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Students'
JOURNAL

THE CHARTERED ACCOUNTANT STUDENT

Your Monthly Guide to the CA News, Information And Events



TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS

FINAL (EXISTING COURSE) EXAMINATION, NOVEMBER-2009



KISHEN K. WARRIER
First Rank
Kochi



DIPAK DAGA
Second Rank
Howrah



AKHIL LALIT ROONGTA
Third Rank
Nashik

FINAL (NEW COURSE) EXAMINATION, NOVEMBER-2009



PRAJITA BALAVINODAN
First Rank
Coimbatore



SURAJ PRAKASH LAKHOTIA
Second Rank
Secundarabad



GRIZELDA G. LOBO
Third Rank
MUMBAI

PROFESSIONAL EDUCATION (EXAMINATION-II), NOVEMBER, 2009



AUJINASH KARWA
First Rank
Solun



NAFIH OMER
Second Rank
Dubai (UAE)



ISHA SEN
Third Rank
Allahabad

PROFESSIONAL COMPETENCE EXAMINATION, NOVEMBER, 2009



RUPALI GUPTA
First Rank
Jaipur



LAXMI NIRANJANI G.
Second Rank
Coimbatore



NITIN NARIANDAS WADHWANI
Third Rank
Ulhas Nagar

INTEGRATED PROFESSIONAL COMPETENCE EXAMINATION, NOVEMBER, 2009



AMITA MAHESHWARI
First Rank
Jodhpur



BHUMIKA RAJIV SHAH
Second Rank
Mumbai



SONAM BHANDARI
Third Rank
Howrah

COMMON PROFICIENCY TEST (PAPER-PENCIL MODE) 13TH DECEMBER-2009



DARAPU V. KRISHNA KUMAR
First Rank
Rajamundhry

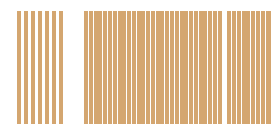


GANAPATHIRAJU PRIYANKA
Second Rank
Visakhapatnam



MAHIMA M. JAIN
Third Rank
Vijayawada

Our heartiest congratulations!!



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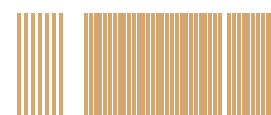
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President's Communication

Dear Students,

I am extremely delighted to communicate with you as the new President of this august Institute. I feel great pride to be at the helm of second largest accountancy body of the world. With great humility, I wish to discharge this onerous responsibility and work for the benefit of students, members and the profession of chartered accountancy.

Being a teacher myself for more than two decades, students are at the core of my heart. The introduction of new schemes for the benefit of the students will be very high on our agenda. Though today our curriculum and examination system sets benchmarks for others not only within the country but across the globe, yet we can do a lot more. We would like to provide you with a world class infrastructure and learning environment that is conducive for personal and professional growth.

Keeping in view the needs of industry and profession, we must put foremost emphasis on

practical oriented study material which has a direct connection with our professional examination. Being a distant education course, our students are dependent mainly on the study material. We believe that the study material should be simple and comprehensive to enable the students to understand the subject, do practice at leisure and prepare for the examination. Recently, we released the study materials for IPCC/ATC in four subjects that are rewritten and divided in two volumes. Volume I is devoted to conceptual theoretical framework and Volume II contains material for practice. Further, we would like to apply this pragmatic approach of revising and preparing volume wise study materials for the remaining subjects of chartered accountancy as well.

The chartered accountancy course is built around theoretical education and practical training. Both are complementary to each other. The training helps you to sharpen your professional acumen. The learning done at the training is required not only for your future professional lives, but also helps you in presenting proper answers in the examinations. The pattern of CA examination is quite different from the traditional university curriculum. I feel really exhilarated that the CA examinations are considered as one of the best examination systems across the academia circle. Our students are expected to attune themselves with this unique pattern. Along with the theoretical knowledge, they should apply their practical skills to solve the problems. It is needless to say that the practical experience is a must to enriching your insights and sharpens your approach to tackle the questions in an appropriate and desired manner. Accordingly, we are reorienting the examination questions which are based on practical applications so as to truly judge the real knowledge gained and instead on the basis of superficial rote learning.

For the last few years, it is observed that there is a stupendous increase in the number of private CA coaching classes all over the country. These

coaching classes vary in their quality and content delivery. To facilitate our students with quality education, we are planning to start coaching classes across different centres in the country. To bring consistency in the coaching we wish to bring out comprehensive as well.

In the month of January the results of chartered accountancy examinations held in November, 2009 were declared. I would like to extend my sincere congratulations to the students who have qualified their respective examinations with flying colours. I hope that the successful students will keep their tale of triumph incessant and their experience and hard work will inspire other students to tread the path of glory. I exhort the students those who have not attained the desired success in the examinations to reenergize themselves and take up the next attempt of the examination with full dedication. Students should understand the very simple fact that there is no

replacement for hard and sincere work. I am pretty confident that with your hard work and our guidance you will be able to meet the requirements of examination system.

Before I conclude my message, I wish to emphasize that the profession of ours is very dynamic, demanding and rewarding. It offers you to lead a professional life of honour and prestige. To excel in your professional edeavours, follow the mantra of honesty, integrity and ethics in all your deeds. Even as student you should develop these virtues. All the best!

With best wishes,

CA. Amarjit Chopra

President, ICAI, New Delhi

9th All India Quiz Contest and 15th All India Elocution Contest

The 9th All India Quiz Contest and 15th All India Elocution Contest were held in Pune on 28th January, 2010. The following are the winners in the respective Contests:

**(1) Quiz Contest
Winners**

Runners-up

(2) Elocution Contest

First Prize

Second Prize

Third Prize

Mr. Pulkit Agarwal, ERO-0108434

Mr. Ankit Agarwal, ERO-0117262

Mr. Navdeep Singh, NRO-0144010

Mr. Saurabh Prabhaker, NRO-0142593

Mr. Sanjay Khemka, ERO-0110769

Ms. Priyanka Rai, NRO-0196294

Ms. Nancy Agarwal, ERO-0087554



Message From The Chairman, Board of Studies

My Dear Students,

It gives me an immense pleasure to communicate with you as the new Chairman of the Board of Studies. My relationship with the students as part of the Board of Studies is not new. I have earlier been a member of the Board of Studies. I am thankful to the Council of ICAI for considering me worthy of this responsibility to work for the benefit of the students. With the cooperation of my colleagues, office and especially you I am confident that we will take the students' services to new heights.

Realise your potential

Your potential is the difference between your present and your capability to reach your goals. Born into this world we should work towards leading a successful life. If you want to be a successful person, you have to work towards it. Unless you put efforts, you cannot achieve your goals. Do not be guided by your past. Do not get

dissuaded by persons with negative thoughts around you. Realise your potential. We would suggest that all students should subject themselves to thorough introspection and work with

- Discipline,
- Firm Commitment to Excellence, independence and integrity
- Long Term Vision with milestones and goals
- Hard Work

Our students have great potential and it is important to put maximum efforts to harness their potential to become a successful professional and a good human being.

Success is easy if you work for it

We would like to congratulate all our students who have successfully passed in the chartered accountancy examinations held in November, 2009. We wish all success in your future Endeavour's. Making CA examinations easy or tough depends on you. If you make careful plans and work on them, you will find that passing examinations is not as difficult as it is perceived to be. A large number of students pass in their first attempt. We are committed to improve education delivery mechanism to significantly improve passing percentage by quality up gradation. You must study in a thorough and focused manner to understand the concepts clearly. And follow-up your understanding of topics with extensive practice through solving illustrations and writing answers independently. The more you read, the more you widen your knowledge. We would strongly recommend to our students to read business magazines, financial newspapers in addition to the study materials and text books on your subject.

You should also take benefit of all the resources such as study material, suggested answers, compilers and revision test papers provided by the Board of Studies. It is important to consult at least 3 or 4 high level reference books. Dependence on coaching notes provided by certain coaching Institute will be highly inadequate. Study of small brief books or

'dukkies', will be fatal in exam as well as professionally.

Significance of practical training

A great opportunity available to you to hone-up your skills and gain knowledge is practical training. A complete devotion to training is essential for success in examinations as papers are going to be more and more case study based and oriented on practical knowledge and experience. As a distinct and unique feature of chartered accountancy course, practical training helps you in learning the professional work. It is necessary for enriching your insights and sharpens your approach to tackle the actual situations in an appropriate and professional manner. At the same time it also helps in assimilating deeper knowledge required for performing better in the examinations. Rank-holders and other students who pass examinations have always emphasized the benefit of the practical training. Chartered Accountancy being professional course cannot be

easily passed with the mere knowledge acquired from the text books. It is our sincere advice to all our students that along with the theoretical knowledge, you should get real practical skills. To keep a balance in theoretical and practical skills, the students are expected to pursue their articleship with complete dedication, and utmost care. You should attach greater importance to the practical learning during your articleship training.

You may share about the problems faced by you in preparing for the examinations and suggestions if any for the general improvement in the students' services. You can mail your suggestions to chairmanbos@icai.org.

Wishing you all the best,



CA. Vinod Jain

Know Your

ENGLISH

Dr. Naveen Mehta

Deprecate: to feel and express disapproval of.
Dinesh begins to deprecate his younger brother's desire to join a medical course.

Depreciate: to reduce in value or price.
The US dollar will continue to depreciate in the present economic crisis.

Dual: Consisting of two.
Radha has bought a mobile phone, which has a dual SIM facility.

Duel: a combat between two persons.
Rakesh prevented a duel between Ravi and Ramesh.

Elusive: evading capture.
An elusive thief stole Mahendra's cell phone in New York.

Illusive: deceptive/unreal.

The Illusive Group of Magicians is very popular for presenting the Illusive World of Wonders.

Assure: to convince.

The Delhi police assure safety and security of the players in the forthcoming Commonwealth Games 2010.

Insure: to protect

Mohan likes to insure his house against fire.

Ensure: to make certain.

The Government needs to ensure quality primary education.

The verbs assure, ensure, and insure all mean, "To make certain or secure."

As per the Merriam-Webster's Collegiate Dictionary, "insure sometimes stress the taking of necessary measures beforehand, and assure means the removal of doubt and suspense from a person's mind." In addition, insure means "to protect against financial loss,"

The contributor is Sr. Executive Officer, ICAI.

OUR NEW PRESIDENT



CA. AMARJIT CHOPRA
President, ICAI

CA. Amarjit Chopra, a fellow member of the Institute of Chartered Accountants of India (ICAI), with more than three decades of standing, has been elected as the President of the Institute of Chartered Accountants of India (ICAI), for the year 2010-11 by the Twenty First Council on February 12, 2010. During his tenure in the Central Council, he has been the Chairman of Accounting Standards Board, Auditing and Assurance Standards Board, and Corporate Laws Committee for two years each and has been the Chairman of Expert Advisory Committee, Financial Reporting Review Board, Committee on Corporate Governance and Committee on Internal Audit for a year each.

He was nominated by the Punjab Government on the Committee for fixing the fee for the medical

institutions. He was nominated to the Consultancy Syndicate and Energy Syndicate of the MOU TASK FORCE for the years 2008-09 and 2009-2010 respectively constituted by the Department of Public Enterprises.

He has been a speaker in International Conferences on Quality Control of Audit and Corporate Governance convergence with IFRS at Dubai, Karachi, Sri Lanka and London. He is also a Technical Advisor to International Auditing and Assurance Standards Board as ICAI representative.

He was actively involved in teaching for more than 20 years at Delhi University and is presently visiting faculty to some Management Institutes. He has been delivering lectures in training programmes at various banking institutions and C&AG Office. He is on the Board of various reputed companies including RICO Auto Ltd. He was a Central Government nominee on the Board of Bank of Baroda for a period of three years up to October, 2009 wherein he was also the Chairman of the Audit Committee.

OUR NEW VICE-PRESIDENT



CA. G. RAMASWAMY
Vice-President, ICAI

CA. G. Ramaswamy, a fellow member of the Institute of Chartered Accountants of India (ICAI), with more than two decades of standing, has been elected as the Vice President of the Institute of Chartered Accountants of India (ICAI), for the year 2010-11 by the Twenty First Council on February 12, 2010. He is also a fellow member of Institute of Company Secretaries of India.

During his tenure in Central Council, he has held important positions in Standing and Non Standing Committees of the ICAI viz. Member of Disciplinary Committee and Examination Committee,. He has served as Chairman of Fiscal Laws Committee and Continuing Professional Education Committee. He has made noteworthy contributions as Vice Chairman for Committee on Accounting Standards for Local Bodies, Audit Committee and Committee on International

Taxation. He was the nominated member of SAFA Committee for improvement in Transparency, Accountability and Governance. He was the Vice Chairman of Committee on Information Technology, Committee on Corporate Governance, Fiscal Laws Committee, Commerce Education and Career counselling.

CA G. Ramaswamy has the distinction of being the 1st nominated member of the Quality Review Board, an external body constituted under the Chartered Accountants (Amendment) Act, 2006 to act as an oversight body of the profession. He was also nominated as Vice Chairman in SAFA Centre of Excellence on Standards and Quality Control and as a member of SAFA task force. Earlier, he has also served as the Chairman of the Southern India Regional Council (SIRC) and Chairman of Coimbatore Branch of ICAI.

CA. G. Ramaswamy is a prolific speaker having addressed various National and International Conferences on Accounting and Auditing Standards, Taxation, Company Law matters, banking and topics in relation with profession.

OUR NEW CHAIRMAN, BOARD OF STUDIES



CA. VINOD JAIN
Chairman, BOS

CA. Vinod Jain, is a fellow member of the three professional institutes - The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Institute of Cost and Works Accountants of India. He secured 7th Rank and overall distinction in CA

Intermediate examination and secured 13th all India rank in CA Final examinations. He did his B.Com (H) from Shri Ram College of Commerce and is a qualified Law graduate from University of Delhi.

He has been an elected member of Central Council of The Institute of Chartered Accountants of India for 9 years (1998-2004 & 2007-10) and was again reelected for a fourth term of three years to the Central Council of ICAI in 2010.

For the year 2010-11 he has been entrusted with the Chairman of Board of Studies and Committee on Financial Markets and Investors' Protection.

Earlier, he has been Chairman of Management Accounting Committee and Corporate Laws Committee, Financial Reports Review Board (FRRB), Committee on Commerce Education & Career Counseling, Expert Advisory Committee and Professional Development Committee of the Institute of Chartered Accountants of India (ICAI). He has also been Chairman of Information Technology Study Group of ICAI. CA. Jain is also National Director of Course on Valuation and one year course on Masters in Business Finance.

CA. Jain was Chairman of Northern India Regional Council (NIRC) of ICAI during the year 1983-84 and held post of Secretary of NIRC during 1982-83 and treasure during the year 1984-85. He has been an elected member of NIRC of ICSI during 1988-91.

He has served on several committees of Securities and Exchange of Board of India, Central Board of Direct Taxes and Ministry of Corporate Affairs. He was All India President of Association of National Stock Exchange Members of India (ANMI) during 1999-2000 and has been Member, National Council, Confederation of Indian Industry (CII) during 1997-99.

Announcement for Final Level Students appearing for May, 2010 Examination

Students may kindly note that the "List of Publications" relevant for Paper 1: Advanced Accounting Final Course (Old) and Paper 1: Financial Reporting Final Course (New) published in the January 2010 issue of the Students' Journal "The Chartered Accountant Student" includes the Guidance Note S. No. II (2), namely, "Guarantees and Counter-Guarantees Given by Companies" which has been withdrawn by the Institute. Therefore, this Guidance Note is not applicable for May, 2010 Examinations for both Final Course (Old) and Final Course (New).



GYANDARSHAN TELECAST

The fifth series of live lectures of CA-CPT/PCC/IPCC on Gyandarshan channel will also be telecast in March 2010.

Students can ask their queries during studio timing at toll free no 1800-11-2345 or can e-mail us at bosgyandarshan@icai.org. Students can view the LIVE TELECAST also on www.ignou.ac.in (First load VLC from www.videolan.org & click as per instructions, open www.ignou.ac.in & click Education Broadcast & then click Broadcast channel & then select gyandarshan II/edusat & click to view.

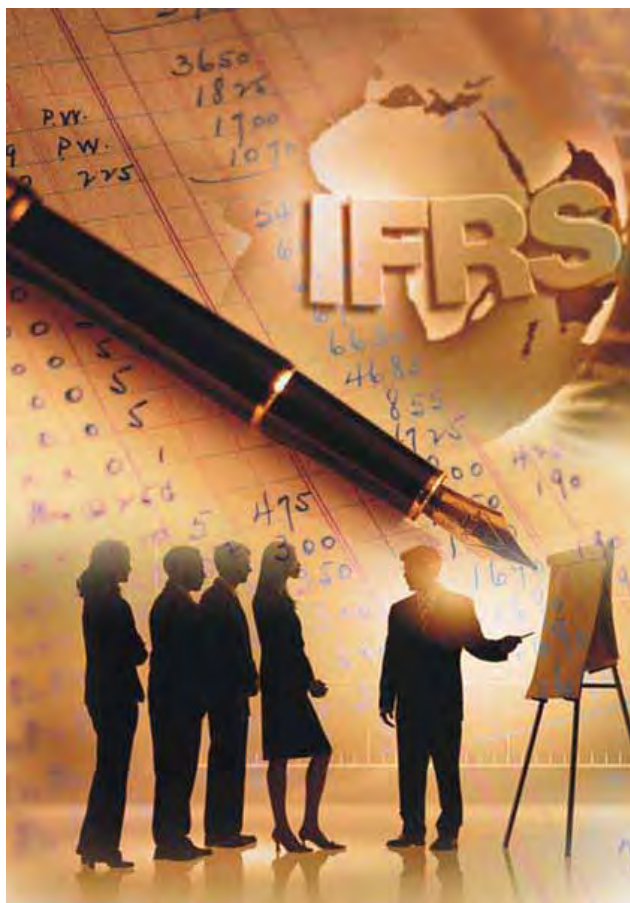
The schedule will be hosted on the Institute's website.

An Insight into IFRS 1 – First Time Adoption of IFRS



Simardeep Singh

The author is a student of ICAI.
Reg. No: NRO 0183736



International Financial Reporting Standards (IFRS) are fast becoming the global accounting and financial reporting language. More than 100 countries all over the world have already adopted IFRS and many more including India and Canada have committed to make the transition by 2011.

Convergence with IFRS

As announced by the Institute of Chartered Accountants of India (ICAI), Indian Accounting practices are set to converge with IFRS by 1.4.2011. Convergence with IFRS refers to achieving harmony of national accounting practices with IFRS. It may be important to note that convergence with IFRS does not mean adoption of IFRS *in toto*, but adoption of IFRS provisions. Hence, when the Indian standards will be converged to IFRS, the compliance with Indian Accounting Standards would automatically ensure compliance with IFRS. The Accounting Standards Board is however free to eliminate any optional treatments provided in IFRS or provide for any additional disclosure requirements in the road to convergence.

Benefits of Convergence with IFRS

- 1) Improved access to international capital markets
- 2) Access to low-cost foreign funds.
- 3) Easier Comparability with global peers
- 4) Elimination of multiple reporting costs
- 5) Opportunities for professionals

First Time Adoption of IFRS

IFRS would be applicable to all the listed entities and public-interest entities at first and is proposed to be applicable to other entities as well in due course of time in India. International Accounting Standards Board (IASB) has come up with IFRS 1 *First Time Adoption of IFRS* to set out rules for the entities adopting IFRS for the first time. The purpose of IFRS 1 is to provide for a roadmap of transition from using local GAAP in the preparation of financial statements to using IFRS.

Before proceeding with the provisions and requirements of IFRS 1, following important terms need to be understood:

- 1) **IFRS** – It stands for International Financial Reporting Standards and includes Standards & Interpretations adopted by International

Accounting Standards Board (IASB) including International Accounting Standards (IAS) and Interpretations developed by International Financial Reporting Interpretation Committee (IFRIC).

- 2) **Reporting Date** – It is the date up to which the set of IFRS Financial statements is being prepared. For example, for entities presenting financial statements for the year ending 31.3.2012, the reporting date would be 31.3.2012.
- 3) **Transition Date** – It is the beginning of the earliest period for which comparative information is required to be presented in the Financial Statements. For example, for entities presenting financial statements for the year ending 31.3.2012, the transition date would be 1.4.2010, as in India, comparative information of one year is to be presented.
- 4) **First-Time Adopter** - It refers to the entity which presents its first IFRS Financial Statements.
- 5) **First IFRS Financial Statements** – These are the first annual statements in which an entity adopts IFRS through an explicit and unreserved statement of compliance with IFRS.
- 6) **Local GAAP** - It refers to the Generally Accepted Accounting Principles followed in the country which in Indian context, point towards Accounting Standards & Accounting Standard Interpretations read along with Guidance Note on different accounting aspects issued by the Institute of Chartered Accountants of India (ICAI).

Applicability of IFRS 1

IFRS 1 applies to the preparation of an entity's first financial statements that are being prepared in accordance with IFRS. Entities are also required to apply it in any Interim Financial Report for the periods covered in its first IFRS financial statements. IFRS 1 requires a first-time adopter to prepare and present an opening IFRS balance sheet as at its transition date. This opening IFRS balance sheet must be in accordance with the IFRS in effect as of the entity's first IFRS reporting date. The opening balance sheet forms the starting point for subsequent reporting under IFRS.

Therefore, IFRS 1 would apply in the following situations:



1. If the entity presented its last annual financial statements under local GAAP that were not consistent with IFRS in all respects.
2. If the entity presented its last annual financial statements under local GAAP that were in conformity with IFRS in all respects, but the financial statements did not contain an explicit and unreserved statement of compliance with IFRS.
3. If the entity presented its last annual financial statements under local GAAP that contained an explicit statement of compliance with some, but not all, IFRS.
4. If the entity prepared its last annual financial statements under IFRS for internal use only, without making them available to the shareholders or any other external users of the financial statements.
5. If the entity prepared a reporting package under IFRS for consolidation purposes without preparing a complete set of financial statements as defined in IAS 1 *Presentation of Financial Statements*.

It has further been clarified that IFRS 1 would not apply in the following situations:

1. If the entity previously presented statements under local GAAP in addition to statements that contained an explicit and unreserved statement of compliance with IFRS.
2. If the entity presented its last annual financial statements that contained an explicit and unreserved statement of compliance with IFRS, even if the auditors qualified their audit report on those financial statements.

Subject to some mandatory exceptions and optional exemptions, it calls for a retrospective application of the IFRS requirements, as if the concerned entity had always followed the IFRS.

Which Version of IFRS Needs to be Applied?

An entity has to reinstate the statement of financial position (referred to as 'Balance Sheet' in the local GAAP) as on the transition date by

retrospectively applying all the effective IFRS subject to the mandatory exceptions and optional exemptions. It has specifically been clarified under IFRS 1 that an entity should apply all the IFRS effective as on the reporting date.

Adjustment of Reserves

IFRS 1 requires that an entity should recognize the differences in the local GAAP and IFRS in the retained earnings in its opening statement of financial position as on the transition date, or another category of equity, if appropriate. The differences relate to events that occurred before the date of transition to IFRS and should not, therefore, affect profit or loss or other comprehensive income for the reporting period. The amount is not to be treated as a prior period item as well. For example, the liability for proposed dividend might be required to be derecognized in IFRS and the difference will be adjusted in the retained earnings. It has also been specified that a first-time adopter might be required to recognise the differences in another category of equity depending on the specific IFRS requirements that apply to the related item in the Statement of Financial Position. For example, where a first-time adopter chooses to adopt revaluation method in IAS 16 *Property, Plant and Equipment* while adopting IFRS, it should present the cumulative revaluation surplus as a separate component of equity under the 'Revaluation Reserves'.

Steps Involved

- 1) **Recognition** – It refers to recognising all the assets and liabilities as required by IFRS. This might result in recognition of any item not previously recognised. For example, an entity might be required to recognize present value of the decommissioning liabilities in the cost of plant, property or equipment as laid down in IAS 16 *Property, Plant and Equipment*.
(*It may however be clearly understood that an optional exemption has been granted in this regard for retrospective application under IFRS 1).
- 2) **Derecognition** – It refers to derecognizing all the assets and liabilities that do not meet IFRS



recognition criteria but have been earlier recognised under local GAAP. For example, proposed dividend is required to be adjusted in the financial statements as per AS-4 Contingencies and Events Occurring after the Balance Sheet if it relates to the reporting period and is proposed before the finalization of financial statements in accordance with the statutory requirements laid out in Schedule VI to the Companies Act, 1956. However, while preparing the statement of Financial Statement as on the transition date, the entity might be required to derecognize the liability of proposed dividend as IFRS provide for recognition of the liability for proposed dividend as and when it is declared.

- 3) **Reclassification** – It refers to the reclassification of items recognised under local GAAP into classification required by IFRS. For example, redeemable preference shares are required to be shown as a liability under IFRS instead of equity as under Indian GAAP.
- 4) **Measurement** – It refers to the measurement of recognised assets & liabilities by applying IFRS.

Mandatory Exceptions to the Retrospective Application of IFRS

IFRS 1 specifies four specific exceptions in which the general principle of retrospective application of IFRS is to be ignored and these are to be applied prospectively from the time of adoption of IFRS by the entity by following the provisions contained in their respective standards. These exceptions are:

1. Accounting Estimates (**IAS 8**)
2. Derecognition of Financial Instruments (**IAS 39**)
3. Hedge Accounting (**IAS 39**)
4. Non-Controlling Interests (**IAS 27**)

Optional Exemptions for Retrospective Application of IFRS

Recognising the costs involved to extract the information required to retrospectively apply all the applicable IFRS and implications involved in applying the same, the International Accounting Standards Board (IASB) has provided for some optional exemptions for the retrospective application of the related IFRS. Thus, it grants an option to the entity to decide whether it wants to retrospectively apply IFRS in the given situations

by undertaking cost-benefit analysis. These optional exemptions are:

1. Business Combinations (IFRS 3)
2. Share-based Payments (IFRS 2)
3. Insurance Contracts (IFRS 4)
4. Deemed Cost (IAS 16, IAS 38, IAS 40)
5. Leases (IAS 17)
6. Employee Benefits (IAS 19)
7. Cumulative Translation Differences (IAS 21, IAS 27)
8. Investments in Subsidiaries, Associates & Joint Ventures (IAS 27)
9. Assets & Liabilities of Subsidiaries, Associates & Joint Ventures (IAS 27)
10. Compound Financial Instruments (IAS 32)
11. Fair Value Measurement of Financial Instruments (IAS 39)
12. Decommissioning Liabilities included in cost of Property, Plant and Equipment (IAS 16, IFRIC 1)
13. Service Concession Arrangements (IFRIC 12)
14. Borrowing Costs (IAS 23)
15. Transfer of Assets from Customers (IFRIC 18)

Presentation & Disclosure Requirements

To comply with IAS 1 *Presentation of Financial Statements*, an entity's first IFRS financial statements shall include at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

IFRS 1 also allows that if an entity chooses to include historical summaries of selected data for periods before the first period for which they present full comparative information under IFRS, or comparative information under local GAAP that is in addition to the required comparatives under IFRS, these summaries and additional comparatives do not need to comply with IFRS. For example, most of the Indian companies usually present a 5-year comparative data in their annual reports for the information and reference of their stakeholders. However, where financial statements contain these types of historical summaries or additional comparative information under previous GAAP, the entity is required to:

- ◆ label the previous GAAP information prominently as not being prepared under IFRS, and
- ◆ disclose the nature of the main adjustments

that would make it comply with IFRS. The entity is not required to quantify those adjustments.

It also needs to be understood that this IFRS does not provide exemptions from the presentation and disclosure requirements in other IFRS subject to the exception provided for the historical summaries and voluntary additional comparatives. Rather, it calls for some additional disclosures and reconciliations. IFRS 1 calls for specific disclosures which enable the users of the financial statements of the effect of the transition to IFRS from local GAAP in the financial position, financial performance and cash flows as reported in the first IFRS Financial Statements. This includes:

1. Reconciliations of equity reported under previous GAAP to equity under IFRS both (a) at the date of the opening IFRS balance sheet and (b) the end of the last annual period reported under the previous GAAP. For an entity presenting its first IFRS financial statements as on 31.3.2012, the reconciliations to be presented would be as of 1.4.2010 and 31.3.2012.
2. Reconciliations of total comprehensive income for the last annual period reported under the local GAAP to total comprehensive income under IFRS for the same period. For an entity presenting its first IFRS financial statements as on 31.3.2012, the reconciliation to be presented would be for the period 1.4.2010 to 31.3.2011.
3. Explanation of material adjustments that were made, in adopting IFRS for the first time, to the balance sheet, income statement and cash flow statement as in local GAAP in order to ensure compliance with IFRS.
4. Separate disclosures must be made if any material error has been detected in previous GAAP financial statements in the course of transition to IFRS.
5. Separate disclosure in respect of recognition or reversal of any impairment loss by the entity in preparing its opening IFRS balance sheet as on the transition date.
6. Appropriate disclosures are required if the entity opts apply to any of the optional recognition and measurement exemptions permitted under IFRS 1, e.g. *if it has elected to apply IFRS 3 Business Combinations retrospectively.*

Basics of Transfer Pricing



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Background

The existence of different tax rates and rules in different countries offers a potential incentive to multinational enterprises to manipulate their transfer prices, in order to recognize lower profit in countries with higher tax rates and vice versa.

EG: The existing tax rates in India for a foreign company is a basic of 40% (ignoring surcharge, EC and SHEC); and tax rates in Mauritius for a business enterprise of 'GBL 2 (International)' category is 3% basic. An MNC carrying on trade both in India and Mauritius may show Nil or negligible profits accruing in India and almost the entire profit shown to be accrued in Mauritius. This helps a Company pay minimal tax at the base rate of a mere 3%, causing damage to tax revenues earned by the home country (India, in this case). It may also lead to what is called '**Tax rate reduction Wars**' between various countries, wherein they constantly decrease their tax rates, in order to pacify the business/ corporate house to show maximum profits in their country, thus enhancing their taxation revenues. Hitherto there was no provision in the Income Tax Act to curb this problem.

Transfer Pricing can thus be defined as "the amount charged by one segment of the same organisation for a product or service that it supplies to another segment of the same organisation." Improper transfer pricing methods lead to unjustified profit transfers between countries.

The Meaning

- Transfer Pricing is the fixation of the price of a product / service between two associated parties which falls within the definition of OECD guidelines. If Transfer Price is not fixed on an Arm's length transaction, then one country's tax revenue would be affected.
- Transfer pricing is a very important issue relating to Taxation for all the Companies, which have multinational presence.
 - In the near future, probably, this could be one of the important taxation issues that would attract the board level attention.
 - Transfer Pricing, though primarily related to taxation, has a level of relevance to strategic decision making as it is also

considered as a tool to maximize operating performance.

Applicability

Transfer Pricing issues affect situations when goods and services are provided, knowingly or otherwise, on an arm's length basis (discussed below) by related entities. These situations arise in a wide range of cross border transactions. For example:

- Transfers of tangible property
- Transfers of intangible property rights
- Provision of services
- Provision of finance

And, usually apply to such entities wherein,

- Two or more enterprises engaged in specified activity, where one enterprise is the owner of the other or has exclusive rights.
- Associated or deemed to be associated enterprises, as defined u/s 92A(1), entering into international transactions. Associated enterprise would mean an enterprise:
 - Which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or
 - In respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.
- S 92A(2) provides that if an enterprise holds shares carrying 26% or more of the voting power in the other enterprise, the two enterprises will be deemed to be associated. For this purpose, both direct and indirect shareholding will be considered.

Currently Applicable Provisions

With a view to provide a detailed statutory framework which can lead to computation of reasonable, fair and equitable profits and tax in India, in the case of such multinational enterprises, the Finance Act, 2001 substituted section 92 with a new section and introduced new sections 92A to 92F in the Income-tax Act, relating to computation of income from an international transaction having regard to the arm's length price, meaning of associated enterprise, meaning

of information and documents by persons entering into international transactions and definitions of certain expressions occurring in the said section.

Section 92, as substituted by the Finance Act, 2002, provides that any income arising from an international transaction or where the international transaction comprise of only an outgoing, the allowance for such expenses or interest arising from the international transaction shall be determined having regard to the arm's length price. The provisions, however, would not be applicable in a case where the application of arm's length price results in decrease in the overall tax incidence in India in respect of the parties involved in the international transaction.

Arm's length price: In accordance with internationally accepted principles, it has been provided that any income arising from an international transaction or an outgoing like expenses or interest from the international transaction between associated enterprises shall be computed having regard to the arm's length price, which is the price that would be charged in the transaction if it had been entered into by unrelated parties in similar conditions. The arm's length price shall be determined by one of the methods specified in section 92C in the manner prescribed in Rules 10A to 10C that have been notified vide S.O. 808 E dated 21.8.2001. **Thus, a price at which independent enterprises deal with each other should be reckoned as the Arm's Length Price.**

Responsibility of the Enterprise

Section 92D provides that every person who has been a party to an international transaction, during a previous year, shall keep and maintain such information and documents, prescribed by the Board, as will assist the Assessing Officer to compute the income arising from that transaction, having regard to the arm's length price.

The requirement to keep and maintain such information and documents with respect to an international transaction has, however, been waived in the case of those persons who have entered into international transactions the aggregate value of which, as recorded in the books of account, does not exceed **one crore rupees- rule 10D(2).**

Assessee must maintain the information and records for a period of eight years from the end of the relevant assessment year- Rule 10D (5).

Assessee must maintain the information and records for a period of **eight years** from the end of the relevant assessment year- Rule 10D (5).

Arm's Length Price

The arm's length principle requires that each associated company within a multinational organization should earn the income under prevailing market forces for the value it adds to the transaction or relationship. Several acceptable methods exist for the determination of arm's length price. As no single method is considered suitable in every situation, the taxpayer must select the method that provides the best estimate of an arm's length price for the transaction. The choice is usually dictated by ease of use and the relationship between the parties.

Ideally the comparability test should be applied on a transaction-by-transaction basis, but it may be appropriate to aggregate them where they are closely linked or continuous and a separate analysis will not suffice, wherein more than one method could be applied to the same transaction, or by applying the same method with several comparable third party transactions.

Various methods of computation of arm's length price may be listed as follows:

- Comparable Uncontrolled Price (CUP)
- Resale Price (RP)
- Cost Plus (CP)
- Profit Split (PS)
- Transactional Net Margin (TNM)
- Such other methods as may be prescribed by the CBDT (though no such method prescribed to date)

I. Comparable Uncontrolled Price (CUP)

- Price charged or paid in an Comparable Uncontrolled Transaction is identified
- Such Price is adjusted to account for differences, if any, between the International Transaction and the Uncontrolled Transaction which could materially affect the price in open market, and
- The price so adjusted is taken to be Arm's length price in relation to the International Transaction

Case Study

- "X", a company in US, sells softwares of Accounting Programmes to Indian Subsidiary - "Y" for resale @ USD 3.5 million. "X" also sells the same product to other resellers (say "Z") in India with identical terms. If "X" sells to "Z" the same software for USD 4 million, then the CUP price for sales by "X" to "Y" would also be USD 4 million, 0.5 million charged less to "Y" by "X".
- However, in this case, the taxable income of the Indian Subsidiary "Y" would be lower if the arm's length price is applied. Hence, no adjustment is required since the law of transfer pricing would not apply if there is a negative impact on the existing projects.

II. Resale Price

- The price at which goods, articles or things purchased from the associated enterprise are resold to unrelated enterprise is identified.
- Such resale price is reduced by reasonable expenses incurred by the enterprise or by an unrelated enterprise in a Comparable Uncontrolled Transaction
- The price so arrived is further reduced by the amount of normal profit margin in the Comparable Uncontrolled Transaction
- The price so arrived is adjusted against the differences, if any, in the transaction being compared, which could materially affect such expenses or profit margin in the open market.

Thus price arrived to be taken in the Arm's Length Price of the enterprise from the associated enterprise.

Case Study

- "Y", an associate enterprise, is a distributor for the products developed by its parent company "X" which is in US.
- The retail price of the product is Rs.50,000/-
- An independent distributor in India, who is comparable to "Y" gets 15% margin.
- Then the Arm's Length Price would be

Retail Price in India	Rs.50,000
Less: Margins of comparable Distributors (15%)	(Rs. 7,500)

TP using Resale Price Method Rs.42,500



III. Cost Plus

- This method is used for contracts for manufacture / Service which bear little risk
- The captive activity and the related cost is to be identified
- The normal margin in a Comparable Uncontrolled Transaction is to be identified
- Then the margin is to be adjusted for material differences
- Such adjusted price could be treated as the Arm's Length Price.
- The costs incurred by the supplier of the property in a controlled transaction are identified.
- Appropriate cost plus mark up is added to the cost to arrive at appropriate profit for the functions performed (Considering the market condition, risks involved, assets used, etc.,)
- This is regarded as Arm Length Price or original controlled transaction.

Case Study

- "Y" Indian Company is a wholly owned Subsidiary of "X" in US who manufactures luxury cars.
- "Y" has an assembly plant and does not supply capital items / automotive knowledge/ take any risk.
- Comparable Company to "Y" in India, based on the analysis of financial statements, earns 35% on costs.
- "Y" is being charged at Rs.1,00,000/- per car by "X", which is also its cost.
- Applying the above margin of 35%, the Transfer Price under this method work out to be:

Retail Price in India	Rs.1,00,000
Add: Margins of comparable companies (35%)	Rs. 35,000

TP using Resale Price Method Rs.1,35,000

IV. Profit Split Method

- This method is used in cases where multiple

transactions amongst Associated Enterprises, which are so interrelated and they cannot be evaluated separately for the purpose of determining the Arm's Length Price of any one Transaction by which

- The combined profits of all associated enterprises from all such transactions are determined
- The relative contribution of such profits are evaluated on the basis of functions performed by unrelated enterprises performing functions.
- The combined profits are then split amongst the enterprises in proportion to their relative contribution.
- The profits thus apportioned to arrive at Arm's Length Price in relation to International Transaction.

Case Study

- "X" an intangible holding company in US provides Patents and Copyrights to a related manufacturing company in India - "Y".
- "Y" sells entire production to a related marketing company "Z"
- Methodology to be followed to determine the Arm Length Price for royalty to be paid by "Y" to "X" for patents and copyrights provided are:
 - Companies comparable to "Y" are to be found
 - Based on the profits of those companies, optimum profit of "Y" to be determined.
- Companies comparable to "Z" are to be found.
- Based on the profits of those companies, optimum profit of "Z" to be determined.
- Entire actual profits of the group, that is profits of X, Y, Z, are to be aggregated.
- From the above, the optimum profits attributable to activities of "Y" & "Z", as determined earlier, have to be deducted.
- The balance profit give the value of intangibles held by "X", which would indicate the optimum level of royalty to be paid by "Y".

V. Transaction Net Margin

- The Net Profit Margin realized is computed in relation to Costs incurred or sales effected or assets utilized.
- The Net Profit Margin realized by an Unrelated Enterprise from a comparable uncontrolled transaction or group of transactions is computed.

- From this the Net Profit Margin in comparable uncontrolled transaction is adjusted to take into account the differences, if any, between the transactions being compared, which could materially affect the amount of Net Profit Margin in the open market.
- The Net Profit Margin thus established is then taken into account to arrive at Arm's Length Price in relation to International market.

Burden of Proof

The primary onus is on the taxpayer to determine an arm's length price in accordance with the rules, and to substantiate the same with the prescribed documentation. Where such onus is discharged by the assessee and the data used for determining the arm's length price is reliable and correct there can be no intervention by the Assessing Officer (AO). This is made clear in sub-section (3) of section 92C which provides that the AO may intervene only if he is, on the basis of material or information or document in his possession of the opinion that the price charged in the international transaction has not been determined in accordance with the methods prescribed, or information and documents relating to the international transaction have not been kept and maintained by the assessee in accordance with the provisions of section 92D and the rules made there under, or the information or data used in computation of the arm's length price is not reliable or correct ; or the assessee has failed to furnish, within the specified time; any information or document which he was required to furnish by a notice issued under sub-section (3) of section 92D. If any one of such circumstances exists, the AO may reject the price adopted by the assessee and determine the arm's length price in accordance with the same rules. However, an opportunity has to be given to the assessee before determining such price. Thereafter, the AO may compute the total income on the basis of the arm's length price so determined by him under sub-section (4) of section 92C.

Accountant's Report

- Persons who enter into an international

transaction during the previous year shall obtain report from an 'Accountant'

- The report should be submitted on or before October 31st of the relevant assessment year in case of company and on or before 31st July in case of other assessee.
- The report should be in the format as prescribed by the Central Board of Direct Taxes.

Penalties

Penalties under Indian Transfer Pricing regulations demonstrate that although penalty provisions are stringent, they are not unduly harsh when it is attributable to good faith error rather than negligence or an actual intent to avoid tax. The tax-payer can always avoid penalty, pertaining to documentation or transfer pricing adjustment if he can demonstrate a reasonable cause or an act in good faith and with due diligence.

Section	Default	Nature of Penalty
S 271(1)(c)	Concealment of Income or furnishing inaccurate particulars of income	Min : Tax amount sought to be evaded Max : 3 times the tax amount sought to be evaded
S 271AA	Failure to keep and maintain information and document	2% of the value of the international transaction
S 271BA	Failure to furnish report in Form 3CEB	Rs. 1 lac
S 271G	Failure to furnish information and document	2% of the value of the international transaction

Some Problems Yet Being Faced

- Long way to go in understanding and adopting this approach
- Some MNCs still feel the threat of least safety
- MNC parents prefer to keep a co-ordinated integrated documentation approach to examine and to avoid paying tax more than required
- Though higher degree of sophistication is available, confusion remain as to which method to use
- In case of deemed associated enterprise, difficult in obtaining confidential information



Group Discussion: A Vital Tool for Selection



Dr. Suresh Chari
The author is trainer in Soft Skills.



What is Group Discussion?

A discussion by a group of people that involves a free exchange of thoughts and ideas among the members of the group- seems the most appropriate definition of this popular method of selection process for the entry-level jobs and for admission into institutes of higher education.

Why is it so popular?

The candidate shows his or her true picture during the course of the Group Discussion. The single most important reason why this form of selection process is becoming more and more popular is the fact that it compels you to speak. Which other selection process allows you to select one or two persons from amongst 10 to 12 in a short span of 10 to 15 minutes? That is Group Discussion, GD as it is fondly referred to by students. The second reason why GD is used is that it gives the selectors an opportunity to assess certain traits and skills of the candidate that are not possible to observe in the application form, CV, written exam and possibly also interview. Some of those traits that are displayed by the candidate are leadership, analytical, problem solving, communication skills, ability to handle situations and people and ability to be a team player.

What is being assessed?

Knowledge: reading habits, awareness, sensitivity to issues and interest in happening around you will define your knowledge level

Logical thinking: quality of argument, understanding of the subject being discussed, justification of your stance taken and clarity of thoughts define assessment of logical thinking

Group skills: perhaps the most important since it includes leadership, communication skills, body language, listening ability, building a team and growing with people.

What are my objectives in the group?

To be SEEN to have contributed MEANINGFULLY and ATTEMPT to achieve the right consensus.

To be SEEN: If the group hears you then you will be heard by the evaluator. For that, you need to be assertive (not aggressive). If you are cowed down by an aggressive group then I think its time to say good-bye to the GD. In no GD you get a chance to speak, you have to create or make your chances.

MEANINGFUL contribution: will suggest that you have a good knowledge base, are able to

structure arguments logically and are a good communicator. It is a myth and definitely not true that you have to speak frequently, loudly and for a long time. The quality of what you speak is more important than the quantity. Do not get demoralized watching some aggressive participants being 'there' every time. If you have spoken sense and have been heard, it could be good enough in a fish market GD. Generally, a few minutes are given before the start to jot down your thoughts. Here it pays to think laterally. Everyone will state the obvious. Can I be different? Can I take the group in case it gets stuck? Can you suggest fresh direction? Can I make it more relevant? In time of chaos, can I be the one who restores order? Can my degree of influence be seen? In other words, you may not speak for the sake of speaking.

ATTEMPT to build a consensus: how can 10-15 competitive people with different viewpoints all trying to be more different from other reach a consensus? Yes, it is not expected. But can I attempt to build a consensus? This is an important facet of GD since it demonstrates a good team building and decision making quality. Open minded person who appreciates others points of view and tries to resolve contradictions and arguments of others in the group, keeps the discussion on target, summarizes in intervals, restates and uses active listening skills and is not emotional and reactive are a few ways of demonstrating the ability to build consensus.

Should I give chance to others?

If you have spoken and you notice someone is trying to speak and does not have a chance to speak the maybe you could give him a chance the next time he tries. We do not recommend giving chance to a person who has never spoken or even attempted to speak, for he may not say anything when you give him the chance and you may end up looking foolish. It's a good idea to let people feel that you are the leader or a *de facto* chairperson of the group. But do not try and impose a system where everyone gets a chance to speak in turns. GD is meant for a free flowing discussion so it is best to allow it to proceed naturally. Good eye contact and talking to everyone and not one will largely carry people with you. If you are in a weak group and no one is speaking then go ahead and enjoy. Do not agree only for the sake of building consensus. In fact, you should agree to disagree and put your thoughts to justify the same. Do not

take a vote on the topic to arrive at a consensus. It is a discussion and not an election.

Should I take a strong stand for or against right in the beginning?

In theory yes. But not a good idea to do so in practice. Then you will be antagonizing the people in the group who are not with your thought and then it will become difficult to carry them along. We recommend that first you outline major issues in a balanced manner and then state your stand. You are being evaluated on how you think more than what you think.

Should I be the first to speak?

In most cases, the opener gets more uninterrupted airtime to speak and the evaluator gets the best chance to observe. But this is a double edged sword. If you talk sense you get credit since then you take the group in the right direction otherwise you draw attentions of the evaluator on your shortcomings rather than anything else. So remember speaking first is a high-risk high return strategy. Speak first only if you have something sensible to say.

Should I use humour?

Humour cannot be the main plank of your participation. Neither should you make attempt to be humorous. Moreover, certainly telling anecdotes is not for GD. but while putting forth your arguments if you happen to say something witty it is just fine.

And Finally

Are there any myths regarding GD?

You should be aggressive

You should speak more

You should speak in favour

You should cut down your opponents

You should make others agree to your point

You should be an individual speaker

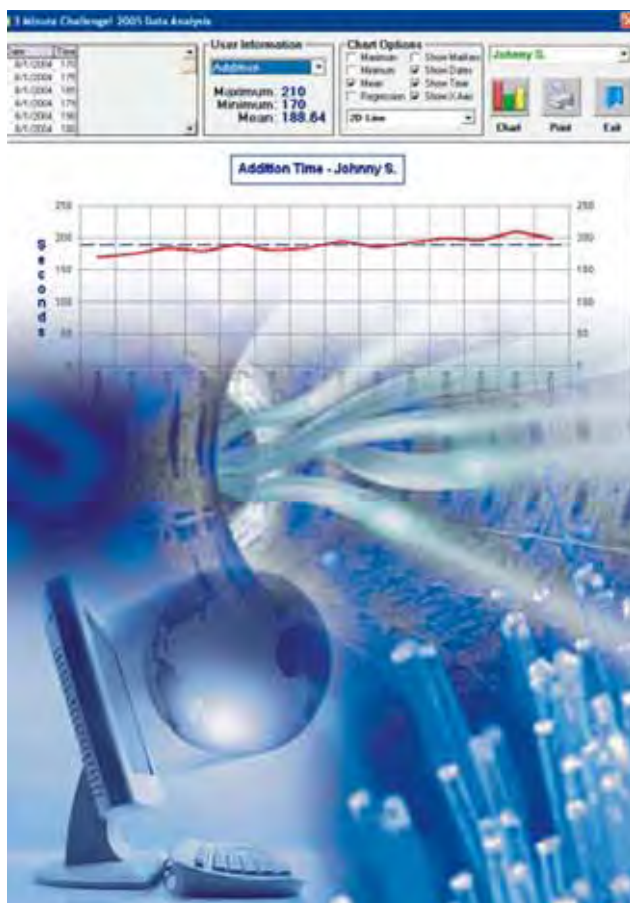
You should project yourself in style



Data Analytics in Computer Assisted Audit Techniques (CAATs)

Avadh Yadav

The author is Asst. Director, ICAI.



Introduction

Organizations of today depend heavily on Information and Communication Technology (ICT) to manage business. The ICT plays a central role in the operation of most of the business functions. Computerization of the business functions and primarily the financial operations has definitely impacted the audit and internal control and, in turn, impacted the data analysis for auditing requirements.

Computer Assisted Audit Techniques is a growing field within the financial audit profession. CAATs are the practice of using computers to automate or simplify the audit process. CAATs can refer to any use of a computer during the audit. This would include utilizing basic software packages such as SAS (Statistical Analysis System), Excel, IDEA (Interactive Data Extraction and Analysis), ACL (Audit Command Language) and any other softwares. This article explains commonly used data analytics like descriptive statistics and stratifying data in Excel to detect unusual data and patterns. The article also illustrates the use of data analysis Toolpak in Excel to analyze data in place of individually entering functions.

Using Descriptive Statistics to detect unusual data

Descriptive statistics are used to describe the main features of a collection of data in quantitative terms. Descriptive statistics tools, such as measures of mean and standard deviation, and frequency of occurrence can help detect unusual data (e.g.: unusual high data or low data). The patterns emerging from the descriptive statistics can be used to identify suspicious cases. The Data Analysis ToolPak in Excel has a Descriptive Statistics tool that provides the Auditor with an easy way to calculate summary statistics for a set of sample data. Summary statistics includes Mean, Standard Error, Median, Mode, Standard Deviation, Variance, Kurtosis, Skewness, Range, Minimum, Maximum, Sum, and Count. This tool eliminates the need to type individual functions to find each of these results. To calculate summary statistics in absence of data analysis in Excel, the formula has to be entered individually as given in fig (2).

	A	B	C	D
1	Date	Invoice No.	Vendor	Amount
2	09/30/2000	588782	12130	15,444.80
3	09/30/2000	292710	14438	5,961.60
4	02/13/2000	8757170	11475	1,271.00
5	02/13/2000	121053	10721	287.00
6	1/12/2000	8754983	11475	2,444.00
7	1/12/2000	594181	10787	2,429.64
8	1/12/2000	54326778	11435	397.80
9	02/14/2000	70936	10134	561.20
10	02/14/2000	2650620	10448	540.80
11	02/14/2000	8752383	11475	1,744.40

Fig (1): Data sheet

Mean	4,998.47	=AVERAGE(D2:D29)
Standard Error	11,453.00	=STDEV(D2:D29)
Median	1,058.46	=MEDIAN(D2:D29)
Mode	#N/A	
Standard Deviation	11453.00224	=STDEV(D2:D29)
Sample Variance	131171260.4	=VAR(D2:D29)
Kurtosis	16.2009926	=KURT(D2:D29)
Skewness	3.808973778	=SKEW(D2:D29)
Range	56,746.08	=MAX(D2:D29)-MIN(D2:D29)
Minimum	21.12	=MIN(D2:D29)
Maximum	56,767.20	=MAX(D2:D29)
Sum	139,957.06	=SUM(D2:D29)
Count	28	=COUNT(D2:D29)

Fig (2): Summary statistics using Functions

To calculate descriptive statistics in MS-Excel 2007 using data analysis

The data analysis Toolpak in Excel can be used by the Auditor to calculate the summary statistics all at one go. To use this function, enter the data sheet as shown in the fig. (1). After entering the data in Excel, follow the steps given below:

1. Choose the Data tab and from the Analysis group, click on Data Analysis.

Note: if the Data Analysis group is not there follow these steps:

- Click the Microsoft Office Button, and then click Excel Options.
- Click Add-Ins, and then in the Manage box, select Excel Add-ins.
- Click Go.
- In the Add-Ins available box, select the Analysis ToolPak check box, and then click OK.
- If you get prompted that the Analysis ToolPak is not currently installed on your computer, click, Yes to install it.
- After you load the Analysis ToolPak, the Data Analysis command is available in the Analysis group on the Data tab.

2. From the Data Analysis dialog box, click on the Descriptive Statistics option.

3. Choose input range as D2:D29. In this example Amount column is used to calculate descriptive statistics.

4. For output range choose e.g., cell F8 (choose a location where two adjacent columns have no data).

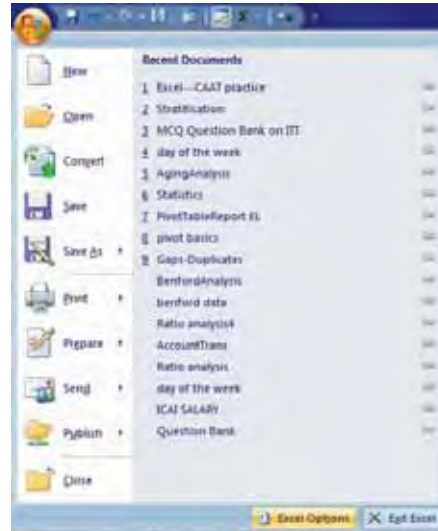


Fig (3): Excel options

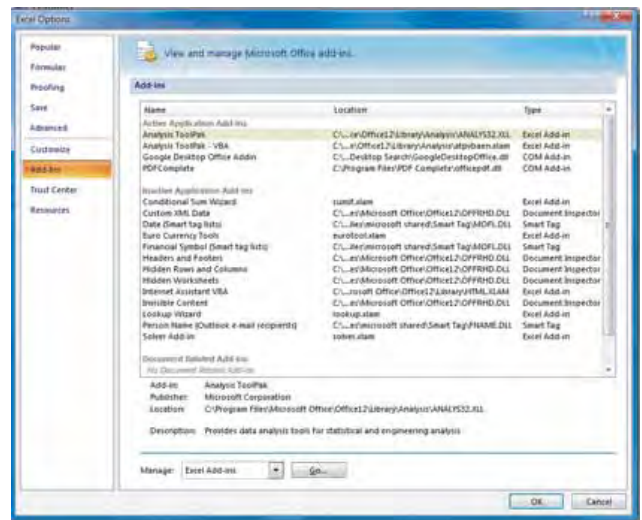


Fig (4): Excel Add-ins

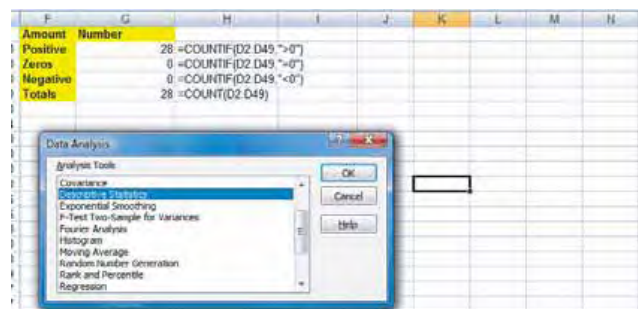


Fig (5): Data Analysis dialog box

5. Select summary statistics. Press OK to display result.

The output can be seen in the fig (7); the summarized statistics can be obtained by following five easy steps mentioned above. The data analysis Toolpak in excel help reduce Auditors time and effort.

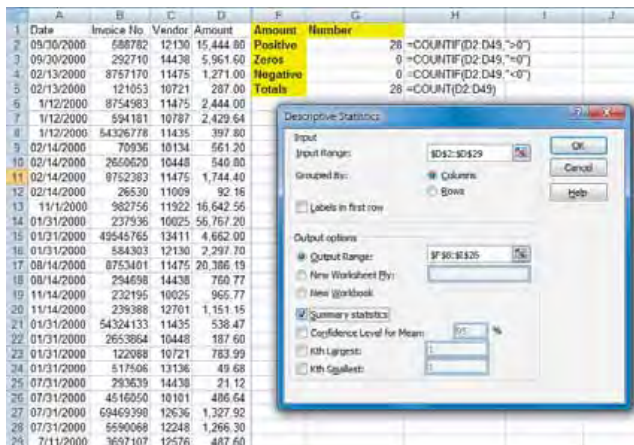


Fig (6): Descriptive Statistics dialog box

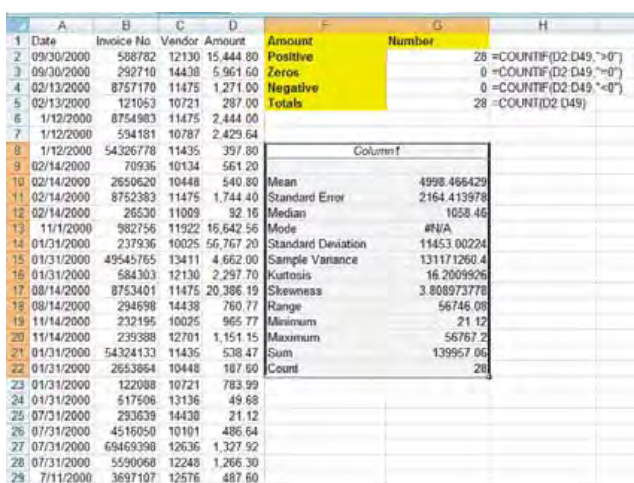


Fig (7): Output Screen

add the range enter the formula =SUMIF(\$C\$3:\$C\$8,E3,\$B\$3:\$B\$8) in cell H2. (Fig. 10)

4. This example is based on the numeric data, however Stratification can also be done on the date and character data.

	A	B	C
1			
2		Sr.	Values
3		1	1,000
4		2	1,001
5		3	1,500
6		4	2,001
7		5	3,000
8		6	3,500
9			12,002

Fig (8): Input data

	A	B	C
1			
2		Sr.	Values
3		1	1,000
4		2	1,001
5		3	1,500
6		4	2,001
7		5	3,000
8		6	3,500
9			12,002

Fig (9): Strata Screen

Stratifying Data in MS-Excel

Auditors commonly used audit procedure is to stratify numeric amounts (e.g., transactions, account balances) in order to determine a sampling plan, identify any unusual amounts, or to simply find how the audit population is structured. Stratifying numeric data contained on an Excel spreadsheet is a simple audit test that can be performed. To stratify data in Excel, follow these steps:

1. Enter the data in the worksheet as given (Fig. 8):

2. To find strata for three range i.e., up to 1000, 1001 - 2000 and above 2000 enter the formula =IF(B3<=100,1,IF(B3<=2000,2,3)) in cell C3. Copy the formula to other cells. The result is displayed in Fig. 9:

3. To count the strata, enter the formula =COUNTIF(\$C\$3:\$C\$8,E3) in the cell G2, and to

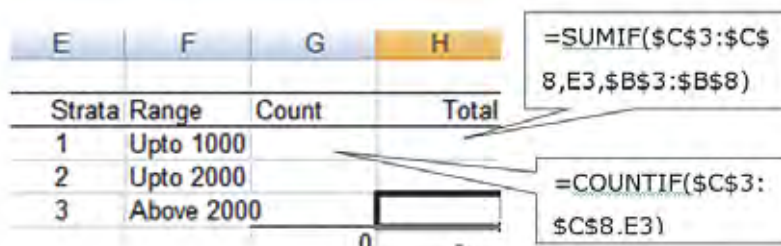


Fig (10): Output Screen

Summary

This article expounds on how Excel can be used to carry out data analysis as a CAAT tool. Similar analysis can also be done in IDEA, ACL and other CAAT softwares. The utility of CAATs is not limited to examining accounting and financial data alone. A systems Auditor could use CAATs to examine firewall and system logs, access control lists, telephone and PBX (Private Branch Exchange) logs, etc.

Articleship Training - Some Professional Tips

Vikesh Mundhra

The author is a third rank holder in June 2009 final examinations



Chartered Accountancy is a professional course. An important element of the course is the articleship training of three or three and a half years depending on the scheme of the education and training you are in. A few questions often boggle the students. Why is the articleship training so long? Why is it needed or required? However, from my experience as a student and rankholder, I wish to emphasize the need of articleship training. In case you belong to the group of students who are not able to understand the importance of articleship, you need to change your perspective. You must read this article.

Some of the students are unable to understand the importance of articleship training and takes it lightly. Either they think that it is a waste of time or they are more involved in their theoretical part of studies. If you are one of them, then please take care, passing examination is important but understanding practical aspects of the profession is even more important. Given the practical nature of the question paper, you stand a better chance to pass the examination if you properly undergo the practical training. The following points highlight the importance of articleship training:

- Teaches Practical Approach,
- Gives Confidence,
- Gives Knowledge and
- Makes Career.

The following discussion makes these points clearer:

- 1. Teaches Practical Approach:** As per the current scenario, a student who pass at least first group of Integrated Professional Competence course (IPCC) can start articleship training. Till IPCC, a student is only a student but as soon he starts his practical training, the approach changes. The student starts feeling like a professional and to become a complete professional, seriousness towards articleship training is required. This practical approach helps in the examinations as well. If you analyse the question papers particularly of final examination, you will find that maximum questions are of practical

nature, and they cannot be easily solved by merely knowing what is available in study material or books.

2. **Gives Confidence:** I need not explain that how much confidence is required to make a good career. However, it is important to discuss that how such a confidence can be built up. I think the articleship training is most important in this regard. Students, who are serious towards articleship training, handle the projects independently and interact with the industry professionals, This gives them confidence, which helps them in examination as well as in their career.
3. **Gives Knowledge:** Knowledge makes a professional perfect. Without knowledge one professional is just professional by name. Using the word 'CA.' as prefix to your name is not enough to make you professional - actual knowledge is required.
4. **Make Career:** We all aspire and work hard for a better career. Is it possible to make a career in chartered accountancy without proper

practical training? The answer is clear and a big "no". Two major career opportunities are available for the chartered accountants after completion of course, viz., job and practice. If we talk about the first one, your pass certificate can at best give you an interview letter. But what next. It is difficult to face the interview board and convince them of your knowledge. The experienced interviewers will assess your depth of knowledge or lack of it within no time. Even if you get a job, you can not perform well or deliver the desired results and your survival in organizations will be at stake. At the same time as far as practice is concerned, it is impossible to set up one without practical knowledge.

Chartered Accountants, as professionals, command a very high dignity in the country. The society expects a lot from them. Fulfillment of this expectation is possible only when they undergo proper training and pass the examinations.

ANNOUNCEMENT

BOS/Announcement/227/10

February 23, 2010

An Important Announcement for Student who have directly registered to Integrated Professional Competence Course (IPCC) or converted from erstwhile Intermediate/ Professional Education (Course - II)/ Professional Competence Course (PCC) to Integrated Professional Competence Course (IPCC) - relaxation for submission of Information Technology Training (ITT) and Orientation Programme completion certificate and relaxation of nine months study course period for converted students of Intermediate/ Professional Education (Course - II)/ Professional Competence Course (PCC) to Integrated Professional Competence Course (IPCC) and their eligibility to appear in May, 2010 IPCC Examination.

Eligibility to appear in the May, 2010 Integrated Professional Competence Examination (IPCE)

All students who have been registered for the erstwhile Intermediate under paragraph 2 or 2 A of schedule B to the Chartered Accountants Regulations 28 or who have been registered for the erstwhile Professional Education (Course-II) or who have been registered for the Professional Competence Course (PCC) are eligible for conversion to IPCC by paying the prescribed conversion fee along with the conversion application form obtained along with IPCC prospectus or downloaded from http://www.icai.org/resource_file/14262ipcc_re_regform.pdf - IPCC Re-Registration Form to be submitted to the concerned Regional Office on or before March 5, 2009 for becoming eligible to appear in the May, 2010 examination. Examination applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than 26th February, 2010. However, applications will also be received directly by Delhi Office after 26th February, 2010 and up to 5th March, 2010 with late fee of Rs.500/-. Examination Applications received after 5th March, 2010 shall not be entertained under any circumstances.

(i) Relaxation of Nine months study course period to appear in the May, 2010 IPCC examination - for converted IPCC students only.

Students who have mean while converted from erstwhile Intermediate/ Professional Education (Course - II)/ Professional Competence Course to Integrated Professional Competence Course (IPCC) and have completed minimum period of nine months from the date of registration in Intermediate/ Professional Education (Course - II) or completed nine months after joining the Professional Competence Course are permitted to appear in the Integrated Professional Competence Examination to be held in May, 2010.

(ii) Successful completion of Information Technology Training (ITT) - for all.

Students who have successfully completed 250 hours of compulsory computer training (CCT) under PEE-II or those who have successfully completed 100 Hours Information Technology Training either under PCC or IPCC may appear in the Integrated Professional Competence Examination (IPCE) to be held in May, 2010.

Students those who have registered on or before July 31, 2009 directly to IPCC or converted from Intermediate/ PEE-II/ PCC to IPCC and undergoing 100 Hours IT Training are required to complete the 100 hours IT training before the date of declaration of the result of IPCE, May, 2010. Such students should furnish proof of completion of the 100 hours IT training to the examination section latest by July 15, 2010.

(iii) Successful completion of Orientation Programme - for all.

Students those who have registered on or before July 31, 2009 directly to IPCC or converted from Intermediate/ PEE-II/ PCC to IPCC are required to complete the Orientation Programme of 35 hours before the date of declaration of the result of IPCE, May, 2010. Such students have to furnish proof of completion of the Orientation Programme to the examination section latest by July 15, 2010.



Case Laws

CA. Shefali Jain

The contributor is Sr. Executive Officer, ICAI.

1. In case of import of watch straps made of ostrich, calf and alligator leather, whether an assessee needs to obtain clearance from the wild life authorities in India as well if he has already produced the certificate under CITES?

UOI vs. Entrack International Trading Private Limited 2010 (250) ELT 166 (Del.)

In the instant case, the respondent-Entrack International Trading Private Limited was engaged in the business of import and distribution of Mont Blanc products supplied by M/s. Mont Blanc, Switzerland.

The respondent imported watch straps made of ostrich, calf and alligator leather through airlines. After the examination of goods, the adjudicating authority alleged that although there was no licensing requirement under Entry No. 9113.20.90 of Import Trade Control Schedule (under which these items were covered), the respondent had to seek permission from the wild life authorities for their clearance because the straps made of ostrich and alligator leather were the restricted items. In reply, the respondent submitted that it had produced the certificate under CITES which was sufficient and there was no need to produce CITES import permit from the jurisdictional wildlife authority as well. Consequently, the adjudicating authority held the said items to be restricted items and accordingly ordered their absolute confiscation. Commissioner of Customs (Appeals) also affirmed the order of adjudicating authority.

However, in an appeal filed to it, the Tribunal held that -

- (i) the lower authorities were clearly in error in treating the instant import as in violation of Wild Life Protection Act and CITES, and
- (ii) the confiscation of the consignment was not legal under those provisions.

The Delhi High Court first established the following facts:-

- (a) The ostrich and Mississippian species of crocodile do not exist in India.
- (b) There are no entries of these species under the Wild Life Protection Act. The reason is that since these species do not exist in India, there is no question of their protection in this country.
- (c) The adjudicating authority himself concluded that watch strap is covered by Entry No. 9113.20.90 of Import Trade Control Schedule. As per this entry, the items are freely importable.

Considering the above-mentioned facts, the High Court concluded that clearance from the wild life authorities in India under the Wild Life Protection Act was not required. The Court noted that the respondent wished to submit that the ostrich watch strap belonging to South Africa had not been prohibited under CITES. In respect of alligator also, the foreign supplier provided a

CITES certificate which clearly stated that the imported item was not restricted.

The Court enunciated that when the country of origin had given specific certificates under the provisions of CITES allowing the export from its country on the ground that these items were not restricted, insistence upon additional certificate by the authorities under the Wild Life Protection Act was meaningless in the facts of this case. In so far as demand of the Revenue to produce country of origin certificate to check the origin of

Ostrich was concerned, the respondent was right in the submission that neither at the adjudication stage, when the order in original was passed, nor at the two subsequent appellate stages, such a certificate was sought. The appellant could not take this kind of plea in this appeal for the first time. Thus, the High Court held that the question had been rightly decided by the Tribunal in favour of the respondent.

2. Whether non-filing of the appeal by the assessee against the assessed bill of entry deprives him from filing the claim for refund under section 27 of the Customs Act, 1962?

Aman Medical Products Ltd. vs. CCus., Delhi 2010 (250) ELT 30 (Del.)

The question which came up for consideration before the Delhi High Court was whether non-filing of the appeal by the assessee against the assessed bill of entry deprives him from filing the claim for refund under section 27 of the Customs Act, 1962. The High Court overruling the Tribunal's judgment answered the question raised in favour of appellant and against the Revenue.

Referring to the language of section 27, the High Court observed that it is abundantly clear that the duty which is paid is not necessarily pursuant to an order of assessment but can also be 'borne by him'. Clauses (i) and (ii) of sub-section (1) of section 27 are clearly in the alternative as the expression 'or' is found in between clauses (i) and (ii). The object of section 27(1)(ii) is to cover those cases where the duty is paid by a person without an order of assessment. Hence, the Court held that the assessee was entitled to file the refund claim under the said section.

CITES

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement to which States (countries) adhere voluntarily. States that have agreed to be bound by the Convention, CITES, are known as Parties. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. Roughly 5,000 species of animals and 28,000 species of plants are protected by CITES against over-exploitation through international trade. Each Party to the Convention must designate one or more Management Authorities in charge of administering that licensing system and one or more Scientific Authorities to advise them on the effects of trade on the status of the species.

The species covered by CITES are listed in three Appendices, according to the degree of protection they need. These three appendices are as follows:-

Appendix I

It includes species threatened with extinction. Trade in specimens of these species is permitted only in exceptional circumstances.

Appendix II

It includes species not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilization incompatible with their survival.

Appendix III

This Appendix contains species that are protected in at least one country, which has asked other CITES Parties for assistance in controlling the trade.



Business Laws and Corporate and Allied Laws

Nisha Gupta

The Contributor is Executive Officer, ICAI

Business Laws (PCC & IPCC Level)

1. The Payment of Gratuity (Amendment) Act, 2009

Payment of Gratuity Act, 1972 has been amended by the (Amendment) Act, 2009 and it is deemed to have come into force wef 3rd April, 1997. The amendment relates to amendment in section 2 and insertion of a new section 13A.

With regard to the **definition of 'employee'** in section 2(e), it means "any person (other than an apprentice) who is employed for wages, whether the terms of such employment are express or implied, in any kind of work, manual or otherwise, in or in connection with the work of a factory, mine, oilfield, plantation, port, railway company, shop or other establishment to which this Act applies, but does not include any such person who holds a post under the Central Government or a State Government and is governed by any other Act or by any rules providing for payment of gratuity"

The new section 13A provides for validation of payment of gratuity. In other words, notwithstanding anything contained in any judgment, decree or order of any court for the period commencing on and from the 3rd day of April, 1997 and ending the day on which the Amendment Act, 2009 receives the assent of the President, gratuity shall be payable as if the Amendment Act, 2009 had been in force at all material times.

(Applicable for May 2010 Examination)

Bill No. 18 of 2009 passed by Parliament

Corporate and Allied Laws (Final Level)

1. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (in place of SEBI (DIP) Guidelines, 2000 now rescinded).

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 was notified on August 26, 2009. The new ICDR Regulations

have been made primarily by conversion of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (since rescinded). The comparative analysis is specifically in relation to preferential warrants, group companies, public issues, book building issues, disclosure norms, monetary control and other miscellaneous comparative aspects. Details of the comparative analysis are given in the RTP, May 2010 examinations for updating the knowledge on the matter. However, the new Regulations is Not Applicable for May 2010 Examination.

Circular No. CFD/DIL/ICDRR/1/2009/03/09 dated 03.09.2009

www.sebi.gov.in

under the Categories "Legal Framework" and "Issues and Listing".

2. The Competition (Amendment) Act, 2009

The Competition (Amendment) Ordinance, 2009 to further amend the Competition Act, 2002 was promulgated on October 14, 2009. The Ordinance amended sections 66(1), (3), (4), (5), & (7) of the Competition Act, 2002.

All cases pertaining to Monopolistic Trade Practices (MTP) or Restricted Trade Practices (RTP) [including such cases in which Unfair Trade Practice (UTP) has also been alleged] and all cases pertaining to UTP referred to in clause (X) of subsection (1) of section 36A of the MRTP Act, 1969 shall be transferred to the Competition Appellate Tribunal with immediate effect. [Sub-sections (3) and (5) of section 66 of the Act].

All investigations or proceedings, other than those relating to UTP and all investigations or proceedings relating to UTP referred to in clause (X) of sub-section (1) of section 36A of the MRTP Act, 1969, pending before the Director General of Investigation and Registration [DG (I&R)], shall be transferred to the Competition Commission of India with immediate effect. [Sub-sections (6) and (8) of section 66 of the Act].

All cases, investigations or proceedings pertaining to UTP defined under section 36A of the MRTP Act, 1969, except those referred to in

clause (X) of sub-section (1) of section 36A of the MRTP Act, 1969, shall be transferred to the National Commission constituted under the Consumer Protection Act, 1986 with immediate effect. [Sub-sections (4) and (7) of section 66 of the Act.

(Applicable for May 2010 Examination)
www.mca.gov.in

3. Prevention of Money-Laundering (Amendment) Act, 2009

The amendments to the Act have been made with a view to strengthen the legal framework for Anti-Money Laundering and Combating the Financing of Terror (AML/CFT). List of offences in Part A (offences without threshold value) of the Schedule to the Act and Part B (offences with threshold value) have been significantly expanded. The amendments, *inter alia*, specify

the time frame for retention of various records viz., CTRs/STRs and client identity records. Some of the definitions like authorized person, designated business or profession, offence for cross border implications, payment systems, payment system operator have been included. For more details on the amendments, refer to RTP, May 2010.

(Applicable for May 2010 Examination)
Notification No. S.O. 1388(E) dated 1-6-2009
www.fiuindia.gov.in

4. Companies Bill, 2009

The Bill is pending before the Parliamentary Standing Committee on Finance and is yet to be passed as an Act.

Not Applicable for May 2010 Examination.
www.mca.gov.in



Circulars/ Notifications issued by the Central Board of Direct Taxes during the period 15.01.2010 to 15.02.2010

CA. Ruchika Bhatia

The Contributor is Executive Officer, ICAI

I. Circulars

1. Circular No. 2/2010, dated 29-1-2010

Adjustment of advance tax in respect of fringe benefits for assessment year 2010-11 against advance tax

The CBDT has, vide its Circular No. 2/2010 dated 29/01/10, clarified that any installment of advance tax paid in respect of fringe benefit for A.Y. 2010-11 shall be treated as advance tax paid by assessee concerned for A.Y. 2010-11. The assessee can adjust such sum against its advance tax obligation in respect of income for A.Y. 2010-11 or in case of loss, claim such payment as refund of advance tax paid in A.Y. 2010-11.

II. Notifications

1. Notification No. 07/2010 dated 3-2-2010

Notification of Railway Bonds of IRFC for exemption of interest

Section 10(15)(iv)(h) exempts interest on bonds/debentures issued by any public sector company

and notified by the Central Government in the Official Gazette. Accordingly, the Central Government has authorized the Indian Railway Finance Corporation (IRFC) to issue tax free secured, redeemable, non-convertible Railway Bonds, interest from which would be exempt under section 10(15)(iv)(h).

2. Notification No. 08/2010 dated 3-2-2010

Bhavishya Nirman Bond specified as a Zero Coupon Bond

Section 2(48) defining zero coupon bonds requires that such bonds should be notified by the Central Government. Accordingly, the Central Government has, vide Notification No. 08/2010 dated 3-2-2010, specified the Bhavishya Nirman Bond, a 10 year zero coupon bond of National Bank of Agriculture and Rural Development (NABARD), to be issued on or before 31.3.2011, as zero coupon bond for the purposes of section 2(48).



Indian Economy: A Quick Glance

S. Manikandan

The Contributor is Executive Officer, ICAI



1. Inflation is likely to move into double digits in March and touch 10% due to supply constraints in food items coupled with lower base effect. The average inflation in 2010-2011 would be 5.5%. Lesser rainfall caused 18% shortfall in grain production in the country. The prices of pulses and other food items are shooting up in recent years. The main reason is raising demand and stagnant production.
 2. India received \$20.9 billion in Foreign Direct Investment in the nine months to December, compared with \$2.2 billion received in 2008.
 3. The Chairman of EAC Mr. C. Rangarajan projected the growth rate of next fiscal year to be 8.2%. The table below shows the expected growth as projected by EAC.
 - a. Investment in Agricultural sector has to be increased. In order to attain 4% growth in agriculture we must invest about 16% of the farm GDP into it.
 - b. Research and Development activities: India spends about 0.7% of agricultural GDP on public agricultural research, which is much lower than that amount spent in China. This has to be increased by 1%.
 - c. Normal Monsoon condition.
- Industry and services sectors are expected do better in the current financial year. In term of industrial production the growth rate could touch 7.5% during the current year. The growth rate of industry and agricultural sectors put together would help us to achieve a GDP growth of 8.2% in 2010-11.

In Percentage

GDP Growth	2008-09 (QE)	2009-10 (AE)	2010-11 (F)	2011-12 (F)
Agriculture and Allied Activities	1.6	-0.2	5.0	4.0
Industry (mining, manufacturing, Electricity, gas and water supply, construction)	3.9	8.6	8.7	9.2
Services (Trade, finance, community, transport and communication etc)	9.8	8.7	8.8	10.1
GDP at factor cost	6.7	7.2	8.2	9.0

Source: *The Economic Times (Feb 20, 2010)*. QE-Quick Estimate, AE-Advance Estimate and F-Forecast

The Economic Advisory Council expects the farm sector to rebound strongly to grow at 5% and 4% in the next two fiscal years, provided three things happen:

As regard to fiscal consolidation, government cannot continue with large revenue and fiscal deficits. Corrective measures have to be focus on adjusting expenditure, so that overall fiscal deficit falls by 1% to 1.5% without any adverse impact on economic growth.

Of late, the Balance of Payment has become unfavorable. Exports and imports have fallen and current account deficit has almost doubled since 2007-08.

In \$ billion

	2007-2008	2008-2009	2009-2010
Merchandise Exports	166.20	189.0	168.7
Merchandise Import	257.60	307.70	298.6
Current Account Balance	-15.74	-28.7	-29.5

The main reason is stagnant output growth due to failure in monsoons, resulting in tight demand-supply situation for the agricultural products. But as per the projection of EAC the current Rabi crop is expected to be good, so there will be reduction in the import and the prices of food grains will be moderate in the coming months.

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

19th January, 2010

No. 13-CA (EXAM)/CPT/June/2010:— 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, the 20th JUNE, 2010** 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 25D(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):

1	AGRA	52	HUBLI
2	AHMEDABAD	53	HYDERABAD
3	AHMEDNAGAR	54	INDORE
4	AJMER	55	JABALPUR
5	AKOLA	56	JAIPUR
6	ALAPPUZHA	57	JALANDHAR
7	ALIGARH	58	JALGAON
8	ALLAHABAD	59	JAMMU
9	ALWAR	60	JAMNAGAR
10	AMBALA	61	JAMSHEDPUR
11	AMRAVATI	62	JODHPUR
12	AMRITSAR	63	KANPUR
13	ANAND	64	KARNAL
14	ASANSOL	65	KOLLAM
15	AURANGABAD	66	KOLHAPUR
16	BANGALORE	67	KOLKATA
17	BAREILLY	68	KOTA
18	BATHINDA	69	KOTTAYAM
19	BEAWAR	70	KOZHIKODE
20	BELGAUM	71	KUMBakonam
21	BELLARY	72	LATUR
22	BERHAMPORE	73	LUCKNOW
23	BHARUCH	74	LUDHIANA
24	BHAVNAGAR	75	MADURAI
25	BHILWARA	76	MANGALORE
26	BHOPAL	77	MATHURA
27	BHUBANESWAR	78	MEERUT
28	BHUJ	79	MORADABAD
29	BIKANER	80	MUMBAI
30	BILASPUR	81	MUZAFFARNAGAR
31	CHANDIGARH	82	MYSORE
32	CHENNAI	83	NAGPUR
33	COIMBATORE	84	NANDED
34	CUTTACK	85	NASHIK
35	DEHRADUN	86	NELLORE
36	DELHI/NEW DELHI	87	NOIDA
37	DHANBAD	88	PALGHAT
38	DUNDLOD	89	PALI MARWAR
39	DURG	90	PANIPAT
40	ERNAKULAM	91	PANVEL
41	ERODE	92	PATNA
42	FARIDABAD	93	PATIALA
43	GANDHIDHAM	94	PIMPRI-CHINCHWAD
44	GHAZIABAD	95	PONDICHERRY
45	GOA	96	PUNE
46	GORAKHPUR	97	RAIPUR
47	GUNTUR	98	RAJAMAHENDRAVARAM
48	GURGAON	99	RAJKOT
49	GUWAHATI	100	RANCHI
50	GWALIOR	101	RATLAM
51	HISAR	102	REWARI

103	ROHTAK	119	THRISSUR
104	ROURKELA	120	TINSUKIA
105	SAHARANPUR	121	TIRUCHIRAPALLI
106	SALEM	122	TIRUPATI
107	SAMBALPUR	123	TIRUPUR
108	SANGLI	124	TUTICORIN
109	SATARA	125	UDAIPUR
110	SHIMLA	126	UDUPI
111	SIKAR	127	UJJAIN
112	SILIGURI	128	VADODARA
113	SOLAPUR	129	VAPI
114	SONEPAT	130	VARANASI
115	SRI GANGANAGAR	131	VELLORE
116	SURAT	132	VIJAYAWADA
117	THANE	133	VISAKHAPATNAM
118	THIRUVANANTHAPURAM	134	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 **Additional Secretary (Examinations)**, The Institute of Chartered Accountants of India, ICAL Bhawan, Indraprastha Marg, New Delhi - 110 002 on payment of Rs. 600/- (Rs.500/- towards examination fee and Rs. 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 **6th April, 2010**.

Common Proficiency Test application forms duly filled in may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than **27th April, 2010**. Applications received after **27th April, 2010** 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 27th April, 2010. 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 27th April, 2010 with late fee.

Alternatively the candidate may fill up the examination application form online at <http://icaieexam.icaai.org> from 6th April, 2010 (10:00 hrs) to 27th April, 2010 (17:30hrs) and remit the fee online by using credit card, either VISA or Master 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, 2010 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.

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS.)

EXAMINATION

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

19th January, 2010

No. 13-CA (EXAM)/M/2010: - 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 Education-II, Professional Competence Course (PCC), Integrated Professional Competence Course (IPCC) and Final (Existing and New course) 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 Courses in Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC -Part-I), Tax Management Course (TMC - Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations 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 "C", "D", "E", "G" and "H" of the Chartered Accountants Regulations, 1988 respectively, provided that sufficient number of candidates offer themselves to appear from each centre.

PROFESSIONAL EDUCATION-II EXAMINATION

[As per syllabus contained in the scheme notified by the Council under Regulation 28 B (5) of the Chartered Accountants Regulations, 1988] AND

PROFESSIONAL COMPETENCE EXAMINATION (PCE)

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

Group-I: 4th, 6th & 8th May-2010

Group-II: 10th, 12th & 14th May-2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

INTEGRATED PROFESSIONAL COMPETENCE EXAMINATION (IPCE)

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

Group-I: 4th, 8th, 10th & 12th May, 2010

Group-II: 6th, 14th & 16th May, 2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

FINAL (EXISTING AND NEW COURSE) EXAMINATIONS:

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (2) since revised as Regulation 31 (i) of the Chartered Accountants Regulations, 1988.]

Group -I: 3rd, 5th, 7th & 9th May, 2010

Group -II: 11th, 13th, 15th & 17th May, 2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

MANAGEMENT ACCOUNTANCY COURSE (MAC PART-I), CORPORATE MANAGEMENT COURSE (CMC -PART-I), TAX MANAGEMENT COURSE (TMC - PART-I) EXAMINATIONS:

[As per provision contained in "Schedule C ,D ,E "of Chartered Accountants Regulations, 1988]

Group-I: 11th & 13th May, 2010

Group-II: 15th & 17th May, 2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION:

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

Modules I to IV 11th, 13th, 15th & 17th May, 2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL&WTO) COURSE EXAMINATION:

[As per provisions contained in "Schedule H" of Chartered Accountants Regulations, 1988]

Group A 4th, 6th & 8th May, 2010

Group B 10th, 12th & 14th May, 2010

(Afternoon Session - 2.00 p.m. to 5.00 p.m.) (IST)

EXAMINATION CENTRES: (FOR ALL EXAMINATIONS) CENTRES IN INDIA:

1	AGRA	5	AKOLA
2	AHMEDABAD	6	ALAPPUZHA
3	AHMEDNAGAR	7	ALIGARH
4	AJMER	8	ALLAHABAD

9	ALWAR	72	LUCKNOW
10	AMBALA	73	LUDHIANA
11	AMRAVATI	74	MADURAI
12	AMRITSAR	75	MANGALORE
13	ANAND	76	MATHURA
14	ASANSOL	77	MEERUT
15	AURANGABAD	78	MORADABAD
16	BANGALORE	79	MUMBAI
17	BAREILLY	80	MUZAFFARNAGAR
18	BATHINDA	81	MYSORE
19	BEAWAR	82	NAGPUR
20	BELGAUM	83	NANDED
21	BELLARY	84	NASHIK
22	BERHAMPORE	85	NELLORE
23	BHARAUCH	86	NOIDA
24	BHAVNAGAR	87	PALGHAT
25	BHILWARA	88	PALI MARWAR
26	BHOPAL	89	PANIPAT
27	BHUBANESWAR	90	PANVEL
28	BHUJ	91	PATNA
29	BIKANER	92	PATIALA
30	BILASPUR	93	PIMPRI-CHINCHWAD
31	CHANDIGARH	94	PONDICHERRY
32	CHENNAI	95	PUNE
33	COIMBATORE	96	RAIPUR
34	CUTTACK	97	RAJAMAHENDRAVARAM
35	DEHRADUN	98	RAJKOT
36	DELHI/NEW DELHI	99	RANCHI
37	DHANBAD	100	RATLAM
38	DURG	101	REWARI
39	ERNAKULAM	102	ROHTAK
40	ERODE	103	ROURKELA
41	FARIDABAD	104	SAHARANPUR
42	GANDHIDHAM	105	SALEM
43	GHAZIABAD	106	SAMBALPUR
44	GOA	107	SANGLI
45	GORAKHPUR	108	SATARA
46	GUNTUR	109	SHIMLA
47	GURGAON	110	SIKAR
48	GUWAHATI	111	SILIGURI
49	GWALIOR	112	SOLAPUR
50	HISAR	113	SONEPAT
51	HUBLI	114	SRI GANGANAGAR
52	HYDERABAD	115	SURAT
53	INDORE	116	THANE
54	JABALPUR	117	THIRUVANANTHAPURAM
55	JAIPUR	118	THRASSUR
56	JALANDHAR	119	TINSUKIA
57	JALGAON	120	TIRUCHIRAPALLI
58	JAMMU	121	TIRUPATI
59	JAMNAGAR	122	TIRUPUR
60	JAMSHEDPUR	123	TUTICORIN
61	JODHPUR	124	UDAIPUR
62	KANPUR	125	UDUPI
63	KARNAL	126	UJJAIN
64	KOLLAM	127	VADODARA
65	KOLHAPUR	128	VAPI
66	KOLKATA	129	VARANASI
67	KOTA	130	VELLORE
68	KOTTAYAM	131	VIJAYAWADA
69	KOZHIKODE	132	VISAKHAPATNAM
70	KUMBakonam	133	YAMUNA NAGAR
71	LATUR		

OVERSEAS CENTRES: (FOR PROFESSIONAL EDUCATION-II ,PROFESSIONAL COMPETENCE COURSE (PCE), 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 on the relevant prescribed form, copies of which may be obtained from the Additional Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI BHAWAN, Indraprastha Marg, New Delhi - 110 002 on payment of Rs.100/- per application form in respect of Professional Education-II, Professional Competence Course, Integrated Professional Competence Course and Final Examinations. The cost of Examination application forms for Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC-Part-I), Tax Management Course (TMC - Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations is Rs. 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 **5th FEBRUARY, 2010**.

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than **26th FEBRUARY, 2010**. However, applications will also be received direct by Delhi Office after **26th FEBRUARY, 2010** and upto **5th MARCH, 2010** with late fee of **Rs. 500/-**. Applications received after **5th MARCH, 2010** 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 **5th MARCH, 2010**. Candidates residing in these cities are advised to take advantage of this facility. However, application forms duly completed for the Post Qualification Course examinations viz: Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC-Part-I), Tax Management Course (TMC - Part-I), Insurance and Risk Management (IRM) examinations and International Trade Laws and World Trade Organisation (ITL&WTO) examinations will be received only at the New Delhi office of the Institute.

Alternatively the candidate may fill up the examination application form online at <http://icaixam.icaai.org> from **5th FEBRUARY, 2010** to **5th MARCH, 2010** and remit the fee online by using credit card, either VISA or Master Card.

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

PROFESSIONAL EDUCATION-II, PROFESSIONAL COMPETENCE and INTEGRATED PROFESSIONAL COMPETENCE EXAMINATION	
For Both the Groups / Unit - 9	Rs. 1600/-
For one of the Groups / Unit 1 to 8	Rs. 1000/-

FINAL (Existing & New Course) EXAMINATION	
For Both the Groups	Rs. 2250/-
For one of the Groups	Rs. 1250/-
MANAGEMENT ACCOUNTANCY COURSE (MAC PART-I), CORPORATE MANAGEMENT COURSE (CMC PART-I) & TAX MANAGEMENT COURSE (TMC PART-I) EXAMS	
For Both the Groups / Unit - 9	Rs. 1600/-
For one of the Groups / Unit 1 to 8	Rs. 1000/-
INSURANCE & RISK MANAGEMENT (IRM) EXAMINATION:	
	Rs. 1000/-
INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL&WTO) EXAMINATION:	
For Both the Groups	Rs. 2000/-
For one of the Groups	Rs. 1000/-

Candidates of Professional Education-II Examination/Professional Competence Examination (PCE) / Integrated Professional Competence Examination(IPCE) and Final examinations 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 Education-II Examination /Professional Competence Examination (PCE) / Integrated Professional Competence Examination (IPCE) and Final Examinations opting for Kathmandu centre are required to remit Indian Rs. 2250/- and Indian Rs. 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 Education-II Examination/ Professional Competence Examination (PCE)/ Integrated Professional Competence Examination (IPCE) 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 Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC -Part-I), Tax Management Course (TMC - Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL & WTO) Examinations.

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS)

Availability of Merit, Merit-cum-Need, Need Based and Weaker Sections and Endowment Scholarships w.e.f. 1st April, 2010

Sl. No.	Name of Scholarship	No. of Scholarship	Amount (p.m.)	Eligibility
1.	Merit	30	1,250	Students whose names appear at Sl. No. 1-10 of Merit lists of CPT/ PCC/PE-II of Nov./Dec. 2009 Exam.
2.	Merit-cum-Need	30	1,250	Rank holders of CPT/PCC/PE-II Nov./Dec., 2009 Exam.
3.	Need Based and Weaker Sections	50	1,000	Students of PCC/IPCC/Final
4.	Sourangshu Ghosh Memorial Scholarship	1	500	Awarded to the Final Students of Eastern Region
5.	Shorilal Kapoor Memorial Scholarship	1	500	Students of PCC/IPCC/Final
6.	J.S. Lodha Memorial Scholarship	2	300	Students of PCC/IPCC/Final
7.	R.K. Khanna Memorial Scholarship	1	300	Students of PCC/IPCC/Final

Notes:

- 1 The annual income of parents/guardians for Merit-cum-Need should not exceed Rs. 1,50,000 and Rs. 1,00,000 for Need-based and Weaker Sections/Endowment Scholarships.
- 2 Applicants for grant of above scholarships should be registered students of PCC/Final. Students of PCC/ Final Course will be paid scholarship for maximum period of 18/30 months or balance period of articleship.
- 3 For SC/ST/OBC category students an additional amount of Rs. 100/- p.m. be paid in Need-based and Weaker Section category of scholarship.
- 4 Two scholarships are reserved for physically handicapped students in Need Based and Weaker Sections category.

The duly completed application in the prescribed form should reach the Director (BOS), The Institute of Chartered Accountants of India, ICAI Bhawan, A-94/4, Sector- 58, NOIDA - 201 301 latest by 31st March, 2010. Application form can be downloaded from the Institute web site www.icaai.org.

OUR NEW DIRECTOR, BOARD OF STUDIES



SHRI VIJAY KAPUR
Director, BOS

Shri Vijay Kapur, aged 54 years joined as the Director, Board of Studies in the month of February, 2010. An academician by profession Shri Kapur has been associated with students' activity since last three decades. He submitted a dissertation on the topic "The Auditor's Independence and Reporting Practices in India" to University of Delhi. He joined the Board of Studies, an academic wing of the Institute in 1983 as a faculty in Auditing. Earlier, he was associated with Shri Ram College of Commerce, University of Delhi, Delhi.

He has been closely associated with the review of Education and Training Schemes of the

Chartered Accountancy course for about last 25 years. He has been instrumental as Officer on Special Duty for operationalising the Institute of Chartered Accountants of Nepal.

Shri Kapur is also a member, Executive Council of National Foundation for Corporate Governance established by the Government of India. He has also assisted Rakesh Mohan's Committee on Financial Sector Assessment set up by Reserve Bank of India.

He has also brought out different publications of the Institute including History of Accountancy Profession in India (Volume - II) and the Accountancy Profession and Economic Development in India. In the capacity of a trainer, he has conducted several workshops/training programmes in India and abroad in the field of accounting and auditing.

Announcement relating to taxation papers for students appearing in May 2010 examination PE-II [Income-tax and Central Sales Tax], PCC/IPCC [Taxation], Final (Old) Course [Direct Taxes] and Final (New) Course [Direct Tax Laws]

Students may kindly note that the "List of Publications" relevant for Paper 1: Advanced Accounting Final Course (Old) and Paper 1: Financial Reporting Final Course (New) published in the January 2010 issue of the Students' Journal "The Chartered Accountant Student" includes the Guidance Note S. No. II (2), namely, "Guarantees and Counter-Guarantees Given by Companies" which has been withdrawn by the Institute. Therefore, this Guidance Note is not applicable for May, 2010 Examinations for both Final Course (Old) and Final Course (New).

CROSSWORD

February-2010 solution

E	P	S		E	V	A		D		H	U	F		N		
N		I					X		I	O				E		
T	A	X	E	V	A	S	I	O	N	S		F	B	T		
I		S			N		O			P		O				
T	I				T	I	M	E		I		U		S		
Y	O	G	A		I					T	H	R	E	E		
			M		D		S			A				Z		
C	P	A			Q	U	A	R	T	E	R	L	Y			
R					M			A								
I					I	M	P	O	R	T		E			G	
S					I			E	X	P	O	S	U	R	E	
I					N						O				E	
L					L	E	N	G	T	H			P	E	R	K

List of Institute's Publications - May, 2010 examinations

Students intending to appear in the forthcoming May, 2010 examinations may note that a list of publications relevant for them in preparation was published on page 39 to 43 in the January, 2010 issue of students' journal. The complete newsletter is also hosted on the website of the institute at http://www.icai.org/post.html?post_id=5449.

Self-motivation - "Spark of Life"



Motivation is the driving force that keeps one going towards one's goals. This is a strong feeling or urge of a person to fulfill a task so easily even though it is hard. When a person gets motivated, the feeling of being charged up is tickled in his heart and soul.

However, Motivation that comes from within really makes the difference i.e. Self-Motivation.

Self-Motivation is the ability to motivate oneself, to find a reason and the necessary strength to do something, without the need of being influenced to do so by another person. Working in a careful and consistent manner without giving up.

Interest is an important motivator to a student. So is a desire to learn. When we think these two things together, we create success. Often success in an endeavor leads to more interest and a greater desire to learn, creating an upward spiral of motivation toward a goal we have established. Ask any person who is successful in whatever he or she is doing what motivates him/her, and very likely, the answer will be goals. Goal setting is extremely important to motivation and success. So be honest with yourself.

Are we genuinely interested in doing C.A.?

Have we set realistic goals for our self?



Ankit Khemani

*The author is a student of ICAI.
Regn. No. ERO 0108833.*

How can we develop the internal motivation that really counts?

When it comes to motivation, **Knowing** is not as important as **Doing**.

There are many opportunities in this ever growing and expanding technical world. However, one should remember that a person related to any field i.e. whether medical, engineering, technical, creative industry or accountancy and many more others, requires motivation to do his or her work. But sometimes motivation gets hurt i.e. **Loss of Motivation**.

The natural pattern of human emotion is cyclical. When we start a new project, we start with optimism. If we cannot achieve the desired results, that leads to loss of confidence and motivation. In such situations, instead of giving into negativity, step back and analyze. Look at the causes. Do not be surprised or disappointed by loss of motivation. Take this as natural effect of human mind and allow your self to make your emotions work for you. Use the loss of motivation as an opportunity to reconsider what your motivation really is.

Conclusion:

Thus, self-motivation is the process of keeping our mind interested in the work or activity we are doing. This can be done by following simple eight basic steps. They are:

1. **Start simple.**
2. **Keep good company.**
3. **Keep learning.**
4. **Stay Positive.**
5. **Stop thinking and start doing.**
6. **Know yourself.**
7. **Track your progress.**
8. **Help others.**


CROSSWORD
ACROSS

1. Artificial legal person with limited liability.
5. A firm in a perfectly competitive market is a price _____.
7. Short run is period of time during which at least _____ factor is fixed.
8. Deductions under Chapter VI-A of the Income-tax Act are allowable from _____.
9. The income that could have been earned in alternative uses by the resources owned by the entrepreneur is called - _____ cost to the firm.
11. _____ refers to that portion of total deposits of a commercial bank which it has to keep with itself in the form of liquid assets.

DOWN

2. Father of Economics.
3. Global income is taxable in the hands of a _____.
4. The economist who expressed the view that "Economics is neutral between ends".
6. _____ issue is an option given by a company to its existing shareholders to buy new shares of the company at a pre-determined price usually at a discount to the existing market price in a pre-fixed ratio.
10. The interest rate that commercial banks charge their most credit-worthy customers.