

# SIRC

# Newsletter

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MAY 2012 | Volume 37 ■ Part 11



Southern India Regional Council

▶ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

▶ SET UP BY AN ACT OF PARLIAMENT

# CORPORATE AUDIT



# SIRC CALENDAR

# MAY & JUNE 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
May 2, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>ASSESSMENT UNDER SEC. 153A &amp; 153C SANS SEIZED MATERIAL</b>	<b>CA. J. Prabhakar</b> Chennai	150/-	2 hrs
May 9, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>STANDARDS ON AUDITING SA 700 / 705 / 706</b>	<b>CA. N.R. Govindarajan</b> Chennai	150/-	2 hrs
May 10, Thursday 11.00 a.m. – 01.00 p.m.	**CPE Teleconference on <b>TAXATION ISSUES IN DEVELOPMENT AGREEMENTS</b>	<b>CA. Chandrashekhhar Gokhale</b> Hyderabad	150/-	2 hrs
May 12, Saturday 09.30 a.m. – 04.30 p.m.	#CPE Seminar on <b>BANKING &amp; INSURANCE</b>	Details at page 05		5 hrs
May 16, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>LIMITED LIABILITY PARTNERSHIP [LLP] – RECENT DEVELOPMENTS</b>	<b>CS. B. Ravi</b> Chennai	No Delegate Fee	2 hrs
May 19, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar on <b>MANAGEMENT ACCOUNTING</b>	Details at page 05		6 hrs
May 21 & 22 Mon & Tuesday	*CPE Seminar on <b>FEMA</b>	Details at page 04		8 hrs
May 23, Wednesday 11.00 a.m. – 01.00 p.m.	**CPE Teleconference on <b>“VALUATION OF INTERNAL CONTROL FRAME WORK” AND “INTERNAL AUDIT IN EMERGING SCENARIO”</b>	<b>CA. Raj Kumar Adukia</b> Central Council Member, ICAI	150/-	2 hrs
May 23, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>CHARITABLE TRUST / INSTITUTION – RECENT TRENDS IN TAXATION</b>	<b>CA. Dr. N. Suresh</b> Bangalore	150/-	2 hrs
May 24, Thursday 09.00 a.m. – 06.00 p.m.	***CPE Hands on “Practical Workshop” on <b>BASICS IN MS EXCEL FOR CAs</b>	Details at page 07		6 hrs
May 25, Friday 09.00 a.m. – 06.00 p.m.	***CPE Hands on “Practical Workshop” on <b>ADVANCED EXCEL FOR CAs</b>	Details at page 13		6 hrs
May 26, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar on <b>LABOUR LAWS</b>	Details at page 05		6 hrs
May 30, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>BEHAVIOURAL FINANCE - CONCEPTS &amp; PRACTICAL ASPECTS</b>	<b>CA. G. Lakshmi</b> Chennai	150/-	2 hrs
June 2, Saturday 08.55 a.m. – 05.30 p.m.	*CPE Seminar on <b>INCOME TAX ACT</b>	Details at page 04		6 hrs
June 6, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>ISSUES IN CORPORATE AUDIT</b>	<b>CA. M.K. Ananthanarayanan</b> Chennai	150/-	2 hrs
June 8 & 9 Fri & Saturday	@ <sup>2ND</sup> ICAI ALL REGION CONFERENCE <b>AT BARODA</b>	Details at page 07		12 hrs
June 13, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>EQUITY RESEARCH &amp; VALUATION</b>	<b>CA. K.V. Navaneetha Krishnan</b> Chennai	150/-	2 hrs
June 20, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on <b>RECENT DEVELOPMENT IN INTERNATIONAL TAXATION</b>	<b>Mr. V. Niranjan</b> , Advocate Madras High Court, Chennai	No Delegate Fee	2 hrs
June 22 & 23 Fri & Saturday	*CPE Workshop on <b>DIRECT &amp; INDIRECT TAXES</b>	Details will be published in next issue of SIRC Newsletter & hosted in SIRC Website <a href="http://www.sircoficai.org">www.sircoficai.org</a>		12 hrs

\* Programmes at P. Brahmayya Memorial Hall, ICAI Bhawan, SIRC Premises, Chennai – 600034.

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

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

# Programme at Hotel Dass Continental, Thrissur.

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

**Note: Regional Residential Seminar at Ootacamund scheduled on May 18 to 20, 2012 has been postponed. Fresh dates will be announced later.**



# Chairman writes ...



## My Dear Professional Colleagues:

**“Success is simple. Do what’s right, the right way, at the right time.”**

—Arnold H. Glasow.

I am in a way convinced that when we do right things in the right way and at the right time, success is bound to be achieved, but however to my mind, to make success simple, we need to stretch our thoughts, look out for innovation, conceptualize newer ideas and deliver the best. In the last two months since taking over the office of Chairman of SIRC, myself and my team have been trying to focus our thoughts to provide the best of services to the members and students. I would, at this juncture, like to share with the members that SIRC received excellent support and input from the members for every programme of ours, be it held at SIRC at Chennai, or any other place in the Southern Region. I take this opportunity to thank every one of the members and look forward to your continued co-operation and support in our pursuit to deliver the best to your satisfaction.

As communicated earlier in my last newsletter, SIRC has in all earnest commenced its preparation for organizing the 44th Regional Conference at KTPO Convention Centre, Whitefield, Bangalore scheduled to be held on the 18th and 19th August 2012. The Conference Committee is working on the topics for presentations and expert resource persons to provide a feast of knowledge, and also making arrangements for the convenience and comfort of the delegates to enable them to enjoy the two days of the Conference. I am extremely happy to inform you that our Hon’ble President CA. Jaydeep Narendra Shah and our Hon’ble Vice-President CA. Subodh Kumar Agrawal have kindly consented to grace the occasion with their august presence. I once again invite all of you to be part of this conference and participate in the deliberations and discussions at the conference and enjoy the fellowship, camaraderie and networking opportunities. The Conference Committee awaits your presence to make this conference a memorable one.

**Remember the dates  
August 18th and 19th, 2012  
44<sup>th</sup> SIRC Regional Conference  
at Bangalore.**

**Complete details in next SIRC  
Newsletter and SIRC Website**

On the 23rd April, I represented SIRC at the Regional Chairmen Meeting with the Hon’ble President CA. Jaydeep Narendra Shah and Hon’ble Vice-President CA. Subodh Kumar Agrawal who had given a road map for the Regions for the year 2012-13. The occasion also provided me with an opportunity to meet and share matters of professional interest with my counterparts of the other four regions. The ICAI All Region Conference on the theme “Spreading Knowledge” on 8th and 9th June 2012 at Baroda jointly organized by all Regions, is an opportunity to interact with members from other regions, and exchange thoughts and views. I extend our warm invitation to you to this Conference, the details of which are published in the SIRC Newsletter and in the SIRC Website [www.sircoficai.org](http://www.sircoficai.org)

During the month end of April and first week of May 2012, I had the opportunity to visit few of the Branches of SIRC, viz., Trivandrum, Alleppey and Kottayam Branches and interacted with the members who provided me with an opportunity to get to know their concerns and needs, and their expectations from SIRC. I would be visiting other branches in the next couple of months and would share with you my experiences from these visits through this column.

The month of April was no doubt a hectic one with the members in practice fully occupied with the audit of banks, and members in industry finalizing their company accounts. It is gratifying to note that our members were able to meet the target in completing the bank audit in time and the members in industry also geared up to present their audited annual accounts. Hearty congratulations to every one from SIRC.

The month of May is a hot season throughout the country and South India is no exception. SIRC would like to make it a pleasant month in terms of updation of professional knowledge by organizing numerous programmes, some of them being Regional Residential Conferences & Seminars at cool elevated areas, like Yercaud, Ooty, Araku

Valley etc, which otherwise could have been held in the month of April 2012 but for the pre-occupation of members in bank audit and other audits as mentioned above.

During the month of May, SIRC would be holding variety of programmes, the details of which are given elsewhere in this newsletter. I would like to make a specific mention about the programme on “Practical Workshop on Excel” which SIRC had planned in two phases, ie, one underlining the Basics in MS Excel and the other at an advanced level. SIRC has also decided to limit the number to a maximum of 35 on a twin sharing basis (two participants at each computer to facilitate effective learning) and would request the members to bear with us and register early and avoid spot registration. SIRC proposes to conduct a series of workshop in this front and I am sure the members would appreciate the steps taken by SIRC in this regard.

We had good response to the Residential Seminar at Yercaud and SIRC would be organizing regularly the Residential Seminars. Due to unavoidable circumstances the Residential Seminar at Ootacamund stands postponed. The fresh dates would be announced later. I request the members to bear with us.

**Success has a simple formula: do your best, and people may like it.** —Sam Ewing

**Success is dependent on effort.** —Sophocles

We at SIRC truly and sincerely understand what success means to an organization and we are doing our best with sustained effort with the support of my colleagues in the Regional Council and good wishes from all of you.

It is nice to interact with you through this column and I look forward to receive your feedback on the activities of SIRC and contents of SIRC Newsletter for improvements.

In the meantime, I remain,

With warmest regards,

Yours in professional service

**CA. K. VISWANATH**  
[kviswanath.sirc@gmail.com](mailto:kviswanath.sirc@gmail.com)

**CPE SEMINAR ON FEMA (From Thought to Clarity)**

Organised by SIRC of ICAI under the auspices of Committee for Banking, Insurance and Pension of SIRC of ICAI

CPE Credit

**8**  
HOURS**Monday & Tuesday**  
**May 21 & 22, 2012****P. Brahmayya Memorial Hall, ICAI Bhawan,**

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

**Day -1: Monday – 21.05.2012 - 03.15 p.m. to 08.30 p.m.**

Registration – 03.15 p.m. to 03.45 p.m.

**Inaugural Session : 03.45 p.m. to 04.15 p.m.**Chief Guest **Dr. J. Sadakkadulla,**  
Principal & Chief General Manager  
Reserve Bank Staff College, ChennaiGuest of Honour **CA. J. Venkateswarlu,** CCM, ICAI**Technical Sessions - 04.15 p.m. to 08.30 p.m.****Introduction to FEMA and Role of CAs under FEMA**Chairman : **CA. P.R. Aruloli,** Chennai  
Speaker : **CA. Rashmin Sanghvi,** Mumbai**Deposit Schemes for Non-Residents, FC accounts for Persons Resident in India, Borrowing and Lending in FC & INR**Chairman : **CA. R. Chandrasekaran,** Chennai  
Speaker : **Mr. Brij Raj,** DGM/Member of Faculty  
RBI Staff College, Chennai**Investment by NRIs & PIOs**Chairman : **CA. M. Bashyakar,** Chennai  
Speaker : **Dr. S. Durairajan,** DGM, RBI (Retd.), Chennai**Acquisition and Transfer of Immovable Property in India & Outside India**Chairman : **CA. Mahesh Krishnan,** Chennai  
Speaker : **CA. P. Venkatesan,** Chennai

Dinner – 08.30 p.m. onwards

**Day -2: Tuesday – 22.05.2012 – 04.00 p.m. to 08.30 p.m.****Technical Sessions – 04.00 p.m. to 08.30 p.m.****Foreign Direct Investment (including Real Estate Policy)**Chairman : **CA. B. Ramana Kumar,** Chennai  
Speaker : **CS. S. Dhanapal,** Chennai**Valuation of Shares under FEMA**Chairman : **CA. Ashok Deora,** Chennai  
Speaker : **CA. R. Venkatesan,** Chennai**Establishment of a Branch / Liaison / Project Office in India; Establishment of Branch / Representative Office outside India; Outbound Investments**Chairman : **CA. C.R. Kumar,** Chennai  
Speaker : **Adv. K. Ramesh,** Corporate Lawyer, Chennai

Dinner – 08.30 p.m. onwards

**DELEGATE FEE**Members - ₹ 1000/-  
Non-Members - ₹ 1200/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall 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. Gopal Krishna Raju**  
Chairman, CBI&P of SIRC**CA. K. Viswanath**  
Chairman, SIRC**CPE SEMINAR ON INCOME TAX ACT**

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

Registration – 08.55 a.m.

CPE Credit

**6**  
HOURS**Saturday**  
**June 2, 2012****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.****DELEGATE FEE** Members - ₹ 750/-

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

Registration – 08.55 a.m.

**Technical Sessions - 10.00 a.m. to 01.15 p.m.**

Evidence – Filing and Examination

**Dr. C.P. Ramaswamy,** Hyderabad

Drafting &amp; Filing of Appeals

**Dr. Anita Sumanth,** Advocate, Chennai**Mock Tribunal - 02.30 p.m. to 05.30 p.m.**Accountant Member : **CA. G. Narayanasamy,** ChennaiJudicial Member : **CA. K. Ravi,** ChennaiDepartment Representative : **Adv. G. Baskar,** Chennai & TeamAuthorised Representative : **Adv. J. Balachandran,** Chennai & Team**CA. P.V. Rajarajeswaran**  
Secretary, SIRC**CA. E. Phalgun Kumar**  
Chairman, Taxation Committee of SIRC**CA. K. Viswanath**  
Chairman, SIRC

**CPE SEMINAR ON MANAGEMENT ACCOUNTING**

Organised by SIRC of ICAI under the auspices of Management Accounting Committee of SIRC of ICAI

CPE Credit

**6**  
HOURS**Saturday**  
**May 19, 2012**

Registration – 08.55 a.m.

**P. Brahmayya Memorial Hall, ICAI Bhawan**  
No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034**Inaugural & 1<sup>st</sup> Technical Session – 09.30 a.m. to 10.45 a.m.**

Project Management

**2<sup>nd</sup> Technical Session - 11.00 a.m. to 01.00 p.m.**Foreign Currency Risk Management w.r.t. Capital Evaluation  
**CA.V. Annapoorna**, Chennai**3<sup>rd</sup> Technical Session - 02.00 p.m. to 04.00 p.m.**

Balance Score Card

**CA.Ravi Parthasarathy**, Bangalore**Open House - 04.15 p.m. to 05.15 p.m.**

Opportunities in Management Accounting

**DELEGATE FEE**Members - ₹ 750/-  
Non-Members - ₹ 1000/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall 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. P.R. Aruloli**  
Chairman, Management Accounting Committee of SIRC**CA. K. Viswanath**  
Chairman, SIRC**CPE SEMINAR ON**  
**LABOUR LAWS****Saturday**  
**May 26, 2012**

Registration – 08.55 a.m.

**P. Brahmayya Memorial Hall, ICAI Bhawan**No.122, Mahatma Gandhi Road,  
Nungambakkam, Chennai - 600034

CPE Credit

**6**  
HOURS**Inaugural & 1<sup>st</sup> Technical Session – 09.30 a.m. to 11.00 a.m.**Chief Guest **Mr. Nilendu Mishra**  
Regional Provident Fund Commissioner—II  
ChennaiGuest of Honour **Smt. K. Padmaja Nambiar**  
Additional Commissioner &  
Regional Director, ESI CorporationOverview of Social Securities in India with reference to  
Provident Fund Act, 1952**Mr. Nilendu Mishra**, Regional PF Commissioner – II, Chennai**DELEGATE FEE**Members - ₹ 900/-  
Non-Members - ₹ 1200/-

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

**2<sup>nd</sup> Technical Sessions - 11.15 a.m. to 01.15 p.m.**Rules, Regulations & Practical procedures under ESI Act  
Benefits to the Employees under the ESI Act  
**Shri S. Thiagarajan**, Deputy Director, ESI Corporation**3<sup>rd</sup> Technical Sessions - 02.15 a.m. to 03.45 p.m.**Professional Tax, Shops & Establishment Act and  
Contract Labour Act  
**CA. A. John Morris**, Chennai**Open House - 04.00 p.m. to 05.30 p.m.**Responsibilities towards Employees  
**CA. R. Marimuthu**, Chennai & **CA. A. John Morris**, ChennaiCo-ordinator  
**CA. P.R. Aruloli**, Chairman,  
Management Accounting  
Committee, SIRC  
**CA. P.V. Rajarajeswaran** Secretary, SIRC  
**CA. K. Viswanath** Chairman, SIRC**CPE SEMINAR ON BANKING AND INSURANCE**

Organised by SIRC of ICAI under the auspices of Committee on Banking, Insurance &amp; Pension of SIRC

Hosted by Trichur Branch of SIRC of ICAI

Registration: 09.00 am to 09.30 am

CPE Credit

**5**  
HOURS**Saturday, May 12, 2012****09.30 a.m. to 04.30 p.m.****Hotel Dass Continental, Thrissur.****Inaugural Session: 11.00 a.m. to 11.45 a.m.**Chief Guest **Mr. Radhakrishnan Nair**, Member, IRDA**DELEGATE FEE** For Trichur ARS Members - Nil  
For Others - ₹ 500/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of "Trichur Branch of SIRC of ICAI" payable at Trichur shall be sent to Trichur Branch of SIRC of ICAI, 'ICAI Bhawan', IX/569 Sakthan Thampuran Nagar, Near Heart Hospital, Thrissur – 680001. Phone: 0487 – 2442 328, 3206 516, Email: trichur@icai.org

**Technical Sessions**Concurrent Audit of Banks under CBS Environment  
**CA. M.C. Shanthi**, ChennaiAnti Money Laundering – Opportunities & Role of Chartered Accountants in Combating Financial Terrorism  
**CA. Gopal Krishna Raju**, ChennaiInsurance Sector – Opportunities and Challenges  
**CA. S.N. Jayasimhan**, Chennai**Valedictory Session: 04.00 p.m. to 04.15 p.m.****CA. P.V. Rajarajeswaran**  
Secretary, SIRC**CA. T.T. Shajan**  
Secretary, Trichur Branch**CA. Gopal Krishna Raju**  
Chairman, CBI&P of SIRC**CA. Geo Job**  
Chairman, Trichur Branch**CA. K. Viswanath**  
Chairman, SIRC



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- ♣ Standard Narration
- ♣ Voucher Auto Numbering
- ♣ Cylinder / Barrel Tracking
- ♣ Payroll Customization

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🎯 Highlights 🎯

- ♣ Document Management Module for Tally
- ♣ Web Interface for Tally
- ♣ Tally Data Connectivity
- ♣ Tally Report Writer
- ♣ Sales Analysis Module
- ♣ Budget Report
- ♣ Payroll Processing
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- ♣ Extended Outstanding Report
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**Bangalore:** Mrs. ARUNA 09886378871



**CA. Mohan R. Lavi**  
Bangalore  
mohan.lavi@gmail.com

## Revised Schedule VI- A New Beginning?

If ever there is a book written on “The Seven Habits of Highly Effective Chartered Accountants” one of the habits will certainly be “preparing Schedule VI financial statements”. A schedule that we have lived with, habituated and adopted over the last five decades has undergone a radical change. The Revised Schedule was notified vide Notification No S.O. 447(E) dated 28th February 2011. This Notification provided for everything apart from the date from which the Revised Schedule would be applicable which was quickly rectified by Notification No S.O. 653(E) dated 30.3.2011 which clarified that “The notification shall come into force for the Balance Sheet and Profit and Loss Account to be prepared for the financial year commencing on or after 1-4-2011”. The use of the words “financial year commencing on or after” would invariably mean that the Revised Schedule would be applicable to all entities that end their financial years on or after 31st March 2012. As the Revised Schedule VI changes the presentation of assets and liabilities drastically, it mandates that even the previous year figures should be as per the Revised Schedule. Effectively, the Schedule would be applicable for the year ended 31st March 2011.

The need for a Revised Schedule cannot be disputed. There have been a number of changes in the landscape of accounting standards over the last 20 years or so. India has moved closer to International Financial Reporting Standards (IFRS) with their Indian equivalents Ind-AS ready and waiting for the blessings of the powers-to-be. IFRS standards focus on financial reporting (hence the name) and disclosures which Schedule VI attempts to implement.

### Major Changes

#### Current and non-current Assets

The most significant requirement of the Revised Schedule would be to segregate Assets and Liabilities into Current and Non-Current. Current Assets and Current Liabilities are defined as:

Current Assets	Current Liabilities
It is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle	It is expected to be settled in the company's normal operating cycle
It is held primarily for the purpose of being traded	It is held primarily for the purpose of being traded
It is expected to be realised within 12 months after the reporting date	It is due to be settled within 12 months after the reporting date
It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date	The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

All assets that are not current assets would be classified as non-current assets. This requirement would ensure that the Balance-Sheet of an entity provides an accurate picture to investors and shareholders of the liquidity of the entity. It would impact banking ratios and banks would in turn have to relook at the way they would look at Current Ratio and Debt- Equity Ratio. As is the situation at present, Current Ratio would be looked into for short-term borrowings while the non-current ratio would cover long-term borrowings.

#### Prevalence of Accounting Standards over the Schedule

The other major change that the Revised Schedule VI brings to the table is the statements that the requirements of an accounting standard would prevail over the Schedule. This is a significant statement given that in the past there was no clarity on whether accounting standards or the Schedule would prevail in case they were at loggerheads.

#### No Schedules in Schedule VI

The Revised Schedule does away with the concept of Schedules and taking a cue from international standards asks us to begin the notes on accounts immediately after the Profit and Loss Account. One of the advantages of this is that all information pertaining to a disaggregated item is available in one place instead of being scattered all over the financial statements.

#### Other significant changes brought in by the Revised Schedule VI are:-

- The revised Schedule to apply to all companies following Indian GAAP – until such companies are required to follow International Financial Reporting Standards (IFRS) converged Indian accounting standards (Ind AS).
- Part IV of the pre-revised Schedule (containing balance sheet abstract and general business profile) dispensed with.
- Format of cash flow statement not prescribed – hence companies which are required to present this statement (i.e., other than small and medium sized companies) to continue to prepare it as per AS 3, Cash Flow Statements.
- Disclosure requirements of various accounting standards also need to be complied with.
- Expenses in the Profit and Loss Account to be shown according to

**2<sup>nd</sup> ICAI ALL REGION CONFERENCE 2012 AT BARODA**

Organised by WIRC, SIRC, EIRC, CIRC & NIRC of ICAI  
Hosted by Baroda & Nagpur Branches of WIRC of ICAI

CPE Credit  
**12**  
HOURS

**Theme**  
Spreading Knowledge

**Friday & Saturday**  
**June 8 & 9, 2012**  
**Sir Sayajirao Nagar Gruh**  
Akota, Baroda, Gujarat

**Day-1 – Friday, June 8, 2012 - 08.00 a.m. to 09.00 p.m.**

**Registration & Breakfast : 08.00 a.m. to 08.45 a.m.**

**Inauguration Session : 09.00 a.m. to 10.30 a.m.**

Chief Guest : **Shri Narendra Modi (\*)**  
Hon'ble Chief Minister of Gujarat State

Guest of Honour : **CA. Jaydeep Narendra Shah**  
Hon'ble President, ICAI &

**CA. Subodh Kumar Agrawal**  
Hon'ble Vice-President, ICAI

**Technical Sessions****Accounts & Audit**

- IFRS vis-a-vis Indian Accounting Standards (Ind AS)
- Practical Approach to Compliance of Auditing Standards

**Direct Taxes**

- General Anti-Avoidance Rules (GAAR)
- Controversial Issues in Taxation

**Panel Discussion - CA Profession - an Introspection**

Impediments to creation of Indian Big Firms

Impact of Small Cap

International Joint Ventures of Clients on CA Office

**Mega Cultural Evening - 07.00 p.m. to 09.00 p.m.**

Cultural Evening followed by a grand dinner

**Day-2 – Saturday, June 9, 2012 – 08.00 a.m. to 06.00 p.m.**

**Breakfast : 08.00 a.m. to 08.45 a.m.**

**Technical Sessions****Indirect Taxes**

- Impact of Structural Changes in Service Tax
- Cenvat Credit - Issues & Controversies for Service Providers

**Future Professional Opportunities****Green Audit**

Forensic Investigation using Information Technology

**Valedictory Session: 05.30 p.m. to 06.00 p.m.**

Chief Guest : **CA. Anil Dave (\*)**  
Hon'ble Supreme Court Judge

\* Confirmation awaited

**FEES per person (Non-Residential)**

Members	₹ 2400/- up to 21.5.2012
	₹ 2800/- thereafter
Non-Members	₹ 3200/-

Complete details & Registration Form hosted in the  
SIRC Website [www.sircoficai.org](http://www.sircoficai.org).

For Registration & further details, contact: ICAI Bhawan,  
Kalali- Tandalja Road, Tandalja, Baroda. Ph.: 0265-2681115,  
2680593, 094260 75397 E-mail: [baroda@icai.org](mailto:baroda@icai.org) or [abhishek.nagori@jlnus.com](mailto:abhishek.nagori@jlnus.com)

Conference Chairman  
**CA. Durgesh Kabra**, Chairman, WIRC

Conference Co-Chairmen  
Chairman of EIRC, CIRC & NIRC

Conference Co-Chairman  
**CA. K. Viswanath**, Chairman, SIRC

**HANDS ON "PRACTICAL WORKSHOP" ON  
BASICS IN MS EXCEL FOR CAs**

Organised by SIRC of ICAI under auspices of  
Information Technology Committee of SIRC of ICAI

CPE Credit  
**6**  
HOURS

**Thursday, May 24, 2012**  
**09.00 a.m. to 06.00 p.m.**

**ITT Lab, Third Floor, Annexe Building, ICAI Bhawan**  
No.122 Mahatma Gandhi Road, Nungambakkam, Chennai – 600034

**Course Contents:**

- ◆ Excel Placeholders
- ◆ Workspaces
- ◆ Relative Referencing
- ◆ Boundaries of Excel
- ◆ Toolbars
- ◆ Office Button
- ◆ Paste & Paste Special

Resource Persons: **CA. Gopal Krishna Raju**, Chennai - **CA. D. Venkataraman**, Salem

- ◆ Format Painter
- ◆ Date & Time Functions
- ◆ Basic Excel Formulas
- ◆ Lookup functions
- ◆ Text Functions
- ◆ Logical Functions
- ◆ Financial Functions
- ◆ Absolute Referencing
- ◆ Simple Case Studies in Taxation
- ◆ Case Studies in Financial Management
- ◆ Sorting
- ◆ Filtering
- ◆ Hybrid Referencing

**DELEGATE FEE: ₹ 900/-**

Seats limited to 35 only on first-come-first-serve basis. Kindly send email to [sirc@icai.in](mailto:sirc@icai.in)  
for early registrations. Since seats are limited, SPOT registrations are NOT encouraged.

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

**CA. P.V. Rajarajeswaran**  
Secretary, SIRC

**CA. C.S. Srinivas**  
Chairman, Information Technology Committee of SIRC

**CA. K. Viswanath**  
Chairman, SIRC



the nature of the expense rather than the function.

- Only vertical form of Balance-Sheet has been permitted.
- Quantitative disclosures relating to turnover, raw materials, purchases, etc. dispensed with. Other significant disclosures which have been dispensed with include capacity and actual production, calculation of managerial remuneration.
- Intangible fixed assets to be disclosed separately.
- Share options outstanding account recognised as part of reserves and surplus.
- Detailed disclosures required regarding defaults on borrowings.
- New and significant disclosures required regarding ownership of the company including all shareholdings above five percent of any class of shares.

- 'Investments' no longer a broad head – to be included under non-current and current assets categories; disclosures rationalised.
- All Capital Advances to be shown under Long-term Loans and Advances.

#### Impact:

The structural changes brought in by the Revised Schedule would have an impact on every entity. The impact on the Balance-Sheet and Profit and Loss Account for significant industries is tabulated below:

Industry	Balance-Sheet Impact	Profit and Loss Account Impact
Information Technology	Current/Non-Current Classification of Income-taxes Classification of Service tax input tax credit Share Options outstanding to be separately disclosed	Classification of expenses by nature
Real Estate	Classification of Investment property Classification of Capital Advances as long-term loans and Advances	
Extractive industries	Current/non-current classification due to adoption of Full Cost Method or Successful Efforts Method	Expense classification by nature
Pharmaceutical Sector	Disclosure of investments in controlled special purpose entities – requirements of Ind-AS 27	Presentation of revenue between service income and other operating revenue

#### Conclusion

- The entities should gear up to face the realities of a Revised Schedule VI. The financial statements will look different from the previous ones which are bound to elicit queries from bankers, investors, analysts and active shareholders. An early test-run of the Revised Schedule would assist in getting a clear picture of how the financial statements look. Maintaining a “tracker” of how the differences between the old Schedule and the new one have been reflected in the financial statements would enable an entity to answer any queries quickly. ■

## THREE DAYS NATIONAL RESIDENTIAL SEMINAR

Organized by: Continuing Professional Education Committee, ICAI - Hosted by: Quilon Branch of SIRC of ICAI

CPE Credit

12  
HOURS

Friday to Sunday - June 29 to July 1, 2012

The Raviz Resort & Spa, Lake Ashtamudi, Kollam, Kerala

Check in : 12.00 noon – June 29, 2012  
Check out : 01.15 p.m. – July 1, 2012

**Inauguration - 02.30 p.m. – June 29, 2012**

**Networking - 03.30 p.m. – June 29, 2012**

#### Technical Sessions

Service Tax – Recent Amendments

**CA. Rajendra Kumar P.**, Chennai

Revised Schedule VI

**CA. Babu Abraham Kallivayalil**, Kochi

Issues in Tax Deduction at Source

**CA. Divakar Vijayasathy**, Chennai

Business Deductions

**Dr. Girish Ahuja**, New Delhi

#### Participation Fee

1. ₹ 10000/- per person (Includes accommodation (on twin sharing basis, Check in by 12 Noon on June 29), breakfast (June 30 and July 1), lunch (June 29, June 30 and July 1), dinner (June 29 and 30<sup>th</sup>) and conference Kit) Accompanying Spouse (₹ 9500/-)
2. ₹ 3000/- per person on Non Residential Basis includes (dinner on 29<sup>th</sup> June, Lunch on June 30<sup>th</sup> and July 1, 2012 and Conference Kit)
  - A person who is not a member of ICAI other than accompanying spouse is not eligible for Registration.
  - Registrations for Residential basis received on and after June 15, 2012 will not be accepted. No Spot Registrations will be entertained.
  - **Limited Seats, Registration on First Come First Serve Basis.**

Delegate fee by way of Cheque / DD drawn in favour of 'Quilon Branch of SIRC of ICAI' payable at Quilon shall be sent to Chairman, Quilon Branch of SIRC of ICAI, ICAI Bhawan, Pallithottam. Kollam-691006 - Phone: 0474-2750583; 2763506 - Email: quilon@icai.org.

#### Committee Secretariat

Shri N.K. Bansal, Secretary

CPE Committee of ICAI

Mobile: 09312089135; Email: bansalnk@icai.in

**CA. K. Krishna Kumar**  
Chairman  
Quilon Branch of SIRC

#### Seminar Co-ordinators

**CA. Rajendra Kumar P.**  
Central Council Member  
ICAI

**CA. M. Devaraja Reddy**  
Chairman  
CPE Committee, ICAI



CA. Sriraman Parthasarathy  
Chennai  
psriraman@DELOITTE.com

## DORMANT DISCLOSURES IN THE FINANCIAL STATEMENTS

### Introduction

The disclosure requirements in the financial statements prepared by the corporate entities under Indian GAAP are primarily originating from Schedule VI of the Indian Companies Act, 1956, the Accounting Standards as notified by the Government of India and the directives/guidance provided by the Institute of Chartered Accountants of India. There are several items which are specifically required to be disclosed in the financial statements which are to be presented to the shareholders of the Company. In this regard, there are certain disclosure requirements, which are unique in nature which needs to be duly complied with based on applicability. This article summarizes some of those unique disclosure items, which do not generally feature in all the annual financial statements prepared by corporates and also some of the specific/additional disclosures required under GAAP over and above the normal disclosures which are visible in all the financial statements.

### **Schedule VI of the Indian Companies Act (As applicable up to 31 March 2011)**

*Note: With effect from financial years beginning on or after 1 April 2011, a revised Schedule VI has been notified.*

As per Section 211 of the Companies Act, 1956;

“Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set out in Part I of the Schedule VI, or as near thereto as circumstances admit or in such other form as may be approved by the Central Government either generally or in any particular case; and in preparing the balance sheet due regard shall be had, as far as may be, to the general instructions for preparation of

***“There are several items which are specifically required to be disclosed in the financial statements which are to be presented to the shareholders of the Company”***



balance sheet under the heading “Notes” at the end of that Part;”

Similarly in the case of Profit & Loss Account of the Company,

“Every profit and loss account of a company shall give a true and fair view of the profit or loss of the company for the financial year and shall, subject as aforesaid, comply with the requirements of Part II of Schedule VI, so far as they are applicable thereto”;

Taking into consideration the above legal provision, some of the unique disclosure requirements prescribed in Schedule VI, as applicable up to March 31, 2011, which have not generally found a place in the normal financial statements, unless the situations specifically warranted, are given below;

#### **1. Nature of the Interest, if any, of any Director or his Relative in the case of Non Scheduled Banks**

While disclosing the balance with banks, details of the names of the bankers other than scheduled banks

and the balance lying with each such banker on current accounts, call accounts and deposit accounts and the maximum amount outstanding at any time during the year from each such banker needs to be provided.

In this regard, if any of the Directors or his relative is interested in any of these non - scheduled banks, the same needs to be disclosed separately.

#### **2. Debts /Loans and Advances Due by Officers of the Company**

While disclosing the Debts /Loans and Advances which are outstanding as at the date of the Balance Sheet, a separate disclosure regarding the amounts outstanding from the “Officers of the Company” in the form of debts or loans/advances needs to be provided. In addition, the maximum amount due by the officers of the company at any time during the year should also be provided by way of a note in the financial statements.

#### **3. Loan Amounts Repayable within One Year**

The definition of the short term loan as per Schedule VI would include those which are due for not more than one year as at the date of the Balance Sheet. Hence, while disclosing the loan amounts as part of secured loans, if there are any amounts which are repayable within one year from the date of the Balance Sheet, the same needs to be disclosed separately.

#### **4. Debentures**

Wherever the Company has redeemed the debentures, but has retained the power to issue the same again, without cancelling the same, disclosure should be made in the financial statements detailing such debentures/ other relevant information in connection with the same.

Similarly where any of the Company’s debentures are held by a nominee or a

trustee for the Company, the nominal amount of the debentures and the amount at which they are stated in the books of the Company shall also be separately stated.

#### 5. Investments in Body Corporates under the Same Management

If there are investments made by a Company in Bodies Corporates which are under the Same Management, there should be a separate disclosure in the financial statements regarding the names of such entities and the amount of investments held.

#### 6. Current Assets, Loans and Advances

The current assets, loans and advances disclosed in the Balance Sheet should be valued at their net realisable value. However, if the Board is of the opinion that any of the current assets, loans and advances have no value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be clearly stated.

This disclosure ensures that the assessment of the Board with respect to the realisability of the current assets, loans and advances is duly disclosed in the financial statements.

#### 7. Unutilized Amounts Out of Issue

If there are any unutilized amounts out of an issue, which are held in the form of investments, cash /bank balances, deposits etc. the same should be disclosed separately in the financial statements.

#### 8. Debts Due by Directors

Debts due by Directors of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any Director is a partner or a Director or a member should be separately stated.

The maximum amount due by Directors at any time during the year should also be shown separately by way of a note.

#### 9. Loans from Directors

Loans taken from Directors should be shown separately in the financial statements. Further, wherever the loans taken from third parties are guaranteed by Directors, a mention thereof shall also be made to that effect separately.

Further the amount of interest paid/ payable on the Company's debentures and other fixed loans, subscribed by/ taken from the Managing Director/ Manager should also be separately disclosed.

#### 10. Comparative Information

Disclosure of comparative information for all the items shown in the Balance Sheet and the Profit and Loss Account including the items disclosed by way of notes to the financial statements should be ensured in the financial statements. This requirement also applies to companies preparing quarterly, half yearly accounts in which case the comparative would represent the corresponding period of the previous year.

#### Accounting Standard Related Disclosures

*Note: This does not cover the IND AS disclosures which would be applicable as and when announced.*

In exercise of the powers conferred by clause (a) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956), read with sub-section (3C) of section 211 and sub-section (1) of section 210A of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards, has notified Companies (Accounting Standards) Rules, 2006.

According to these Rules, every company and its auditor(s) shall comply with the Accounting Standards in the manner specified in Annexure to these Rules. The Accounting Standards shall be applied in the preparation of General Purpose Financial Statements.

In view of the above legal requirement, disclosure requirements of the Accounting Standards need to be strictly ensured. Needless to add that the aforesaid Rules, of course, provides that the Accounting Standards are intended to apply only to items which are material and not for insignificant items. Hence, the concept of materiality would apply to related disclosures as well.

Some of the common disclosure items which are mandated by the Accounting Standards that are unique are discussed in the below mentioned paragraphs:

#### 1. AS 3 Cash Flow Statement

This standard requires that if there are any amounts of cash or cash

equivalents balances held by the enterprise which are not available for use by it such as restricted cash, the same needs to be disclosed separately along with a commentary by the management.

#### 2. AS 9 Revenue Recognition

If there are certain circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties, the same should be disclosed in the financial statements.

#### 3. AS 12 Accounting for Government Grants

Even if there are grants received in the form of non-monetary assets given at a concessional rate or fee of cost, the nature and the extent of such grants received/ recognized should be disclosed in the financial statements.

#### 4. AS 13 Accounting for Investments

As per AS 13, if there are any significant restrictions on the right of ownership, reliability of investments or the remittance of income and proceeds of disposal, the same should be disclosed separately in the financial statements.

#### 5. AS 15 Employee Benefits

The impact of curtailments and the settlements related to the present value of the defined benefit obligations should be shown separately.

Further, the employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date should also be disclosed in the case of defined benefit plans.

In addition, there should be a disclosure of the amounts for the current annual period and previous four annual periods of;

- The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan and
- The experience adjustments arising on;
  - the plan liabilities expressed either as an amount or a % of the plan liabilities at the balance sheet date, and
  - The plan assets expressed either as an amount or a percentage of the plan assets at the balance sheet date;



There should also be a disclosure for the actual return on plan assets along with the basis used for determination of the expected rate of return. If the defined benefit obligation has been funded by the entity, there should also be a disclosure related to the investments details of plan assets.

#### 6. AS 16 Borrowing Costs

The standard stipulates that the accounting policy adopted for borrowing costs should be clearly/separately stated in the financial statements in addition to the amount of borrowing costs capitalized in the financial statements.

#### 7. AS 18 Related Party Disclosures

There should be a disclosure of the related party and the nature of the related party relationship wherever control exists irrespective of whether or not there have been transactions between the related parties.

In addition, there should also be a disclosure of any other elements of the related party transactions necessary for understanding of the financial statements.

#### 8. AS 19 Leases

Details relating to contingent rental payments are required to be disclosed separately in addition to the minimum lease payments in the case of operating lease arrangements.

Further, a general description of the lessee's significant leasing arrangements including but not limited to the following should also be disclosed;

- The basis on which contingent rent payments are determined,
- The existence and terms of renewal or purchase options and escalation clauses and
- Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

#### 9. AS 20 Earnings per Share

Whilst disclosure relating to the computation of the Earning per Share is made in the financial statements, the standard stipulates the following as well which needs to be taken care of:

- The amounts used as numerators in calculating basic and diluted

earnings per share and a reconciliation of those amounts to the net profit or loss for the period.

- The weighted average number of equity shares used as a denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other.

#### 10. AS 22 Accounting for Taxes on Income

In the case of recognition of Deferred Tax Asset on the unabsorbed depreciation or carry forward of losses under tax laws, the standard requires the disclosure of the nature of the evidence supporting the recognition of deferred tax asset.

#### 11. AS 24 Discontinuing Operations

The disclosure requirements of the standard applies separately for each and every discontinuing operations and if there are more than one operation which is discontinued, the disclosure requirements related to the same should not be clubbed and presented.

As regards the common disclosures made under this standard, the following items need to be taken care of in addition to the regular disclosures related to Assets, Liabilities, Income, Expenses etc. of the discontinued operations, in the case of initial disclosure event;

- The business or geographic segment in which the discontinued operations was reported as per AS 17- Segment Reporting.
- The amounts of net cash flows attributable to the operating, investing and financing activities of the discontinuing operations during the current financial reporting period.

#### 12. AS 26 Intangible Assets

This standard stipulates that if there are any commitments for the acquisition of intangible assets, the same should be disclosed separately in the financial statements.

It also requires the following disclosures:

- A description, the carrying amount and remaining amortization period of individual

intangible asset that is material to the financial statements of the enterprise as a whole.

- Disclosure of the title restrictions, if any, and the carrying amount / details of pledges created on the intangibles.

This standard also stipulates that wherever the useful life of the intangible asset is estimated to be more than 10 years, the reasons for such estimation along with the factors which played a significant role in determining the useful life of the asset should also be disclosed.

#### 13. AS 27 Financial Reporting of Interests in Joint Ventures

In addition to the disclosure of the aggregate amounts of each of the assets, liabilities, income and expenses related to the entity's interests in the jointly controlled entities, the standard requires the disclosure of;

- contingent liabilities that the venture has incurred in relation to its interest in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other ventures.
- entity's share of the contingent liabilities of joint ventures themselves for which it is contingently liable.
- the contingent liabilities that arise because the venture is contingently liable for the liabilities of the other venturers of a joint venture.

Similarly, details relating to commitments in respect of the entity's interest in joint ventures also need to be provided.

#### 14. AS 29 Provisions, Contingent Liabilities & Contingent Assets

As regards the disclosure made under this standard, there is a need for disclosing, for each class of provision;

- The brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits.
- If there is any uncertainty attached to the outflows, the same should be indicated.
- Further, if there is any expected reimbursement, the amount of

such reimbursement should be disclosed stating the amount of any asset that has been recognized for the expected reimbursement.

Similarly for each class of contingent liabilities, the enterprise should disclose the expected timing of the outflow and also the possibility of reimbursements, if any, in addition to other required disclosures.

Where any of the information required to be disclosed is not disclosed in the financial statements because it is not practicable to do so, that fact should be stated in the financial statements.

**Disclosures arising out of the ICAI Guidance/Directives**

Being part of Indian GAAP, the various guidance notes, clarifications, directives, and announcements of the ICAI also needs to be complied with for ensuring the due disclosure in the financial statements. Some of the key disclosures arising out of the same are given below:

**Disclosure related to Derivative Instruments**

Per ICAI Announcement, all enterprises should make the following disclosures regarding Derivative Instruments in their financial statements:

- category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date,
- the purpose, viz., hedging or speculation, for which such derivative instruments have been acquired, and
- the foreign currency exposures that are not hedged by a derivative instrument or otherwise.

**Conclusion**

While preparing the financial statements, companies have to take due care in ensuring that all the applicable disclosure requirements arising out of Indian GAAP are duly complied with. Needless to add that the disclosure requirements applicable to unique / special situations /

circumstances need to be given due importance so as to ensure that the same are not missed out. To facilitate the same, a detailed checklist for the disclosure items may be prepared and the applicability of the same may be ensured. With the introduction of revised Schedule VI which has already become effective and IND AS which is expected to become effective in the near future, disclosure requirements in the financial statements are on the rise and hence corporates have to pay greater attention for such GAAP disclosures in the financial statements. ■

**DISCLAIMER**

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

**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](mailto:grievance_sircmembers@icai.in) and [grievance\\_sircstudents@icai.in](mailto:grievance_sircstudents@icai.in) respectively.

**HANDS ON "PRACTICAL WORKSHOP" ON  
ADVANCED EXCEL FOR CAs**

(Financial Analysis, Modelling & Case Studies)

CPE Credit  
**6**  
HOURS

Organised by SIRC of ICAI under auspices of Information Technology Committee of SIRC of ICAI

**Friday, May 25, 2012  
09.00 a.m. to 06.00 p.m.**

**ITT Lab, Third Floor, Annexe Building, ICAI Bhawan  
No.122 Mahatma Gandhi Road, Nungambakkam, Chennai – 600034**

**Course Contents:**

Resource Persons: **CA. Gopal Krishna Raju**, Chennai - **CA. D. Venkataraman**, Salem

- |                                       |                                |   |
|---------------------------------------|--------------------------------|---|
| ◆ Absolute & Relative Referencing     | ◆ Nesting Functions            | ◆ Macros  |
| ◆ Filters & Data Sorting              | ◆ Linking Workbooks            | ◆ Advanced Sorting Data                           |
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| ◆ Scenarios                           | ◆ Exporting and Importing Data | ◆ Advance Validations                             |

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**CA. P.V. Rajarajeswaran**  
Secretary, SIRC

**CA. C.S. Srinivas**  
Chairman, Information Technology Committee of SIRC

**CA. K. Viswanath**  
Chairman, SIRC

## COMPOSITION OF COMMITTEES OF SIRC OF ICAI FOR THE YEAR 2012-13

**Executive Committee**

CA. Viswanath K.	Chairman
CA. Prasanna Kumar D.	Vice Chairman
CA. Rajarajeswaran P.V.	Secretary
CA. Suresh P.R.	Treasurer

**Students Committee**

CA. Naresh Chandra Gelli V.	Chairman
CA. Viswanath K.	Chairman, SIRC
CA. Gopal Krishna Raju	
CA. Phalgun Kumar E.	
CA. Rajarajeswaran P.V.	
CA. Shanmukha Sundaram K.	
CA. Srinivas C.S.	
CA. Santhanakrishnan S.	
Vice Chairman, SICASA	
Secretary, SICASA	

**Professional Development Committee**

CA. Jose V.X.	Chairman
CA. Viswanath K.	Chairman, SIRC
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CA. Murali S.	
CA. Phalgun Kumar E.	
CA. Raghu K.	
CA. Dias P. Jacob, Bangalore	Co-opted Member
CA. Jayadevan N.R., Chennai	Co-opted Member
CA. Menshi Ashok Channabasappa, Belgaum	Co-opted Member
CA. Venkateswara Rao S., Hyderabad	Co-opted Member

**Career Counselling Committee**

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CA. Prasanna Kumar D.	
CA. Satyanarayana G.V.V.	
CA. Shanmukha Sundaram K.	
CA. Sumermal D. Ostawal	
CA. Murali V.	
CA. John Moris A., Chennai	Co-opted Member
CA. Kulkarni Seshagiri Balaji, Hubli	Co-opted Member
CA. Manjunatha R.S., Bangalore	Co-opted Member

**Continuing Professional Education Committee**

CA. Babu Abraham Kallivayalil	Chairman
CA. Gopal Krishna Raju	
CA. Jose V.X.	
CA. Prasanna Kumar D.	
CA. Shanmukha Sundaram K.	
CA. Srinivas C.S.	
CA. Devaraja Reddy M.	
CA. Jenifer Arulraj J., Tiruchirappalli	Co-opted Member
CA. Kuriachan V.P., Chennai	Co-opted Member
CA. Saravanan B., Coimbatore	Co-opted Member

**Committee on Taxation**

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CA. Aruloli P.R.	
CA. Gopal Krishna Raju	
CA. Prasanna Kumar D.	
CA. Rajarajeswaran P.V.	
CA. Sumermal D. Ostawal	
CA. Madhukar N. Hiregange	
CA. Machar Rao Meenavalli, Hyderabad	Co-opted Member
CA. Murali Krishnamurthy CH., Secunderabad	Co-opted Member
CA. Venkataramani S., Bangalore	Co-opted Member

**Branch Coordination Committee**

CA. Murali S.	Chairman
CA. Aruloli P.R.	

CA. Babu Abraham Kallivayalil	
CA. Prasanna Kumar D.	
CA. Srinivas C.S.	
CA. Murali V.	
CA. George Victor Crasta, Bangalore	Co-opted Member
CA. Sankara Ramanathan R., Erode	Co-opted Member
CA. Senthil Kumar RM., Tirupur	Co-opted Member
CA. Venkateswarulu M., Tirupati	Co-opted Member

**Committee for Capacity Building of CA Firms and SMPs**

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CA. Viswanath K.	Chairman, SIRC
CA. Babu Abraham Kallivayalil	
CA. Murali S.	
CA. Naresh Chandra Nelli V.	
CA. Srinivas C.S.	
CA. Devaraja Reddy M.	
CA. Harish Babu M., Karimnagar	Co-opted Member
CA. Madhavan S., Chennai	Co-opted Member
CA. Srinivas Shivangi, Belgaum	Co-opted Member

**Committee for Members in Industry**

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CA. Viswanath K.	Chairman, SIRC
CA. Babu Abraham Kallivayalil	
CA. Murali S.	
CA. Satyanarayana G.V.V.	
CA. Suresh P.R.	
CA. Rajendra Kumar P.	
CA. Kandavel M.S., Karaikudi	Co-opted Member
CA. Ramdev Bhutada, Hyderabad	Co-opted Member
CA. Shanmugam K.S., Coimbatore	Co-opted Member

**Committee on Accounting Standards for Local Bodies**

CA. Shanmukha Sundaram K.	Chairman
CA. Jose V.X.	
CA. Phalgun Kumar E.	
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Chennai  
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## Audit Documentation - Being relevant in times of change

### Introduction

With Internal Audit being considered as the third defence of line to any organization the following presentation depicts the need and importance of Audit Documentation as required from various spheres. The scope of Internal Audit increases with the onus of responsibility and adherence on the same when performing Audit.

### Scenarios & Importance

Scenario's of major frauds and business failures like the Enron Collapse from the past, to the Satyam fall in the recent, has focused more attention on the audit documentation and its retention which has led to have strict regulations on audit documentation. Peer Review's, Quality Review's and facing the Disciplinary Committee or Court has become the most important order of the day. When things go wrong, the question is: why the auditor did not warn? And the quality of an auditor's work, the methodology of each audit procedure that he carried out is challenged.

Auditors are required to record all matters which are important in supporting the opinion & their reasoning. Auditors may subsequently be presented before the disciplinary committee or possibly before the courts and could be charged either with penal, civil or punitive damages, when they could not conclusively "prove" or fail to substantiate that they had applied Auditing standards and professional judgement with due professional care.

The onus is on the auditor to "prove" that he was not professionally negligent in the performance of his duty. If his audit working papers do not evidence of having performed a procedure, the assumption is that the audit procedure was not performed. Scope and resource limitations faced by the auditor are no defense, if he does not give a disclaimer of opinion as required by SA 700.

***"The skill of an accountant can always be ascertained by an inspection of his working papers."***

— Robert H. Montgomery



Documentation is the only way the auditor can prove that he planned and performed an effective audit, however good he might perform the same.

### Definition

According to (1) Standards on Auditing 230, issued by the Institute of Chartered Accountants of India, hereinafter referred to as (SA for ICAI), (2) Auditing Standard 3 by Public Company Accounting Oversight Board under Sarbanes Oxley Act, hereinafter referred to as (AS for PCAOB) and (3) International Standard on Auditing 230 by International Auditing and Assurance Standards Board of International Federation of Accountants, hereinafter referred to as (ISA for IAASB):

**"Audit Documentation"** refers to the working papers prepared or obtained by the auditor and retained by him, in connection with the performance of the audit. It is the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached.

**Engagement documentation:** The record of work performed, results obtained, and conclusions the practitioner reached.

**Audit file:** One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement. In the case of recurring audits, some working paper files may be classified as permanent audit files, which are updated currently with information of continuing importance to succeeding audits. In contrast current audit files contain information relating primarily to the audit of a single period. Terms such as "working papers" or "work-papers" are sometimes used.

### Purpose

In general, it seems that many do not fully appreciate the extent to which audit documentation should be prepared, its form and its content. There are no detailed rules in this regard, as no two audits will be the same, and requirements will vary from one audit engagement to another (for example, on the size and complexity of the entity).

However, SA & ISA 230 / AS 3, clearly indicates that the quality of the Documentation should enable "an experienced auditor", having no previous connection with the audit, to understand nature, timing, extent and results of the audit procedures performed, Audit evidence obtained & conclusions reached on significant matters.

AS 3, states that audit documentation should provide support for the representations in the auditor's report, it should demonstrate that the engagement has complied with the standards of the PCAOB, supports the basis for the auditor's conclusions concerning every relevant financial statement assertion, and demonstrate that the underlying accounting records agree or reconcile with the financial statements.

The importance of documentation serves the following inclusive purposes;

- To assist audit team to plan and perform the audit.
- To enable the engagement team to be accountable for its work.
- To retain a record of matters of continuing significance to future audits.
- To withstand the test of an independent experienced auditor review (including peer review) and to comply with:
  - SQC 1
  - ISQC 13
  - SA / ISA 220 "Quality Control for Audit Work";
- To enable an experienced auditor to conduct external reviews in accordance with applicable legal, regulatory or other requirements.
- To fulfill the need to document oral discussions of significant matters and communicate to those charged with governance, as discussed in SA 260, "Communication of Audit Matters with those Charged with Governance".

### Involves

As to the form of audit documentation, audit firms now rely on electronic and other forms of media to record their audit, in addition to traditional paper forms filled in manually. While many use software programmes to improve the efficiency of their audit work, more common uses ICT (information and computing technology) that include word processing and spreadsheet applications, e-mail, and the internet.

Just as it is not practical or necessary for auditors to test every transaction in a large population for specified attributes, nor is it practical or necessary for auditors to document all the matters they have considered in carrying out their work, the audit documentation must be sufficient and appropriate in the circumstances for the matter being considered.

Documentation may be on electronic media which includes;

- Audit programs.
- Analyses.
- Issues memoranda.
- Letters of confirmation and representation.
- Checklists.
- Extracts of important documents.
- Correspondence (including e-mail).
- Schedules of work the auditor performed.

## For attention of Members 61<sup>ST</sup> ANNUAL GENERAL MEETING OF SIRC OF ICAI

The 61<sup>st</sup> Annual General Meeting of the Members of the Southern India Regional Council will be held in the month of July 2012. The detailed notice etc. for the said meeting will be sent by e-mail, in due course, to the members whose e-mail ids are on the records of the Regional Council. Members who have not furnished their e-mail ids are requested to provide their e-mail ids to [sirc@icai.in](mailto:sirc@icai.in) and [sromemco@icai.in](mailto:sromemco@icai.in) to enable us to send the notice to such members by email.

The notice for the meeting would also be displayed on the Notice Board and hosted in the website of the Regional Council.

Hard copy of the Report of the Regional Council, together with the Auditor's Report and the audited Balance Sheet and Income and Expenditure Account for the financial year 2011-12 would be forwarded to those members who are desirous of the same. Accordingly, such members may write, giving their complete postal address, to Shri T.V. Srinivasan, Deputy Secretary, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No.3314, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034 (Phone: 044 - 3021 0321).

CA. P.V. Rajarajeswaran  
Secretary, SIRC of ICAI

Notwithstanding the above, the Report of the Regional Council, together with the Auditor's Report and the audited Balance Sheet and Income and Expenditure Account for the financial year 2011-12 would also be published in the June 2012 issue of SIRC Newsletter, this year.

- Significant matters that give rise to significant risks.
- Results of audit procedures indicating possibility of material misstatement.
- Circumstances that cause the auditor significant difficulty in applying necessary audit procedures.

The auditor should

- Record who performed the audit work and the date of such work.
- Record who reviewed specific audit documentation and the date of such review.
- Record the identifying characteristics of the specific items tested.
- Retain copies of those client records, if they are needed, to enable the auditor to understand the work performed and conclusions reached.
- Record findings that could result in a modification to the auditor's report - Subsequent events occurring between the Balance sheet date and the Audit report- SA/ISA 560.
- Record reasons for all deviation from Standards on Auditing should be documented.

### Auditing in a computer information systems environment:

In an audit in CIS environment, some of the audit evidence may be in the electronic form. The auditor should satisfy himself that such evidence is reliable, complete, adequate, safely stored and retrievable in its entirety as and when required.

### Requirement under Statues

SA 200 Basic Principles Governing an Audit, Paragraphs 11 - 14 states:

- The auditor should document matters which are important in providing evidence that the audit was carried out in accordance with the basic principles.
- SA/ISA 230 (Revised) Audit Documentation, states that the auditor should prepare audit documentation that is:
  - sufficient and appropriate to provide a record of the basis for the auditor's report, and to demonstrate that the audit was performed in accordance with SAs and applicable legal and regulatory requirements.



- **SA/ISA 240 Auditor's responsibility to consider fraud and error in an audit of FS**, states:
- Auditor to document fraud risk factors identified at planning & performance stages and Auditor's response thereto.
- The auditor must document matters which are important in providing evidence to support the audit opinion, and the working papers must include the auditor's reasoning on all significant matters which require the auditor's judgment, together with the auditor's conclusion thereon.
- Because of the importance of fraud risk factors in the assessment of the inherent or control risk of material misstatement, the auditor's document helps in risk factors getting identified and the response considered appropriate by the auditor.

**SA 250 Consideration of laws and regulations in an audit of financial statements** states that:

- When the auditor believes that there may be non-compliance, the auditor should document the findings and discuss them with the management.
- Documentation of findings would include copies of records and documents and making minutes of conversations, if appropriate.

**SA 260 Communications of audit matters with those charged with governance** states that:

- The auditor's communication with those charged with governance may be made orally or in writing.
- When audit matters of governance interest are communicated orally, the auditor should document in the working papers the matters communicated and any responses to those matters.

**SA/ISA 300 Audit planning**, states the form and extent of the documentation will vary depending on the size and complexity of the audit:

- The auditor should document his overall audit strategy and the audit plan.
- Time of hours budgeted for the various audit areas or procedures.
- A written audit programmes, setting forth the procedures that are needed to implement the audit plan.

- The programmes may also contain the audit objectives for each area and should have sufficient details to serve as a set of instructions to the assistants involved in the audit and as a means to control the proper execution of the work.

**SA 400/ISA 315, 330 Understanding the Entity, Risk assessment and internal control**, states while understanding obtained on entity's accounting and internal control systems:

- The auditor should document discussion among engagement team on susceptibility material misstatement due to error or fraud, key elements of internal control components identified, the source of understanding, identified risks of material misstatement at the financial statement and at assertion level.
- When control risk is assessed at less than high, the auditor would also document the basis for the conclusions, techniques of documentation –used that are either alone or together, Narrative descriptions, Questionnaires, Checklists, Flow charts.
- Document the overall response to address the assessed risks.
- Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the more extensive the auditor's documentation need to be.

**SA/ISA 505 External Confirmation**, states that:

- External confirmation required & obtained need to be documented in the working papers.

**SA/ISA 580 Representations by management**, states that:

- Evidence of management's representations need to be documented by auditor.
- A written representation is better audit evidence than an oral representation and can take the form of:
  - A representation letter from management.
  - A letter from the auditor outlining the auditor's understanding of management's representations, duly acknowledged and confirmed by management.

- A duly authenticated copy of relevant minutes of meetings of the board of directors or similar body.

**SA/ISA 600 Using the work of another auditor**, states:

- The principal auditor should document the components whose financial statements were audited by other auditors.
- Their significance to the financial statements of the entity as a whole.
- Names of the other auditors.
- Any conclusions reached that individual components are not material.
- He should also document how he applied the procedures he performed and the conclusions he reached.
- Where the other auditor's report is other than unqualified, the principal auditor should also document how he has dealt with the qualifications or adverse remarks contained in the other auditor's report in framing his own report.

**ISQC 1** requires;

- Firms to establish policies and procedures for the retention of engagement documentation.
- The retention period for audit engagements ordinarily is no shorter than five years from the date of the auditor's report, or, if later, the date of the group auditor's report.

**ISQC 13** states that documentation plays an important role;

- To withstand the test of an independent experienced auditor review (including peer review) to comply with ISQC 1. Enabling the conduct of quality control reviews and inspections in accordance with ISQC 13 or national requirements that are at least as demanding.

**Sarbanes Oxley Act** PCAOB AS 3 states that;

- Documentation provides the foundation for appropriate communication concerning responsibilities for performing controls and for the company's evaluation of and monitoring of the effective operation of controls.
- Inadequate documentation of the design of controls over relevant assertions related to significant accounts and disclosures is a deficiency in the company's internal control over financial reporting.

- Deliberate destruction of the audit documentation within the seven year period constitutes a criminal offence.

**Sarbanes Oxley Act**, under which documentation revolves around are as follows:

- How transactions are initiated, authorized, recorded, processed and reported.
- Appropriate control objectives and description.
- Controls over all relevant assertions related to all significant accounts & disclosures.
- Controls around segregation of duties, fraud and safeguarding of assets & period-end financial reporting process.
- Documentation under SOX must address Information Processing Objectives (CAVR) and Financial Statement Assertions (C, E & O, V, R & O and P & D).
  - Existence or Occurrence-Completeness-Rights & Obligations-Valuation or Allocation-Presentation & Disclosure-Accuracy-Cutoff.

**Sarbanes Oxley Act**, Good “Control Documentation” is one that capture all the following attributes of a control:

- Who does it?
- What is done?
- Why this control is performed?
- When is it performed?
- How is it completed?
- What are the outcomes and handoffs to the next control step?

### **Phases of Documentation**

The documentation revolves around various phases right from planning & performance supervision to review.

**The Planning Section: Documents are gathered during the evaluation contain the following,**

- The risk assessment process:
  - By understanding the entity, its business and its environment.
  - By considering the risk of fraud.
  - By understanding of entity’s internal controls.
  - By understanding the accounting process.
  - Response to the assessed risks.
- Preliminary analytical procedures.
- Determined materiality.

## **SIRC OF ICAI**

### **CONGRATULATES**

**Padma Shri Awardee CA. T.N. MANOHARAN, Past President, ICAI** on being nominated as **Member of the Advisory Board on Banks, Commercial & Financial Frauds (ABBCFF)** constituted by the Central Vigilance Commission (CVC).

**CA. G. RAMASWAMY, Immediate Past President, ICAI** on being nominated as **Special Invitee on the National Advisory Committee on Accounting Standards (NACAS)** for a period up to 28th February 2013 and on being nominated as **Member of the Committee set by Government of India to suggest Corporate Governance Policy.**

- Staff scheduling, time budgeting and audit timelines.
- Confirmation’s.
- Client meetings notes.

**The controls testing section documents include,**

- Detailed controls audit programmes.
- Test of compliance.
- Tests of controls mitigating identified risks.
- Tests of general IT controls.
- Tests of IT and manual business process controls.

**The substantive testing section of file contains documents pertaining to;**

- Substantive testing audit programme
- Sampling methodology used, sample size calculations and representative samples drawn for testing various components of Financial Statement in accord with risks identified.
- Analytical testing : justification, objective, findings and conclusion.
- Detail testing : justification, objective, findings and conclusion.
- Details of why and how “audit judgments” was exercised in areas where more than one opinion was possible.
- Conclusion on substantive procedures . Preparer sign-offs and dates.

**The reporting section of the file contains documents of,**

- Audit summary memorandum including conclusions on risk mitigation, controls and substantive testing.
- Aggregation of errors and comfort with materiality.
- Management letter and communications.

- Draft and signed reports or FS.
- Cross-referenced trial balance.
- Notes and disclosures.
- Laws and (accounting and auditing) standards compliance checklists.
- Quarterly financial reporting and/or interim reporting.
- Other reporting (e.g. certificates, tax audit).
- Preparer and reviewer sign-offs and dates.

### **Confidentiality, Safe Custody and Ownership**

**SOX:** The auditor should apply appropriate procedures for audit documentation that

- Maintain its confidentiality and safe custody.
- Protect its integrity.
- Enable its accessibility and retrievability.

### **Standards on Auditing:**

- SA / ISA 200, Basic Principles Governing an Audit, states in para 6, “The auditor should respect the confidentiality of information acquired in the course of his work and should not disclose any such information to a third party without specific authority or unless there is a legal or professional duty to disclose”.
- SA / ISA 230, Documentation (Paragraph 13), states, “Working papers are the property of the auditor. The auditor may, at his discretion, make portions of or extracts from his working papers available to his client.” SA 230 further requires (paragraph 14), inter alia, that the “auditor should adopt reasonable procedures for custody and confidentiality of his working papers.”

**Ethics:**

- Part I of the Second Schedule to the Chartered Accountants Act, 1949 provides that "A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he –  
"Discloses information acquired in the course of his professional engagement to any person other than his client so engaging him, without the consent of his client or otherwise than as required by any law for the time being in force."

**Document Retention****ICAI-SA:**

- The auditor should retain the working papers for a period of time sufficient to meet the needs of his

practice and satisfy any pertinent legal or professional requirements of record retention.

**IAASB-ISA:**

- Minimum period recommended by ISA 230: Audit working papers – no shorter than 5 years from the date of the auditor's report.
- General principle - For a period sufficient to meet the needs of the audit practice and in accordance with legal and professional requirements.

**ISQC**

- ISA 230 refers to the principles in ISQC 1 on quality control that 'auditors should establish policies and procedures designed to maintain the confidentiality,

safe custody, integrity, accessibility and retrievability of engagement documentation.'

**SOX-PCAOB:**

- Enable its retention for a period sufficient to meet the needs of the firm, and legal and professional requirements for seven years from report issuance or fieldwork was substantially completed or from the date the engagement ceased.

**Timelines****SA/ISA:**

- Assembling of audit file should ordinarily be completed within 60 days after date of the auditor's report

**SOX:**

- PCAOB Standard 3 which requires archiving within 45 days of report issuance or fieldwork was substantially completed or from the date the engagement ceased.

**International Standard on Quality Control**

- (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, for firms to set up policies and procedures for the timely completion of the assembly of the final engagement files.
- After the audit file has been completed, the auditor should not delete or discard audit documentation.

**References**

- The references on the standards used as part of the presentation were taken from the publications of IAASB Board and that of ICAI. Further that of from the SOX and COSO legal framework. ■

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M.No	Name	Status	Place	Date of Death
002347	MR. VENUGOPAL S	FCA	SALEM	31/01/2012
019222	MR. MURALIDHARAN S	FCA	BANGALORE	28/01/2012
022568	MR. SANKARANARAYANAN S	ACA	MADURAI	26/06/2011
022845	MR. NAGARAJA ACHARYA B	FCA	UDUPI	05/10/2011
025987	MR. SHANKAR KR	FCA	SALEM	01/02/2012
026679	MR. MANOHAR P	ACA	CHENNAI	10/10/2011
026679	MS. CHITRA DEVARAJAN	FCA	TRIVANDRUM	27/04/2012

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

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# Incorporation of Companies

## - Issues

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

The International Trade Organizations, while assessing the time taken for setting up business in various Countries have expressed the view that the time taken in India for setting up new business is much longer than in other developing countries. The Government of India has been expressing concern that such status is not favorable for the over all development of the Country. Therefore, it is imperative on the part of the Professionals who deal with incorporation of companies to do their best to cut short the time involved for incorporation of companies. It has been the experience of this office that nearly over 90% of the incorporation documents are returned for one correction or the other, which delays the start of the operation of the company. The common defects noticed in the incorporation documents are detailed below with a view to improve the perfection of the documents so that ROC will be able to incorporate the company without the necessity of returning documents for correction.

1. The discrepancies between the details furnished in Form – 1A for availability of name and the Form-1 filed for incorporation of documents. Many times, the subscriber's details do not match. Steps should be taken to avoid such discrepancies and in case, the subscriber is not willing to continue, proper NOC should be submitted. In any case the applicant cannot leave unless the whole process is carried out denovo.

2. The Economy Activity Code furnished in Form No. 1, are found defective in many cases. The code is furnished in the instruction kit of Form-1. Care must be taken to choose the correct Economy Activity Code and fill in the appropriate column in Form-1. The Economic Activity Code is reflected in the CIN (Corporate Identity Number) of the Company. Therefore, the code should be correctly selected, failing which, all statistical reports generated in the system would also go wrong.

3. Major deficiency has been found in the drafting of the object clause of Memorandum of Association. The MCA has laid down detailed guidelines for drafting the object clause of Memorandum of Association, but these guidelines are not strictly adhered to. Some of the deficiencies are –

➤ The main object clauses are not drafted in consonance with the name as per guidelines issued by MCA. The Object clause is sometimes drafted very vaguely without specific activities. Abbreviations are not permitted to

be used in the object clause and the expressions, "etc." "and the like" should not be used in the object clause.

➤ Incidental object under Clause IIIB in the Memorandum of Association sometimes contain independent business activity, which is not permitted. The objects stated under Clause IIIB should be purely incidental or ancillary to the main object under Clause IIIA of Memorandum.

➤ Ministry has clarified that numerous objects should not be added under the other objects in Clause IIIC of Memorandum of Association. The guidelines stipulate that the number of "Other Objects" under Clause IIIC should have a bearing upon the capital structure of the company. If the capital is less/low, the number of "Other Objects" should be less, say restricted to about 10 to 15. In short, the "other objects" should be rationally drafted.

➤ It should be borne in mind that if the subscribers are Foreign nationals/ Foreign Companies/NRI, the restrictions laid down in Foreign Exchange Management Act, 1999 should be taken into account while drafting the object clause. Activities which are prohibited for Foreign Nationals/Foreign Companies/NRI should not be included in the Object Clause IIIA and IIIC of Memorandum of Association such as real estate, retail trade, chit fund, Atomic Energy, Transfer of Development Rights, Tobacco, Agriculture, etc.

➤ In the case of Non-Banking Financial Companies, it should be borne in mind that no NBFC Activity can be carried on by any company without RBI permission/registration. Therefore, non-NBFC Companies should not have NBFC Activities in the main object Clause IIIA of Memorandum of Association. In view of the requirement of RBI Guidelines for registration of NBFC, the Authorised Capital of NBFC Companies should have a minimum of Rs.2 crores.

While drafting the object clause, the above guidelines should be kept in mind so as to avoid protracted resubmission process while incorporating companies.

➤ The execution of documents has also been found defective in many cases, particularly, where the signatories are Foreign Nationals/ Foreign Companies/ NRI. If the document is executed outside

India, "Apposittle Procedure" should be followed, in case the signatory resides in one of those Countries which is a party to "Apposittle Convention". In all other cases, the document must be attested by the Indian Consulate/ Embassy Office. If the foreign company has duly authorized, a Local Indian to execute the document on behalf of the company, relevant documents authorizing the person should be "Apposittled" or "Consularised" as per the procedure mentioned above. Necessary documents, such as, Certificate of Incorporation etc., should also be submitted in support of the existence of the subscribing foreign company. If the foreign national is residing in India at the time of execution of documents, there is no need for attestation by "Indian Consulate" or "Apposittling" of documents. In such cases, the MOA/AOA can be executed like any other Indian company.

➤ In case the MOA/AOA are signed by the subscribers in a language other than "English", the witness must declare that the content of the document has been explained to the subscribers in their mother tongue and that they have signed the documents after understanding the contents of such documents.

➤ Similarly, in the case of mutual fund companies, Asset Management Companies, Venture Capital Fund Companies, the requirement of SEBI registration should be borne in mind. Such companies cannot be registered unless the MOA/AOA is approved by SEBI.

➤ In the case of Insurance Companies, the requirements of IRDA must be complied with refer to capital norms etc. The Authorised Capital should be equal to the minimum requirement stipulated by IRDA.

The above defects in incorporation documents are commonly noticed during scrutiny, which causes delay in incorporation of companies and increases e-form traffic in the MCA-21 portal. Professional friends are requested to bestow utmost care and attention while preparing documents for incorporation of companies so that the time taken for setting up business in India can be substantially reduced. This will go a long way in improving the image of the Country and facilitate positive impact on foreign investments. ■



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## Updates on Direct Taxes

### 1. *Development Agreement – Capital Gains for “Land Lords”*

Whether the event of land lord entering into a development agreement with a builder would constitute “transfer” u/s 2(47) of the Income Tax Act 1961, is a vexed issue. Can a conditional possession given to builder for developing the land by constructing buildings is to be construed as possession envisaged u/s 2(47) of the I.T. Act?. In a case, where the land lord receives only constructed area, even computation of capital gains becomes an issue as the consideration is to be received in the form of constructed area in future. Determination of sale consideration in the year of development agreement when nothing was received by the land lord, by arriving at the current value of the expected constructed area in future, becomes a challenge. However, it was held by the Hon’ble Hyderabad Bench of ITAT that parting with the possession of the land coupled with accrual of consideration to be received in future satisfy the criteria u/s 2(47) of the Act, so as to treat the same as transfer. Hon’ble ITAT placed reliance on the cases **Chaturbhuj Dwarakadas Kapadia vs. CIT** (260 ITR 491) (Bom) and co-ordinate bench decision in the case of **Dr. Maya Shenoy vs. ACIT** (124 TTJ 692) (Hyd). This issue requires finality either by a circular issued by CBDT appreciating the difficulties of the landlords for payment of taxes as nothing would be received in the year of development or by a decision from the Higher Courts.

**Akkineni Nagarjuna Rao vs. ITO** (ITA No. 534/Hyd/2004)

### 2. *Term “Payable” u/s 40(a)(ia) of the I.T. Act – Disallowance*

Whether the term “payable” includes amounts actually “paid” during the year was an issue before Special Bench of Visakhapatnam, ITAT. Whether section 40(a)(ia) can be invoked only to disallow expenditure of the nature which is unpaid and shown as “payable” on the date of

Balance Sheet or can it be invoked also to disallow such expenditure which becomes payable at any time during the relevant previous year and was actually paid within the previous year. It was argued by the appellant that disallowance of expenses which were actually paid during the year though without deduction of tax at source was not warranted as per the provisions of section 40(a) (ia) of the Act. By majority decision, Special Bench endorsed the views of the appellant and held that legal fiction created u/s 40(a) (ia) could not be extended to cover other genuine expenses which are paid during the previous year. SB ruling has confirmed the decisions given by Jaipur ITAT ruling in the case of **Jaipur Vidyut Vitaran Nigam Ltd.**, (2009) (26 DTR 79) and **Teja Constructions** (2010) (39 SOT 13) (Hyd). Further, the decisions of Kolkatta ITAT in **Ashika Stock Broking Ltd.**, (2011) 139 TTJ (Kol) 192 and **Poddar Son’s Ex.L Pvt. Ltd.**, ITA No.1418/KOL/2009 stands overruled by the Special Bench ruling.

**MERILYN Shipping and Transport vs. ACIT** in ITA No.477/Viz/2008, 20 taxman.com 244 (2012)(VSP SB)

### 3. *Hiring of Vehicles – TDS Provisions*

Whether hiring of vehicles would attract provisions of section 194C or 194I of the I.T. Act 1961, was an issue before Hon’ble Cochin Bench of ITAT. Assessee relied on the function of loading and unloading of goods into such vehicles as activity to be considered as contract u/s 194C and applied 2% TDS against the payments made. However, Revenue argued that hiring of vehicles cannot be treated as a contract of loading and unloading of goods and applied the then existing rates u/s 194I for the assessment year 2006-07 @ 10%. Hon’ble ITAT endorsed arguments of the revenue and held that hiring vehicles would not obligate contractee to involve in the activity of loading and unloading which may be incidental. The dominant purpose of hiring of

vehicles constitutes hiring of “Plant & Machinery” in the hands of owner of vehicles, so as to be covered by provisions of Sec. 194I. It may, however, be noted that section 194I has been amended by Finance Act 2009, w.e.f. 01.10.2009 to provide for lower TDS rate of 2% on hire of Plant & Machinery including vehicles.

**Three Star Granite Pvt. Ltd. vs. ACIT, Circle 1(1)** in ITA No.11/ Coch/2011 and 20 taxman.com 76 (Cochin Trib).

### 4. *Sec.10a – Deduction – Whether brought forward losses of Non 10A Business to be adjusted or not*

An issue came up before Hon’ble Bombay High Court whether 10A unit’s profits have to be allowed as deduction before adjusting brought forward losses of non 10A units of the assessee. ITAT relying on special bench decision in the case of **Scientific Atlanta** 129 TTJ 273, held that sec.10A deduction has to be computed before setting off brought forward losses of a non 10A unit. On an appeal by the revenue, the Hon’ble High Court observed that “The deduction under Section 10A, in our view, has to be given effect to at the stage of computing the profits and gains of business. This is anterior to the application of the provisions of Section 72 which deals with the carry forward and set off of business losses. A distinction has been made by the Legislature while incorporating the provisions of Chapter VI-A”.

Revenue’s argument that deduction u/s 10A has to be telescoped into provisions of chapter VI A has been rejected in the absence of specific statutory provisions to that effect.

Accordingly, it was held that profits eligible for Sec. 10A deduction have to be computed prior to set off of business loss of non-eligible units.

**CIT vs. Black & Veatch Consulting Pvt. Ltd (TS-260-HC-2012) (BOM).** ■

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## Updates on Indirect Taxes

### I. Notifications/ Circulars / Clarifications

#### EXCISE

#### a) Filing returns on Quarterly basis by assessee manufacturing only goods liable to duty of 1%

Assessee who are availing benefit of 1% duty either under Notification No. 1/2011 CE dated 1.3.2011 or under Notification 12/2012-CE, dated the 17.03.2012 and are not manufacturing any other goods, are required to file the returns on quarterly basis. [Source: Notification No. 23/2012 - Central Excise (N.T.) dated 18.04.2012]

#### b) Cenvat Credit eligibility regarding structural components of Boiler

On the issue of cenvat credit eligibility on structural components of Boiler, Central Board of Customs and Excise (CBEC) has clarified structural components which are to be used essentially as a part of Boiler System would be classifiable as parts of Boiler only under Heading 8402 of the Tariff in terms of section note to the said chapter. Further, since these structural components are nothing but the parts and accessories of the Boiler, they would be covered by the definition of inputs, which covers 'all goods for generation of electricity & steam'. Further it is clarified that these structural components shall not be hit by the exclusion clause to the said definition of inputs, as these are not used for laying of foundation or making of structures for support of capital goods, but are essentially the part of said Boilers. [Source: Circular No.964/07/2012-CX dated 2.04.2012]

#### SERVICE TAX

#### c) Clarification on change in rate of tax on air tickets booked prior to 31.3.2012

With regard to air tickets booked up to 31.3.2012, for the journeys

undertaken (to be undertaken) on or after 1.4.2012, the board has clarified that since the tickets are already issued and normally the tickets are issued on payment across the counters or through online booking, the rate that would be applicable would be 10.3% only and not 12.36%. Therefore, airlines or agents shall not collect differential tax from the customers. [Source: Circular No.155/6/2012 - ST dated 09.04.2012]

### II. CASE LAWS:

#### 1) Construction Services

**Facts:** Builder/Developer who develops the residential apartments, enters into agreements with prospective buyers for sale of undivided share of land and construction of the apartment and upon construction, the apartment is transferred by registering the property. With a view to tax such arrangement an explanation was inserted w.e.f. 1.7.2010 in the taxable services. Department in the present case demanded service tax on such construction activity, on the ground that the explanation inserted has retrospective effect.

**Decision:** The Tribunal in the case of *CCE, Vs Skynet Builders, Developers, 2012-TIOL-440-CESTAT-DEL*, relying upon the decision of High Court in relied upon the decision of the High Court in the case of *CCE v. Shrinandnagar-IV Co.-Op. Housing Society Ltd. 2010 (23) S.T.R. 439 (Guj.)* that the said services cannot be brought to tax for the period prior to 1.7.2010 on which date an explanation was inserted in definition of taxable service deeming the said activity as service as the said explanation is only prospective and does not have retrospective effect.

#### 2) Inputs used as fuel by neighboring unit which generates and supplies power

**Facts:** EOU was permitted under Notification 22/2003 dt. 31.3.2003

to clear excess power generated from its captive power plant to other units in DTA subject to condition of payment of amount equal to duty on the inputs and consumables used in generation of electricity which is cleared to DTA Assessee paid an amount equal to the duty leviable on the raw materials and consumables used for generation of power by neighboring unit and used by the assessee. The Assessee, procured power such EOU unit on payment of the proportionate duties as required under the notification, and claimed credit of the duties so paid, which was disputed by the department.

**Held:** The High Court in *CCE Vs. Gokak Mills Ltd., 2012 (190) ECR 216(Kar)* held that amount paid by the assessee is nothing but duty and is eligible for credit. High Court concurred with the view of Tribunal which held that where one unit generates power and the neighboring unit purchases the same, the inputs used for generation of power would be entitled for Modvat credit in respect of the second unit which purchases power provided there is evidence of payment of an amount equal to the amount of duty on the inputs used in generation of power.

#### 3) No show cause notice shall be issued where service tax has already been paid with interest

With the service tax has been paid voluntarily prior to issue of show cause notice, by referring to the provisions of Section 73(3) of Finance Act, 1994, the High Court in the case of *CCE Vs. Adecco Flexione Workforce Solutions Ltd., 2012(26) S.T.R.* held that section 73(3) categorically states that no notice shall be served where tax and interest has been paid and intimidated to the department. The Court observed that the Parliament has expressly stated that against personal who have paid tax with interest, no notice shall be served

## For Attention of Members &amp; Students

## 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 <b>below age</b> of 65 years		
Associate Membership Fee	:	₹ 800/-
Fellow Membership Fee	:	₹ 2200/-
Certificate of Practice Fee	:	₹ 2000/-

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

Individual circulars are being mailed to members giving details of scale of fee and also the manner of remittance of the fee. The fee can, therefore, be remitted to the concerned Decentralised Office of the Institute.

A data sheet giving some of the particulars of the member concerned as they appear in the Institute's database is also being sent for their verification and confirmation. The data sheet may be verified by the member and also returned to the Decentralised Office concerned by 30th April 2012. If data sheet is not received by 30th April 2012, particulars appearing therein would be taken as confirmed for publication in the List of Members as on 1st April 2012.

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 being mailed to the members.

The Chartered Accountants Benevolent Fund, members might be aware, has been set up with the object, inter alia, of providing financial assistance to Institute's members and / or their families in distress. Chartered Accountants can become members of the Benevolent Fund either by paying ordinary membership fee of Rs.250/- annually or become the member thereof by paying a one-time amount of Rs.2500/-. The Benevolent Fund has been providing financial assistance to the member and / or the families of the deceased member depending on the number of requests received and the fund position. In order to provide assistance to more members and in a substantial manner, augmentation of the corpus of the Benevolent Fund is necessary. Towards this direction members are requested to contribute their mite while remitting their membership / certificate of practice fee for the year 2012-2013. It is hoped that the members of the Institute would respond positively to this noble cause.

Members are advised to remit the fee by 30th April 2012. For more details visit our website [www.icaai.org](http://www.icaai.org).

## Invitation to become Checker for Chartered Accountants Examinations

Examination Department of the Institute would like to avail the services of the members of the Institute (up to 15 years of Experience) to act as Checker.

The Examination Department of the Institute avails the services of resource persons (members of the Institute, academicians, executives, etc.) to act as Examiners to evaluate the answer books of Chartered Accountants Examinations (Final/IPCE/PCE). Each examiner is required to appoint a person as his checker to inter alia perform certain functions besides assisting him in the preparation of Award List. The services of the checkers are required at individual examiner level.

Complete details of the announcement containing the functions to be performed by the checkers and overall scheme for members of the Institute to become checkers is hosted in the ICAI Website [www.icaai.org](http://www.icaai.org) under Students and sub-link Examination. It can be viewed directly under the link <http://220.227.161.86/26465exam15891.pdf>

Examination Department

## Job Fair for Chartered Accountants Exclusively Structured for Small and Medium sized CA Firms & Small & Medium sized Enterprises (SMEs)

2<sup>nd</sup> May - 16<sup>th</sup> May 2012

The Committee for members in Industry (CMII) provides opportunity to the employers to interact with newly qualified Chartered Accountants and makes all arrangements at its centres, thereby providing a cost effective mode of recruiting newly qualified Chartered Accountants. The Committee for members in Industry (CMII) and Committee for Capacity Building of CA Firms & Small and Medium Practitioners (CCBCAF) of The Institute of Chartered Accountants of India (ICAI) is pleased to welcome all Firms of Chartered Accountants (CAs) and all leading companies to the forthcoming Exclusively Structured Campus Placement Programme for Small and Medium Sized CA Firms and Small & Medium Sized Enterprises (SMEs). In its endeavor to provide quality Accounting, Finance, Tax, Audit and Management Consultancy personnel to small and medium sized Industries and to provide a platform to the newly qualified Chartered Accountants, CMII would be conducting Job Fair as per below mentioned schedule.

**Job Fair Schedule:** The Job Fair will be organized at various centres viz. Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi, and Pune.

**Eligibility for Job Fair May 2012:** (a) All the Chartered Accountants who have taken the membership of ICAI as on 15th April, 2012 and (b) Candidates registered for Campus Placement Programme conducted during Feb-Mar, 2012 and could not be placed are automatically eligible for this Campus Placement Programme and also received their membership number.

**Invitation to Employers:** Organisations intending to recruit Newly Qualified Chartered Accountants through the scheme given below are requested to get in touch with Dr Surinder Pal, Secretary, Committee for Members in Industry, Indraprastha Marg, New Delhi - 110002, Tel. No. (011) 30110430 E-mail: [spal@icaai.in](mailto:spal@icaai.in), [placements@icaai.org](mailto:placements@icaai.org); Fax-+91(11) 30110583 (or) Mr. Ajeet Nath Tiwari, Placement Coordinator at Tel +91(11) 30110450 or log on to [www.cmii.icaai.org](http://www.cmii.icaai.org) or <http://www.icaai.org>

For complete details and schedule of programme, please log on to [www.cmii.org](http://www.cmii.org) or view directly at [http://www.cmii.icaai.org/imgs/SMPs%20-%20SMEs\\_final.html](http://www.cmii.icaai.org/imgs/SMPs%20-%20SMEs_final.html)

and the tax authorities shall keep this in mind while issuing notices.

4) **No credit on goods used for repair and maintenance of plant and machinery**

High Court in the case of Shree Rayalaseema Hi-Strength Hyp Ltd., 2012(278) E.L.T. 167(A.P.) assessee availed credit on purchase of Welding electrodes for use in repair and Maintenance of Plant and Machinery. The High Court held that assessee would not be eligible to credit as only goods used for manufacture of capital goods would be eligible and repair activity cannot be termed as manufacture.

(Note: High court has not appreciated the fact that definition of 'input' is very wide which covers 'all materials used in or in relation to manufacturing activity'. Repair activity is also an activity in relation to manufacture.)

5) **Service of issue of PAN on behalf of IT department is a sovereign function**

In the case of UTI Technology Services Vs. CST, 2012(26) S.T.R. 147(Tri.-Mum), while dealing with the issue whether issue of PAN on behalf of IT department of Government of India, would get

covered under Business Auxiliary Services, the Tribunal held that such an activity of issue of PAN card is a sovereign function and cannot be brought to service tax.

Further, on issue of modernization of information technology system and installation and commissioning of information technology system at various departments of Government, the Tribunal held that the same is classifiable under Information technology software services and not under Management Consultancy Services. ■

# ADVERTISE

## TO REACH 40000 CAs

The Southern India Regional Council of the Institute of Chartered Accountants of India is bringing out the Newsletter monthly which is sent to more than **40000** Chartered Accountants in Southern Region comprising of States of Andhra Pradesh, Kerala, Karnataka, Tamil Nadu and Pondicherry, besides other readers like government senior functionaries, public servants, etc. SIRC invites advertisements for publication in the Newsletter.

The hard copy of the advertisement matter along with soft copy in a CD can be handed over in person (or) could be sent by email to **sirc@icai.in; sircnewltr@icai.in; sircicai@gmail.com** for publication along with the payment to reach the SIRC Office **latest by 20<sup>th</sup> of preceding month** of publication. The remittance may be made by way of cash /at par cheque / demand draft in favour of "SIRC of ICAI" payable at Chennai.

### Tariff (per insertion) effective from July 2010 issue

Full Page	Four Colours Back Cover	[181 mm (w) x 231 mm (h)]	₹ 60,000/-
Full Page	Four Colours Inside Cover/Pages	[181 mm (w) x 250 mm (h)]	₹ 48,000/-
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Half Page	Single Colour-B&W - Vertical	[85 mm (w) x 235 mm (h)]	₹ 15,000/-
Quarter Page	Single Colour-B&W	[85 mm (w) x 116 mm (h)]	₹ 9,000/-
Classified	Single Colour-B&W	[85 mm (w) x 30 mm (h)]	₹ 1,500/-

#### Discount on Tariff

For continuous 3 months commitment with two advance payments	- 5%
For continuous 6 months commitment with two advance payments	- 10%
For continuous 12 months commitment with two advance payments	- 15%

For further details please contact Shri T.V. Srinivasan / Shri S. Ravi Chandran.

#### Southern India Regional Council of the Institute of Chartered Accountants of India

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

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Website : www.sircoficai.org



## For Attention of Members &amp; Students

**COACHING CLASSES AT SIRC OF ICAI****10-Day CPT Rapid Revision Classes**

for student appearing in June 2012 Examination

**From May 23, 2012 to June 3, 2012****Timings**

Accounts	06.30 a.m. to 09.30 a.m. 05.30 p.m. to 08.30 p.m.
Law / Economics / OT	10.30 a.m. to 01.00 p.m. 02.00 p.m. to 05.00 p.m.

**Fee: ₹ 1,500/-**

- Students who have already appeared in CPT Examination and yet to qualify may also join this CPT Rapid Revision Classes.
- Senior Faculty Members will discuss the Model Test Papers (Questions) in details. Fully Exam oriented. One CPT Model Examination will also be conducted on June 3, 2012.

**Three months intensified Coaching classes for PCC/IPCC and FINAL course for November 2012 Examinations****Commences on May 28, 2012****Timings**06.30 a.m. to 09.30 a.m. & 05.30 p.m. to 08.30 p.m.  
(On Sundays: Between 07.00 a.m. & 05.00 p.m.)**Fees:****PCC/IPCC : ₹ 4,000/- (both groups) - ₹ 2,000/- (one group)****FINAL : ₹ 5,000/- (both groups) - ₹ 2,500/- (one group)**

- Fee remittance at 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 (name, address, contact no. and Students Registration No.) to be sent to SIRC of ICAI, "ICAI Bhawan" 122, MG Road, Chennai-34.
- For latest announcements & information visit [www.sircoficai.org](http://www.sircoficai.org)  
Ph: 044-3021 0322 / 3989 3989 (Extn. 322) Fax: 044 - 3021 0355  
Email: [sircclasses@icai.in](mailto:sircclasses@icai.in); [sirc@icai.in](mailto:sirc@icai.in)

**FEEDBACK OF CANDIDATES ON QUESTION PAPER**

Chartered Accountants Examinations, May 2012.

The Institute has developed an online Feedback form on the Question Papers of Chartered Accountants Examinations to be held from 2nd May 2012 to 17th May 2012 at the link [http://www.icai.org/app\\_forms/student\\_feedback.html](http://www.icai.org/app_forms/student_feedback.html).

Students and other stakeholders may make use of the facility.

**Examination Department****DO YOU WANT TO BE A RESOURCE PERSON ?**

If you would like to be a Resource Person to address on technical topics in the programmes organised for Members and Students, please send an email with details of subjects / topics which could be handled by you to [sirc@icai.in](mailto:sirc@icai.in).

**NATIONAL CONVENTION OF CA STUDENTS**

Under the aegis of Board of Studies, ICAI

Organised by SICASA

Hosted by Hyderabad Branch of SICASA

**June 28 & 29, 2012****Shilpakala Vedika, Madhapur, Hyderabad**

The convention will be spread over 2 days with 10 sessions and cultural program on the evening of the 1st day. We expect students from across the country to participate in this program which will be a occasion for students to listen to learned speakers in the special sessions and fellow students in the technical sessions. This convention will serve as an excellent opportunity to enhance their knowledge and skills.

Members are requested to encourage the students to participate actively

**For details contact [sicasa@icai.in](mailto:sicasa@icai.in)**

**CA. Naresh Chandra Gelli V.**  
Chairman  
SICASA

**CA. C. Venkatram**  
Chairman  
Hyderabad Br. of SICASA

**INVITATION FOR CONTRIBUTION OF ARTICLES**

SIRC of ICAI invites Articles from Members for publication in the SIRC Newsletter. SIRC would be releasing Theme Based monthly Newsletter. The theme finalized for the **June 2012** issue is as follows:

**"Internal Audit"**

Members may send the soft copy of their article, profile and passport size colour photograph to SIRC by email to [sirc@icai.in](mailto:sirc@icai.in) and [sircnewsltr@icai.in](mailto:sircnewsltr@icai.in) for consideration by the Editorial Board **on or before May 21, 2012.**

**THE MONTH THAT WAS (APRIL 2012)**

20 <sup>th</sup> to 22 <sup>nd</sup>	Regional Residential Seminar at Yercaud, Salem
21 <sup>st</sup>	CPE Hands on Practical Workshop on Advanced Excel for CAs
28 <sup>th</sup>	CPE Seminar at Hyderabad on Management Accounting for Members in Industry
4 <sup>th</sup> , 11 <sup>th</sup> , 18 <sup>th</sup> 25 <sup>th</sup>	CPE Study Circle Meetings & Teleconferences

SIRC acknowledges the contribution and support extended by Central Council Members of ICAI, Regional Council Members of SIRC, Resource Persons and the delegates/participants for making all the programmes a resounding success.

## MEETING OF THE PRESIDENT & VICE-PRESIDENT OF ICAI WITH THE CHAIRMEN OF THE REGIONAL COUNCILS

April 23, 2012 – New Delhi



CA. Jaydeep Narendra Shah, President, ICAI (centre) and CA. Subodh Kumar Agrawal, Vice-President, ICAI (3rd from left) with (L-R): CA Durgesh Kabra, Chairman-WIRC of ICAI, CA. Prasun Kumar Bhattacharyya, Chairman-EIRC of ICAI, CA. K. Viswanath, Chairman-SIRC of ICAI, CA. (Dr.) Durga Das Agrawal, Chairman-NIRC of ICAI and CA. Mukesh Singh Kushwah, Chairman-CIRC of ICAI.

## 40<sup>TH</sup> ANNIVERSARY CELEBRATIONS OF TRIVANDRUM BRANCH OF SIRC OF ICAI - April 30, 2012



CA. Jaydeep Narendra Shah, President-ICAI addressing at the Press Meet in connection with the 40th Anniversary Celebrations of Trivandrum Branch of SIRC of ICAI. (L-R): CA. V.X. Jose, Member-SIRC, CA. P.V. Rajarajeswaran, Secretary-SIRC, CA. K. Viswanath, Chairman-SIRC, CA. Alex Kuriakose, Chairman-Trivandrum Branch, CA. M. Devaraja Reddy, CCM-ICAI, CA. Babu Abraham Kallivayalil, Member-SIRC & Ex-Officio Member, Trivandrum Branch and CA. P.A. Goda Varma Raja, Past Chairman, Trivandrum Branch.



CA. K. Viswanath, Chairman-SIRC addressing the Members at the 40th Anniversary Celebrations. (L-R): CA. S. Sundar, Secretary, Trivandrum Br., CA. Babu Abraham Kallivayalil, Member-SIRC & Ex-Officio Member, Trivandrum Br., CA. Jaydeep Narendra Shah, President-ICAI, CA. Alex Kuriakose, Chairman-Trivandrum Br., CA. M. Devaraja Reddy, CCM-ICAI, CA. P.V. Rajarajeswaran, Secretary-SIRC and CA. V.X. Jose, Member-SIRC.

## REGIONAL RESIDENTIAL SEMINAR AT YERCAUD

Organised by SIRC – Host: Salem Branch  
April 20 to 22, 2012 - Salem



CA. K. Viswanath, Chairman-SIRC of ICAI inaugurating in the presence of CA. Rajendra Kumar P., Central Council Member-ICAI, CA. P.V. Rajarajeswaran, Secretary-ICAI, CA. P.R. Suresh, Treasurer-SIRC, CA. Gopal Krishna Raju, Member-SIRC, CA. R. Gunasekaran, Chairman-SIRC, Office Bearers & Managing Committee Members of Salem Branch and Resource Persons.

## SPECIAL COUNSELLING PROGRAMME FOR PCC/IPCC & FINAL STUDENTS

April 7, 2012 - Chennai



CA. Madhukar N. Hiregange, Vice-Chairman, Board of Studies-ICAI counselling the students. (L-R): CA. S. Sandya, Rank Holder in the CA Final Examination, CA. S. Nandini, Visually impaired who had passed the CA Final Examination and CA. Gopal Krishna Raju, Member, Students Committee also addressed the students.

## Group Photograph of Delegates





# Welcome to Bangalore - The Garden City

for the

## 44<sup>th</sup> Regional Conference of SIRC of ICAI

Saturday & Sunday – August 18 & 19, 2012  
KTPO Convention Centre, Whitefield, Bangalore

Topics of current importance  
to the profession  
Expert & Eminent Resource Persons



Please block your dates in advance and  
Plan your visit to Bangalore,  
the IT Capital of India

Train Tickets can be booked 120 days in advance.  
Please book your Train Tickets to and fro Bangalore  
for attending the Conference.

### ICAI STAFF & FAMILY GET TOGETHER April 28 & 29, 2012.



Group Photograph taken on the occasion of ICAI Chennai Staff & Family get together cum picnic to Hogenakkal Falls & Yercaud Hill Station, Salem on April 28 & 29, 2012 organised by ICAI Employees' Association, Southern Region, Chennai.

### RESOURCE PERSONS AT THE HANDS ON PRACTICAL WORKSHOP ON ADVANCED EXCEL FOR CAs April 21, 2012 at SIRC Chennai



CA. K. Srinivasan  
Tiruchirapalli



CA. C.S. Srinivas, Bangalore  
Chairman, Information Technology  
Committee, SIRC of ICAI

### RESOURCE PERSONS AT CPE STUDY CIRCLE MEETINGS April 2012 at SIRC Chennai

April 4, 2012



CA. T.M. Venkateswaran  
Chennai

April 18, 2012



CA. L. Venkatesan  
Chennai

April 25, 2012



CA. Bhavani  
Balasubramanian  
Chennai

April 25, 2012



CA. Sriram  
Gopalakrishnan  
Chennai