Professional Edge

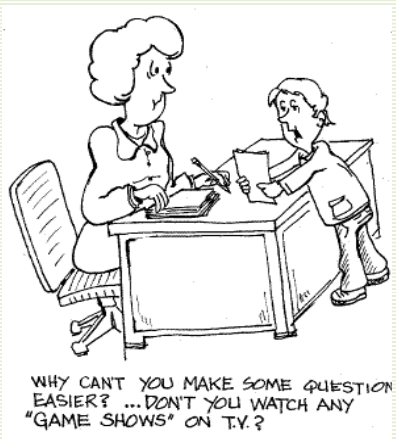
For Professional People

NOV 2013 ISSUE **Year 1, Vol 3**

Bada bhaya to kya bhaya, Jaise Ped Khajoor. Panchhi ko chhaaya nahi, fal laage ati door. Achieving great success and great post is immaterial unless it is accompanied by benefit to society.

~ Kabir

Cartoon Corner



Lighert side

Do not underestimate your abilities, its your boss's job.

***

Money can't buy friends, but you can get better class of enemies.

***

An artist asked the gallery owner if any one showed interest in his paintings. Gallery owner replied "I have good news and bad news,"
"The good news is that a gentleman inquired about your work and wondered if it would appreciate in value after your death. When I told him it would, he bought all 15 of your paintings."
"That's wonderful," the artist exclaimed.
"What's the bad news?"
"The guy was your doctor."

News Updates

Applicability of New Companies Act, 2013 for Dec 2013 Exam: ICSI has issued highlights for students appearing in Dec 2013 exam which will be applicable for exams. As the Act has been passed but not yet applicable, hence only highlights are relevant for exam purpose. See Page 4 for Highlights…

Discontinuation of CC Papers by ICSI ICSI has done away with postal coaching completion requirements. By making amendment in the prospectus, ICSI has now discontinued the earlier mandatory requirement of submission of test papers by the students.
Now neither response sheets are required to be sent nor oral coaching is compulsory.

Submission of Articleship Application in Electronic Mode ICSI has declared that from 15-Oct-2013 onwards all application for article-ship shall be sent only in pdf or scanned copy at prescribed mail id. Earlier all copies were sent physically. Now students can sent their application at following mail id:

1. sudhir.kumar@icsi.edu
2. shrutib.gupta@icsi.edu

Income Tax, Wealth Tax and Service Tax updates for Dec 13 exams published by ICSI (for CS Exe and Prof Students) click on following link: http://www.icsi.edu/webmodules/student/Tax%20Laws%20updates%20for%20December%202013%20Exams.pdf

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CLASSIC professional classes

BUILDING PROFESSIONALS

Jun 2013 Exam : Our Results

Foundation	Highest Pass-out Ratio
Executive	1st Rank in Surat (AIR 14)
Professional	9 Pass (Highest Number from one Coaching)

New Batches for JUN 2014 has started for

CS Foundation

CS Executive

CS Professional

For ALL Subjects

&

For Individual Subject too

Test Series for Dec 2013 Exam:

We will take exam and will check and revert with comments. Entry by Registration only. Interested candidates can mail a request at cpcsurat@yahoo.co.in. Nominal fee charged.

Academic Guidance

Foundation Course

Accounts: Attempt following question, for answers, contact us

1. Accounting is used by business entities for keeping of their ______________ transaction

(a) Black (b) Monetary
(c) Non – Financial (d) Both (B) & (C)

2. Transaction in the Accounting is recorded in _______ terms.

(a) Monetary (b) Non- Monetary
(c) Both (A) & (B) (d) None

3. Which of the following accounting is concerned with records keeping towards the preparation of Trial Balance, P & L and Balance Sheet?

(a) Financial (b) Cost
(c) Management (d) None

4. Which of the following accounting is the process of accounting for Cost?

(a) Financial (b) Cost
(c) Management (d) None

5. Which of the following accounting is concerned with the supply of information which is useful to the management in decision-making, increasing efficiency of business & maximizing profits?

(a) Financial (b) Cost
(c) Management (d) None

6. Trading Account and Profit & Loss Account is prepared for

(a) Month (b) Year
(c) Half Yearly (d) None

7. _________ is prepared to ascertain the financial position of the firm at the end of a particular period.

(a) Trial Balance (b) Balance Sheet
(c) Profit & Loss (d) All

8. The Accountants measure those events which are of financial nature.

(a) Non-Monetary (b) Unit
(c) Monetary (d) Both (A) & (C)

9. Fixed assets are recorded at __________ cost.

(a) Current Cost (b) Historical Cost
(c) Future Cost (d) None

10. What is concerned with recording of financial data relating to the business operations?

(a) Book Keeping (b) Posting
(c) Ledger balancing (d) None

11. Book keeping is mainly concerned with the recording of ________

(a) Entry (b) Journal
(c) Transaction (d) Both (a) & (c)

12. Which of the following constitute base for accounting

(a) Journal Entry (b) Transaction
(c) Book Keeping (d) Both (A) & (B)

Academic Guidance

Executive/Professional Course

HIGHLIGHTS: COMPANIES ACT 2013

Compiled By: CS Pawan Kumar Baid

New Companies Act, 2013 has 470 Sections. Following are its salient features, which may be important for next exams:

1. Some **new definitions** have been included, like CEO, CFO, Independent Director, Interested Director, KMP, Promoter, Accounting Standard, GDR, IDR etc.
2. Now **private companies** can have members upto 200 (increased from earlier limit of 50)
3. One Person Company (OPC) means a company which has only one person as member. It can have more than one Directors, but member will be only one. Sec 3(1)(c) says that a OPC may be formed by one person as private company. The words "One Person Company" shall be mentioned below the name of company. Only one director is required to be appointed in OPC. The member of OPC is deemed to be first director.

   OPC is required to have only two meetings of Board of Directors in a calendar year (i.e. one between January to June, and other between July to December). There should be minimum 90 days gap between such two meetings.

   OPC is not required to hold Annual General Meeting (AGM). To transact any business, which are transacted at AGM in any other company, (but because AGM is not held for OPC), the member shall intimate the resolution to OPC and enter such resolution in the minute book. Such resolution shall be valid from the date of signing of the minute book. Similarly, where there is only one director in OPC, then to transact any business, which are transacted at Board Meeting, the member shall intimate the resolution to OPC and enter such resolution in the minute book. Such resolution shall be valid from the date of signing of the minute book.

4. Sec 2(85) says that **small company** means a company, other than a public company,—
   (i) paid-up share capital of which does not exceed fifty lakh rupees, however Government can increase this limit to five crore rupees; or
   (ii) turnover of which as per its last profit and loss account does not exceed two crore rupees, however Government can increase this limit to twenty crore rupees.
   Above provisions clearly says that small company is formed either as private company or OPC, or in other words, private company and OPC will be called as small company ***if*** its capital/turnover does not exceed specified limit.
5. **Associate Company**, in relation to other company, means a company in which that other company has significant influence, but which is not subsidiary company. However, it includes joint venture. Significant influence means holding of 20% or more of share capital.
6. Where a company is formed for future project, or doing project in future time, or to hold an assets or intellectual property, but does not have significant accounting transactions, may apply to ROC in prescribed manner to get status of **dormant company**. Such company is inactive because in last two years, either it has no significant accounting transactions or not filed accounts or return.

   ROC shall maintain a register of such dormant companies. Such dormant companies shall pay prescribed fee and shall maintain such minimum number of Directors as may be prescribed so as to retain status of dormant company. On failure to follow this provision, ROC can strike-off its name from register of dormant companies. Dormant company is required to hold only two Board meeting in a year.

7. **Key Managerial Personnel** means CEO, MD, Manager, Company Secretary, WTD, CFO or any other officer.
8. Company is now required to have its **registered office** within 15 days of incorporation.
9. Every Company having share capital is required to take **Commencement of Business Certificate**.
10. Except sweat equity, no shares shall be **issued at discount**
11. A Company can have 15 directors on maximum side. For specified companies, there must be one woman director on its Board. Every company shall have at least one director who is resident in India.
12. Directors can have meeting via video conferencing if company has proper system of recording

13. At least seven days notice is required to be given for Board meeting.
14. Annual Return of the Company shall be signed by Director and Company Secretary (or Practicing Company Secretary)
15. Every company having Net Worth of Rs 500 crore or more, turnover of Rs 1000 crore or more or net profit of 5 crore or more shall spend 2% of average net profit in CSR activities. Its reporting is required to be made in Annual Report on 'comply or explain' basis.
16. Secretarial Audit (by Practicing CS) has been made compulsory for every listed and other prescribed companies.
17. Secretarial Standard on General and Board Meeting has been made compulsory.
18. Auditor of the company is required to be rotated after every sixth AGM.
19. Specified companies are required to conduct internal audit.
20. CA/CS/CMA can be appointed as company liquidator or assistant liquidator.
21. Valuation of any kind of assets, shares etc shall be done by registered valuer.

Role of Company Secretary at a glance in New Companies Act, 2013:

Sec	Contents	Impact
Sec 2(38)	Included in Definition of "Expert"	Increased responsibility
Sec 2(51)	Included in Definition of "KMP"	Increased Post
Sec 7	Statutory Declaration regarding incorporation	Similar to erstwhile Act
Sec 26	Name of CS to be in Prospectus	Now made compulsory
Sec 92(1)	Sign of CS/PCS on Annual Return of every company except OPC	Now made compulsory
Sec 92(2)	Certification of Annual Return by PCS for prescribed companies	Now made compulsory
Sec 118	Secretarial Standard made compulsory for every company	Increased work
Sec 134	Sign of CS on Financial Statement	Similar to erstwhile Act
Sec 143	Powers of Auditor now *mutatis mutandis* apply to PCS doing secretarial audit	Increased Power and duty
Sec 203	Appointment of CS for prescribed companies is compulsory	Similar to erstwhile Act
Sec 204	Secretarial Audit compulsory for every listed and other prescribed company	Increased Dignity
Sec 205	Functions of company secretary	Work of CS first time properly defined
Sec 232	Certificate regarding M&A by CA/CS/CMA	First time recognized
Sec 259	NCLT can appoint CS as administrator of Sick Company	First time recognized
Sec 275	CS can be appointed as Official Liquidator of a company in winding-up	First time recognized
Sec 291	CS can be appointed as assistant to official liquidator of a company in winding-up	First time recognized
Sec 300/432	PCS can be authorized representative of any person to appear before NCLT	Similar to erstwhile Act
Sec 409	PCS (with 15 years experience) can become member of jury of NCLT	Great Dignity

Sec 92(1) **Every** Company (except OPC and Small Company) shall prepare Annual Return which shall be signed by Company Secretary or PCS.

Note: Small Company is that which has paid-up share capital of Rs 50 lakh or turnover of Rs 2 Crore or less.

Professional Edge

Academic Guidance

Executive Course

Guess Paper for Economic & Commercial Laws

Time Allowed: 3 hours Max Marks: 100

Part A: Attempt Q No 1 which is compulsory and any 3 questions from rest of this part

1 (a) State with reason whether following statements are true or false:

(i) Indian companies are free to issue right/bonus shares to non-resident shareholders

(ii) IEC once issued by Government can be never surrendered by person who has taken it.

(iii) Without registration, no rights are available under Copyright Act.

(iv) Continuous guarantee cannot be revoked.

(v) Money laundering can provide short-term benefits to the economy. (1 mark each)

(b) Re-write following sentences with filling in the blanks:

(i) Foreign contribution means the donation, delivery or transfer made by a foreign source of any article, not being an article given to a person as a gift for his personal use, if the market value, in India, of such article, on the date of such gift, does not exceed Rs. __________.

(ii) Investment by a person resident in India in foreign securities is a ___________ transaction.

(iii) The total financial commitment of the Indian party in joint ventures/wholly owned subsidiaries does not exceed __________ of the net worth as on the date of the last audited balance sheet.

(iv) Offshore banking unit means a branch of a bank located in a ________ and which has obtained the permission under the Banking Regulation Act, 1949.

(v) For setting-up an EOU, three copies of the application in the prescribed form may be submitted to the __________.

(vi) Literary, dramatic, musical or artistic works enjoy copyright protection for ______years after the death of the author. The patent is granted for ___________ year(s), and Trade Mark can be renewed after ______ years.

(vii) Amar owes Balu Rs.1,000. Amar sells a property to Balu, the consideration being Rs.500 and the release of the previous debt of Rs.1,000. Stamp duty would be payable on Rs. __________.

(viii) Process of money laundering can be classified into placement, layering and ___________. (1 mark each)

(c) With reference FEMA/FCRA suggest the legal consequences

(i) Jolly, a resident in India, desires to acquire 5% of the paid-up share capital of the company abroad to hold the post of director in the foreign company, as qualification shares.

(ii) Rameshwar, a person resident in India, wishes to acquire foreign securities as qualification shares issued by a company incorporated outside India for holding the position of a director in the company.

(iii) XYZ Ltd., a company listed on the Bombay Stock Exchange Ltd., wants to issue shares under the Employees Stock Option Scheme (ESOP) to the employees of its joint venture abroad.

(iv) Naresh, an Indian citizen, is interested in sending Rs.10,000 to his sister residing in USA as birthday gift.

(v) Dinesh, an Indian citizen, wants to use his international debit card for withdrawal of cash during his visit abroad.

(vi) An Indian public limited company wants to issue bonus shares to an existing non-resident shareholder.

(vii) Shyam, an Indian businessman, is interested in remitting US $8,000 for purchase of trade mark/franchise in India.

(1 mark each)

(d) Rohit, the insured (since deceased), took out four life insurance policies with double accident benefits, premium payable half-yearly. When the premium fell due, the general agent of the LIC of India met Rohit and took a bearer cheque towards the premium payable by him in respect of the policies. Although the agent had encashed the cheque immediately thereafter, the amount was not deposited with the LIC of India. Meanwhile, the insured met with a fatal accident. The widow of Rohit filed a claim for the payment of the sum assured. Will she succeed? (5 marks)

2(a) Distinguish between (any three):

(i) 'Political party' and 'an organisation of political nature'.

(ii) 'Relevant market' and 'relevant geographic market' under the Competition Act, 2002.

(iii) 'Invention' and 'patentable invention' under the Patents Act, 1970.

(iv) 'Mortgage' and 'charge'

(v) "Coercion" and "undue influence" (4 mark each)

(b) Write short note on Current account transactions. (3 marks)

3(a) Choose appropriate answer out of multiple choices:

(i) Indian company receiving investment under FDI shall report to RBI within ______ days of receipt:

(a) 60 days (b) 30 days

(c) 45 days (d) 90 days

(ii) The amount representing the full export value of goods is required to be realised and repatriated in India within —

(a) 6 months (b) 3 months

(c) 1 year (d) 2 years.

(iii) The issue of Foreign Currency Convertible Bonds (FCCBs) in any financial year is subject to a ceiling of —

(a) Rs.50 crore (b) US $500 million

(c) Rs.100 crore (d) US $1 million.

(iv) Foreign direct investment (FDI) is prohibited in —

(a) Infrastructure sector (b) Hospitals

(c) Retail trade (d) IT sector.

(v) Under the Consumer Protection Act, 1986, the limitation period for filing a complaint from the date of cause of action is —

(a) 60 days (b) 6 months

(c) 1 year (d) 2 years.

Appointment of an arbitral tribunal under section 11 of the Arbitration and Conciliation Act, 1996 has to be made by an agreement between the parties within —

(a) 30 Days (b) 45 Days

(c) 60 Days (d) None of the above.

(vii) The liability of a surety ––

(a) May be less than that of debtor (b) May be more than that of debtor

(c) Always remains the same as that of debtor (d) Depends upon the judgement of court.

(1 mark each)

(b) Write short notes on (any four):

(i) Special Economic Zone (SEZ) (ii) Anti-competitive agreement

(iii) Bid Rigging (iv) Denoting duty

(v) Quantum Meruit (2 mark each)

4 (a) What is Export Promotion Council and what are its functions? (3 marks)

(b) 'The three-tier machinery for the redressal of consumer disputes and grievances under the Consumer Protection Act, 1986 is 'quasi-judicial in nature'. Comment on this sentence and show jurisdiction of various redressal machineries.

(4 marks)

(c) Discuss the provisions of the Trade Marks Act, 1999 regarding assignment and transmission of registered trade marks.

(4 marks)

(d) What are the grounds on which an arbitral award may be challenged before the court? (4 marks)

5(a) The Competition Act, 2002 does not prohibit dominance, but the abuse of dominant position. (3 marks)

(b) Ashok intentionally and falsely lead Bikram to believe that certain land belong to Ashok, and thereby induces Bikram to buy and pay for it. Afterwards, the land becomes the property of Ashok, and Ashok seek to set aside the sale on the ground that at the time of sale he had no title to the property. Can he be allowed to prove his want of title? (4 marks)

(c) What are grounds on which application for design can be rejected? (4 marks)

(d) State the modes of cancellation of adhesive stamps. (4 marks)

Part B: Attempt All questions from this part

6(a) Choose appropriate answer out of multiple choices:

(i) Sugar, under Essential Commodities Act, 1955, shall contain more than _____ sucrose:

(a) 80% (b) 85%
(c) 90% (d) 95%

(ii) National Green Tribunal does not have jurisdiction under:

(a) Dangerous Drugs Act, 1948 (b) Environment (Protection) Act
(c) Biological Diversity Act (d) Public Liability Insurance Act

(iii) Essential commodity is a commodity specified in __________ to the Essential Commodities Act, 1955:

(a) Sec 2(a) (b) Sec 2A
(c) Sec 3 (d) Sec 3(1)

(iv) A document executed by several persons at different times may be presented for registration and re-registration within ________ from the date of each execution:

(a) 3 months (b) 4 months
(c) 6 months (d) 1 year (1 mark each)

(b) State with reason whether following statements are true or false:

(i) Retail package includes a package for retail sales to ultimate consumers who may be institutional or industrial consumers.

(ii) A society registered under the Societies Registration Act, 1860 is a body corporate.

(iii) The manufacture of items reserved for the small scale sector can also be taken up by non-small scale units. (2 marks each)

(c) Distinguish between 'Seizure' and 'confiscation' under the Essential Commodities Act, 1955.

OR

(c) Distinguish between takeover of Industrial undertaking by Government u/s 18A and 18AA. (5 marks)

7(a) Write Short Note on:

(i) Principal display panel (ii) Industrial Entrepreneur Memorandum
(iii) Concept of sustainable development (3 marks each)

(b) State the circumstance when members can be treated as stranger.

OR

(b) When a trust is extinguished? (3 marks)

(c) Enumerate the main provisions of the Public Liability Insurance Act, 1991. (3 marks)