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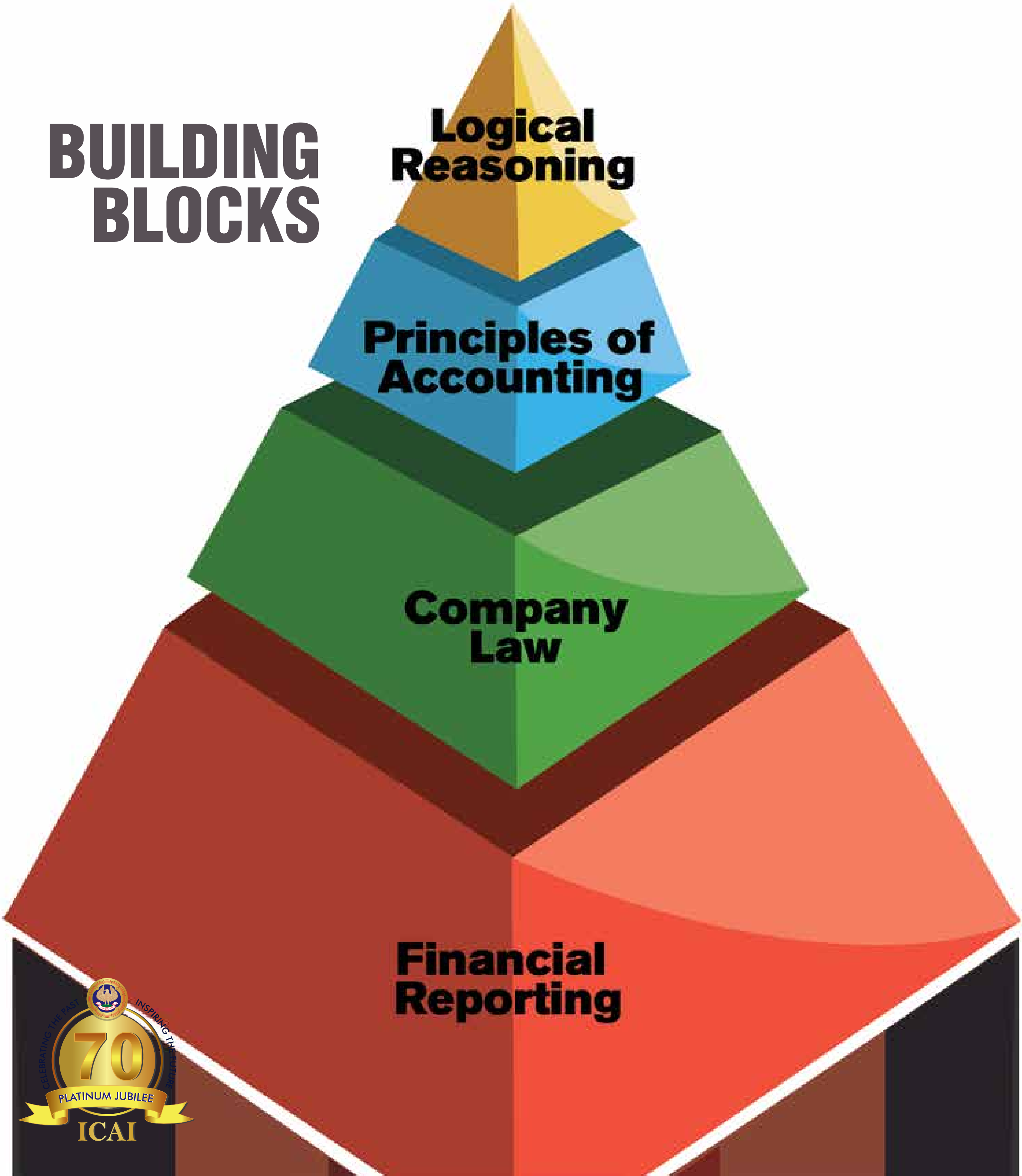
The Institute of Chartered Accountants of India
(Set up by an act of Parliament)

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

BUILDING BLOCKS



CELEBRATING THE PAST INSPIRING THE FUTURE
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INSIDE

SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

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My Dear Students,

As the nation pays tribute to father of our nation, **Mahatma Gandhi** on his 150th birth anniversary on October 2, 2019, we must seek lessons from his life, learn from the values and principles that he stood for and propagated throughout his life. Some of the virtues that he practiced and preached included Truth, non-violence, austerity, simplicity, perseverance, philanthropy and cleanliness He taught us that having ***self-faith and self-confidence is one's biggest strength, humanity is the greatest religion and truth is akin to God.*** His words of wisdom continue to inspire us even today and I am sure will do so to our future generations as well.

Your Success Mantra: Self-Belief and hard work

"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."

As a student of a professional course, you must believe in your strengths and cultivate your skills to achieve success in your academic and professional pursuits.

As November 2019 examinations are just a month away, Iam sure your studies must be going on in full swing. Remember, with meticulous planning and immaculate execution, you can achieve success. Board of Studies (BoS) of ICAI provides ample resources both printed and web based to whet your learning needs. Read the study material thoroughly and other publications from the BoS to get the right perspective on the scope and depth of topics. You must specifically refer to the relevant publications to find as to how to articulate your answers and fine tune your presentation for better score in exams. For practical papers, attempt to solve questions/problems from the **Revisionary Test papers and old Mock test papers,** taking valuable cues and hints for an exhaustive preparation. **Revision Classes** for CA Intermediate/Final examinations are also available to supplement your preparation.

Mock Tests (Series-I) for November 2019 exams are being organized from **October 3 to October 17, 2019** for our students of CA Foundation, CA IIPC, Intermediate and CA Final (Old and New) followed by counselling sessions by subject experts during **October 24 and 25, 2019** for all the students. You can find complete details at the Link: https://resource.cdn.icai.org/56364bos44670.pdf. These test series are organized with an objective to enable you to assess your preparedness for the exams as well as identify gaps in learning. Subsequent counselling sessions will provide valuable cues and tips to maximize your score. This exercise will also prepare you psychologically for the real-time exam, as you can calibrate how well you can utilized your exam time, thus improving your performance considerably in the exams.

Students, rest assured the ICAI is always taking various initiatives empowering members and students, creating newer opportunities and providing knowledge enrichment and growth avenues. Remain focused on your studies and examinations as per guidance provided by the BoS from time to time, and I am sure you all will follow the success path.

Recent Initiatives

The Institute, being a true Partner in Nation Building has always collaborated with various initiatives of the Government. I am happy to inform you that the Institute has decided to waive off 75% tuition fee for the students registering from the newly formed Union Territories of Jammu & Kashmir, Ladakh and also from 8 North-Eastern States, for all level of CA Course i.e. Foundation, Intermediate and Final. This initiative will help the young aspirants from these places who wish to pursue their dream of becoming a Chartered Accountant, to join the Chartered Accountancy course at the earliest and get benefited. The ICAI has also decided to open a Representative Office of the Institute in the newly formed Union Territory of Ladakh. With the opening up of office in Ladakh, the Chartered Accountancy Course will be accessible to the interested candidates at their doorstep and thus empower the youth through skill development and will also equip them to be a part of the mainstream / economy.

As the latest edition to the **Capsule series,** the current issue features summarised content for **CA Foundation - Logical Reasoning and Principles of Accounting, CA Intermediate - Company Law and CA Final - Financial Reporting.** Thus, the issue offers specific contents for our students at all levels, making it relevant for everyone. I urge you to refer to these capsules for quick revision pointers before the exams.

With festivals galore in the current month, I extend my best wishes for Dussehra, Durga Puja and Diwali. May the Goddess of light illuminate your mind, body and soul with knowledge, wellness and peace. Have a positive attitude, believe in yourself and do your best. You must follow the sacred success mantra quoted by the great philosopher and thinker **Swami Vivekananda:** ***Arise! Awake! and stop not, until the goal is reached!***

Best Wishes,

CA. PRAFULLA P. CHHAJED
PRESIDENT, ICAI

The best CEOs I know are teachers, and at the core of what they teach is strategy. - Michael Porter

VICE PRESIDENT'S COMMUNICATION

Dear Students,

At the outset, I take this opportunity to convey our best wishes to those preparing for the November 2019 Examinations. Since the exams are approaching, you all should gear up and amplify your efforts for the preparations. The time before the exams is very crucial. However, you should resist the pressures of studying, preparation and examinations. Every individual is born with a particular potential which is unique to him. Many work hard to get good marks, while others don't and yet manage to score well during examinations. There are also students who study hard but don't get the desired results. You need to remain focused and motivated. Keep a positive approach for the exams. Accept it as a challenge to demonstrate your knowledge, assess your capabilities in order to groom yourself as a better professional.

Board of Studies is enabling you to satiate your desire for knowledge. The ICAI Cloud Campus is really a very effectual medium for you to prepare for the forthcoming examinations. I exhort all of you to derive optimum benefit from it. Now, you can have a user friendly access to all sorts of Study Material like as Revision Test Papers, Suggested Answers, Supplementary Study Material, Multiple Type Questions etc. Knowledge is infinite and can be attained by various sources. I strongly believe that Information Technology can be used for making learning process meaningful and interactive. In this regard, Board of Studies is continuously taking the steps such as:

- The ***Digital Learning Hub*** offers e-Books for the Foundation Course with embedded video lectures and self-assessment quizzes at the appropriate places within the chapter/ unit. e-Journal is also available on the Digital Learning Hub. Students can highlight, annotate and make notes, which can be used for later revision. After the successful launch of the e-Books for the Foundation Course students, the Board of Studies has started working towards implementation of Intermediate Course e-Books. Owing to the feature of preparing notes therein while studying, condense your revision notes in to one page before the exam. Getting your ideas down in this brief format can then help you to quickly recall everything you need to know during the exam. I am sure that these e-Books will be a great help for students preparing for Intermediate May, 2020 examination.
- The Institute has been conducting ***e-pathshala - Live Virtual Classes*** for Intermediate and Final students with the features of anywhere viewing on Mobile/ PC/Laptop, Coverage of Entire Syllabus, Lectures by Reputed Faculty, Availability of Recorded Lectures, Conduct of Periodical Tests and Question Answer Sessions; it is my sincere advice to you to get yourself enrolled for these classes as you get a chance to not only attend the classes by reputed faculty but also get your doubts clarified by sitting at home and that too at an affordable price. At present classes targeting May 2020 examinations are going on.

  Further, Special Revision classes in Virtual mode targeting November, 2019 are also going on for Intermediate and Final levels. You may enrol for these classes and brush up your syllabus.
- The Institute diligently works for the advancement of the students. In this direction, evaluation of answer sheets of all papers of Intermediate and Foundation level exams in November 2019/May 2020 will be put through the Digital Evaluation Mode. ***Digital evaluation*** eliminates the scope of totalling errors, avoiding variations in marks awarded by examiners etc. From May 2019, onwards, objective type questions for 30 marks have been introduced in select papers of Intermediate and Final Exams, in respect of which the evaluation is OMR based. Further, the Institute has decided to introduce OMR based evaluation for MCQ's in Elective Papers 6A to 6F of Final New Course with effect from November 2019 examination. OMR based evaluation is machine processed and would thus eliminate any type of error in evaluation.

For overall development of personality, it is also important to groom yourself as all-round professionals. In this direction, Board of Studies is conducting this year as well CA Students Talent Search-2019. Contest at Branch and Regional level have been concluded and National Level contest will be held at Indore on 20th December, 2019. Cash prizes will be awarded to winners along with the appreciation certificates. In addition, 1st two winners of Elocution Contest and winner team of Quiz will participate in SAFA Elocution and Quiz Contest in January 2020.

Before I conclude, I would like to pay rich tributes to the Father of the Nation, Mahatma Gandhi, on his 150th birth anniversary on October 2, 2019. I also extend my best wishes for Dussehra and Deepawali. May the Goddess of light illuminate your life with all the happiness and success.

"Concentrate all your thoughts upon the work at hand. The sun's rays do not burn until brought to a focus."

Wishing you success in all endeavors in life.

Yours sincerely

CA. ATUL K. GUPTA
VICE PRESIDENT, ICAI, NEW DELHI

Effective leadership is putting first things first. Effective management is discipline, carrying it out. - Stephen R Covey

Dear Students,

At the outset, I wish to convey my best wishes to all of you, preparing for the forthcoming November 2019 Examinations. Since the exams are round the corner, you must intensify your preparations. With persistent efforts, focused approach and positive bent of mind you are likely to meet with success. This period is very crucial, you need to concentrate completely on studies and maximally utilize your time for effective learning. You need to break free of self-doubt and study with a cheerful attitude to keep yourself motivated. Remain calm and composed; do not let the pressures of study, preparation and examinations take over the better of you.

Work Smart

Since you have limited time, you need to allocate your time wisely to the subject topics ensuring that you utilize every minute of your productive time. This can be achieved by setting a daily target and devising an effective strategy, a daily regimen to meet the target with due consideration to your strengths. Assign priorities to each task and perform them accordingly. Following this regimen judiciously will maximize your learning in minimal time. Always remember, that it is not about the number of hours spent, but how you spend your hours effectively to meet the daily target is what matters!

Utilize the BOS Resources.

The Board of Studies of ICAI has been catering to your learning requirements by providing a wide range of printed and digital resources as well as introducing innovative measures to widen its outreach. These include the **Revised Study material, Revision Test Papers, Subject Capsules:** a regular feature of this monthly publication, **Suggested Answers, Mock Test papers** along with an array of digital resources such **as Video lectures, Mentoring sessions and Webcasts.** While the study material provides the knowledge content, defining the subject span, revision test papers and mock test papers provide the necessary supply of questions for practice. Suggested Answers for May 2019 exams have been uploaded at the BoS Knowledge Portal, giving you vital first hand information about the manner in which questions must be answered and what the examiner's expects from you, in terms of expression and presentation of answers. The online resources facilitate effective knowledge delivery and propagation. You must utilize these knowledge and delivery resources to the fullest to score well.

The recently launched **Revision Classes** for CA Intermediate and Final students offer a wonderful opportunity for you to connect with experienced faculty by way of interactive classes within the comfort of your home. These classes are aimed at helping you to recapitulate important concepts.

BoS is organizing **Mock Tests Series-I** for November 2019 exams from **October 3 till 17, 2019** for you, our students of CA Foundation , CA IIPC , Intermediate and CA Final (old and New) followed by counseling sessions by subject experts during **October 24 and 25, 2019** for students of CA IIPC/Intermediate and CA Final (Old and New). You can view complete details at the Link: https://resource.cdn.icai.org/56364bos44670.pdf. These are being organized as a recurring practice to help you to self-assess your performance and preparation. The exercise enables you to get a reality check on your preparation not only in terms of technical concept clarity but also psychological readiness. Quick analysis of the mock test result can reveal critical lapses in learning, identifying topics that need to be re-read and thoroughly prepared for you to be exam ready. The counseling sessions that follow help you to connect with the local subject experts to facilitate invaluable advice with regard to preparation and presentation of answers to improve your score in exams. I advise you to participate in this exercise to realize your learning gaps and consult the experts to overcome them effectively for better results.

The highlight of this issue is an inclusive **Capsule** for our students at all levels. It includes sample questions on **Logical Reasoning for CA Foundation,** significant sections of **CA Intermediate Company Law** in continuation to the previous issue. It also includes an overview of **CA Final Paper-1 Financial Reporting** comprising major concepts, succinctly presented, complete with illustrations, appropriate for last minute revision.

We offer our rich tributes to Father of the Nation, Mahatma Gandhi, on his 150th birth anniversary on October 2, 2019. He inspired the world with his faith in truth and non-violence and stood for equality and justice for the mankind. Throughout his life, he practiced the principles of honesty and integrity, which are cornerstones of our profession. Let us pledge to uphold these principles. He had said: ***Future depends on what you do today.*** So work smart for a bright future!

Wishing you Happy Dussehra, Durga Puja and Diwali,

All the Best,

CA. KEMISHA SONI

CHAIRPERSON, BOARD OF STUDIES, ICAI

People who believe they can succeed see opportunities where others see threats. - Marshall Goldsmith

Final (new course) Paper 1 - Financial Reporting: A Capsule for Quick Revision

In a pursuit to provide quality academic inputs to the students to help them in grasping the intricate aspects of the subject, the Board of studies bring forth a crisp and concise capsule on Final new course Paper 1 : Financial Reporting. This capsule is fourth in the series of capsules on paper on Financial Reporting. The syllabus of this paper covers almost all Indian Accounting Standards. Many of the Ind AS have already been covered in the capsules on Financial Reporting published in July, 2018, May, 2019 and August, 2019 issues of this Journal. Therefore, for a comprehensive revision of the Ind AS, students should also refer to these capsules along with the amendments notified after their release, if any. In this capsule we have covered Ind AS 24 and Ind AS 37. Significant provisions of these Ind AS have been presented through pictorial/tabular presentations for better understanding and quick revision. Students are advised to refer the study material or bare text of these Ind AS for comprehensive study and revision. Under no circumstances, this capsule substitute the detailed study of the material provided by the Board of Studies. Further, students are advised to enhance their ability to address the issues and solve the problems based on Ind AS by working out the examples, illustrations and questions given in the study material, revision test papers and mock test papers.

Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures

Overview of Ind AS 24

- Objective, Scope and Purpose of related party disclosures
- Identification of
  - Related Party (RP)
  - Related party transactions
  - Party that are not related
- Disclosures
  - Irrespective of RP transactions
  - Only when there is RP transactions
  - Exemption from disclosures to Government related entitites

Objective of Ind AS 24

- To ensure that the financial statements contain necessary disclosures with respect to
- To draw attention to the possibility that financial position and profit or loss may have been affected by
  - Related party relationships
  - Related party transactions
  - Outstanding balances with related parties
  - Commitments with related parties

Scope of Ind AS 24

The Standard has to be applied in:

- Identifying related party relationships
- Identifying related party transactions
- Identifying outstanding balances between an entity and its related parties
- Identifying commitments between an entity and its related parties
- Identifying the circumstances in which disclosures of above items are to be made
- Determining the disclosures to be made about the above items
- Disclosures
  - Disclosures are to be made in
    - Individual financial statements
    - Consolidated and separate financial statements
      - Intra-group related party transactions and outstanding balances are eliminated in preparation of CFS
        - **Exception:** If above items (occurred between investment entity and subsidiaries) are measured at FVTPL, then not eliminated
  - Disclosures **not** required when
    - It would conflict with the reporting entity's duties of confidentiality
    - Entity is prohibited by the statute, regulator or similar competent authority to disclose certain information

Purpose of Related Party Disclosures

It is probable that related party relationship may have an effect on the profit or loss and financial position of an entity. The effect gets manifested through:

(a) Transactions that are entered between related parties may not be entered with unrelated parties

Example : An entity may sell goods to its parent at cost. It may not sell goods at cost to an unrelated party.

(b) Transactions with unrelated parties get influenced because of related party relationships

Example : S Limited, a subsidiary of H Limited, in steel manufacturing used to purchase billets from UR Limited. H Limited acquires 100% stake in FS Limited who also manufactures billets. FS Limited is now a fellow subsidiary of S Limited. H Limited instructs S Limited not to purchase billets from UR Limited but from FS Limited.

Determining related party of reporting entity

Person(s)

- who has control or joint control over the reporting entity
- who has significant influence over the reporting entity
- who is a member of the key management personnel of
  - the reporting entity or
  - a parent of the reporting entity

Another Entity(ies)

- It they are members of the same group
- One entity is an associate or joint venture of the other entity or of a member of a group of which the other entity is a member
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity
- If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
- The entity is controlled or jointly controlled by a person if they are members of the same group
- A related person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

Important definitions:

Control	Power over the investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns
Joint Control	Contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control
Significant influence	Power to participate in the financial and operating policy decisions of the investee, but is not control of those policies
Key management personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity
Close members of the family of a person	Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including: (a) that person's children, spouse or domestic partner, brother, sister, father and mother; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner.

Unrelated Parties

- **Two entities** - If a director or other member of KMP is common between them
- **Two Joint venturers** - If they simply share joint control of JV
- - Providers of finance,
  - Trade unions,
  - Public utilities,
  - Departments and agencies of government
- - Customer,
  - Supplier,
  - Franchisor,
  - Distributor or
  - General agent doing significant business

By virtue of their normal dealing with entity, although they may:

- Affect the freedom of action of an entity
- Participate in its decision-making process

Disclosure

Mandatory disclosure of relationship, where control exists between a parent and its subsidiaries

Disclosures are must **even when there are no related party transactions**

Disclosures:
- Name of its parent and, if different, the ultimate controlling party
- Nature of related party relationship

Disclosure requirements here are in addition to Ind AS 27 and Ind AS 112

Disclosure required only when there are related party transactions

Compensation to key management personnel
- In total
- And for each category of:

Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payment

Related party transactions during the year

(a) The nature of the related party relationship
(b) Information about:
- Related party transactions
- outstanding balances including commitments

At minimum, disclosures include:
(a) Amount of transactions
(b) Amount of outstanding balances, including commitments, and:
- Their terms and conditions (including secured/unsecured and nature of consideration paid in settlement)
- Guarantees given or received
(c) Provisions for doubtful debts
(d) Expense recognized during the period in respect of bad or doubtful debts

Disclosures shall be made separately for each of the following categories:
(a) The parent
(b) Entities with joint control of, or significant influence over, the entity
(c) Subsidiaries
(d) Associates
(e) Joint ventures in which the entity is a joint venturer
(f) Key management personnel of the entity or its parent
(g) Other related parties

Provision of key management personnel services that are provided by separate management

Following are examples of transactions that are disclosed if they are with a related party

a	Purchases or sales of goods (finished or unfinished)
b	Purchases or sales of property and other assets
c	Rendering or receiving of services
d	Leases
e	Transfers of research and development
f	Transfers under licence agreements
g	Transfers under finance arrangements (including loans and equity contributions in cash or in kind);
h	Provision of guarantees or collateral
i	Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (as per Ind AS 37) (recognised and unrecognised)
j	Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party
k	Management contracts including for deputation of employees

Note:

- A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
- If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements to the compensation paid or payable by the management entity to the management entity's employees or directors.
- Related party transactions of a similar nature may be disclosed in aggregate by type of related party except when separate disclosure is necessary.
- Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
- Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties.

Disclosure requirements for Government-related entities

Reporting entity is exempt from the disclosure requirements in relation to
(i) Related party transactions
(ii) Outstanding balances and
(iii) Commitments with

A government that has control, joint control or significant influence over the reporting entity

Another entity (that is a related party) because **same government has control,** joint control or significant influence over **both the reporting entity and the other entity**

If a reporting entity applies the exemption, it shall disclose the following about
(i) The transactions and
(ii) Related outstanding balances

The name of Government

Nature of the government's relationship with the entity (Whether it has control, joint control or significant influence over the entity)

Sufficient detail of related party transactions:

For each individually significant transaction:
-Its Nature -Its Amount

For other transactions that are collectively significant
-A qualitative or quantitative indication of their extent

Reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:

(a) Significant in terms of size

(b) Carried out on non-market terms

(c) Outside normal day-to-day business operations

(d) Disclosed to regulatory or supervisory authorities

(e) Reported to senior management

(f) Subject to shareholder approval

Note:

- Government refers to government, government agencies and similar bodies whether local, national or international.
- A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

Ind AS 37 : Provisions, Contingent Liabilities and Contingent Assets

Overview of Ind AS 37

- Recognition
  - Provision
    - Present obligation
    - Past event
    - Probable outflow of resources embodying economic benefits
    - Reliable estimate of the obligation
  - Contingency
    - Contingent liability
    - Contingent Asset
- Measurement
  - Best estimate
  - Risk and uncertainties
  - Present value
  - Future events
  - Expected disposal of assets
- Reimbursements
- Change and use of provisions
- Application of the recognition and measurement rules
  - Future operating losses
  - Onerous contracts
  - Restructuring
- Disclosure
  - Provision
  - Contingent liability
  - Contingent asset

Objective of Ind AS 37

- To ensure that appropriate recognition criteria and measurement bases are applied
- To ensure that sufficient information is disclosed in the notes to understand nature, timing & amount

→ For provisions, contingent liabilities and contingent assets

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Ind AS 37 does not apply to

- Financial instruments (including guarantees) within the scope of Ind AS 109
- Those covered by another Ind AS
  - Ind AS 115 'Revenue from Contracts with Customers'
  - Ind AS 12 'Income Taxes'
  - Ind AS 116 'Leases'
    - Except lease that becomes onerous before the commencement date of the lease as per Ind AS 116
    - Except short-term leases and leases for which the underlying asset is of low value and that have become onerous
  - Ind AS 19 'Employee Benefits'
  - Ind AS 104 'Insurance Contracts'
  - Contingent Consideration of an acquirer in a business combination (Ind AS 103)
- Executory Contracts*
  - Except those are onerous in nature

Notes:

- Items such as depreciation, impairment of assets and doubtful debts are adjustments to the carrying amounts of assets and are not dealt with in this Standard.
- Ind AS 37 neither prohibits nor requires capitalisation of the costs recognised when a provision is made.
- This Standard applies to provisions for restructurings (including discontinued operations).

***Executory Contracts**

Either
- In which neither party has performed any of its obligations

Or
- Both parties have partially performed their obligations to an equal extent

---

Provisions

It is a liability**

Either
- Of uncertain timing

Or
- Of uncertain amount

****Liability** = Present obligation of the entity + Arising from past events + Settlement is expected to result in outflow of resources embodying economic benefits

Present obligation of the entity → No realistic alternative other than to settle that obligation

Either
- A legal obligation*
  - is derived from (any)
    - Contract (explicit or implicit terms)
    - Legislation
    - Other operation of law

Or
- #A constructive obligation
  - is derived from entity's actions by
    - Established pattern of past practice
    - Published policies
    - Sufficiently specific current statement

    \+ Entity has indicated to other parties that it will accept certain responsibilities

    \+ Entity has created a valid expectation that it will discharge those responsibilities

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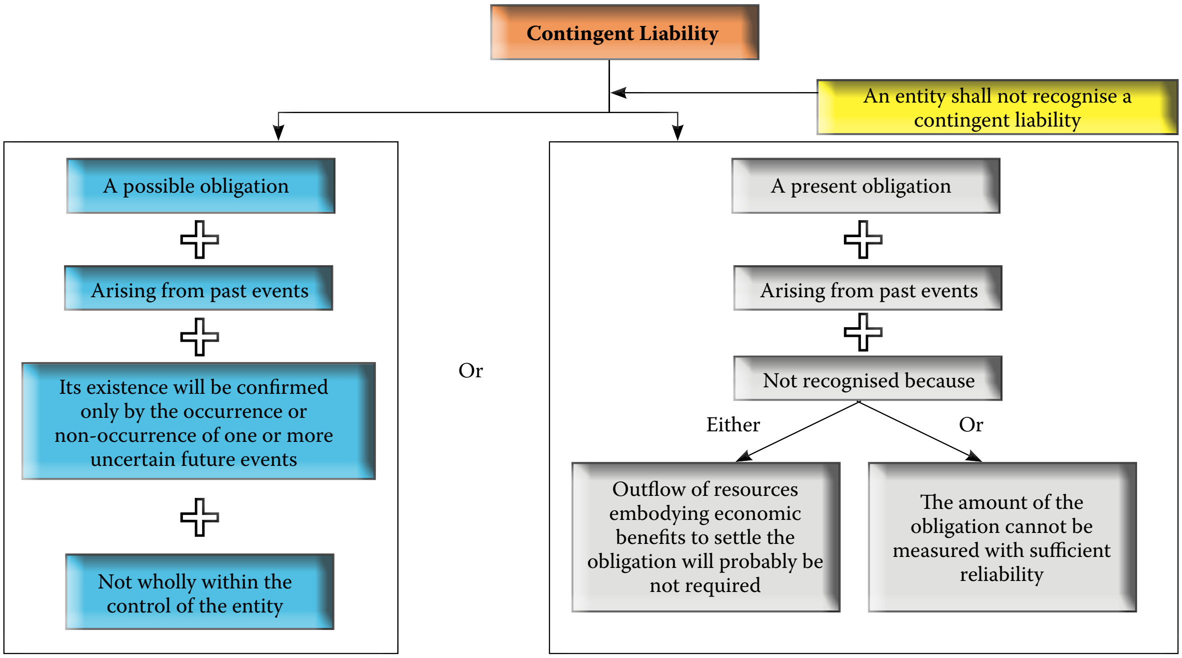
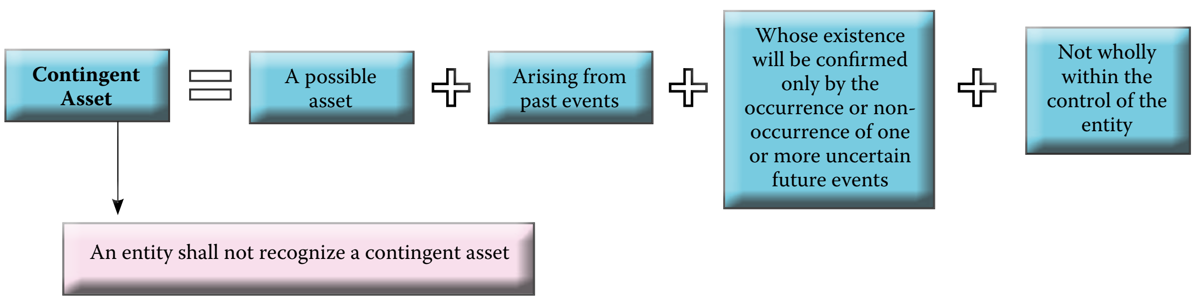


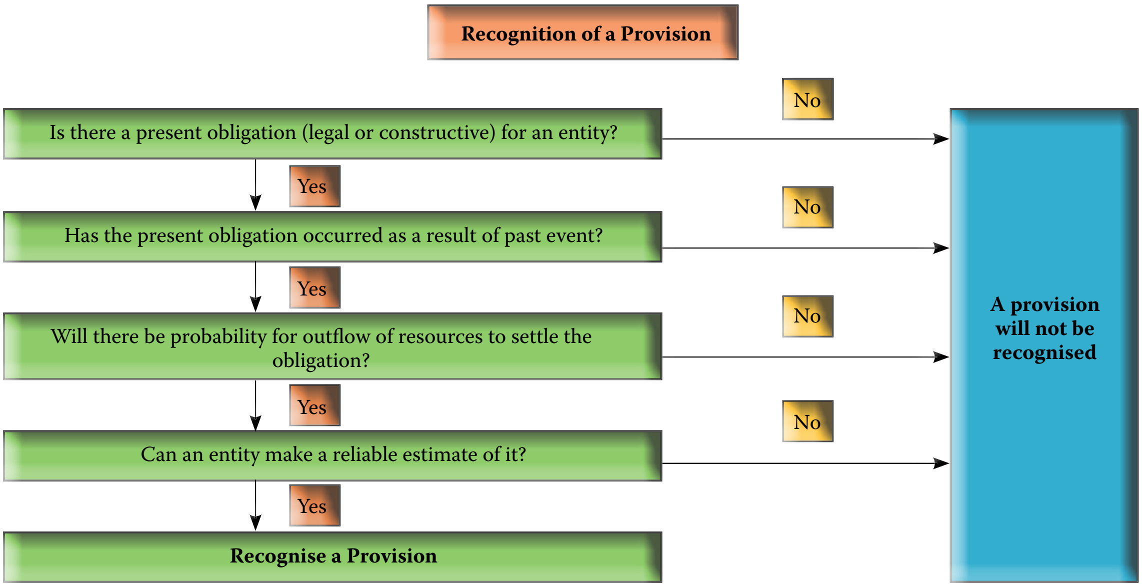
Notes:
1. The term 'contingent liability' is used for liabilities that do not meet the recognition criteria.
2. Where it is not probable that a present obligation exists, an entity discloses a contingent liability. Probable means 'more likely than not.'
3. If the possibility of an outflow of resources embodying economic benefits is remote, contingent liability is not disclosed.
4. Where an entity is jointly and severally liable for an obligation, the part of the obligation that is **expected to be met by other parties is treated as a contingent liability.** The **entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable,** except in the extremely rare circumstances where no reliable estimate can be made.
5. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable, a provision is recognised in the period in which the change in probability occurs.



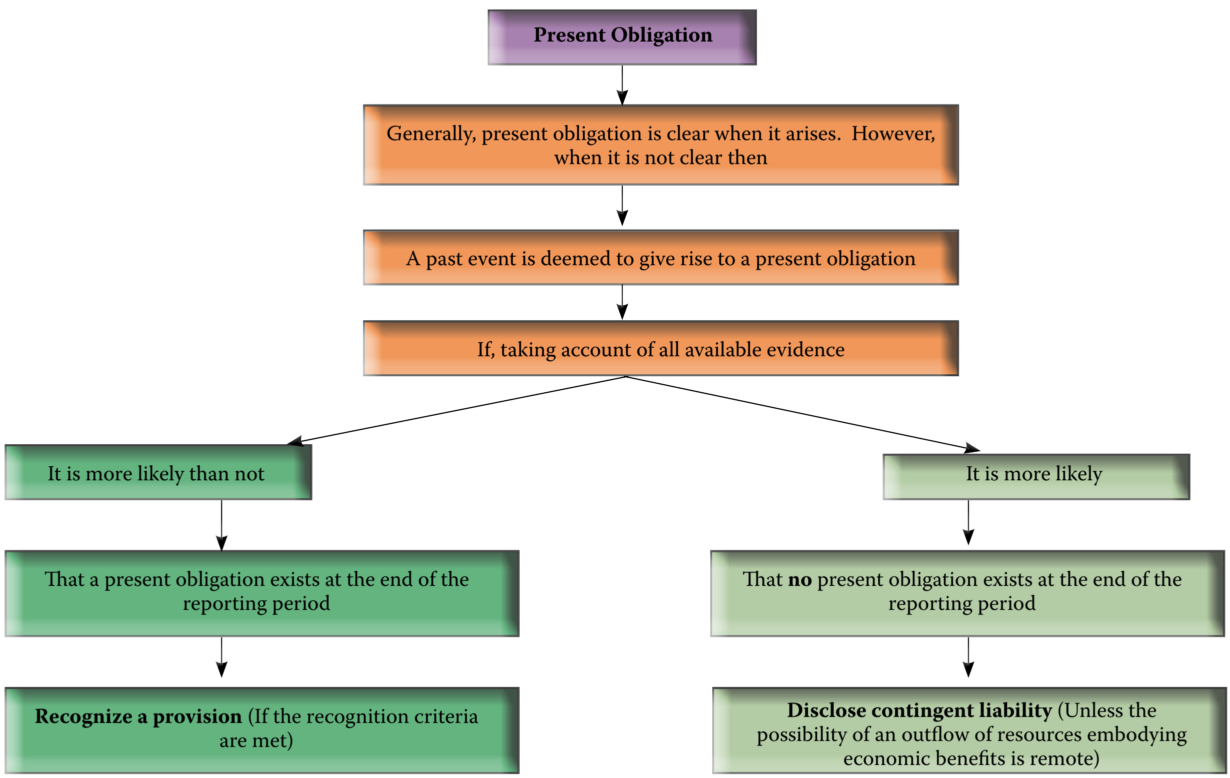
Notes:
1. Contingent assets are not recognised in financial statements since it may never be realised.
2. When the realisation of income is **virtually certain**, then the related asset is recognised.
3. Contingent asset is disclosed where an inflow of economic benefits is probable.
4. Contingent assets are assessed continually. If it has become virtually certain, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Differences between Provisions & Other Liabilities

S. No	Provisions	Other liabilities (Trade payables or accruals)
1	In provisions, there is uncertainty about the timing or amount of the future expenditure required in settlement	• Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Hence uncertainty is generally much less than for provisions • Accruals are similar to trade payables. However, it may also include amounts due to employees
2	Provisions are reported separately	Accruals are often reported as part of trade and other payables



Notes:
1. If these conditions are not met, no provision should be recognised.
2. Where there are a number of similar obligations (eg product warranties or similar contracts) the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole.
3. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable, then the provision shall be reversed.
4. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.



Notes:
- **No** provision is recognised for costs that need to be incurred to operate in the future.
- Only those liabilities are recognised in an entity's balance sheet which exist at the end of the reporting period.

Obligations arising from past events

Existing independently of an entity's future actions

Yes

Recognize Provision (If the recognition criteria are met)

To the extent that the entity is obliged to rectify damage already caused

Examples:
- Penalties or clean-up costs for unlawful environmental damage
- Decommissioning costs of an oil installation or a nuclear power station

No

Don't recognize Provision

Because the entity can avoid the future expenditure by its future actions

Example:
- Fitting smoke filters in a certain type of factory

MEASUREMENT

Measurement

Best Estimate

Expected Disposal of Assets

Risk and Uncertainity

Future Events

Present Value

Best estimate in measurement of provision amount

Provision should be the best estimate of expenditure required to settle the present obligation (At the end of the reporting period)

Provision should be measured before tax

Measurement of estimates of outcome & financial effect considers

Management's judgement

Supplemented by:
- Experience of similar transactions
- Reports from independent experts

If Provision involves items of large population (Ex. customer refunds, warranties, etc.)

Weight all possible outcomes by their associated probabilities (expected value)

In continuous range of possible outcomes

When each point in that range is as likely as any other

Then mid-point of the range is used

In case of measurement of single obligation

Individual most likely outcome may be the best estimate (Consider other possible outcomes too)

If other possible outcomes are either mostly higher or mostly lower than the most likely outcome

Higher or lower amount will be the best estimate

Risks and Uncertainties in measurement of provision amount

- Risk is variability of outcome
  - It should be considered in reaching the best estimate of an amount of provision
- Risk adjustment = Expected excess amount to be paid
  - Consider present value of outflows due to uncertainty
- Risk adjustment may increase the amount at which a liability is measured
  - **Caution:** Income or assets are not overstated and expenses or liabilities are not understated
- Risk adjustment can be accounted for in number of ways as:
  - **Adding in:** Expected present value of future outflows
  - **Adjusting:** Estimates of future outflows
  - **Adjusting:** Discount rate
- Disclosure of the uncertainties surrounding the amount of the expenditure should be made

Present Value in measurement of provision amount

- Whether the effect of the time value of money is material?
  - Yes → Consider present value of expenditures expected to settle the obligation as provision amount
  - No → Ignore present value
- The discount rate should be a pre-tax rate
  - Discount rate should not reflect risks for which future cash flow estimates have been adjusted
- The expected present value of outflows are calculated as follows:
  - Each outcome is discounted to its present value
  - The present value of outcomes are weighted by their associated probabilities
- Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.
- This increase is recognised as borrowing cost

Future events in measurement of provision amount

- Should be reflected where there is sufficient objective evidence that they will occur
- Effect of possible new legislation is taken into consideration when sufficient objective evidence exists that legislation is virtually certain to be enacted
  - Evidence is required both of:
    - what legislation will demand
    - whether it is virtually certain to be enacted and implemented in due course

Expected disposal of assets in measurement of provision amount → Gains on the expected disposal of assets are not taken into account in measuring a provision → Recognise gains on expected disposals of assets at the time specified by the Standard dealing with the assets concerned

Reimbursements			
Situation	**The entity has no obligation for the part of the expenditure to be reimbursed by the other party**	**Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party and it is virtually certain that reimbursement will be received if the entity settles the provision**	**Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party but the reimbursement is NOT virtually certain**
Recognition	The entity has no liability for the amount to be reimbursed. Hence no provision will be made	• The reimbursement is recognised as a separate asset in the balance sheet • In the statement of profit and loss, the expense relating to a provision may be presented net of the amount recognised for a reimbursement • The amount recognised for the expected reimbursement shall not exceed the liability	The expected reimbursement is not recognised as an asset
Disclosure	No disclosure is required	The reimbursement is disclosed together with the amount recognised for the reimbursement	The expected reimbursement is disclosed

Future operating losses

- Provisions shall not be recognised for future operating losses
  - As they do not meet the definition of a liability and the general recognition criteria set out for provisions
- An expectation of future operating losses is an indication that certain assets of the operation may be impaired
  - An entity tests these assets for impairment under Ind AS 36, Impairment of Assets

Onerous contract = Unavoidable costs of meeting the obligations under the contract > Economic benefits expected to be received under the contract

- Present obligation is to be recognised and measured as a provision
- Executory contracts that are not onerous fall outside the scope of Ind AS 37
- Make provision amount for the lower of
  - Unavoidable costs of fulfilling the contract
  - Penalty / Compensation for not meeting the obligations from the contract
- **Recognize any impairment loss** as per Ind AS 36 on assets dedicated to onerous contract **before making a separate provision** for an onerous contract

Restructuring

In general, restructuring is a plan of management to change the scope of business or manner of conducting business

Examples of events that may fall under the definition of restructuring:
- sale or termination of a line of business;
- closure of business locations or relocation of business activities;
- changes in management structure; and
- fundamental reorganizations that have a material effect on the nature and focus of the entity's operations

Provision for restructuring costs is recognized only when the general recognition criteria set out for provisions are met

An obligation to restructure arises only if entity has

Detailed formal plan for restructuring

Raised valid expectation in those affected that it will carry out restructuring (through implementation or announcement of main features of restructuring)

Identifying at least:
(i) the business or part of a business concerned;
(ii) the principal locations affected;
(iii) the location, function, and approximate number of employees who will be compensated for terminating their services;
(iv) the expenditures that will be undertaken; and
(v) when the plan will be implemented.

No obligation arises for the sale of an operation until there is a binding sale agreement

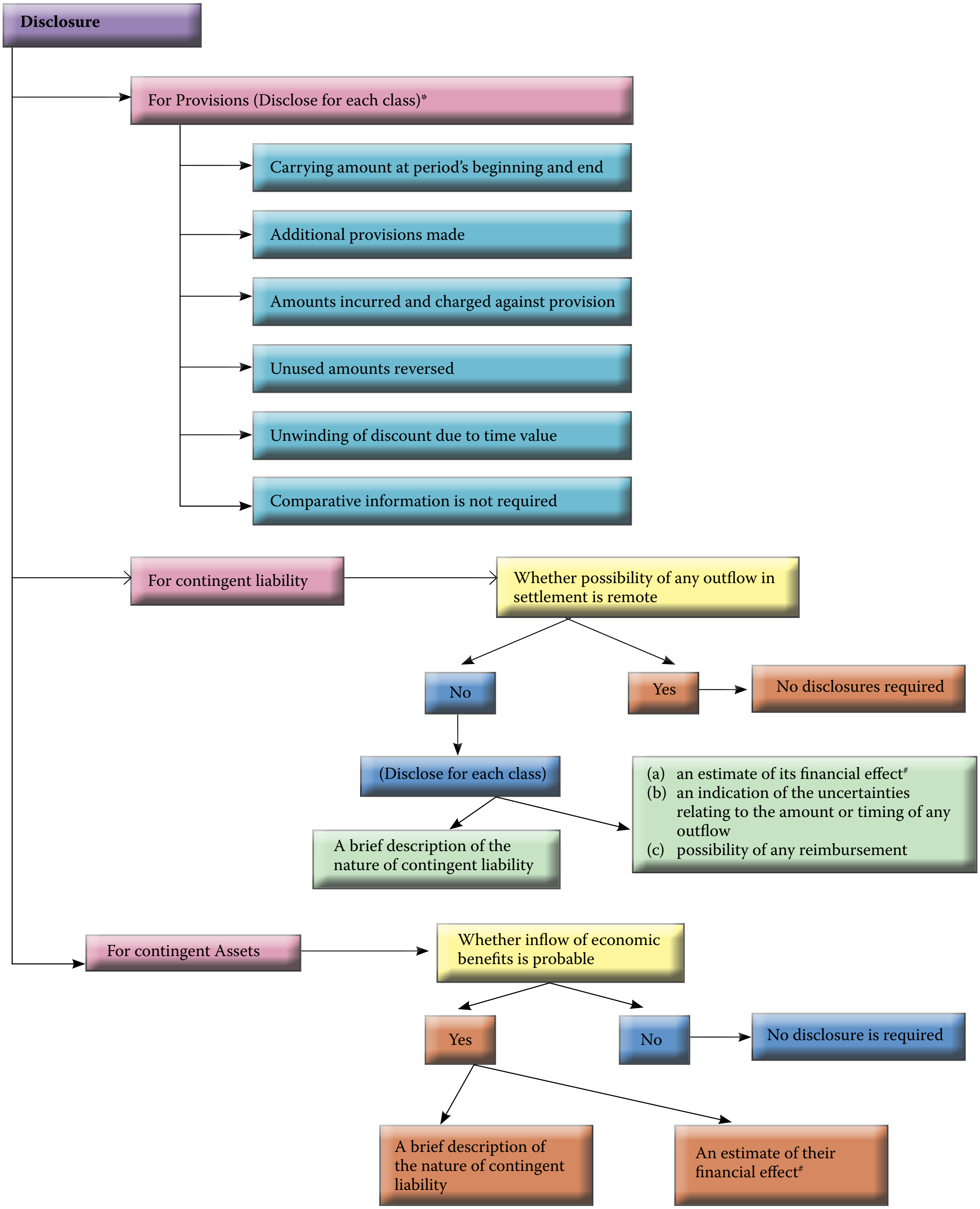
When the sale of an operation is envisaged as part of a restructuring, the assets of the operation are reviewed for impairment, under Ind AS 36

Restructuring provision includes only direct expenditures arising from the restructuring, which are both

Necessarily demanded by restructuring

Not associated with the ongoing activities of entity

Restructuring provision does not include costs of:
- Retraining or relocating continuing staff;
- Marketing; or
- Investment in new systems and distribution networks.



* Disclose the following for each class of provision:

a) Nature of obligation and expected timing of any resulting outflows
b) Uncertainties about the amount or timing of those outflows
c) Any expected reimbursement

Provisions or contingent liabilities may be aggregated to form a class, but consider whether the nature of items is sufficiently similar for a single statement

\# If required information is not disclosed since not practicable to do so, that fact shall be stated

Intermediate (New Course) Paper 2 - Corporate and Other Laws: A Capsule for Quick Recap (The Companies Act, 2013)

This Capsule on 'Company Law' in the October 2019 issue of Students' Journal is in continuation of the September 2019 issue. It covers the remaining sections of the Companies Act, 2013 (relevant at the Intermediate Level) i.e. significant provisions from section 123 to section 148. You are advised to read both the capsules together. Further, students are also advised to read the July, 2017 edition of the Study Material and relevant RTP for a thorough understanding of the relevant provisions of Companies Act, 2013, to hone your application skills. The capsules on Intermediate Paper 2: Corporate and Other Laws are intended to assist you in the process of revision of concepts discussed in the relevant publications.

DIVIDEND

I. DIVIDEND PAYABLE ON DIFFERENT TYPES OF SHARES

- **Shares**
  - Preference Shares
    - Cumulative Preference Shares → dividend accumulates unless it is paid in full
    - Non-cumulative Preference Shares → no arrears of dividend in future
  - Equity Shares → Dividend dependent on dividend policy and the availability of profits after satisfying the rights of preference shareholders.

Section 2(35) of the Companies Act, 2013, states that "dividend" includes any interim dividend

II. DECLARATION OF DIVIDEND

1. DIVIDEND CAN BE DECLARED OUT OF

- **Current year profits** after depreciation
- **Out of the profits** of the company **for any previous financial year or years** arrived at after providing for depreciation in accordance with Schedule III and remaining undistributed
- **Money provided** by the Central Government or a State Government for the payment of dividend by the Co. in pursuance of a guarantee given by that Government

Or Both

2. TRANSFER TO RESERVE

Before declaration of dividend, transfer such % of its profit for that year, as it may consider appropriate (i.e. left at the discretion of the Co.)

3. DEPOSITING AMOUNT OF DIVIDEND

Amount of dividend including interim dividend shall be deposited **in a scheduled bank in a separate bank account within 5 days** from the date of declaration of such dividend

Exception: Government Co. in which entire paid up capital is held by CG/ SG/ or combination of CG & SG

III. RULES TO BE FOLLOWED WHILE DECLARING DIVIDEND OUT OF RESERVES

1. Rate of Dividend ≤ (RD1 +RD2 + RD3)/ 3

Where, RD1, RD2, RD3 are rates at which dividend was declared by it in the 3 years immediately preceding that year.

However, **this rule will not apply** if a company has not declared any dividend in each of the 3 preceding financial years.

2. Total amount that can be drawn from accumulated profits ≤ 1/10 of (Paid up share capital + Free reserves) [as per latest audited Financial statement]

3. Drawn amount be first utilised to set off losses incurred in FY in which dividend is declared

4. Balance of Reserve (after drawal of Amt) ≥ 15% of Paid up capital [as per latest audited Financial statement]

IV. PAYMENT OF DIVIDEND

Payment of dividend

- Payable in
  - cash
  - cheque
  - warrant
  - any electronic mode
- Payable to
  - the registered shareholder of the share, or
  - to his order, or
  - to his banker
- Nidhi Co.
  - any dividend payable in cash may be paid by crediting the same to the account of the member, if the dividend is not claimed within 30 days from the date of declaration of the dividend.

V. UNPAID DIVIDEND ACCOUNT (UPA)

Declared Dividend

↓ 30 Days

Dividend Not Paid/ Claimed

↓ 7 Days

Deposit the unpaid/ unclaimed dividend amount in Scheduled Bank (Called Unpaid Dividend Account) → If not done → Pay Interest @ 12% p.a. (from the date of default)

↓ 90 Days

Prepare Statement (Name, Last known address, Unpaid dividend amount)

Put on: Website of Company / Website approved by Govt. for this purpose

After the expiry of 7 Years → Transfer to IEPF (Unpaid/ Unclaimed dividend + interest)

Any person claiming for the amount transferred in UPA may apply to Co. for the payment of money claimed

VI. PUNISHMENT FOR FAILURE TO DISTRIBUTE DIVIDENDS

1.

Declared Dividend

↓

Dividend not paid/Warrant not Posted (within **30 days** from the date of declaration)

↓

Consequences

- Every Director (If knowingly a party to default)
  - Imprisonment ≤ 2 years
  - Fine ≤ ₹ 1,000 per day (during which default continues)
- Company
  - Simple Interest @18% per annum

2. EXCEPTIONS UNDER WHICH NO OFFENCE SHALL BE DEEMED TO HAVE BEEN COMMITTED

Exception under 127

- Dividend could not be paid by reason of **operation of any law**;
- **Shareholder gave directions** regarding payment of dividend, AND those directions **cannot be complied** with and the same has been communicated to him;
- **Dispute regarding right** to receive dividend;
- Dividend has been **lawfully adjusted** against any sum due from shareholder to Co.; or
- for **any other reason**, the failure to pay/ post dividend/ warrant within prescribed time, was not due to any default on the part of the company.

ACCOUNTS OF COMPANIES

I. FINANCIAL STATEMENT (FS)

Financial Statement is defined under Section 2 (40), to include –

1.

Financial Statement:

- Cash flow Statement
- Statement of change in equity, if applicable
- any explanatory notes annexed to or forming part of financial statements
- Profit and Loss account or Income and Expenditure account
- Balance Sheet
- In case of OPC, Small Co., Dormant Co. and Pvt Co. (Start UP): May not include Cash Flow statement

2. Financial statement shall:

- Give True & Fair view of state of affairs of the Co.
- Comply with AS
- Be in form as provided for different classes of Co.s in Schedule III

3.

At each AGM, the Board of Directors (BOD) shall lay the FS for the FY

- If the Co. has subsidiary or associate companies, Consolidated Financial Statement [CFS] (in same form and manner as of the Co.) is also to be laid before AGM

4.

If FS do not comply with AS, deviation from AS along with reasons for such deviation and financial effects, need to be disclosed in FS.

5.

Company shall prepare

Books of accounts

Books and papers

Financial statement

Keep at its registered office/any other place in India as the Board of Directors (BOD) may decide

Open for inspection by directors

Preserved for 8 years

Failure in compliance

Imprisonment (up to 1 yr)

Fine (₹ 50,000 - 5 lacs)

Both

II. RE-OPENING OF ACCOUNTS ON COURT'S OR TRIBUNAL'S ORDER

Application to be made by:

Central Govt.

SEBI

Any other person

Income Tax authorities

Statutory regulatory body

Application made to Court/ Tribunal

Court/Tribunal passes an order to the effect that

Earlier accounts prepared in fraudulent manner

Affairs of company were mis-managed related to accounts

Notice to be served to applicants

Take Representation into consideration, if any

Pass order to revise/ recast the accounts

Such revised/ recast accounts shall be final

III. VOLUNTARY REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

If it appears to the Directors of the Co.

FS and Board report not in compliance with Sections 129 &134

After approval and order of tribunal (on an application made by Co.)

Prepare revised FS

Revise report (any 3 P.F.Y)

Copy of order of revised FS & Report to be filed with Regsitrar

IV. CONTENTS OF BOARD REPORT

Board of Directors Report

Following information

the web address, if any, where annual return has been placed

No. of meetings of Board

Directors' responsibility Report

Details of fraud reported by auditors

Declaration by ID's

Companies policy on directors' appointment and remuneration

Comments by board on remarks made by Auditor and CS

Particulars of loans, guarantees or investments

Particulars of contracts or arrangements with Related Parties

State of Company affairs

Amounts of carrying reserves or paid by way of dividend

Material change affecting on financial position

Conservation of energy, technology absorption, foreign exchange

Development and implementation of Risk management

CSR policy and initiatives

Other matters as prescribed

Listed /other public companies (paid up share capital of 25 cr or more) shall contain statement indicating the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors has been made.

V. ENTITLEMENT TO RECEIVE FINANCIAL STATEMENT [Section 136]

1.

Copies of audited FS +CFS+ Audit Report+ other document

Sent to

- Every member
- Trustee for debenture holder
- Other persons

At least 21* days before GM

2.

*** CIRCUMSTANCES WHEN A PERIOD OF LESS THAN 21 DAYS BE DEEMED TO HAVE BEEN DULY SENT IF IT IS SO AGREED BY MEMBERS—**

In the case of Co. having **share capital**	Co. having **no share capital**
At least 95% of the paid-up share capital of the company as gives a right to vote at the meeting	At least 95% of the total voting power exercisable at the meeting

3. IN CASE OF LISTED COMPANIES

The above steps shall have deemed to be complied, if the copies of documents are made available for inspection at **RO** during **Working Hours** for a period of **21 days** before the meeting

+

Statement containing salient features of documents is sent to:

- Member
- Trustee for debenture holders

→ At Least 21 days before GM

VI. MANNER OF CIRCULATION OF FINANCIAL STATEMENTS

Circulation of Financial statement

- Listed companies
- Public co. (Net worth > ₹1 crore and Turn Over > ₹10 crores)

- By Electronic mode
  - When Shareholding in dematerialized form & Email ID is registered with Depository
  - To Other shareholders who do not have dematerialized shares but have consented in writing for receiving by electronic mode
- By Dispatch of physical copies as specified in Sec 20
  - → All Other Cases

VII. FINANCIAL STATEMENT TO BE FILED WITH REGISTRAR

AGM

- **Held [137(1)]**
  - [Copy of FS + CFS + other documents to be presented]: Prescribed documents
    - Adopted
      - Filed with registrar within 30 days of the date of AGM
    - Un- adopted in AGM/ Adjourned AGM
      - Filed within 30 days of AGM. Registrar takes them as **Provisional** in their records
        - Further adopted in Adjourned AGM - filed with Registrar within 30 days of the said meeting
- **Not held [137(2)]**
  - Prescribed documents + **Statement of Facts & Reasons for not holding AGM**
    - File with ROC
      - Within 30 days of the last date before which the AGM should have been held

VIII. INTERNAL AUDIT

COMPANIES REQUIRED TO CONDUCT INTERNAL AUDIT

Companies which require internal audit

- Listed co.
- Unlisted public co.
  - Paid up share capital (₹50 cr or more during P.F.Y)
  - Turnover ₹200 cr or more during P.F.Y
  - Outstanding loan/borrowing from banks or PFI exceeding ₹100 cr or more at any time during P.F.Y
  - Outstanding deposits ₹25 cr or more at any time during P.F.Y
- Private Co.
  - Turnover (₹200 Cr or more during P.F.Y)
  - Outstanding loans/ borrowings from banks or PFI exceeding ₹100 crores at any time during P.F.Y

Here P.F.Y means 'Preceding Financial Year'

WHO CAN BE AN INTERNAL AUDITOR

AUDIT AND AUDITORS

I. APPOINTMENT OF FIRST AUDITOR

First Auditor

In case of Government Co.*
- C & AG shall appoint auditor
- Within 60 days from date of Registration of Co.
- If C & AG does not appoint 1st Auditor in said 60 days
- BOD shall appoint auditor
- Within next 30 days
- If BOD does not appoint auditor in 30 these days
- BOD shall inform the Co.
- Now, Co. shall appoint 1st auditor
- Within 60 days at EGM
- Tenure- Till the conclusion of 1st AGM

In any Other Co.
- BOD shall appoint auditor
- Within 30 days of Registration of Co.
- If BOD does not appoint auditor
- BOD shall inform members regarding such failure
- Member shall appoint auditor
- Within 90 days at EGM
- Tenure - till the conclusion of 1st AGM

* Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments.

II. APPOINTMENT OF SUBSEQUENT AUDITOR

Subsequent Auditor

In case of Government Co.*
- Appointed by C & AG
- For a Financial Year
- Within **180 days** from Commencement of Financial Year
- Tenure:- Till the conclusion of AGM.

In Other Companies
- Appointed by Co. in AGM
- Tenure:- Auditor shall hold office from the conclusion of that meeting till the conclusion of its 6th AGM.

* Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments.

III. CASUAL VACANCY OF AUDITOR

Co. whose A/ccs are subject to audit by auditor appointed by CAG
- To be filled by CAG within 30 days
- If CAG does not fill vacancy in 30 days: To be filled by BOD within 30 days

Other Co.
- Filling the casual vacancy by Board within 30 days
- If vacancy is caused by Resignation- appointment by Board shall also be approved by company at GM convened within 3 months of recommendation of Board
- The Auditor so appointed shall hold office until the conclusion of next AGM.

IV. RE- APPOINTMENT OF RETIRING AUDITOR

A retiring auditor may be re-appointed at an AGM if—
- he is not disqualified for re-appointment;
- he has not given Co. notice in writing of his unwillingness to be re-appointed; and
- a SR has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed

Where at any AGM, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company

V. ROTATION OF AUDITORS

Rotation of Auditors (in listed companies or #specified class of companies)

- Individual as Auditor
  - Maximum time: One term of 5 Consecutive years
- Audit firm as auditor
  - Maximum time: Two terms of 5 Consecutive years

Cooling period :- 5 years

Further, as on the date of appointment no audit firm which has common partner/s to the other audit firms whose tenure has expired in a company immediately preceding the Financial Year, shall be appointed as auditor of the same Co. for a period of 5 years.

#Specified Class of Companies

- **unlisted public** companies having paid up share capital of rupees 10 crore or more
- **Pvt Ltd.** companies having paid up share capital of rupees **50** crore or more
- companies having paid up share capital of below threshold limit mentioned in above two bullet points, but having **public borrowings** from **financial institutions, banks** or **public deposits** of rupees **50** crores or more.

VI. STEPS FOR REMOVAL OF AUDITOR

1. A **Special Notice** is received for Removal of auditor
2. A board meeting will be held (To decide about removal and then authorising the filing of application to CG)
3. Application to CG (To be made in ADT-2), within 30 days of Board meeting
4. Approval of CG received
5. After approval from CG, Special Notice to be sent for AGM
6. Auditor shall be given a reasonable opportunity of being heard
7. Auditor removal can be done only through Special Resolution
8. Auditor will be removed

VII. RESIGNATION BY AUDITOR

Resignation by auditor of Government company or company controlled by CG or SG	Form ADT-3	within 30 days of resignation	with Company, Registrar & CAG
Resignation by auditor of Other Co.	Form ADT-3	within 30 days of resignation	with Company and Registrar

VIII. PUNISHMENT UNDER SECTION 147

1. IN CASE OF COMPANY AND OFFICER OF COMPANY

Contravention of sec 139 to 146

- **In case of Co.**
  - ₹25,000 to 5 Lac
- **In case of Every Other Officer**
  - Fine: ₹10,000 to 1 Lac
  - Imprisonment: May extend to 1 year
  - Or Both

2. IN CASE OF AUDITOR

Contravention by Auditor of sec 139, 143 to 145

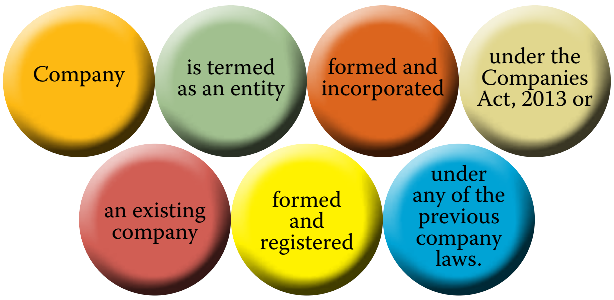
- If default is Not Wilful
  - Fine: ₹25,000 to 5 Lac, or four times the remuneration of the auditor, whichever is less
- If default is Wilful
  - Fine: ₹50,000 to 25 lakh or 8 times the remuneration of the auditor, whichever is less
  - Imprisonment: May extend to 1 Year
  - Auditor shall also be liable to:
    - Refund the remuneration
    - Pay for the damages to the Co., statutory bodies, authorities or to members or creditors of the company for loss arising out of incorrect statements in Audit Report

Foundation Paper 1 - Principles and Practice of Accounting: A Capsule for Quick Recap

At Foundation level, the Company Accounts portion of the subject "Principles and Practice of Accounting" largely involves understanding the nature and types of companies, salient features of a company, accounting treatment of shares and the purpose of preparing the financial statements. This Capsule is intended to assist you in the process of revision of the concepts discussed in Unit 1 and Unit 2 of Chapter 10 of the Study Material.

Company Accounts

Meaning of a Company

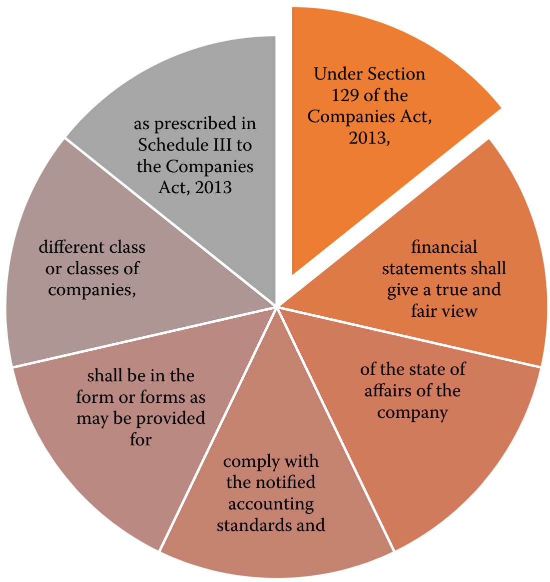


Types of Companies

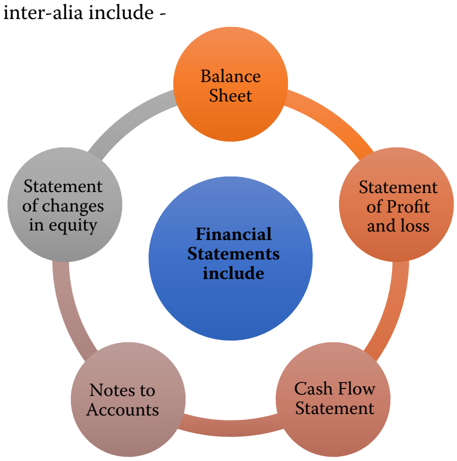
Types of Companies
- Government Company
- Foreign Company
- Private Company
- Public Company
- One Person Company
- Small Company
- Listed Company
- Unlimited Company
- Company limited by Shares
- Company limited by Guarantee
- Holding Company
- Subsidiary Company

Salient Features of a company

Preparation of Financial Statements



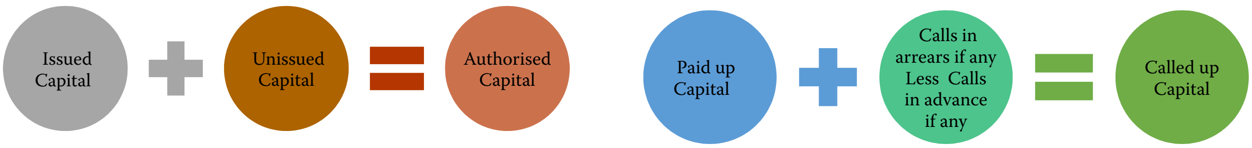
Financial Statements as per Section 2(40) of the Companies Act, 2013, inter-alia include -



Share Capital

The total *capital* of the company is divided into shares, the capital of the company is called 'Share Capital'.

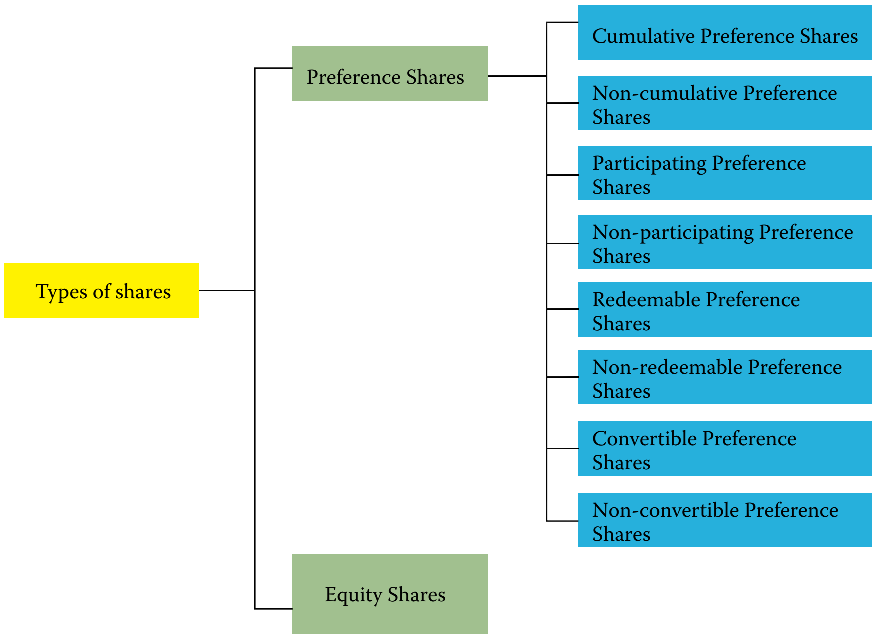
Share capital of a company is divided into various categories
- Authorised Share Capital or Nominal Capital
- Issued Share Capital
- Subscribed Share Capital
- Called-up Share Capital
- Paid-up Share Capital
- Reserve Share Capital



Subscribed Capital can be equal to or greater than or less than Issued Capital resulting in 3 situations respectively: Fully Subscribed; Over Subscribed and Under Subscribed.

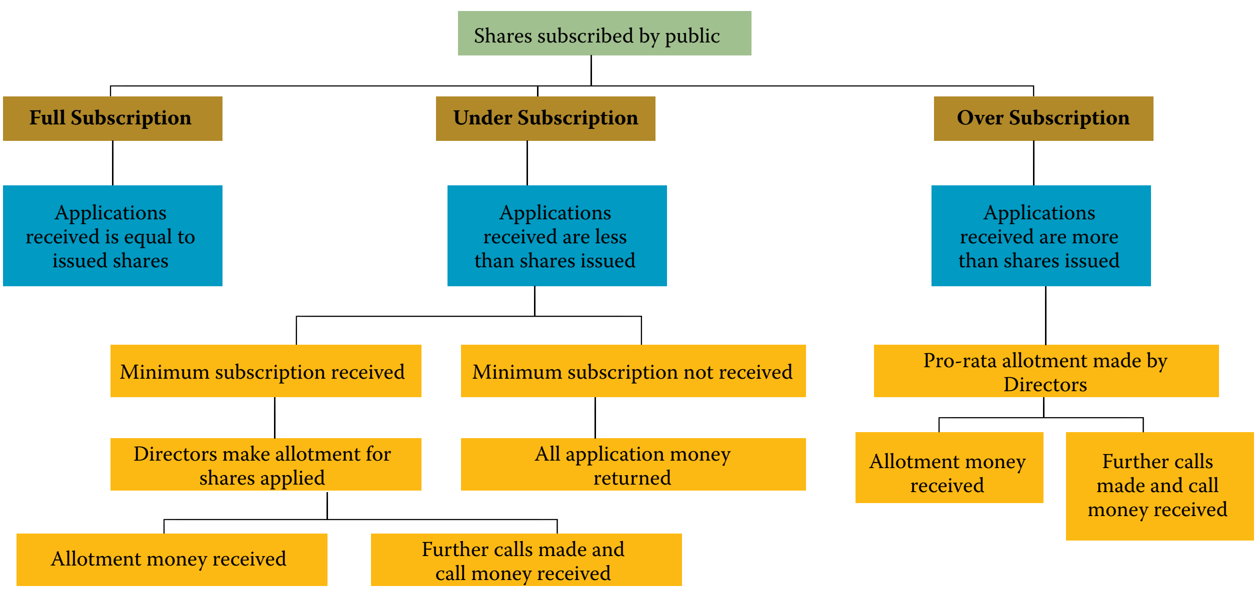
Types of Shares

Share issued by a company can be divided into following categories:



Subscription of Shares

Accounting for issue of shares depends upon the type of subscription. Whenever a company decides to issue shares to public, it invites applications for subscription by issuing a prospectus. It is not necessary that company receives applications for the exact number of shares to be issued by it. There may be three possibilities:



Issue of Shares

Shares issued at

- Discount
  - Issue price is less than the nominal or par value of shares
  - Issue of shares at discount shall be void except in the case of issue of sweat equity shares (issued to employees and directors).
- Premium
  - Issue price is more than the face value
  - Premium amount is credited to a separate account called *"Securities Premium Account.*

Accounting Treatment of Securities premium

Securities Premium is not a part of share capital. It represents a gain of capital nature to the company.
Being a credit balance, Securities premium Account is shown under the heading, "Reserves and Surplus". However, 'Reserves and Surplus' is shown as 'shareholders funds' in the Balance Sheet as per Schedule III.

According to Section 52 of the Companies Act, 2013, Securities Premium Account may be used by the company

- For the purchase of own shares or other securities.
- Towards issue of un-issued shares of the company to be issued to members of the company as fully paid bonus securities.
- *To write off preliminary expenses of the company.
- To write off the expenses of, or commission paid, or discount allowed on any of the securities or debentures of the company.
- *To provide for premium on the redemption of redeemable preference shares or debentures of the company.

* *Companies whose financial statements comply with AS prescribed under Section 133 cannot use Securities premium for this purpose.*

Calls-in-Arrears and Calls-in-Advance

Receipt of value of shares in instalments (calls)

- Share installment money received in full
  - "Bank A/c" is debited with full money received
- Calls-in-arrears i.e. money received is less than due
  - "Calls-in-arrears A/c and Bank A/c (money received) is debited
- Calls-in-advance i.e. money of future installments received before hand
  - "Calls-in-advance A/c" is credited and Bank A/c is debited (money received)

Interest on Calls-in-Arrears and Calls-in-Advance

Interest on calls in arrears	Interest on Calls in advance
It is payable by shareholders to company on the calls due but remaining unpaid.	It is payable by the Company to Shareholders on the call money received in advance but not yet due.
As per Table F maximum prescribed rate is 10%.	As per Table F maximum prescribed rate is 12%.
Period considered: From the date call money was due to the date money is finally received.	Period Considered: From the date money was received to the day call was finally made due.
Directors have a right to waive off such interest in individual cases at their own discretion.	Shareholders are not entitled for any dividend on calls in advance.
It is a nominal account in nature and is credited to statement of profit and loss as an income.	It is a nominal account in nature with interest being an expense for the company.

Forfeiture of Shares

Forfeiture of shares is the action taken by a company to cancel the shares.

The term 'forfeit' actually means taking away of property on breach of a condition. It is very common that one or more shareholders fail to pay their allotment and/or calls on the due dates. Failure to pay call money results in forfeiture of shares.

- When shares are forfeited, the title of such shareholder is extinguished but the amount paid to date is not refunded to him.
- The shareholder has no further claim on the company.
- The power of forfeiture must be exercised strictly having regard to the rules and regulations provided in the Articles of Association and it should be bona fide in the interests of the company.
- Directors also have the right to cancel such forfeiture before the forfeited shares are re-allotted.

Forfeiture of Shares which were issued at Par

Share Capital Account Dr. [No. of shares x called-up value per share]

- To Forfeited Shares Account [Amount already received on forfeited shares]
- To Share Allotment Account [If amount due, but not paid]
- To Share First Call Account [If amount due, but not paid]
- To Share Final Call Account [If amount due, but not paid]

Where all amounts due on allotment, first call and final call have been transferred to Calls-in-Arrears Account, the entry will be :

Share Capital Account Dr. [No. of shares x called-up value per share]

- To Calls-in-Arrears Account [Total amount due, but not paid]
- To Forfeited Shares Account [Amount received]

Forfeiture of Shares which were issued at a Premium

If premium not received

Share capital A/c Dr. [Called-up value]

Securities Premium A/c Dr. [Amount of Security premium not received]

- To Share Allotment Account [If amount due, but not paid]
- To Share First Call Account [If amount due, but not paid]
- To Share Final Call Account [If amount due, but not paid]
- To Forfeited Shares Account [Amount received on forfeited shares]

If premium received

Share capital A/c Dr. [Called-up value]

- To Share Allotment Account [If amount due, but not paid]
- To Share First Call Account [If amount due, but not paid]
- To Share Final Call Account [If amount due, but not paid]
- To Forfeited Shares Account [Amount received on forfeited shares]

Forfeiture of Fully Paid-Up Shares

Forfeiture for non-payment of calls, premium, or the unpaid portion of the face value of the shares is one of the many causes for which a share may be forfeited. But fully paid-up shares may be forfeited for realization of debts of the shareholder if the Articles specifically provide it.

Re-Issue of Forfeited Shares

A forfeited share is merely a share available to the company for sale and remains vested in the company for that purpose only. Reissue of forfeited shares is not allotment of shares but only a sale.

Points for Consideration

- Loss on re-issue should not exceed the forfeited amount.
- If the loss on re-issue is less than the amount forfeited, the surplus should be transferred to Capital Reserve.
- The forfeited amount on shares (amount originally paid-up) not yet reissued should be shown under the heading 'share capital.'
- When only a portion of the forfeited shares are re-issued, then the profit made on reissue of such portion of shares only must be transferred to Capital Reserve.
- When the shares are re-issued at a loss, such loss is to be debited to "Forfeited Shares Account".
- If the shares are re-issued at a price which is more than the face value of the shares, the excess amount will be credited to Securities Premium Account.
- If the re-issued amount and forfeited amount (taken together) exceeds the face value of the shares re-issued, it is not necessary to transfer such amount to Securities Premium Account.

Foundation Paper 3: Logical Reasoning Questions with explanations

At the Foundation level, students are expected to inculcate/evolve logical thinking and reasoning skills to further develop their analytical skills. This section attempts to capture basic techniques in sequential thinking as the underlying concept to solve problems. Here are a few Logical Reasoning Questions with explanations to get you psyched!

Chapter : 9 Number Series, Coding and decoding and Odd man out series

These questions deal in which series or letters in some orders and follows certain pattern throughout.

I. Find missing term of the series

(1) 101, 102, 106,115,131, 176, ?
(a)212 (b) 220 (c) 211 (d) 235
Explanation: Answer: (a)
The pattern of the series by adding **$+1^2$, $+2^2$, $+3^2$, $+4^2$,$+ 5^2$, $+6^2$,**
So missing term is $176+ 6^2= 212$.

(2) 3, 10, 29, 66, 127, ?
(a) 164 (b) 187 (c) 216 (d) 218
Explanation: Answer (d)
The pattern of the series is 1^3+2 , 2^3+2, 3^3+2 , $4^3+ 2$, $5^3+ 2$, $6^3+ 2$
So missing number is, $6^3+2= 216 + 2 = 218$.

(3) 8, 13, 21, 32, 46, 63, 83 , ?
(a) 104 (b) 106 (c) 108 (d) 110
Explanation: Answer(b)
The pattern of the series is +5, +8, +11, +14, +17, +20, +23
So missing number is 83 + 23 = 106

4) 3, 4, 4, 6, 12, 15, 45, ?, 196
(a) 42 (b) 49 (c) 43 (d) 40
Explanation: Answer (b)
The pattern of the series is 3+1 ,4×1, 4+2, 6×2, 12+3, 15× 3, 45 + 4 , 49 × 4,
So missing term is = 45 + 4= 49

(5) 10, 12, 22, 34, 56, 90, ?
(a) 146 (b) 147 (c) 136 (d) 156
Explanation: Answer (a)
Each term in the series, except the first two terms, is the sum of preceding two terms
The right answer 56+90 = 146

(6) 4, 9, 19, 39, ?, 159, 319
(a) 40 (b) 41 (c) 78 (d) 79
Explanation: Answer (d)
Each number of the series is one more than the twice the preceding number
Therefore, missing term = 39×2+1= 79

(7) 7,15,29, 59, 117 ,?
(a) 238 (b) 235 (c) 120 (d) 155
Explanation: Answer (b)
The pattern is 7 ×2+1, 15 × 2-1, 29 × 2 + 1, 59 × 2 - 1, 117 × 2 + 1
So missing term is = 117 × 2 + 1 = 235

II. Find missing term of the letter series

(8) DBA, IDE, NFI, SHO, ?
(a) XJU (b) XYU(c) XUV (d) XUY
Explanation: Correct Option: Answer (a)
The first letter of the series is

D $\xrightarrow{+5}$ I $\xrightarrow{+5}$ N $\xrightarrow{+5}$ S $\xrightarrow{+5}$ X

The second letter of the series B $\xrightarrow{+2}$ D $\xrightarrow{+2}$ F $\xrightarrow{+2}$ H $\xrightarrow{+2}$ J

The third letters of the series are pattern
A – E – I – O – U › Vowels
So missing letter series is XJU

(9) cccaa_ bb_ cc_ aa_bb_
(a) abcab (b) babda (c) badna (d) bdanb
Explanation: Answer (a)
The pattern of the series is ccc, aaa, bbb, ccc, aaa follows.

(10) m _ n v _ n _a n _ a_ m a _
(a)aamvnn (b) aanvmm (c) vamaal (d) vanmak
Explanation: Answer (a)
The series man and van repeated

(11) In a certain language 'BISLERI' is written as 'CHTKFQJ' and 'AQUA' is written as 'BPVZ'. How is 'COMPUTER' written in the same Code?
(a) DNNOVSFQ (b) DNNVOSFX (c) DNNOVSXF
(d) DNONVSFX
Explanation: Answer (A)

B •+1 c	I •-1 H	S •+1 T	L •-1 K	E •+1 F	R •-1 Q	I •+1 J

A •+1 B	Q •-1 P	U •+1 V	A •-1 Z

C •+1 D	O •-1 N	M •+1 N	P •-1 o	U •+1 V	T •-1 S	E •+1 F	R •-1 Q

So "COMPUTER' is coded as 'DNNOVSFQ

(12) If 'BROTHER, is coded as 2456784. 'SISTER' is coded as 919684 , what is the code for 'ROBBERS'?
(a) 4562684 (b) 9245784 (c) 4522849 (d) 4652684
Explanation: Answer (c)

B •2	R •4	O •5	T •6	H •7	E •8	R •4

S •9	I •1	S •9	T •6	E •8	R •4

R •4	O •5	B •2	B •2	E •8	R •4	S •9

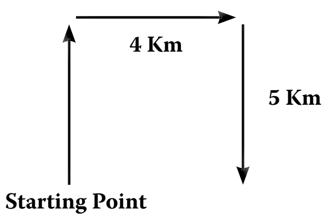
Find odd one of the following series
(13) (a) 144 (b) 169 (c) 288 (d) 324
Explanation: Answer (c), All others are perfect square numbers except 288

(14) (a) 73 (b) 53 (c) 87 (d) 23
Explanation: Answer (c), Except 87 all others are prime numbers

(15) (a) 4867 (b) 5555(c) 6243 (d) 6157
Explanation: Answer (d)
4867= 4+8+6+7 = 25, which is divisible by 5
5555= 5+5+5+5 = 20, which is divisible by 5
6243= 6+4+2+3 = 15, which is divisible by 5
6157= 6+1+5+7 =19, which is not divisible by 5

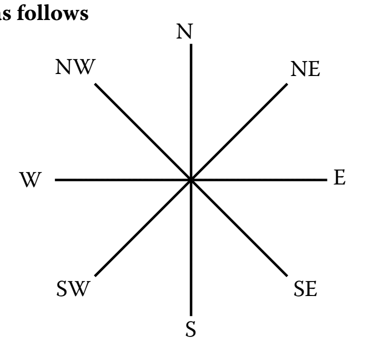
Chapter 10. Direction tests: In this test,the questions consist of a sort of direction puzzle. A successive follow-up of direction is formulated and the student is required to ascertain the final direction. The test is meant to judge the candidate's ability to trace and follow correctly and sense the direction correctly.

(1) A man walks 6 km North, turns right and walks 4 km, again turns right and walks 5 km, in which direction is he facing now?
(a) South (b) North (c) East (d) West
Explanation:

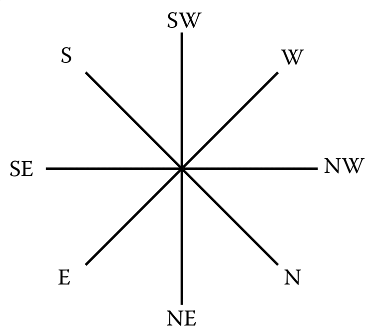


Answer: (a) South

(2) If South-East becomes North, North–East becomes West and all the rest of the directions are changed in same manner, what will be direction of the East?
(a) North-West (b) South (c) South-East (d) South-West
Explanation: According to question the direction of the diagram as follows



After changing the directions



Now from the above diagrams North-West will be the direction for East.

CROSSWORD SOLUTION – SEPTEMBER 2019

1 I	2 P	3 A	D		4 E				5 S	6 P	7 E	E	8 D	
9 N	O	D		10 U	S	11 A		12 B	L	A	N	K	E	13 T
14 C	O	O		15 N	S	S		16 I	O	T	A		B	W
A	R		17 B	O	O	K	I	N	G		18 C	L	U	E
			O					19 C	G	S	T		T	N
20 B	21 U	22 Y	B	23 A	C	K		A	E			24 C		T
25 R	T	A		A			26 C	R	R		27 T	R	28 O	Y
29 A	I	M	30 E	D		31 C	A	D		32 T	H	E	M	
G			L	H		33 C	A	S	34 H		35 O	D	D	
	36 S	37 M	E	A	38 R				39 A	D	R	I		40 R
41 I	C	E	C	R	E	42 A	43 M		S			44 T	H	E
	45 S	I	T		46 R	G	I		47 H	48 S	49 S			V
	50 T	S	R		51 A	M	R	52 B		53 A	R	54 I	55 S	E
			I	56 A		57 A	A	R		58 U	N	I	O	N
59 S	U	R	C	H	A	R	G	E		T		60 M	O	U
				61 A	S	K	E	D		E		62 O	N	E

FINANCE UPDATES

NCDEX's Agri index to be launched by Diwali, chooses NSE IT to manage product

Derivatives trading in commodity indices will start in two-three months, with the National Commodities and Derivatives Exchange (NCDEX) also joining the Multi Commodity Exchange (MCX) in launching its indices for trading.

The NCDEX is finalising with NSE IT, an indices company, to prepare its agri index, which meets the regulatory norms for tradable indices.

The exchange has designed a composite agricultural commodities index, with a few sectoral indices. The plan is to begin with an agri index. Trading will begin after approval from the Securities and Exchange of India (SEBI) is secured.

https://www.business-standard.com/article/markets/ncdex-s-agri-index-launch-by-diwali-chooses-nse-it-to-manage-product-119083100260_1.html

RBI panel recommends Self-Regulatory agency for secondary markets

A task force set up by the Reserve Bank of India (RBI) submitted its report on the development of a secondary market for corporate loans. The task force headed by Canara Bank chairman T.N. Manoharan recommended setting up of a Self-Regulatory Body (SRB), which will oversee the proposed secondary market.

The SRB's role will be to standardize loan documentation and covenants, periodically review the documentation, ensure standardization of practices, and promote growth, liquidity, efficiency and transparency of the proposed secondary market.

It will also be responsible for setting up a central loan contract registry, which will finalize the detailed design structure, infrastructure, technological aspects and nature of incorporation, to ensure legal sanctity of its operations and for executing agreements with other agencies.

https://www.livemint.com/news/india/rbi-panel-recommends-self-regulatory-agency-for-secondary-markets-1567534541141.html

Small tweak qualifies these stocks to become part of Nifty indices

The National Stock Exchange (NSE) revised the eligibility criteria for inclusion of stocks in the Nifty indices. According to the revised rules, all equity shares that are traded (listed and traded as well as those not listed but permitted to trade on the exchange) are eligible for inclusion in the Nifty indices.

As a result, companies such as Abbott India, Bayer Cropscience, Multi Commodity Exchange of India and Nestle India – which are not listed on NSE but are traded in the permitted to trade segment – are now eligible to be a part of the Nifty indices.

https://economictimes.indiatimes.com/markets/stocks/news/small-tweak-qualifies-these-stocks-to-become-part-of-nifty-indices/articleshow/70765468.cms?from=mdr

Govt moves to reform bank boards: The six new rules you should know

- Bank board to appraise performance of general manager and above, including managing director
- Chief General managers can be appointed for large PSBs
- Chief risk officer can be hired at market compensation package
- Longer term for directors on Management Committee of Board (MCB)
- MCB loan-sanction thresholds enhanced by up to 100%
- There can be four EDs in large banks, from the current two

https://www.business-standard.com/article/economy-policy/govt-moves-to-reform-bank-boards-the-five-new-rules-you-should-know-119083001720_1.html

NextGen PSBs: Govt unveils mega bank mergers to revive economic growth

The government unveiled a plan to merge 10 Public Sector Banks (PSBs) into four, reducing the number of state-owned banks from 18 to 12, in a bid to create "next-generation" financial institutions with stronger balance sheets and bigger risk appetite.

Punjab National Bank (PNB) will take over Oriental Bank of Commerce (OBC) and United Bank of India (UBI) to become the country's largest lender after State Bank of India (SBI) in terms of business. Canara Bank will subsume Syndicate Bank; Andhra Bank and Corporation Bank will merge with Union Bank of India; and Allahabad Bank will become part of Indian Bank.

https://www.business-standard.com/article/finance/nextgen-psbs-government-unveils-mega-bank-mergers-to-revive-growth-119083001668_1.html

After nearly 8 decades, RBI to change its accounting year to April-March

Breaking away with nearly eight decades of practice, the RBI decided to follow April-March calendar, and not July-June calendar, as its accounting year, a top central bank official said. It was done to align its accounting year with that of the central government.

The decision was taken during the RBI's central board of directors' meeting. This will, in effect, do away with the RBI's need to transfer an interim dividend to the central government — a practice which has been adopted in the past few years.

https://www.business-standard.com/article/finance/after-nearly-8-decades-rbi-to-change-its-accounting-year-to-april-march-119082700038_1.html

Government removes Debenture Redemption Reserve requirement for Listed Companies, NBFCs and HFCs

Debenture Redemption Reserve for unlisted companies reduced to 10% of outstanding debentures from the present level of 25%

The Ministry of Corporate Affairs has amended the Companies (Share Capital & Debentures) Rules by removing Debenture Redemption Reserve requirement for Listed Companies, Non-Banking Finance Companies (NBFCs) and HFCs.

The measure has been taken by the Government with a view to reducing the cost of the capital raised by companies through issue of debentures and is expected to significantly deepen the Bond Market.

The rules, while retaining DRR requirement for Unlisted Companies, provide for reduction from a DRR of 25% to a DRR of 10% for such companies, so as to safeguard interests of investors.

https://www.business-standard.com/article/news-cm/government-removes-debenture-redemption-reserve-requirement-for-listed-companies-nbfcs-and-hfcs-119081901001_1.html

Start-ups get a boost as Centre raises cap on shares issued with DVRs

The Corporate Affairs Ministry has revised the cap on differential voting rights shares upwards to 74 per cent of the total voting power from the existing 26 per cent.

Another key change is the removal of the earlier requirement of distributable profits for three years for a company to be eligible to issue shares with differential voting rights, the ministry said in a release.

The ministry said these initiatives have been taken in response to requests from innovative technology companies and start-ups.

The two changes are expected to give a boost to the start-up ecosystem. It is also meant to strengthen the hands of Indian companies and their promoters, who have lately been targeted by deep-pocketed global investors for acquisition of controlling stakes in order to gain access to their cutting-edge innovation and technology development.

https://www.thehindubusinessline.com/companies/now-promoters-can-issue-dvr-shares-with-up-to-74-per-cent-of-voting-power/article29112132.ece#

NEWS UPDATES

SEBI gives rating agencies more powers to access key info from firms

SEBI has made certain changes to the rules that allow Credit Rating Agencies (CRAs) 'explicit consent' to obtain details related to a company's existing or future borrowings of any nature, their repayment, delay or default, if any, and even other such information related to debt or financial instruments that would let them get a detailed picture of where the company stood.

Such information could help CRAs better judge the company's financial position and chances of default, according to the regulator.

But the move by SEBI would now also render them to be more accountable as their failure to predict defaults could trigger sharp reactions. India is staring at major defaults from NBFCs, many of whose debt instruments would mature in the next couple of months.

https://www.thehindubusinessline.com/markets/sebi-gives-rating-agencies-more-powers-to-access-key-information-from-firms/article29213805.ece

Electronic Platform for Corp Bonds for Better Price Discovery

SEBI proposed an electronic platform for better price discovery for corporate bonds, similar to equity.

Unlike equity shares, corporate bonds are traded over the counter, where prices are negotiated off-line and bilaterally.

The fundamental challenge is the absence of a continuous corporate bond yield curve spanning across different maturities and across different rating buckets.

While, the longer end of the yield curve is predominantly dominated by debt papers of public sector undertakings, financial institutions and housing finance companies, the shorter-end is dominated by non-banking finance companies. As regards rating buckets, approximately 90% of papers are AA and above rated.

https://www.pressreader.com/india/the-economictimes/20190905/281981789270275

Commodity derivatives: SEBI adds diamond, base metals and alloys to liquid assets list

Capital markets regulator added diamond, base metals and alloys to the list of eligible liquid assets for the commodity derivatives segment.

Currently, the list of commodities permitted as liquid assets consists of bullion, steel and agricultural commodities.

https://www.financialexpress.com/market/commodities/commodity-derivatives-sebi-adds-diamond-base-metals-and-alloys-to-liquid-assets-list/1705566/

ECONOMIC UPDATES

RBI to transfer highest ever surplus of Rs 1.76 trillion to the government:

The central bank said after a board meeting that the Reserve Bank of India (RBI) will transfer Rs. 1.76 trillion to the government this fiscal. The transfer includes Rs.1.23 trillion of surplus for 2018-19 and Rs. 52,637 crore of excess provisions. The higher surplus is due to the long term forex swaps and the open market operations conducted by the central bank over the last fiscal.

https://www.livemint.com/industry/banking/rbi-to-transfer-rs-1-76-lakh-crore-to-government-1566830312844.html

10 PSU banks merged into 4 to reform sector:

Finance Minister Nirmala Sitharaman announced a big consolidation of 10 public sector banks that to be merged into four. In place of 27 public sector banks in 2017, now there will be 12 public sector banks after the latest round of consolidation of PSU banks. The consolidation of public sector banks will give them scale. According to the government, the new banks will have a stronger national presence and a higher risk appetite.

https://www.livemint.com/news/india/pnb-obc-and-united-bank-to-be-merged-nirmala-sitharaman-1567158678718.html

DIRECT TAX UPDATES

Government withdraws enhanced surcharge on tax payable on capital gains chargeable to tax under section 111A and 112A and in respect of capital gains on derivatives chargeable to tax under section 115AD

The Finance (No.2) Act, 2019 had increased surcharge from 15% to 25% of income-tax, where the total income of an individual/HUF/AOPs/BOIs/Artificial Juridical Person exceeds ₹ 2 crore but does not exceed ₹ 5 crore; and from 15% to 37% of income-tax for total income exceeding ₹ 5 crore with effect from A.Y.2020-21.

In order to encourage investment in the capital market, the enhanced surcharge levied by Finance (No. 2) Act, 2019 has been withdrawn on tax payable at special rates on income arising from the transfer of equity share/unit of equity oriented fund/unit of business trust referred to in section 111A and section 112A of the Income-tax Act,1961 from the current FY 2019-20.

The derivatives (Future & Options) are not treated as capital asset and the income arising from the transfer of the derivatives is treated as business income and liable for normal rates of tax. However, in the case of Foreign Portfolio Investors (FPIs), derivatives are treated as capital assets and the gains arising from the transfer of the same is treated as capital gains and subjected to a special rate of tax as per the provisions of section 115AD. Therefore, tax payable on gains arising from the transfer of derivatives (Future & Options) by FPI which are liable to special rate of tax under section 115AD is also being exempted from the levy of the enhanced surcharge.

Therefore, the enhanced surcharge has been withdrawn on tax payable at special rate by both domestic as well as foreign investors on long-term and short-term capital gains arising from the transfer of equity share in a company or unit of an equity oriented fund/business trust which are subject to securities transaction tax; and also on tax payable at special rate under section 115AD by the FPI on the capital gains arising from the transfer of derivatives. However, the tax payable at normal rate on the business income arising from the transfer of derivatives to a person other than FPI shall be liable for the enhanced surcharge.

[Source: https://www.livemint.com/news/india/govt-withdraws-higher-surcharge-tax-on-fpis-and-domestic-investors-1566563627396.html]

[CBDT press release available at https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/791/Press-Release-Government-withdraws-enhanced-surcharge-on-tax-payable-dated-24-08-2019.pdf]

TOPPERS OF CHARTERED ACCOUNTANTS Final (NEW) EXAMINATION MAY-2019

NEW SCHEME

NAYAN GOYAL
BHOPAL
1ST RANK

KAVYA S
BENGALURU
2ND RANK

ARPIT CHITTORA
JAIPUR
3RD RANK

TOPPERS OF CHARTERED ACCOUNTANTS Final (Old) EXAMINATION MAY-2019

OLD SCHEME

AJAY AGARWAL
KOTPUTLI
1ST RANK

RADHALAKSHMI V. P
HYDERABAD
2ND RANK

UMANG GUPTA
THANE
3RD RANK

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▲ **Residential Programme at Hyderabad:** ICAI, Central Council Member CA. Dayaniwas Sharma with participants of the 62nd batch on Professional Skills Development for women.

◄ **CA Students Conference Aurangabad:** Hon'ble Chief Guest Shri. Satish Chavan, MLC lighting the auspicious lamp to inaugurate the Conference in the presence of Vice-Chairman, Board of Studies, CA. Durgesh Kabra and other dignitaries.

TOPPERS OF CHARTERED ACCOUNTANTS INTERMEDIATE (NEW) EXAMINATION MAY-2019 — NEW SCHEME

AKSHAT GOYAL
JAIPUR
1^{ST} RANK

MEET ANIL SHAH
MUMBAI
2^{ND} RANK

ANJALI GOYAL
PANIPAT
3^{RD} RANK

TOPPERS OF CHARTERED ACCOUNTANTS INTERMEDIATE (IPC) EXAMINATION MAY-2019 — OLD SCHEME

ABHINAV PRAKASH MISHRA
KOLKATA
1^{ST} RANK

SHRIPAL PRAKASH DOSHI
MUMBAI
1^{ST} RANK

JYOTI AGRAWAL
ROURKELA
2^{ND} RANK

DARSHAN S.
CHENNAI
3^{RD} RANK

G. RAGHAVENDRA PRASATH
NEW DELHI
3^{RD} RANK

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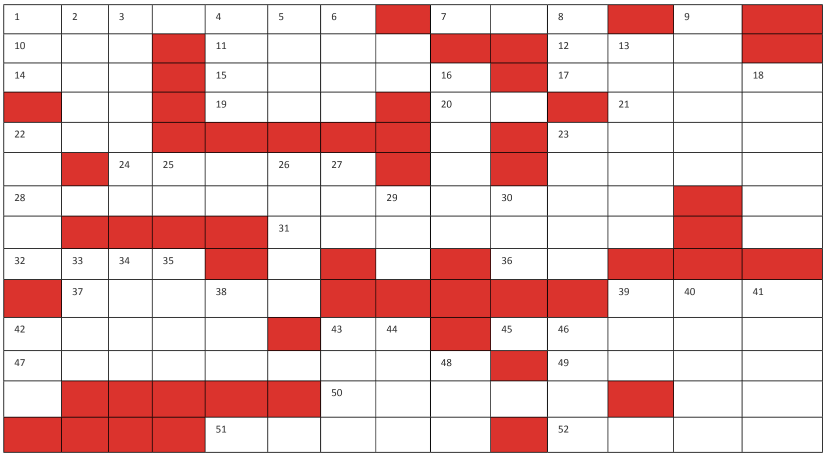
CROSSWORD - OCTOBER 2019



ACROSS

1. _______is used to make computer chips.
7. _________system consists of a number of fully integrated modules, which covers virtually every aspect of business management.
10. The lowest cardinal number
11. Formerly
12. ________ is a fixed payment amount made by a borrower to a lender at a specified date each calendar month.
14. A mineral spring considered to have health-giving properties
15. Permit
17. _______ Parker is a fictional character from Marvel Comics
19. Internet Slang
20. Article
21. Harass someone constantly to do something that they are averse to.
22. Consultant engineers firm established in 1980.
23. ____Coat: A person who shift allegiance.
24. Markets in ancient Greece.
28. Recently 26% FDI in _________ has been allowed
31. A person who makes a secret plan to harm somebody.
32. Slightly Open
36. ________ is small plastic disc which store and retrieve computer data or music using light.
39. A Government Sponsored Pension Scheme.
42. Transparent
45. An individual unit of capital expressing ownership.
47. A word in a web page that, when clicked, opens another document is called __________
49. ______ and shut case.
50. MPG is an file extension of _________. file
51. Company is an inactive company used as a vehicle for various manoeuvres.
52. A quantity of a medicine or drug taken or recommended to be taken at a particular time

DOWNWARD

1. A Signal or message that a ship or plane sends when it needs urgent help.
2. Keyboard is ________ device.
3. _________is used in the development of the project schedule
4. Recently 100 % FDI has been permitted in _______ sector activities.
5. Solely
6. Interim Resolution Professional is the Insolvency Professional appointed by __________
8. Liveliness
9. Which kind of mathematics does the computer use in operations?
13. The ___ of software contains lists of commands and options.
16. A mobile __________ is an app on your mobile device that stores payment information from a credit card or debit card, then allows you to use your device to make purchases.
18. Set fire to
22. The country with the second largest population in the world
23. Tested
25. ______ Joe.
26. Quick
27. Complete
29. A large crowd of people that may become violent
30. This seeks to consolidate the law relating to all direct taxes.
33. Companies (Amendment) Act, 2019 has been passed and received assent of President on 31st --------------, 2019.
34. _________ is a standard SAP Table which is used to store Asset Line Items data and is available within R/3 SAP systems depending on the version and release level. .
35. __________ is the official scientific publication of the University College of Nursing, Brazil.
38. ______ is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.
39. Take a ______
40. Fourth estate
41. One of the five powers that your body uses to get information about the world around you.
42. __-square: A commonly used tool for testing relationships between categorical variables.
43. As per the Insolvency & Bankruptcy Code, liquidator shall make public pronouncement with regards to the initiation of corporate insolvency process within ---------------- days from his appointment.
44. An indigo plant or the blue dye obtained from it.
46. Scarf
48. A term used on some operating systems for a serious kernel error which causes the computer to drop into the kernel debugger.

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