

SIRC Newsletter

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JUNE 2012 | Volume 37 ■ Part 12



Southern India Regional Council ▶ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ▶ SET UP BY AN ACT OF PARLIAMENT

INTERNAL AUDIT

C.A. Day
July 1, 2012

**44th Regional
Conference**
August 18 & 19, 2012
Bangalore

SIRC CALENDAR

JUNE & JULY 2012

Contact: Shri T.V. Srinivasan, Deputy Secretary – ICAI - Phone: 044 – 30210320 / 321 – Email: sirc@icai.in

DATE and TIME	PROGRAM DETAILS	RESOURCE PERSON	FEE (₹)	CPE CREDIT
June 2, Saturday	*CPE Seminar on INCOME TAX ACT		750/-	6 hrs
June 6, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on ISSUES IN CORPORATE AUDIT	CA. M.K. Ananthanarayanan Chennai	150/-	2 hrs
June 8, Friday 11.00 a.m. – 01.00 p.m.	**CPE Teleconference on DEFINITION OF SERVICE COVERING NEGATIVE LIST	CA. Madhukar Narayan Hiregange CCM, ICAI	150/-	2 hrs
June 8, Friday 09.00 a.m. – 04.30 p.m.	#REGIONAL CPE SEMINAR AT ERNAKULAM	Details at page 07		6 hrs
June 8 & 9 Fri & Saturday	@2 nd ICAI ALL REGION CONFERENCE AT BARODA	Details at page 07 of May 2012 issue of SIRC Newsletter & hosted in the SIRC Website www.sircoficai.org		12 hrs
June 13, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on EQUITY RESEARCH & VALUATION	CA. K.V. Navaneethakrishnan Chennai	150/-	2 hrs
June 14 & 15 Thu. & Fri. 04.00 p.m. – 08.00 p.m.	***MS EXCEL FOR BEGINNERS	Details at page 10	750/-	8 hrs
June 16, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar on INTERNAL AUDIT	Details at page 05	750/-	6 hrs
June 16, Saturday 08.30 a.m. – 05.00 p.m.	##CPE Seminar on FEMA	Details at page 05		6 hrs
June 16, Saturday 09.45 a.m. – 01.00 p.m.	###HALF-A-DAY CPE SEMINAR AT UDUPI	Details at page 07		3 hrs
June 20, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on RECENT DEVELOPMENTS IN INTERNATIONAL TAXATION	Mr. V. Niranjan, Advocate Madras High Court, Chennai	No Delegate Fee	2 hrs
June 22 & 23 Fri & Saturday	*CPE Seminar on DIRECT & INDIRECT TAXES	Details at page 04	1500/-	12 hrs
June 27, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on STOCK STRATEGIES OF INVESTMENT MASTERS	CA. V. Pattabhi Ram Chennai	150/-	2 hrs
June 28 to 30 Thu to Sat 04.00 p.m. – 08.00 p.m.	***ADVANCED MS EXCEL TRAINING	Details at page 10	1000/-	12 hrs
June 30, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar on PRACTICAL ISSUES AND CHALLENGES IN CORPORATE LAWS	Details at page 05	750/-	6 hrs
June 30 & July 1 Sat & Sunday	**BLOOD DONATION CAMP	Details at page 23		
July 1, Sunday	**CHARTERED ACCOUNTANTS DAY CELEBRATIONS	Details at page 23		
July 3, Tuesday	**BRANCH LEVEL ELOCUTION & QUIZ CONTEST for CA Students	Details at page 15		
July 4, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on NON-CORPORATE TAXATION - MINIMUM ALTERNATE TAX (MAT)	CA. S. Swaminathan Chennai	150/-	2 hrs
July 7, Saturday 09.00 a.m. – 06.00 p.m.	***CPE Hands on "Practical Workshop" on BASICS IN MS EXCEL FOR CAs	Details hosted in the SIRC Website www.sircoficai.org	900/-	6 hrs
July 8, Sunday 09.00 a.m. – 06.00 p.m.	***CPE Hands on "Practical Workshop" on ADVANCED EXCEL FOR CAs	Details hosted in the SIRC Website www.sircoficai.org	900/-	6 hrs
July 11, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on CARBON CREDIT - OPPORTUNITIES FOR CAs	CA. S. Raghunathan Chennai	150/-	2 hrs
July 14, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar by Committee on 'Corporate & Allied Laws and Corporate Governance' and 'Committee for Members in Industry'	Details will be hosted in the SIRC Website www.sircoficai.org		6 hrs
July 18, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on INTERNAL CONTROL AND RISK ASSESSMENT	CA. K. Gokulraj Chennai	No Delegate Fee	2 hrs

* Programmes at P. Brahmaya Memorial Hall, "ICAI Bhawan", SIRC Premises, Chennai – 600034.

** Programme at "ICAI Bhawan", SIRC Premises, Chennai – 600034.

*** Programme at IIT Lab, 3rd Floor, Annexe Building, "ICAI Bhawan", SIRC Premises, Chennai – 600034.

@ Programme at Sir Sayajirao Nagar Gruh, Akota, Baroda, Gujarat.

Programme at Gokulam Convention Centre, Ernakulam.

Programme at "ICAI Bhawan", NFCL Road, Kakinada – 533033.

Programme at Udupi Branch of SIRC, "ICAI Bhawan", Shri Mahalasa Damodar Towers, Manipal Rd., Kunjibettu, Udupi-576102

Chairman writes ...



My Dear Professional Colleagues,

I am sure most of our members would have spent quality time with the family on summer vacation, taking advantage of holidays of their wards and now back with renewed energy, to intense professional work. Members in industry and in the corporate world, would have had their hands full with preparation for their Audit Committee Meetings, Meetings of the Board, and preparing for their Annual General Meeting, after successfully completing the finalization of their accounts and audit thereof. SIRC congratulates all the members for fulfilling the statutory obligations of bank audit with aplomb as well as the audit of companies under the Companies Act, 1956 in the Revised Schedule VI format. It would be helpful for SIRC to place the views of the members to the Central Office if the members share their experience during the course of audit as aforesaid.

I am happy to inform you all that many of the suggestions given by the Institute on Direct and Indirect Taxes through the Post Budget Memorandum were considered in the amendments to Finance Bill, 2012 as passed in Lok Sabha. This was possible because the members have given their valuable inputs and SIRC requests the members to continue to contribute their views and inputs on various matters concerning the profession and the practice, and the changing economic and fiscal laws of the country.

Chartered Accountants Day

To recall happy and nostalgic moments is always a pleasure in life, and more so to relive the formation of the Institute is a joy. SIRC has been organizing the Chartered Accountants Day since 1993 and this is the 20th year we are celebrating the formation day in a befitting manner. As in the last year, SIRC would be honouring 60 senior members of the profession on the basis of their seniority of membership for whom SIRC had sent individual communications. The complete details of the function commencing from Walkathon in the early morning to the evening function is published elsewhere in this Newsletter. I request all the members to participate with their family in large numbers and make the occasion a memorable one.

Contribution of Articles to SIRC Newsletter

I am extremely happy to share with you that the response to the request made through the SIRC Newsletter for contribution of articles by members on "Internal Audit", has been very encouraging and I wish the trend continues. The July 2012 issue would focus on "Non Corporate Taxation" and we invite articles from members.

The Theme for this month- Internal Audit

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

To effectively develop and execute corporate strategy, risk and controls management need to be deeply embedded in the corporate culture. The role of the Internal Audit function in an organization is to provide effective and independent assurance to the board on how key business risks are managed and strategies are implemented.

Internal Audit supports the board in discharging its oversight responsibilities relating to strategy implementation, internal controls and financial reporting. Corporate frauds, governance failures, regulatory scrutiny and globalization have all contributed to an increased focus on the Internal Audit function and the role it plays.

There is considerable re-thinking on Internal Audit's role in terms of how it can successfully make the transition from value preservation to value creation. This has led to a paradigm shift in expectations from Internal Audit today compared to what they were a few years ago.

Today Internal Auditors are expected to deliver implementation of a risk based approach to assurance including an independent evaluation of management's risk assessment and management processes and assurance on a variety of critical risks that are crucial to achieving corporate goals, process improvement recommendations, benchmarking against industry best

practices, and adoption of appropriate quality standards.

I am confident the objective of theme-based newsletter is achieved with the articles that are appearing in this edition of newsletter and I seek your feedback on the contents of this Newsletter to fine-tune wherever required.

Student Related Activities: SICASA Activities

I am happy to share with the members that the Board of Studies, through the Students' Association has been organizing multifarious programmes for the benefit of students across the country. SICASA is taking the activities forward by organizing numerous programmes and I request the members to sponsor their articled assistants to such programmes. The recent initiative of SICASA in bringing out the e-newsletter containing useful articles has been widely acclaimed and I request the students to take advantage of the publication in enhancing their academic knowledge.

Elocution & Quiz Competitions

The Branch Level Elocution and Quiz Competition are being held in the month of June/July in the branches of SIRC and at Chennai we have the competition on 3rd July 2012. I request members to exhort their articled assistants to participate and exhibit their skills. I would like to add that the competition is open to IPCC students also.

E- Siksha

One of the initiatives of the Board of Studies, ICAI was to provide with the distance learning at the door step of the student with the portal "CA. Shiksha" - <http://www.shiksha.com/>. This e-learning includes comprehensive package of e-learning + video lectures + mock tests + assessment report + quick revision notes, making it lot easier to grasp, understand and finally answer examination. The details are hosted in the SIRC Website www.sircoficai.org. I request the members to disseminate this information to their articled assistants who may also be advised to share with their friends pursuing CPT Course.

My interaction with Members and Students

During last month I visited Coimbatore, Erode & Ernakulam Branches in connection

with their programmes and my interaction was very lively and useful and in the course of couple of months, I propose to visit other branches and interact with members and students at large, which will benefit me in serving the fraternity better.

Social Responsibility

Since 1997, SIRC has been, twice a year, organizing the Blood Donation Camp and this year too it will be organized on 30th June 2012 and 1st July 2012.

SIRC is organizing the Blood Donation Camp in association with Hemophilia Society-Madras Chapter, Rotary Central TTK VHS Blood Bank, Chennai. Lions Club of Anna Nagar II Avenue and Lions Club of Madras Metro West. I request members and students to donate blood for the cause of the society.

On Punctuality

Before I conclude, I would like to impress upon every branch, every member to observe punctuality with whatever they do which to my mind would enhance our reputation and worth in the society. At times we observe that the programmes are starting beyond the scheduled time, may be for want of reasonable attendance, delay in the arrival of faculty but I would lay stress on the commencement of the programme on time irrespective of the attendance and ensure that the faculty is at the venue at least 15 minutes before the commencement

of the session. I would in this context like to emphasize the need for punctuality in the following saying, which reads as -

The proverb "Time and tide waits for no one" has great relevance in the present day world. Along with increase in life span, a person also has many more things to do and for this one has to manage his time well. Time, the most precious free gift to all, once lost, cannot be retrieved. Punctuality, though very easy to preach, is practiced by very few and they are invariably very successful people. We have to make punctuality a habit, a way of life, whether in our work or at home.

According to Lord Nelson "I owe all my success in life to having been always a quarter of an hour before my time."

In the word of William Shakespeare "Better three hours too soon than a minute too late."

In words of Lord Chesterfield "Promptness is the soul of business".

Punctuality is an admirable trait. By being punctual we display respect and responsibility besides being polite. Punctuality is a great way to make a positive personal impact and will say a lot about you, your care and respect to others, your confidence level and professional approach. Let us make an attempt, to follow time consciousness.

All Roads Lead to Bangalore for SIRC Conference

It is my pleasure to invite all of you on behalf of SIRC to the 44th Regional Conference at Bangalore on 18th and 19th August 2012. The Conference Committee is fully geared up to make this annual event yet another fruitful, purposeful and knowledge-sharing conference. I look forward to your participation and invite you to share the camaraderie and fellowship with all the other members gathering there, and request you to kindly inform your other colleagues to join with you to be part of this mega conference. For the convenience of outstation delegates we have published elsewhere in this Newsletter the hotel tariff and the contact details for booking of your accommodation from your home and office.

Remember 18th and 19th August 2012. Let us all join together for knowledge sharing and fellowship at Bangalore, the Garden City and the Silicon Valley of India.

Until next month to share my thoughts with you again, I remain,

Yours in professional service



CA. K. VISWANATH
kviswanath.sirc@gmail.com

CPE SEMINAR ON DIRECT & INDIRECT TAXES

Organised by SIRC of ICAI under the auspices of Taxation Committee of SIRC of ICAI

CPE Credit
12
HOURS

Friday & Saturday
June 22 & 23, 2012

ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.

P. Brahmajya Memorial Hall

Day-1 – Friday, June 22, 2012

(Registration : 08.55 a.m.)

Day-2 – Saturday, June 23, 2012

Inauguration Session : 09.30 a.m. to 10.00 a.m.

Inauguration : CA. D. Prasanna Kumar, Vice-Chairman, SIRC

Technical Sessions : 10.00 a.m. to 05.30 p.m.

Dividends - including deemed dividends - Taxation
CA. R. Bupathy, Chennai, Past President-ICAI

Wealth Tax – Issues
CA. N.S. Srinivasan, Chennai

Interesting latest Issues in Income tax
CA. N. Santhanakrishnan, Salem

Interpretation of Tax Laws
Adv. V.S. Jayakumar, Chennai

Technical & Special Sessions : 10.00 a.m. to 05.30 p.m.

CENVAT Credit Rules with reference to Excise and Service Tax
CA. P. Sankaran, Chennai

VAT Audit - A professional opportunity
CA. J. Murali, Chennai

Emerging trends in Taxation of Services
CA. J. Purushothaman, Chennai

Brain Storming Session
Panelists: CA. Rajendra Kumar P., Central Council Member, ICAI
CA. P. Sankaran, Chennai
CA. J. Murali, Chennai
CA. J. Purushothaman, Chennai

Delegate Fee: 1500/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai be sent to SIRC of ICAI, "ICAI Bhawan", No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320; Email: sirc@icai.in

CA. P.V. Rajarajeswaran
Secretary, SIRC

CA. E. Phalguna Kumar
Chairman, Taxation Committee of SIRC

CA. K. Viswanath
Chairman, SIRC

CPE SEMINAR ON INTERNAL AUDIT

CPE Credit

6
HOURS

Registration : 08.55 a.m.

Organised by SIRC of ICAI under the auspices of Internal Audit Committee of SIRC of ICAI

Saturday - June 16, 2012
08.55 a.m. to 05.30 p.m.**P. Brahmayya Memorial Hall, ICAI Bhawan**
No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.**Inaugural Session : 09.30 a.m. to 10.00 a.m.****Technical Sessions - 10.15 a.m. to 05.30 p.m.****DELEGATE FEE** Members - ₹ 750/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai be sent to SIRC of ICAI, "ICAI Bhawan", No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320; Email: sirc@icai.in

Overview & Methodology of Internal Audit

CA. Vatsaraj Bhargav, Mumbai

Use of Information Technology for effective Internal Audit

CA. Anirban Ghosh, Senior Manager, Cognizant Technologies Ltd., Chennai

Internal Controls & Risk Management

CA. Huzefa Unwala, Computer Technology Specialist, Mumbai

Internal Audit & Audit Committee

CA. Smita Gune, Head (Internal Audit), ICICI Bank, Mumbai**CA. P.V. Rajarajeswaran**
Secretary, SIRC**CA. G.V.V. Satyanarayana**
Chairman, Internal Audit Committee of SIRC**CA. K. Viswanath**
Chairman, SIRC**CPE SEMINAR ON PRACTICAL ISSUES AND CHALLENGES IN CORPORATE LAWS**

CPE Credit

6
HOURS

Organised by SIRC of ICAI under the auspices of the Committee on Corporate and Allied Laws & Corporate Governance of SIRC

Saturday - June 30, 2012
08.55 a.m. to 05.30 p.m.

Registration : 08.55 a.m.

P. Brahmayya Memorial Hall, ICAI Bhawan,
No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.**Inaugural Session : 09.30 a.m. to 10.00 a.m.****Technical Sessions - 10.15 a.m. to 05.30 p.m.****DELEGATE FEE** Members - ₹ 750/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai be sent to SIRC of ICAI, "ICAI Bhawan", No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320; Email: sirc@icai.in

Tackling Issues & Tagging under Revised Schedule VI

Dr. P.T. Giridharan, Joint Director, ICAI, Chennai

Cost Audit and Compliances

CA. L. Venkatesan, Chennai

Professional Opportunities in Litigation Practices

LLP – Way Forward for Professional Net Working

Further details
will be hosted in
SIRC Website**CA. P.V. Rajarajeswaran, Secretary, SIRC & Chairman,**
Committee on Corporate and Allied Laws & Corporate Governance of SIRC**CA. K. Viswanath**
Chairman, SIRC**CPE SEMINAR ON FEMA**

CPE Credit

6
HOURSOrganized by SIRC of ICAI under the auspices of Committee on Banking, Insurance and Pension of SIRC of ICAI - **Host:** Kakinada Branch of SIRC**Saturday - June 16, 2012**
08.30 a.m. to 05.00 p.m.**ICAI Bhawan, NFCL Road, Kakinada****Inaugural Session: 08.30 a.m. to 09.00 a.m.****Technical Sessions - 09.00 a.m. to 05.00 p.m.**Chief Guest **Mr. V. Satyanarayana Murthy, DGM**
Andhra Bank, Zonal Office, Kakinada

Introduction to FEMA and Role of Chartered Accountants under FEMA

Chairman : **CA. P.S.R. Balaji, Kakinada**Speaker : **Dr. S. Durairajan, DGM, Reserve Bank of India (Retd.)****DELEGATE FEE** Members - ₹ 600/-
Students - ₹ 300/-Delegate fee by way of Cash / Cheque / DD drawn in favour of 'Kakinada Branch of SIRC of ICAI' payable at Kakinada be sent to Kakinada Branch of SIRC of ICAI, "ICAI Bhawan", 70-10-7/A, Beside Satya Bhaskar public School, Near Nagamalli Thota Jn., NFCL Road, Kakinada-533 003. **For Registration Contact** - Phone: 0884-2364 402 / 236 4404 Email: kakinada@icai.org, icai@kakinada@yahoo.in

Borrowing and Lending in INR & FC with main focus on ECB.

Chairman : **CA. D.P.R. Swamy, Kakinada**Speaker : **CA. P. Venkatesan, Chennai**

Investment by NRIs & PIOs, Deposit Schemes for Non-Residents, FC accounts for Persons Resident in India.

Chairman : **CA. P. Triveni Rao, Kakinada**Speaker : **Dr. S. Durairajan, DGM, Reserve Bank of India (Retd.)**

Acquisition and Transfer of Immovable Property in India & Outside India

Chairman : **CA. G. Ramakrishna Rao, Kakinada**Speaker : **CA. P. Venkatesan, Chennai****CA. P.V. Rajarajeswaran**
Secretary, SIRC**CA. M.R. Brahmananda Reddy**
Secretary, Kakinada Branch**CA. Gopal Krishna Raju**
Chairman, CBI&P of SIRC**CA. K.K. Pavankumar**
Chairman, Kakinada Branch**CA. K. Viswanath**
Chairman, SIRC

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🎯 **Highlights** 🎯

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REGIONAL CPE SEMINAR AT ERNAKULAM

Organised by SIRC of ICAI under the auspices of Professional Development Committee of SIRC of ICAI - **Host:** Ernakulam Branch of SIRC of ICAI

Friday - June 8, 2012

09.00 a.m. to 04.30 p.m.

CPE Credit

6
HOURS**Gokulam Convention Centre, Ernakulam.****DELEGATE FEE**

Ernakulam ARS Members - Nil
Others - ` 750/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'Ernakulam Branch SIRC of ICAI' payable at Ernakulam be sent to Ernakulam Branch of SIRC of ICAI, "ICAI Bhawan", Diwan's Road, Kochi - 682016. Phone: 0484-2369238; Email: ernakulam@icai.org

Technical Sessions on

Compliance Requirements of Financial Reporting

CA. Chinnswamy Ganesan, Chennai

Works Contract – Direct and Indirect Tax Implications (Impact of VAT, Service Tax & Income Tax)

Adv. V.S. Jayakumar, Chennai

Revised Schedule VI – Companies Act, 1956

CA. M.P. Vijayakumar, Chennai

CA. P.V. Rajarajeswaran
Secretary, SIRC

CA. M.O. Poullose
Secretary, Ernakulam Br.

CA. V.X. Jose
Chairman, PD Committee, SIRC

CA. P.P. Mathukutty
Chairman, Ernakulam Br.

CA. K. Viswanath
Chairman, SIRC

HALF A DAY CPE SEMINAR AT UDUPI

Organised by SIRC of ICAI under the auspices of Professional Development Committee of SIRC of ICAI - **Host:** Udupi Branch of SIRC of ICAI

Saturday - June 16, 2012

09.45 a.m. to 01.00 p.m.

CPE Credit

3
HOURS

(Registration : 09.30 a.m.)

"ICAI Bhawan", Shri Mahalasa Damodar Towers, Manipal Road, Kunjibettu, Udupi - 576102.**Inaugural Session : 09.45 a.m. to 10.00 a.m.****Technical Sessions - 10.00 a.m. to 01.00 p.m.**

CA. V.X. Jose, Chairman
Professional Development Committee, SIRC

Income Tax Planning for Small and Medium Business
CA. V. Ramanath, Coimbatore

DELEGATE FEE

Members - ` 300/-
Non-Members - ` 400/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'Udupi Branch of SIRC of ICAI' payable at Udupi be sent to Udupi Branch of SIRC of ICAI, "ICAI Bhawan", Shri Mahalasa Damodar Towers, Manipal Road, Kunjibettu, Udupi - 576 102 Phone: 0820-2536603, Email: udupi@icai.org

CA. P.V. Rajarajeswaran
Secretary, SIRC

CA. A. Venkatesh Nayak
Secretary, Udupi Br.

CA. V.X. Jose
Chairman, PD Committee, SIRC

CA. Y. Ganesh
Chairman, Udupi Br.

CA. K. Viswanath
Chairman, SIRC

TWO DAYS NATIONAL CONFERENCE ON INDIRECT TAXES

Organized by: Indirect Taxes Committee, ICAI - **Host:** Ernakulam Branch of SIRC of ICAI

CPE Credit

12
HOURS**Friday & Saturday - June 22 & 23, 2012****Hotel Gokulam Convention Centre, Kaloor, Ernakulam****Technical Sessions**

Paradigm Shift in Service Tax – The Negative List of Services
Adv. J.K. Mittal, New Delhi

Analysis of declared Services, Exemptions & Abatements
CA. Madhukar N. Hiregange, Bangalore

Issues in CENVAT Credit
CA. Ashok Batra, New Delhi

Valuation under Customs
Adv. V. Shivadas, Bangalore

Works Contract – Service Tax & VAT Mixed Issues
Adv. Rohan Shah, Mumbai

Place of provision of Service Rule
Adv. V. Raghuraman, Bangalore

Some Practical Aspects with respect to Service Tax Refund in case of SEZ's

Adv. S. Thirumalai, Bangalore

Investigations – Summons – Search & Seizure – Prosecution – Provisional attachment – Cognizable & Non-cognizable Offences

CA. Dinesh Kumar Agarwal, Mumbai**Registration Fee**

Ernakulam ARS Members - Nil
Others - ` 1500/-

Delegate fee by way of Cheque / DD drawn in favour of 'Ernakulam Branch of SIRC of ICAI' payable at Ernakulam be sent to Chairman, Ernakulam Branch of SIRC of ICAI, "ICAI Bhawan", Diwan's Road, Kochi - 682016. - Phone: 0484-2369238 - Email: ernakulam@icai.org

Programme Co-ordinator

CA. P.P. Mathukutty

Chairman, Ernakulam Branch of SIRC of ICAI

Programme Director

CA. Madhukar N. Hiregange

Chairman, Indirect Taxes Committee of ICAI

**44th Regional Conference of SIRC of ICAI - August 18 & 19, 2012 - KTPO Convention Centre, White Field, Bangalore
Tariff and other details of Hotels & Service Apartments in Bangalore**

Sl. No.	Name of the Hotel	Location	Approx. distance from Venue (in kms)	Tariff in Rupees				Category of the hotel	Contact Phone No. (080)	Email ID	
				Single Room Non-AC	Double Room Non-AC	Single Room AC	Double Room AC				Suite AC
	MAJESTIC AREA										
1	Vijay Residency	Majestic	25 km	NA	NA	3188	3600	5331	3 Star	2237 3722	general@vijayresidency.net
2	Bangalore Gate	Majestic	25 km	NA	NA	1915	2050	2800	3 Star	4110 0777	res@bangaloregate.com
3	The Bell Hotel & Convention Centre	Majestic	25 km	NA	NA	2665	3500	0	3 Star	4015 2222	info@thebell.in
4	Cordial Hotel	Majestic	25 km	NA	NA	NA	3000	4000	3 Star	4021 4021	enquiry@pcordial.com
5	Hotel City Centaur	Majestic	25 km	NA	NA	1800	2250	4500		4141 9191	sales@hotelcitycentaur.com
6	Hotel Rajmahal	Majestic	25 km	1368	NA	NA	NA	NA		2287 2304	rajmahal hotel@vsnl.com
7	Pavana Residency	Majestic	25 km	1000	2280	2280	2280	0		4015 2222	info@thebell.in
8	Hotel Golden Residency	Majestic	25 km		1300	1500	1500	0		4147 6434	goldenresidency@gmail.com
9	Hotel Sheltron	Majestic	25 km	1100	1368	1350	1570	2300		2346 8670	info@sheltron.com
	NEAR KTPO (WHITEFIELD)										
1	TAJ Vivanta	Whitefield	1 km	NA	NA	7100	8275	NA	5 Star	6660 4545	www.vivantabytaj.com
2	Clarion Bengaluru (Hayath Group)	Whitefield	1 km	NA	NA	3000	3750	NA	4 Star	4331 1555	sm@clarionbengaluru.com
3	Fortune Select (ITC Group)	Whitefield	1 km	NA	NA	4500	5500	7500	5 star	4020 0200	www.fortunehotels.in
4	Radha Homotel (Sarovar Hotels)	Whitefield	1 km	NA	NA	2750	3250	NA	3 Star	6622 6969	www.radhahotels.com
5	Ginger	Whitefield	0.5 km	NA	NA	1699	1899	NA	3 Star	6666 3333	www.gingerhotels.com
6	V R ROYAL RESIDENCY	Whitefield	1 km	NA	NA	1200	1500	NA		6454 4555	www.theroyalresidency.com
7	Citrus Service Apartment	Whitefield	3.5 km	NA	NA	NA	1400	NA		4205 3830	reservations.citrusapts@gmail.com
8	IVY the unwind island	Marathalli	6 km	NA	NA	3500	4000	NA	4 Star	6659 1999	afom.ivy@infants.co.in
9	IVY Suites	Whitefield	5 km	NA	NA	2400	2800	NA	3 Star	4121 9000	ivysuits@infants.co.in
10	Hotel Nandini	Whitefield	3 km	NA	NA	2000	2500	NA		4349 9999	www.nandini.com
11	Kamat Yatrivas	Whitefield	3 km	NA	NA	1800	2400	3500		2845 9072	yatrivas.itpl@kamatyatri.in
12	Premier Inn	Whitefield	0.5 km	NA	NA	2500	4000	NA	4 Star	4348 8888	amith.kumar@premierinn.in
13	Hotel Keys	Whitefield	0.5 km	NA	NA	3000	3000	NA	4 Star	3945 1000	sayan.som@keyshotels.com
14	Hotel Mapple	Whitefield	0.5 km	NA	NA	2000	2500	NA	3 Star	4032 4032	salesblr@mapplehotels.com
15	The Mayer	Whitefield	0.5km	NA	NA	2400	3000	NA		4074 3999	operations@themayer.in
16	Transtree Gues Suites	Whitefield	2 km	NA	NA	NA	2350	NA		4034 9250	facilities@saiparyavaran.com
17	Stamford Residency	Whitefield	2 km	NA	NA	NA	2000	NA	3 Star	4007 1777	neesh@stamfordresidency.com
18	Blue Sapphire - Service Apartment	Whitefield	2 km	NA	NA	NA	1750	NA		4131 1272	vinuthagowda163@gmail.com
19	E-Zone Club- Service Apartment	Whitefield	2 km	NA	NA	NA	1750	NA		98459 99666	vinuthagowda163@gmail.com

Note: 1. Transport will be arranged from Majestic area to Conference Venue(KTPO) and back
3. All the Star Hotels are providing complementary breakfast

2. Tariff indicated are inclusive of taxes.
4. NA - Indicates NOT AVAILABLE

Welcome to Bangalore - The Garden City

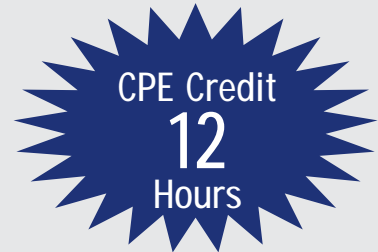
for the

44th Regional Conference of SIRC of ICAI



**Saturday & Sunday
August 18 & 19, 2012**

**KTPO Convention Centre
Whitefield, Bangalore**



Topics

- ❖ Domestic Transactions & Transfer Pricing
- ❖ Thorny Issues in Works Contracts Tax
- ❖ Service tax - Expanded Regime - New Issues
- ❖ Taxation of Real Estate Transactions
- ❖ Recent Retrospective Amendments & their impact
- ❖ Global Financial Reporting
- ❖ Value Creation for Audit Profession - Emerging Challenges
- ❖ Corporate Governance & Capital Markets
- ❖ Cloud Computing & Challenges for audit
- ❖ SMP's special issues & way forward
- ❖ Audit Quality - focus on Peer Review, and Financial Review & Reporting Board
- ❖ Internal Audit - the emerging paradigm shift
- ❖ State of the Indian Economy and the future
- ❖ Expectations from the Profession - Vishwas: Enhance Values Inspire Trust

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1. **"44th Regional Conference of SIRC of ICAI"** payable at Bangalore and sent to the Chairman, Bangalore Branch of SIRC of ICAI, "ICAI Bhawan", 16/0, Millers Tank Bed Area, Bangalore - 560052. Phone: 080 - 3056 3500, 3056 3541, 3056 3543; Email: bangalore@icai.org, icaiblr@vsnl.com
- or**
2. **"SIRC of ICAI"** payable at Chennai and sent to the Chairman, SIRC of ICAI, "ICAI Bhawan", No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034. Ph: 044 - 3021 0320 ; Email: sirc@icai.in

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MS EXCEL FOR BEGINNERSOrganised by SIRC of ICAI under auspices of
Information Technology Committee of SIRC of ICAICPE Credit
8
HOURS**Thursday & Friday, June 14 & 15, 2012**
04.00 p.m. to 08.00 p.m.**ITT Lab, Third Floor, Annexe Building,** ICAI Bhawan
No.122 Mahatma Gandhi Road, Nungambakkam, Chennai – 600034Resource Persons: **CA. G. Deepak Kumar**, Chennai - **CA. Pradeep Kumar Gadhiya**, Chennai

Course Contents	Detail Contents
Introduction to MS Excel	Excel Placeholders, Office Button, Boundaries of Excel & Toolbars
Working with Data	Cell data, Entering comments, Cut, Copy & Paste, Selection, Auto Fill, Find and Replace, Sorting & Filtering the data
Formatting data	Formatting of the Cell & Format Painter
Operating Worksheet	Minimize, Maximize restore workbooks, Adding Rows and Columns to a worksheet, Hide and unhide worksheets, Freeze panes and split window, Row Height, Column Width, etc.,
Using Formulas and Functions	Introduction to Formulas and Functions, Operation Precedence, Creating and Editing a Formula
Commonly used EXCEL Functions	SUM, SUBTRACT, AVERAGE, COUNT, MIN, MAX, PRODUCT, etc
Others	Using Keyboard and Shortcuts for navaigation in MS Excel

DELEGATE FEE: ₹ 750/-

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Eligible for beginners in Excel to know more about the software.Seats limited to 35 only on first-come-first-serve basis.
Kindly send email to sirc@icai.in for early registrations.
Since seats are limited,
SPOT registrations are NOT encouraged.**CA. P.V. Rajarajeswaran**
Secretary, SIRC**CA. C.S. Srinivas**
Chairman, Information Technology Committee of SIRC**CA. K. Viswanath**
Chairman, SIRC**ADVANCED MS EXCEL TRAINING**Organised by SIRC of ICAI
under auspices of
Information Technology Committee of SIRC of ICAICPE Credit
12
HOURS**Thursday, Friday & Saturday June 28, 29 & 30, 2012**
04.00 p.m. to 08.00 p.m.**ITT Lab, Third Floor, Annexe Building,** ICAI Bhawan
No.122 Mahatma Gandhi Road, Nungambakkam, Chennai – 600034Resource Person: **CA. G. Deepak Kumar**, Chennai

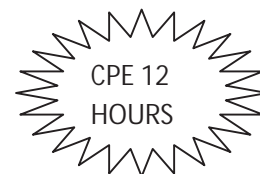
Course Contents	Detail Contents
Working with Data	Adding Rows and Columns to a worksheet, Hide and unhide worksheets, Naming and Renaming worksheets, MOVE or COPY Worksheets, Sorting & Filtering the data, Referencing (Relative, Absolute & Hybrid) Freeze panes and split window, Grouping & Ungrouping - Rows & Columns
Formatting data	Format Cells, Conditional Formatting, Page Set up techniques - Margins, Headers & Footers. Paste & Paste Special
Formulas and Functions	Logical Funtions - IF, COUNTIF, SUMIF, COUNTA, Lookup Functions - Vlookup, Hlookup, Match, Math Functions - ABSOLUTE, Round, Roundup, Rounddown, Text Functions - Left, Right, Mid, Text, Trim, Concatenate, Lower, Upper, Proper, Now, Error handling Functions - ISERROR, ISNA, ISNUMBER
Formula Auditing Formula Debug/Advance	Auditing Toolbar - Trace Precedents, Trace Dependents, Error Handling, Circular Reference
Others	Using Keyboard and Shortcuts for navaigation in MS Excel Various Tips in Excel to help work faster.

DELEGATE FEE: ₹ 1000/-

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Eligible for those who have working experience in Excel to learn moreSeats limited to 35 only on first-come-first-serve basis.
Kindly send email to sirc@icai.in for early registrations.
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JNANOJWALA జ్ఞానోజ్వల

CPE NATIONAL CONFERENCESUNDAY & MONDAY – 17TH & 18TH JUNE 2012AT BRAHMAKUMARIS, SHANTI SAROVAR GLOBAL PEACE AUDITORIUM, GACHIBOWLI,
HYDERABAD.**DAY-1 - Sunday - 17th JUNE 2012**

Timings	Topics	Speaker
09-30 Hrs to 10-15 Hrs	Inauguration	
10-15 Hrs to 11-45 Hrs	Taxation of Trusts and Charitable Societies	CA. N.K. Poddar, Kolkata
11-45 Hrs to 12-00 Hrs	Tea break	
12.00 Hrs to 13-30 Hrs	Taxation of Services by Negative List	CA. Ashok Batra, New Delhi
13-30 Hrs to 14-15 Hrs	Lunch	
14-15 Hrs to 15-45 Hrs	Amendments by Finance Act 2012, Relating to International Tax	CA. K.R. Sekar, Bangalore
15-45 Hrs to 16-00 Hrs	Tea break	
16-00 Hrs to 17-30 Hrs	TDS & TCS - Recent Amendments	CA. Gautam Nayak, Mumbai

DAY-2 - Monday - 18th JUNE 2012

Timings	Topics	Speaker
09-15 Hrs to 10-45 Hrs	Transfer pricing -Specified domestic transactions	CA. P.V.S.S. Prasad, Hyderabad
10-45 Hrs to 11-45 Hrs	SPECIAL SESSION - Spiritual Session by Brahmakumari's	
11-45 Hrs to 12-00 Hrs	Tea Break	
12.00 Hrs to 13-30 Hrs	Joint Development Agreements & Capital Gains	CA. G. Ramaswamy, Coimbatore Immediate Past President, ICAI
13-30 Hrs to 14-15 Hrs	Lunch	
14-15 Hrs to 15-45 Hrs	Taxation of Dividend Income	CA. R. Bupathy, Chennai Past President, ICAI
15-45 Hrs to 16-00 Hrs	Tea Break	
16-00 Hrs to 17-30 Hrs	Revised Schedule VI	CA. G. Ananthkrishnan, Hyderabad

Delegate Fees: ` 1,000/- Registration on or before 14th June, 2012
 ` 1,200/- Registration after 14th June 2012

Payable in Cash or Cheque/DD in favour of Hyderabad Branch of SIRC of ICAI, payable at Hyderabad.

For Registration Contact: Ms. Uma Suresh, Executive Officer, Hyderabad Branch of SIRC of ICAI
 Phone No. 040-30638600/23393182/23393200/23317026/23317027/23317028
 e-mail: hyderabad@icai.org

Route map to reach venue see website: www.icaihyd.org

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 Chairman, CPE Committee, ICAI



CA. R. Parthasarathy
Chennai
arpsarathy@gmail.com

Risk-based Internal Audit

Internal Audit as a profession is at a very important stage. Though technically, the Internal Audit function reports to the Audit Committee, there are various stakeholders involved and interested in the work that the internal audit team performs. Over the next few paragraphs, let's try to understand the scope of internal audit and the changing expectations in the current business environment.

Introduction

As defined by the Institute of Internal Auditors (IIA), "Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

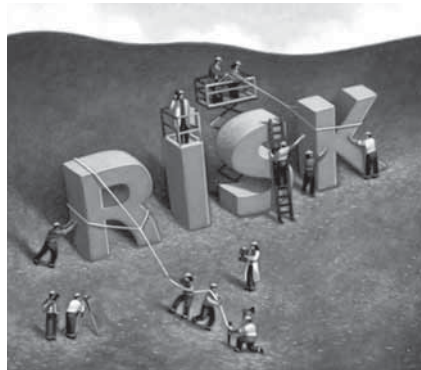
The internal auditor is often described as the organizations' critical friend – the independent advisor who can challenge current practice, champion best practice and be a catalyst for improvement, with the objective of ensuring that the organization as a whole can achieve its strategic objectives.

Scope of Internal Audit

The scope of internal auditing within an organization is broad and may involve topics such as the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations.

Internal auditing frequently involves measuring compliance with the entity's policies and procedures. However, internal auditors are not responsible for the execution of company activities; they advise management and the Board of Directors (or similar oversight body) regarding how to better execute their responsibilities. As a result of their broad scope of involvement, internal auditors

"With the challenges posed by today's business scenario - internal and external - the stakeholders look at internal audit as a business partner and seek pro-active advice on the risk and control framework that would be ideal for their operating environment."



may have a variety of higher educational and professional backgrounds.

Internal Audit Structure

Publicly-traded corporations typically have an Internal Audit Department, led by a Chief Audit Executive ("CAE") who generally reports to the Audit Committee of the Board of Directors, with administrative reporting to the Chief Executive Officer.

There are a few other models that are in practice. Certain organizations outsource the internal audit function to a third party service provider. Another prevalent model is one of co-sourcing - a combination of in-house Internal Audit resources supplemented by resources from a third party service provider, depending on skill sets and expertise needed.

Typically, the internal audit plan for an organization is drawn up at the beginning of the financial year and presented before the Audit Committee for guidance and approval. Depending on the suggestions and inputs provided by the Audit Committee, the plan is operationalised. In terms of the processes covered in the internal audit plan, increasing focus is also being laid on operational aspects, in addition to evaluation of internal controls over financial reporting.

Role of Internal Auditor

Internal audit activity is primarily directed at improving the internal control and effectiveness of internal control environment in an organization. Under the COSO Framework, internal control is broadly defined as a process, affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following internal control categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with laws and regulations.

The primary responsibility for maintaining internal control lies with the management of the company. The organization establishes policies and processes to help the business achieve specific objectives in each of these categories. Internal auditors perform audits and reviews to evaluate whether the policies and processes are designed and operating effectively and based on the review, provide recommendations for improvement.

Rising importance of Risk Management

In the current economic situation and the slowdown faced by economies worldwide, the risk landscape is undergoing a significant change. Organization would have to be aware of the risks and the

criticality of the risks, considering the impact and likelihood. This awareness would help the Senior Management in institutionalizing the right strategy to address the risks. Certain risks can be mitigated effectively with a strong control environment. However, as far as external risks such as economic slowdown are concerned, change in government policy or regulations, can only be monitored by the organization keeping abreast of the changing environment and having the internal processes robust enough to adapt for the change. Emerging risks, which are difficult to predict from past experience, are now reverberating across entire industries and economies.

To respond effectively, internal audit helps the management to adopt more sophisticated and integrated risk management approach.

Aligning internal audit priorities to the risks flowing from changing business priorities and conditions has therefore, become the central mission of forward looking internal audit executives. Successful internal audit departments are those that would maintain alignment with the changing risk profile, and the evolving needs and expectations of the various stakeholders. One of the key areas of focus would therefore, be a shift from merely evaluating financial reporting controls to focusing on the sources of risk that might reduce shareholder value.

It would therefore be important to begin by having a risk library, enlisting all likely risks. Based on the likelihood and impact of the risks, list of prioritized risks would then have to be identified. This would form a critical input to the risk-based internal audit plan. While preparing the risk-based plan, adequate consideration is to be given to other forms of assurance that exists within the organization. Such assurance would be available, in part or in full, by teams such as Quality Control, Legal and Secretarial and similar functions. The aim is to avoid duplication of efforts and to effectively use the limited time and resources that internal audit would have.

From an internal audit perspective, the controls institutionalized would have to be tested for both design effectiveness and operating effectiveness. In a design evaluation, the Internal Auditor would perform an assessment of the design of the controls, to evaluate whether the controls are designed appropriately to address the level of risk that exists for that particular process. Once comfort over the design is established, the internal

auditor would thereafter, evaluate the operating effectiveness of the control by testing the control with regard to the various attributes, by a combination of walkthrough, observation, re-performance and sampling to evaluate whether the control is consistently operating over the review period.

Use of technology in Internal Audits

All business and business processes, have become increasingly dependent on technology. Most organizations have either an integrated ERP system or disparate IT applications to support their operations. Therefore, risks related to the use of technology also would have to be identified and evaluated.

Traditional methods of sampling and manual evaluation of controls would have to be therefore, supplemented by effectively using technology to drive the efficiency and effectiveness in internal control reviews. High performing internal audit functions would use technology as under:

- To increase efficiency, internal audit should automate issues tracking and reporting to achieve paperless audits and reports, and use capacity multipliers to mitigate the impact of constrained resources.
- To improve effectiveness in the search for errors or unusual transactions, internal audit should test entire data populations automatically, through use of analytic tools.
- To strengthen quality, internal audit should apply technology to conduct real-time reviews, escalate issues, and ensure compliance with standards.

In times wherein the budget for internal audit function would be at a constraint, it would be very important for internal auditors to leverage technology to drive efficiencies as mentioned above.

However, most internal auditors are not prepared to audit in an automated

environment, which could be as a result of lack of relevant IT experience within the internal audit teams. The skill gap within the internal audit team would have to be adequately bridged with supplementing the team with the right skills or co-sourcing the audit of the processes which require specific expertise.

Summary

In the past, incremental contribution from the internal audit team by reviewing additional processes or locations, by rotation, was considered good enough. However, as mentioned, with the challenges posed by today's business scenario – internal and external – the stakeholders look at internal audit as a business partner and seek pro-active advice on the risk and control framework that would be ideal for their operating environment. In such a scenario, the internal auditors are expected to contribute more in the following:

- Adopting a risk-based audit approach – this would help in achieving prioritized coverage on the critical challenges faced by the business.
- Increasing the dialogue with the senior management, audit committee, external auditors and the board of directors – such dialogue would help the team in building trust and credibility, thereby increasing the confidence of the stakeholders on the function, in terms of viewing the internal audit team as a business partner.
- Constantly upgrading the skill sets within the team – evaluating the current skills available within the team, understanding the skill gap that exists considering the audit plan, evolving strategies to bridge the skill gap by training, outsourcing or use of guest auditors.
- Implementation of clear performance metrics for the internal audit team - this would help in the internal audit team showcasing the value added contribution made, in terms of efficiency, process improvements and effectiveness. ■

OBITUARY				
M.No	Name	Status	Place	Date of Death
002164	Mr. NARAYANAN M R	FCA	CHENNAI	27/03/2012
004748	Mr. SARVESWARARAO V	FCA	HYDERABAD	24/01/2012
004962	Mr. RENGARAJAN J	FCA	CHENNAI	27/03/2012
004990	Mr. MADHAVARAO G S	FCA	HYDERABAD	24/03/2012
007611	Mr. ESWARA K	FCA	BANGALORE	23/02/2012
018603	Mr. GOPALAKRISHNA P	FCA	MANGALORE	09/04/2012
020113	Mr. TATAIAH P	FCA	HYDERABAD	11/01/2012
028809	Mr. SIVA PRASAD G S V S S	FCA	SECUNDERABAD	06/04/2012

May the Almighty, Architect of the Universe, rest their souls in peace.



CA. Ajith Bhaskaran
Bangalore
ajith.bhaskaran@in.gt.com

Practical insights into effective Internal Auditing

While there are several definitions of internal auditing in the academic space, the role and objectives of internal audit can vary significantly depending on the size and nature of the organisation and based on the organisation's culture. For instance, internal audit's objectives in a large public company with independent audit committee will differ significantly from its objectives in an NGO. The first step towards a successful internal audit function is therefore, to clearly understand and define its role in the organisation and its objectives.

The delivery model and framework

Several delivery models have evolved over time. Internal audit may be carried out by an in-house team or by an outsourced professional service provider. There can also be a mix of in-house team and outsourced arrangements (commonly referred to as the co-sourced model). Increasingly, in large organisations, there is a trend to have the core audit activities managed by an in-house team and the remaining audit plan is met by either outsourcing certain audit areas or by taking professionals 'on loan' from a service provider.

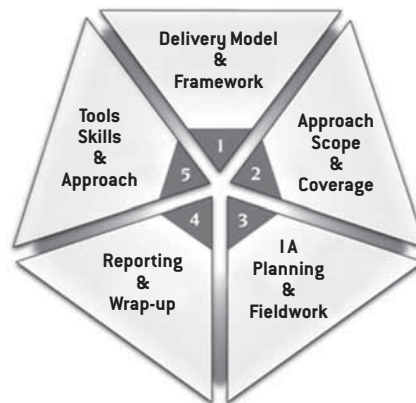
Setting out the appropriate internal auditing framework which is aligned to the organisation's audit objectives and articulating the framework clearly is perhaps an aspect which often gets marginalised even in large organisations -it is common to see that the framework is assumed. Especially in the case of co-sourced model, the structure and relative responsibilities need to be clearly stated in the framework or charter document.

Needless to say, that the framework should provide sufficient independence to the internal audit function. It is also important to have a right-sized internal audit budget for achieving the desired audit effectiveness.

Approach, scope and coverage

Internal audit can be a purist evaluator of controls and become pigeon-holed

"Internal audit can be a purist evaluator of controls and become pigeon-holed by regulation or it can go beyond the realms of compliance and provide value to the organisation through appropriate focus on process and performance improvement."



by regulation or it can go beyond the realms of compliance and provide value to the organisation through appropriate focus on process and performance improvement. There are varying schools of thought here, each having its merits. One school believes that internal auditors should be in a position to report objectively on the quality of internal controls and that the audit mandate should not be expanded in a way that disturbs or compromises the purity of the internal audit engagement. Another view is that internal auditors should take advantage of their knowledge of the organisation to add value, wherever possible. Where the role of internal audit is driven by an independent audit committee, it is likely that the focus will be on compliance and control evaluation and where the role of internal audit gets defined by the

promoters or executive management, the requirements of value add to the business gets pronounced. It is possible that in times of economic slowdown and recovery and in organisations on a transformation path, there may be increased demands on internal audit's contribution to operational efficiencies and value addition to the business.

Nonetheless, there seems an unanimity that internal audit should be risk based. Many organisations have or are evolving an enterprise-wide risk management (ERM) system, wherein enterprise risks are identified, assessed, rated and managed in a pro-active manner. Where an ERM is in place, it necessarily follows that internal audit scope and coverage should be based on the ERM system. In small organisations and where the ERM system has not been put in place, the audit scope and coverage should be built at least based on a discussion of the risks.

Internal audit planning

Clearly, to meet the internal audit objectives effectively, the internal auditor should have a good understanding of the organisation's activities, trends in the business and industry, organisation structure and the organisation's achievements against its plans. This requires access to and reading of the relevant MIS as well as carrying out effective dialogue with the management. In a few established large organisations, internal audit is provided with the required information in a streamlined manner, on a real time basis. However, in many organisations, for want of attention to this matter or due to other reasons, internal audit is not privy to adequate information and the audit team is left to discover the business as they carry out the audit. Especially in the case of outsourced arrangements, managements may consider it inappropriate to provide internal audit with the organisation's MIS. Gaps in this area, however, may become the single biggest impediment to effective internal audit and it is important for internal audit and management to agree how this gap can be bridged.

Based on the agreed plan, where an annual audit calendar can be drawn up, this should be done in advance and circulated to the management, so that management is aware of the audit dates and allocate the required resources to support the audit process.

Staffing the audit is a critical matter. This must be carefully done based on the requirements of the audit plan. A briefing meeting should be conducted, budgeted hours should be finalised and the audit program needs to be drawn up. A good practice is to send information request in advance to the auditee and to hold briefing meetings with the auditee. A common pitfall is lack of clarity of the appropriate auditee or process owner within the organisation and absence of escalation protocols. In order to optimally deploy audit and management time and resources, these matters must be agreed between management and audit team during the planning stage.

The fieldwork

It is common knowledge that internal audit fieldwork involves collection and analysis of relevant information, interviewing the auditee, concluding based on these activities in the form of audit observations and recommending corrective or improvement action. Use of technology tools for data analysis enhances the effectiveness of the fieldwork process. Effective data analysis helps validate internal controls using transactional data at source level, but the auditor should be aware of information overload and avoid wasting time on information that is not relevant.

An audit tool which the internal auditors are likely to rely on to achieve higher levels

of operational auditing is continuous auditing. Continuous auditing is any method used by auditors to perform audit related activities on a continual basis. Deployment of technology is critical to enabling continuous auditing as a method to perform effective control and risk monitoring. Continuous auditing changes the audit paradigm from periodic review of a sample of transactions to ongoing testing of more wholesome population using technology.

A good practice is to evolve standardised templates for planning, documentation, work papers and reporting as this helps conserve the limited auditor's time and effectively manage professional risks. Several documentation management tools are available to aid the process.

Auditors need to possess the required soft skills and should deploy effective interviewing skills. The auditor deals with different people in the organisation and the auditor's ability to effectively manage varying behavioural traits has a profound impact on the quality of internal audit work. So does the internal chemistry within the audit team, which must be carefully balanced.

The auditor must be alert and trust his or her instincts and use his or her judgement to work beyond the audit program, if required. It is useful to remember that 'right controls in the wrong culture and managed by the wrong people' may not be effective.

Reporting and wrap-up

The auditor should be careful not to 'jump to conclusions'. A common pitfall is to become excessively possessive of one's own observations and the auditor must have the willingness to open one's

observations to a healthy debate and to evaluate them objectively.

It is useful to rate the observations based on the associated risks and their impact on the business. The report will usually carry the observation, rating, root cause, impact and management response including action responsibility and timeline. An executive summary is usually prepared for circulation of key observations to top management or audit committee. Presentations are also made to other key stakeholders.

It is a good practice that the agreed management action is monitored against timelines as the success of an internal audit is in the implementation of action arising therefrom.

Tools, skills and approach for high impact

To conclude,

- Internal audit should provide the board and senior management with strategic insight, business improvement recommendations and advice. This is likely to be sought to be achieved increasingly through an open line of communication.
- Internal audit should be embedded as a tool within a wholesome governance framework and its linkages to the other components should be properly structured (for instance, ERM, whistleblower program, controls self assessment process).
- Internal audit professionals should possess varied experience, good business acumen and leadership skills to be effective in today's dynamic economic environment. Internal audit may become increasingly perceived as a business function that can help save money, eliminate waste and minimize risk.
- Internal audit is being increasingly designed to operate in multiple geographies as many organizations pursue global agenda. Internal audit professionals must train to work seamlessly in cross-cultural environments under global arrangements. ■

BRANCH LEVEL ELOCUTION CONTEST AND QUIZ CONTEST

(for CA students belonging to Chennai)

Organised by SIRC of ICAI & SICASA

On Tuesday, July 3, 2012

at "ICAI Bhawan", 122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034

ELOCUTION CONTEST	–	10.00 a.m. to 01.00 p.m.
QUIZ CONTEST	–	02.00 p.m. to 05.00 p.m.

WHO CAN PARTICIPATE IN THE CONTEST?

Students registered with the Institute for Final Course, Professional Competence Course and Integrated Professional Competence Course are eligible to participate in the contest. **However, a person who has qualified in the final examination and completed articles/audit training is not eligible to participate.**

For complete details of the contest, scheme, registration and topic for Elocution contest, please log on to SIRC Website www.sircoficai.org

New Branches of SICASA formed in Southern Region

The Council of the Institute has vide its announcement dated May 22, 2012 notified the setting up of following Branches of Southern India Chartered Accountants Students' Association w.e.f. May 17, 2012:

1. Kannur Branch of SICASA
2. Sivakasi Branch of SICASA



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Internal Audit - Transformation from Personal Information to a Business Advisory Service

If one has to dig out the origin of Internal audit as to when it evolved – may be it would synchronise with the evolution of trade and commerce in the universe. Needless to state, be it, a small time business man of the yesteryears or a multinational conglomerate of today, the service of an internal audit had always remained. Various changes that have taken place over the centuries have been on its transition from providing of personal information (to the owner) to rendering of professional business service to various stakeholders.

In either of the forms stated above, it had its own meaning and relevance for its existence. The one big difference has been on the evaluation of the Internal Audit function. Earlier, it had rested with only one person while in today's universe; there are as many customers to internal audit (as the number of auditees) who demand wide variety of deliverables in all dimensions of length, breadth and depth in dealing with a subject. This poses a very big challenge to the internal audit function and drives the professionals engaged in this function to

constantly engage them in learning more effective methods of carrying out the audit, constantly updating their industry and business knowledge and also upgrade their relationship management, IT and communication skills.

The result is that the Internal Auditor of today happens to wear different hats. The challenge lies in his ability to adapt himself to the different hats that he wears in such a manner that neither the hat nor the auditor is considered a misfit.

Despite the fact that IA has evolved over the period and the ever increasing demands from the stake holders, the gene of the Internal Audit function should remain unaltered and they should continue to do the basic audits that brought them into existence. Let us discuss their roles in brief

Microscopic evaluation of proprietary of transactions

With the advent of computers which have become inevitable for the functioning of an enterprise, most of the audits happen through and around systems. With the

ever increasing volume of business and the geographical (domestic and global) and the IT system, very little emphasis is given today for the physical audits. It is necessary therefore for the Internal Auditors to walk through the physical transactions and documentation along the lines of the IT system process and controls. This is essential to understand the design of controls and comment on the effectiveness of controls.

Continuous monitoring and assurance

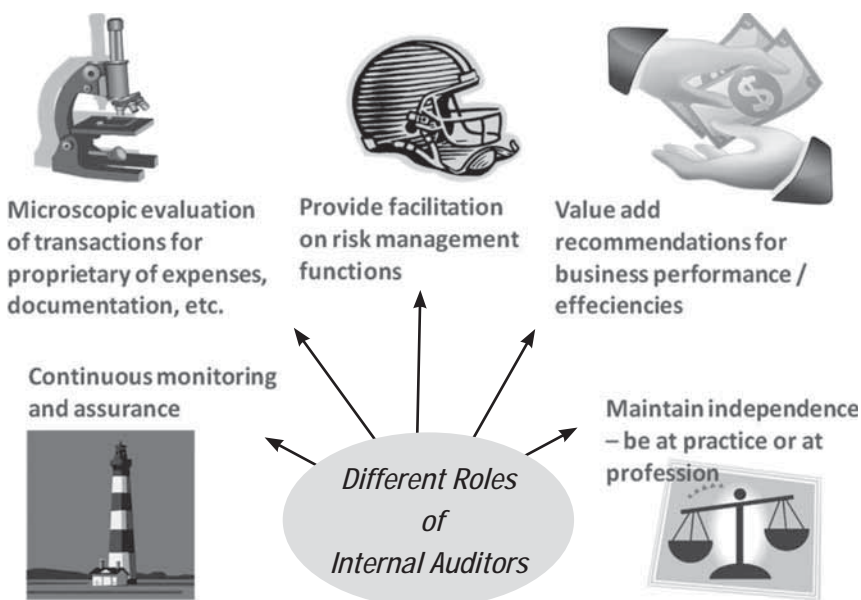
Being an independent function, internal auditors are also expected to do the function of monitoring and assurance on whether the actions committed for resolving the observations are carried out and also on the sustainment of the actions in such a manner that the same points are not repeated. It is also expected of them to state whether the exceptions identified and actions committed are applied across the organisation towards horizontal deployment.

Provide facilitation on risk management

It is very well decided that Internal auditors should not be involved in the process of risk assessment and risk mitigation. However, it is important for the internal auditors to play the role of facilitation in the risk management function. It is appropriate for them to play the anchor role in spreading the concept of risk management, provide the benchmark practices, populate the risks identified in the form of exceptions in the previous reports, provide necessary tools in the performance of risk assessment, articulation of risks and when the risk mitigation plans are drawn by an agency to validate their implementation efforts.

Value add recommendations for business performance/efficiencies

It is extremely important for the internal auditors to move away from the statement



of fact to go further and identify the root cause to recommend possible means of resolution that results in improved business performance and efficiency. This goes with the famous proverb “if you cannot be a part of the solution, don’t be a part of the problem”. If one has to live up to this proverb, then it is essential that the internal auditors get a good grasp over the business, industry to which it belongs to, the understanding of operations, benchmarks on performance, etc.

Maintain Independence

A very important quality of an internal auditor is the independence and the objectivity with which he performs. He has to function without bias and prejudice and not be subjected to hear-say based observations. The internal audit function is a combination of observation, data, analysis, trend, environment and enquiry – just short of saying that the observation should be a fact – there can be discussion only on the quantification of the impact and the probability of frequency of occurrence – the very fact of the observation should not be capable of being repudiated.

The Internal auditor in this process would elevate from an auditor to the role of advisor. He would then be a partner in the progress and business leaders would definitely look for the support of internal auditors in their strategic business initiatives and risk assessments. The internal auditor in the performance of his duties should also definitely consider the involvement of subject matter experts, especially when it comes to the audit of areas viz., Forensic audits, Information Technology audits, Operation audits, review of marketing and sales promotion activities, etc.

SIRC OF ICAI

CONGRATULATES


CA. K. RAGHU, FCA, Bangalore, Central Council Member, ICAI on his election to the **XBRL International Membership Development Committee** as the representative of ICAI.

CA. RAJENDRA KUMAR P, FCA, Chennai, Central Council Member, ICAI on his nomination on the **High Level Committee of Finance (BPE) Department, Ministry of Finance, Government of Tamilnadu.**

CA. S. MURALI, FCA, Coimbatore, Regional Council Member, SIRC of ICAI on his nomination as the Member of **Regional Investors’ Grievances Redressal Committee** by Inter-connected Stock Exchange of India (ISE), Navi Mumbai.

GRIEVANCE REDRESSAL

To effectively serve the Members and Students and redress their complaints/grievances, a Grievance Register is maintained at the Reception (Ground Floor, Main Building) of the Institute at Chennai Office. Members & Students may lodge their complaints in the Register for unresolved issues for remedial action by the appropriate authority/Committee. Members and Students may also send their complaints through email at grievance_sircmembers@icai.in and grievance_sircstudents@icai.in respectively.



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E.Mail: guhaas@gmail.com - Website: www.guhaas.net



CA. R. Sreedevi
Chennai
sree225833@gmail.com

Various Phases of Internal Audit

Meaning

Internal auditing is a VICIOUS cycle.

- V** Adds **Value** to the governing bodies and senior management.
- I** **Independent** activity performed by Professionals
- C** **Commitment** to Integrity and Accountability.
- I** **Improves** an organization's effectiveness of Risk Management, control and governance.
- O** **Objective** Assurance and Consulting Activity
- U** **Useful** for deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations
- S** **Systematic** and disciplined Approach

Internal auditing frequently involves measuring compliance with the entity's policies and procedures. However, internal auditors are not responsible for the execution of company activities; they advise management and the Board of Directors (or similar oversight body) regarding how to better execute their responsibilities.

Various Phases of an Internal Audit

Work to be done by Auditors:

Planning

During the planning portion of the audit, the auditor notifies the client of the audit, discusses the scope and objectives of the examination in a formal meeting with organization management, gathers information on important processes, evaluates existing controls, and plans the remaining audit steps.

Audit Engagement Letter

The client is informed of the audit through an announcement or engagement letter from the Internal Auditor or Audit Manager. This letter communicates the scope and objectives of the audit, the auditors assigned to the project and other relevant information.

"When internal audit is strong, its work will cause opportunity to float and risk to drown." - Dan Zitting



Initial Meeting

During this opening conference meeting, the client describes the unit or system to be reviewed, the organization, available resources (personnel, facilities, equipment, funds), and other relevant information. The internal auditor meets with the senior officer directly responsible for the unit under review and any staff members she/he wishes to include. It is important that the client identifies issues or areas of special concern that should be addressed.

Preliminary Survey

In this phase the auditor gathers relevant information about the unit in order to obtain a general overview of operations. She/he talks with key personnel and reviews reports, files, and other sources of information.

Internal Control Review

The auditor will review the unit's internal control structure, a process which is usually time-consuming. In doing this, the auditor uses a variety of tools and techniques to gather and analyze

information about the operation. The review of internal controls helps the auditor determine the areas of highest risk and design tests to be performed in the fieldwork section.

Audit Program

Preparation of the audit program concludes the preliminary review phase. This program outlines the fieldwork necessary to achieve the audit objectives.

Fieldwork

The fieldwork concentrates on transaction testing and informal communications. It is during this phase that the auditor determines whether the controls identified during the preliminary review are operating properly and in the manner described by the client. The fieldwork stage concludes with a list of significant findings from which the auditor will prepare a draft of the audit report.

Transaction Testing

After completing the preliminary review, the auditor performs the procedures in the audit program. These procedures usually test the major internal controls and the accuracy and propriety of the transactions. Various techniques including sampling are used during the fieldwork phase.

SA's to be given importance

While conducting the Internal Audit, the internal audit team should consider the Standards on Auditing which includes SA200, SA 210, SA220, SA230, SA240, SA250, SA315, SA320, SA330, SA500, SA520 and SA530.

Advice & Informal Communications

As the fieldwork progresses, the auditor discusses any significant findings with the client. Hopefully, the client can offer insights and work with the auditor to determine the best method of resolving the finding. Usually these communications are oral. However, in more complex situations, memos and/or e-mails are written in order to ensure

full understanding by the client and the auditor.

Audit Summary

Upon completion of the fieldwork, the auditor summarizes the audit findings, conclusions, and recommendations necessary for the audit report discussion draft.

Working Papers

Working papers are a vital tool of the audit profession. They are the support of the audit opinion. They connect the client's accounting records and financials to the auditor's opinion. They are comprehensive and serve many functions.

Audit Report

The principal product of an internal auditor is the final report in which they express their opinions, present the audit findings, and discuss recommendations for improvements. To facilitate communication and ensure that the recommendations presented in the final report are practical, Internal Auditor discusses the draft with the client prior to issuing the final report.

Audit Report Frequency

Considering the nature of business and Size of the company, the frequency of internal audit may be decided as monthly, quarterly or Half Yearly. Similarly, the frequency of Reports to be presented to the client has to be decided by the Internal Auditor purely based on his judgement.

Discussion Draft

At the conclusion of fieldwork, the auditor drafts the report. Audit management thoroughly reviews the audit working papers and the discussion draft before it is presented to the client for comment. This discussion draft is prepared for the unit's operating management and is submitted for the client's review before the exit conference.

Exit Conference

When audit management has approved the discussion draft, Internal Auditor meets with the unit's management team to discuss the findings, recommendations, and text of the draft. At this meeting, the client comments on the draft and the group works to reach an agreement on the audit findings.

Formal Draft

The auditor then prepares a formal draft, taking into account any revisions

resulting from the exit conference and other discussions. When the changes have been reviewed by audit management and the client, the final report is issued.

Final Report

Internal Auditor prints and distributes the final report to the unit's operating management team, who may circulate the same to appropriate members concerned. This report is primarily for internal management use.

Client Response

The client has the opportunity to respond to the audit findings prior to issuance of the final report which can be included or attached to our final report. However, if the client decides to respond after we issue the report, the first page of the final report is a letter requesting the client's written response to the report recommendations.

In the response, the client should explain how report findings will be resolved and include an implementation timetable. In some cases, managers may choose to respond with a decision not to implement an audit recommendation and to accept the risks associated with an audit finding. The client should copy the response to all recipients of the final report if she/he decides not to have their response included/attached to Internal Audit's final report.

Audit Follow-Up

Before commencing the next internal audit, Internal Auditor will perform a follow-up review to verify the resolution of the report findings.

Follow-up Review

The client response letter is reviewed and the actions taken to resolve the audit report findings may be tested to ensure that the desired results were achieved. All

unresolved findings will be discussed in the follow-up report.

Follow-up Report

The review will conclude with a follow-up report which lists the actions taken by the client to resolve the original report findings. Unresolved findings will also appear in the follow-up report and will include a brief description of the finding, the original audit recommendation, the client response and the current condition.

Internal Audit Annual Report to the Board

In addition to the distribution discussed earlier, the contents of the audit report, client response, and follow-up report may also be communicated to the Audit Committee of the Board as part of the Internal Audit Annual Report.

The Process: A Collaborative Effort

As pointed out, during each stage in the audit process--preliminary review, field work, audit reports, and follow-up--clients have the opportunity to participate. There is no doubt that the process works best when client management and Internal Audit have a solid working relationship based on clear and continuing communication.

Many clients extend this working relationship beyond the particular audit. Once the audit department has worked with management on a project, Internal Auditors have an understanding of the unique characteristics of the unit's operations. As a result, they can help evaluate the feasibility of making further changes or modifications in the operations. ■

THE MONTH THAT WAS (MAY 2012)	
12 th	CPE Seminar on Banking & Insurance at Thrissur
19 th	CPE Seminar on Management Accounting at Chennai
21 st & 22 nd	CPE Seminar on FEMA at Chennai
24 th	CPE Hands on Practical Workshop on Basics in MS Excel for CAs at Chennai
25 th	CPE Hands on Practical Workshop on Advanced Excel for CAs at Chennai
26 th	CPE Seminar on Labour Laws at Chennai
26 th	CPE Seminar on Internal Audit at Bangalore
2 nd , 9 th , 10 th , 16 th , 23 rd & 30 th	CPE Study Circle Meetings & Teleconferences at Chennai
SIRC acknowledges the contribution and support extended by Immediate Past President of ICAI, Central Council Members of ICAI, Regional Council Members of SIRC, Resource Persons and the delegates/participants for making all the programmes a resounding success.	

Fast Track Exit Scheme 2011 - A Golden opportunity

Mr. Henry Richard
Registrar of Companies
Tamil Nadu, Andaman & Nicobar Islands
Chennai

The Thrust of enhanced compliance among the companies in the corporate sector has been carried forward by the Ministry of Corporate Affairs by imposing prohibition on filing of event based returns in the case of defaulting companies and by bringing in a Scheme known as Fast Track Exit Scheme 2011 as a remedial measure for easy exit of defunct companies which have not filed returns with ROC for several years. The multi pronged objective of the Ministry is to improve the compliance status of Corporate Sector to a level which is comparable to other developed countries. It is common knowledge that the compliance rate in countries like Singapore, Australia, New Zealand, UK., etc., are much above 90%. Whereas the compliance rate in Chennai is just about 58%. Even in the case of filing of Financial Statement by large sized companies, for whom XBRL is mandatory, they have not promptly filed Form 23AC [XBRL] and Form 23ACA [XBRL] for the financial year 2010-11. As many as about 900 such companies have defaulted and Default Notices have been issued to such companies prevailing upon them to comply failing which Office of Registrar of Companies would have no other option except to initiate prosecution proceedings in the Judicial First Class Magistrate Court. This deplorable state has been a serious concern for the Ministry. The Ministry has attempted to tackle this problem in the following manner:-

Firstly, the Ministry has introduced the concept of "Dormant Company". Any company which has not filed the Balance Sheets and Annual Returns for a continuous period of three years is placed in a separate basket designated as "Dormant Companies". Such companies are prohibited from filing any return. The DIN of the Directors of such companies would also be deactivated. However, such companies can become active by filing the Form 61 for regularization of the company and thereafter proceed to update the filing of Annual Returns and Balance Sheets which will bring the company under "Active Company" category. Secondly, the companies though not declared as dormant but have defaulted in filing one or two returns are categorized as "Defaulting Companies". The list of such defaulting companies and their directors are posted on Ministry's website www.mca.gov.in. Such defaulting companies and its directors are also not permitted to file any return through MCA Portal until the default is

made good. Such companies and directors should take immediate steps to update the filing position and thereafter take steps to get their names and that of the company removed from the defaulting list.

Thirdly, the Ministry has come out with a special scheme known as "Fast Track Exit Scheme 2011" under which the defaulting companies or the dormant companies which have no intention to continue their business can avail this scheme and get the company struck off under Section 560 of the Companies Act, 1956. This special scheme was launched from July 2011 and kept open permanently. The predominant benefit of this scheme is that the defaulting or dormant companies need not update their filing position. In other words, the company is not required to file overdue Balance Sheets and Annual Returns but a Statement of Account has to be made showing the current status of assets and liabilities duly certified by a Chartered Accountant. Moreover, the directors of such companies need not have DIN or Digital Key for the purpose of filing the application in the prescribed form. In such cases, the e-application will be filed by the Professional using his digital key supported by the physical documents executed by the directors such as, the physical FTE application, Affidavit on stamp paper, and Indemnity Bond on Stamp paper

and Statement of Account duly signed by the directors accompanied by the Board Resolution. If new directors are co-opted for the purpose of quorum on the Board of Directors, it is not necessary to file Form 32 with ROC but such appointment of Director shall be certified by the professional. This exit route for dormant or defaulting companies is truly easy, simple and fast.

The above measures taken by the Ministry to weed out the dormant and defaulting companies or alternatively persuade them to update the filing position are the best possible measures which the Regulator could take.

This golden opportunity should be availed by the companies. The professionals who are advising the companies must prevail upon such companies not to let go this opportunity so as to achieve the laudable objective of the Ministry of Corporate Affairs. The detailed list of such defaulting companies is available in the website of the Ministry of Corporate Affairs for public view so that all the concerned can take appropriate measures for remedial action. The companies and professional friends must work hand in hand to improve the compliance status of the Indian Corporate Sector and make it as good as that prevailing in other developed countries. ■

ISA Assessment Test Notification

In pursuance of Rule 7 of Schedule 'F' to Regulation 204 of the Chartered Accountants Regulations, 1988 [as amended vide Notification No. 1-CA(7)/59/2001 dated 28th September 2001], the Council of the Institute of Chartered Accountants of India has notified vide No.13-CA[EXAM]/ISA/J/2012 dated 2nd May 2012 that the Information Systems Audit (ISA) Course Assessment Test will be held on 23rd June 2012 (Saturday) from 10.30 AM to 2.30 PM at various cities provided sufficient number of candidates offer themselves to appear from each city. The said notification has been hosted in the ICAI Website in the Menu Students > Examination. It can be viewed directly under the link <http://220.227.161.86/26694exam16059.pdf>

Education Verification Fee

It has been decided by the competent authority to henceforth charge a sum of Rs.500/- per person as the education verification fee from the companies/ agencies seeking such verification of qualification with effect from 23rd May 2012. The fee shall be payable by way of a demand draft drawn in favour of the Secretary, The Institute of Chartered Accountants of India and payable at New Delhi.

However, the Departments/Ministries of the Central Government, State Governments, PSUs etc. shall not be required to remit the said education verification fee. Further, it is also clarified that such fee is not to be charged from the concerned members and students of the Institute.

Examination Department

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Updates on Direct Taxes

1 *Income from market complex constructed for commercial exploitation - whether business income or income from house property*

If a commercial property which is specifically designed for a particular usage with certain amenities, it is always an issue whether income arising from such property on leasing the same is to be treated as 'property income' or 'business income'. In a case before Hon'ble Cuttack Bench of ITAT, the same issue came up for consideration. A particular land was allotted in the name of a person LM with a specific direction to use the land for commercial establishment. After the demise of late LM, the land was divided among his coparceners. The share of each coparcener is so small that the commercial utilization of individual share was almost impossible. Hence, all the coparceners decided to form a partnership by offering their individual share of land as investment and constructed market complex. Income from such complex was earned by the assessee firm by carrying on adventure in nature of trade. Incidentally, services like electrician, plumber, sweeper, watch & ward and maintenance was taken care by the firm for which reimbursement of such expenses was received from the tenants. Assessee claimed the income as 'business income' whereas the Assessing Officer treated the same as income from 'property'. Assessee also took bank finance to construct the commercial complex. Looking at all the surrounding facts the Hon'ble ITAT came to the conclusion that the income is to be assessed as 'business income' and not as 'property income'. The ratio of the Supreme Court judgment in the case of *Sambhu Investment Pvt. Ltd.*, (263 ITR 143) was also considered wherein it was held that if the main intention is to exploit the property commercially then the same should be treated as 'business income'. It is also pertinent to refer to similar decision of the ITAT in the case of *ITO vs. Tejmal Bhai & Co.* (2006) (99 ITD 399) (Rajkot)

Narayan Market Complex vs ITO (2012) 20 taxman.com 698 (cuttak-Trib)

2 *Interest on borrowed funds - Investment into equity of subsidiary - whether interest allowable*

This issue was originally resolved in the case of *S A Builders Ltd vs. CIT (2007) (158 taxman 74) (SC)* that interest on borrowed funds must be allowed on the grounds of commercial expediency though such borrowed funds were given as 'interest free loan' to the subsidiary. In the present case, the Hon'ble Supreme Court observed in the context of claiming deduction of expenditure on account of interest on borrowed funds when such funds were utilised by the assessee to subscribe to the equity capital of its subsidiary company as under ;

"In our view S A Builders Ltd vs. CIT (A) and another reported in 288 ITR 1, needs reconsideration."

Accordingly, Supreme Court directed to issue notice on SLP and application for condonation of delay.

Recently, Bombay High Court in the case of *Reliance Communication Infrastructure Ltd (2012) 21 taxmann.com 118 (Bom)*, allowed deduction u/s 36(1) (iii) for interest paid on money borrowed for making investment in subsidiary company by relying of SC ruling in *S A Builders (supra)*, HC allowed this deduction observing that the investment made by the Reliance in its subsidiary was strategic investment for furthering business prospects in the area of telecommunication.

Tulip Star Hotels Ltd, (2012) 21 taxman.com 97 (SC)

3 *Interest on advance tax (u/s 234A, 234B & 234C) default not automatic*

An interesting issue whether interest on advance tax default is leviable, if the same is not specifically mentioned in the assessment order, came up before Hon'ble Allahabad High Court. As per the facts, assessee firm's assessment for the AY 1991-92 was completed by the AO making certain additions on account of unexplained investments in the raw material and sale of the same outside books. AO's order did not specify levy of interest u/s 234A, 234B & 234C in the assessment order where as such interest was included in the notice of demand. Assessee contended that the same is not legally permissible to levy interest without specifying the same in the assessment

order. ITAT accepted the contention of the assessee. On appeal, division bench of the High Court endorsed decision of ITAT and held that interest for advance tax should not be charged in the absence of any direction by the Assessing Officer in the assessment order. High Court placed reliance on coordinate bench decision in *Deep Awadh Hotels (P) Ltd (ITA No.81 & 82/2002)*, and it was observed that charge of interest u/s 234A, 234B & 234C was mandatory as per Supreme Court ruling in *Anjum M H Ghaswala (2001) (251 ITR 1)*. However, SC ruling in *Ranchi Club Ltd, (2001) (247 ITR 209) (SC)*, was still applicable to the extent that such interest is leviable only if ordered by the Assessing Officer in the assessment order. Reliance was also placed in the case of *Dehradun Club Ltd, in ITA No.15/2006 of Uttarakhand High Court* which has laid down the same proposition. Accordingly, it was held that levy of interest u/s 234A, 234B & 234C is not legally tenable, unless the same is specified in the assessment order.

Sarin Chemical Laboratory -TS-333-HC-2012 (ALL)

4 *Bad debts written off in the books sufficient to claim deduction u/s 36(1) (vii)*

In spite of an amendment brought in to sec. 36(1)(vii) in 1989 that bad debts are allowable, if the same are written off in the books of account, the AO's are disallowing time and again insisting the assessee to establish that the debts have become bad. On the same issue, Hon'ble Delhi High Court relying on the Supreme Court decision in the case of *TRF Ltd (2010)190 TAXMAN 391 (SC)*, held that bad debts are allowable u/s 36(1) (vii), if the same are written off in the books of accounts and such amounts should have been offered as income in the same year or in the earlier financial years. Revenue's argument that assessee should have demonstrated its efforts for recovery of debts was brushed aside. It is highly desirable that CBDT must issue a circular adopting the ratio of Supreme Court decision in the case of *TRF Ltd*, to avoid unwarranted litigation.

Auto Pin India Ltd., TS-270-HC-2012 (Del) ■

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Updates on Indirect Taxes

The Indirect taxes are updated every day and the amendments and judgements will have a greater impact on the Economy as a whole.

1. VAT Audit Under TNVAT Act

A bill was introduced in the Tamilnadu Legislative Assembly to audit the books of accounts of the Dealers whose total turnover crosses Rs.1 crore in the said year. The audit is to be conducted by a Chartered Accountant or by a Cost Accountant. Failure to file the audit report will attract a penalty as per the provisions of the act. This provision is given to the **TNVAT act by Tamilnadu Value added tax (Third Amendment) Act, 2012.**

2. Amount collected not deposited is illegal

It was decided that the collection of the tax by the dealer and not remitted to the Government when the goods were exempted. Held Collections is illegal, by Hon. Kerala High Court in the case of WP © NO.23728 OF 2006 dated 28-03-12, **Kamakshi Shekar vs State of Kerala.**

3. Attachment of Personal bank account of Legal Representative

The personal bank account of the Legal Representative cannot be attached for the arrears of the deceased. Hon. Madras High Court in the case of **S. Gowri Vs State of Tamilnadu** reported in 18 TNCTJ 15.

4. Registration cannot be cancelled for the non-filing of annual return under TNVAT ACT in form-1.

When the dealer has not filed the annual return the registration cannot be cancelled on this grounds. It was decided by Hon. High Court of Madras in the case of W.P. NO.2378 of 2012 and M.P. No. 1 of 2012, **M/s. Vel Enterprises vs. State of Tamilnadu.**

5. Service of Order by Speed Post not a valid Mode of Service

Sending of order by "Speed Post" is not a sufficient compliance to the provisions of Section 37C (1) (a) of Central Excise Act, 1944- Order is to be served on the assessee or his agent sending it by Registered post A.D. or by other modes of service specified in Section 37C alone valid service of order. Tribunal order dismissing the

appeal by accepting dispatch of order by speed post as valid service set-aside – Section 35B of Central Excise Act, 1944. [26 S.T.R 299(Bombay HC)] **Amidev Agro Care Pvt. Ltd vs. Union of India**

6. Demand on the basis of Annual Report of Assessee risible

The assessee contended that they are not "Commercial concern" and hence did not have liability to pay service tax under the head "Man power Recruitment or Supply Agency's service" prior to 1-5-2006. The adjudicating authority has recorded finding to the effect that the appellants were engaged in commercial activities and fell within the ambit of "commercial concern" "an expression used in the definition of "Man power Recruitment or Supply Agency's service". The adjudicating authority arrived at the above finding after examining the annual reports of the company, where in profits arising out of commercial activities were recorded which was not successfully rebutted by the assessee. [26 S.T.R 310 (Tri.-Mumbai)] **Godavari Khorecane Transport Co. (P) Ltd. vs C.C.E Aurangabad**

7. Assessee not liable for fault of the Department

The assessee at New Delhi manufactured Semi-finished Ayurvedic medicine which is not excisable as per his belief. He cleared those goods to their sister unit at Bangalore without payment of duty. But the Excise department is having different view and demanded the Excise duty. Because of the insistence of the department in order to gain peace, he has deposited the said amount. After depositing he took CENVAT credit at the Bangalore factory. However, they challenged the decision of the commissioner of the Central Excise, New Delhi. In appeal the assessee's contention was accepted. In the mean time the excise authorities at Bangalore proceeded against the assessee on the ground that the credit taken by them is irregular. Though the excise duty was not paid at the time of clearance strictly in accordance with the rules governing the same, the assessee cannot be found fault with. The said stand has been vindicated by the order of

the Appellate Authority at Delhi, which has become final. Once he has deposited the amount, in principle, he is entitled to avail the benefit of CENVAT credit, which he has done at Bangalore factory. At any rate, for the fault of the department, the assessee cannot be made to suffer. [26 S.T.R 386(Kar.) In the HC of Karnataka at Bangalore], **Commissioner of C.Ex, Bangalore-IIIVs Himalaya Drug Co. Ltd.**

8. Valuation (Customs)

Admitted misdeclaration of quality, value and country of origin-In such case, Invoice represents manipulated transactions and not the actual one. When transaction itself is not genuine, transaction value method cannot be resorted. In such case, other method of valuation based on comparable value of identical/similar goods etc., to be adopted. Sec 14 of Customs Act, 1962 - **Sundaram Finance Ltd. vs. Commissioner of Customs, [279 ELT 220 (TRI. Chennai)]**

9. Plastics - Waste, parings and scrap of plastics-Exemption under notification No.53/88-C.E.

The Appellate Tribunal had held that waste, parings and scrap of plastic having arisen from goods falling under Chapter 39 of Central Excise Tariff, benefit of Exemption under notification no.53/88-C.E is available as reported in (108) E.L.T. 847[Tri-Del](**Collector vs Bharat Seats Ltd.**) On Appeal by the department before Supreme court Hon'ble SC dismissed the appeal and so benefit of the notification No.53/88-C.E. available to Plastics – Waste, parings and scrap of plastics.[279 ELT A47(SC)]

10. CENVAT

The assessee was the recipient of the Intellectual property service provided by the foreign companies and being the deemed Service provider in terms of Sec. 68 (2) of the Finance Act 1994 and rule 2(1)(d)(IV) of the Service tax Rules 1994. The Assessee utilized the credit relating to Input services such as advertisement, freight, manpower recruitment, for discharging the service tax in Intellectual Property received as a deemed service Provider.

The department proceeded against him as he is not eligible for CENVAT

credit utilized on the Intellectual property Services which is not the output service. The assessee is only the receiver of service and the deemed service provider.

The Tribunal set aside the order of the commissioner and allowed the CENVAT credit and utilization to the assessee. On appeal by the revenue the **Karnataka HC**, dismissed the appeal and confirmed the Tribunal order. **Commissionerate, Bangalore vs. Aravind Fashions Ltd. [50 VST 310 Karnataka HC]**

Exactly contrary judgment to the above also reported in 26 STR 241 (TRI-DEL) Sangam (India) Ltd. Vs Commissioner Of Central Excise, Jaipur-II

11. Business Auxiliary services

“Commission Agents for procurement of Inputs would not be liable for service tax under the category of Business Auxiliary work”, prior to 10.9.2004 decided by Hon.Delhi Tribunal in the case of **New Quest Corp. Ltd reported in 25 STR 441.**

12. Commercial Coaching or Training:

Institute imparting knowledge in Export-Import merchandising and retail management enabling the students to take employment or self employment after training is also eligible for exemption as “Vocational Training” decided in the case of **Ashu E port Promoters (P) Ltd Vs CST 25 STR 359.**

13. Lump Sum tax cannot be levied.

The State Government levied tax based on its legislative powers and direct to pay tax by brick manufacturer on a lump sum basis. But the High Court set aside the provisions as Beyond Competence of Legislature in the case of **M/s. Balaji Bricks Industries and Another Vs State of Punjab** and another reported in 50 VST 164. The Judgement was rendered by the High Court of Punjab and Haryana. ■

DISCLAIMER

The SIRC/ICAI does not accept any responsibility for the views expressed in different contributions/ advertisements published in this Newsletter.

BLOOD DONATION CAMP

OUR SOCIAL RESPONSIBILITY – DONATE BLOOD – SAVE LIVES

Chartered Accountants, their family members and students of Chartered Accountancy have been responsible for saving many lives by donating blood. During the last fifteen years, SIRC of ICAI has conducted more than thirty blood donation camps and more than eight thousand units of blood have been collected. In addition, we have been able to provide the names of hundreds of Blood Donors for emergency requirements. Thousands of our fellow human beings have benefited from these Camps.

We are organizing the two day blood donation camp on Saturday June 30 and Sunday July 1, 2012. This year, the Camp also coincides with the CA DAY, being celebrated every year on the 1st of July. This camp is being organised at the instance of Hemophilia Society-Madras Chapter and by the Rotary Central TTK VHS Blood Bank, Chennai. Lions Club of Anna Nagar II Avenue and Lions Club of Madras Metro West, are co-sponsors of the Half yearly event. The details are given below:

- Days : **Saturday & Sunday**
- Dates : **June 30 & July 1, 2012**
- Timings : **9.00 a.m. to 2.30 p.m.**
- Venue : Air-conditioned Room at the ICAI Bhawan at No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034
- Eligibility : Any person 18 years and above but below 60 years, with a minimum weight of 50 kgs. The donor should not have donated blood after 31st March 2012 (Any earlier date is acceptable)
- Registration : Please register early giving your suitable date (June 30 and July 1, 2012) and preferred time (e.g. 09.00 a.m., 09.30 a.m., 12.30 p.m., etc.) with any of the following:

Name	Phone Nos.
1. SIRC of ICAI	: 3021 0320 / 3021 0321
2. Hemophilia Society – Mr. S. Vaidyanathan	: 2254 1652
3. Dr. J. Balasubramaniam	: 2474 2818 / 2254 2829 / 9444038048
4. CA. G. Subramanian	: 2835 033 / 28350955 / 9884269657
5. Lion CA. V. Thulasidharan	: 9884029712
6. Lion CA. B. Ramana Kumar	: 3914 5105 / 98411 13024

You can also register through email at sirc@icai.in; chairmansirc@gmail.com; hsmc1988@gmail.com. A certificate in appreciation will be issued to every donor at the camp venue itself. A donor card, with blood group and date of donation will be issued to every donor, within 2 weeks of the camp.

Since you know the value of this noble gesture, we request you to kindly encourage and register other eligible relatives, friends & neighbours to enable us to reach a milestone in blood collection.

(EARLY REGISTRATION WILL BE HELPFUL)

DO NOT FORGET JUNE 30 AND JULY 1, 2012

LET US SAVE VALUABLE LIVES BY DONATING BLOOD

CHARTERED ACCOUNTANTS DAY

Sunday, 1st JULY 2012

An occasion to rejoice.

EVENTS

06.00 a.m. Marina Beach, Chennai	Walkathon by Members, Students and Staff of ICAI with their family
08.00 a.m. ICAI Bhawan, Chennai	Institute's Flag Hoisting by CA. K. Viswanath , Chairman, SIRC of ICAI
08.30 a.m. Chennai	Cricket Match between Chartered Accountants Vs. Staff of Income-tax Department (Venue & other details will be hosted in the SIRC Website)
04.00 p.m. ICAI Bhawan, Chennai	Sports & Games for children and spouse of Members
06.00 p.m. P. Brahmayya Memorial Hall, ICAI Bhawan, Chennai	C.A. Day Celebrations Guests of Honour: Past Chairmen of SIRC CA. S.G. Ramachandran CA. M. Bheema Bhat <ul style="list-style-type: none"> • Honouring Senior Members of the Profession • Grand Cultural and other Entertainment Events • Dinner

Members, their children and spouse interested to participate in sports and games and members interested to play cricket for ICAI may email their details viz. Name, M.No., Mobile No. and their particulars pertaining to cricket to sirc@icai.in

SIRC WELCOMES ALL MEMBERS WITH FAMILY - NO ADMISSION FEE

CA. P.V. Rajarajeswaran
Secretary, SIRC

CA. K. Viswanath
Chairman, SIRC

SIRC appeals for generous contribution to the Chartered Accountants Benevolent Fund on the day.

A COMPENDIUM OF STANDARDS ON INTERNAL AUDITING

- ISSUED BY THE ICAI

(SIA) 1, Planning an Internal Audit

The purpose of this Standard on Internal Audit is to establish standards and to provide guidance in respect of planning an internal audit. An internal audit plan is a document defining the scope, coverage and resources, including time, required for an internal audit over a defined period. The internal auditor should, in consultation with those charged with governance, including the audit committee, develop and document a plan for each internal audit engagement to help him conduct the engagement in an efficient and timely manner.

(SIA) 2, Basic Principles Governing Internal Audit

The purpose of this Standard on Internal Audit (SIA) is to establish standards and provide guidance on the general principles governing internal audit. Compliance with the basic principles requires the application of internal auditing procedures and reporting practices appropriate to the particular circumstances.

(SIA) 3, Documentation

This standard lays down the documentation requirements during the course of an internal audit. "Internal audit documentation" means the record of audit procedures performed, including audit planning as discussed in the Standard on Internal Audit (SIA) 1, Planning an Internal Audit, relevant audit evidence obtained, and conclusions the auditor reached [terms such as "working papers" or "work papers" are also sometimes used].

Thus, documentation refers to the working papers prepared or obtained by the internal auditor and retained by him in connection with the performance of his internal audit.

(SIA) 4, Reporting

The purpose of this Standard on Internal Audit (SIA) is to establish standards on the form and content of the internal auditor's report issued as a result of an internal audit performed by an internal auditor of the systems, processes, controls including items of financial statements of an entity. The internal auditor's report should contain a clear written expression of significant observations, suggestions/ recommendations based on the policies, processes, risks, controls and transaction processing taken as a whole and managements' responses.

(SIA) 5, Sampling

The purpose of this Standard on Internal Audit (SIA) is to establish standards on the design and selection of an audit sample and provide guidance on the use of audit sampling in internal audit engagements. The SIA also deals with the evaluation of the

sample results. This SIA applies equally to both statistical and non-statistical sampling methods. Either method, when properly applied, can provide sufficient appropriate audit evidence. When using either statistical or non-statistical sampling methods, the internal auditor should design and select an audit sample, perform audit procedures thereon, and evaluate sample results so as to provide sufficient appropriate audit evidence to meet the objectives of the internal audit engagement unless otherwise specified by the client.

(SIA) 6, Analytical Procedures

The purpose of this Standard on Internal Audit (SIA) is to establish standards on the application of analytical procedures during an internal audit. "Analytical procedures" means the analysis of significant ratios and trends, including the resulting investigation of fluctuations and relationships in both financial and non-financial data that are inconsistent with other relevant information or which deviate significantly from predicted amounts.

This standard spells out the nature and purpose of Analytical Procedures, its role in planning and conducting the internal audit and final review, and the extent of reliance on such procedures.

(SIA) 7, Quality Assurance in Internal Audit

The purpose of this Standard on Internal Audit (SIA) is to establish standards and provide guidance regarding quality assurance in internal audit. A system for assuring quality in internal audit should provide reasonable assurance that the internal auditors comply with professional Standards, regulatory and legal requirements, so that the reports issued by them are appropriate in the circumstances.

(SIA) 8, Terms of Internal Audit Engagement

The purpose of this Standard on Internal Audit is to establish standards and provide guidance in respect of terms of engagement of the internal audit activity whether carried out in house or by an external agency. A clarity on the terms of the internal audit engagement between the internal auditors and the users of their services (hitherto known as "auditee") is essential for inculcating professionalism and avoiding misunderstanding as to any aspect of the engagement. This standard describes the essential elements of "Terms of Engagement", i.e., scope, responsibility, authority, confidentiality, limitations reporting, compensation and compliance with standards.

(SIA) 9, Communication with Management

This Standard on Internal Audit provides a framework for the internal auditor's communication with management and identifies some specific matters to be communicated with the management such as, the Internal Auditor's responsibilities in relation to the Terms of Engagement, Planned Scope and Timing of the Internal Audit and Significant Findings from the Internal Audit. It also provides guidance in establishing the communication process, form and timing of communication, documentation and helps measure the adequacy of the communication process.

(SIA) 10, Internal Audit Evidence

Paragraph 14 of the SIA 2, Basic Principles Governing Internal Audit, states:

"The internal auditor should, based on his professional judgment, obtain sufficient appropriate evidence to enable him to draw reasonable conclusions therefrom on which to base his opinion or findings".

The purpose of this Standard on Internal Audit is to amplify the basic principle outlined above and to provide guidance in respect of applicability of this standard during an internal audit. An internal auditor is required to collect appropriate evidence out of his audit process to substantiate his checking and findings. This Standard deals with the qualitative and quantitative aspects of evidence in internal audit.

(SIA) 11, Consideration of Fraud in an Internal Audit

The primary responsibility for prevention and detection of frauds rests with management and those charged with governance. However, an internal auditor should, therefore, use his knowledge and skills to reasonably enable him to identify indicators of frauds. This standard lays down the procedure to be followed by an internal auditor to identify risks of such frauds and help the management fulfil its responsibilities relating to fraud prevention and detection.

(SIA) 12, Internal Control Evaluation

The purpose of this Standard on Internal Audit is to establish standards and provide guidance on the procedures to be followed by the internal auditor in evaluating the system of internal control in an entity and for communicating weaknesses therein to those charged with governance. It lays down procedures for testing the Internal Controls of the entity.

(SIA) 13, Enterprise Risk Management

The purpose of this Standard on Internal Audit is to establish standards and provide

guidance on review of an entity's risk management system during an internal audit or such other review exercise with the objective of providing an assurance thereon. This Standard applies where the internal auditor has been requested by the management to provide such an assurance on the effectiveness of its enterprise risk management system. Enterprise risk management enables management to effectively deal with risk, associated uncertainty and enhancing the capacity to build value to the entity or enterprise and its stakeholders. Internal auditor may review each of these activities and focus on the processes used by management to report and monitor the risks identified.

(SIA) 14, Internal Audit in an Information Technology Environment

An information technology environment exists when one or more computer(s) of any type or size is (are) involved in the processing of financial information. The overall objective

and scope of an internal audit does not change in an IT environment.

However, an IT environment may affect:

- The procedures followed by the internal auditor in obtaining a sufficient understanding of the processes, systems and internal control system; and
- The auditor's review of the entity's risk management and continuity systems.

The purpose of this Standard on Internal Audit (SIA) is to establish standards on procedures to be followed when an internal audit is conducted in an information technology (IT) environment

(SIA) 15, Knowledge of the Entity and its Environment

The purpose of this Standard on Internal Audit is to establish standards and provide guidance on what constitutes the knowledge of an entity's business, its importance to the various phases of an internal audit

engagement and the techniques to be adopted by the internal auditor in acquiring such knowledge about the client entity and its environment, prior to commencing an internal audit engagement and subsequently thereafter, at all stages of the internal audit process. This Standard also sets out the guidelines regarding the application, usage and documentation of such knowledge by the internal auditor.

(SIA) 16, Using the Work of an Expert

The purpose of this Standard on Internal Audit is to establish standard and provide guidance where the internal auditor uses the work performed by an expert. When the internal auditor uses the work of an expert, he should satisfy himself about the competence, objectivity and the independence of such expert and consider the impact of such assistance or advice on the overall result of the internal audit engagement, especially in cases where the outside expert is engaged by the senior management or those charged with governance. It lays down principles for identifying the need to use the Work of an Expert and evaluating the work of such Expert.

(SIA) 17, Consideration of Laws and Regulations in an Internal Audit

This Standard on Internal Audit (SIA) deals with the internal auditor's responsibility to consider laws and regulations when performing an internal audit. This SIA also applies to other engagements in which the internal auditor is specifically engaged to test and report separately on compliance with specific laws or regulations.

It lays down the procedures for Consideration of Compliance with Laws and Regulation and to identify instances of Non-Compliance of the same

Membership and Certificate of Practice Fee for the year 2012-2013

Annual Membership Fee and Certificate of Practice Fee for the year 2012-2013 is payable on 1st April 2012. The schedule of fee is as under:

For Members below age of 65 years		
Associate Membership Fee	:	800/-
Fellow Membership Fee	:	2200/-
Certificate of Practice Fee	:	2000/-

For Members above age of 65 years		
Associate Membership Fee	:	600/-
Fellow Membership Fee	:	1600/-
Certificate of Practice Fee	:	1500/-

It may be noted that remittance of fee has to be made by local cheque (in case of Members who are residing in the cities in which respective Decentralised Office is situated) or by way of demand draft in favour of 'Secretary, The Institute of Chartered Accountants of India', payable at the place where the concerned Decentralised Office is located. It may also be noted that under no circumstances out-station cheques will be accepted. No remittance should be made directly to the Head Office or a different Decentralised Office.

Members can also pay fee in advance in accordance with details given in the communication already sent to the members.

Members are advised to remit the fee at the earliest. For more details visit our website www.icai.org.

Invitation for Contribution of Articles

SIRC of ICAI invites Articles from Members for publication in the SIRC Newsletter. SIRC is releasing Theme Based monthly Newsletter. The theme finalized for the July, August & September 2012 issues are as follows:

Month	Theme	Articles to reach SIRC on or before
July	Non Corporate Taxation	June 21, 2012
August	Corporate Taxation	July 10, 2012
September	Tax Audit	August 10, 2012

Members may send the soft copy of their article, profile and passport size colour photograph to SIRC by email to sirc@icai.in and sircnewsltr@icai.in for consideration by the Editorial Board on or before the above said dates.

CA Shiksha

Exploring New Heights of Learning...

About CA Shiksha

CA. Shiksha is an initiative to provide distance learning at the door step of the student. This e-learning includes interactive learning. It providing the students with a comprehensive package of e-learning + video lectures + mock tests + assessment report+ quick revision notes, making it lot easier to grasp, understand and finally answer examination. Now students of CPT can learn at their leisure anytime as long as they have access to the internet.

This portal has been beneficial to the students especially to those who hail from small towns or are economically challenged. The need to come to metros in search of quality coaching, or settle with sub-standard coaching in the nearby areas could be obviated. Going to big cities for CA coaching not only creates problem of relocating, it also puts extra financial burden on students.

For details please visit
CASHIKSHA – <http://www.shiksha.com/>

For Attention of Students

NATIONAL CONVENTION FOR CA STUDENTS AT HYDERABAD

Organised by Board of Studies of ICAI & SICASA

jignasa - A Quest for Knowledge

Host : Hyderabad Branch of SICASA

Thursday & Friday - June 28 & 29, 2012**Shilpakala Vedika, Madhapur, Hitech City, Hyderabad - 500081****Subjects for paper writers :****Day-1 – Thursday, 28th June 2012**

1. Revised Schedule VI
2. Future of XBRL as reporting language
3. Green Initiatives in corporate governance
4. Types of Financial Frauds & Cyber crime – latest trends
5. Major Corporate frauds in the last decade
6. CA's role in fraud detection

Day-2 – Friday, 29th June 2012

1. IT Survey, Search and Seizure
2. Service Tax – negative List
3. Point of taxation in service tax
4. Audit in a ERP environment
5. Professional Misconduct and ethics
6. Importance of Audit working papers

❖ There are 2 technical sessions each day. ❖ There will be 4 special sessions in addition to the Special Session with Chairman, Board of Studies, ICAI.

Registration Fee : ` 500/- per student (Including of material, tea, coffee, lunch)

DD / Cheque should be in favour of 'Hyderabad Branch of SICASA' payable at Hyderabad be sent to The Chairman – SICASA, Hyderabad Branch of SIRC of ICAI, 11-5-398/C, Red Hills, Hyderabad – 500004. **For registration queries contact:** Mr. Santosh on Phone 040-30638600 & Email : nchyd2012@gmail.com and updates on www.icaihyd.org

NOTES

1. Students are requested to keep visiting the following websites for regular update: www.icaihyd.org and www.icai.org
2. Students are invited to contribute papers on various technical sessions. One student can send one paper only.
3. Selected Paper writers are exempted from payment of registration fee.
4. One paper writer will be selected for each subject out of the total papers received and this paper writer will get to address students in the convention. The duration of the presentation will be for 15 minutes.
5. Outstation paper writers shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc.
6. Interested students should submit the soft copy of the paper along with the hard copy for approval. **The soft copy should reach by 8th June to nchyd2012@gmail.com and the hard copy should reach by 10th June to SICASA, Hyderabad Branch of ICAI.**
7. The student particulars such as Student's Photograph (with his / her name on the back of the photograph), Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the SICASA, Hyderabad Branch of ICAI.
8. **Students who are interested to participate in the cultural programme are requested to register before 10th June 2012 at nchyd2012@gmail.com / SICASA, Hyderabad Branch of the ICAI.**

Other Co-ordinators		Convention Co-ordinators		Convention Chairman
CA. Prakash Chokda MC Member, Hyderabad Branch of SIRC	CA. T. Ramamurthy MC Member, Hyderabad Branch of SIRC	CA. C. Venkatram Chairman, Hyderabad Branch of SICASA	CA. Dayakar Gelli Chairman, Hyderabad Branch of SIRC	CA. Naresh Chandra Gelli V. Chairman SICASA
				CA Nilesh Vikamsey Chairman Board of Studies, ICAI

Two months Coaching Classes for Common Proficiency Test (CPT)for students appearing for **December, 2012 CPT Examination**Commences on **Wednesday, July 4, 2012**

Timings	Batch	Monday to Friday	Saturday & Sunday
	Morning	06.30 a.m. to 12.00 noon	Between 7.00 a.m. and 5.00 p.m. (for both batches)
Evening	02.00 p.m. to 08.00 p.m.		

Fee: ` 3,000/-**(2 months intensive coaching, two revisions in each subject and one model examination)**

- Fee remittance through Syndicate Bank, Nungambakkam branch, Chennai-34. Bank challan available at SIRC Office.
- Outstation students should remit fee by DD favouring 'SIRC of ICAI' payable at Chennai. Fee and details to be sent to SIRC of ICAI, "ICAI Bhawan", MG Road, Chennai-34.
- For further details visit www.sircoficai.org – Ph: 044-3021 0322/320 – Email: sircclasses@icai.in

NEW SCHEME OF GMCS PROGRAMME

In accordance with the decision of the Council of the ICAI, a new scheme of General Management and Communication Skills (GMCS) Programme has been introduced according to which, all students of CA course who register for articulated training on or after 1st May 2012 have to undergo GMCS programme twice during the period their articulated training as under:

(i)	GMCS-I (15 days)	During the 1st year of articulated training
(ii)	GMCS-II (15 days)	After completion of 18 months of training but before completion of articulated training

The fee for each programme of GMCS-I & II Programme shall be Rs.6,500/-. Course fee include provision of Morning Tea/Lunch/Afternoon Tea.

Those who are undergoing articulated training or are registered prior to 1st May, 2012 shall be governed by existing curriculum. **With effect from 1st August, 2012, the fee for existing GMCS Course also shall be ` 6500/-.** Those who have already paid ` 4,000/- and opting to join GMCS classes commencing on or after 1st August 2012 need to pay the differential amount of ` 2,500/-



CA. G. Ramaswamy, Immediate Past President-ICAI inaugurating. (L-R): CA. D. Prasanna Kumar, Vice Chairman-SIRC, CA. P.R. Aruloli, Chairman-Management Accounting Committee of SIRC, CA. K. Viswanath, Chairman-SIRC and CA. P.V. Rajarajeswaran, Secretary-SIRC.

CPE SEMINAR ON MANAGEMENT ACCOUNTING

Organised by SIRC of ICAI under the auspices of Management Accounting Committee of SIRC
May 19, 2012 - Chennai

Resource Persons



CA. G. Ramaswamy
Immediate Past
President-ICAI



CA. V. Ammaporna
Chennai



CA. Ravi
Parthasarathy
Bangalore



Mr. N. Muralidaran
General Manager (HR)
Ashok Leyland, Chennai



CPE SEMINAR ON FEMA

Organised by SIRC of ICAI under the auspices of Committee for Banking, Insurance and Pension of SIRC
May 21 & 22, 2012 - Chennai

Chief Guest **Dr. J. Sadakkadulla, Principal & Chief General Manager, Reserve Bank Staff College, Chennai** (2nd from Left) inaugurating. (L-R): CA. P.R. Aruloli, Member-SIRC, CA. K. Viswanath, Chairman-SIRC, CA. E. Phalguna Kumar, Member-SIRC, CA. V.X. Jose, Member-SIRC and CA. Gopal Krishna Raju, Chairman-Committee for Banking, Insurance and Pension of SIRC.

Chairman of Sessions



CA. P.R. Aruloli
Chennai



CA. R. Chandrasekaran
Chennai



CA. M. Bashyakar
Chennai



CA. Mahesh Krishnan
Chennai



CA. B. Ramana Kumar
Chennai



CA. Ashok Deora
Chennai



CA. C.R. Kumar
Chennai

Resource Persons



CA. Rashmin Sanghvi
Mumbai



Mr. Brij Raj
DGM/Member of Faculty
RBI Staff College, Chennai



Dr. S. Durairajan
DGM, RBI (Retd.),
Chennai



CA. P. Venkatesan
Chennai



CS. S. Dhanapal
Chennai



CA. R. Venkatesan
Chennai



Adv. K. Ramesh
Corporate Lawyer,
Chennai



Chief Guest **Mr. Nilendu Mishra, Regional Provident Fund Commissioner-II, Chennai** inaugurating. (L-R): Dr. T. Paramasivan, Senior Deputy Director, ICAI, CA. P.R. Aruloli, Member-SIRC & Seminar Co-ordinator and Shri S. Thiagarajan, Deputy Director, ESI Corporation.

CPE SEMINAR ON LABOUR LAWS

May 26, 2012 - Chennai

Resource Persons



Mr. Nilendu Mishra
Regional PF
Commissioner-II
Chennai



Shri S. Thiagarajan
Deputy Director, ESI
Corporation Chennai



CA. A. John Morris
Chennai



CA. R. Marimuthu
Chennai



Consultation Meeting on Advancement in Tax Administration organised by Direct Taxes Committee-ICAI on April 30, 2012 at Chennai. (L-R): Shri Gautam Ray, Senior Consultant, ICRIER, CA. Rajendra Kumar P., CCM-ICAI, **Dr. Parthasarathi Shome, Director & Chief Executive, ICRIER, New Delhi**, Shri Rajiva Ranjan Singh, Senior Consultant and Ms. Anwesha Das, Research Associate, ICRIER observing to the suggestions of the participants.



CA. K. Viswanath, Chairman-SIRC of ICAI addressing the students at the Inaugural Session of GMCS Batch held on May 21, 2012 at Chennai. (L-R): CA. Gopal Krishna Raju, Member-GMCS Co-ordination Committee of SIRC and CA. Naresh Chandra Gelli V., Chairman-SICASA.

Alleppey Branch – May 1, 2012



CA. K. Viswanath, Chairman-SIRC of ICAI along with CA. Babu Abraham Kallivayalil, Past Chairman-SIRC and CA. V.X. Jose, Member-SIRC and Ex-Officio Member-Alleppey Branch, CA. Biju Narayanan, Chairman, other Office Bearers and Managing Committee Members of the Alleppey Branch inspecting the progress of the construction of the Alleppey Branch Building during the official visit of the Chairman, SIRC to the Branch.

Kottayam Branch – May 1, 2012



CA. K. Viswanath, Chairman-SIRC of ICAI inaugurating the Seminar on Capital Gains during with his official visit to the Branch. (L-R): CA. P. Sudhakar, Treasurer-Kottayam Br., CA. Babu Abraham Kallivayalil, Past Chairman-SIRC & Ex-Officio Member-Kottayam Br., CA. Antony Francis, Chairman-Kottayam Branch, CA. V.X. Jose, Member-SIRC, Resource Person CA. Sherry Oommen and CA. Josy Thomas, Secretary-Kottayam Br.

Coimbatore Branch – May 18, 2012



Chief Guest CA. G. Ramaswamy, Immediate Past President-ICAI inaugurating the One Day Conference on Direct Tax in the presence of Guest of Honour CA. K. Viswanath, Chairman-SIRC of ICAI (during his official visit). (L-R): Ex-officio Members of Coimbatore Br. CA. K. Shanmukha Sundaram, Immediate Past Chairman-SIRC & CA. S. Murali, Member-SIRC, CA. P.V. Rajarajeswaran, Secretary-SIRC, CA. P. Viswanathan, Secretary and CA. K. Jalapathi, Chairman of Coimbatore Br.

Erode Branch – May 18, 2012



CA. K. Viswanath, Chairman-SIRC of ICAI addressing the members at the meeting organised during his official visit to the Branch. (L-R): CA. K. Rajendran, Chairman-Erode Branch, CA. P.V. Rajarajeswaran, Secretary-SIRC and CA. R. Nagarajan, Secretary-Erode Branch.

Trichur Branch – May 12, 2012



Chief Guest Mr. P.J. Joseph, GM, United India Insurance Co. Ltd., Chennai inaugurating CPE Seminar on Banking & Insurance organized by SIRC under the auspices of Committee on Banking, Insurance & Pension of SIRC. (L-R): CA. T.T. Shajan, Vice-Chairman & Secretary-Trichur Br., CA. Gopal Krishna Raju, Chairman-CBI&P of SIRC, CA. Geo Job, Chairman-Trichur Br., CA. P.R. Suresh, Member, SIRC and CA. Babu Abraham Kallivayalil, Past Chairman-SIRC & Ex-Officio Member, Trichur Br.

Ernakulam Branch – May 25, 2012



CA. Babu Abraham Kallivayalil, Past Chairman-SIRC & Ex-Officio Member-Ernakulam Br honouring CA. K. Viswanath, Chairman-SIRC of ICAI at the National Seminar on Code of Ethics organised by ESB of ICAI and hosted by Ernakulam Branch of SIRC during his official visit to the Branch. (L-R): CA. V.X. Jose, Member-SIRC and Ex-Officio Member-Ernakulam Br., CA. P.P. Mathukutty, Chairman-Ernakulam Br., CA. K. Raghu, Chairman-ESB of ICAI, CA. M.O. Poulose, Secretary-Ernakulam Br.

RESOURCE PERSONS AT THE WORKSHOP ON BASIC & ADVANCED EXCEL FOR CAS

May 24 & 25, 2012 at SIRC Chennai



CA. Gopal Krishna Raju
Chennai



CA. D. Venkataraman
Salem



CA. J. Prabhakar
Chennai

RESOURCE PERSONS AT CPE STUDY CIRCLE MEETINGS

May 2012 at SIRC Chennai

May 2, 2012



CA. N.R. Govindarajan
Chennai

May 9, 2012



CS. B. Ravi
Chennai

May 16, 2012



CA. Dr. N. Suresh
Bangalore

May 23, 2012



CA. G. Lakshmi
Chennai

May 30, 2012

