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The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

The Institute of Chartered Accountants of India
(Set up by an act of Parliament)

KNOWLEDGE SPARKLES

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"Men often become what they believe themselves to be. If I believe I cannot do something, it makes me incapable of doing it. But when I believe I can, then I acquire the ability to do it even if I didn't have it in the beginning."

Mahatma Gandhi

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

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My Dear Students,

At the outset, I would like to pay my tribute to the father of our Nation, Mahatma Gandhi, on his 146th birth anniversary on October 2, 2015. It is a day to recall the pains taken by our great leaders who struggled selflessly to have an independent India. Mahatma was an epitome of truth and non-violence. He always believed in humanity and considered no work as menial. On this day last year, our Honorable Prime Minister launched *"Swachh Bharat Abhiyan"* a drive to improve cleanliness and hygiene in the country.

ICAI has been supporting *Abhiyan* through the Ministries of Power, Coal and New & Renewable Energy. More than 650 Chartered Accountants have shown their keen interest in the physical verification of toilets constructed or repaired by Central Public Sector Undertakings under the Ministries. We all have a collective responsibility to make this initiative a success. Creation of a better tomorrow will need joint efforts of individuals, businesses and society.

To start with, we can at least pledge to stop littering. In fact, we can contribute a lot for the sustainable development of our country by following the principles of 3 R's -reduce, reuse and recycle. By following these 3 R's, we can bring down the amount of waste we produce by reusing and recycling the same and thereby conserving natural resources. The need is to be aware of the issues and make efforts to overcome them. Each step, however small it may be, is important. In the words of Mahatma Gandhi - *"Consciously or unconsciously, every one of us does render some service or other. If we cultivate the habit of doing this service deliberately, our desire for service will steadily grow stronger and will make not only our own happiness but that of the world at large."*

I am glad to share that the International CA Students' Conference with the theme 'Empowering Excellence' was held on 1st and 2nd September, 2015 in Indore. There were over 2,000 students from various parts of the country. An appreciable number of students from Sri Lanka, Nepal and Bangladesh also participated. The Conference had six technical sessions and five special sessions on general management and personality development, which were delivered by renowned experts and merit holders of our Institute. A cultural program showcasing the extracurricular skills of our students was also organized. I must congratulate the Board of Studies of ICAI for organizing and the Indore Branch for hosting a successful and academically enriching conference.

The next series of chartered accountancy examinations are scheduled to start in about a month's time. Those of you who are taking these examinations must put in their best efforts. A sincere and planned approach will help you to pass the examinations with good marks. Many a times, students ask how much time they should devote or how they should study. There are no readymade prescriptions and you need to devise your own strategies based on your potential. Identify your weak areas and try to overcome them.

The quality of your learning effort is more important than the amount of time devoted. Make schedules, avoid selective learning, prepare notes, practice, devote sufficient time, use all available resources and so on. Study material, practice manual, revision test papers, suggested answers, mock test papers, everything is important. You would be in a much better position if by now you have completed your learning part and are in the process of revising and practicing questions. The Chartered Accountancy examinations, although considered to be challenging, can be really simple if you have the right approach. I would also suggest you to use ICAI Cloud Campus and e-Learning DVDs provided along with your study material. The Institute is determined to provide its students a decent learning environment that helps in their overall development.

With best wishes,

CA. MANOJ FADNIS
PRESIDENT
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

My Dear Students,

The Festive Season of Dussehra will soon be with us and I pray that both Goddess Saraswati and Lakshmi shower all our CA Students with their blessings. Trust your vibes. Energy does not lie. Develop positive energy. Your proactive confidence is the foundation. Positive thinking is the beginning. Your emotion amplifies the energy; Your action increases the momentum; Combination of these result in positive fusion and energy. Opportunities are often missed when we constantly focus on our problems. Please start by doing what is necessary, then do what is possible and you'll find yourself doing what you earlier thought as impossible.

POINTS TO PONDER – Simple Tips for a fulfilling life

No matter who you are, how experienced you are, and how knowledgeable you are, avoid being judgmental. It is said that those who judge will never understand and those who understand will never judge. Think and put yourself in the other person's shoes and try to understand their thought process and actions. Give others the privilege to explain themselves. What you see may not be the reality. Never conclude for others. Never focus on the surface and judge others without understanding them first. Always remember that those who take the initiative to work hard at the work place do so not because they are stupid but because they understand the concept of responsibility. Those who apologise first after a fight do so not because they are wrong but because they value people and relationships. Those who are willing to help you, do so not because they owe you anything but because they see you as a true and valued friend. Those who often text you, do so not because they have a lot of time but because you are in their thoughts and heart. To live a fulfilling life, free your heart from hate, free your mind from worry. Live simple, give more and expect less. Successful people always have two things on their lips. Silence and Smile. By smiling you can solve many problems and by silence you can avoid many problems. Enjoy and love every moment of life. Don't save it. There is no system to get a Refund on an unused life. Maturity comes when you stop making excuses and start making changes. Life is a book, we all read it. Love is a blessing, we all need it. Always be happy. Walk with a smile.

KEYS FOR SUCCESS IN EXAMINATIONS

You must be in the revision phase of your study for the forthcoming exams. Face them with determination and calm. Have faith in your preparation and intense study. Remember success is but a doorstep away. Steely resolve, hardy heart and your committed mind will see you through. God always has something for you. A key for every problem, a light for every shadow, a relief for every sorrow and a plan for every tomorrow. Don't let go any eligible attempt to write the exams. Sometimes the smallest step in the right direction ends up being the biggest step in your life. Tip toe if you must but take a step. Avoid comparing. Using someone else's ruler to measure your self worth will always leave you short. Memories take us back, dreams take us forward. If you can't do great things, do small things in a great way. You can't change the direction of the wind but you can adjust the sails to reach your destination. I pray to God to bless you with a morning of peace, a sunrise of a new vision and a mind of Happiness.

FOR STUDENTS WHO HAVE NOT BEEN FORTUNATE TO CLEAR THE EXAMS – FURTHER TIPS

An arrow can be shot only by pulling the bowstring backward, so whenever life pulls us back, don't worry, it is going to lead us forward to victory. Success is the time to redefine your goals; Failure is the time to redefine your methods. Never lose hope, keep working to reach your ultimate target. The secret of getting ahead is not just getting started – but in rising up every time we stumble and fall. Our ability to reflect our talent should not be blunted by the failures we face in life. We can't always laugh at the same joke. Then why do we cry again and again over the same problem and pain? Think it over and be happy always. Gen Theodore Roosevelt said ***"If you think you can, or somebody who believes in you, thinks you can, then of course – you can!"*** When Beethoven wrote the 'Ninth Symphony' he was deaf, when John Milton wrote his epic poem, 'Paradise Lost' – he was blind. Despite their physical disabilities, they gave the world masterpieces that are appreciated even today. Never give up. Great things take time. Carry on despite hurdles and blocks in your path, persevere and you will attain. Sometimes you win, sometimes you learn. You are not defeated when you lose, you are defeated only when you quit. Three simple rules of Life by John Assaraf ***"If you do not go after what you want, you'll never have it. If you do not ask, the answer will always be no. If you do not step forward, you will always be in the same place."***

WRAP UP POINT

Shakespeare in 'As You Like It' wrote ***"All the world's a stage, And all the men and women merely players. They have their exits and their entrances, And one man in his time plays many parts."*** As we live our life, we have to play each role with distinction, caring, affection, and with our entire heart and soul. Sometimes, one role may become so important, so demanding that we tend to play down the others. The importance of family cannot be denied. John Lennon wrote about relationships and love very succinctly ***"We've got this gift of love, but love is like a precious plant. You can't just accept it and leave it in the cupboard or just think it's going to get on by itself. You've got to keep watering it. You've got to really look after it and nurture it."*** Your life is your garden. Positive thoughts are the seeds. If you breed negative thoughts, then you are watering the weeds. Its upto you to have a flowering garden or a bunch of weeds. 'Wealth is purified by Charity; Health is purified by Fast; Mind is purified by meditation; Body is purified by bath; Soul is purified by prayer and Relationship is purified by forgiveness.'

With Warm Professional Regards,

Forever, yours in service,

(CA. V. MURALI)
CHAIRMAN, BOARD OF STUDIES, ICAI, NEW DELHI

Legal Decisions – Income-Tax

1. **Can capital contribution of the individual partners credited to their accounts in the books of the firm be taxed as cash credit in the hands of the firm, where the partners have admitted their capital contribution but failed to explain satisfactorily the source of receipt in their individual hands?**
CIT v. M.Venkateswara Rao (2015) 370 ITR 212 (T & AP)

Facts of the case: The assessee-firm was constituted in the year 1982 and its return for the assessment year 1993-94 was selected for scrutiny under section 143(3). The controversy was in relation to the capital contribution of ten partners aggregating to ₹76.57 lakh. The assessee-firm's explanation that the partners have paid various amounts towards contribution of their share in the capital was not accepted since the source of income for the partners was not explained. The Commissioner (Appeals) observed that the amounts credited in the names of four partners were valid and that cash credits in the accounts of six other partners in the books of the firm were to be considered afresh by the Assessing Officer.

Issue under consideration: The issue before the High Court was whether the Assessing Officer was justified in treating the capital contribution of partners as income of the firm by invoking section 68?

High Court's Opinion: Section 68 directs that if an assessee fails to explain the nature and source of credit entered in the books of account of any previous year, the same can be treated as income. In this case, the amount sought to be treated as income of the firm is the contribution made by the partners to the capital. In a way, the amount so contributed constitutes the very substratum for the business of the firm and it is difficult to treat the pooling of such capital as credit. It is only when the entries are made during the course of business, they can be subjected to scrutiny under section 68.

Where the firm explains that the partners have contributed capital, section 68 cannot be pressed into service. At the most, the Assessing Officer can make an enquiry against the individual partners and not the firm when the partners have also admitted their capital contribution in the firm. The High Court made reference to decision in the case of *CIT v. Anupam Udyog 142 ITR 130 (Patna)* where it was held if there are cash credits in the books of the firm in the accounts of the individual partners and it is found as a fact that cash was received by the firm from its partner, then, in the absence of any material to indicate that they are the profits of the firm, the cash credits cannot be assessed in the hands of the firm, though they may be assessed in the hands of individual partners.

High Court's Decision: The High Court, accordingly, held that the view taken by the Assessing Officer that the partnership firm has to explain the source of income of the partners as regards the amount contributed by them towards capital of the firm, in the absence of which the same would be treated as the income of the firm, was not tenable.

2. **Is expenditure incurred for construction of transmission lines by the assessee for supply of power to UPPCL by the assessee deductible as revenue expenditure?**
Addtl. CIT v. Dharmpur Sugar Mill (P) Ltd (2015) 370 ITR 194 (All)

Facts of the case: The assessee was engaged in the business of manufacture and sale of sugar, chemicals and power and had a distillery. It paid ₹8.48 crores to Uttar Pradesh Power Corporation Ltd (UPPCL) for construction of transmission line and other supporting work for supply of power to UPPCL. The assessee generated power which was sold to UPPCL, its only customer. The agreement between the assessee and UPPCL stipulated that the entire expenditure for erection and installation of power transmission lines, towers and ancillaries from the point of power generation to sub-grid station would be incurred by the assessee. The UPPCL is to ensure quality control of the equipment and material and the work has to be carried out under its supervision and prior approval. The agreement stipulated that the entire power transmission line including towers and erection would be property of UPPCL which would provide for the subsequent supervision and maintenance. The assessee claimed the entire expenditure as a deduction under section 37(1). The claim of the assessee was disallowed by the Assessing Officer. However, the Commissioner (Appeals) deleted the disallowance by holding that by incurring the expenditure the assessee acquired right to make use of the asset for facilitating efficient conduct of its business and making it more profitable but without getting any advantage of enduring benefit to itself. The assessee did not acquire any asset to get covered by section 32 and hence, the expenditure incurred was revenue in nature. The Tribunal, too, confirmed the order of the Commissioner (Appeals).

High Court's Opinion: The High Court made reference to *Empire Jute Co Ltd v. CIT (1980) 124 ITR 1*, where the Supreme Court held that the true test is to consider the nature of the advantage in a commercial sense and it is only where the advantage is in the capital field that the expenditure would be disallowed. If the advantage consists in merely facilitating its trading operations or conducting its business while leaving the capital field untouched, the expenditure would be on revenue account.

A similar precedent in CIT v. Gujarat Mineral Development Corpn. Ltd (1981) 132 ITR 377 (Guj) was also cited to hold that the expenditure incurred in the laying of transmission lines was on revenue account.

The Allahabad High Court also made reference to the Rajasthan High Court ruling in *CIT v. Hindustan Zinc Ltd. (2009) 221 CTR (Raj) 637*, wherein it was observed that the erection of power lines by the assessee was for facilitating its routine operations and for smooth functioning of its business. The power lines remained the property of the Electricity Board. The High Court, therefore, held that the assessee had not acquired a capital asset or any enduring benefit or advantage.

High Court's Decision: Following the principle of law laid down by the Supreme Court in *Empire Jute Mills'* case, the Allahabad High Court, in this case, held that the expenditure which was incurred by the assessee in the laying of transmission lines was clearly on the revenue account. The transmission lines, upon erection, vested absolutely in UPPCL. The expenditure which was incurred by the assessee was for aiding efficient conduct of its business since the assessee had to supply electricity to its sole consumer UPPCL. This was not an advantage of a capital nature.

3. Under which head of income is franchise fee received by an assessee in tourism business, against special rights given to franchisees to undertake hotel business in assessee's property, taxable?

Tamil Nadu Tourism Development Corporation Ltd v. Dy. CIT (2014) 368 ITR 533 (Mad)

Facts of the case: The assessee-company, a wholly owned Government of Tamil Nadu Undertaking, was engaged in the business of development of tourism in the State. It leased some of its loss making hotel units to various franchisees for a consideration. The agreement envisaged leasing of hotels with attendant conditions including display of its name above the name of the franchisee in the name board, quality of food supplied, maintenance of rooms and buildings etc. to be followed by the franchisee. The assessee offered franchise fee as "Income from house property" and claimed deduction at 30% of Net Annual Value (NAV) under section 24, which was negatived in the assessment.

Appellate Authorities' Views: The Commissioner (Appeals) observed that the assessee was not engaged in any commercial or business activity to earn business income and thus, upheld the contention of the assessee that such income is taxable under the head "Income from house property". The Tribunal, however, observed that the assessee had not withdrawn from the business of carrying on tourism activities and it was only to earn more profits from its loss making units that it has let out the properties including business to franchisees. Thus, it held that the income arising from letting out of such properties is chargeable to tax as income from business. It negatived the claim for deduction of 30% of NAV made by the assessee.

High Court's Opinion: The issue before the High Court is whether the income by way of franchisee fee is taxable as income from business or as income from house property.

The High Court looked into the contract between the assessee and the franchisees which contained various conditions ranging from obtaining of permits and licences, maintenance of rooms, common area, garden maintenance, catering, Bar etc with 33 clauses. The assessee had not simply leased the land and building but had imposed further conditions as to how the business of franchisees' should be conducted with regard to the hotels given on lease.

The special conditions stipulated in the contract clearly indicated that the name of the assessee should be prominently indicated in the name board and that the name of the franchisee should be below the name of the assessee, thereby, making it clear that the assessee continued to operate the business through the franchisees. Thus, these special conditions were a clear indicator that the assessee continued to be in the business of tourism activities, though not directly but through the franchisees, and received income as franchisee fee. The assessee received franchisee fee for giving a special right or privilege to the franchisees to undertake tourism business in the property.

High Court's Decision: The High Court, accordingly, held that the income earned by the assessee by way of franchisee fee is in the nature of business income and not income from house property.

4. **Is initiation of reassessment beyond a period of 4 years on the basis of subsequent Tribunal and High Court ruling valid, if there is no failure on the part of the assessee to disclose fully and truly all materials facts?**

   Allanasons Ltd v. Dy. CIT (2014) 369 ITR 648 (Bom)

   Facts of the case: The assessee-company filed its return of income in which a claim for deduction under Chapter VI-A was made. The case was subjected to scrutiny assessment and order under section 143(3) was passed reducing the claim of deduction under Chapter VI-A. After 4 years from the end of the assessment year, a notice under section 148 was issued ascribing reasons such as subsequent tribunal and other court decisions which show that the deduction was excessively allowed in this case. The assessee challenged the reassessment proceedings by means of a writ before the court, contending that it is a settled position in law that the decision rendered by court subsequent to the assessment order does not by itself amount to failure on the part of the assessee to fully and truly disclose all material facts necessary for assessment.

   High Court's Opinion: The High Court observed that it is well settled in terms of the proviso to Section 147, that where any assessment is sought to be opened beyond a period of four years from the end of the relevant assessment year, two conditions have to be fulfilled cumulatively. The first condition is that there must be reason to believe that income chargeable to tax has escaped assessment. The second condition is that such escapement of income should have arisen due to failure on the assessee's part to fully and truly disclose all material facts required for the assessment.

   Thus, escapement of income prompting reopening of assessment beyond the period of 4 years from the end of the assessment year is not possible unless it is due to the failure of the assessee to disclose fully and truly all material facts necessary for assessment.

   Even a subsequent change of law cannot be taken as income escaping assessment for triggering reassessment provisions beyond 4 years from the end of the assessment year unless there was a failure on the part of the assessee to disclose fully and truly all material facts necessary for assessment. The High Court observed that in this case, the reasons recorded, when read as a whole did not indicate even remotely any failure on the part of the assessee to disclose fully and truly any material fact necessary for assessment.

   High Court's Decision: The High Court, accordingly, held that a subsequent decision of Tribunal or High Court by itself is not adequate for reopening the assessment completed earlier under section 143(3) unless there is a failure on the part of the assessee to disclose complete facts.

5. **Does the finding or direction in an appellate order that income relates to a different assessment year empower reopening of assessment for that assessment year, irrespective of the expiry of the six year time limit?**

   CIT v. PP Engineering Work (2014) 369 ITR 433 (Del)

   Facts of the case: The Tribunal, in its order, directed that the cash credit of ₹32 lakhs found credited in the books of the assessee in the financial year 1999-2000 is chargeable to tax in the assessment year 2000-01 as against the assessment made by taxing the said amount in the assessment year 2001-02. In short, the Tribunal gave a finding that the cash credit under section 68 was assessable in a different assessment year than the assessment year in respect of which it heard the appeal. This prompted the Assessing Officer to issue a notice under section 148 in February, 2009 for reopening the proceedings for the A.Y.2000-01. The issue is validity of notice issued after a lapse of 6 years from the end of the relevant assessment year.

   The Commissioner (Appeals) held that the reassessment is barred by time limitation and the Tribunal also upheld the order of the Commissioner (Appeals) without making reference to section 150 read with Explanation 2 to section 153.

   High Court's Opinion: The High Court made reference to Section 150 which overrides the time limitation specified in section 149. Also, *Explanation 2* to section 153 makes it clear that when an order in appeal, revision or reference is made whereby any income is excluded from the total income of an assessee for an assessment year, an assessment of such income for another assessment year shall be deemed to be one made in consequence of or to give effect to any finding or direction contained in the said order for the purposes of section 150 and section 153.

   The High Court made reference to the Delhi High Court ruling in the case of *Rural Electrification Corporation Ltd v. CIT (2013) 355 ITR 345* and opined that the findings of Commissioner

(Appeals) and Tribunal on the question of limitation as legally untenable and incorrect.

High Court's Decision: The High Court observed that in view of the order of the Tribunal that the credit entries related to the earlier assessment year i.e., A.Y. 2000-01, the Assessing Officer initiated reassessment proceedings under section 147 by issue of notice under section 148 for the year and passed an order dated 29/12/2009 making an addition of ₹32 lakhs. The High Court held that by virtue of section 150 read with *Explanation* 2 to section 153, the said order was not barred by limitation.

Note – *Under section 149(1)(b), the time limit for issue for notice under section 148 is six years from the end of the relevant assessment year, where the income chargeable to tax which has escaped assessment amounts to or is likely to amount to ` 1 lakh or more for that year.*

Section 150(1) states that notwithstanding anything contained in section 149, notice under section 148 may be issued at any time for the purpose of making an assessment or reassessment or recomputation in consequence of or to give effect to any finding or direction contained in an appellate or revisionary order.

Explanation 2 to section 153 provides that where by an order referred to in section 250, 254, 260, 262, 263 or 264, any income is excluded from the total income of the assessee for an assessment year, then, an assessment of such income for another assessment year shall, for the purposes of section 150 and section 153, be deemed to be one made in consequence of or to give effect to any finding or direction contained in the said order.

6. Is recording of satisfaction and quantification of escaped income a pre-condition for issuing notice under section 148 after 4 years from the end of the relevant assessment year?

Amarnath Agrawal v. CIT (2015) 371 ITR 183 (All)

Facts of the case: The assessee along with four others had obtained a lease of land and was in possession of the same from 1953. Subsequently, the State Government introduced a policy for conversion of lease-hold to free-hold. The assessee applied for conversion before the District Magistrate in 1997 and a sale deed was executed. The assessee deposited the necessary charges as demanded by the State Government and a freehold sale deed dated 25th March, 1998 was executed. The assessee sold a portion of the land during the F.Y. 1999-2000 and admitted the same as long-term capital gain taking into account the lease hold period also. In the assessment, the admission of income as long-term capital gain was accepted. However, after the expiry of four years from the end of the relevant assessment year, proceeding for reassessment of such income as short-term capital gains was resorted to by the Revenue on the ground that the lease hold period should not be considered for determining the period of holding of freehold land transferred. The assessee filed a writ challenging the validity of notice issued under section 148 stating that the requirements of section 149 read with section 151 were not considered by the Revenue.

High Court's Opinion and Decision: The High Court observed that two distinct conditions must be satisfied for assuming jurisdiction to issue a notice under section 148 after a period of 4 years viz. (i) escapement of income; and (ii) omission or failure on the part of the assessee to disclose fully and truly all material facts necessary for his assessment.

Under section 149(1)(b), it is imperative for the Assessing Officer, in his reasons, to state that the escaped income is likely to be ₹1 lakh or more. This is an essential ingredient for seeking approval and the basis on which satisfaction is to be recorded by the competent authority under section 151. If the condition precedent to substantiate the satisfaction of escapement of income is not made, the issuance of notice would be invalid.

In this case, since no reasons were recorded that the escaped income is likely to be ₹1 lakh or more so that the Chief Commissioner or Commissioner may record his satisfaction under section 151, the initiation of reassessment proceedings after four years was barred by time. The reasons recorded by the Assessing Officer were that the assessee had computed long-term capital gains tax liability, whereas he was liable to pay short-term capital gains tax, since he had sold a portion of the property within 3 years from the date of conversion of leasehold land into a freehold land.

The High Court observed that the property was held for more than 3 years and the conversion from leasehold to freehold being an improvement of the title did not have any effect on the taxability of profits. The reasons recorded by the Assessing Officer did not indicate any failure on the part of the assessee to disclose fully and truly all material facts at the time of assessment; it also did not indicate that the quantum of escapement of income exceeds ₹1 lakh. Accordingly, the High Court held that, in this case, the issue of notice under section 148 after the four year time period was not valid. ■

(Compiled by BoS faculty)

Legal Decisions – Indirect Taxes

1. **Is interest payable under rule 7(4) of the Central Excise Rules, 2002, if amount of differential duty is paid in full before final assessment order is passed?**
   Ceat Limited v. CCE & C 2015 (317) ELT 192 (Bom.)

   Facts of the Case: The appellants cleared the manufactured goods on provisional assessment basis under rule 7 of the Central Excise Rules, 2002. However, they did not wait for the passing of final assessment order by Deputy/Assistant Commissioner finalizing the provisional assessment and paid the differential duty before the passing of said order.

   The Department issued a show cause-cum-demand seeking to recover from the assessee the interest under rule 7(4) of the rule on the amount of differential duty paid by them. However, Revenue did not contend that the differential duty paid prior to finalization of the assessment was not correct, accurate or was not properly computed.

   The assessee contended that interest liability under rule 7(4) of the rules arises only after passing of final assessment order. Interest is liable to be paid from the month following the month in which assessments were finalized. However, since the assessee had paid the differential duty well before the date of finalization of the assessment order, it was not liable to pay the interest on the same. Further, since the finalisation of provisional assessment had not resulted into any additional liability, rule 7(4) was not attracted and consequently, interest was not payable by the assessee.

   High Court's Observations: The High Court observed that on finalization of provisional assessment, it is possible that duty liability determined is more than that recovered in the provisional assessment. Liability to pay interest under rule 7(4) arises on any such amount payable to Central Government consequent to order for final assessment under rule 7(3). The Court agreed that since in the assessee's case, final assessment resulted in nothing due and payable to the Government; later part of rule 7(4) was not attracted. Consequently, no interest was recoverable from them. Indeed, in case where assessee had paid the differential duty prior to finalization of the assessment, if the interest was to be recovered and was payable on such date, rule would have specifically said so.

   High Court's Decision: The High Court held that provisions of rule 7(4) will not be applicable and hence, the interest is not payable, if amount of differential duty is paid in full before the final assessment order is passed.

2. **In case the revenue authorities themselves have doubts about the dutiability of a product, can extended period of limitation be invoked alleging that assessee has suppressed the facts?**
   Sanjay Industrial Corporation v. CCE 2015 (318) ELT 15 (SC)

   Facts of the Case: In this case, the appellant was engaged in the business of cutting larger steel plates into smaller sizes and shapes as per the requirement of the customers. After cutting the plates as per the customer's specifications, same were supplied to them. This process is known as profile cutting.

   The appellant did not pay excise duty on the belief that the aforesaid process did not amount to manufacture as per section 2(f) of the Central Excise Act, 1944. Department issued a show cause notice demanding the excise duty and penalty alleging that the activity carried out by the appellant amounts to "manufacture". It had invoked the extended period of limitation under section 11A holding that it was a case of suppression and misrepresentation facts by the appellant.

   Point of Dispute: The primary contention of the appellant was that penalty could not be imposed invoking extended period of limitation as there was no suppression or misrepresentation of facts by them. It referred to order-in-original in case of *M/s Pioneer Profile Industries, Pune* involving the same process wherein although the Commissioner held that process of profile cutting amounted to manufacture, but did not impose the penalty because the question as to whether this process amounted to manufacture was in doubt earlier.

Supreme Court's Observations: Referring the order of the Commissioner in case of *M/s Pioneer Profile Industries, Pune,* the Apex Court inferred that even Department had the doubts relating to excisability of process of profile cutting. In view thereof, if the appellant also had nurtured the belief that the process carried out by him did not amount to manufacture and did not pay excise duty, this conduct of the appellant was a bonafide conduct and could not be treated as willful suppression of facts.

Supreme Court's Decision: The Supreme Court held that since Revenue authorities themselves had the doubts relating to excisability of process of profile cutting, the bonafides of the appellant could not be doubted. Hence, extended period of limitation could not be invoked and penalty was set aside.

3. **Whether the amendment made by the Finance Act, 2013 in section 37C(1)(a) of the Central Excise Act, 1944 to include speed post as an additional mode of delivery of notice is merely clarificatory in nature having retrospective effect or does it operate prospectively?**
Jay Balaji Jyoti Steels Limited v. CESTAT Kolkata 2015 (37) STR 673 (Ori.)

Point of Dispute: The contention of the assessee was that the amendment made in section 37(C)(1)(a) of the Central Excise Act,1944 which added "speed post" as an additional mode of service of notice could only operate prospectively and not retrospectively.

High Court's Observations: The High Court observed that in view of section 28 of the Indian Post Office Act, 1898, any postal article which is registered at the post office from which it is posted, and a receipt has been issued in respect of such article, is to be treated as "registered post". The High Court pointed out that since for both "registered post" as well as "speed post", receipts are required to be issued when articles are delivered to the post offices, both "speed post" and "registered post" satisfy the requirement of section 28 of the Indian Post Office Act, 1898. The only difference between the two is that the charges payable for the "speed post" are higher as the same ensures delivery at an early date.

Consequently, the High Court was of the view that addition of the term "speed post" in section 37(C)(1)(a) was merely clarificatory. The High Court further stated that the said amendment is clearly curative since various other High Courts have held that "communication of notices through speed post was in consonance with law".

The High Court reiterated that it is well settled in law that where an amendment which is brought about is "clarificatory in nature", the same would date back to the date on which the original provision was introduced*.

High Court's Decision: The High Court, therefore, held that insertion of words "or by speed post with proof of delivery" in section 37C(1)(a) of the Central Excise Act, 1944 is clarificatory and a procedural amendment and hence, would have retrospective effect.

Notes:

1. *Prior to 10.05.2013, a decision, order, summon or notice used to be served to the intended person either by tendering the same (physical delivery) or by sending it through registered post with acknowledgment due in terms of section 37C(1)(a) of the Central Excise Act, 1944. However, w.e.f. 10.05.2013, section 37C(1)(a) was amended vide the Finance Act, 2013 so as to include additional modes of delivery for decisions, orders, summons or notices namely, speed post with proof of delivery or courier approved by CBEC.*

*2. *The Supreme Court dealt with the issue of retrospective operation of clarificatory amendments in the case of R. Rajagopal Reddy (dead) by Lrs. & Ors. v. Padmini Chandrasekharan (dead) by Lrs., 1995 (2) SCC 630 as under:*
"Declaratory enactment declares and clarifies the real intention of the legislature in connection with an earlier existing transaction or enactment, it does not create new rights or obligations. If a statute is curative or merely declaratory of the previous law retrospective operation is generally intended. A clarificatory amendment of this nature will have retrospective effect and therefore, if the principal Act was existing law when the Constitution came into force the amending Act also will be part of the existing law. If a new Act is to explain an earlier Act, it would be without object unless construed retrospective. An explanatory Act is generally passed to

supply an obvious omission or to clear up doubts as to the meaning of the previous Act."

The said judgement of the Apex Court was affirmed by the Full Bench of the Hon'ble Supreme Court in the case of Shyam Sunder and Others v. Ram Kumar and Another, 2001 (8) SCC 24.

4. Can the Commissioner (Appeals) remand back a case to the adjudicating authority under section 85 of the Finance Act, 1994?

Commissioner of Service Tax v. Associated Hotels Ltd. 2015 (37) STR 723 (Guj.)

Point of Dispute: The question of law which was raised in this case was that whether the Commissioner (Appeals), exercising powers under section 85 of the Finance Act, 1994, has the power to remand the proceedings back to the adjudicating authority.

The Department contended that due to the amendment made in section 35A(3) of the Central Excise Act, 1944, in the year 2001*, the powers of remand which were previously specifically granted to the Commissioner (Appeals) were taken away. It was argued by the Department that since section 85(5) of the Finance Act, 1994 provides that the Commissioner (Appeals) while hearing the appeals under section 85 of the Act, follows the same procedure and exercises same powers which he does while hearing the appeals under the Central Excise Act, 1944, Commissioner (Appeals) does not have the power to remand the proceedings back to the adjudicating authority in service tax matters also.

High Court's Observation: The High Court observed that section 85(4) of the Finance Act, 1994 is worded widely and gives ample powers to the Commissioner while hearing and disposing of the appeals to pass such orders as he thinks fit including an order enhancing tax, interest or penalty. Such powers would, therefore, inherently contain the power to remand a proceeding for proper reasons to the adjudicating authority.

Further, the High Court rejected the Department's contention that by virtue of section 85(5) of the Finance Act, 1994, the limitation on power of Commissioner (Appeals) to remand a proceeding as contained in section 35A(3) of Central Excise Act, 1944 also applied to appeals under section 85 of Finance Act, 1994. This is so because, even though sub-section (5) of section 85 requires the Commissioner (Appeals) to follow the same procedure and exercise same powers in making orders under section 85, as he does while hearing the appeals under the Central Excise Act, 1944, sub-section (5) itself starts with the expression "subject to the provisions of this Chapter".

The High Court held that sub-section (4) of section 85 itself contains the width of the power of the Commissioner (Appeals) in hearing the proceedings of appeal under section 85. The scope of such powers flowing from sub-section (4), therefore, cannot be curtailed by any reference to sub-section (5) of section 85 of the Finance Act, 1994.

High Court's Decision: The High Court, therefore, held that section 85(4) of the Finance Act, 1994 gives ample powers to the Commissioner while hearing and disposing of the appeals and such powers inherently contain the power to remand a proceeding for proper reasons to the adjudicating authority.

Notes:

*1. *Section 35A(3) of the Central Excise Act, 1944 was amended with effect from 11-5-2001. Prior to the amendment, the said provision read as under:*
"The Commissioner (Appeals) may, after making such further inquiry as may be necessary, pass such order as he thinks fit confirming, modifying or annulling the decision or order appealed against, or may refer the case back to the adjudicating authority with such directions as he may think fit for a fresh adjudication or decision, as the case may be, after taking additional evidence, if necessary."
After 11-5-2001, the amended section 35A(3) reads as under :
"The Commissioner (Appeals) shall, after making such further inquiry as may be necessary, pass such order, as he thinks just and proper, confirming, modifying or annulling the decision or order appealed against."

2. *The Delhi High Court in the case of Commissioner v. World Vision 2011 (24) STR 650 (Del.) has also held that under section 85(4) of Finance Act, 1994, the Commissioner (Appeals) has the power to*

remand back the case to the adjudicating authority for fresh consideration.

5. **Whether the period of limitation or the period within which delay in filing an appeal can be condoned, specified in terms of months in a statute, means a calendar month or number of days?**
CCus & CEx. v. Ashok Kumar Tiwari 2015 (37) STR 727 (All.)

Facts of the case: The assessee received the adjudication order on 08.10.2011 and filed an appeal against the said order before Commissioner of Central Excise (Appeals) on 09.04.2012 along with an application for condonation of delay. However, the Commissioner dismissed the appeal as being time barred and declined to condone the delay. Tribunal, on appeal, decided that the delay should be condoned in assessee's case. It observed that period of limitation of 3 months prescribed under section 85(3) of the Finance Act, 1994 meant 3 calendar months and not 90 days and proviso to said sub-section empowered Commissioner to condone the delay for sufficient cause so as to allow the appeal to be presented within a further period of 3 months.

Point of dispute: The issue which came up for consideration before the High Court was whether the period of limitation or the period within which delay in filing an appeal can be condoned, specified in terms of months in a statute, means a calendar month or number of days.

High Court's Observations: The High Court opined that where the legislature intends to define the period of limitation with regard to the number of days, it does so specifically. Section 85 of the Finance Act, 1994 has defined the period of limitation as well as the power to condone the delay with regard to a stipulation in terms of months and such a stipulation can only mean a calendar month. Once the legislature has used the expression "three months" both in the substantive part of sub-section (3) of section 85 as well as in its proviso*, it would not be open for the High Court to substitute the words "3 months" by the words "90 days" and if it does so, it would amount to rewriting the legislative provision, which is impermissible.

The High Court noted that section 3(35) of the General Clauses Act, 1897 also defines the expression "month" to mean a month reckoned according to the British calendar. Further, the day on which order was received by the assessee, i.e. 08.10.2011 had to be excluded while computing the period of limitation in view of section 9 of said Act**. Since the original period of limitation and the period within which delay could be condoned expired on a public holiday, i.e. 08.04.2012, the assessee filed the appeal on the next working day, i.e. 09.04.2012.

High Court's Decision: In the given case, the Commissioner of Central Excise (Appeals) had the jurisdiction to condone the delay in filing of appeal by the assessee as the same had been filed within the stipulated time prescribed for the same.

Notes:

*1. *Sub-section (3) of section 85 of the Finance Act, 1994 stipulates the period of limitation for filing an appeal with Commissioner of Central Excise (Appeals). Further, proviso to said section stipulates the period within which delay in filing said appeal can be condoned. Provisions of section 85(3) and its proviso were applicable till 27.05.2012. However, with effect from 28.05.2012, sub-section (3) of section 85 and its proviso ceased to have effect and sub-section (3A) to said section and its proviso were inserted by the Finance Act, 2012.*
While sub-section (3) and its proviso stipulated the original period of limitation as three months and the extent to which delay could be condoned also as three months, as per sub-section (3A), the original period of limitation is two months and delay can be condoned within a further period of one month.
Although the aforesaid judgment is based on sub-section (3) of section 85, the principle derived in the said ruling i.e., where legislature specifies period of limitation as well as period within which delay in filing an appeal can be condoned in terms of months, such a stipulation can only mean a calendar month and not number of days, is applicable to sub-section (3A) of section 85 also.

**2. *Supreme Court, in the case of M/s. Econ Antri Ltd v. M/s. Rom Industries Ltd. & Anr, had also taken a similar view on this point and decided that while computing the period of limitation, the day on which the offence is committed/ date of cause of action has to be excluded.*

(Compiled by BoS faculty)

CORRIGENDUM

Final Course - Paper 8: Indirect Tax Laws

1. **Practice Manual of Paper 8: Indirect Tax Laws- Final [December, 2014 Edition (including Reprint January, 2015 Edition) relevant for May, 2015 and November, 2015 Examinations] – Printed copy**

(i) In Chapter-5 of Section C: Customs and Foreign Trade Policy, for Q. 12 (Pg. 5.9) and Q. 19 (Pg 5.17) and answers thereto, the students are advised to refer to the revised Q. 12 (Pg. 5.9) and Q. 19 (Pg 5.17) and answers thereto, as appearing in the Practice Manual of Paper 8: Indirect Tax Laws webhosted on the BoS Knowledge Portal at the ICAI website.

(ii) In Chapter-3 of Section A: Central Excise, for Q. 14 (Pg. 3.11) and answer thereto, students are advised to refer to the revised Q. 14 (Pg. 3.11) and answers thereto, as appearing in the Practice Manual of Paper 8: Indirect Tax Laws webhosted on the BoS Knowledge Portal at the ICAI website.

2. **Supplementary Study Paper - 2014 [October, 2014 Edition] and Study Material [November, 2014 Edition] relevant for May, 2015 and November, 2015 Examinations – Printed copy**

Publication	Page No.	Substitution required
Supplementary Study Paper	184	In the Answer to the Example, the date "20.01.2015" be substituted with "21.01.2015"
Study Material	3.6	

Final Course - Paper 7: Direct Tax Laws

1. **Revision Test Paper (RTP) for November 2015 Examination – Printed copy**

In the table given in the answer to Q.3 in page 68, the rate of depreciation has to be read as "5%" instead of "7.5%". The amount of depreciation calculated at the said rate would be ₹ 5,00,000 (instead of ₹ 7,50,000) and the deemed income under section 35AD(7B) would be ₹ 1,45,00,000 (instead of ₹ 1,42,50,000)

IIPCC - Part II: Indirect Taxes of Paper 4: Taxation

1. **Supplementary Study Paper - 2014 and Study Material [October, 2014 Editions relevant for May, 2015 and November, 2015 Examinations] – Printed copy**

Publication	Page No.	Substitution required
Supplementary Study Paper	77	In the Answer to the Example, the date "20.01.2015" be substituted with "21.01.2015"
Study Material	3.6	

Examiners' Comments on the Performance of the Candidates – Intermediate (IPC) Examination – May 2015

Paper – 1: Accounting

Specific Comments

Question 1.

(a) Majority candidates failed to give the required treatment for extra ordinary claim received for loss of plant and consequently, were not give the correct net cash used in investing activities.

(b) Most of the candidates showed lack of understanding of AS 7 "Accounting for Construction Contracts" and they could not compute year wise amount of revenue, expenses, contract cost to complete and profit or loss to be recognized in the Statement of Profit and Loss.

(c) Few candidates did not consider the replacement cost while valuing raw materials and wrongly computed the value of partly finished goods. Thus they could not arrive at the correct value of total inventory.

(d) Some candidates gave unnecessary explanations instead of answering the question in line with requirements of AS 6 'Depreciation Accounting'. They did not give the required treatment to be done in the books for change in method of deprecation in line with AS 6.

Question 2. Many candidates were not able to compute the purchase consideration and the basis on which shares of M/s. Abhilasha Ltd. were to be issued to the shareholders of the existing company. Few among them did not prepare the Balance Sheet of the amalgamated company as on 1-4-2015 along with relevant Notes to accounts as per Schedule III of the Companies Act, 2013.

Question 3.

(a) Some candidates erred in calculation of Sales Ratio which resulted in wrong apportionment of many expenses. Majority among them failed to give the required treatment for bad debts recovered.

(b) Large number of candidates failed to give the correct treatment for increased standing charges and thus were not able to determine the amount of policy to be taken up for the current year.

Question 4.

Few candidates erred in calculation of the necessary items required for preparation of Trading and Profit and Loss Account for the year ended 31-3-2015 in the books of M/s. Care Traders and a Balance Sheet as on that date. Some among them did not prepare Bank Account.

Question 5.

(a) A small number of candidates were not able to compute the correct amount of interest included in each installment. Some erred in calculation of cash price of the tractors and depreciation amount of the tractor at the time of repossession.

(b) Few candidates were not able to compute the value of closing balance of debentures and the amount of profit/loss at time of sale of debentures. Consequently, they could not give the correct Investment Account as required in the question.

Question 6.

Majority of the candidates did not segregate the Profit and Loss Account for the year ended 31st March, 2015 into two parts which was required due to retirement of a partner and admission of a partner on 30th September, 2014. They also erred in calculation of deprecation and value of fixed assets, interest and amount of loan payable to A on retirement, shown in the balance sheet on 31st March, 2015. Few could not give the net effect of adjustment of A's share of goodwill to existing partners' capital accounts and consequently prepared incorrect partners' capital accounts.

Question 7.

(a) Some candidates erred in calculation for cost of sports materials consumed and sale of sports materials.

(b) Few candidates erred in computation of due dates, number of days and product amount. Most of them failed to calculate the correct average due date.

(c) Few candidates were not able to arrive at the correct amount of revenue recognized as per AS 9 "Revenue Recognition" for the situations given in the question and consequently, could not determine the total revenue to be recognized for the year from the information given in the question.

(d) Most of the candidates wrote either advantages of accounting software or gave its comparison with manual accounting software instead of explaining about factors to be considered for choosing appropriate accounting software for an organization.

(e) Few candidates did not consider Cenvat credit receivable while computing cost of machine. Some among them deducted deprecation amount instead of adding in the calculation of cost of machinery

Paper – 2: Business Laws, Ethics and Communication

Specific Comments

Question 1.

(a) Performance of the candidates was average. Majority of the candidates did not explain the principles of awarding damages contained in section 73 of the Indian Contract Act, 1872.

(b) Candidates' performance was poor. Barring a few exceptions the candidates did not explain the meaning of the "Doctrine of Indoor Management". They were also unable to state properly the exceptions to the doctrine.

(c) Candidates' performance was good. Most of them wrote correct answer with correct reason.

(d) Barring a few exceptions, performance of the candidates was good.

Question 2.

(a) Performance of the candidates was poor. They did not write correctly the meaning of "Quasi Contracts" and circumstances identified as such in the Indian Contract Act, 1872. Most of the candidates related their answer with contingent contracts and wagering contracts.

(b) Barring a few exceptions, performance of the candidates was average. They did not properly explain the Themes of UN Guidelines on Consumer Protection.

(c) Performance of most of the candidates was good.

Question 3.

(a) (i) Candidates' performance in this part was average. They did not properly explain the law contained in section 19 of the Bonus Act, 1965 regarding time of payment of bonus.

(ii) Performance of majority of candidates was good. The eligibility for gratuity of employees in seasonal establishments was satisfactorily explained as under the Gratuity Act, 1972.

(b) Performance of the candidates regarding meaning and measures of corporate governance was below average.

(c) Candidates' performance in both the parts was good. Most of the candidates wrote correct answer.

Question 4.

(a) Performance of the candidates was poor. They did not explain as per the Companies (Share Capital and Debentures) Rules, 2014 regarding "Debenture Redemption Reserve".

(b) Candidates' performance in this part was good. Most of the candidates satisfactorily explained the meaning of sustainable development and responsibilities of the industries in this regard.

(c) Performance of the candidates in both the parts was poor. They did not explain the "Press Communique" and the "Press Note".

Question 5.

(a) (i) Candidates' performance was poor. They did not explain the meaning of "Sans Recourse Endorsement" and "Sans Frais Endorsement" as under the Negotiable Instruments Act, 1881.

(ii) Performance of majority of candidates was good.

(b) Candidates' performance was poor. They did not explain the law relating to voting through electronic means as contained in section 108 of the Companies Act, 2013.

(c) Performance of majority of candidates was very good.

Question 6.

(a) Candidates performed poorly in this part. Many candidates did not attempt this part. Those, who attempted did not properly explain the conditions and manner of issuing depository receipts in a foreign country under the Companies (Issue of Global Depository Receipts) Rules, 2014.

(b) Performance of the candidates was very good.

(c) Candidates' performance was average.

Question 7.

(a) In this part, candidates' performance was average.

(b) Performance of the candidates was average in this part. They did not state the exceptions to the definition "Small Company" given in section 2 (85) of the Companies Act, 2013

(c) Performance of majority of candidates was good. They did not write anything about the automatic adjournment of meeting under section 103 of the Companies Act, 2013.

(d) Candidates' performance in this part was average. Most of the candidates gave general answer to the question.

(e) Performance of the candidates was average. Most of them wrote general answer to the question.

Paper – 3 : Cost Accounting and Financial Management

General Comments

The preparedness of the examinees in this paper was not at par with the knowledge required at Intermediate (IPC) level. Examinees lacked conceptual clarity and sufficient knowledge in various topics covered in the syllabus of this subject. Overall performance was not so pleasing. The performance clearly shows that examinees are not following systematic study approach and not going through the study material and practice manual provided by the Board of Studies of the Institute. To achieve better result examinees are required to practice different varieties of questions and imbibe the concepts properly.

Specific Comments

Question 1.

(a) This was a numerical question from the chapter Marginal Costing. In this question examinees were asked to calculate variable cost, PV ratio, Break-even point and profit at 75% capacity level. This question was well attempted and performance of the most of examinees was good.

(b) This was a numerical question from the chapter Budget and Budgetary Control. Examinees were asked to prepare production and production cost budget for first quarter of the year. Performance of the examinees in this question was not satisfactory as a majority of examinees failed to calculate the opening stock and closing stock correctly.

(c) This was a numerical question from the topic Receivable Management. In this question examinees were required to give their opinion on a proposal from a customer. The performance of the examinees in this question was average. However few examinees could not calculate opportunity cost and net benefit of the proposal.

(d) This was a numerical question on the topic Leverage, requiring examinees to find out degree of operating and combined leverage. Most of the examinees did well in this question.

verification & valuation of WIP and quite a large number of them mentioned points related to verification and valuation of capital WIP (building) which was not required. Also, some candidates wrote about vouching of invoices of material purchased which was irrelevant.

(d) Most of the candidates wrongly answered this question from the point of view of insurance companies. Also, a few candidates mentioned all about insurance as to premium paid, premium refunded, adequate insurance cover, types of policies taken, their maturity period etc. which was not required to be answered.

Question 4.

(a) Many candidates misunderstood the question and answered the manner as to how auditor shall communicate with those charged with governance instead of stating the significant difficulties encountered during audit with reference to SA-260.

(b) Instead of writing about exercising his judgement as an auditor as to which risks are significant risks, many candidates wrote about inherent, detection and control risk.

(c) Candidates fairly answered this question but they generally wrote only about terms of rotation and did not write about manner of rotation which was required.

Question 5.

(a) Some candidates wrote about types, manner, period of document etc. rather than discussing about purpose of audit documentation with reference to SA-230. Also, a few candidates misunderstood audit documentation as audit report and answered accordingly.

Question 6.

(b) Instead of answering about the objectives and functions of Auditing and Assurance Standard Board (AASB), many candidates wrongly discussed about duties of Board and also advising & guiding by the Board to the auditors in the course of their audit assignment.

(c) Many candidates wrote about propriety audit, sanction audit and expenditure audit instead of stating objectives of local body's audit. Also, a few candidates discussed internal control, budgetary control, financial control etc. which was irrelevant.

Question 7.

(a) Although correctly answered by most of the candidates, yet some candidates wrote prudence and matching concepts as fundamental accounting assumptions.

(b) Some candidates answered wrongly by stating compliance and substantive procedures whereas a few discussed about internal/external, oral, written, visual etc. modes for obtaining evidence.

(d) Some candidates wrote only about sampling rather than discussing about random sampling.

(e) Candidates in general misunderstood defalcation of cash with theft of cash and answered accordingly.

Paper - 7: Information Technology and Strategic Management

Section – A: Information Technology

Specific comments

Being a compulsory paper, almost all the examinees answered the questions:

Question 1.

(a) Most of the examinees mentioned the points related to the 'Advantages of BPA,' but could not explain those points.

(b) Very few examinees could explain the 'Uses of Extranet' as desired in the question. Instead, most of the examinees explained the 'Concept of Extranet' which was not called for.

(c) Few examinees could only explain the 'Phases of SDLC in logical order'. Some examinees seemed to be confused regarding the correct order of the phases of SDLC.

(d) The performance in this question was below average. Most of the examinees could not explain '3 Tier Architecture' and instead either provided '1 or 2- Tier' or 'n- tier architecture'.

(e) The performance in this question was average with examinees being able to write about the 'Components of Computerized Information Processing Cycle'. However, some examinees could only mention the components but failed to explain the components of Computerised Information Processing Cycle.

Question 2.

This question is based on the concept of 'Flowchart'. Most of the examinees were clear about the concept of the problem for which the flowchart was to be drawn. Few examinees got confused with the proper symbols to be used in the flowchart.

Question 3.

(a) Few examinees could answer correctly the question. Most of the examinees were not clear with the terms 'Network as a Service' and 'Platform as a Service' and could not explain them at all.

(b) Most of the examinees answered about 'Server and its types' well. The overall performance in this question was good.

Question 4.

(a) This question is a practical oriented. Most of the examinees could not diagnose the correct topology on the basis of the scenario posed in the question and instead explained any of the 'Star or Bus Topology', though the question expected the examinees to explain 'Advantages and Disadvantages of Mesh Topology'.

(b) Most of the examinees could define 'Accounting Information System (AIS)' but failed to adequately explain its components.

Question 5.

(a) Most of the examinees attempted this question very well and were able to distinguish between 'Tacit and

Question 2.

(a) This numerical question was from the chapter Standard Costing. Examinees were required to calculate variable and fixed overhead variances. Poor performance of the examinees has been observed in this question.

(b) This was a numerical question from the topic Ratio Analysis. Majority of the examinees attempted this question but only few able to prepare the Balance Sheet correctly. Overall average performance has been observed.

Question 3.

(a) This numerical question was from the chapter Operating Costing. Examinees were required to prepare operating cost statement and fare per passenger. This question was well attempted by the examinees except few who could not calculate fare per passenger correctly.

(b) This was also a numerical question from the topic Capital Budgeting. In this question examinees were asked to calculate cost of project, payback period, cost of capital and net present value. In this question many examinees could not calculate cost of capital NPV correctly; hence performance was not so pleasing.

Question 4.

(a) This numerical question was from the topic Joint Product, examinees were required to prepare statement showing allocation of joint cost and product wise overall profitability of the company. In this question most of the examinees were unable to compute the joint cost allocation and profitability statement correctly.

(b) This numerical question was from the topic Cost of Capital, examinees were required to calculate cost of debt, equity and retained earnings and overall cost of capital (WACC). Though this question was attempted by a majority of examinees but very few could calculate the correct cost for each source of capital.

Question 5.

(a) This was a theoretical question from the topic Basic Concepts where examinees were required to explain Sunk Cost and Opportunity Cost. Most of the students were answered this question correctly.

(b) This was also a theoretical question requiring examinees to write a note on Escalation Clause in contract costing. Though this question was attempted by a majority of examinees but very few could answer it correctly.

(c) This was again a theoretical question requiring examinees to explain Sales and Lease Back. In this question, answer given by the some examinees was on sales and lease rather than sales and lease back. Overall performance was below the satisfactory level.

(d) This theoretical question was on Miller-Orr cash management model. Many examinees gave incorrect answer to this question showing lack of conceptual clarity. Overall performance in this question was average.

Question 6.

(a) This numerical problem was related to the topic Machine Hour Rate from the chapter Overheads. In this question examinees were required to calculate cost of running machine and machine hour rate. This question was well attempted by the examinees and many of them able to solve this question. Overall average performance was observed.

(b) This was a numerical question from the topic Working Capital Management, examinees were required to calculate operating cycle period, no. of operating cycles in a year and amount of working capital. This question was well attempted by the examinees and overall performance was satisfactory.

Question 7.

(a) In this question most of the examinees were able give definition of cost centre and its types. Performance of the examinees was satisfactory.

(b) This was a theoretical question from the topic Integrated Accounting, examinees were asked to state benefits of Integrated Accounting. Lack of conceptual clarity was observed in this question as many examinees could not produce the right points of benefits.

(c) This was a theoretical question requiring examinees to differentiate between Factoring and Bill discounting. Majority of the candidates were unable to write the correct point of differentiation between the two terms.

(d) This was a theoretical question requiring examinees to discuss the conflicts in profit versus wealth maximization principle of firm. Examinees did well in this question.

(e) This was again a theoretical question asking examinees to define present value and perpetuity. Except few examinees, this question was well attempted by the examinees.

Paper - 4 : Taxation

Specific Comments

Question 1.

(a) Candidates were not able to compute the tax liability of an individual assessee having total income below rupees five lakhs correctly. Many of them have failed to gross up winnings from TV game show and apply the rate of 30% thereon. Some of the candidates have not provided for deduction under section 80CCG in respect of investment in listed equity shares and units of equity oriented fund of Rajiv Gandhi Equity Savings Scheme. A few candidates have also failed to claim rebate under section 87A.

(b) Many candidates committed mistake in respect of services rendered to the United Nations. The same was wrongly treated as taxable by them showing lack of understanding of the provisions of Mega Exemption Notification.

(c) The correct treatment of the various items while computing the CST turnover was known only to a few candidates. Most of them failed to understand that the applicable CST rate was 2% and not 5% as transaction was covered by valid C Form.

Question 2.

(a) In the first sub-division, though most of the candidates could conclude whether the transactions would attract income-tax in India in the hands of the recipient, only some of them could adduce correct reasons for the same on the basis of the provisions of section 9(1). For the second sub-division, for determining whether Ms. Bindu was a "not-ordinarily resident" in India for A.Y. 2015-16, the number of days of her stay in India in the P.Y. 2014-15 was also considered by some candidates (for ascertaining whether the total stay in the seven previous years immediately preceding the relevant previous year was 729 days or less).

(b) Majority of the candidates incorrectly treated the amount collected from warehouse of agricultural produce for labour provided for loading and unloading as exempt by considering it to be covered in the negative list of services.

Question 3.

(a) Very few candidates have computed deduction under section 10AA correctly. Majority of the candidates have failed to notice that in the question, export sales, total sales and net profit relating to company as a whole and relating to the Unit in DTA are given; hence, for arriving at the figures of export sales, total sales and net profit relating to the SEZ unit, the latter had to be deducted from the former, which was not done by majority of the candidates.

Question 4.

(a) Some candidates have wrongly restricted interest deduction in respect of loan borrowed for purchase of self-occupied house property to ₹1,50,000, without considering that the limit has been increased to ₹2,00,000.

(b) In sub part (i), candidates exhibited poor knowledge of the Point of Taxation Rules. The date of completion in case of continuous supply of services was not known to several candidates.

In sub part (ii), most of the candidates correctly mentioned that the adjustment of service tax could be made, but failed to explain the reason thereof.

(c) Many candidates wrongly deducted the packing charges and design charges which are otherwise includible while computing the assessable value.

Question 5.

(a) Many candidates have failed to include registration expenses of ₹1,50,000 in addition to purchase price of ₹25,00,000 for arriving at the cost of acquisition, and consequently computed the capital gains in the hands of Ms. Mohini wrongly.

Most of the candidates have not computed the total income of Ms. Ragini, since they were apparently not aware of the tax implications under section 56(2)(vii) arising on account of immovable property received from a non-relative for inadequate consideration.

(c) Majority of the candidates were not able to define the term "Transaction Value" as per Central Excise Act, 1944 exhibiting the candidates' poor knowledge of crucial definitions.

Question 6.

(a) (i) Many candidates failed to restrict the deduction under section 80C in respect of life insurance premium paid to 20% of the sum assured, since the policy was taken before 1.4.2012. Very few candidates restricted the aggregate deduction under section 80C and 80CCC to ₹1,50,000, in accordance with section 80CCE.

(ii) Majority of the candidates were not able to state that transfers involved were in the nature of cross-transfers and hence, clubbing provisions were attracted. Even the few candidates who had stated that cross transfers were involved, failed to mention that only interest on debentures of ₹5 lakh, arising in the hands of Mrs. Ramesh, had to be included in the hands of Mr. Ramesh, since the cross transfer was only to the extent of ₹5 lakh.

(c) Most of the candidates could not explain the specific provisions relating to "Price cum duty" and ended up writing vague and imprecise answers.

Question 7.

(a) (i) Many candidates have failed to mention that loss from specified business can be carried forward even if return of loss has not been filed as required under section 139(3).

(ii) Majority of the candidates were not aware of the provisions of section 194-IA, inserted by the Finance Act, 2013, requiring a transferee responsible for paying to a resident transferor any sum by way of consideration for transfer of immovable property (other than rural agricultural land) to deduct tax@1% of such sum, if the consideration for transfer is ₹50 lakhs or more.

(b) Majority of the candidates wrongly concluded that only the main contractor was liable to pay service tax and the sub-contractor was not liable to pay any service tax.

Paper - 5: Advanced Accounting

Specific Comments

Question 1.

(a) Most of the candidates could not give the required answer in accordance with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets'. The answers given by them were vague. They failed to comment on the correct treatment required in the profit and loss account of the company.

(b) Some candidates erred in calculation of expenditure to be charged to Profit and Loss account for the years and carrying values of the Intangible as on 31.03.2013 and 31.03.2014 in line with AS 26 'Intangible Assets'.

(c) Majority candidates failed to compute the correct average interest rate for non-specific borrowings. Consequently, they could not calculate the amount of

Explicit Knowledge'. Their performance was found to be satisfactory.

(b) Some examinees could only write the headings of 'Pre-requisites of ACID Test' whereas some could also explain them briefly. The overall performance was found to be average.

Question 6.

(a) Many examinees got confused and instead of writing about 'Characteristics of Cloud Computing' wrote about 'Advantages of Cloud Computing'.

(b) Very few examinees could write about 'Major process controls, which should be enforced through front end application system, to have consistency in the control processes' correctly. The performance in this question was below average.

Question 7.

(a) Most of the examinees were not aware that 'Radical Redesign' is a concept of 'Business Process Reengineering' and could not explain it.

(b) Many examinees provided a generalized answer on 'Android' out of their experience but could not explain its technical aspect.

(c) The performance was average with some examinees being able to provide correct explanation of 'Peer-to-Peer Network.'

(d) Most of the examinees knew that 'Electronic Purses' is a mode of payment, but could not explain it further.

(e) Most of the examinees were not able to define the concept of 'Network Virtualization'.

Section – B: Strategic Management

General Comments

- The performance of several candidates was found to be conceptually lacking. Apart from lack of clear assimilation of various concepts, the candidates also lacked presentation skills and communication skills.
- Some examinees have provided vague and confusing answers.
- A few candidates have not written correct corresponding question number in their answers. The numbering of questions included in section B started with `8', however, examinees renumbered them from `1' in their answer sheets.

Specific Comments

Question 8.

(a) Although, from answers it was evident that most of the candidates knew Michael Porter's Five Forces Model, they were not able to properly analyse the given cases. Accordingly, the performance was very poor.

(b) The performance of a majority of candidates was good in this direct question.

(c) The candidates found it difficult to identify the strategic options available to a firm that has some "question marks" in their portfolio in context of BCG Growth Share Matrix. Accordingly, the performance was very poor.

(d) The performance was below average as examinees were not able to explain the importance of appropriate mix of debt-equity in the successful implementation of strategy.

(e) The question was generally avoided by the candidates. The answers that were provided by a few candidates also reflected lack of proper understanding of the concept of `hour glass structure'. The answers in general were vague and irrelevant.

Question 9.

(a) The candidates were able to comment about the correctness of the statement. However, many of them were not able to support it with proper reasoning. The performance was particularly poor in case of second statement as many candidates were not comfortable with the concept of 'demarketing'.

(b) The performance was poor as many candidates have written about the aims and methodology of six sigma instead of its characteristics.

Question 10.

In majority of cases candidates have generally explained the meaning of retrenchment strategy. However, they were not clear about different retrenchment strategies available and accordingly were not able to provide good answers.

Question 11.

(a) Answers were poor as several candidates have not practically understood SWOT analysis.

(b) Candidates lacked conceptual clarity in the strategic group mapping, accordingly, answers were deficient in quality.

Question 12.

(a) The performance of a majority of candidates was below average as the examinees were lacking conceptual and applied knowledge of strategic management concepts in reference to government and medical organisations.

(b) The performance was below average. Some examinees have explained the types of strategies instead of giving the reasons why combination of planned strategies and reactive strategies is required.

Question 13.

(a) The performance of a majority of candidates was good as they possessed sufficient knowledge of strategy formulation and strategy implementation.

(b) Poor answers were provided by several candidates reflecting lack of understanding on difference of vision and mission.

Question 14.

(a) Majority of the candidates were able to properly explain the product life cycle with its significance in portfolio diagnosis.

(b) Majority of the candidates have preferred second alternative on `conglomerate merger' over first alternative on `publicity and sales promotion'. However, answers in both cases were not up to the expected levels. ■

interest to be capitalized and pass one Journal entry for capitalizing the cost and borrowing cost in respect of the building as per AS 16 'Borrowing Cost'.

(d) Some candidates could not give the required answer in line with AS 20. Few among them calculated Basic Earnings per Share but could not give correct value of Diluted Earnings per Share.

Question 2.

Most of the candidates did not give the required adjustments in regard to goodwill and revaluation of assets after X's death. Few among them were not able to give the correct distribution of realization profits among existing partners and Partners' Current and Capital Accounts showing the final settlement among them. The final amount paid to X's executors was also not correctly computed by them.

Question 3.

(a) The answers of the candidates exhibited lack of knowledge regarding adequacy of Debenture Redemption Reserve (DRR) for Debentures issued by different companies.

(b) Few candidates did not give the required entries in the Debenture Redemption Reserve Account and Own Debentures Account.

Question 4.

Many candidates were not able to compute the purchase consideration and the basis on which shares of M/s. AB Ltd. were to be issued to the shareholders of the existing companies. Few among them failed to give the required journal entries and did not prepare the Balance Sheet of the amalgamated company as on 1-4-2014 along with relevant Notes to accounts as per Schedule III of the Companies Act, 2013.

Question 5.

(a) Many candidates were not able to prepare the required ledger accounts in the books of a banking company depicting the facts given in the question.

(b) Few candidates got confused while segregating the secured and unsecured portions of the doubtful asset. Consequently, they failed to compute the amount of provisions to be made in the Bank's Books for Doubtful Assets.

Question 6.

(a) A handful of candidates erred in calculation of unrealized profit in branch stock. Some among them did not arrive at the correct amount of net profit of head office and branch.

(b) Few candidates were not able to give the correct amount of Stock Reserve required for unrealized profits on closing stocks and thus they failed to arrive at the net profit shown in General Profit and Loss Account.

Question 7.

(a) Several candidates explained life insurance instead of differentiating it from other forms of insurance.

(b) Few candidates could not explain the treatment of the Capital Subsidy received from the Government in the books of the Company.

(c) Some candidates erred in computation of total remuneration payable to liquidator.

(d) Few candidates could not mention the situations when a lease would be classified as Finance Lease.

(e) Candidates were not able to give the answer to this part of the question. The answers given by them were very vague. They failed to give the circumstances under which an LLP can be wound up by the Tribunal.

Paper – 6: Auditing and Assurance

Specific Comments

Question 1.

(c) Many candidates did not discuss professional skepticism. Candidates answered in general and did not mention SA-200. Some candidates wrongly mentioned that it is auditor's primary duty to detect fraud. Also, a few candidates explained duties of management in respect of fraud instead of answering about duties of an auditor.

(d) Most of the candidates did not have idea of the topic and relevant SA-220 & its key points. Some candidates wrongly discussed about authenticity of clients, its books of accounts, business etc. Also, a few candidates wrote about audit evidence found, behaviour of management while auditor wanted to give modified opinion, fees criteria etc. which was not required.

Question 2.

(i) Candidates in general explained it correctly but some candidates wrongly touched upon supplementary audit which was not required.

(ii) Candidates discussed about type instead of stating the reasons for modification.

(iii) Although candidates answered this correctly but some of them were not aware of the correct time limit as per law.

(iv) Some candidates could not rightly mention the applicable conditions for appointment of internal auditors in private companies.

(v) Few candidates repeated only what was written in the question paper itself with a correct or incorrect opinion.

(x) Candidates in general were lacking in the knowledge of section 141(2) of the Companies Act, 2013 and failed to answer in correct manner.

Question 3.

(a) Candidates in general mentioned only general points relating to vouching of income and failed to give treatment of outstanding and advance rent. Also, a few candidates wrote about checking of ownership documents instead of tenancy agreement.

(b) Some candidates failed to mention the need for capital vs. revenue nature of repairs. Also, they could not distinguish between repairs and renewals.

(c) Many candidates did not have knowledge of

Examiners' Comments on the Performance of the Candidates – Final Examination – May 2015

Paper – 1 : Financial Reporting

Specific Comments

Question 1.

(a) In determining the cost of finished goods, a number of candidates took the replacement cost of raw material instead of actual cost of raw material. A few candidates did not value the 'Raw Material' inventory while some valued the finished goods inventory taking the quantity of 15,000 kg of raw material in stock. Some candidates restricted their answer to valuation of raw material held as inventory only.

(b) The most common mistake committed by the candidates was omission to take the cash flow of residual value of ₹900 lacs while computing the 'value in use' which resulted in wrong computation of 'value in use' and subsequent determination of impairment loss etc. Recoverable Amount is higher of (i) value in use and (ii) net selling price. However, a few candidates took lower of the two.

(c) A few candidates attempted this part of the question. The candidates who tried to solve the question, worked out the amount of provision as 'gross sales return' expected to be returned instead of making provision for embedded profit in expected sales return.

(d) A good number of candidates did not make any adjustment for 'marketing promotional expenses'.

Question 2.

A number of candidates had wasted time in giving journal entries which were not required. Major deficiencies as observed was related to wrong presentation of incorporation expenses and promoter's subscription i.e. candidates failed to consider the amount of share capital subscribed by the promoters of XY Limited while some candidates, did not charged preliminary expenses to Profit and Loss account in the year in which it is incurred as per AS 26.

A few candidates did not work out the debentures to be issued by XY Limited while some candidates created revaluation reserves for the revaluation done before amalgamation, instead of considering the same only for the purpose of determination of capital reserve and also carried all the reserves ignoring that the amalgamation was in the nature of purchase. Further, the question specifically asked to prepare Balance Sheet as per Schedule III with Notes to Accounts. Proper form was not observed in many cases and "Notes to Accounts" were not given by many candidates.

Question 3.

Majority of candidates who have attempted this question did not succeed in preparing the correct Balance Sheet. Major deficiency was found in understanding of acquisition of shares "cum bonus". Inter-company transaction on asset and loss of stock in previous year could not be adjusted in the analysis of profit of subsidiaries by many candidates. "Notes to accounts" were also incomplete in many cases. Overall, a very unsatisfactory performance has been observed in this solution.

Question 4.

(a) Many candidates had done the workings for finding year-wise principal outstanding and the related table, but failed to present the specific three requirements of the question. This was mainly due to non-adjustment of finance charge not matured for the year 2015-16, 2016-17 and 2017-18 while calculating the net book value of the asset and the amount of provision. A few candidates, while segregating the instalments into principal outstanding and interest component, wrongly took the cash outflow as ₹80 lacs i.e. hire purchase price less cash down payment instead of taking ₹60 lacs i.e. the cash price less down payment.

(b) Candidates had correctly done the recognition part of staff loan at concessional rate but erred in amortising the staff cost. Journal entries given by many candidates were also incomplete.

Question 5.

(a) Candidates could not find out the value of goodwill in a satisfactory manner. In computing the total value of business, the amount of goodwill appearing in Balance sheet and included in closing capital employed has not been deducted while adding the new goodwill to the total capital employed. On the other side, many candidates had not considered purchased goodwill in the calculation of average capital employed. Majority of the candidates could not arrive at correct "Future Maintainable Profit" due to wrong adjustment of closing and opening inventory, goodwill write off, and transfer to general reserve.

(b) Many candidates were able to determine the market size of the product but stumbled in determining the share of Agile Limited whose Brand Value was to be determined. The question stated that 'the existence of duplicate brands is to fall by 2.5% over the period of next five years, spread equally.' However, the candidates took it as fall will be of 2.5% every year.

Question 6.

(a) A handful of the candidates took highest of the percentages of 'employee cost' to 'value added' instead of taking the least as target index percentage.

(b) Most of the candidates did not give the precise major differences between IFRS and AS (applicable in India).

Question 7.

(a) Many candidates did not work out the amount to be capitalized at the inception ie. at the time of purchase, instead converted each instalment with the prevailing exchange rate. Interest was worked out not on the total amount outstanding but on each instalment. A few candidates worked out the interest liability on outstanding amount in Indian currency instead of computing interest on liability in foreign currency and then converting the same into Indian currency.

(d) While most of the candidates were able to identify that the change is not a change in accounting policy, yet the suggested note to the accounts was badly drafted.

(e) This question is based on AS 29 and the candidates were expected to define and distinguish between 'contingent liability' and 'provision' based on the problem given and to come to the conclusion. The candidates gave the reply generally without elaborating the provisions and defining when it will be a contingent liability and when it will be a provision. Also the treatment to be given to the amounts already paid was not explained properly.

Paper – 2: Strategic Financial Management

Specific Comments

Question 1.

(a) In this question on foreign exchange, the overall performance was of average level. Some of the common mistakes found in the answers are as follows:

   (i) Use of incorrect exchange rates.

   (ii) Mistake in levying margin and interest their on.

   (iii) Confusion in number of future contracts to be entered into for hedging the risk.

   (iv) Most of the candidates committed mistakes in hedging through Future contracts.

(b) In this question involving the calculation of yield on mutual fund schemes, the overall performance was satisfactory. However, some candidates committed mistakes in calculating the effective yields.

(c) In this question of factoring, most of the candidates have obtained average marks. Some of the common mistakes found in their answers are as follows:

   (i) Misunderstood the period of receivables.

   (ii) Failed to calculate net amount of advance.

   (iii) Not following proper steps in the computation of effective cost of factoring.

   (iv) Not deducting the amount of commission and interest from the gross amount of advance.

(d) Although most of the candidates have performed well in this question on Dividend Policy however some candidates have bogged down in the calculations. Even some of the candidates have used Capitalization Model instead of Gordon Model.

Question 2.

(a) In this question, overall performance was of average level.

(b) In this question, overall performance was of average level.

Question 3.

(a) In this question based on the concept of mergers and acquisitions, overall performance was below average. Some of the common mistakes found in their answers are as follows:

   (i) Error in calculation of Growth Rate and Exchange Ratio based on Intrinsic Value.

   (ii) Error in calculating lower limit of exchange ratio.

(b) In this question of Portfolio Theory, overall performance was poor.

Question 4.

(a) This question based on the concept of Capital Budgeting has been found a low scoring question as majority of candidates have exhibited poor knowledge of the concept of Equivalent Annual Cost. Even some candidates have followed complicated approach leading to wrong answer.

(b) In this question of foreign exchange, overall performance was found poor. Some of the common mistakes found in their answers are as follows:

   (i) Failed to understand the requirements of the question.

   (ii) Mistake in taking correct exchange rates.

   (iii) Confusion in giving effect of exchange margin in the calculation of exchange rates whether to get it added or deducted.

Question 5.

(a) Most of the candidates have omitted to attempt this question based on the concept of merger and acquisitions. Common mistake found in most of the answers is related to calculation of exchange ratio and hence consequently gone wrong in calculation of Capital Reserve for Balance Sheet. Especially in the calculation of swap ratio some candidates not considered the reverse equation for Gross NPA and favored the ailing bank with high ratio 40 : 5 instead of 5 : 40. Although in most of the cases asset side of Balance Sheet has been found correct.

(b) In this question, based on the concept of Foreign Exchange, majority of candidates have performed well. However some candidates have committed mistakes in the calculation of interest and number of days.

Question 6.

(a) In this question based on the concept of leasing the overall performance was below par as majority of candidates have properly calculated the borrowing and buying option but failed to understand the modus operandi of taking loan for lease option.

(b) Overall performance in this question was satisfactory however some candidates have exhibited lack of knowledge of Treynor and Sharpe Ratios. Further even some candidates have consolidated the amount of Equity and Cash components in their answers.

Question 7.

(a) In this question of various types of swaps the overall performance was below standard as most of the candidates have attempted the question with their guess work and filled up the answers with unnecessary details.

(b) In this question based on the concept of mutual fund the overall performance was satisfactory however some candidates have mixed up the points of both schemes appearing that they have taken the chapter of Mutual Fund very lightly.

(c) In this theoretical question, overall performance was not satisfactory as majority of candidates have mentioned formula of Black Scholes Model instead of its assumption. Even some candidates have written general point instead of specific one.

(d) In this question, based on the concept of interest rate options the overall performance was not satisfactory as majority of candidates have missed the basic points of Caps i.e. enabling the buyer of the option to fix in advance the maximum borrowing rate and Floor enabling the buyer to fix in advance the minimal rate of interest.

(e) This question has been poorly attempted by majority of candidates exhibiting lack of knowledge of the concept of GDR. Even some candidates confused it with ADRs.

Paper – 3 : Advanced Auditing and Professional Ethics

Specific Comments

Question 1.

(a) Re-evaluation of the Materiality Concept: Many candidates erred by writing answers based on SA 330 whereas some of them mentioned SA 320 correctly but failed to explain the required answer.

(b) Considerations for Planning and Performing Audit in case of Special Purpose Framework: Candidates made reference to SA 800 'Audits of Financial Statements Prepared in accordance with Special Purpose Frameworks', but have not properly explained the factors while planning and performing audit of such special purpose framework based company.

(c) Controls at a Sub-Service Organisation: Many candidates referred to SA 402 correctly but failed to explain the information that would be obtained by user auditor about controls at subservice organization.

(d) Audit Procedure for Ensuring Correctness of Opening Balance: Most of the candidates could not write approach for drafting of Audit Report in case of Opening Balance which contains misstatement. Many candidates wrote answer about using previous year audited accounts, while question specifically mentioned that the financial statements were audited for the first time.

Question 2.

(a) Formulation of Audit Strategy: Candidates have not focused on factors to be considered in formulating audit strategy and instead they elaborated the areas of audit and answers were general in nature. They could not write general and specific factors of audit strategy for online shopping.

(b) Voting Power and Control Over the Composition of Board of Directors: Most of the candidates discussed SA 550 on Related Parties but did not mention about audit procedures. Many candidates could not identify holding subsidiary relationship thereby they did not refer to consolidation of Holding and Subsidiary company accounts. Candidates could not narrate the opinion to be made where related party transactions are not properly accounted and disclosed.

(c) Corporate Responsibility under Sarbanes Oxley Act of 2002: Most of the candidates described general points of audit committee and CSR under Companies Act, 2013 instead of Corporate Responsibility under Sarbanes Oxley Act as required in the question.

Question 3.

(a) General Instructions for Preparation of Balance Sheet: Instead of discussing general instructions for classification of current assets and current liabilities, many candidates mentioned the items that would appear under the respective heads.

(b) Accepting Appointment Without First Ascertaining Compliance of Relevant Sections of the Companies Act: Candidates have not touched upon Clause (9) of Part I of the First Schedule to the Chartered Accountants Act, 1949 regarding professional misconduct for accepting the audit without complying with the provisions of Companies Act, 2013.

(c) Sale/Purchase of Non Performing Assets: Many candidates wrongly mentioned the prudential norms for classification of NPAs. They did not highlight the aspects to be considered regarding Purchase/Sales of NPAs.

(d) (ii) Draft Audit Report: Candidates were lacking knowledge in drafting of Auditor's Report in accordance with Regulation 54 of the SEBI (Mutual fund) Regulations, 1993.

Question 4.

(b) **Control Objectives to be Considered for Audit Purpose:** Most of the candidates could not describe the control objectives as required in the question.

(c) **Consolidation of Financial Statement of a Subsidiary:** Candidates are not aware of the provisions of section 129(3) of the Companies Act, 2013. Thus, majority of the candidates erred in making a conclusion that it is not necessary to prepare consolidated financial statements.

Question 5.

(d) **Chartered Accountant in Practice Acting as Liquidator:** Few candidates were not aware of the exception granted under Regulation to liquidator to charge fees on percentage basis on realization.

Question 6.

(b) **Computation of Sales, Turnover or Gross Receipts:** Many candidates did not answer the computation of sales, turnover etc. under VAT Law. They answered with respect to Income-tax Act 1961 only.

(c) **Step wise Approach of the Peer Reviewer:** Most of the candidates explained the process of Peer Review instead of step-wise Approach.

(d) **Internal Audit:** Many candidates could not mention either who can be appointed as an internal auditor or the work to be reviewed by internal auditor.

Question 7.

(a) **Core Investment Company:** Most of the candidates have written about NBFC companies instead of specific features of Core Investment Company.

(b) **Investible Funds:** Candidates were not aware of IRDA Regulation. Thus, fail to give required answer.

(d) **Need of Operational Audit:** The need for operational auditing are not properly highlighted. Instead candidates explained operational Auditing.

(e) **Review of Internal Audit Function:** Many candidates wrote about evaluation of internal control instead of need for review of internal audit function. They also failed to explain the factors that should be considered by statutory auditor while reviewing the work of internal auditor.

Paper – 4 : Corporate and Allied Laws

Specific Comments

Question 1.

(a) Most of the students attempted this question and their performance was very good.

(b) Though Performance of the candidates was by and large good, number of candidates have given wrong answers by stating that dividends can be declared even when the company has defaulted in repayment of deposits received from the public.

(c) Most of the students could not answer qualification of the presiding officer as well as members of the Securities Appellate Tribunal as per SEBI Act, 1992.

(d) Performance of the candidates was average and most of them could not mention that the transfer deed should be sent to the company within 15 days from the date of transfer by the transferee to be eligible to get the dividend declared by the company.

Question 2.

(a) (i) The overall performance of the candidates was good.

(ii) Most of the candidates have given wrong answer and it appears that they have not read the study material which states that the resident director can be appointed within a period of six months from the date of incorporation.

(b) (i) Candidates' performance to this part was average as most of the answers were of general nature without specifically mentioning that the documents registered by the Registrar of the Companies can be used as evidence in the Court of Law.

(ii) Candidates' performance to this part was below average. Candidates did not know the relevant SEBI Regulations on the issue of Indian Depository Receipts. Many candidates did not even attempt this part.

Question 3.

(a) Most of the students attempted this part of the question and their Performance was very good.

(b) (i) Candidates' performance to this part was average. Candidates could not answer correctly the penalties applicable for non-compliance.

(ii) Candidates' performance to this part was good.

Question 4.

(a) Performance of the candidates was not upto the mark because majority of them could not explain properly the provisions relating to Declaration of Solvency etc.

(b) (i) The performance was satisfactory.

(ii) Performance of the candidates was very good. Most of the students attempted and secured more than pass marks.

Question 5.

(a) (i) Performance of the candidates was not satisfactory as most of them could not mention clearly that Form DIR 6 has to be filed by a director to incorporate any changes in his particulars.

(ii) Candidates' performance to this part was satisfactory.

(b) (i) Performance of the candidates was very good. Most of the students attempted and secured more than pass marks.

(ii) The performance was not satisfactory and most of the candidates have given answer in a vague manner regarding the services that can be rendered by any bank under the category "General utility services".

Question 6.

(a) (i) The performance by and large was satisfactory.

(ii) The performance by and large was satisfactory.

(b) (i) Performance of the candidates was below average and most of the candidates could not understand the concept of" Circular Resolution" and how it could be approved.

(ii) Performance of the candidates was not satisfactory because most of them could not answer correctly how a trial is conducted by a Special Court under Prevention of Money Laundering Act, 2002.

Question 7.

(a) Performance of the candidates was very good. Most of the students have attempted and secured more than pass marks.

(b) Many candidates have not attempted this question and those who have attempted could not explain the procedure to obtain the status of a" Dormant Company".

(c) Most of them could not answer correctly the matters that have to mentioned by an auditor as per the Companies (Audit and Auditors) Rules, 2014.

(d) Performance of the candidates was satisfactory.

(e) Performance of the candidates was satisfactory.

Paper - 5 : Advanced Management Accounting

General Comments

"The overall performance was not satisfactory. Majority of examinees lack through understanding of various concepts and advance knowledge required at the final level."

Specific Comments

Question 1.

(a) This was a practical question related to *computation of maximum retail price*. Most of the examinees answered well.

(b) This was a practical question relating to topic **'Assignment Problem'.** Most of the examinees answered part (i) very well, but failed to answer part (ii) relating to *calculation of minimum saving in hours and replacement of any of the existing method.* Performance of the examinees was average in this question.

(c) This was a conceptual question relating to topic **'Transfer Pricing'.** This was well answered by most of the examinees.

(d) This was a practical question regarding **'Decision Making'** of *make or buy*. Majority of the examinees failed to answer this question using incremental cost approach. Below average performance of the examinees was observed.

Question 2.

(a) This was a practical problem relating to topic **'Budget and Budgetary Control'.** Examinees were required to *prepare a flexible budget and determine the variances for the actual Vs the flexible budget.* Most of the examinees have shown good understanding of preparation of flexible budget and calculation of variances.

(b) This was a problem relating to topic **'Linear Programming'** on basics of 'Simplex Method'. Most of the examinees showed poor understanding while solving the problem.

Question 3.

(a) This was a practical question on 'Product Mix Decision' requiring, examinees to *calculate the quantities of the best product mix and maximum profit.* Many examinees failed to arrive at best product mix and showing maximum profit using incremental fixed cost at different level of output. Performance was average in this question.

(b) This was a practical question on 'Discontinue - Decision' using 'Relevant Cost' approach. Many examinees failed to consider Relevant Cost for arriving at correct decision.

Question 4.

(a) This was a practical question relating to topic **'Theory of Constraints'.** Examinees have shown good understanding of concept. This question was well answered by most of the examinees.

(b) This question was relating to topic **'Transportation Problem'.** Examinees have shown good understanding of various methods of transportation problem.

Question 5.

(a) This was a straight forward problem from the topic '**Activity Based Costing'.** A number of examinees correctly allocated overheads using cost driver rates in relation to activity based costing. Certain examinees however confused this with apportion of overheads. Overall performance was average.

(b) This was a practical question relating to topic **'Simulation'** where examinees were required to simulate the given information related with a cake vendor to find out profit/loss incurred. Most of the examinees failed to arrive at correct profit using simulation technique.

Question 6.

(a) This was a practical problem relating to topic **'Network Analysis'** in which examinees were required to *draw network diagram and list all the paths along with their corresponding durations* etc. Performance of majority of examinees in this question was good.

(b) This was practical problem related to topic **'Standard Costing'** in which examinees were required to calculate *the variances raw material wise.* Question was generally well answered by the examinees.

Question 7(a) to (e)

This question comprises five questions and examinees were required to answer any four.

(a) This was a question from the topic **'Total Quality Management'** on the *dimensions of quality.* Performance of majority of examinees was poor.

(b) This was a concept based question relating to topic **'Balance Scorecard'** in which examinees were asked to *identify the perspectives of the independent situations.* Most of the examinees have failed to identify the perspective of Balance Score Card correctly. Performance of the examinees was below average.

(c) This was a straight forward problem from the topic **'Value Chain Analysis'.** Most of the examinees have correctly identified primary and support activities under Value Chain Analysis.

(d) In this question examinees were asked to state *the applications of Pareto Analysis in customer profitability analysis* and same was not well answered by most of the examinees.

(e) This was a concept based theoretical question on the topic **'Learning Curve'.** Performance of the examinees was good in this question.

Paper – 6: Information Systems Control and Audit

Report on performance of students [Question Wise]

Question 1.

(a) Only few examinees wrote correct answer. This sub-part consists of two sections [i] advantages of and [ii] implications of the proposed Information System (IS). Many examinees elaborated the 'Advantages of Information System' in generic way and failed/missed to answer the second part. Some examinees, however explained the 'Advantages of Cloud Computing'. Hence, many examinees who attended this question could not fetch good marks in this sub-part.

(b) Except some examinees, most of the examinees gave the 'Introduction of BCM and need of BCM' instead of listing out the 'Tasks that ensure the existences of BCM, while assessing Business Impact Analysis (BIA)'.

(c) Nearly 80% examinees performed better in this question while compared to other sub-parts of this Question no 1. The examinees were able to write 'Challenges of Cloud Computing'.

(d) About 10% to 15% examinees performed well in this sub-part. Many examinees elaborated the 'Common ideas of Information System Controls and Techniques' rather than explaining 'Major ways to control remote and distributed data processing in the new Web Application'.

Question 2.

(a) Some examinees could perform well in this question. However, most examines misunderstood this question and presented the 'Preliminary investigation phase viz., Identification of Problem, Identification of Objectives etc'. instead of 'Listing down the major aspects which should be studied during preliminary evaluation'.

(b) Nearly 25% examinees attempted this question in better way. Many presented the 'Basics of Boundary Controls, Output Controls, Database Controls etc'. independently but not collectively under the heading 'User Controls' as desired in the question.

(c) Only few examinees correctly listed out the 'Key areas that are to be verified during review of BCM arrangements of an enterprise'. Some mentioned about 'Tasks undertaken in development of BCP' while some other discussed 'Types of plans for BCM viz., Emergency Plan, Back up Plan etc.'

Question 3.

(a) Most examinees answered well and earned good marks. The examinees were able to elaborate on the 'Major issues due to which an organization may fail to achieve its system development objectives'.

(b) The performance in this question was average. Some examinees were not even aware of the meaning of OAS and elaborated the other 'Types of Information Systems like TPS, MIS, DSS and EIS etc.'

(c) Most of the questions correctly 'Listed out the SEBI norms for auditor selection'. Many narrated the required 'Competence of auditors and the areas that should be reviewed by the auditors etc.'

Question 4.

(a) Nearly 90% examinees correctly answered the first part of this question and agreed that 'Correction controls are part of internal controls' but most of them underperformed in the second part and could not describe the 'Characteristics of corrective controls'.

(b) This sub-part consists of two sections [i] Categories of Information System (IS) Audit and [ii] Information System (IS) Audit Steps. Nearly 75% examinees answered well and fetched good mark in the first section of this question but majority of the examinees failed to write the 'Steps involved in an IS audit process'.

(c) Most examinees did well in this sub-part. Some examinees only named the 'Categories of test' whereas few even explained them briefly.

Question 5.

(a) Most examinees correctly pointed out that 'Mr. A and intermediary are punishable'. But many examinees could not discuss the 'Content of relevant sections of IT Act 2000' and even could not mention the section number correctly.

(b) Only some examinees performed well in this sub-part. Many examinees wrongly explained the 'Key governance practices for Risk Management' rather than mentioning the 'Key management practices for Risk Management'.

(c) More or less 25% examinees exactly stated the four major 'Tasks of Operating System (OS) while allowing users and their applications to share and access common resources'. Many others wrote down the functions of Operating System (OS) in generic way.

Question 6.

(a) Very few examinees did well in this sub – part and wrote about 'Key management practices required for aligning IT strategy with Enterprise Strategy'. Most of the examinees replied this sub-part in general rather than providing the specific answer.

(b) The performance of the examinees in this part was average. Many examinees did well in this sub-part whereas some examinees misunderstood the phrase 'Prepare a report on the need of boundary controls' and answered this question in the letter writing format viz - from, to, body and signature etc.

(c) About 10% of the examinees answered well to this question. Majorly the examinees, instead of 'Outlining the key areas of knowledge requirements of a business manager to Information System (IS)' elaborated 'How IS changed traditional business systems' and this way tried to justify that how 'Knowledge of IT is essential for Business Manager'.

Question 7.

(a) Most of the examinees correctly pointed out all the 'Five principles of COBIT'5. Many examinees reproduced the captions of all 5 principles exactly, but failed to explain the points properly in a meaningful manner.

(b) Nearly 60% of examinees answered well in this question and could explain the 'Effect of Computers on Evidence Collection for audit'.

(c) Several examinees correctly pointed out and briefed the 'Back-up options for alternate processing facility arrangements'. Some examinees got puzzled and narrated the 'Types of back ups' instead.

(d) Only 10% examinees perfectly listed out the 'Best practices of Green IT'. However, majority of the examinees pointed out the 'Steps for Green IT for minimizing adverse impact on the global environment'.

(e) Many examinees defined/explained the term 'Vulnerability' correctly but could not explain beyond it. Many examinees did not provide even an 'Example of vulnerability' or 'List out conditions of a state which allows vulnerability in a computing system'.

Paper – 7: Direct Tax Laws

Specific Comments

Question 1.

(a) Many candidates were not aware that as per section 78, the share of loss of a retired partner cannot be carried forward. Some candidates were not aware that the specified business of setting up and operating a cold chain facility would be eligible for weighted deduction @150% of the capital expenditure, if the operations are commenced on or after 1.4.2012. They have wrongly allowed deduction @100% under section 35AD, consequent to which there was no loss in the P.Y.2013-14 to be carried forward to P.Y.2014-15.

(b) Many candidates were not aware of the condition relating to the shortest aerial distance from the local limits of a municipality or cantonment board, within which a land in any area with a certain population range, should be situated to be included within the definition of "urban land".

(c) While answering sub-part (ii), some candidates were not aware that firm is not an entity assessable to wealth-tax. While answering sub-part (iv), many candidates were not aware that penalty under section 18 can neither be levied nor penalty proceedings already initiated be continued on the legal representative for the defaults committed by the deceased against whom penalty proceedings have been initiated prior to his death.

Question 2.

Many candidates were not aware of the decision in *Federal Bank Ltd.'s* case that EPABX is not computer and is hence, not eligible for higher rate of depreciation @ 60%. Candidates were not aware of the provisions of section 80JJAA and hence, have not provided for the said deduction while computing total income. Another common mistake is non-allowance of deduction in respect of expenditure on issue of debentures, stating that capitalization in the books as the correct treatment.

Question 3.

(a) Though the question clearly mentions that voluntary contributions of ₹32 lakhs received from public are included in the gross receipt of ₹425 lakhs, some candidates have wrongly added back ₹32 lakhs to the gross receipt of ₹425 lakhs. Some candidates were not aware that income of medical college solely for education purposes is exempt under section 10(23C)(iiiad), since the gross receipts of the college does not exceed ₹1 crore.

(b) Some candidates were not aware that a flat deduction of ₹1 lakh is available under section 80DD, for maintenance of a dependent with severe disability, irrespective of the amount deposited with LIC. Further, some candidates have wrongly allowed deduction @100%, instead of 50%, in respect of donation to Prime Minister's Drought Relief Fund.

Question 4.

While answering sub-part (c), some candidates have failed to address the question as to whether lottery winning on unsold lottery tickets held by the distributor of lottery tickets is taxable at the rate prescribed under section 115BB. They have simply answered as to whether the same constitutes business income. While answering sub-part (d), many candidates have wrongly answered that advance tax liability is not attracted in case of companies subject to Minimum Alternate Tax.

Question 5.

(a) Some candidates were not aware of the provisions of section 56(2)(ix) bringing to tax the advance received and forfeited on or after 1st April, 2014, on account of non-materialisation of a transaction for transfer of property, under the head "Income from Other Sources" and hence, wrongly deducted the same from the cost of acquisition to compute indexed cost of acquisition.

(b) Candidates have not brought out in their answer that obtaining declaration from lenders/depositors in Form No.15G/15H and forwarding the same to income-tax authorities is in the nature of compliance of statutory obligation under the Income-tax Act, 1961.

(c) Some candidates were not aware that the basic condition for making an application before the Settlement Commission under section 245C is that there must be a proceeding for assessment pending before an Assessing Officer on the date on which the application is made. Therefore, Mr. Amit has to wait for the Assessing Officer to issue notice under section 148 and thereafter, make an application to the Settlement Commission.

Question 6.

(a) Many candidates were not aware that application for advance rulings filed before the AAR by the foreign company cannot be rejected by the AAR on the ground that the question raised in the application is already pending before an income-tax authority, by treating the application filed by one of the Indian companies before the Assessing Officer as having been made by the foreign company.

(b) Many candidates have wrongly answered that where the application for rectification is made by the assessee or Assessing Officer, the order has to be passed within six months by the Tribunal. This requirement is contained in section 154, where, when an application for amendment is made by the assessee or the deductor or the collector, the income-tax authority has to pass an order within six months from the end of the month in which the application is received by it. However, the question requires application of section 254 and not section 154. Where the rectification petition is filed by the Assessing Officer before the expiry of 4 years, the rectification order passed by the Tribunal under section 254 is valid, even though the order was passed after the expiry of the four year period.

Question 7.

(a) Some candidates have correctly stated the rates of interest to be charged and the period, but have wrongly applied the rates of interest on the entire fees for professional services paid, instead of applying the rate of 1% on the amount of tax deductible under section 194J but not deducted and the rate of 1.5% on the amount of tax deducted but not deposited.

(c) Many candidates were not aware of the provisions of section 10(10D) and section 194DA. While answering sub-part (ii), they have wrongly mentioned that the premium would be restricted to 10%, whereas the same would be restricted to 20% of sum assured, since it is in respect of policy taken before 1.4.2012. Further, many candidates were not aware that section 194DA has been introduced with effect from 1.10.2014 and therefore, maturity proceeds received before that date would not be subject to tax deduction at source, even if the premium exceeds the prescribed percentage of sum assured.

Paper – 8: Indirect Tax Laws

General Comments

Overall performance of the candidates was satisfactory. However, it has been observed that candidates neglect the customs and foreign trade policy as reflected by their substandard performance in these areas. Performance in computational problems and case law based questions has marginally improved. However, in theoretical questions, many candidates simply mentioned the conclusion or wrote general answers based on guess work without adducing relevant statutory provisions. This shows that candidates possess only superficial knowledge of the various provisions and lack conceptual clarity. Further, they need to improve their writing skills as even if they are aware of the provisions, they are not able to present their views coherently. Candidates are advised to take up in-depth study of the subject and keep themselves updated so as to fare well in the examination.

Question 1.

(a) Many candidates failed to arrive at the correct assessable value as they were not clear with the concept of cash discount. Further, they had not stated their assumptions while solving the question and very few of them provided correct reasoning for the treatment of installation and erection expenses.

(b) Most of the candidates provided the correct treatment for various services, but failed to provide proper reasoning in support of the same. With respect to the services on which service tax was not payable, many candidates failed to distinguish whether said services were exempted vide mega exemption notification or they were covered in negative list of services. Few candidates simply stated the services to be exempt without making any reference to exemption notification or negative list of services.

Question 2.

(a) Some candidates were not aware of the amendment that had restricted the time-limit for availing

CENVAT credit of inputs and input services. Few candidates wrongly considered light diesel oil as eligible inputs while disallowed the credit of the excise duty paid on grease and oil. Few of them wrongly allowed 50% credit on the office equipment considering it as eligible capital goods.

(b) In sub-part (i), few candidates wrongly excluded amount for sale of space for advertisement in Doon Yellow Pages and in business directories while computing the value of taxable service as they were not aware that definition of print media specifically excludes yellow pages and business directories.

(c) Most of the candidates lacked the conceptual clarity with regard to computation of the number of days for which interest is payable and resultantly, erred in computing the amount of interest.

Question 3.

(a) Instead of elucidating the four key tests laid down by the Apex Court to decide whether a given product should be classified as a medicament or a cosmetic or toilet preparation, many candidates simply ended up concluding as under which tariff heading the product in question is to be classified.

Question 4.

(a) A majority of candidates answered it as per the provisions of erstwhile section 35FF of the Central Excise Act, 1944 wherein the interest on delayed refund of pre-deposit was payable after three months of communication of order of appellate authority, and accordingly concluded that in the given case, no interest was payable.

(b) In sub-part (ii), since a large of candidates were not aware of the latest position of law as per amended section 67A of the Finance Act, 1994 and new rule 11 of Service Tax Rules, 1994, they wrongly wrote that rate of exchange for the purpose of payment of service tax would be the rate of exchange referred to in section 14 of the Customs Act, 1962.

Question 5

(c) Most of the candidates provided vague and general answers instead of providing specific reasons for which the proper officer could raise doubts on the truth or accuracy of the declared value as provided under rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

Question 6.

(a) Second alternative in sub-part (ii), many candidates failed to conclude that Enterprises Pvt. Ltd. is mandatorily required to make e-payment of the excise duty.

Question 7.

(a) Most of the candidates were not able to provide appropriate reasoning in support of their inference as to whether the registration is required in the given case or not.

(b) In sub-part (ii)(a), a number of candidates failed to appreciate that since threshold exemption limit of ₹10 lakh is not available in respect of taxable services provided by a person under a brand name/trade name of another person, the service provider - Mr. Sureshot cannot postpone service tax registration till his turnover of services reaches ₹9 lakh. ■

In addition to the announcements published elsewhere in this as well as earlier issue(s), the following Conventions/Conclaves for CA students have also been planned as of September, 2015. For further details, please contact the respective Branch.

S.N	Branch	Name of the Programme	Dates	Contact Details
1.	Bhubaneswar	Regional Students Conference (Eastern Region)	21st & 22nd Nov., 2015	Ph: (0674) 2392 391, 2390 773, Email: bhubaneswar@icai.org
2	Meerut	National Convention	28th & 29th Nov., 2015	Ph: (0121) 2760900, Email: meerut@icai.org
3	Rajkot	National Conclave	13th & 14th Dec., 2015	Ph: (0281) 2490 908, 3053 462, Email: rajkot@icai.org
4	Mangalore	National Conclave	15th & 16th Dec., 2015	Ph: (0824) 2495 722, 4279 104, Email: mangalore@icai.org
5	Siliguri	National Convention	17th & 18th Dec., 2015	Ph: (0353) 2560445, Email: siliguri@icai.org
6	Nashik	Two-Days Programme	19th & 20th Dec., 2015	Ph: (0253) 2236 012/107, Email: nashik@icai.org
7	Dehradun	National Conclave	23rd & 24th Dec., 2015	Ph: (0135) 2714 232, Email: dehradun@icai.org
8	Coimbatore	National Convention	26th & 27th Dec., 2015	Ph: (0422) 4270056, 4270058, Email: coimbatore@icai.org
9	Thrissur	Sub-Regional Students Conference (Southern Region)	27th & 28th Dec., 2015	Ph: (0487) 2253 400, 2253 800, Email: trichur@icai.org
10	Pali	Sub-Regional Students Conference (Central Region)	3rd & 4th Jan., 2016	Ph: (02932) 232 220, Email: pali@icai.org
11	Calicut	National Conclave	9th & 10th Jan., 2016	Ph: (0495) 2770 124, Email: calicut@icai.org
12	Mumbai	Two-Days Programme	16th & 17th Jan., 2016	Ph: (022) 3367 1400 / 500, Email: wirc@icai.in
13	Amritsar	National Conclave	23rd & 24th Jan., 2016	Ph: (0183) 2506 361, Email: Amritsar@icai.org

ANNOUNCEMENT

Four Weeks Residential Programme on Professional Skills Development organised by Board of Studies at Centre of Excellence, (CoE), Hyderabad

The Board of Studies is pleased to announce the next two batches of ICAI Four Weeks Residential Programme as below:

Venue	Participant	Fees	Date	Links for Registration
Centre of Excellence (CoE), Hyderabad	Women	₹ 40,000/-	26th November 2015 to 23rd December, 2015	http://icai.org/new_category.html?c_id=345
Centre of Excellence (CoE), Hyderabad	Men	₹ 40,000/-	28th December 2015 to 23rd January, 2016	http://icai.org/new_category.html?c_id=345

The programme aims to help the Chartered Accountancy students and newly qualified Chartered Accountants in imbibing the professional skills required for effective functioning in business organisations and the profession. The Programme environment focuses on development of communication skills, personal qualities, interpersonal and teamwork skills, problem solving skills and leadership skills.

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Articleship Training.
- No need for Separate GMCS/GMCS II
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

Students who have passed Chartered Accountancy IPCC/ PCC/ PE- II examination and pursuing last year of article training or completed Articleship training are invited to join the course for this batch. Recently qualified Chartered Accountants are also welcome to join the course.

For online registration, further details visit the Board of Studies Announcements under the Students Icon on the Home Page of ICAI website www.icai.org.

Additional Secretary, Board of Studies

ANNOUNCEMENT

Extension of date to complete GMCS-I Course

It has been decided to grant extension to students, who were registered for practical training on or after 1st May, 2012 and completed one year of their practical training but have not completed the GMCS-I course, are required to complete GMCS-I Course latest by 31st December, 2015.

The above students are advised to register at the portal www.icaionlineregistration.org or contact the nearest Regional Council/Branch for registration in GMCS-I Course and complete the same at the earliest but not later than 31st December, 2015.

Additional Secretary,
Board of Studies

ANNOUNCEMENT

Online Mentoring on ICAI Cloud Campus - http://cloudcampus.icai.org

The ICAI Cloud Campus enables Students can learn anytime and from anywhere, using e-Learning, Audio Lectures, Video Lectures and Online Mentoring. Students can even learn through Mobile Enabled e-Learning facility on the Students Learning Management System (LMS) on their Mobile Phones/Smart Phones/ Tablets. Online Mentoring is one of the major value added features on the Cloud Campus. The schedule of online mentoring sessions from 3.00 p.m. to 4.00 p.m. is as follows:

Online Mentoring Schedule

Date	Course	Topic	Faculty
October 9	IIPC	Paper 2: Business Law Ethics and Communication	Ms. Nisha Gupta and CA. Shraddha Saxena
October 13	IIPC	Paper 7A: Information Technology	Ms. Sukriti Arora
October 14	CPT	Section A: Fundamentals of Accounting	CA. Seema Gupta and CA. Shilpa Agrawal
October 15	Final	Advanced Accounting and Professional Ethics	CA. Karuna Bhansali and CA. Rajeev Sachdeva
October 16	CPT	Section C: General Economics	Ms. Prem Bhutani
October 23	CPT	Section D: Quantitative Aptitude	Dr. N. V. Ravi
October 29	CPT	Section B: Mercantile Laws	Ms. Nisha Gupta and CA. Shraddha Saxena

Students are advised to register for Online Mentoring Sessionson the ICAI Cloud Campus and provide specific questions/ queries that they need to be discussed at least 48 working hours before the session.Links to access the aforementioned Online Mentoring Sessions are also available on the http://cloudcampus.icai.org under Online Mentoring.

Additional Secretary
Board of Studies

ANNOUNCEMENT

Availability of Study Material & Practice Manuals for Intermediate(IPC) & Final Courses in Hindi

This is to inform that the Study Material and Practice Manual for Intermediate (IPC) and Final Courses in Hindi have already been released. The same have been hosted at ICAI website and the printed copies are also available at the Sale Counters. The above material can also be purchased online and the link of the same is https://www.icaionlinestore.org

The Students with Hindi option may avail benefit of the above for November 2015 Examinations.

Additional Secretary,
Board of Studies

ANNOUNCEMENT

THE CHARTERED ACCOUNTANTS' STUDENTS BENEVOLENT FUND (CASBF)

The Board of Trustees of The Chartered Accountants' Students Benevolent Fund has decided to grant financial assistance to 400 students, who are currently undergoing articled training in accordance with The Chartered Accountants Regulations, 1988 and are poor, needy but meritorious to pursue the Chartered Accountancy Course, @ ₹ 1,000/- p.m. for one year with effect from 1st April, 2015 to 31st March, 2016 to be paid in lump sum, subject to filing of required application.

The eligibility criteria for obtaining financial assistance from CASBF are as under:

- Passed 10 + 2 examination with a minimum of 70 percent marks and Common Proficiency Test of ICAI in the first attempt or
- Passed B. Com Examination from a recognized University with a minimum of 60% marks.
- Currently undergoing articled training as per CA Regulations, 1988.
- Annual income of parents from all sources must be less than ₹ 1.50 lakh.

Students who are fulfilling the above criteria may apply for financial assistance from the Chartered Accountants' Students Benevolent Fund. Students may send their request in the prescribed Application form duly filled in to the Member Secretary, Chartered Accountants' Students Benevolent Fund at the following address so as to reach on or before 15th October, 2015. The form can be downloaded from website of the Institute www.icai.org.

The Board of Trustees will consider each of such cases on merit basis and decide at their discretion on the amount to be granted from Chartered Accountants Students Benevolent Fund.

Member Secretary
Chartered Accountants' Students Benevolent Fund
C/o The Institute of Chartered Accountants of India,
"ICAI Bhawan",
A-29, Sector-62, Noida-201309,
Dist. Gautam Budh Nagar (U.P.)
Website: www.icai.org; email: cabf@icai.in

Regional CA Students Conference - Chandigarh

10th & 11th OCTOBER, 2015

MAHATMA GANDHI STATE INSTITUTE OF PUBLIC ADMINISTRATION, SECTOR 26, CHANDIGARH

Organized by: Board of Studies, ICAI
Hosted by: Chandigarh Branch of NIRC of ICAI
THEME: **UNATI 2015**

DAY-1

9:30 am – 10:30 am	**Inauguration** **Chief Guest: CA. V. Murali, Chairman, Board of Studies, ICAI**
10:30 am- 11:30 am	**Interaction with CA. V. Murali, Chairman, Board of Studies, ICAI**
11:30 am - 1:00 pm	**Technical Session I – Companies Act 2015** **Session Chairman – CA. T. N. Singla** 1. Ind AS vs AS 2. Loans to Directors and Related Party Transactions
2:00 pm - 4:00 pm	**Special Session I- Motivational Talk By Eminent speaker**
4:00 pm- 5:30 pm	**Technical Session II – Indirect Taxes in India** **Session Chairman – CA. D. K. Singla** 1. How GST will change Taxation in India 2. Point of Taxation Rules & Service Tax

DAY - 2

10:00 am - 11:30 am	**Technical Session – III – Direct Taxes** **Session Chairman – CA. Rajan Sharda** 1. Capital Gain- Practical Issues 2. Depreciation u/s Section 32
11:30 am - 1:00 pm	**Special Session II- How to prepare for CA Exams**
2:00 pm - 3:30 pm	**Technical Session – IV Auditing in Today's Environment** **Session Chairman – CA. O. P. K. Singla** 1. Maintainability while conducting an audit 2. Independence of the Auditor

The Inaugural Session will be on Day-1 and the Valedictory Session on Day-2.

Students are hereby requested to register for the Conference at the earliest as per the following details:

Registration fees	₹ 300 /- per student Before 8th October 2015 ₹ 500/ per student After 8th October 2015	Accommodation @ ₹ 200/- per student on twin sharing basis
Payment Mode	Cash/DD/Cheque to be drawn in favour of **Chandigarh Branch of NIRC of ICAI, payable at Chandigarh.**	

For registration queries contact:
Chandigarh Branch of NIRC of ICAI, Phone: 0172-5067756, 4676247
Email: chandigarh@icai.org Website www.icaichandigarh.org

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical-Sessions and submit for approval a soft copy of the Paper at chandigarh@icai.org by 5th October, 2015 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), ICAI Students' Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Chandigarh Branch so as to reach on or before 5th October, 2015. The selection process of paper presenters shall be completed upto 5.00 pm of 7th October 2015 and selected paper presenters shall be intimated through email as well as phone on the same date. Outstation Student Paper Presenters shall be reimbursed actual travelling expenses limited to 3 tier AC Train fare. Students who are interested to participate in the cultural programme are requested to register before 7th October, 2015 at Chandigarh Branch. *It is suggested that the students submitting the papers may tentatively book train tickets pending selection of their papers. This may enable them to have confirmed train tickets.*

CA. V. Murali
Conference Chairman & Chairman, Board of Studies, ICAI

CA. Jaswant Dhawan
Conference Co-ordinator & Chairman, Chandigarh Branch of NIRC of ICAI

A poem written by CA.V.MURALI, Chairman, BOS of ICAI
Dedicated to the CA Students

SUCCESS MANTRA

Ride on the wings of your dreams;
To your cherished and desired goal;
Effort and constant work churns milk into cream;
So too, you must toil with heart and soul.

Now is the time to burn the midnight oil;
Now is the time to sweat and toil;
In dedicated study you must embroil;
To your parents and friends be a perfect foil.

Keep away from detractors who try to spoil;
Drive away your fears and turmoil;
Just as plants germinate from fertile soil;
You too will emerge victorious from the exam coil.

Once you are through, let yourself fly;
To attain your career success high;
You can do it! Just give it a try;
From struggles never shy.

Image yourself;
Motivate yourself;
Be yourself;
Success will be yours!