participants include employees, customers, suppliers, and creditors. The corporate governance framework also depends on the legal, regulatory, institutional and ethical environment of the community.

Corporate governance is a field in economics that investigates how to secure/motivate efficient management of corporations by the use of incentive mechanisms, such as contracts, organizational designs and legislation. This is often limited to the question of improving financial performance, for example, how the corporate owners can secure/motivate that the corporate managers will deliver a competitive rate of return.

The primary purpose of corporate leadership is to create wealth legally and ethically. This translates to bringing a high level of satisfaction to five constituencies - customers, employees, investors, vendors and the society-at-large. The raison d'etre of every corporate body is to ensure predictability, sustainability and profitability of revenues year after year".

-Mr. N.R.Narayana Murthy

Independent Directors : The term "Independent Director" was first introduced in the Indian corporate

The author is a student of ICAI (Reg.No. WRO0251411) arena through the **Kumar Mangalam Birla Committee**, formulated by SEBI, to start up reforms in the area of Corporate Governance. It soon found entry into corporate books, after Clause 49 was incorporated in Listing Agreement by SEBI. The Birla Committee Report stipulates, "Independent Directors are directors who apart from receiving directors' remuneration do not have any other material pecuniary relationship or transactions with company, its promoters, its management or its subsidiaries, which in the judgement of the board may affect their independence of judgement".

In the background of Enron debacle and sequel to Sarbanes Oxley in US, Ministry of Corporate Affairs then constituted, the **Naresh Chandra Committee**, which gave governance some more thought.

In 2003, SEBI constituted the **Narayana Murthy Committee**, whose recommendations were incorporated in the Clause 49 by amending it in 2004.

The Murthy Committee Report pondered view on the qualification and remuneration of Independent Directors and stressed on the need of evaluating performance of non-executive directors. Sequel to implementation of Murthy Committee recommendation in Clause 49, Ministry of Corporate Affairs constituted another committee in December 2004 under the Chairmanship of Shri J. J. Irani, to give Corporate Governance a legislative stamp by revamping the Companies Act, 1956.

The Irani Committee came up with several recommendations in relation to the Independent Directors that were in conflict with the extant Clause 49 and/or the views of the Murthy Committee. The present Corporate Governance framework encompassing the Independent Directors is through Clause 49 based on the Murthy Committee Report.

Key Role of an Independent Director in a Company

- Board structure and objectivity of the Board
- Protection of minorities
- To build up shareholder's confidence in the company
- To improve relations with investors
- To make coordinated strategic decisions
- To resolve conflicts
- To enhance management transparency
- To increase company's value
- Role of other stakeholders in management
- System of reporting and accountability
- Audit and internal control
- Effective supervision and enforcement by regulators
- To encourage Sustainable Development of the Company and its stakeholders.

Independent Directors under Listing Agreement in India

Composition of Board

- Not less than 50% of the board to be non-executive directors
- If the chairman is Executive Director, at least half of the board should comprise of independent directors
- If Chairman is Non-Executive Director, at least one- third of the board should comprise of independent directors

The independent directors have generally diverse experience and background. They provide independent thinking, wider knowledge and perspective to the company. They are not intimately connected with the company except through attending the Board meetings. They have an unbiased attitude towards the working of the company.

Audit Committee under Clause 49

As per SEBI circular a qualified and independent audit committee shall be set up taking into account the following norms :

(1) The audit committee shall have minimum three directors as members. Two-thirds of the members of the audit committee shall be independent directors.

(2) All the members of the audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

(3) The Chairman of the audit committee shall be an independent director.

(4) The Chairman of the audit committee shall be present at the annual general meeting to answer the shareholders' queries.

(5) The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

(6) The Company Secretary shall act as the secretary to the committee.

Meeting of the Audit Committee

The audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

Powers of the Audit Committee

The audit committee shall have powers, which should include the following:

(1) To investigate any activity within its terms of reference.

(2) To seek information from any employee.

(3) To obtain outside legal or other professional expertise.

(4) To secure attendance of outsiders with relevant expertise.

Further it may be noted that the four powers as mentioned above are only illustrative and not exhaustive.

It is mandatory for the above mentioned four powers to be vested in the audit committee. The Board of Directors may delegate / vest further powers to the committee.

"*Strong leadership and corporate governance are essential to providing value to our investors*"

- Tata Consultancy Services Limited

Code of Conduct of TATA Group

Non-Executive Directors of a company will always act in the interest of the company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the company and his role therein.

Non-Executive directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities.

Non-Executive directors will safeguard the confidentiality of all information received by them by virtue of their position.

By combining ethical values with business acumen, globalization with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global corporations.

Conclusion

Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence.

The organization must recognize the ethics and importance of Corporate Governance and acknowledge its responsibilities towards all stakeholders including Government, employees, customers, suppliers, regulatory authorities and the shareholders. The philosophy of Corporate Governance is to bestow high standard of transparency, fairness and accountability for performances at all levels and to ensure best performance through professionalism, social responsiveness, business practices and maximization of operational efficiency. The organization's Corporate Governance should be based on the values of integrity, transparency and accountability. The organization should endeavour to maximize the shareholders' value and to protect the interest of stakeholders by strengthening the best practices, professionalism and empowerment of employees.

"Enough law exists, but corporate governance is considered as one of the important instrument for investor's protection and was rated high in the priority on the SEBI's agenda for investor's protection."

Hence, if we turn speculators into investors, we will get better corporate governance, better returns and corporations that are more responsible. ■

Issues in Tax Audit - An Overview

*CA. Vikas Yaduka & **CA. Nidhi Agarwal

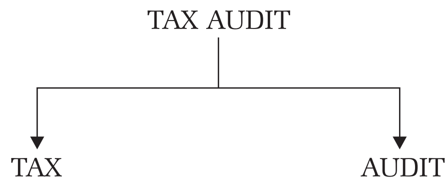
As per the Income-tax Act, 1961, income of a person derived from the business or profession carried on him is chargeable to tax under the head "Profit and gains from business or profession". A person normally maintains the books of accounts for a business or profession carried on by him according to the generally accepted accounting principles, accounting standards issued by ICAI and method of accounting generally followed by the assessee.

As per the Income-tax Act, 1961 (referred to as Act), the method of accounting to be followed by the assessee for determining the income chargeable to tax under the head "Profit and gains from business or profession" is mentioned under section 145. According to section 145, the income chargeable to tax from the business or profession carried on by the assessee is to be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. Also the assessee has to follow the accounting standards notified by the Central Government in the Official Gazette.

As per the Income-tax Act, 1961, certain incomes normally credited to the profit and loss account are not taxable under the head "Profit and gains from business or profession" but are considered for taxability under any other heads of income (such as, profit on sale of building), or are not chargeable to tax (such as, dividend income). Similarly, certain expenses which are debited to the profit and loss account are not allowable in computation of income of business or profession as per the Act (such as, contribution to political party) or are subject to a separate treatment or computation (such as, depreciation).

All these factors lead to a difference between the accounting profit computed as per the profit and loss account prepared by the assessee and the profit taxable under the head "Profit and gains from business or profession". While computing profit chargeable to tax under this head, various factors and aspects need to be considered. There can be a situation in which certain aspects are overlooked by the assessee or the assessee has not purposely considered the same in order to declare less profit chargeable to tax.

Therefore, in order to discourage such tax avoidance and tax evasion by the assessee and to declare correct profits to be chargeable to tax, Wanchoo Committee was constituted to give their recommendations. The said committee recommended mandatory audit in at least big cases which was also aimed at saving considerable time of the Assessing Officer for utilization by them for more important investigational aspect of the case. In effect, the concept of 'Audit of accounts of certain persons carrying on business or profession' was introduced by the Finance Act, 1984 by way of insertion of section 44AB in the Act w.e.f 1st April, 1985 which creates an obligation on certain persons, covered therein, to get their books of account audited by a Chartered Accountant and furnish the report of such accountant before the specified date. This audit of books of account is popularly known as "Tax Audit".



What is Tax?

A tax is a financial charge or other levy imposed on an individual or a legal entity by a state. It may be defined as a "pecuniary burden laid upon individuals or property to support the government as a payment enacted by a legislative authority".

What is Auditing?

According to General Guidelines on Internal Auditing issued by the ICAI, "Auditing is defined as a systematic and independent examination of data, statements, records, operations and performances (financial or otherwise) of an enterprise for a stated purpose. In any auditing situation, the auditor perceives and recognises the propositions before him for examination, collects evidence, evaluates the same and on this basis formulates his judgment which is communicated through his audit report."

Objective of Tax Audit

- To ensure that the books of account and other documents are properly maintained by the assessee.
- To ensure that the books of accounts faithfully reflect the income of the tax-payer and claims for deduction are correctly made by him.

*The contributors are *Faculty, ICAI **Executive Officer, ICAI*

- To help in checking fraudulent practices.
- To facilitate the administration of tax laws by proper presentation of accounts before the tax authorities and to save Assessing Officer's time in carrying out routine verification.

Applicability of Tax Audit

The following categories of persons are required to get his accounts audited under section 44AB:

- A person carrying on business whose total sales, turnover or gross receipts in business during the previous year exceeds ₹ 100 lakhs. The limit for this category was increased from ₹ 60 lakhs to ₹ 100 lakhs by Finance Act, 2012 w.e.f. A.Y. 2013-14.
- A person carrying on profession whose gross receipts in profession in the previous year exceeded ₹ 25 lakhs. This limit was increased from ₹ 15 lakh to ₹ 25 lakh by Finance Act, 2012 w.e.f. A.Y. 2013-14.
- A person covered under section 44AE, 44BB or 44BBB, if such person claims that the profits and gains from the business are lower than the profit and gains computed on a presumptive basis under these sections for the relevant previous year (irrespective of his turnover).
- A person covered under section 44AD, if such person claims that the profits and gains from the business are lower than the profits and gains computed in accordance with the provisions of section 44AD and if his income exceeds the basic exemption limit.

The point which should be noted here is that in the first three categories, the person is liable to get his accounts audited under section 44AB, even if his income is below the taxable limit, if his sales, turnover or gross receipts exceeds prescribed limit. However, in case of fourth category, the persons would be subject to audit under section 44AB only if their income exceeds the basic exemption limit.

Exception to Tax Audit

Where any such person is required to get his accounts audited under any other law, (for example, in case of companies), it is sufficient if the person gets the accounts audited under such other law and furnishes the report in the form prescribed under this section.

The requirement of audit under section 44AB also does not apply to a person who derives income of the nature referred to in sections 44B and 44BBA.

Audit Report under section 44AB

Any person who is covered by the above four categories is required to get his accounts audited by an accountant as defined in the *Explanation* to section 288(2) of the Income-tax Act, 1961 i.e. a chartered accountant and furnish the report in the prescribed form with other prescribed particulars before the due date for filing return of income under section 139.

As per Rule 6G(1) of Income-tax Rules, 1962, prescribed audit report are as under:

- **Form 3CA :** In case of a person who carries on business or profession and who is required under any other law to get his accounts audited.
- **Form 3CB :** In case of a person who carries on business or profession and who is not required under any other law to get his accounts audited

As per Rule 6G(2) of Income-tax Rules, 1962, particulars which are required to be furnished under section 44AB shall be in Form 3CD.

Consequences of failure to get accounts audited

It may be noted that under section 271B, if any person fails to get his accounts audited as required under section 44AB or fails to furnish the report of such audit, then, penalty can be imposed, which shall be lower of:

- ½% of sales, turnover or gross receipts
- ₹ 1,50,000

However as per section 273B, no penalty is imposable under section 271B, if the assessee proves that there was a **reasonable cause** for such failure.

Some significant issues under section 44AB

After study of the above provisions, let us analyse some critical issues relating to the aforesaid sections.

Applicability of section 44AB in respect of other income of an individual

This issue has been raised before Bombay High Court in the case of ***Ghai Construction V. State of Maharashtra (2009) 184 Taxman 52***, wherein it was held that the requirement of compulsory tax audit under section 44AB is only in respect of the business or profession carried on by any person and not in respect of his income from any other source. The expression "his accounts" mentioned in section 44AB does not refer to all the accounts of an assessee. Therefore, an individual who has income from different sources including income from business or profession is not required to get his income other than the business income or income from carrying of the profession audited under section 44AB of the Income-tax Act, 1961.

Applicability of Section 44AB in case of exempt income

Section 44AB makes it mandatory for every person carrying on any business or profession to get his accounts audited where conditions laid down in the section are satisfied. Neither section 44AB nor any other provision of the Act stipulates exemption from tax audit to any person whose, income is exempt from tax.

However, in the case of ***ACIT V. India Magnum Fund (2002) 81 ITD 295(Mum.),*** it was held that section 44AB is applicable only when there is any profits and gains from business or profession chargeable to tax which is included in the total income of the assessee. If there is no computation of total income i.e, the assessee don't have any income chargeable to tax or no computation of profits and gains of business or profession chargeable to tax as a part of total income, the provisions of section 44AB would not be applicable.

It was therefore, held that provisions of section 44AB cannot be invoked in relation to incomes which are enumerated under Chapter III of the Act i.e., Incomes which do not form part of total income, which are expressly excluded from total income of the assessee. Therefore, any income which is designated as "Incomes which do not form part of total income" cannot be subjected to the provisions of section 44AB such as share of profit of a partner from a firm exempt under section 10(2A) or agricultural income exempt under section 10(1).

Limit for sales/turnover/gross receipts to be considered separately for business and profession, in the case of an assessee carrying on both business as well as profession

In case an assessee is carrying on both business and profession, the moot issue is whether the limit of turnover or sales or gross receipts mentioned in section 44AB is to be seen individually for business or profession or to be considered on aggregate basis. Another issue requiring due consideration is, in a case where the sales or turnover or gross receipts exceeds the prescribed limit in either business or profession, whether the accounts relating to both business or profession need to be audited under section 44AB.

This issue has been clarified in the Guidance Note on Tax Audit issued by ICAI, according to which, the limits of gross receipts, turnover, etc. is to be seen individually for business and profession carried on by the assessee and if the gross receipts or turnover etc. exceeds the prescribed limit in either business or profession or both, the assessee has to get his accounts audited. The audit in such a case shall cover the accounts of both the business and the profession carried on by the assessee. For example, if professional receipts of a person for F.Y. 2012-13 are, say, ₹ 29 lakhs but his total sales, turnover or gross receipts from business carried on are, say, ₹ 68 lakhs, it will be necessary for him to get his accounts of the profession and also the accounts of the business audited because the gross receipts from the profession exceed the limit of ₹ 25 lakhs applicable for A.Y. 2013-14. If however, the professional receipts are, say, ₹ 12 lakhs and total sales turnover or gross receipts from business are say ₹ 92 lakhs it will not be necessary for him to get his accounts audited under the above section, because his gross receipts from the profession as well as total sales, turnover or gross receipts from the business are below the prescribed limits.

Whether sale/turnover by the agent on behalf of the principal to be treated as the sale/turnover of the agent for the purpose of section 44AB?

Circular No. 452 dated 17.03.1986 has been issued by the CBDT to deal with the above mentioned issue. It was observed that there are various trade practices prevalent in the country in regard to the agency business. There is no uniform pattern that is followed with regard to the recognition of sales or commission or brokerage by the commission agents, consignment agents, brokers, kachha arhatias and pacca arhatias. Therefore, each case is to be examined with reference to the specific terms and conditions of such case and no rule of law or test can be laid down as to whether an agent is acting only as an agent or also as a principal which would determine the manner of recognition of sales, commission or brokerage.

However, on the basis of various judicial pronouncements, the following principles have emerged:

A kachha arhatia acts only as an agent on behalf of his principal and never has any title over the goods provided by the principal. He only brings about formulation of contract between the principal and the third party. Also, he is not interested in the profit and losses made by the principal out of the transaction. His sole interest lies in his commission or brokerage or his out of pocket expenses from such transaction. In the event of any loss, the kachha arhatia is entitled to be indemnified by the principal.

A pucca arhatia, on the other hand, has title over the goods of the principal since he buys the goods on his personal account and thus, he acts as a principal and not as an agent of his principal. He is liable to the third party as well as to his principal for the contract. Also, he has personal interest in the contract entered into with the third party.

Therefore, if the property in the goods or all significant risk and rewards of ownership of goods continue to belong to the principal, as in the case of kachha arhatia, the turnover of the commission agent would not include the sales effected on behalf of the principal and only the gross commission has to be considered for the purpose of section 44AB. If, however, the property in the goods, significant risks and reward of ownership belongs to the commission agent i.e., in case of pucca arhatia, the sale price received by him shall form part of his sales/turnover.

Consequence of adoption of different Accounting year by Companies other than the Financial Year from April to March

As per the Companies Act, 1956, all companies are required to get their accounts audited. However, a company assessee can adopt an accounting year under the Companies Act, 1956 which can be different from the previous year as per the Income-tax Act, 1961. For example, companies may adopt the calendar year as an accounting year. However, the previous year as per the Income-tax Act, 1961 would be the day beginning from 1st day of April or from the day of commencement of operations by the assessee (in case a business or profession is newly set up) and ending on 31st March of the next year. In such a case, the issue under consideration is whether the tax auditor under section 44AB is required to audit the books of account maintained by the company as per the Companies Act, 1956 for the calendar year or audit and certify the accounts for the financial year as per the Income-tax Act, 1961.

This issue has been addressed in the CBDT ***Circular No. 561 dated 22.5.1990***. According to the said circular, the income of the 'previous year' is chargeable to tax as per the provisions of the Income-tax Act, 1961 and hence the audit under section 44AB should be carried out in respect of the books of account for the period covered by the previous year, i.e., the relevant financial year ending on 31st March. The proviso to section 44AB provides that in a case where the person who is required to get his accounts audited under any other law, he need not get his accounts audited under the Income-tax Act, 1961 and it would be sufficient compliance of section 44AB if such person get his accounts audited under such other law and furnishes the report of audit under such other law together with the report from the accountant in the form prescribed under this Act. The said proviso covers only the cases where the accounts are audited under any other law in respect of the **financial year** ending on 31st March as contemplated by the Income-tax Act, 1961. Where the accounting year of the audit conducted under any other law is different from the financial year as per the Income-tax Act, 1961, the proviso to section 44AB will not apply.

It may be also noted that Form No. 3CA requires the tax auditor to enclose the 'audited' profit and loss account for the year ended on 31st March and 'audited' balance sheet as at 31st March. However, in the above case, this requirement is not fulfilled. Hence, in such cases, the tax payer is required to prepare a separate profit and loss account and balance sheet as at 31st March which shall be audited by the tax auditor and report under section 44AB shall be submitted by him in Form No.3CB as required in Rule 6G of the Income-tax Rules, 1962.

Requirement of separate audit reports under section 80-IA, 80-IB etc. and section 44AB

As per the provisions of section 80-IA(7) and section 80-IB(13), the person claiming deduction under the said section in respect of the eligible undertaking have to get the accounts of the said undertaking audited by the chartered accountant for the previous year relevant to the assessment year for which deduction is claimed. The issue in such a case is whether these assessees have to get their accounts audited again under section 44AB or not.

This issue has been clarified in Guidance Note on Tax Audit issued by ICAI. According to the guidance note, it is necessary to get a separate audit report under section 80-IA(7) and 80-IB(13) for each of the industrial units. It is to be noted that audit report under these sections is in respect of only an industrial unit covered by the relevant provision whereas audit under section 44AB is in respect of all businesses and professions carried on by the assessee covered by the provision therein. It covers the overall position of accounts of the assessee.

Audit under section 80-IA or 80-IB of the Income-tax Act, 1961 will not be considered as audit under any other law and therefore, the audit report shall be furnished in Form No. 3CB. Therefore, when the sales/ turnover of all the units put together of an assessee exceed the prescribed limit as per section 44AB, the assessee will have to get the audit conducted under section 44AB and obtain the audit report. Also separate audit reports in the forms prescribed for different purposes like section 80-IA, 80-IB etc. will have to be further obtained by the assessee to meet the specific requirements of the relevant sections.

Constitutional validity of allowing only CAs to conduct tax audit under section 44AB

Section 44AB provides for compulsory audit of accounts only by chartered accountants and not by other authorised representatives (viz., income-tax practitioner, advocates) within the meaning of section 288(2) who are entitled to attend or appear before any income-tax authority or Appellate Tribunal in connection with any proceeding under the Act on behalf of the assessee. The legal validity of provision contained under section 44AB was questioned on the ground that this provision was discriminatory and unreasonable as it provided for audit of accounts only by a chartered accountant and not by other income-tax practitioners or lawyers and therefore, violative of articles 14 and 19 of Constitution of India.

Article 14 provides that "the State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India."

According to Article 19(1)(g), all citizens shall have the right to practice any profession, or to carry on any occupation, trade or business.

This issue was taken up by the Supreme Court in ***Venkata Rao (T.D.) v. Union of India (1999) 237 ITR 315*** where it was held that chartered accountants, by reason of their education and training have special aptitude in the matter of audits and an income-tax practitioner or a lawyer cannot be sought to have the same expertise as that of chartered accountants in the matter of accounts and audit.

For the above reasons, it was held that the provisions of section 44AB cannot be said to be violative of article 19 of the Constitution of India and the chartered accountants shall continue to be authorised to conduct tax audits under section 44AB. However, these income-tax practitioners and lawyers would still be entitled to be authorised representatives of assessees as per section 288(2).

Imposition of penalty under section 271B after levying penalty under section 271A

This issue has been raised before Gauhati High Court in ***Surajmal Parsuram Todi v. CIT (1996) 222 ITR 691*** and before Allahabad High Court in the case of ***CIT v. Bisauli Tractors (2008) 299 ITR 219*** wherein it was observed that section 44AA imposes an obligation on the assessee to maintain books of account and other documents necessary to enable the Assessing Officer to compute the assessee's total income in accordance with the provisions of this Act. On failure to maintain such books of accounts or other documents as required by section 44AA, the assessee shall be liable to penalty under section 271A.

Further, the assessee is required to get his books of account audited by an accountant in case he is covered by the provisions of section 44AB. In case the assessee fails to get his accounts audited in respect of any previous year as required under section 44AB, the assessee is liable to penalty under the provisions of section 271B.

However, when a person does not maintain the books of account as contemplated by section 44AA, the offence is complete and the penalty is imposable under section 271A. In such a case, there cannot be any possibility of offence of not getting the books of accounts audited under section 44AB since, the books of account to be audited does not exist and, therefore, penalty cannot be imposed under section 271B for non compliance of section 44AB.

Certainity in law : Need of the hour to reduce litigation

Section 44AB, containing mandatory requirement of tax audit in specified cases, is an essential measure for keeping a check on the tax evasion as well as tax avoidance. However, the provisions of section 44AB and the related provisions, such as the penalty provisions under section 271B, give rise to a spate of issues. We have made an attempt to discuss some of the significant issues in this article.

The issues are resolved by the judicial armoury created by law or by circulars issued by CBDT or by way of discussions in the "Guidance Note on Tax Audit" issued by the ICAI. However, some of the issues in this regard still remain unanswered and are open for alternative interpretations by assessees. Such interpretations may vary from assessee to assessee leading to treatment of the same item or transaction in a different manner by different assessees.

The interpretational issues relating to tax audit form the subject matter of hot debate in the corporate fora. The experts in the field of Taxation & Auditing also have divergent views on these issues. However, the department is not bound by such interpretations and can resort to a different interpretation for the assessment of an assessee, leading to litigation and consequent compliance burden on the assessee. Therefore, there is an urgent need to address such issues on a concrete basis to bring about uniformity in interpretation, which would ultimately reduce the litigation and result in timely disposal of the pending cases.

Disclaimer:

The views expressed in this article are those of the authors and does not necessarily represent the views of the Institute. ■

Examiners' Comments on the Performance of Candidates- PCC/IPCC/Final

Accounting (Paper-1: IPCC)

Specific Comments

Question 1.(a) Most of the candidates could not compute total contract revenue to be recognized and percentage of work in progress correctly.

(b) Majority of the candidates had not supported the classification of investments with the provisions specified in the standard. They have simply written whether the investment is long term or short term. Candidates failed, specifically, in explaining when the shares will be classified as short term or long term investment and accordingly what will be the treatment.

(c) Provisions of AS 6 & AS 10 were not properly applied by most of the candidates. Useful life of bus was not considered by some of the candidates while some erred in finding out the correct gross book value of the self constructed fixed asset.

Question 2. Few candidates failed to give all the correct journal entries. Even the candidates who passed all the journal entries made a mistake while passing entries related to debenture holders - Mr. Shiv & Mr. Ganesh. Computation of correct amount of Capital Reduction account and Bank account was not done by few candidates.

Question 3.(a) Some candidates were not able to calculate the correct amount of Total sales and Total purchases. Few candidates had made wrong adjustment for sales into purchases and purchases into sales.

(b) Some candidates failed to prepare correct Profit and Loss Appropriation account. Commission payable to partners was wrongly computed by many candidates.

Question 4. Many candidates made mistake in correct computation of amount of membership fee, addition of fixed assets, sale of sports material and payment made to creditors for the purchase of sports material.

Question 5.(a) Majority of the candidates failed to prepare all the necessary ledger accounts to record hire purchase transactions. Some of the candidates did not record the hire purchase transactions on 'Stock and Debtors System'.

(b) Candidates wrongly computed the closing value of investments at the end after part sale of some investments. Some combined all the investments and passed the entries in one single account only.

Question 6. The first part for the calculation of claim for loss of stock was correct in many cases. However, the second part relating to the calculation of claim in respect of loss of profit and additional expenses was wrong in most of the cases. Candidates were not able to calculate the correct amount of short sales, annual turnover, and gross profit.

Question 7.(b) Though candidates possessed knowledge of Section 37 of the Indian Partnership Act, yet they made mistake in calculating the share of profit to be given to the retired partner as per Section 37.

(c) Managerial remuneration payable to part time directors was not known to many candidates.

Business Laws, Ethics and Communication (Paper 2: IPCC) (Paper 3: PCC)

Specific Comments

Question 1.(a) In respect to the question relating to rules as to 'Acceptance' of an offer, majority of the students performance found to be very satisfactory. Though some students not read the question properly and gave the answer referring to the essentials of the valid contract and the rules of offer instead of writing the rules of acceptance.

(b) Students' performance in relation to utilization of Securities Premium Account was very satisfactory. However the majority of the students also mentioned the section 77A of the Companies Act,1956 relating to power of company to purchase its own securities, which was not required.

(c) In respect to both the parts of the question, the fairness and honesty and the essentials of ethical behavior in the working place, performance of majority of students found to be in order though answer were missing the proper reasoning. Students infact, mentioned generic answer focusing on the definition, benefit of fairness, honesty and ethical communication without mentioning its benefits in business.

(d) Performance of the students in reference to the question socio-psychological barriers of communication, was below the average. Majority of students answers, failed to meet out the specific issues relating to socio-psychological barriers to communication. They only wrote about the barriers to communications but not specifically mentioned about socio-psychological barriers. And also many of the students failed to write on status consciousness as a barrier which is the key communication barrier.

Question2.(a) Performance of the students in both the parts (i) and (ii) of the question found to be average. In respect to part (i) of the question relating to the time-limit within which an employer must pay the amount of bonus to an employee ,many of the students failed to mentioned the time-limit within which the payment of bonus is required to be made. Though they described the provisions relating to eligibility, minimum or maximum bonus and sidetracked from writing the main answer.

In respect to part (ii) of the question relating to payability of gratuity, performance of the students found to be satisfactory. Many of the students wrote time limit for the payment of gratuity instead of eligibility to get the gratuity.

(b) In respect to the question on mentioning the reasons that forces a marketing executive to adopt ethical practices in marketing, performance of the students found to be average. Majority of the student wrote a general and few points only. Hardly any student had given an adequate answer pointing all the reasons that force a marketing executive to adopt ethical practices.

(c) In respect to this part of the question, most students answered in general and covered only few points as to advantages of ethical communication in the business establishment and while some of the students were confused and laid down the vague answers. In general, lack of preparation were clearly visible in their answers.

Question 3.(a) Performance of the students found to be highly satisfactory, though only few students gave the definition of the consideration as per the Indian Contract Act,1872.

(b) In respect to the part first of the question relating to special responsibilities of industries, many students answered satisfactorily. Whereas in respect to part second of the question relating to green accounting system, majority of students gave incomplete or wrong answers.

(c) Students performance in relation to the question of non verbal communication found to be satisfactory. Though many students not explained the term non-verbal communication and just explained the methods only. Few students mentioned non-verbal communication as non-oral i.e written communications. Few students gave very vague answer.

Question 4.(a) Students performance in respect to this part of question relating to doctrine of indoor management found to be very good as the question was direct and textual and attempted by majority. Though the inter-relation between the concept of indoor management with reference to constructive notice and doctrine of ultra vires had not been explained properly. Some students did not answered the second part of the question as to the claim of any relief by an outsider dealing with the company on the basis of the doctrine of indoor management.

(b) Students performance in respect to this part of the question was not up to the level as expected by the student of this level. In general, answer were sketchy and not explaining basic elements of discrimination.

(c) This part of the question relating to active listening found to be quite good and satisfactory. Majority of the students focused on the meaning of the active listening and omitted to explain the importance of the active listening.

Question 5.(a) Students' performance in respect to this part of the question was Average. Majority of the students were lacking conceptual clarity as to the provisions relating to bill of exchange and a promissory note and thus the differences between the two were not clearly assigned.

(b) Performance of the students in reference to the question relating to the floating charge and the circumstances of crystallization of charge, found to be below average. Only few students described the meaning of floating charge and the circumstances when floating charge becomes fixed charge.

(c) Students' performance to the question relating to letter drafting was average. Majority of students lacked the drafting ability i.e., letter were in right format but the contents of the letter were not to the point. The presentation were very poor with incorrect sentence construction. Whereas some students mis-interpreted the question and answered for the receipt of the cheque book to the customer from the Bank. Even some students answer were more like an obliging letter.

Question 6.(a) Respect to this part of question as to the change of the name of a company, students performance found to be average as it was a direct question. But because of conceptual haziness as regards to the legal provisions relating to the change of the name of a company as per the Companies Act,1956, the answers were not very much organized and segregated into compulsory and suo moto change.

(b) Students performance in concern to this part of the question relating to drafting of Indemnity Bond was poor. Majority of the students were lacking the understanding of basic concepts of indemnity bond and its drafting of format. Infact, students have given general answer requesting the company to issue a duplicate dividend warrant without mentioning about indemnifying the company for such an issue of duplicate dividend warrant.

(c) Pertaining to this part of the question, students performance was highly satisfactory. Almost all the students replied the question correctly.

Question 7.(a) In respect to this part of the question relating to term, basic wages under the Employees' Provident Funds and Miscellaneous Provisions Act,1952, students performance found to be satisfactory, though most of the students wrongly stated that dearness allowance is a part of basic wages. Most of the students not gave the definition of the basic wages as per the Act. And even the exceptions were not properly laid down by the majority.

(b) In concern to this part of the question dealing with the difference between the member and the shareholder of the company, students' performance found to be unsatisfactory because of lack of knowledge of the provisions of the Companies Act,1956. Many of the students answers were vague and failed to differentiate the differences between the two.

(c) Students' performance on the question relating to transaction of ordinary business at an Annual General Meeting was well satisfactory. Almost all the students replied the question correctly.

(d) Performance of the students pertaining to the question on the role of different committees in regulating corporate governance found to be satisfactory. Answer given in most of the cases did not mention about the mandatory committees of corporate governance, rather students laid the importance of corporate governance.

(e) Student's performance to the question relating to importance of ethics for finance and accounting professionals, found to be unsatisfactory. Answers were generally vague. Very few had knowledge of ethics in finance and accounting professions. Coverage of importance was not upto the mark. Points were repeated in the answers.

Cost Accounting and Financial Management (Paper 3:IPCC) (Paper 4:PCC)

General Comments:

The overall performance of the candidates was not very satisfactory. Performance revealed lack of in-depth knowledge and rigorous study. The candidates need to understand the subjects conceptually and also fine tune their presentation skills. Candidates are advised to practice the practical problems more extensively and pay attention towards properly presenting their answers supported by adequate working notes. It is also advised that the candidates read the question paper thoroughly before attempting it and attempt different parts of the same question consecutively rather than in a random manner.

Specific Comments:

Question 1.(a) This was a practical question related to preparation of 'quarterly production budget'. Examinees were also required to identify the quarter in which breakeven point will be reached. Performance of the examinees was not satisfactory as many of them could not calculate production quantity of fourth quarter and breakeven point correctly.

(b) It was a practical question required to calculate machine hour rate for the new machine. This was well attempted by the examinees except few who could not find out correct productive machine hours.

(c) Being a compulsory question, a large percentage of candidates have attempted it. It related to calculation of market value, cost of equity and WACC of a company as per MM hypothesis but only a few could attempt it on correct lines. Only a handful of the candidates have calculated the value of the firm and cost of equity capital correctly.

(d) This practical question related to management of receivables. Most of the candidates could not work out the opportunity cost of investment and cash discount on correct lines.

Question 2.(a) This question was from 'Contract costing' and required to prepare Contract Account. Many examinees could not calculate the correct 'work uncertified' and 'notional profit'. Average performance of the examinees was observed in this question.

(b) Majority of the candidates have attempted this question on preparation of Cash Flow Statement on correct lines. However, a small percentage of the candidates could not work out cash flow from operating activities correctly. Further, the candidates have not presented their answers supported by proper working notes and have also failed to present it in the proper format.

Question 3.(a) This was a practical problem related to 'Labour' and required to calculate earnings under Halsey & Rowan premium, Taylor's differential and Emerson's efficiency plan. This question was well attempted by the examinees though some could not calculate 'earnings' under each plan.

(b) This practical problem relating to estimation of working capital on cash cost basis was well attempted by most of the candidates. Only a handful of the candidates could not compute the cash cost of sales correctly and few have computed debtors on the basis of sales instead of cost.

Question 4.(a) This was question was from 'Standard Costing' which required to calculate Variable overhead efficiency, expenditure variance, Fixed overhead efficiency and capacity variance. This question was not attempted by many examinees. Performance of the examinees was very poor in this question as they could not calculate variances correctly.

(b) This question on capital budgeting relating to calculation of cost of project, payback period, net present value and cost of capital was well attempted by majority of the candidates. However, a few of them mentioned present value of cash inflows as cost of project and could not compute the payback period on correct lines.

Question 5.(a) This was theory question on integral accounting system and its advantages. Examinees gave sketchy answer and only few furnished advantages of integral accounting system correctly. Performance was average in this question.

(b) In this question, examinees were asked to state the types of cost from the given situations. Lack of conceptual clarity was observed. Only few examinees could name type of cost correctly. Performance was not satisfactory in this question.

(c) Majority of the candidates could not detail out the factors to be considered by a venture capitalist before financing any risky project on correct lines, instead wrote about the basics of venture capital financing.

(d) This question required candidates to discuss the Net Operating Income (NOI) theory of capital structure and its assumptions. Most of the candidates confused the assumptions of NOI theory with MM Hypothesis. Average performance was observed.

Question 6.(a) This was a practical question from 'Process costing' and examinees had to prepare accounts for two different processes. Some of the examinees could not calculate cost of abnormal loss and abnormal gain correctly and only few could state the treatment of 'selling expenses'.

(b) This question relating to calculation of operating and financial leverage, coverage for preference and equity dividend, earning yield and price earnings ratio and net fund flow was well attempted by many candidates. However, a few wrongly computed Net funds flow and some even wrote just preference and equity dividend instead of their coverage.

Question 7.(a) Majority of the candidates could not comment on operational feasibility of profit maximization well instead wrote the distinction between profit maximization and wealth maximization.

(b) This question related to type of ratios to be used under different situations. Majority of the candidates wrote on correct lines. However, a few of the candidates gave multiple answers.

(c) This question related to deep discount bonds and angle of incidence. Most of the candidates explained deep discount bonds very well.

(ii) This was a theory question part from 'Marginal costing' which required to write a short note on 'Angle of incidence'. Very few examinees could answered it satisfactorily

(d) This theory question was from 'Marginal costing' and examinees were required to state the basic assumptions of Cost Volume Analysis. Performance of the examinees was not satisfactory in this question.

(e) This was a theory question from 'Material', required to state distinction between Bill of material and material requisition note. Though this was attempted by most of the examinees but many exhibits lack of understanding of these two terms.

Taxation (Paper 4: IPCC)

Specific Comments

Question 1. (a) Many of the candidates were not able to compute the income under the head "Profit and gains of business or profession" correctly. Some candidates have added back proportionate expenses relating to repairs and maintenance without considering that Ms. Purvi followed cash system of accounting. Many of the candidates have disallowed incentive to article assistants. Some candidates have wrongly allowed medical insurance premium paid in cash as deduction under section 80D.

(b) Most of the candidates were not clear about provisions relating to right to use canned software. Few candidates wrongly added last year's turnover while determining the value of taxable services for current year.

(c) In most of the cases, candidates were not able to find correct value of net VAT payable. Some candidates wrongly took the entire input tax credit on capital goods in the month of February, 2012.

Question 2.(a)(i) Majority of candidates were not aware of the exemption under section 10(4)(ii) in respect of interest on NRE account. Further, the candidates have given the treatment without mentioning their assumption.

(ii) Some of the candidates have failed to provide exemption under section 10(32) or provided it wrongly, while computing income of minor children to be included in the hands of Mr. Sharma.

(iii) Very few candidates have mentioned conditions required to be fulfilled for reducing unrealized rent from actual rent.

(b) Majority of the candidates were confused and not clear on point of taxation of services in respect of advance received as well as bills raised for which payment was not received. Few candidates considered amount received as advance to be exclusive of service tax amount.

(c) Many candidates were not able to provide the reasons for preference of consumption variant of VAT over other variants.

Question 3.(a) Some of the candidates have not taken stamp value adopted by the Stamp Valuation Authority as the deemed sale consideration. Some of them have not set off the brought forward short-term capital loss against long-term capital gain.

Question 4.(a) Some of the candidates have not added the amount of investment in NSC and have also not deducted the additional eligible deduction @ 75% in respect of contribution to a University approved and notified under section 35(1)(ii) from net profit for computing income under the head "Profit and gains of business or profession". A few candidates have wrongly disallowed the amount paid to goods transport operator in cash without considering the enhanced permissible limit of ₹ 35,000 under section 40A(3) for cash payments to goods transport operators.

(b) Most of the candidates did not provide 40% abatement on the gross amount received for the banquet hall let out for marriage function.

Question 5.(a) Some of candidates have not provided for exemption of ₹ 1,500 under section 10(32) in respect of the income of minor child from the investment made in business included in the hands of the parent.

Question 6.(a) A few candidates could not calculate the deduction allowable under section 35AD correctly. Some candidates have not given effect to the provisions for set-off under section 73A.

(c) Many candidates wrongly computed the cost of production thereby leading to incorrect computation of profit margin and VAT liability.

Question 7.(a) Most of the candidates have attempted this question but a very few were able to compute the correct taxable house rent allowance by dividing the year into five segments and calculating exempt house rent allowance segment-wise taking into account the lowest of the three limits under section 10(13A) for each segment.

(b) Few candidates wrongly mentioned due date for payment of service tax instead of due dates for filing of service tax return.

Advanced Accounting (Paper 5: IPCC)

Specific Comments

Question 1.(a) Most of the candidates could not compute unamortized amount of ₹ 135 lakhs to be treated as an expense at the end of 3rd year in case of no further benefits.

(b) Many candidates wrongly reduced the cost of machinery by government grant received instead of opening separate deferred government grant account. They further calculated deprecation on remaining cost of machinery.

(c) Few candidates were not able to apply correct percentage of provisions in case of sub standard and doubtful assets.

(d) Weighted average number of shares was not calculated by some of the candidates. Also the candidates were not able to calculate the correct amount of Adjusted EPS 2010-11.

Question 2. Candidates have shown poor understanding of Highest Relative Capital method in case of piecemeal distribution to partners at the time of dissolution of the firm.

Question 3.(a) Most of the candidates were not able to calculate the buy-back of maximum number of shares as per the Companies Act, 1956. Candidates erred in passing the journal entry for transfer to capital redemption reserve and also failed in calculating the correct amount to be transferred to this account.

(b) Sinking fund and Bank accounts were wrongly prepared by the candidates. Majority of the candidates failed to prepare all the necessary ledger accounts.

Question 4. Candidates wrongly computed the intrinsic value of shares, amount of goodwill and stock of Vasudha and Vaishali Ltd. Few candidates were not able to draw the complete balance sheet after amalgamation. Figures of balance sheet items like factory building, stock, share capital were wrongly computed by most of the candidates.

Question 5.(a) Deduction of intangible asset from Tier-I capital was not done by many candidates. Candidates showed lack of conceptual clarity in calculation of capital fund, risk adjusted and risk weighted assets.

(b) Candidates failed to give correct journal entries for replacement of Electricity Company's assets.

Question 6. Some candidates erred in preparing the trial balance after incorporating the adjustments (given in the question) because of which they failed to calculate the correct amount of foreign currency translation reserve.

Question 7(a) Few candidates failed to give the correct journal entry and also made mistake in the calculation of fair value of shares issued under the plan (ESPP).

(b) Many candidates wrongly considered ₹ 40 lakhs as prior period item.

(d) Most of the candidates were not able to calculate deferred income to be amortised over the lease period in part (iii) and (iv) of the question.

Auditing and Assurance (Paper 6: IPCC) (Paper 2: PCC)

Specific Comments

Question 1 (a) Engagement Standards: Very few candidates had attempted this question and those who answered failed to understand the question and discussed, in a general way, about various auditing standards and auditor's role. Most of the candidates were not aware of engagement standards. Moreover, many candidates wrote about engagement letter.

(b) Payment of interest out of capital during construction: Many candidates were not aware of the section 208 of the Companies Act, 1956. Major points were left in the answer given by many candidates. Many candidates were lacking in conceptual clarity.

(c) Distinguish between Reserve and Provisions: Some candidates explained reserve and provision instead of mentioning the distinction between them whereas the question clearly asked the distinction between reserves and provisions. Few candidates wrote similarities rather than bringing out the distinction points.

(d) Responsibility of Joint auditors: Candidates, in general, discussed about requirement, benefit and allocation of work amongst joint auditors rather than mentioning the instances and areas where joint and several liabilities would arise. Many candidates did not refer to SA 299. Also, many candidates did not mention areas where joint auditors are jointly liable.

Question 2.(a) General consideration in framing a system of Internal check: Few candidates answered this question satisfactorily. However, many candidates discussed and mentioned about internal audit and internal control only instead of internal check system. Some candidates had written advantages of internal check rather than explaining general considerations in framing a system of internal check.

(b) Verification of payment of dividend: Candidates, in general, mentioned some of the important aspects to be verified by the auditor and mostly elaborated various slabs for transfer to reserve, confirmation from shareholders, mode of payment etc. Many candidates failed to mention about unpaid dividends and investor education fund.

Question 3.(a) Vouching of Retirement gratuity to employees: Most of the candidate showed lack of the understanding of the topic and mentioned irrelevant points like mode of payment, exemption limit of gratuity and provision in articles etc. Many candidates did not refer AS-15.

(b) Appointment of Auditors by special resolution (Sec. 224A): Candidates failed to mention that share capital includes preference share and power of Central Government in this regard. Moreover, many candidates wrote paid up capital instead of subscribed capital.

Question 4.(a) Going Concern assumption and conditions(SA 570): Candidates have fair knowledge of the topic and relevant Standard. Some of the candidates mentioned non-financial factor also, though not required in the question.

(b) Indication of doubtfulness and uncollectible debts and advances: Most of the candidates mentioned only few important indicators and repeated the points like bankruptcy, untraceable, ageing schedule, provision for doubtful debts etc. Few discussed about vouching & verification of receivables also. Also, some of the candidates had written internal audit of debtors instead of indication of doubtfulness and uncollectible debts and advances.

Question 5.(b) Subsequent Events(SA 560): Most of the candidates discussed the meaning correctly but failed to highlight the consideration of the same by the auditor in his report and instead gave example of subsequent events only.

Question 6.(a) Internal audit under CARO, 2003: Most of the candidates did not answer this question. Very few candidates were able to answer this question. Some of the candidates treated the first part as condition for applicability of CARO to a private company and the second part as internal control and benefit of internal audit in a company. Also, some of the candidates answered CARO,2003 requirements with regard to internal audit system but did not answer the factors to be considered by the auditor to examine whether the internal audit system is commensurate with the size of the company and the nature of the business.

Question 7.(b) Initial Engagements: Candidates, in general, lacked the knowledge of SA 210 as well as SA 510.

(c) Disadvantages of the use of audit programme: Many candidates discussed points like cost and time factor also and failed to highlight the important aspects.

(d) Audit technique: Some of the candidates discussed audit procedure rather than the audit techniques.

(e) Simple random sampling: Most of the candidates discussed test checking, stratified sampling, and failed to mention the sample selection procedure and its consequences.

Information Technology and Strategic Management (Paper 7: IPCC) (Paper 5: PCC)

Section - A: Information Technology

General Comments

- The question paper was well balanced. The examiners were of view that the study material of Information Technology is well prepared and has wide coverage of all the topics. However, thorough and in-depth reading of the study material was lacking on part of candidates.
- The preparedness of the subject was also found not up to the mark. In fact, examiners emphasized that candidates should answer the questions based on the conceptual understanding of the topics and not merely grasping the topics.
- The handwriting of some of the candidates was highly illegible. Further the communication and explanation part of the candidates was also found to be poor in many cases.

Specific Comments

Question 1. Being compulsory question, almost all the candidates attempted this question. This question comprised of five parts and was required to be explained in brief.

(a) For the first part "Fat client/Fat server", most of the candidates got confused and wrote about FAT (File Allocation Table) instead. Performance was below average in this part.

(b) Most of the candidates were able to differentiate between "Volatile Memory and Non-Volatile Memory." Hence, the performance was good for this part.

(c) Many candidates could not explain "Computer Output Microfilm (Microfiche)" and discussed the Output Device instead. Some candidates even interpreted COM as COM-Port and some others inferred the term as Computer Monitor. Overall performance was below average for this part.

(d) Most of the students were not able to explain "Entity" and "Relationship" in terms of the database. Common sense answers were written by students referring the "Entity" to any "Business enterprise/organization" and "Relationships" in general terms. Hence, performance was below average for this part.

(e) Most of the candidates were able to define "Wi-Fi". Hence, the performance was good for this part.

Question 2.(a) Some of the candidates wrote the headings of the types of the Database backups but could not explain them. Some others got confused and discussed the database backup as media like CD, Floppy, Hard disk etc. whereas some of them were able to provide the explanation of database backups properly. Hence, overall performance was average in this part.

(b) Most of the candidates explained DSS rather than explaining its components. Some few could write only the names of the components but could not explain the same. Very few could explain the components well. The performance in this part was average.

Question 3.(a) Most of the candidates got confused in the question and understood it as either "Hardware Requirements" or "Components/Advantages" of LAN. Thus the performance of the candidates in this part was below average.

(b) Components of Intrusion Detection Systems were confused with "Tools" or "Security Tools" of IDS. Thus the performance of the candidates in this part was below average.

Question 4.(a) The question of "Factors in determining the best file organization" by and large has been attempted fairly well by the candidates. Thus the performance of the candidates in this part was good.

(b) The question based on "Document Imaging" has not been explained very well by the candidates. The performance has been average in this part.

Question 5.(a) In this question, candidates were required to "Differentiate between 3GL and 4GL". Many of the candidates were able to attempt this question based on general knowledge. However, some candidates wrote about third and fourth generation computers instead of language. In general, the performance in this part was average.

(b) This question required the candidates to write "Advantages and Disadvantages of machine language" and has been answered correctly. The performance in this part was good.

Question 6.(a) Not many candidates attempted this question. In this part of the question based on "Flowchart", the output was required to be printed. Few candidates could answer this part correctly. Some instead made their own flowchart. Thus the performance in this part was average.

(b) Some candidates did not even know what was expected to be done in part (b). Overall performance was below average.

(c) The performance in this part was below average. Most of the candidates could not even attempt this part.

Question 7. This question was based on short notes and consisted of five parts out of which the candidates were required to attempt any four parts.

(a) Many candidates could describe "Bluetooth" on the basis of the general knowledge they had and accordingly, average performance was observed for this part.

(b) The concept of "Primary Key" was confused with "Encryption Key" or the "Keys on the Keyboard." The performance in this part was below average.

(c) Most of the candidates were able to write "Conventions or rules of a Protocol" in a satisfactory manner. The overall performance in this part was average.

(d) The question based on "ASCII Code" was attempted satisfactorily by the candidates. Many candidates could write the full form of the ASCII Code and its application. Hence, overall performance was average for this part.

(e) Many candidates explained the "Device Drivers" properly whereas few thought it as a hardware concept. The performance was average in this part.

Section - B: Strategic Management

General Comments

- Answers to the questions set in the paper required in-depth knowledge and proper understanding of various concepts. Mere superficial knowledge was not enough for properly attempting the paper. Further, analytical and planned presentation of answers was also missing in several cases.
- Many candidates gave vague and irrelevant answers. It is suggested that the candidates should first clearly understand the question and then provide relevant answers with proper explanation.
- Handwriting of many examinees was illegible.
- It was also noticed that in a few cases, the examinees have not provided proper question numbers.

Special Comments

Question 8. The overall performance of the examinees in this question was not good. This question was divided into five parts. In part (a), majority of the candidates wrote the factors of internal and external forces but were unable to explain that how environment affects the functioning of the business. Part (b) was related to the importance of strategic management which was attempted averagely by the examinees. In part (c), candidates gave vague and irrelevant answers without any substance. In part (d), most of the examinees were able to explain the business process reengineering in generalized terms but unable to explain properly befitting the expected knowledge of the students of strategic management. Candidates, in general, were able to explain strategy formulation and strategy implementation in part (e) but were unable to reveal their interrelationship.

Question 9. Although majority of the candidates were able to provide answers in terms of correctness or incorrectness of the statements, they were not able to substantiate their answers with adequate and valid reasoning. Problems were more in part (b) related to fill in the blanks where students were unable to find appropriate word for the missing term in the statement.

Question 10. This question was divided into seven parts of one mark each. Majority of the candidates attempted this question and the performance was average.

Question 11. Although, the candidates attempted both the parts of the question; they could not write good answers and accordingly secured less marks. The answer of the examinees reflected that most of them were not aware about the principles that guide total quality management philosophy. The examinees were also not fully conversant with the different types of strategic control.

Question 12. The overall performance of the examinees in this question was poor. Majority of the candidates attempted both parts of this question but only a few of them were able to explain the role of culture in promoting better strategy execution. In part (b) many students wrote about the general impact of the economy and environment on any kind of industry. Only few students would actually identify the factors specific to each industry.

Question 13. Both the parts were well attempted by the students. Majority of the candidates were able to write satisfactorily the differences between DMAIC and DMADV methodology of six sigma as well as between expansion and retrenchment strategy.

Question 14. Most of the examinees were unable to explain correctly the elements considered for situational analysis. They gave vague and incorrect answers. In the second part of the question they were able to explain the meaning of global industries but unable to explain their role.

Advanced Accounting (Paper 1: PCC)

Specific Comments

Question 1.(a) Many candidates failed to pass all the journal entries correctly. AS 12 'Accounting for Government Grant' states two methods of accounting but few candidates mixed both the methods and applied it as one method in the solution.

(b) Some candidates were not able to calculate the correct amount of Liquidator's remuneration on payment made to unsecured creditors.

(c) Provision of AS 13 was not properly applied by most of the candidates. Majority of the candidates had not supported the reclassification of investments with the provisions specified in the standard.

(d) Few candidates were not able to differentiate between adjusting & not adjusting events. Provisions of AS 4 in this regard, were not clear to the candidates.

Question 2. Most of the candidates correctly arrived at purchase consideration of Ram Ltd. but made mistake in case of Shyam Ltd. due to wrong calculation of debentures discharged at premium. Few of them also failed to give correct journal entries for Shyam Ltd.

Question 3.(b) Candidates made mistake in calculation of number of days and therefore, erred in the calculation of interest amount.

Question 4. In some cases, candidates were not able to calculate correct value of discount allowed to debtors, discount received from creditors, discount on bill receivable and credit sales. Also Trading and Profit and Loss account and Balance Sheet was not completed by many candidates.

Question 5.(a) Many candidates were not able to prepare correct Memorandum Trading account and therefore could not arrive at correct amount of stock as on the date of fire.

(b) Majority of the candidates applied discount rate on total sales instead on applying it on certain items of sale. This resulted in wrong calculation of gross profit and closing stock as on 31st December, 2011.

Question 6. Candidates generally failed in giving correct treatment in respect to joint life policy, patents and trademarks taken over by the creditors, thereby unable to prepare correct Realisation account, Bank account and Partners' capital accounts.

Question 7.(a) Some candidates were not able to calculate the correct amount of Adjusted net profit to compute diluted earnings per share.

Taxation (Paper 5: PCC)

General Comments

It is generally observed that candidates do not adequately support their answers to practical problems by way of working notes, even though specific instructions have been given in the question paper that working notes should form part of the answer.

Specific Comments

Question 1.(a) Many of the candidates were not aware that tax on non-monetary perquisites paid by the employer is exempt in the hands of the employee and hence, have wrongly included the same while computing salary income. Some of the candidates were not aware that, under section 80DD, a flat deduction of ₹ 50,000 was available, irrespective of the expenditure incurred.

(b) Most candidates were not aware that the income from house property is exempt in the hands of a registered political party. Further, some of the candidates have not provided deduction of 50% on interest on enhanced compensation of ₹ 50,000 received during the year.

(d) In few cases, VAT liability was wrongly computed by candidates without keeping in mind the percentage of raw material used for taxable and exempted goods.

Question 2.(a) Many of the candidates have not mentioned the residential status of Ramesh and Suresh and have directly proceeded to compute the total income. Further, a few candidates have not understood that agricultural income from land situated in India is exempt in the hands of all assessees, irrespective of their residential status.

(b) Majority of the candidates have reasonably answered this question well. However, very few candidates possess knowledge of correct period for filing revised service tax return.

Question 3.(a) Very few candidates could solve the entire question correctly. Many candidates failed to compute correct perquisite value of motor car and lunch provided during office hours. In a few cases, loan from recognized provident fund was wrongly treated as income.

(b) Many candidates have only repeated the statement given in the question and have not given any proper explanation.

Question 4.(a) A few candidates were not aware of the method of computation of relief under section 89.

(b) This question was not answered properly by many candidates. Although they correctly concluded that the exemption granted to a charitable trust will not be forfeited, however, they could not give proper reasons in support of their answer.

Question 4.(c) Majority of the candidates could not compute the amount of service tax, education cess and secondary and higher education cess.

Question 5.(a) Some of the candidates were not aware that deduction under Chapter VI-A is not available against lottery income. Further, some candidates were not aware that weighted deduction@200% is available under section 35(2AA) in respect to donation to IIT.

Question 6.(b) Majority of the candidates failed to answer this question correctly. They computed the actual cost wrongly and consequently, the depreciation calculated by them was also not correct.

(c) Very few candidates have answered this part of the question correctly. Many candidates have answered the question in a general manner and described the procedure of reverse mortgage instead of giving the answer according to the requirement of the question.

Question 7.(a) Many candidates have wrongly set off brought forward unabsorbed depreciation, without considering that depreciation adjustment is deemed to have been given effect to while computing income on presumptive basis under section 44AD.

(b) Some candidates were not able to explain the provisions of section 80GGB and section 80GGC correctly.

Examiners' Comments on the Performance of Candidates- Final

Paper 1: Financial Reporting

Specific Comments:

Question 1.(a) Many candidates failed to compute the borrowing cost & exchange difference as per AS 16 &11.

(b) Answers of the candidates reflected their poor knowledge of the concept of Deferred tax. Some candidates were not able to calculate correctly amount of Impairment loss.

(c) Many candidates were not able to calculate the amount due to customer & proportion of total contract value to be recognized as per AS 7(Revised). Disclosure requirement of AS 7(Revised) were also not known to some candidates.

(d) Most of the candidates were not able to calculate the correct amount of outstanding & prepaid expenses. The treatment of property tax was also not correct.

Question 2. The approach to the 1st year's consolidated Balance sheet was generally correct in many cases. However the approached to the second year's Balance sheet was wrong in most cases. Many candidates had not understood the implications of disclosure with regard to net worth of the investment in associates. They were not able to understand differences between "Subsidiary" and "Associate". The computation of value of goodwill was also incorrect in many cases.

Question 3. Many candidates showed journal entries, which was not required as per the question. They were unable to calculate the number of equity shares issued & cash brought in by equity share holders. Few candidates were not able to complete the Profit & Loss A/c, Balance Sheet.

Question 4. This question was not chosen by many candidates since there was choice available. Even the candidates who attempted this question, have presented only the Balance sheet with few entries without workings.

Question 5.(a) The amount of initial recognition of loan to employees and amortised cost of loan to employees was wrongly computed by most of the candidates.

(b) Though target index was correctly calculated by most of the candidates but selling expenses was wrongly added in employee cost.

Question 6.(a) Many candidates committed mistake in the calculation of maximum value to be quoted by NPRL to take over FIL.

(b) Poor performance of the candidates has been observed in calculation of Cost of Debt, Cost of Equity, Weighted Average Cost of Capital and Economic Value Added.

Question 7.(a) Wrong treatment of loss from disposal of assets and increase in accounts receivable in cash flow statement were some of the common errors noticed .

(b) Candidates have failed to consider SBI guidelines on bonus issue of Convertible debentures. Adjusted EPS for 2010-11 was not computed correctly.

(d) Most of the candidates were not able to calculate correctly the average accumulated expenses, non specific borrowings & total expenses to be capitalised.

(e) The answer reflected poor understanding of AS-5. Many candidates have not considered the lost case of copyright as a permanent decline.

Paper 2: Strategic Financial Management

Question 1 (a) The overall performance of candidates was satisfactory. However, some candidates could not use correct formula and went wrong in answering the question.

(b) The question asked to find out future price of contract on a particular date. Most of the candidates did not calculate average yield, which was necessary to arrive at correct answer, rather they directly used the value of e0.01583 given in the question and got the answer.

(c) Performance of majority of candidates was not satisfactory, as effect of dollar appreciation could not be properly presented.

(d) This question on commodity futures was divided into two parts. First part asked for the determination of hedge ratio and the other asked for finding out the amount to be short to achieve a perfect hedge. Only a few candidates could solve the second part of the solution correctly.

Question 2.(a) This was a question on a strategic capital budgeting decision. Candidates were able to attempt it satisfactorily and the level of understanding was adequate. It was however found that very few students understood the concept of Equivalent Annual Cost and therefore were unable in most cases to arrive at the correct decision to be taken.

(b) This was a simple question on share valuation and was well attempted in respect of part (i) where the rate of return was to be computed but in part (ii) the cost of equity was computed in myriad ways and an insignificant number of candidates could arrive at the correct answer.

Question 3.(a) This was apparently a simple question of mergers and valuations and was generally well attempted.

(b) This was a question on decision making on a trade-off between dividend declaration and project investment. The performance of majority of candidates was below average as only a few candidates calculated NPV of the Project.

Question 4.(a) The performance of the candidates was poor due to lack of knowledge of the concept.

(b) This was a decision making question in order to arrive at the cost of equity under different what-if situations. While the first part of the question was satisfactorily answered, the computations required under different situations like a complete 100% payout was not understood by students.

Question 5.(a) This was a question on foreign exchange hedging. The performance of candidates was average as candidates have committed mistakes in calculation of applicable forward rate and interest @ 12% on surplus funds available.

(b) This was a question on portfolio management and was relevant to the nature of questions which may be faced by a financial manager. Performance of majority of candidates was not satisfactory as they have correctly answered upto the calculation of Beta but committed errors in calculation of Standard Deviation of the Portfolio.

Question 6.(a) The performance of majority of candidates was poor as they did not understand the intricate mathematical computations involved.

(b) This was a simple question on mutual funds and was well attempted. It is also relevant in the present day financial environment in relation to treasury management function.

Question 7. The overall performance for various sub parts was average. Certain answers involving the concept of 'Zero coupon bonds', Inter-Bank Participation Certificate' and Nostro, Vostro and Loro Accounts' were not upto the mark and showed lack of understanding on the part of candidates.

Paper 3: Advanced Auditing and Professional Ethics

General Comments

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

Specific Comments

Question 1.(b) Reporting Responsibilities: The general understanding of the topic is poor. Many candidates have written general aspects without giving reference to reporting responsibilities.

Question 3.(b) Reporting Requirement under Form 3CD: Except few candidates, others have not understood the question . Many have given a general answer based on CARO, 2003 or Accounting Standards.

Question 4.(a) Identification of Related Parties: Few candidates have given general answers on related party transactions.

(b) Due diligence in case of overvalued assets: Many candidates have given a general answer on due diligence, overlooking the specific aspect of overvaluation of assets.

Question 5.(a) Reviewing the independence of practicing unit: Most of the candidates have given a general answer on peer review, only a handful of candidates have given the correct answer on the 'independence' aspect.

(b) Difference between Financial and Operational Audit: Some of the candidates have no idea of the aspects involved in Operational Audit.

(c) Reporting Requirement under CARO: Few candidates have misunderstood the question and answered about the dis-qualification of Directors U/s 274(1)(g) of the Companies Act, 1956 in place of required answer.

Question 6 (a) Auditing procedure using CAATs: Many candidates have given a general answer on CAATs without giving reference to Auditing procedure using CAATs.

(b) Mandatory review by Audit Committee: Only few candidates have understood the topic properly. Many have given a general answer without reference to the mandatory aspects involved.

(c) Possible sources of fraudulent financial reporting : While some have a good grip over the topic, few have no idea on the practical aspects of possible sources of fraudulent financial reporting.

Question 7.(a) Mark to Market Margin: Some of the candidates have mentioned about various other Margins unnecessarily.

(b) Cost statement: Some of the candidates have given detailed cost sheet and its explanations, which was not required.

(c) Matters to the reported: Few candidates have given irrelevant answers by calculating various Inventory ratios.

(d) Solvency margin: While few candidates have confused this with Banks, some others have stated about solvency of an organization.

Paper 4: Corporate and Allied Laws

Question 1.(a) Performance of the students was highly satisfactory. Students quoted the section 295 of the Companies Act, 1956 correctly but some of them did not state the requirement of approval of Central Government.

(b) Performance of the students was average in this question. Students did not recognize the need of passing Special Resolution and approval of Central Government. Also, compensation on average basis was wrongly calculated by many students.

(c) Students' performance in this part of the question was below the average. Many students were confused that whether dividend declared by the Board of Directors can be revoked or not.

(d) Performance of the students was average in this question. Only a few candidates have made the reference to Section 22A of the Securities Contracts (Regulation) Act, 1956, and Section 73 of the Companies Act, 1956. Lack of knowledge of the provisions among the students was noticed.

Question 2.(a) Performance of the students in this part was highly satisfactory except some students have not mentioned the type of donations or subscription under sub-section 3 of the Section 293A of the Companies Act, 1956.

(b) Performance of the students was below the average. Most of the students did not know the provisions of the Companies Act, 1956 relating to the 'Passing of resolution/s by circulation at the Board meetings'. Only a few students know the procedure in this regard.

Question 3.(a) Performance of the students was highly satisfactory. Almost all the students answered the question correctly.

(b) Students' performance in this part of the question was average. Most of the students did not know the complete provisions of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, relating to the issue of bonus shares. Answer given by them were incomplete.

Question 4.(a) The performance of the students' in this part of the question was quite satisfactorily. Almost all the students gave the answer correctly except some forgot to mention about unanimous resolution passed by the Board of Directors.

(b) Students' performance in this part of the question was average. Most of them were not having good knowledge of Sections 36AE and 36AF of the Banking Regulation Act, 1949.

Question 5.(a) This question was well attempted by the students. Many answered the question correctly covering all the relevant points but while drafting the notice for calling Extra Ordinary General Meeting, lack of knowledge amongst them was noticed.

(b) Almost all the students attempted this question in a proper manner. They very well stated the provisions regarding constitution of Audit committee and cause of action in case of differing situations under Section 292A of the Companies Act, 1956.

Question 6.(a) The performance of the students in this part of the question was not upto the mark. They did not know the provisions of the Companies Act, 1956 relating to the payment of interest out of capital. A few got confused with the payment of dividend.

(b) The performance of the students' was average in this part of the question. Answer given by them was too general. Relevant points were not referred to in the answers. They did not know the documents to be filed with the Registrar of Companies by the foreign companies and to which Registrar the documents are to be filed.

Question 7.(a) Performance of the students in this part of the question was not upto the mark. Most of them were not aware of the relevant provisions of the Section 9 of the FEMA, 1999. Very few of them attempted it correctly.

(b) The performance of the students in this part of the question was highly satisfactory. Most of them correctly stated the provisions of Section 10(1) of the Competition Act, 2002.

(c) The students did not perform well in this part of the question. They were unable to explain the term "Offence of Money Laundering" within the meaning of the Prevention of Money Laundering Act, 2002 and the punishment for the same.

(d) The performance of the students in this part of the question was below the average. They were unable to explain the items which are excluded in determining the amount of equity share capital of an insurer under Insurance Regulatory and Development Authority Act, 1999.

(e) Almost all the students have attempted it satisfactorily.

Paper 5: Advanced Management Accounting

General Comments

The performance of the candidates in both theory and practical questions has not been satisfactory. It is important for students to understand thoroughly various concepts relating to subject 'Advance Management Accounting'. Conceptual clarity will help students to approach examination with higher confidence. Students are advised to read extremely various materials relating to the subject and to practice more and more problems in examination conditions.

Specific Comments

Question 1.(a) This question was from 'Relevant Costing' and required to calculate average variable cost per unit. This question was well attempted by the candidates. However, some candidates were unable to calculate opportunity cost of 'skilled labour'. Concepts regarding the use of historical cost vs replacement cost, sunk cost, average unit cost, opportunity cost and relevant cost were tested in this question.

(b) This question related to 'Transportation Problem' requires to find out cost per unit, cell reference and quantity under different methods in third allocation. Candidates' performance was good. However, some of the candidates were not able to solve it correctly and did not answer in appropriate manner to find out 'cost minimization'.

(c) This question was from CVP analysis and required to find out fixed cost and unit contribution of two different products. Most of the candidates were not able to form and solve equation due to lack of clarity of the concept regarding CVP analysis and understanding the application of the information given in the question. .

(d) In this question independent activities were given to find out value added activities and non value added activities. Performance of candidates was very good. However, few candidates wasted time in unnecessary elaboration of 'concept of value added'. Candidates have applied theoretical concepts well in the said question.

Question 2.(a) This was a problem related to 'Transfer Pricing'. Best option was required to be selected from the financial perspective of a division. Many candidates wasted their time in making unnecessary assumptions and elaboration. Candidates were not clear about the concept and applications of opportunity cost and incremental costs. Both were mixed up. Moreover, for each option, a different approach was used by candidates. Though many candidates were able to present the steps of opportunity costs, they made the fundamental mistake of not taking the component cost of' C' into the final product. The error was similar among many candidates. Overall, performance of the candidates was poor in this question.

(b) This was a problem from Standard Costing required to calculate Material price, mix and yield variances. Performance by the candidates was satisfactory in this question. Most of the candidates calculated all the variances correctly except few who have made mistakes in the yield variance and mix variance.

Question 3.(a) This question required determination of minimum price to be quoted for export order. Some candidates were not able to differentiate between fixed and variable costs. Performance of the candidates was average.

(b) This Transportation problem was required to mention the conditions of degeneracy under the circumstances given in the question. Some candidates had superficially read the condition for degeneracy. There were confusion among the candidates whether the 'm' or 'n' included the dummy, and whether the allocations were > m+n-l or vice versa. Hence many adopted the '?'symbol. Inadequate depth in the concept led to poor performance. Performance of the candidates was average.

(c) In this question candidates had to identify the situations where Activity Based Costing can be recommended. Good performance showed by the candidates. However, many candidates gave irrelevant reasons and could not recognize the cost reduction part of Activity Based Costing management in part (iv) of the question.

Question 4.(a) This question required finding out break-even point, minimum number of incremental units to be sold out to recover the addition fixed cost and best product mix. Performance of the candidates was not satisfactory. Very few candidates could solve the whole part of the problem. Lack of understanding in average contribution in a two-product situation and product preference was observed.

(b) This question was from Linear Programming and asked to determine optimal solution and comments on it. Though the performance of the candidates was good but some of the candidates could not comment on the solution or on the constraints. . .

Question 5.(a) This question was on Decision making and required best course of action to maximize the profit under the given constraints. Overall performance of the candidates was good. However, some candidates could not present the requirements of the question properly and some wasted time calculating the various unrequited combinations of products and the corresponding profits.

(b) This question from 'Networking Analysis' required to find out crashing cost. Some candidates made mistakes in the order of crashing and simply restricted themselves on not to crash activity Y, common to both the paths. Some candidates wasted time in unnecessary explanations and calculations. Good performance of the candidates was observed in this question.

Question 6.(a) This question was from Budget and Budgetary Control, required to prepare a statement to show the budgeted impact on the profit. Average performance of candidates was observed in this question in this part. Many candidates made mistakes in valuation of raw material, WIP and finished goods of inventory.

(b) This was a theory question on Balanced Score card. Satisfactory performance of the candidates was observed in this question. .

(c) This question required to classify items given in the question into Cost control and Cost reduction category. This question was well attempted by the candidates.

Question 7.(a) This question was from Network analysis required to identify the activities and rectification of defect identified. This question was well attempted by the candidates. Though some candidates were not able to name the defect.

(b) This was an Assignment problem required to state two circumstances for optimal solution. Performance was satisfactory in this question. Many candidates could not write more than one situation and many did repeat of same situation in different style.

(c) This was a problem from Simulation for formulation of interval of 2 digit random numbers. Performance of the candidates was not satisfactory. Most of the candidates solved the problem in the same order as was given in the question rather than arranging arrivals in ascending order.

(d) In this question candidates were asked to write definitions of Maximum capacity, Practical capacity Normal capacity and Principle budget factor. Performance of the candidates was average. Many candidates could not write the correct definition of the above concepts.

(e) In this question candidates had to suggest suitable cost unit of few services. This question was well answered by the candidates.

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 write the suggestions given by the technical consultant. In second part, the ways for implementing these suggestions by ABC Company were also covered fairly well by most of the candidates. Performance was very good for this question.

(b) Most of the candidates could not draw the diagram relating to the Risk Analysis Framework. Hence, the performance was below average for this part.

(c) Many candidates discussed the recovery plan well but some of them discussed Business Continuity Plan (BCP) instead of discussing recovery plan. Overall performance was average for this question.

(d) Only a few candidates wrote the correct answer by mentioning the major components of a good information security policy. Hence, performance was poor for this part.

Question 2.(a) Most of the candidates have been clear about the 'unauthorized intrusion', 'hacking' and 'damages that a hacker can do'. Accordingly, they discussed well all these points. Hence, good performance was observed for this part.

(b) Many candidates explained the guidelines to be followed before starting the implementation of an ERP package but on the other hand, some of them discussed the methodology of ERP implementation or the reasons for the selection of an ERP. Overall performance was average for this question.

(c) In many cases, a generalized discussion on the Electronic Signature was given by the candidates; they did not write it with reference to Section 10 of Information Technology (Amended) Act, 2008. Overall performance was average for this question.

Question 3.(a) Tangible and intangible benefits from the development of a computerized system were written well by most of the candidates. Accordingly, very good performance was observed for this part.

(b) Some of the candidates wrote the appropriate answer by discussing DSS and its characteristics. However, some of them wrote DSS components instead of DSS characteristics. Therefore, overall performance was average.

(c) The concept related to the designing of a database was not clear to most of the candidates. Accordingly, they wrote poor quality answers. Hence, overall performance was below average for this part.

Question 4.(a) Most of the candidates could not explain IT Infrastructure Library and Configuration Framework. Hence, performance was poor for this part.

(b) Many candidates did not attempt the question in the desired way by writing any six ERP vendors and the packages offered by them. However, some of them did well. Therefore, overall performance was average for this part.

(c) For this part, some of the candidates wrote a generalized answer instead of writing the specific parameters that help in planning a documentation process of IS audit. Hence, overall performance was average for this part.

Question 5.(a) In this question, most of the candidates wrote the correct answer by defining a virus and related policy and procedural controls that can be recommended for ensuring control over virus proliferation and damage. Overall performance was good for this part.

(b) Many candidates did not write the answer with reference to Information Technology (Amended) Act, 2008 rather they wrote the answer based on the general understanding. Hence, overall performance was average.

(c) The question based on the constraints in operating a MIS was well attempted by many candidates. However, a few candidates did not write the specific answer and wrote other related points to MIS. Hence, overall performance was average.

Question 6.(a) Most of the candidates were unable to describe the information, which should be identified and understood by a Reviewer/IS Auditor prior to commencing a LAN review, instead some of the candidates wrote a general description about the topic. As a result of this, overall performance was below average for this question.

(b) Many of the candidates discussed well about the steps to be followed by an IS Auditor while conducting IS auditing but some of them could not write the same. Overall performance was average.

(c) Many candidates wrote the correct answer by discussing two types of Service Auditor's Reports under SAS 70. On the other hand, a few candidates were unable to write the main features of these reports and distinction between these two. But overall performance was good for this part.

Question 7. This question was based on the short notes.

(a) Many candidates could not describe Data Dictionary well; accordingly, average performance was observed for this part.

(b) Most of the candidates wrote the risk mitigation measures correctly; hence, overall performance was good for this part.

(c) The concept of Software Process Maturity was explained well by a few candidates while some of them did not understand the term correctly. Accordingly, average performance was observed for this part.

(d) First part based on the Preventive Information Protection was well written by the candidates but the second part based on Restorative Information Protection was not discussed correctly by many candidates. Hence, overall performance was average for this part.

(e) Most of the candidates clearly mentioned the objectives of Information Technology Act 2000; hence, performance was good for this part.

Paper 7: Direct Tax Laws

General Comments

Many candidates were not aware of the recent amendments, and this was reflected in their answers to certain questions, namely, Q.2, Q.5(a), Q.5(d), etc. As regards case law based questions, though many candidates were able to mention the name of the parties involved, they were not able to explain the relevant provisions and the principle to be applied to arrive at the correct conclusion.

Specific Comments

Question 1. (a) Most of the candidates were not aware of the provisions of section 10AA of the Income-tax Act, 1961, and hence, could not solve the problem correctly. Even the depreciation was not computed correctly in many cases.

(b) Few candidates have wrongly excluded the value of assets located outside India while computing net wealth.

(c) (i) Most of the candidates were not aware of the provisions of section 17 specifying certain cases where net wealth chargeable to tax is deemed to have escaped assessment.

(ii) Many candidates have wrongly stated that reference to the Valuation Officer cannot be made by the Assessing Officer in cases where no return of wealth has been filed by the assessee. Some other candidates have answered in the affirmative without substantiating their answer.

Question 2. Some candidates were not aware of the treatment of recovery of bad debts, where a portion had been allowed as a deduction in the past. Further, though the problem required the candidates to adduce reason for treatment of each item, many of them did not append any note for items which did not affect the computation of total income.

Question 3.(a) Most of the candidates were not aware of the provisions of Rule 8D and hence, were not able to determine the amount of expenditure in relation to exempt income.

(b) Many candidates were not aware of the principles enunciated in judicial decisions for the treatment of gains arising from sale of shares and securities and the circumstances in which the resultant income would be regarded as business income or capital gains.

(c) This is a question relating to validity of order of rectification passed by the Settlement Commission. Many candidates were not aware that an amendment which has the effect of modifying the liability of the applicant cannot be made unless the Settlement Commission has given notice to the applicant and the Commissioner of its intention to do so and has allowed them an opportunity of being heard.

Question 4.(c) The question is based on the provisions of section 143(3) and the period of limitation under section 153. Most of the candidates were not aware of these provisions and hence, could not answer the question correctly.

(d) Though many candidates were able to conclude correctly that the action of the bank in refusing to furnish the particulars as required by the Assessing Officer is not correct, the underlying reasons for arriving at such conclusion were not properly put forth by a vast majority of them.

Question 5.(a) This is a question based on the newly inserted section 94A. Few candidates were not aware that the benefit of permissible variation between the transfer price and the arm's length price, as notified by the Central Government, would not be available in the case of transaction with a party located in a Notified Jurisdictional Area.

(b) Most of the candidates could not write the answer in a satisfactory manner. They have only defined "permanent establishment", but have not substantiated as to why a website can or cannot be treated as a permanent establishment.

(c) This is a question based on the provisions of section 245U, which majority of the candidates were not aware of. Many of the answers were general and irrelevant.

(d) Many of the answers were vague, indicating that the candidates were not aware of the relevant circulars containing the procedure for obtaining refund of TDS by the deductor in respect of payments made to non-residents in certain circumstances.

Question 6.(a) The tax treatment of consequences for failure to utilize the amounts deposited in the Capital Gains Account Scheme, especially the treatment in the hands of the legal heirs in the event of death of the assessee, was not known to several candidates. They have wrongly answered that the unutilized amount in the capital gains deposit scheme would be taxable in the hands of the legal heirs.

(b) Many candidates have omitted to mention that carry forward is permissible only in the case of succession by inheritance and not otherwise.

(c) Only a few candidates could correctly state the cases where the benefit of indexation is not available for determination of capital gains. Most of the candidates were able to mention only two to three cases.

(d) Only a few candidates were aware that the provisions of section 69D have to be applied to answer this question. Most of the candidates have wrongly applied the provisions of sections 269SS and 269T to answer this question.

Question 7.(a) Most of the candidates were neither aware of the consequences of not collecting tax at source in respect of sale of scrap by a manufacturing company nor of the circumstances under which the provisions for collection of tax at source were not applicable in such a case. Hence, they were not able to answer this question correctly.

(b) The question related to the necessity of filing return of income in the four circumstances given therein. Most of the candidates were not aware that a firm has to file a return of income compulsorily, even if it has incurred a loss.

(c) Some candidates wrongly included the difference between the fair market value and the purchase price of car as taxable under section 56(2)(vii), without considering that "car" is not included in the definition of "property" therein. Further, some candidates were not aware that the provisions of section 56(2)(vii) are not attracted in respect of immovable property received for inadequate consideration.

Paper 8: Indirect Tax Laws

Specific Comments

Question 1.(b) Majority of the candidates calculated excise duty on entire sales value of ₹ 250 lakhs instead of allowing exemption of ₹ 150 lakhs under Notification No. 8/2003 CE dated 01-03-2003, even though the question clearly stated that the unit was availing SSI exemption under Notification No. 8/2003. Also, 100% of CENVAT credit on capital goods was not availed by many candidates. Further, few of the candidates failed to work out CENVAT credit on inputs on proportionate basis.

Question5.(a)(i) Very few candidates were able to mention correctly as to when assembly amounts to manufacture, which is the basis of levy of Central Excise duty.

(a)(ii) In a number of cases, the candidates could not explain the required situations where transaction value under section 4 of the Central Excise Act, 1944 does not apply. Instead, they wrongly mentioned valuation rules under Central Excise, which was not the requirement of the question.

Question 6.(c) Majority of the candidates were not aware of the concept of self assessment in customs under the Customs Act, 1962.They merely mentioned that it was assessment by assessee without bringing out the exact provisions under the Customs Act,1962.

Question 7.(b) Many candidates have not mentioned the limitations in respect of creation of first charge with reference to the Finance Act,1994. They have merely answered in the affirmative without explaining the essential part of the answer. ■

Accounting

Maintenance of Cash Reserve Ratio (CRR)

In exercise of the powers conferred under the sub-section (1) of Section 42 of the Reserve Bank of India Act, 1934 and in partial modification of the earlier notification DBOD. No. Ret. BC. 85/12.01.001/2011-12 dated March 09, 2012, the Reserve Bank hereby notifies vide notification no. DBOD. No. Ret. BC. 44 /12.01.001/ 2012-13 dated September 17, 2012 that the average Cash Reserve Ratio (CRR) required to be maintained by every Scheduled Commercial Bank shall be 4.50 per cent (instead of 4.75 per cent) of its net demand and time liabilities from the fortnight beginning September 22, 2012.

Note: This notification is not applicable for November, 2012 examination.

(Source: www.rbi.org.in)

Clarification on Para 46A of notification number G.S.R. 914(E) dated 29.12.2011 on Accounting Standard 11 relating to "The effects of Changes in Foreign Exchange Rates"

The Ministry has received several representations from industry associations that Para 6 of AS 11 and Para 4(e) of AS 16 are posing problems in proper implementation of Para 46A of AS 11 inserted vide notification 914(E) dated 29.12.2011. In order to resolve the problems faced by industry, MCA had further clarified vide Circular No. 25/2012 dated 09.08.2012 that Para 6 of AS 11 and Para 4(e) of the AS 16 shall not apply to a company which is applying clause Para 46A of AS 11.

(Source: www.mca.gov.in)

Alterations in the Schedule XIV of the Companies Act, 1956

In exercise of the powers conferred by sub-section (I) of section 641 of the Companies Act, 1956 (I of 1956), the Central Government vide notification number GS.R. 298(E) dated 17th April. 2012 made the following further alterations in the Schedule XIV of the said Act, namely:-

In Schedule XIV to the Companies Act, 1956, after serial number IV relating to Ships and the entries relating thereto, the following serial number and entries has been inserted, namely:-

"V - Intangible Assets

1. Intangible Assets (Toll Road) created under Build, Operate and Transfer, Build, Own, Operate and Transfer or any other form of Public Private Partnership Route.

$$\text{Amortization Rate} = \frac{\text{Amortization Amount } \times 100}{\text{Cost of Intangible Asset (A)}}$$

$$\text{Amortization Amount} = \text{Cost of Intangible Asset (A) x } \frac{\text{Actual Revenue for the year (B)}}{\begin{array}{c}\text{Projected Revenue from Intangible Asset}\\ \text{(till the end of the concession period) (C)}\end{array}}$$

For detail, refer the notification given on the MCA's website www.mca.gov.in

(Contributed by CA. Shilpa Aggarwal, BoS)

Pabbaraju Laxmi Narasimha Rao, hailing from Nalagonda, Andhra Pradesh cleared the CA Final Exmination with 45th Rank at the age of 17. We have asked a set of questions to him. The questions and their responses are included in this page.

Q. Tenth cleared at a tender age of 9, Twelfth cleared at an age when children begin to learn the basics and Chartered Accountancy cleared in the first attempt and that also with merit. What is the secret behind your remarkable achievements till now? Do you consider yourself as a Child Prodigy or your hard work brought in success at a younger age?

Ans. The secret of my success is not the extraordinary talent but the SYSTEMATIC hard work that I have invested.

Q: Tell us about how you managed this achievement? What are the hardships you had to face and how did you resolve those issues?

Ans. I took this achievement as a welcome step, which had supported my goal of becoming a Chartered Accountant. With regard to the hardship, as all know, in the CA course the time plays a dominant role in the preparation and the examination. To resolve this issue, I studied the material thoroughly with the least possible time at the preparation stage itself, which helped me in the examination in managing the time.

Q: Please throw some light on the role played by your parents and teachers in your success story.

Ans. The success which I have achieved would not be possible without the support of my parents and teachers. My parents motivated me all time, considering my goal as their goal. My Teachers supported me in clarifying any type of doubt at any time by explaining it clearly.

Q: What/who influenced you the most to become a Chartered Accountant? Why did you choose CA as your career?

Ans. I am inspired by a person who is visually challenged named "ANIL KUMAR" qualified as a chartered accountant. It generated a burning desire in me to become a chartered accountant at this age.

I choose CA as career because, no other profession is as dynamic as CA. Being a chartered accountant, one can be exposed to the global village with the red carpet.

Q: You have cleared the Chartered Accountancy course at the age of 17. Have you ever been apprehensive about passing the course?

ICAI President, CA. Jaydeep Narendra Shah giving away the Certificate of Participation to Laxmi Narasimha Rao at the valedictory function of the 14th and 15th Batch of Residential Programme at CoE, Hyderabad in the presence of Shri Vijay Kapur, Director, Board of Studies.

Ans. I felt several times that, Chartered Accountancy is very difficult to qualify. But, at the same time, I thought if I chalked out a proper strategy, I could crack it easily. That is what, I driven myself to the success.

Q. What was your confidence level? What are the important strengths you possess that will make you a successful professional?

Ans. My confidence will depend on efforts I put on any work. Generally, I put all my efforts in doing a work, which is interesting to me.

The strength I possess is high grasping power. I can learn any new thing very faster and master in it.

Q. How do you motivate the students pursuing CA course? In your opinion, what are several effective ways to crack the CA Examination with good scoring?

Ans. The only thing I can say that "Practice does not make a man perfect, only the Perfect Practice makes the perfect man". That Perfect Practice, I call it as "systematic hard work". In my opinion, this is the effective way to crack the CA Examination with good scoring.

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

Ans. My ultimate aim is to be the Chief Financial Officer of a company that strives to be the best in whatever it does in the corporate world. ■

Student's Services-Contact Details

In keeping with our goal to provide efficient services to our students, we have compiled the contact details of ICAI Officials dealing with students matters in the respective departments. Students are requested to contact the concerned officers/departments depending upon the nature of their query. Generally, in respect of all administrative matters relating to registration, articles training etc. students are advised to contact with Regional office under which they have been registered. All queries relating to examination matters be referred to appropriate level in the Examination Department. All academic and specified matters be referred to the Board of Studies.

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	Shri I.D. Joshi Assistant Secretary	0120-3054806	cpt_exam@icai.in
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Intermediate/PE-II/ PCE/IPCE examinations (i) Duplicate marks sheets/Pass Certificate/Rank Certificate etc. (ii) IPCE examination application form submission, Admit Card, Centre /Medium change requests, withheld result related queries, verification / certified copies of answer sheets and merit list etc.	Shri Kishan Singh Bisht, LDC	3054836/3054842	dms_examhelpline@icai.in
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(ii) Final examination application form submission, Admit Card, Centre /Medium change requests, withheld result related queries, verification / certified copies of answer sheets and merit list etc.	Shri J. P. Saini Assistant Secretary	3054808/3054809	final_examhelpline@icai.in
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Confirmation of CA Students'/ Members' passing details, to Govt./PSUs	Ms. Preeti Goyal, Assistant	3054836/3054842	dms_examhelpline@icai.in
Transcripts of CA qualification for the purpose of higher studies abroad/immigration etc.			
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Corrigendum

IPCC Paper 1: 'Accounting' Study Material

IPCC students may note that in the July, 2012 edition of Vol. I of the IPCC Paper 1: Accounting Study Material, in pages 2.25, 2.53, 2.66 and 2.71 of Chapter 2 Unit 1: Preparation of Financial Statements, preliminary expenses has been erroneously shown in the Balance Sheet instead of being expensed off as per para 56 of AS 26 'Intangible Assets'. Unit 1 of Chapter 2 has, accordingly, been modified to inter alia incorporate the above correction and further updated to reflect the latest provisions. The updated chapter has been hosted on the institute's website www.icai.org>>Students>>BoS Knowledge Portal>>Study Material>>IPCC>>Accounting>>Vol.I chapter 2.

IPCC Paper 3: 'Cost Accounting' Revision Test Papers, November 2012

IPCC students may note that in the Revision Test Paper relevant for November 2012 Examination, in page no. 71 solution to the question no. 8 has some printing errors. These errors have been rectified and updated file has been uploaded on the Institute's website. Students may refer to the link http://220.227.161.86/27591rtp_nov12_ipcc-atc-3.pdf for the same.

Final Paper 5: 'Advance Management Accounting' Revision Test Papers, November 2012

Final students may note that in the July 2012 print of the publication "Revision Test Papers" relevant for November 2012 Final Examination, read question no.17 reported in page 12 with following rows:

"Due to government incentive scheme for small entrepreneurs, variable overheads show a non linear relationship at 16,000 units level and estimated rate of the variable overheads at this level is ₹ 10 per unit".

Non-applicability of taxable services in PCE-Paper 5: Taxation, IPCE-Paper 4: Taxation and Final-Paper 8: Indirect Tax Laws for November, 2012 examinations

The Examination Committee at its 497th meeting held in September, 2012 has decided that **students appearing in November 2012 examinations will not be examined with respect to specific services in the area of service tax laws.** Therefore, students may note the following:

(A) Final-Paper 8: Indirect Tax Laws [Section B: service Tax and VAT]

(i) **ALL** the taxable services (including the thirty two (32) services notified earlier by the BOS through its announcement dated 14.09.2011) will not be relevant for November 2012 exams.

(ii) *Chapter 4 : Gamut and Coverage of Taxable Services* of Study Material and Practice Manual for Paper 8: Indirect Tax Laws will **NOT** be applicable for November 2012 exams. **However, it may be noted that all other chapters of the Study Material and Practice Manual are relevant for November 2012 examination.**

(iii) Negative list of services and other amendments made vide the Finance Act, 2012 are not relevant for Nov 2012 exams.

(iv) Marks distribution between the three sections viz. Central Excise (40 marks), Service Tax and VAT (40 marks) and Customs (20 marks) has not changed.

(B) IPCE-Paper 4: Taxation [Part-II - Service Tax and VAT]

(i) **ALL** the taxable services (including the eight (8) services notified earlier by the BOS through its announcement dated 14.09.2011) will not be relevant for November 2012 exams.

(ii) *Unit 2 of Chapter 2 : Taxable Services* of Part II: Service tax and VAT of Study Material and Practice Manual for Paper 4: Taxation will **NOT** be relevant for November, 2012 examinations. **However, it may be noted that all other chapters of the Study Material and Practice Manual are relevant for November 2012 examination.**

(iii) Negative list of services and other amendments made vide the Finance Act, 2012 are not relevant for Nov 2012 exams.

(iv) Marks distribution between the two parts namely, Part I : Income Tax (50 marks) and Part II: Service Tax and VAT (25 for Service Tax and 25 for VAT) has not changed.

It is further clarified that there is no change in the portions covered under VAT. **ALL** the Chapters of VAT (including *Chapter 5: Input Tax Credit and Composition Scheme for Small Dealers and Chapter 6 : VAT Procedures* given in Part II: Service tax and VAT of Study Material and Practice Manual for Paper 4: Taxation) are applicable for November 2012 exams.

It may be noted that for PCE - Paper 5: Taxation [Part-II - Service Tax and VAT] there is no change in the position with regard to taxable services. Therefore, as communicated earlier, in Paper 5: Taxation [Part-II - Service Tax and VAT] students will not be examined with respect to ANY taxable services.

Valedictory function - Centre of Excellence, Hyderabad

ICAI President, CA. Jaydeep Narendra Shah is being offered a flower bouquet at the valedictory function of the 14th and 15th Batch of Residential Programme. Shri Vijay Kapur, Director, Board of Studies is also seen in picture.

Valedictory function - Centre of Excellence, Hyderabad

ICAI President, CA. Jaydeep Narendra Shah giving away the Certificate of Participation at the valedictory function of the 14th and 15th Batch of Residential Programme in the presence of Shri Vijay Kapur, Director, Board of Studies and CA. P.K. Agrawal, Senior Consultant.

Valedictory function - Centre of Excellence, Hyderabad

ICAI President, CA. Jaydeep Narendra Shah, Director, Board of Studies, Shri Vijay Kapur and CA. P.K.Agrawal, Senior Consultant, CoE with the participants of 15th Batch of Residential Programme.

Valedictory function - Centre of Excellence, Hyderabad

ICAI President, CA. Jaydeep Narendra Shah, Director, Board of Studies, Shri Vijay Kapur and CA. P.K.Agrawal, Senior Consultant, CoE with the female participants of the Residential Programme.

Valedictory function - Centre of Excellence, Hyderabad

The participants of the Residential Programme staging a cultural programme at the Valedictory function

National Convention for CA Students- Guwahati

ICAI President, CA. Jaydeep Narendra Shah addressing the National Convention for CA Students in Guwahati.

RNI No. 66180/97

REGISTERED: DL- (C)-01/1280/2012-2014
LICENSED TO POST WITHOUT PREPAYMENT U(C)-208/2012-2014
POSTED AT N.D.P.S.O. ON 26th, 27th and 28th SEPTEMBER, 2012

National Convention for CA Students- Guwahati

ICAI President, CA. Jaydeep Narendra Shah and Board of Studies Director, Shri Vijay Kapur with the paper presenters.

National Convention for CA Students- Guwahati

Dr. Girish Ahuja addressing the students at the Special Session at the National Convention for CA Students in Guwahati

National Convention for CA Students- Guwahati

A scene from the Cultural Night at the National Convention for CA Students in Guwahati.

Students Seminar - Dehradun

Shri Vijay Kapur, Director, Board of Studies addressing the students at the CA Students' Seminar in Dehradun.

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