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Chartered Accountant Student

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IFRS *Roadmap to Convergence*



President's Communication

Dear Students,

I am feeling nostalgic while penning down this Farewell Message in the capacity of President of our Institute.

First of all, let me congratulate all the students who have achieved success in their November 2010 Examinations. Students are always on top of my priority list; hence, I put a lot of emphasis on the holistic development of our students. I am very happy that in the previous year, our Institute successfully organized International and National conferences for our students as to bring out the best from them. The All India elocution and quiz contest recently concluded was another event, which brought the best out of the students. I am very happy to note that students are taking part in large numbers in these contests and trying to whet their communication skills. These would enable you to enhance your presentation skills and overcome stage fright. Our Board of Studies launched Six Week Residential Programme on Professional Development Skills at the ICAI Centre of Excellence, Hyderabad. The new concept and format of this

programme has proved highly beneficial for our students. We are in the process of revamping the Orientation, GMCS and ITT Programmes as well so as to keep pace with changing time and fulfill the requirement of the globalized professional world. I am sure that in a very short span of time all these alterations will yield rich dividends to our students.

In continuation with this, my dream project on Live Virtual Classes started on an enthusiastic note with a thumping success. Undoubtedly, it was a historic step to bring closer our students and provide them a unique facility for live interaction. It has been witnessed that over the years, the students are more interested in attending private coaching institutes and relying upon their tailor made notes. But I hope that novel and IT driven initiatives like this will narrow the gap between the students and the Institute and generate a sense of belongingness with their alma-matter. We introduced BoS Knowledge Portal as a single webpage access to all publications of Board of Studies. We successfully organized a mega Campus Selection for Articled Assistants and launched an Online Articles Placement Portal to facilitate placement of articles in firms on pan-India basis. I must congratulate our Board of Studies for making all the possible efforts to make these projects into realities.

Continued in page 4



Vice-president's Communication

Dear Students,

At the beginning, I wish to convey my heartiest congratulations to all the students who have come out with flying colours in their respective November 2010 Examinations. Your constant and persistent efforts have proved their worth

in bringing glory and adding one more feather in your cap. It is just a beginning of your long lasting and rewarding professional career. Do not get carried away with the intense joy of success and fame. Remember, success and acknowledging your success builds the momentum that you have to maintain throughout your professional career. Keep going at a rate that defines your success and keep the momentum going stronger. For those who have not achieved success, it is the right time for self retrospection and regroup their thought process. Dream big, nothing is impossible in this world, work hard on your weak areas and hone your strong points then you will be able to write your success story in bold letters. I am very hopeful that through your unflinching efforts you will be able to get success in all your endeavours.

I think that the main reason of dismal performance of some of our students in examination is lack of practical approach in solving practical problems. This is the biggest impediment in attaining success. I consider that lackluster attitude towards articleship training gives birth to failure. I reiterate that students should take both their articleship training and studies seriously. Practical training would immensely benefit the students in their examinations as well as in gaining practical experience. With the changing economic scenario, it is high time that our articled assistants should get exposure in as many areas as possible. For a deep and thorough understanding of the theoretical subjects, I advise you to go through our Institute's Study Materials. Board of Studies has created BoS

Knowledge Portal through which you can easily download Practice Manuals, Suggested Answers, Revision Test Papers, Supplementary Study Material, Model/Mock Test Papers, Select Cases, Guidance Notes and Notifications/Circulars, etc. The recently launched Live Virtual Classes are another IT enabled efforts for the benefit of our students. I appreciate the Board of Studies for its untiring efforts to facilitate our students.

In an era of skill oriented and techno-savvy professionals, you have to develop your personality in a multifarious way. You have to remain updated about the latest development and trends that are prevailing in the field of accountancy, trade and commerce as well. Effective communication skills serve as the master key to finance professionals to interact with internal and external stakeholders. Highly effective communication skills are therefore vital in fulfilling the contribution finance professionals can make to an organization. To hone the professional skills of our budding CA professionals, our Institute is running successfully Six week Residential Programme on Professional Development Skills at ICAI Centre of Excellence, Hyderabad. So far, we have received a positive response from our students and I hope that you too will also get registered yourself to attend the next batch of this esteemed programme.

As more and more students decide to pursue CA as their profession, it is our utmost responsibility to provide them an easy access to the best education possible. Today, our students need many more skills than just good marks to obtain success. We, at the Institute, have always accepted and addressed the winds of change and challenges that come in our path in a successful manner. I hope that your sincere efforts and support will help us to meet the challenges and bring glory to our accounting profession.

With best wishes

Yours sincerely,

CA. G. Ramaswamy

Vice-President, ICAI, New Delhi



Message From The Chairman, Board of Studies

Dear Students,

I am very glad to convey some of the important decisions taken by the Board of Studies in its last meeting.

- A Group has been set up to comprehensively review the syllabus of all the subjects of CA course. Suggestions on each paper can be sent to the undersigned.
- To launch ICAI course curriculum internationally in various parts of the world.
- To develop a Students' Forum on the ICAI Students Portal.
- To prepare a scheme of concessional fee for poor and needy students.
- To significantly change the contents of Information Technology Training, including syllabus and delivery mechanism.
- To comprehensively change the contents of Orientation course.
- To divide General Management Communication Skill course in 2 separate courses of 15 days each. The idea is to provide professional orientation and advanced practical competence to the students in addition to soft skills of general management and communication. The optional 6 week course will continue.

I am also very glad to inform that revised study materials for CA Final (New) course have been published by the Board recently. This is within the existing syllabus but more comprehensive and up-dated.

I am also pleased to inform you that for the first time in the history of CA Institute, the suggested answers (for the November 2010 examinations) have been posted on the website of the Institute much before the declaration of results. This would have enabled you to determine your prospects of passing exams.

I am sure by the time this journal reaches you, all results will be out. We in the Board of Studies have made significant efforts to substantially improve the results by improving our quality of delivery of education. I congratulate the students who have passed the examination and wish good luck to the rest.

The live classes in 25 centres launched recently will be upgraded to 250 centres within a short span of time to enable us to reach out to each and every student and to provide oral classes from the best faculties available in the country at very low cost. I am sure all these efforts will enable us to march ahead to become worlds' best Chartered Accountants. In terms of my vision at least 25% of the students will be providing services internationally or may be employed internationally or may be running their own businesses in the international atmosphere within a period of 5-7 years and I am very hopeful that all of you are going to support our endeavor with **a long term vision, firm commitments, hard work and discipline.**

We are also making comprehensive revision of the list of recommended books which will be put on the website shortly. I request students to comprehensively study, the study material and other publications of ICAI, text books of repute and stop relying on pocket books.

I look forward for confidentiality, creditability, competence, courage, conviction from each one of you to enable us to provide the professional services with excellence, independence and integrity.

Before I conclude I call upon each one of you to stand up against corruption so that our profession is seen as preventer of corruption, if we cannot eradicate fully, at least we can reduce its impact substantially by our sincere endeavor.

Government has to be governed with transparency and integrity.

With Best Wishes
Yours sincerely,

CA. Vinod Jain

Email : chairmanbos@icai.org

The Council reviewed the requirement for passing the Common Proficiency Test and decided that a candidate shall have to obtain at one sitting, a minimum of 30 per cent marks and a minimum of 50 per cent marks in the aggregate of all the Sections, subject to the principle of negative marking. The Council also realized the difficulties faced by students and decided that the students who have not passed 10+2 examination but have passed any other diploma course and later have pursued graduation are eligible for the CPT examination. The Council felt a need for revising the existing stipend paid to the articled assistants and decided to double it from its existing value. All these issues are being taken up with the Central Government for necessary approval.

I personally believe that nothing is more important than a sincere approach towards articleship. A rigorous articleship is the strong foundation of our enduring CA profession. It is very necessary to have a strong mechanism to monitor the articleship training. We will not tolerate insensitiveness of the articles towards the articleship training. We are unanimous in our concerns in this regard.

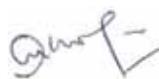
Our Council has brought significant modifications in Secondment Scheme and Transfer/Termination of Articleship. Further, I am pretty confident that the study materials and learning facilities of our Institute is at par with other world premiere institute of learning and knowledge. I am very pleased that the entire study material for the Final course has been revised/ modified substantially. The process of revision/modification for the PCC level course is going to

be completed soon. We also released Practice Manuals for our students so that they can prepare for their respective examinations in a well planned manner. To restore the spirits of transparency in true sense of words, we decided to host suggested answers well before the declaration of results. I worked in all-out to strengthen our Examination system as our Institute is well known for having set very high standards for the CA examination.

I am really satisfied that I have tried my level best to accomplish my envisaged plans. I hope that my successors will also keep continue to work for the betterment of our students and accounting profession. Now, when I am leaving my office, I feel pride to state that I received overwhelming affection, support and cooperation from our students and esteemed members to meet the dead line. I hope that in future too they would extend their cooperation in the same spirit and manner. I have complete faith in the abilities and skills of my students. The whole world has set its eyes upon you with lots of hopes and aspirations. Remember that it is only slow and steady wins the race so set your objective and strive hard to grab it.

I convey my best wishes to all our students to achieve success in their all personal and professional endeavours.

Yours sincerely,



CA. Amarjit Chopra
President, ICAI, New Delhi

10th All India Quiz and 16th All India Elocution Contests

The 10 th All India Quiz and 16th All India Elocution Contests-2010-11 were held in New Delhi on 12th January, 2011. The following are the winners in the respective Contests:

(1) Quiz Contest

Winners

1. Mr. Mohit Gorisariya, ERO-0126972
2. Mr. Suvidhi Kothari, ERO-0127105

Runners-up

1. Ms. Jyoti Nahata, CRO-0207997
2. Ms. Kritika Mehta, CRO-0226325

(2) Elocution Contest

First Prize

Ms. Ruchita D. Shah, WRO-0296307

Second Prize

Mr. Chetan Tibrewala, ERO-0124386

Third Prize

Mr. P. Aravind Thangam, SRO-0223318

Ms. Poorva Bhatia, NRO-0198539

Special Prize

Mr. Pramod Bhansali, CRO-0237862

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The basics of Internal Rate of Returns and Net Present Values : You thought you knew

Vinod Kothari



Understanding of Net Present Value (NPV) and Internal Rate of Return (IRR) is very important for both students of finance as well as practitioners. This article is relevant for both practitioners and students.

Internal Rate of Return (IRR)

Let us begin by understanding what is IRR. The word internal or implicit is only to state that on the face of it, the rate is not explicit. For example, if I say that I invest ₹ 1000 in a transaction in year 0, and get back ₹ 300 every year over 5 years at the end of which my investment becomes zero, what is the rate of return? A lay person would count the total inflows (₹ 1500) and say that the rate of return is 10% [$(1500 - 1000) / 5$] – however, that is far from the truth. Every payment of ₹ 300 also serves to redeem a part of the investment – hence, the rate of return cannot be computed by mere observation. There is nothing imaginary or notional about this rate – this is the rate of return produced by the transaction in question. For instance, in the example stated here, the rate comes to 15.24%.

Nothing fails like success because we don't learn from it. We learn only from failure. Of course there is no formula for success except, perhaps, an unconditional acceptance of life and what it brings.

Here are some quick notable points about IRRs:

- Is IRR the same as rate of interest? IRR is actually a rate, and as the name implies, the rate of return inherent in a transaction. If the transaction in question is a loan, such rate is rate of interest. If the transaction in question is not a loan, for instance, investment in a property, it is not appropriate to use the word “rate of interest”. Hence, IRR is more generic.
- Does that mean, in loan transactions, there is no need to compute IRRs? If the rate of interest in a loan is explicit, and there are no other significant cash inflows or outflows than the payment of interest or principal, it may not be necessary to compute IRRs. However, there are several cases in which the effective interest rate or IRR is different from the contractual rate –

for example, if the lender grants a moratorium, or there is a step-up rate of interest after a certain period, or there are some initial charges which have the effect of improving the IRR over the nominal interest rate.

- There is a common notion that the computation of IRR is based on an assumption that every cashflow is reinvested, and reinvested at the same rate as the IRR. Do you agree? Our short answer, at this stage, would be – there is no basis for this notion. This is indeed a misnotion, and we explain later what this actually means.

Net Present Value (NPV)

If we consider a series of cashflows, and compute present values of all the cashflows at a particular discounting rate, and then sum up the present values, the result is called net present value. The reason why we use the word net is that a series of cashflows would most likely have an outflow at the beginning, followed by several inflows, or vice versa. So, in effect, we are netting out the present values of the positive and the negative cashflows, and hence the term net present value.

How to compute NPV:

The simplest and universally applicable method of computing NPV is to take each cashflow, and discount it at the given discounting rate for the time period after which the cashflow occurs.

Example 1:

Let us suppose I give a loan of ₹ 1000, and recover the 36 monthly instalments of ₹ 34 each. Now, I want to compute the NPV of the series of cashflows at a discounting rate of 10% p.a.

We get a net present value of 53.702. The IRR of the transaction, annualized by simple multiplication, is 13.63%.

What does the NPV imply?

The computation in the Example above resulted into NPV of ₹ 53.702. First of all, let us understand that

The author is a member of the Institute (Mem No: 52078)

while IRR was a rate, NPV is a number, or a sum. What does this sum imply? The implication of NPV will depend upon what was the discounting rate. In Example, the IRR is 13.63%. We discounted these cashflows at a discounting rate of 10%, and the NPV came to ₹ 53.702. If 10% represents the cost of capital or the cost of funds of the investor, then, the profit or margin inherent in the investment is 3.63%. Measured today, the value of this profit is ₹ 53.702. Hence, computation of NPV is computation of the value of the spread, that is, the difference between the inherent rate and the discounting rate. In many cases, a transaction may not have a rate of return – for example, computing the present value of a gratuity liability.

Factors on which NPV would depend:

- IRR inherent in the cashflows: This is almost too obvious. Usually, higher the IRR in a deal, higher is the NPV at a given discounting rate.
- Discounting rate: This is another obvious factor. Higher the discounting rate, lower would be the discounted value.
- Size of investment: As NPV is a quantity and not a rate, the size of the NPV will depend upon the ticket size, that is, the sum of money involved in the given transaction. For example, if all the numbers in Example above were multiplied by 1000, the resulting NPV will also 1000 times of what our computation showed.
- Tenure of investment: Not only will the value depend upon how much is the size of the transaction, but also over how long tenure is the investment recovered. If a sum of ₹ 1000 is invested at a certain spread for 5 years, obviously it would earn more profit than if the same amount is invested for the same spread for 3 years.
- Structure of repayment: The structure of repayment also has the impact of elongating or shortening the investment horizon. For instance, if cashflows are scanty in the beginning, and heavier towards the end, it would mean money remains locked for a longer term. This would have the impact of increasing the net present value.

We take an example of NPV computations to make these points obvious.

Example 2

Suppose I have ₹ 1000 to invest and I have two alternatives: (a) invest in a loan that pays ₹ 300 every year for 5 years, yearly in arrears; (b) invest

in a loan that pays ₹ 270 every year for 5 years, yearly in advance. Suppose my cost of capital is 10%. Which of the two deals is preferable for me? We first compute the IRRs. We have used the Rate function to compute IRRs. Option (a) gives an IRR of 15.238% and option (b) gives an IRR of 17.740%. The NPV of option (a) comes to ₹137.24 and that of option (b) comes to ₹125.86.

The dilemma is clear – going by IRR, option (b) is better, and in fact, substantially better with returns being higher by more than 250 basis points. Going by NPV, option (a) produces a better NPV.

However, once we take a look at the cashflows of the two deals, the confusion may become clear. In option (a), I am investing ₹ 1000, and recovering it over 5 years. In view of the amounts received in advance, in option (b), I am investing ₹ 730, and recovering that over 4 years. As we have noted earlier, NPVs are affected by the size of investment as well as the investment horizon. While option (b) is surely more profitable, it gives lesser profit because there is lesser investment needed in it, and for a lesser time. Since ₹ 270 is received immediately, theoretically, I might invest that money also, and earn on it. Considering such reinvestment opportunities, the NPV on option (b) might also be higher. However, option (b) is surely more profitable than option (a).

The majority of men meet with failure because of their lack of persistence in creating new plans to take the place of those which fail.

Example 3

Let us suppose I have ₹ 1000 to invest and I have the following 3 optional cashflow structures:

Years	Option 1	Option 2	Option 3
0	-1000	-1000	-1000
1	0	\$263.80	400
2	0	\$263.80	350
3	0	\$263.80	200
4	0	\$263.80	200
5	1610.51	\$263.80	97.03

The 3 optional structures have been designed to be different. Option 1 is totally back-heavy – there are no cashflows over the term, and there is a bullet payment at the end. Option 2 pays equal instalments over the term. Option 3 is front heavy, with more cashflows in the beginning than towards the end.

NPVs of these 3 deals at three different discounting rates: 8%, 10% and 12% are shown below:

NPVs at	Option 1	Option 2	Option 3
8%	96.09	53.27	42.24
10%	0.00	0.00	0.00
12%	-86.15	-49.07	-39.33

We first observe that at 10% discounting rate, the NPVs of each of the 3 options is zero, (i.e. IRR of the 3 options is 10%). This means we should be indifferent between the 3 proposals.

At 8% discounting rate, Option 1 produces maximum NPV. If the IRR of the 3 deals is the same, their spread at an 8% discounting rate must also be the same, and yet the NPVs are lot different.

At 12% discounting rate there is a loss in either of the 3 options. But at that rate, the loss is the maximum for option 1, and the minimum for option 3. So, if loss minimization is the objective, option 3 must be selected.

So, we have pointers in three different directions – the IRR suggests that the 3 proposals are indifferent. At 8% discounting rate, we would love option 1 as it maximizes the profit. At 12% discounting rate, we will go for option 3, as it minimizes the loss.

To be able to make sense out of these 3 conflicting pointers, we need to understand what the NPV analysis is doing. As it is profitable to invest, the profits will be maximized if we invested for a longer term. In option 1, the entire amount of \$ 1000 remains locked for 5 years, while the other two options are amortizing, with Option 3 being amortizing faster. Obviously, therefore, the NPV is maximum where the average term for which the money remains invested is the longest.

While discounting at 12%, it is loss to do either of the 3 deals and the loss is minimized by the proposal where the exit is the fastest – as is the case with option 3.

So ultimately, which deal do we choose? The rate of profit of each of the 3 deals is the same, as indicated by the IRR. They have different profits because one churns money out quickly (option 3), while another keeps money invested until maturity. Profits are a function of how much is invested, and for how long. The 3 deals will be indifferent if the rate of return that they produce is similar to the reinvestment rate, that is, rate of return produced by other opportunities. However, if the rate of return of the 3 options is higher than most other opportunities, that is, the reinvestment rate is lower than the IRR of the 3 options, then, obviously, option 1 is the best as I am locking my money for the longest duration.

Is NPV a tool of comparison?

The substance of the above discussion is that each of the factors that we had listed above have a bearing on NPV, and therefore, one cannot choose between projects having different ticket sizes, different tenure, different payback structure, etc by comparing the NPVs. Does that mean NPV has very limited value in choosing between mutually

exclusive projects? Not really, but stand-alone NPV does not say much. NPV has to be used in conjunction with something like IRR or duration to make it analytically important.

Use of discounting rate in NPV computation:

The discounting rate is like the measuring yardstick – the analyst must ask – what do I compare these values with? A few bullets below seek to explain the appropriate rate to use for discounting of cashflows:

- Let us say I am analyzing the cashflow of Project A, I have the opportunity of investing in Project B that would give me a rate of return of 10%. In this case, 10% discounting rate used for Project A. The rate of return in Project B is opportunity cost for Project A.
- In the same example as above, if we are analyzing the cashflows of both Project A and Project B, and the funding of these projects comes from a certain combination of debt and equity, then the weighted cost of capital of the sources of funding will form an appropriate discounting rate.
- If Project is funded from the internal resources of the company then weighted average cost of capital for the company will be an appropriate discounting rate.
- If the cashflows in question are the residual cashflow from a project, net of interest and financing costs, then the appropriate discounting rate is the return on equity or return on economic capital.
- If I am considering whether investing in a bond, I can use the risk free discounting rate.
- A very important point to note is that if the cashflows being discounted are post-tax cashflows, then a post-tax discounting rate (for example, post-tax cost of capital) should be used. If the cashflows are pre-tax cashflows, then the discounting rate should also be a pre-tax discounting rate.
- The discounting rate is often also adjusted to take care of the riskiness of the cashflows. This is called risk adjusted discounting rate. However, if the riskiness of the cashflows has already been captured by computing the expected value of the risk-less cashflows, then risk-free discounting rate should be used.
- Another very significant point is that the discounting rate does not have to be static – it may be a variable discounting rate, based on the yield curve. Hence, cash flows occurring at different points of time may be discounted at different discount rates.

Indian Accounting Standards Converged with IFRS

An Overview & Presentation of Financial Statements

Krutika Fadnis



Introduction:

As the world becomes a global village, cross border movements of capital and other resources are becoming increasingly common. To ensure the trust and confidence of the investors chasing global opportunities, a sound financial reporting system, supported by strong governance, high quality standards and a firm regulatory framework are necessary. In this background, convergence of National Accounting Standards with the International Financial Reporting Standards (IFRSs) have become necessary. The Institute of Chartered Accountants of India (ICAI), as the Accounting Standards formulating body in the country, has always made efforts to formulate the high quality Accounting Standards.

The Council of the Institute finalized the Concept paper for the convergence with International Accounting Standards in July 2007. The Concept paper lays down the need and effectiveness for the Convergence with the IFRSs, the objective and meaning of the convergence and also the strategy and the Roadmap for the convergence.

The Ministry of Corporate Affairs issued a press release on 22nd January 2010, laying down the roadmap for the convergence by the Indian Corporates*. As per the roadmap, the specified class of companies will convert their opening balance sheet as on 01.04.2011 in compliance with notified Accounting Standards, which are convergent with IFRS.

IFRS

The International Financial Reporting Standards (IFRSs) set out the recognition, measurement,

presentation and disclosure requirement, which deals with transaction and events, that are important in General Purpose Financial Statements (GPFS). They may also set such requirements which are industry specific. These standards are based on such Framework, which addresses the concept underlying the information presented in the financial statements. The objective of the framework is to facilitate the consistent and logical formulation of IFRS.

IFRSs are designed to apply to the general purpose financial statements and other financial reporting of all profit oriented entities, which include commercial, industrial and financial sector, etc.

Although, they are not designed to apply to not for profit activities in the private, public or government sector, the International Public Sector Accounting Standard (IPSASB) prepared the accounting standards for government and other public sector entities.

The financial statements to which the IFRS apply, are directed towards the common information needs of a wide range of users like the shareholders, creditors, employees and the public at large.

The IFRSs comprises of

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Enthusiasm is more important than any other commodity. It will find solutions when none are apparent, and it will achieve success where none is thought possible.

*MCA Roadmap was published in the May 2010 issue of the Students' Journal.

The author is a student of ICAI. (Reg.No. CRO0213906)

Thus, there are 38 standards and 27 interpretations which comprise the total IFRS.

Ind AS

The Ind AS are the Indian Accounting Standards converged with IFRSs. These standards will be notified under section 211 of the Companies Act. AS of now 35 of these will be notified. The three standards which will not be notified are as follows:

1. IFRS 9- Financial Instruments
2. IAS 26- Accounting and Reporting by Retirement Benefit Plan
3. IAS 41- Agriculture

The Indian Accounting Standards are generally the same as IFRSs. While formulating the Indian Accounting Standards, the aim of the ICAI has always been to comply with the IFRSs as far as possible. However, few modification have been made; therefore these Indian Standards are not in toto the same as the IFRSs. The list of these standards has been given at the end of this article.

Financial Statements:

Under the new standards the complete set of financial statements comprises of the following:

1. Balance Sheet as at the end of the period (alongwith the Statement of Changes in Equity annexed thereto)
2. Statement of Profit and Loss (including Other Comprehensive Income)
3. Statement of Cash Flows for the period
4. Notes comprising the summary of significant accounting polices and other explanatory information.
5. Balance Sheet as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the financial statements or when it re-classifies items in its financial statements.

Balance Sheet

The Balance Sheet or the statement of financial position as it is called in the International Accounting Standards, is to be drawn as per

Schedule VI of the Companies Act. The present Schedule VI is proposed to be amended to make it in line with IAS1. Each entity is required to present current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet. As an exception to this general rule, an entity may provide the classification based on the liquidity if such information is reliable and more relevant.

The current and non current classification is aimed at providing useful information by distinguishing the net asset that are continuously circulating as Working Capital from those used in the entities long term operations. This classification highlights the assets that are expected to be recovered within the current operating cycle and liabilities that are due for settlement within the same period.

Thus the classification of liabilities will no longer be on the line of secured and unsecured. Similarly the assets will be classified as Non-Current and

Current instead of the present classification as Fixed Assets and Current Assets. Presently long term loans and advances are also classified as Current Assets. In the proposed Schedule VI they will be classified as Non-Current Assets.

Statement of Changes in Equity

The statement of changes in Equity is similar to the existing schedule of Reserves and Surplus. Under the new statement, the entity shall present a statement of changes in equity showing the following information:

1. Total comprehensive income for the period showing separately the total amounts attributable to the owners of the parent and to the non-controlling interests.
2. For each component of the equity, the effects of retrospective applications or retrospective re-statement recognized in accordance with the Ind AS 8.
3. For each component of the equity a reconciliation between the carrying amount at the beginning and at the end of the period separately disclosing the changes resulting from:-

- (a) Profit or loss

The ultimate of being successful is the luxury of giving yourself the time to do what you want to do.

- (b) Each item of other comprehensive income and
- (c) Transactions with the owners in their capacity as the owners, showing separately the contribution by and the distributions to the owners and the changes in the ownership interest in the subsidiaries that do not result in loss of control.

Statement of Cash Flows

The Cash Flow statement provides information to assess the ability of entity to generate cash and cash equivalents and also the needs of the entity.

Statements of Profit or Loss

The statement requires an entity to present all items of income and expenses in a period in Profit or Loss unless other standards require /permit otherwise. All material items of income and expenses are required to be disclosed along with the nature and amount separately.

The IAS 1 permits presentation of expenses by using either their nature or their functions within the entity. The general method adopted in India is to present expenses on the basis of their nature. Accordingly Ind AS 1 requires the presentation only by the nature of expenses.

Other Comprehensive income

The IAS 1 permits presentation of Other Comprehensive Income either as a separate statement or as part of the statement of profit or loss. In India it is proposed to have the Statement of Comprehensive Income as a part of the Profit and Loss. Thus we will be following what is called the One Statement Method under IAS 1.

The Other Comprehensive Income comprises of items of income or expenses (including the reclassification adjustments) that are not recognized the profit or loss as required or permitted by other IFRSs. The components of the Other Comprehensive income includes:-

1. Changes in revaluation surplus (Ind AS 16 Property, Plant and Equipment and Ind AS 38 Intangible Assets);
2. Actuarial gains and losses on defined benefit plans recognised in accordance with paragraph 92 and 129A of Ind AS 19 *Employee Benefits*;
3. Gains and losses arising from translating the financial statements of a foreign operation (Ind

AS 21 *The Effects of Changes in Foreign Exchange Rates*);

4. Gains and losses on remeasuring available - for-sale financial assets (see Ind AS 39 *Financial Instruments: Recognition and Measurement*);
5. The effective portion of gains and losses on hedging instruments in a cash flow hedge (Ind AS 39).

The reclassification adjustments are amounts reclassified to Profit or Loss in the current period that were recognized Other Comprehensive Income in the current / previous periods.

Notes

The Notes to account present information about the basis of preparation of the financial statement and the specific accounting policies. They disclose the information required by the standards that is not presented elsewhere in the financial statements. Such information is relevant to understand the financial statements. The notes should be presented in a systematic manner. There should be proper cross-referencing of the items in the financial statements with that in the notes. Generally the order in which the notes are to be presented are as under:-

1. Statement of compliance with the Ind AS.
2. Summary of significant accounting policies applied.
3. Supporting information for items presented in the balance sheet and in the statement of profit and loss, statement of changes in equity and the of cash flow.
4. Disclosure of contingent liabilities and unrecognized contractual commitments, and
5. Non-financial disclosure e.g. financial risk management objectives and policies

It may be useful to note that the information required to be disclosed currently under Schedule VI such as quantitative details, CIF value of imports, FOB value of exports etc. will not be required to be disclosed in the notes to the accounts.

Conclusion

There will be a significant change in the manner in which the financial statements will be prepared

and presented once the new Ind AS are applied. The Indian corporates are now entering into a new era of financial reporting. This opens up new challenges and also the opportunities for the profession.

Annexure

List of IND AS

1. IND AS 1 corresponding to IAS 1, *Presentation of Financial Statements*
 2. IND AS 2 corresponding to IAS 2, *Inventories*
 3. IND AS 7 corresponding to IAS 7, *Statement of Cash Flows*
 4. IND AS 8 corresponding to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*
 5. IND AS 10 corresponding to IAS 10, *Events after the Reporting Period*
 6. IND AS 11 corresponding to IAS 11, *Construction Contracts*
 7. IND AS 12 corresponding to IAS 12, *Income Taxes*
 8. IND AS 16 corresponding to IAS 16, *Property, Plant and Equipment*
 9. IND AS 17 corresponding to IAS 17, *Leases*
 10. IND AS 18 corresponding to IAS 18, *Revenue*
 11. IND AS 19 corresponding to IAS 19, *Employee Benefits*
 12. IND AS 20 corresponding to IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*
 13. IND AS 21 corresponding to IAS 21, *The Effects of Changes in Foreign Exchange Rates*
 14. IND AS 23 corresponding to IAS 23, *Borrowing Costs*;
 15. IND AS 24 corresponding to IAS 24, *Related Party Disclosures*
 16. IND AS 26* corresponding to IAS 26, *Accounting and Reporting by Retirement Benefit Plans*
 17. IND AS 27 corresponding to IAS 27, *Consolidated and Separate Financial Statements*
 18. IND AS 28 corresponding to IAS 28, *Investment in Associates*
 19. IND AS 29 corresponding to IAS 29, *Financial Reporting in Hyperinflationary Economies*
 20. IND AS 31 corresponding to IAS 31, *Interest In Joint Ventures*
 21. IND AS 32 corresponding to IAS 32, *Financial Instruments: Presentation*
 22. IND AS 33 corresponding to IAS 33, *Earnings per Share*
 23. IND AS 34 corresponding to IAS 34, *Interim Financial Reporting*
 24. IND AS 36 corresponding to IAS 36, *Impairment of Assets*
 25. IND AS 37 corresponding to IAS 37, *Provisions and Contingent Liabilities and Contingent Assets*
 26. IND AS 38 corresponding to IAS 38, *Intangible Assets*
 27. IND AS 39 corresponding to IAS 39, *Financial Instruments: Recognition and Measurement*
 28. IND AS 40 corresponding to IAS 40, *Investment Property*
 29. IND AS 41** corresponding to IAS 41, *Agriculture*
 30. IND AS 101 corresponding to IFRS 1, *First Time Adoption of International Financial Reporting Standards*
 31. IND AS 102 corresponding to IFRS 2, *Share-based Payment*
 32. IND AS 103 corresponding to IFRS 3, *Business Combinations*
 33. IND AS 104 corresponding to IFRS 4, *Insurance Contracts*
 34. IND AS 105 corresponding to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
 35. IND AS 106 corresponding to IFRS 6, *Exploration for and Evaluation of Mineral Resources*
 36. IND AS 107 corresponding to IFRS 7, *Financial Instruments: Disclosures*
 37. IND AS 108 corresponding to IFRS 8, *Operating Segments*
 38. IND AS 109*** corresponding to IFRS 9, *Financial Instruments*
- * Will not be notified by government as it is not relevant for the companies
 - ** IND AS 41 is under formulation
 - *** IND AS 109 will not be notified presently

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IPCC-II	Advanced Accounting	M/W/F/S: 6:00–8:30 pm	Rs.3,000/-

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Registration for these courses is on *First-Come-First-Served* basis considering limited seats available in this pilot project. Students are advised to register well in time by submitting the duly filled-in registration form along with requisite fee through Demand Draft / Pay Order drawn in favour of "The Secretary, ICAI" payable at Delhi/ New Delhi to their respective Regional/ Branch Offices latest by January 27, 2011 by Person/ Speed Post/ Reputed Courier. Please contact liveclasses@icaai.org/ Tel. 120-3045924/27 for further details/ assistance.

Director of Studies



Board of Studies
The Institute of Chartered Accountants of India

List of Live Class Centres

For Batches from February 1, 2011

City	Address	City	Address
1. Delhi	EVERONN TOPPERS63 FNS House, Kalusarai Market, Sarvpriya Vihar, (Near Hauz Khas Metro Station & OBC Bank) New Delhi-110016 Ph: +91-11-46040212/13/14	14. Kanpur	IIPS 13/6, Parmat, Civil Lines Above Union Bank of India Kanpur-208 001 (Uttar Pradesh) Phone. 0512-6060919, 6503254, 6503255
2. Delhi	EVERONN TOPPERSA-1/285 Pankha Road, Near Tilak pul, Janakpuri, New Delhi-110058 Ph: 011- 45771101/04/06	15. Kochi	IIPS JJ Complex, Dairy Methanam Road, Edappally, Kochi – 682024 Ph: 0484-6060039/40/41
3. Delhi	EVERONN TOPPERS14, Pratap Nagar, Mayur Vihar Phase-I, New Delhi-110091 Ph: +91-11-43063652/53	16. Kolkatta	IIPS Everonn, IIPS, DN-14, 5 th floor, Sector-5, Salt Lake City, Kolkata – 700091 Mob – 9231895088
4. Chennai	EVERONN TOPPERS82, IV Avenue, Ashok Nagar, Chennai-600083 Ph: +91-44-24715356/57/58	17. Ludhiana	IIPSBXX 1748, New Prem Nagar Near PAU Gate No.4 Shaheed Joginderpal Pandey Road Ludhiana - 141001 (Punjab) Ph: 0161-6060919, 6452473, 6452474
5. Chennai	EVERONN EDUCATION LIMITED Plot No: 96-99, Industrial State Perungudi, Chennai-600083	18. Nagpur	IIPSPlot No. G-17/18 Besides Provincial Automobiles Central MIDC, Hingna Road Nagpur - 440028 (Maharashtra) Ph: 07104-606091, 645005, 645026
6. Mumbai	IIPS Kshitij Apartment, Opp. Old Petrol Pump; Mira Bhayandar Road, Mira Road; East, Thane-401107 (Maharashtra); Ph: 022-60609191, 65992897, 65992898	19. Noida	IIPSB-24, Sector-2 Noida - 201301 (Uttar Pradesh) Ph: 0120-6060919, 6492385, 6492386
7. Ahmedabad	IIPS3, Shreyas Colony L.P. House Opposite Sports Club Near Sardar Patel Stadium Navrangpur, Ahmedabad-380 009 (Gujrat) Phone 079-60609191, 65248444, 65248445	20. Pune	IIPS6 th Floor, Lloyds Chambers, 409, Mangalwarpet, Near Ambedkar Bhavan, Sassoon Road, Pune – 411011 Mob: 9423576040
8. Chandigarh	IIPSSCO 217, Sector 14, Panchkula-134109. Ph: 0172-6060919, 6579164, 6579165	21. Ranchi	EVERONN TOPPERSF-1/2/3, First floor, City Centre, Club Road, Ranchi-834001, Phone No: 0651-6570530/31
9. Coimbatore	IIPS 334, Puliakulam Road Opposite Carmel Garden School Coimbatore - 641045 (Tamil Nadu) Ph: 0422-6060919, 6451260, 6451261	22. Patna	EVERONN TOPPERS 5th Floor, Harshwardhan Arcade Beside Hotel Samrat International Frazer Road, Patna – 800001 Phone :- 0612-3262312
10. Cuttack	IIPS On National highway 5 Bhanpur Via Gopalpur Cuttack - 753011 (Orissa) Ph: 0671-6060919, 6060001, 6060002	23. Lucknow	IIPS Plot No. 27, Institutional Area; Vipul Khand-6, Gomati Nagar; Lucknow - 226010 (Uttar Pradesh); Ph: 0522-6060919, 6053216, 6053217
11. Gurgaon	IIPSSCO 9-12, HUDA Shopping Center Adjacent to Vishal Mega Mart Sector-14, Gurgaon, 122001 (Haryana) Ph: 0124-6466743, 6066744, 6066745	24. Jaipur	IIPSPlot No H-14 & H-15; Manasarovar Industrial Area; Manasarovar, Jaipur - 302020 (rajasthan); Ph: 0141-6060919, 6060443, 6060444
12. Hyderabad	IIPS Plot No. 8-3-948/9495th Floor; Soliataire Plaza Behind Image Hospitals Ameerpet, Hyderabad – 500073 (Andhra Pradesh) Ph: 040-60609191, 64630151, 64630152	25. Bangalore	KOMPASS 1 and 2 First Floor, 3rd Main Road, Next to Natraj Theater, Seshadripuram, Bangalore – 560021 Ph: 080 – 23347282
13. Indore	IIPS 2/2, South Tukoganj Near Silver Mall Indore - 452001 Ph: 0731-6060919, 6450190, 6450213		

Accounting

Regulatory Framework for Core Investment Companies (CICs)

The Bank had already issued the captioned guidelines DNBS(PD) CC.No. 197/03.10.001/2010-11 dated August 12, 2010 to all Core Investment Companies (CICs) in terms of which CICs were defined and systemically important CICs (CICs-ND-SI) are required to be registered with RBI. It was also advised therein that all CICs-ND-SI should apply to RBI for obtaining CoR within a period of six months from the date of the Notification. In continuation of these Guidelines, CICs are further advised as per the circular DNBS (PD) CC.No. 206 /03.10.001/2010-11 dated January 5, 2011 as follows.

The following definitions in the Guidelines have been modified as given below:

- a) "Adjusted net worth" means the aggregate, as appearing in the last audited balance sheet as at the end of the financial year, of Owned Funds as defined in Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
- i) as increased by :-
- A. 50% of the unrealized appreciation in the book value of quoted investments as at the date of the last audited balance sheet as at the end of the financial year (such appreciation being calculated, as the excess of the aggregate market value of such investments over the book value of such investments); and
- B. the increase if any, in the equity share capital since the date of the last audited balance sheet.
- ii) as reduced by :-
- A. the amount of diminution in the aggregate book value of quoted investments (such diminution being calculated as the excess of the book value of such investments over the aggregate market value of such investments) and
- B. the reduction, if any, in the equity share capital since the date of the last audited balance sheet.

Explanation: Investments, shall include investment in shares, stock, bonds, debentures or securities issued by the

Government or local authority or other marketable securities of a like nature.

- b) Core Investment Company (CIC) means a non-banking financial company carrying on the business of acquisition of shares and securities and which satisfies the following conditions as on the date of the last audited balance sheet:-

- (i) it holds not less than 90% of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies;

- (ii) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its net assets

Net assets, for the purpose of this proviso, would mean total assets excluding –

- (i) cash and bank balances;
- (ii) investment in money market instruments and money market mutual funds
- (iii) advance payments of taxes; and
- (iv) deferred tax payment.
- (iii) it does not trade in its investments in shares, bonds, debentures, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- (iv) it does not carry on any other financial activity referred to in Section 45 I (c) and 45 I (f) of the Reserve Bank of India Act, 1934 except:

- a) investment in
- i. bank deposits,
- ii. money market instruments, including money market mutual funds,
- iii. government securities, and
- iv. bonds or debentures issued by group companies;
- b) granting of loans to group companies; and
- c) issuing guarantees on behalf of group companies.
- c) Market value of quoted investments means the average of the weekly highs and lows of the closing price of the investments, on a recognized stock

- exchange where the investment is most actively traded, during the period of 26 weeks immediately preceding the end of the financial year at which date the last audited balance sheet is available.
- d) Outside liabilities means total liabilities as appearing on the liabilities side of the balance sheet excluding 'paid up capital' and 'reserves and surplus', instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue but including all forms of debt and obligations having the characteristics of debt, whether created by issue of hybrid instruments or otherwise, and value of guarantees issued, whether appearing on the balance sheet or not.
- e) Systemically important core investment company means a Core Investment

Company fulfilling both the following conditions:

- (i) Having total assets of not less than ₹100 crore, either individually or in aggregate along with other Core Investment Companies in the Group;
- (ii) Raises or holds public funds;

The Reserve Bank of India has recently issued Core Investment Companies (Reserve Bank) Directions, 2011 vide notification no. DNBS. (PD) 219/CGM(US)-2011 dated January 5, 2011. These directions will enable the Banks to regulate the credit system to the advantage of the country. These directions shall apply to every core investment company, which satisfies the conditions specified in the regulations, as on the date of the last audited balance sheet.

For details refer the above mentioned notification.

(Source: www.rbi.org.in)

(Compiled by CA. Seema Gupta/CA. Shilpa Agarwal, BoS)

Finance

Circular No. CIR/DNPD/ 2 /2011 dated 11-01-2011: Introduction of Derivative Contracts on Foreign Stock Indices

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. It has now been decided to permit Stock Exchanges to introduce derivative contracts (Futures and Options) on foreign stock indices in the equity derivatives segment.

Guidelines regarding the Introduction of Derivative Contracts on Foreign Stock Indices

1. **Eligibility Criteria:** A stock exchange may introduce derivatives on a foreign stock index if:
 - i. Derivatives on that Index is available on any of the stock exchanges listed at Annexure-A (refer to the original circular)
 - ii. In terms of trading volumes (number of contracts), derivatives on that Index figure among the top 15 Index derivatives globally.

OR

That Index has a market capitalization

of at least USD 100 billion.

iii. That index is "broad based".

2. **Failure to meet Eligibility Criteria:** If the stock index fails to meet any of the eligibility criteria for three months consecutively, no fresh contract shall be introduced on that Index.
3. **Currency Denomination:** The absolute numerical value of the underlying foreign stock index shall be denominated in Indian Rupees (INR) and the derivatives contracts would be denominated traded and settled in Indian rupees.
4. **Risk Management Framework:** The stock exchange shall submit the risk management framework along with its application.
5. **Position Limits:** The Trading Member/ Mutual Funds position limits (higher of ₹ 500 crore or 15% of the total open interest in Index derivatives) as well as the disclosure requirement for clients whose position exceeds 15% of the open interest of the market, as applicable to domestic stock index derivatives shall be applicable.
6. **Information Sharing:** The stock exchange shall ensure that material price sensitive information and information relating to regulatory actions and corporate actions

relating to constituent stocks of the foreign stock index, as available in public domain, are available to Indian investors.

7. **Legal Compliance:** The stock exchange to ensure compliance with any other legal provisions relating to introduction of derivatives on foreign stock indices and obtain requisite approvals from the concerned regulatory bodies.

8. **Enforcement:** Any kind of market demeanor in the market shall be subject to the appropriate enforcement actions.
9. **Trading:** Trading shall be restricted to residents in India.

The complete text of the above circular can be downloaded from: <http://www.sebi.gov.in/circulars/2011/cirdnpd022011.pdf>

(Compiled by Ms. Nidhi Singh, BoS)

Income Tax

Notifications issued by the CBDT in the months of November and December 2010

1. **Notification No.84/2010 dated 22.11.2010**
Salaried persons entitled to act as Tax Return Preparers

In exercise of the powers conferred under section 139B(1), the CBDT had framed the Tax Return Preparer Scheme, 2006 for the purpose of enabling any specified class or classes of persons in preparing and furnishing their return of income. "Specified class or classes of persons" means any person, other than a company or a person, whose accounts are required to be audited under section 44AB or under any other law for the time being in force, who is required to furnish a return of income under the Act.

Paragraph 2(f) of the Tax Return Preparer Scheme, 2006 defining a Tax Return Preparer, specifically provided that a person who is in employment and income from which is chargeable under the head "Salaries" shall not be entitled to act as a Tax Return Preparer. This disqualification has now been removed by amending paragraph 2(f). Consequently, a salaried person is now eligible to act as a Tax Return Preparer.

Consequential amendment has been made in Paragraph 11(1)(xii), which provided for withdrawal of certificate given to the Tax Return Preparer in case he, after issue of Tax Return Preparer Certificate to him, takes up an employment, income from which is chargeable under the head "Salaries". Henceforth, taking up a salaried employment would not result in withdrawal of certificate given to the Tax Return Preparer.

However, it may be noted that as per section 139B(3) of the Income-tax Act, 1961, an employee of the "specified class or classes of persons" is not authorized to act as a Tax

Return Preparer. Therefore, employees of "specified class or classes of persons" are not eligible under the Income-tax Act, 1961 to act as Tax Return Preparers. This implies that employees of companies and persons whose accounts are required to be audited under section 44AB or any other law for the time being in force, are eligible to act as Tax Return Preparers.

2. **Notification No.85/2010 dated 22.11.2010**
Increase in exemption limit for allowance granted to employees working in a transport system to meet their personal expenditure during the course of duty

Section 10(14)(ii) exempts any such allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at the place where he ordinarily resides, or to compensate him for the increased cost of living as may be prescribed and to the extent as may be prescribed.

Rule 2BB(2) prescribes the allowances for the purposes of exemption under section 10(14)(ii). As per this rule, the exemption allowable in respect of any allowance granted to an employee working in any transport system to meet his personal expenditure during his duty performed in the course of running of such transport from one place to another place (provided he is not in receipt of daily allowance) is 70% of such allowance, subject to a maximum of ₹6,000 per month.

The monthly limit of ₹6,000 has been increased to ₹10,000 with retrospective effect from 1st September, 2008. Therefore, with effect from 1st September, 2008, the exemption would be 70% of such allowance, subject to a maximum of ₹10,000 per month.

(Compiled by CA. Priya Subramanian, BoS)

List of Institute's Publications for May, 2011 Examination

The following List of Institute's Publications is relevant for the forthcoming examination i.e. May, 2011. Students may kindly take it into consideration while preparing for the examination.

Paper 1: Financial Reporting Final Examination

I. Statements and Standards

1. Framework for the Preparation and Presentation of Financial Statements
2. Accounting Standards (including limited revisions) – AS 1 to AS 32*.

II. Guidance Notes on Accounting Aspects

1. Guidance Note on Treatment of Reserves created on Revaluation of Fixed Assets.
2. Guidance Note on Accrual Basis of Accounting.
3. Guidance Note on Accounting Treatment for Excise Duty.
4. Guidance Note on Accounting for Depreciation in Companies.
5. Guidance Note on Availability of Revaluation Reserve for Issue of Bonus Shares.
6. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
7. Guidance Note on Accounting for Corporate Dividend Tax.
8. Guidance Note on Accounting for Employee Share-based Payments.
9. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
10. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25
11. Guidance Note on Applicability of Accounting Standard (AS) 20, Earnings Per Share.
12. Guidance Note on Remuneration paid to key management personnel – whether a related party transaction.

13. Guidance Note on Applicability of AS 25 to Interim Financial Results.
14. Guidance Note on Turnover in case of Contractors.

*Note

1. The Core Group was constituted by the Ministry of Corporate Affairs for convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS). This Core Group decided that there will be two separate sets of Accounting Standards viz.

- (i) Indian Accounting Standards converged with the IFRS (Ind AS)

These are the standards which are being converged by eliminating the differences of the Indian Accounting Standards vis-à-vis IFRS. These standards shall be applied for all companies falling under Phase I to Phase III as prescribed under the roadmap issued by the core group. At present, these Ind ASs are in the form of Exposure Drafts and not yet finalized and therefore, not applicable for the students appearing in May, 2011 Examination.

- (ii) Accounting Standards

The companies not falling within the threshold limits prescribed for IFRS compliance in the respective phases shall continue to apply these standards in the preparation and presentation of financial statements.

2. Students are expected to have thorough knowledge of the Accounting Standards (AS 1 to AS 29) and Guidance Notes on various aspects issued by ICAI. As far as AS 30, 31 and 32 are concerned, in view of the complexities involved, the questions involving conceptual issues (not involving application issues) may be asked. Since a separate topic of 'Financial Instruments' is included in the curriculum, simple practical problems based on AS 30, 31 and 32 may be asked.

3. The Accounting Standard Interpretations (ASI) have been issued from time to time by the Council of the ICAI. These interpretations address questions that arise in course of application of a particular Accounting Standard. ASI 2 and ASI 11 have been withdrawn. ASI 12, 23, 27 and 29 have been withdrawn and issued as Guidance Notes. The remaining interpretations have been merged as explanations to the relevant paragraphs of the related Accounting Standards.

Texts of all applicable Accounting Standards and Guidance Notes are available in the Appendices, Volume II of Financial Reporting Study Material. These can be accessed at - http://www.icai.org/post.html?post_id=5936.

Paper 1: Advanced Accounting PCC

Accounting Standards 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 16, 19, 20, 26, 29 are covered in the syllabus.

Paper 1: Accounting IPCC (Group I)

Accounting Standards 1, 2, 3, 6, 7, 9, 10, 13, 14, are covered in the syllabus.

The study material revised in July, 2010 is relevant for May, 2011 examination.

Paper 5: Advanced Accounting IPCC (Group II)

Accounting Standards 4, 5, 11, 12, 16, 19, 20, 26, 29 are covered in the syllabus.

The study material revised in January, 2010 is relevant for May, 2011 examination.

PAPER 3 : ADVANCED AUDITING AND PROFESSIONAL ETHICS

I. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956 <http://220.227.161.86/18799announ10264b.pdf>
2. Statement on the Companies (Auditor's Report) Order, 2003 (2005 Edition) <http://220.227.161.86/18798announ10264a.pdf>

II. Standards on Auditing (SQC/SA/SRS/SRE/SAE)

S.No	SA	Title of Standard on Auditing	Effective Date
1	SQC 1	Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements http://220.227.161.86/15366Link1.pdf	April 1, 2009
2	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing http://220.227.161.86/18132sa200_rev.pdf	April 1, 2010
3	SA 210	Agreeing the Terms of Audit Engagements http://220.227.161.86/16837sa210revised.pdf	April 1, 2010
4	SA 220	Quality Control for an Audit of Financial Statements http://220.227.161.86/18133sa220_rev.pdf	April 1, 2010
5	SA 230	Audit Documentation http://220.227.161.86/15372Link7_SA230-standard.pdf	April 1, 2009
6	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements http://220.227.161.86/15374Link9_240SA_REVISED.pdf	
7	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements http://220.227.161.86/15376Link11_SA250-text.pdf	April 1, 2009
8	SA 260	Communication with Those Charged with Governance http://220.227.161.86/15378Link13_SA%20260-text.pdf	April 1, 2009

ANNOUNCEMENT

9	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management http://220.227.161.86/16838sa265.pdf	April 1, 2010
10	SA 299	Responsibility of Joint Auditors http://220.227.161.86/15379Link14_299SA-AAS12.pdf	April 1, 1996
11	SA 300	Planning an Audit of Financial Statements http://220.227.161.86/15381Link16_300SA_REVISED.pdf	April 1, 2008
12	SA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment http://220.227.161.86/15382Link17_315SA.pdf	April 1, 2008
13	SA 320	Materiality in Planning and Performing an Audit http://220.227.161.86/16839sa320revised.pdf	April 1, 2010
14	SA 330	The Auditor's Responses to Assessed Risks http://220.227.161.86/15384Link19_330SA.pdf	April 1, 2008
15	SA 402	Audit Considerations Relating to an Entity Using a Service Organization http://220.227.161.86/16840sa402revised.pdf	April 1, 2010
16	SA 450	Evaluation of Misstatements Identified during the Audits http://220.227.161.86/16841sa450revised.pdf	April 1, 2010
17	SA 500	Audit Evidence http://icai.org/resource_file/15576sa500revised.pdf	April 1, 2009
18	SA 501	Audit Evidence - Specific Considerations for Selected Items http://220.227.161.86/18134sa501_rev.pdf	April 1, 2010
19	SA 505	External Confirmations http://220.227.161.86/18135sa505_rev.pdf	April 1, 2010
20	SA 510	Initial Audit Engagements-Opening Balances http://220.227.161.86/15390Link25_510text.pdf	April 1, 2010
21	SA 520	Analytical Procedures http://220.227.161.86/18136sa520_rev.pdf	April 1, 2010
22	SA 530	Audit Sampling http://220.227.161.86/15393Link28_530text.pdf	April 1, 2009
23	SA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures http://220.227.161.86/15395Link30_540text.pdf	April 1, 2009
24	SA 550	Related Parties http://220.227.161.86/15397Link32_550text.pdf	April 1, 2010
25	SA 560	Subsequent Events http://220.227.161.86/15399Link34_SA%20560_Standard_OKOK.pdf	April 1, 2009
26	SA 570	Going Concern http://220.227.161.86/15401Link36_SA570-final_standard.pdf	April 1, 2009
27	SA 580	Written Representations http://220.227.161.86/15403Link38_sa580.pdf	April 1, 2009
28	SA 600	Using the Work of Another Auditor http://220.227.161.86/18836sa600_aas.pdf	April 1, 2002

29	SA 610	Using the Work of Internal Auditors http://220.227.161.86/16842sa610revised.pdf	April 1, 2010
30	SA 620	Using the Work of an Auditor's Expert http://220.227.161.86/18137sa620_rev.pdf	April 1, 2010
31	SA 700	Forming an Opinion and Reporting on Financial Statements http://220.227.161.86/17874sa700annx1.pdf	April 1, 2011
32	SA 705	Modifications to the Opinion in the Independent Auditor's Report http://220.227.161.86/17875sa705annex2.pdf	April 1, 2011
33	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report http://220.227.161.86/17876sa706annex3.pdf	April 1, 2011
34	SA 710	Comparative Information - Corresponding Figures and Comparative Financial Statements http://220.227.161.86/18793annex1SA710.pdf	April 1, 2011
35	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements http://220.227.161.86/15578sa720ann.pdf	April 1, 2010
36	SA 800	Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Framework http://220.227.161.86/18794annex2SA800.pdf	April 1, 2011
37	SA 805	Special Considerations-Audits of Single Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement http://220.227.161.86/18795annexure3SA805.pdf	April 1, 2011
38	SA 810	Engagements to Report on Summary Financial Statements http://220.227.161.86/18796annexure4SA810.pdf	April 1, 2011
39	SRE 2400	Engagements to Review Financial Statements http://220.227.161.86/18727annex1200410.pdf	April 1, 2010
40	SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity http://220.227.161.86/18728annex2200410.pdf	April 1, 2010
41	SAE 3400	The Examination of Prospective Financial Information http://220.227.161.86/15410Link45_3400SAE-AAS35.pdf	April 1, 2007
42	SRS 4400	Engagements to Perform Agreed Upon Procedures Regarding Financial Information http://220.227.161.86/15411Link46_4400SRS-AAS32.pdf	April 1, 2004
43	SRS 4410	Engagements to Compile Financial Information http://220.227.161.86/15412Link47_4410SRS-AAS31.pdf	April 1, 2004

*Effective date means that the SA is effective for audits of the financial statements for periods beginning on or after the specified date.

III. Guidance Notes/Study Guide/Monograph

1. Guidance Note on Independence of Auditors.
2. Guidance Note on Audit Reports and Certificates for Special Purposes.
3. Guidance Note on Audit of Fixed Assets.

4. Guidance Note on Audit under Section 44AB of the Income-tax Act (2005 Edition).*
5. Guidance Note on Audit of Abridged Financial Statements.
6. Guidance Note on Audit of Inventories.
7. Guidance note on Audit of Debtors, Loans and Advances.
8. Guidance note on Audit of Investments.
9. Guidance note on Audit of Miscellaneous Expenditure.
10. Guidance Note on Audit of Cash and Bank Balances.
11. Guidance Note on Audit of Liabilities.
12. Guidance Note on Audit of Revenue.
13. Guidance Note on Audit of Expenses.
14. Guidance Note on Sections 227(3)(e) and (f) of the Companies Act, 1956.
15. Guidance Note on Certificate of Corporate Governance (2006 Edition)
16. Guidance Note on Computer Assisted Audit Techniques (CAATs).
17. Guidance Note on Audit of Payment of Dividend.
18. Guidance Note on Audit of Capital and Reserves.
19. Guidance Note on Provision for Proposed Dividend.

20. Guidance Note on Auditing of Accounts of Liquidators.
21. Guidance Note on Section 293A of the Companies Act and the Auditor.
22. Guidance Note on Audit of Consolidated Financial Statements.

*Guidance Note on Audit under section 44 AB of the Income-tax Act, 1961 (2005 edition) along with the supplementary guidance note (excluding the portion relating to Fringe Benefit Tax Provisions) published in September, 2006.

Text of applicable Guidance Notes is available in the Appendices of Volume II of Paper 3 - Advanced Auditing and Professional Ethics (CA Final -New). These can be accessed at http://www.icaai.org/post.html?post_id=5778.

AUDITING AND ASSURANCE

Paper 2: Group I: PCC

Paper 6: Group II: IPCC

I. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956 <http://220.227.161.86/18799announ10264b.pdf>
2. Statement on the Companies (Auditor's Report) Order, 2003 (2005 Edition) <http://220.227.161.86/18798announ10264a.pdf>

II. Standards on Auditing (SAs)

S.No	SA	Title of Standard on Auditing	Effective Date
1	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing http://220.227.161.86/18132sa200_rev.pdf	April 1, 2010
2	SA 210	Agreeing the Terms of Audit Engagements http://220.227.161.86/16837sa210revised.pdf	April 1, 2010
3	SA 220	Quality Control for an Audit of Financial Statements http://220.227.161.86/18133sa220_rev.pdf	April 1, 2010
4	SA 230	Audit Documentation http://220.227.161.86/15372Link7_SA230-standard.pdf	April 1, 2009
5	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements http://220.227.161.86/15374Link9_240SA_REVISED.pdf	April 1, 2009
6	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements http://220.227.161.86/15376Link11_SA250-text.pdf	April 1, 2009
7	SA 260	Communication with Those Charged with Governance http://220.227.161.86/15378Link13_SA%20260-text.pdf	April 1, 2009

8	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management http://220.227.161.86/16838sa265.pdf	April 1, 2010
9	SA 299	Responsibility of Joint Auditors http://220.227.161.86/15379Link14_299SA-AAS12.pdf	April 1, 1996
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15	SA 450	Evaluation of Misstatements Identified during the Audits http://220.227.161.86/16841sa450revised.pdf	April 1, 2010
16	SA 500	Audit Evidence http://icai.org/resource_file/15576sa500revised.pdf	April 1, 2009
17	SA 501	Audit Evidence - Specific Considerations for Selected Items http://220.227.161.86/18134sa501_rev.pdf	April 1, 2010
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23	SA 550	Related Parties http://220.227.161.86/15397Link32_550text.pdf	April 1, 2010
24	SA 560	Subsequent Events http://220.227.161.86/15399Link34_SA%20560_Standard_OKOK.pdf	April 1, 2009
25	SA 570	Going Concern http://220.227.161.86/15401Link36_SA570-final_standard.pdf	April 1, 2009
26	SA 580	Written Representations http://220.227.161.86/15403Link38_sa580.pdf	April 1, 2009
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28	SA 610	Using the Work of Internal Auditors http://220.227.161.86/16842sa610revised.pdf	April 1, 2010
29	SA 620	Using the Work of an Auditor's Expert http://220.227.161.86/18137sa620_rev.pdf	April 1, 2010
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31	SA 705	Modifications to the Opinion in the Independent Auditor's Report http://220.227.161.86/17875sa705annx2.pdf	April 1, 2011
32	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report http://220.227.161.86/17876sa706annex3.pdf	April 1, 2011
33	SA 710	Comparative Information - Corresponding Figures and Comparative Financial Statements http://220.227.161.86/18793annex1SA710.pdf	April 1, 2011
34	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements http://220.227.161.86/15578sa720ann.pdf	April 1, 2010
35	SRE 2400	Engagements to Review Financial Statements http://220.227.161.86/18727annex1200410.pdf	April 1, 2010
36	SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity http://220.227.161.86/18728annex2200410.pdf	April 1, 2010
37	SAE 3400	The Examination of Prospective Financial Information http://220.227.161.86/15410Link45_3400SAE-AAS35.pdf	April 1, 2007
38	SRS 4400	Engagements to Perform Agreed Upon Procedures Regarding Financial Information http://220.227.161.86/15411Link46_4400SRS-AAS32.pdf	April 1, 2004
39	SRS 4410	Engagements to Compile Financial Information http://220.227.161.86/15412Link47_4410SRS-AAS31.pdf	April 1, 2004

*Effective date means that the SA is effective for audits of the financial statements for periods beginning on or after the specified date

III. Guidance Notes/Study Guide/Monograph

1. Guidance Note on Audit of Fixed Assets.
2. Guidance Note on Audit of Inventories.
3. Guidance Note on Audit of Debtors, Loans and Advances.
4. Guidance Note on Audit of Investments.
5. Guidance Note on Audit of Miscellaneous Expenditure.
6. Guidance Note on Audit of Cash and Bank Balances.
7. Guidance Note on Audit of Liabilities.
8. Guidance Note on Audit of Revenue.
9. Guidance Note on Audit of Expenses.
10. Guidance Note on Provision for Proposed Dividend

Text of All applicable Guidance Notes is available in Volume II of Auditing and Assurance Study Material. These can be accessed by following the path - http://www.icaai.org/new_post.html?post_id=6192.

PAPER-4: CORPORATE AND ALLIED LAWS

FINAL

Name of Books

Institute's Publication	(i)	Study material, January, 2011 edition
	(ii)	Practice Manual, January, 2011 edition
	(iii)	Revision Test Papers

Applicability of relevant Amendments/Circulars/Notifications/Regulations etc. relating to Corporate and Allied Laws for May 2011, Examination:

Subject Matter	CA Final - Corporate and Allied Laws
Companies Bill, 2009	Not applicable
Easy Exit Scheme, 2011	Not Applicable
Provisions relating to Revival and Rehabilitation of Sick-Industrial Companies	Not applicable
Companies (Second Amendment) Act, 2002 [relating to Winding Up]	Not applicable [Students have been advised to study only the general provisions of winding up as covered under Paragraph 9.4 of chapter 9 of the study material]
SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009	Applicable (Amendments upto April 2010)

Paper - 2 : Business Laws, Ethics and Communication

IPCC

Name of Books

Institute's Publication	(i)	Study material, December 2010 edition
	(ii)	Revision Test Papers
	(iii)	Practice manual

Applicability of the Amendments for May, 2011 Examination

S.No.	Subject Matter	Business Laws, Ethics and Communication
1.	The Employees' Provident Funds & Miscellaneous Provisions Act, 1952	
	• The Employees' Deposit Linked Insurance (Amendment) Scheme, 2010	Applicable
	• Increase in the Interest Rate on the PF Amount to 9.5 %.	Applicable
2.	The Payment of Gratuity (Amendment) Act, 2009 & The Payment of Gratuity (Amendment) Act, 2010	
	• Amendment in the definition of an employee.	Applicable
	• Increase in the Gratuity amount payable to the employees limits upto 10 lacs.	Applicable
3.	Companies Bill, 2009	Not applicable

**Paper 7 : Direct Tax Laws
Final Course**

1. The study material for Paper 7: Direct Tax Laws (A.Y. 2011-12), as amended by the Finance Act, 2010 (relevant for A.Y. 2011-12) and significant notifications/ circulars/other legislations up to 30.4.2010.
2. Final Course - Supplementary Study Paper - 2010, which contains the amendments made by the Finance Act, 2010 (relevant for A.Y. 2011-12) and significant notifications/circulars issued between 1.5.2009 and 30.4.2010 [Portions relating to Direct Tax Laws].
3. Significant legal decisions relating to direct tax laws hosted at the BOS knowledge portal on the website of the Institute **www.icai.org**.
4. The significant amendments made by circulars/notifications issued between 1.5.2010 and 31.10.2010 would be hosted on the website of the Institute **www.icai.org** and would also be given in the Revision Test Paper (RTP) for May, 2011 examination.

Paper 8 : Indirect Tax Laws

1. The study material for Paper 8: Indirect Tax Laws, as amended by the Finance Act, 2010 and significant notifications/circulars/other legislations up to 30.4.2010.
2. Final Course - Supplementary Study Paper - 2010, containing the amendments made by the Finance Act, 2010 and significant amendments made by notifications and circulars issued between 1.5.2009 and 30.4.2010 [Portions relating to Indirect Tax Laws]
3. Significant legal decisions relating to indirect tax laws hosted at the BOS knowledge portal on the website of the Institute **www.icai.org**.
4. The significant amendments made by circulars/notifications issued between 1.5.2010 and 31.10.2010 would be hosted on the website of the Institute **www.icai.org** and would also be given in the Revision Test Paper (RTP) for May, 2011 examination.

Paper 5: Taxation

Professional Competence Examination

1. Study Material for IPCC Paper 4: Taxation (as

amended by the Finance Act, 2010). The relevant assessment year for Income-tax is A.Y. 2011-12. This study material has been updated with the amendments made by the Finance Act, 2010 as well as the significant amendments made by notifications/circulars/other legislations up to 30.4.2010. This study material is relevant for PCC students also, however, with the exception of the following chapters in Part II: Service tax and VAT -

Chapter 4 on Gamut and Coverage of Taxable Services

Chapter 5 on Input Tax Credit and Composition Scheme for Small Dealers; and

Chapter 6 on VAT Procedures.

2. Supplementary Study Paper - 2010 for PCC/ IPCC- This contains the amendments made by the Finance Act, 2010 and important notifications/circulars issued between 1.5.2009 and 30.4.2010.
3. The significant amendments made by circulars/notifications issued between 1.5.2010 and 31.10.2010 would be hosted on the website of the Institute **www.icai.org** and would also be given in the RTP for May, 2011 examination.

Paper 4: Taxation

Integrated Professional Competence Examination

1. Study Material for IPCC Paper 4: Taxation (as amended by the Finance Act, 2010). The relevant assessment year for Income-tax is A.Y. 2011-12. This study material contains the amendments made by the Finance Act, 2010 as well as the significant amendments made by notifications/circulars/other legislations up to 30.4.2010.
2. Supplementary Study Paper - 2010 for PCC/ IPCC - This contains the amendments made by the Finance Act, 2010 and important notifications/ circulars issued between 1.5.2009 and 30.4.2010.
3. The significant amendments made by circulars/notifications issued between 1.5.2010 and 31.10.2010 would be hosted on the website of the Institute **www.icai.org** and would also be given in the RTP for May, 2011 examination.

NOTIFICATION

TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA
18th January, 2011

No.13-CA (EXAM)/CPT/ June/2011: - In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Common Proficiency Test (Paper- Pencil Mode) will be held on Sunday, 19th June, 2011 in two sessions as below, at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

[As per provisions of Regulation 25 D (3) of the Chartered Accountants Regulations, 1988 and the syllabus as published in the pages 291-293 of the Journal 'The Chartered Accountant' August 2006 issue and pages 12-13 of Chartered Accountants Students' Newsletter August 2006 issue.]

First Session

(i.e. Morning Session) 10.30 AM to 12.30 PM (IST)
Section - A
Fundamentals of Accounting
Section - B Mercantile Laws

Second Session

(i.e. Afternoon Session) 2.00 PM to 4.00 PM (IST)
Section - C General Economics
Section - D Quantitative Aptitude

EXAMINATION CENTRES(IN INDIA):

19	BEAWAR	20	BELGAUM
21	BELLARY	22	BERHAMPORE
23	BHAGALPUR	24	BHARAUCH
25	BHAVNAGAR	26	BHILWARA
27	BHOPAL	28	BHUBANESWAR
29	BHUJ	30	BIKANER
31	BILASPUR	32	CHANDIGARH
33	CHENNAI	34	COIMBATORE
35	CUTTACK	36	DEHRADUN
37	DELHI/NEW DELHI	38	DHANBAD
39	DUNDLOD	40	DURG
41	ERNAKULAM	42	ERODE
43	FARIDABAD	44	GANDHIDHAM
45	GHAZIABAD	46	GOA
47	GORAKHPUR	48	GUNTUR
49	GURGAON	50	GUWAHATI
51	GWALIOR	52	HISAR
53	HUBLI	54	HYDERABAD
55	INDORE	56	JABALPUR
57	JAIPUR	58	JALANDHAR
59	JALGAON	60	JAMMU
61	JAMNAGAR	62	JAMSHEDPUR
63	JODHPUR	64	KANPUR
65	KARNAL	66	KOLLAM
67	KOLHAPUR	68	KOLKATA
69	KOTA	70	KOTTAYAM
71	KOZHIKODE	72	KUMBAKONAM
73	LATUR	74	LUCKNOW
75	LUDHIANA	76	MADURAI
77	MANGALORE	78	MATHURA
79	MEERUT	80	MORADABAD
81	MUMBAI		
82	MUZAFFARNAGAR	83	MYSORE
84	NAGPUR	85	NANDED
86	NASHIK	87	NELLORE
88	NOIDA	89	PALGHAT
90	PALI MARWAR	91	PANIPAT
92	PANVEL	93	PATNA
1	AGRA	2	AHMEDABAD
3	AHMEDNAGAR	4	AJMER
5	AKOLA	6	ALAPPUZHA
7	ALIGARH	8	ALLAHABAD
9	ALWAR	10	AMBALA
11	AMRAVATI	12	AMRITSAR
13	ANAND	14	ASANSOL
15	AURANGABAD	16	BANGALORE
17	BAREILLY	18	BATHINDA

ANNOUNCEMENT

94 PATIALA	
95 PIMPRI-CHINCHWAD	
96 PONDICHERRY	97 PUNE
98 RAIPUR	
99 RAJAMAHENDRAVARAM	
100 RAJKOT	101 RANCHI
102 RATLAM	103 REWARI
104 ROHTAK	105 ROURKELA
106 SAHARANPUR	107 SALEM
108 SAMBALPUR	109 SANGLI
110 SATARA	111 SHIMLA
112 SIKAR	113 SILIGURI
114 SOLAPUR	115 SONEPAT
116 SRI GANGANAGAR	117 SURAT
118 THANE	
119 THIRUVANANTHAPURAM	
120 THRISSUR	121 TINSUKIA
122 TIRUCHIRAPALLI	123 TIRUPATI
124 TIRUPUR	125 TUTICORIN
126 UDAIPUR	127 UDUPI
128 UJJAIN	129 VADODARA
130 VAPI	131 VARANASI
132 VELLORE	133 VIJAYAWADA
134 VISAKHAPATNAM	135 YAMUNA NAGAR

Overseas Centres :- (1) ABU DHABI (2) DUBAI
(3) BAHRAIN (4) DOHA (5) KATHMANDU

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to Common Proficiency Test is required to be made in the relevant prescribed form as contained in the Information Brochure, which may be obtained from the Sr. Deputy Director (Examinations), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi - 110 002 on payment of ₹ 600/- (₹500/- towards examination fee and ₹ 100/- towards cost of application form and information brochure) per application form. The fee for candidates opting for Abu Dhabi , Dubai, Doha and Bahrain centres will be US \$160 (US \$ 150 towards examination fee and US \$ 10 towards cost of application form and information brochure) or its equivalent Indian Currency. The fee for the candidates opting for Kathmandu centre are required to remit INR.950/-(INR 850/-

towards examination fee and INR 100/- towards the cost of application form and information brochure) or its equivalent foreign Currency. Since the cost of Information brochure containing Common Proficiency Test application form includes the examination fee , no separate fee is required to be remitted at the time of submitting the filled in application form. The Information brochure containing Common Proficiency Test application form will also be available in the Regional and Branch Offices of the Institute and can be obtained there from on cash payment on or from 4th April,2011.

Common Proficiency Test application forms duly filled in may be sent so as to reach the Sr. Deputy Director (Examinations) at New Delhi not later than 25th April,2011 . Applications received after 25th April,2011 shall not be entertained under any circumstances. Applications duly filled in will be received by hand delivery at the offices of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto 25th April,2011. Candidates residing in these cities are advised to take advantage of this facility. It may be noted that there is no provision for acceptance of application forms after 25th April,2011 with late fee.

Alternatively the candidate may fill up the examination application form online at <http://icaiaexam.icaai.org> from 4th April,2011 (10:00 hrs) to 25th April, 2011 (17:30hrs) and remit the fee online by using either VISA or Master Credit / Debit Card.

Common Proficiency Test (CPT) is open only to those students who are already registered with the Institute of Chartered Accountants of India for the said course on or before 1st April ,2011 and fulfill the requisite eligibility conditions.

QUESTION PAPER BOOKLET LANGUAGE:

Common Proficiency Test will be an objective type multiple choice questions based examination. Candidates will be allowed to opt for Hindi medium Question Paper Booklet for answering the questions. Detailed information will be found given in the Information brochure.

(Dr. T. PARAMASIVAN)
SR. DEPUTY DIRECTOR (EXAMS.)

Examination

12th January, 2011

The next Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final Examinations of the Institute will be held from 2nd May 2011 to 16th May 2011. Notification and detailed announcement thereon have already been hosted on ICAI website www.icaai.org.

Applications for admission to Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final examination can be made either through the online mode at <http://icaiaexam.icaai.org> or through physical application forms, which are priced as follows:

PCE and IPCE examinations ₹ 100/- per form.

Final examination ₹ 500/- per form

In order to encourage the student community to take to on-line applications, it has been decided to waive off the cost of application form (i. e, ₹100/- or ₹ 500/- as the case may be) in respect of candidates who fill in their forms online at <http://icaiaexam.icaai.org>

and remit the examination fee online by using either VISA or Master credit/debit card.

Details	Last date for submission of Physical forms		Last date for submission of On- line applications	
	Without late fee	With late fee of ₹ 500/-	Without late fee	With late fee of ₹ 500/-
PCE and IPCE	28 th Feb. 2011	7 th March 2011	28 th Feb. 2011	7 th March 2011
Final	28 th Feb. 2011	7 th March 2011	28 th Feb. 2011	No provision

Candidates for Final exam may note that the facility for submission of on-line applications for the Final exam will cease after 28th February 2011. After that date, Final candidates will be permitted to submit only physical applications upto 7th march 2011 along with late fee of ₹ 500/-

Students are advised to take advantage of the facility of making on-line applications and save on the cost of the exam form.

(Dr T. Paramasivan)
Sr Deputy Director(Exams)

NOTIFICATION

TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA

12th January,2011

No. 13-CA (EXAM)/M/2011: - In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Professional Competence Course (PCC), Integrated Professional Competence Course (IPCC) and Final examinations will be held on the dates given below at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

Similarly Post Qualification Course Insurance and Risk Management (IRM) examination will also be held on the dates given below at the following centres (centres in India only) in terms of provisions as contained in Schedule "G" of the Chartered Accountants Regulations, 1988 , provided that sufficient number of candidates offer themselves to appear from each centre.

PROFESSIONAL COMPETENCE COURSE EXAMINATION (PCC)

ANNOUNCEMENT

[As per syllabus contained in the scheme notified by the Council under Regulation 28 C (3) of the Chartered Accountants Regulations, 1988]

Group-I: 3rd, 5th & 13th May-2011

Group-II: 7th, 9th & 15th May-2011

(Morning Session: 9.00 AM to 12.00 Noon) (IST)

INTEGRATED PROFESSIONAL COMPETENCE COURSE EXAMINATION (IPCC)

[As per syllabus contained in the scheme notified by the Council under Regulation 28 E (3) of the Chartered Accountants Regulations, 1988]

Group-I: 3rd, 5th, 7th & 9th May-2011

Group-II: 11th, 13th & 15th May-2011

(Morning Session: 9.00 AM to 12.00 Noon) (IST)

FINAL EXAMINATION:

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (ii) of the Chartered Accountants Regulations, 1988.]

Group -I: 2nd, 4th, 6th & 8th May-2011

Group -II: 10th, 12th, 14th & 16th May-2011

(Morning Session: 9.00 AM to 12.00 Noon) (IST)

INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION:

[As per provisions contained in “Schedule G” of Chartered Accountants Regulations, 1988]

Modules I to IV 10th, 12th, 14th & 16th May-2011

(Morning Session: 9.00 AM to 12.00 Noon) (IST)

EXAMINATION CENTRES: (FOR ALL EXAMINATIONS)

CITIES IN INDIA:

1 AGRA	2 AHMEDABAD
3 AHMEDNAGAR	4 AJMER
5 AKOLA	6 ALAPPUZHA
7 ALIGARH	8 ALLAHABAD
9 ALWAR	10 AMBALA
11 AMRAVATI	12 AMRITSAR
13 ANAND	14 ASANSOL
15 AURANGABAD	16 BANGALORE
17 BAREILLY	18 BATHINDA

19 BEAWAR	20 BELGAUM
21 BELLARY	22 BERHAMPORE
23 BHARAUCH	24 BHAVNAGAR
25 BHILWARA	26 BHOPAL
27 BHUBANESWAR	28 BHUJ
29 BIKANER	30 BILASPUR
31 CHANDIGARH	32 CHENNAI
33 COIMBATORE	34 CUTTACK
35 DEHRADUN	36 DELHI/ NEW DELHI
37 DHANBAD	38 DURG
39 ERNAKULAM	40 ERODE
41 FARIDABAD	42 GANDHIDHAM
43 GHAZIABAD	44 GOA
45 GORAKHPUR	46 GUNTUR
47 GURGAON	48 GUWAHATI
49 GWALIOR	50 HISAR
51 HUBLI	52 HYDERABAD
53 INDORE	54 JABALPUR
55 JAIPUR	56 JALANDHAR
57 JALGAON	58 JAMMU
59 JAMNAGAR	60 JAMSHEDPUR
61 JODHPUR	62 KANPUR
63 KARNAL	64 KOLLAM
65 KOLHAPUR	66 KOLKATA
67 KOTA	68 KOTTAYAM
69 KOZHIKODE	70 KUMBAKONAM
71 LATUR	72 LUCKNOW
73 LUDHIANA	74 MADURAI
75 MANGALORE	76 MATHURA
77 MEERUT	78 MORADABAD
79 MUMBAI	
80 MUZAFFARNAGAR	81 MYSORE
82 NAGPUR	83 NANDED
84 NASHIK	85 NELLORE
86 NOIDA	87 PALGHAT
88 PALI MARWAR	89 PANIPAT
90 PANVEL	91 PATNA

92 PATIALA	
93 PIMPRI-CHINCHWAD	
94 PONDICHERRY	95 PUNE
96 RAIPUR	
97 RAJAMAHENDRAVARAM	
98 RAJKOT	99 RANCHI
100 RATLAM	101 REWARI
102 ROHTAK	103 ROURKELA
104 SAHARANPUR	105 SALEM
106 SAMBALPUR	107 SANGLI
108 SATARA	109 SHIMLA
110 SIKAR	111 SILIGURI
112 SIRSA	113 SOLAPUR
114 SONEPAT	
115 SRI GANGANAGAR	
116 SURAT	117 THANE
118 THIRUVANANTHAPURAM	
119 THRISSUR	120 TINSUKIA
121 TIRUCHIRAPALLI	122 TIRUPATI
123 TIRUPUR	124 TUTICORIN
125 UDAIPUR	126 UDUPI
127 UJJAIN	128 VADODARA
129 VAPI	130 VARANASI
131 VELLORE	132 VIJAYAWADA
133 VISAKHAPATNAM	134 YAMUNA NAGAR

OVERSEAS CENTRES: (FOR PROFESSIONAL COMPETENCE COURSE (PCC), INTEGRATED PROFESSIONAL COMPETENCE COURSE (IPCC) AND FINAL EXAMINATIONS ONLY)

1) ABU DHABI

2) DUBAI

3) KATHMANDU

Payment of fees for the examinations should be made by Demand Draft only. The Demand Drafts may be of any Scheduled Bank and should be drawn in favour of **The Secretary, The Institute of Chartered Accountants of India, payable at New Delhi only.**

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to these examinations are required to be made either online at <http://icaiexam.icai.org> free of cost (i.e, ₹100/- for PCC & IPCC candidates and ₹500/- for Final candidates for application form shall not be charged if applications are filled in online , in case of Final Examination online facility is available only upto 28th February,2011) or in the relevant prescribed form, copies of which may be obtained from the **Sr. Deputy Director (Examinations), The Institute of Chartered Accountants of India, ICAI BHAWAN, Indraprastha Marg, New Delhi – 110 002** on payment of ₹100/- per application form in respect of Professional Competence Course & Integrated Professional Competence Course candidates and ₹500/- per application form in respect of Final Examination candidates. The cost of Examination application forms for Insurance and Risk Management (IRM) examination is ₹ 100/- per application form. The forms shall also be made available in the Regional and Branch Offices of the Institute and can be obtained therefrom on cash payment on or from **7th February,2011** .

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Sr. Deputy Director (Examinations) at New Delhi not later than **28th February, 2011**. However, applications will also be received direct by Delhi Office after **28th February, 2011** and upto **7th March,2011** with late fee of ₹ 500/-. Applications received after **7th March,2011** shall not be entertained under any circumstances. Applications for the students' examinations only duly filled in will also be received by hand delivery at the office of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Delhi, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto **7th March,2011**. Candidates residing in these cities are advised to take advantage of this facility. However, application forms duly completed for the Post Qualification Course examination Insurance and Risk Management (IRM) examinations will be received **only** at the New Delhi office of the Institute.

The candidates who fill up the examination application form online at <http://icaiexam.icai.org> from 7th February, 2011 to 28th

February, 2011 and remit the fee online by using either VISA or MASTER Credit/ Debit Card shall not be charged ₹.100/- in case of PCC & IPCC Examinations and ₹500/- in case of Final examination (i.e, cost of application form fee) in order to popularize filling-in of application form online. The candidates of PCC and IPCC can continue to fill in application forms online from 1st March, 2011 to 7th March, 2011 whereas the candidates of Final Examinations are necessarily required to fill in physical application forms from 1st March, 2011 to 7th March, 2011 in case they fail to fill in and submit their online application form by 28th February, 2011.

The fees payable for the various examinations are as under: -

**PROFESSIONAL COMPETENCE COURSE
and INTEGRATED PROFESSIONAL
COMPETENCE COURSE EXAMINATIONS**

For Both the Groups / Unit - 9 ₹ 1600/-

For one of the Groups / Unit 1 to 8 ₹ 1000/-

FINAL EXAMINATION

For Both the Groups ₹ 2250/-

For one of the Groups ₹ 1250/-

**INSURANCE & RISK
MANAGEMENT (IRM)
EXAMINATION** ₹ 1000/-

Candidates of Professional Competence Course Examination (PCC) / Integrated Professional Competence Course Examination(IPCC) and Final examination opting for Dubai/Abu Dhabi Centre are required to remit, US\$ 350 and US\$ 400 respectively or its equivalent Indian Currency irrespective of whether the candidates appear in a group or in both the groups or in a unit .

Candidates of Professional Competence Course Examination (PCC) / Integrated Professional Competence Course Examination (IPCC) and Final Examinations opting for Kathmandu centre are required to remit Indian ₹ 2250/- and Indian ₹ 3000/- respectively or its equivalent relevant foreign currency irrespective of whether the candidates appear in a group or in both the groups or in a unit.

OPTION TO ANSWER PAPERS IN HINDI :

Candidates of Professional Competence Course Examination (PCC)/ Integrated Professional Competence Course Examination (IPCC) and Final Examinations will be allowed to opt for Hindi medium for answering papers. Detailed information will be found printed in the Information sheets attached to the relevant application form. However the medium of Examinations will be only English in respect of Insurance and Risk Management (IRM) Examination.

**(Dr. T. Paramasivan)
Sr. Deputy Director (Exams)**

Adherence to Regulation 60 of the Chartered Accountants Regulations, 1988 and Directions of the Council in respect of “Working Hours” of articled assistants.

The Institute is receiving number of representations from the articled assistants regarding non-adherence to working hours during their practical training period as prescribed in Regulation 60 of the Chartered Accountants Regulations, 1988 which reads as under:

“60. Working hours of an Articled Assistant

The minimum working hours of an articled assistant shall be 35 hours per week (excluding lunch break) which shall be regulated by the Principal from time to time, subject to such directions and guidelines, as may be issued by the Council.”

The Council on consideration of the matter viewed that the articled training is an important part of the CA curriculum and the same needs to be carried out in accordance with the scheme framed by the ICAI in this behalf. In view of the number of representations received from the student fraternity the decision of the Council is reproduced again for establishing cordial relationship between the Employer and the Articled Trainees.

Accordingly, to clarify the doubts being raised by various quarters about the working hours of the articled assistants and for pursuing

graduation/other course, the Council decided to issue the following directions:-

1. The articled assistants should undergo practical training in accordance with the Chartered Accountants Regulations, 1988 as explained hereinafter.
 - **The working hours for the articled assistants shall be 35 hours in a week excluding the lunch break.**
 - **The office hours of the Principal for providing article training to the articled assistants shall not be generally before 9.00 A.M. or after 7.00 P.M.**
 - **The normal working hours for the articled assistants shall not start after 11.00 A.M. or end before 5.00 P.M.**
 - **The working hours for the articled assistants should not exceed 35 hours in a week excluding the lunch break and normally an articled assistant be required to work during the normal working hours fixed for articled assistants.**
 - **In case of the exigencies of work with the Principal, an articled assistant may be required to work beyond his/her normal working hours. However, under such circumstances, the aggregate**

number of working hours shall not exceed 45 hours per week. The requirement to work beyond 35 hours in a week should not be a practice but only in exceptional circumstances. Further, where the articled assistant is required to work beyond normal working hours, and aggregate of such hours exceed 35 hours per week, he/she shall be entitled to compensatory leave calculated with reference to number of completed working hours, over and above, 35 hours per week.

- **The facility of allowing flexible office hours stands withdrawn.**
2. During the working hours, the articled assistant is not permitted to attend college/ other institutions for pursuing any course including graduation. Accordingly, college timings of such course should not be such (after taking into account the time required to commute) which clashes with the normal working hours of the article training.

All concerned are advised to adhere to the provisions of Regulation 60, as well as the direction of the Council, mentioned above.

**Director
Board of Studies**

New Study Materials for Final Course

Students of Final Course may note that the Study Materials, including Practice Manuals, for all the subjects of the Final Course have been modified/ revised/updated and the new materials would be available at all the regional offices and branches of the Institute.

As you are all well aware, revision/updation of Study Materials is a continuous process and it is very essential that you remain updated with the developments in all the subjects of your curriculum. Therefore, it is desirable that you read the latest Study Materials.

The Study Materials on Direct Tax Laws and Indirect Tax Laws have been updated based on the law as amended by the Finance Act, 2010. Practice Manuals have also been prepared for the first time in these two subjects based on the law as amended by the Finance Act, 2010 and practical problems have been worked out based on the provisions relevant for A.Y.2011-12 (in case of Direct Tax Laws). Therefore, these study materials, in particular, are relevant for May 2011 and November 2011 examination. Students appearing in May 2011 and November 2011 examination are, therefore, advised to buy the latest Study Materials in these two subjects.

UDAAAN-The Revolution Begins... NOW

COE... Centre of Excellence is what it stands for. But for the second batch of Six Weeks Residential Programme on "Professional Skills Development" (Dec 10, 2010 – Jan 11, 2011), the three letters meant much more than this. Centre of Excitement & Exuberance, Centre of Euphoria & Enigma, Centre of Ethics & Etiquettes, Centre of Ecstasy & Eccentricity & finally the Centre of Evolution for the fifty three students who love to call themselves "UDAAAN". UDAAAN represents FREEDOM - Freedom to choose happiness, freedom to share happiness, freedom to bring smiles selflessly.

As we look back now, the journey has indeed been an exhilarating one. With the state of the art infrastructure at COE the vast facilities available to the inmates include the residential block with an exclusive lounge at every floor, a gymnasium, swimming pool, a well equipped IT lab, yoga room, conference rooms, an amphitheatre, a cafeteria, an auditorium, a recreation room with table tennis board and carom boards ...time never used to come to a still. The campus was always lively and beaming with fresh ideas, thoughts and opinions of the young and dynamic batch of 53 students from all across India.

COE was the best example of how well people can work in teams and get along irrespective of their languages, cultures and regions. The sessions that ranged from time management to The Big fight and Devil's advocate, leadership to office etiquettes, from IFRS to The Art of Negotiation, from Techno-economic feasibility report to Industrial visits, MS Power Point to Filing of an Appeal, the students got a superlative and the most diverse experience in a span of just six weeks. From teachers who made us dance and those who used to reward us for coming up with the best business ideas, the students enjoyed it all.

The lessons never used to end in the classroom. Post sessions, the students used to bond over Extempore in the amphitheatre, Debates in the lounge, making presentations just in time for the next day's session, mock interviews going on well past mid-nights. But it wasn't all about work and assignments. The students have had their share



Shri Vijay Kapur, Director, Board of Studies with the participants of the six weeks Residential Programme on "Professional Skills Development" at the Centre of Excellence, Hyderabad.

of fun with surprise birthday celebrations at mid night, movies, mouth-watering maggi, celebrating Christmas and a cultural evening by all the students on the New Year's Eve that displayed their hidden talent. To extend the learning beyond classroom, students also initiated a daily morning news bulletin before the sessions to keep themselves updated.

The stay was made all the more memorable by providing the best meals at cafeteria, the warm and welcoming housekeeping staff, extremely hospitable people at the administration block and the security guards who always ensured that the students sleep well and sleep early. To bring this beautiful journey to its remarkable end, the Chairman and the Director of Board of Studies also graced the place with their presence. COE – The Mecca for professional networking has not only blessed the students with knowledge, lifelong friendships but also served as a platform to shed their inhibitions. The six weeks residential programme has molded the professionals for the future with a focused vision and ambition, which will ensure that these individuals will excel in their endeavors.

Contributed by Priyanka Rai (NRO-0196294) & Ankit G. Kataria (SRO-0138728)



Lighting the lamp ceremony at the inaugural function of the International Conference of CA Students organized by NIRC of ICAI in Delhi. Seen in picture, CA.Amarjit Chopra, President,ICAI, CA.Vinod Jain, Chairman, Board of Studies, CA.Atul Kumar Gupta, Chairman, NIRC, Shri Vijay Kapur, Director, Board of Studies and other eminent personalities.



A group photo taken on the occasion of the International Conference of CA Students in Delhi. Seen in picture, Prof. Dinesh Singh, Vice Chancellor, Delhi University (standing in the middle), CA. Amarjit Chopra, President, ICAI, CA. Vinod Jain, Chairman Board of Studies, CA. Atul Kumar Gupta, Chairman, NIRC and other dignitaries.



CA. Atul Kumar Gupta, Chairman, NIRC presenting memento to Prof. Dinesh Singh, Vice Chancellor, Delhi University in the presence of CA.Amarjit Chopra, President,ICAI, CA.Vinod Jain, Chairman, Board of Studies and Shri Vijay Kapur, Director, Board of Studies.



A view of the inaugural function of the CA students' conference organized by the CIRC of ICAI at Indore. Seen in picture CA Amarjit Chopra, President ICAI, CA Vinod Jain, Chairman Board of Studies(Guest of Honour) CA Manoj Fadnis, Central Council Member, CA Kemisha Soni, Chairperson CIRC, CA Vivek Khana, Chairman, CICASA CIRC, CA Vijesh Khandelwal, Chairman Indore Branch, CA Sheetal Jain, Secretary Indore Branch and CA Manoj P Gupta CICASA Chairman, Indore Branch.



CA. G.Ramaswamy, Vice President, ICAI lighting the lamp at the inaugural ceremony of the National Convention for CA Students at Coimbatore. Also seen in picture CA. Rajendra Kumar, C C M, CA. S.I.Vijayasundhar, Chairman, Coimbatore Branch and other office bearers.



CA. G.Ramaswamy, Vice President, ICAI addressing the National Convention for CA Students at Coimbatore. CA. Rajendra Kumar, Central Council Member, CA.Abhijit Bandhopadhyaya, Central Council Member and CA.K.Shanmugha Sundaram, Vice Chairman, SIRC of ICAI also seen in picture.



Hon'ble Justice Vijay Daga, Mumbai High Court, inaugurating the National Convention for CA Students at Nagpur by lighting the lamp. Also seen in picture CA Jaydeep Shah, Central Council Member, Dr. Vedprakash Mishra, Dean, DMIMS, CA S. B. Zaware, Central Council Member, CA S.D. Lalan, Chairman, WIRC, CA Makrand Joshi, Vice Chairman, WIRC, CA Kavita Loya, Chairperson, Nagpur Branch, other dignitaries and office bearers.



A Group Photo taken at the inaugural function of the National Convention for CA Students in Bangalore. Seen in picture CA. Raghu. K, Central Council Member, CA.T.V. Mohan Dass Pai, Director, Infosys, CA. Shambhu Sharma, H, Chairman, Bangalore Branch, other dignitaries and office bearers.



Participants of 10th All India quiz and 16th All India Elocution contests with Shri. Vijay Kapur, Director, Board of Studies and other faculty members and officials.

CA. Vinod Jain, Chairman, Board of Studies addressing at the 10th All India Quiz and 16th All India Elocution Contests, 2010-11 at New Delhi on 12th January, 2011.



If undelivered, please return to:
The Institute of Chartered Accountants of India
ICAI Bhawan, Indraprastha Marg
New Delhi - 110 104