

The Institute of Chartered Accountants of India

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English Monthly

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Jnana Vistāra
- Extending the horizon.....

Karnataka State Level CA's Conference

Chief Guest CA. K. Raghu, President, ICAI &
Guest of Honour Dr. Venkataramana N. K.
inaugurated the Conference



⊗ **Union Budget Analysis**
- A public Awareness Programme
11.07.2014

⊗ Clause by Clause discussion on
Finance Bill 2014
18.07.2014



⊗ One Day National Conference on
Recent Developments
impacting the
Corporate Sector
19.07.2014

CPE - July 2014
26

Chairman's Communique . . .



Dear Professional Colleagues,

I hereby take this opportunity to greet you all on the occasion of Chartered Accountants' Day, which is being celebrated on the First day of July as the Foundation Day of ICAI, established in the year 1949.

The month to remember - June 2014

Apart from the Study Circle Meetings, as a regular feature of the branch, the two day **Karnataka State Level CAs' Conference - "JnanaVistara - Extending the horizon..."** was held on 21st & 22nd June 2014 at NIMHANS Convention Centre, Bangalore, wherein around 1100 members actively participated. The conference was a grand success, I appreciate and thank my colleagues in the Managing Committee, for their unstinted support. I also profusely thank CA. I. S. Prasad, the efficient Co-ordinator of the Conference for his guidance and support for the conduct of this mega event. The learned speakers with their very rich experience made this event a real knowledge feast with their educative presentation. It is my bounden duty to express my profound gratitude to Chairmen & Committee Members of all the Branches of ICAI in Karnataka, the sponsors and those who have directly and indirectly supported us to make the event a resounding success.

Residential Refresher Course at Goa on 6th, 7th & 8th June was a successful event which not just had sessions targeted at knowledge up-gradation but was also clubbed with activities for rejuvenating the energy of the participating members and their families.

National Seminar on Mergers & Acquisitions organised by Bangalore Branch on 14th June was also very well received by the members. I profusely thank the young & enthusiastic Co-ordinator and Managing Committee Member, CA. Shivaram S. Bhat for having put in all efforts to organise the programme and made it a grand success.

I am very happy to inform that the initiative taken by the branch to conduct Study Circle Meetings in different places - **26th June at Indiranagar** was also encouraging where in nearly 125 participants attended. Hearty thanks to the Co-ordinator CA. Srikrishna Subramaniam.

Upcoming important events:

Union Budget Analysis:

After the announcement of Union Budget, as a **public awareness programme** every year we used to conduct Analysis of Union Budget with the guidance of the Moderators CA. Mohandas Pai and CA. Padamchand Khincha H. This year also the said analysis programme will be conducted on 11th July at Christ University Auditorium, Hosur Road, Bangalore. Details will reach you very soon by email and will be updated in website.

Clause by Clause discussion on Finance Bill 2014:

This programme will be conducted on 18th July 2014 at Jnana Jyothi Convention Centre and our renowned resource persons will be participating in the discussion.

National Conference on Recent Developments Impacting the Corporate Sector

As knowledge updation is inevitable to be a successful professional, One Day National Conference on "Recent Developments Impacting the Corporate Sector" is being organised by CMII and hosted by our Bangalore Branch on 19th July at Hotel Le-Meridien, the details of which have been published elsewhere in the newsletter.

Grateful Acknowledgment:

On behalf of the Bangalore Branch of SIRC of ICAI, let me wholeheartedly thank **CA. Sundaresha**, our Sr. Member, **Proprietor Sundaresh & Co.**, for his kind gesture who has come forward to contribute Rs.20 lakhs to establish a reading room for the students pursuing CA course, at Bangalore South. He has proved to be an example for all of us for selfless service.

In the ensuing month - July 2014, we have planned only a few programs as majority of the CAs in practice will be very busy with time bound yearly returns under IT Act for their clients.

On behalf of my colleagues in the Managing Committee, once again I wish you all a very happy & fulfilling CA Day.

Wish you all the best !

Best Regards,



CA. Babu K Thevar

Chairman

CALENDAR OF EVENTS - JULY & AUGUST 2014

Date/Day	Topic /Speaker	Venue/Time	CPE Credit
01.07.14 Tuesday	Chartered Accountants' Day Flag Hoisting & Celebration Chief Guest: CA. Sunil Kumar Jain	Branch Premises 09.30am to 11.00am	-----
02.07.2014 Wednesday	Internal Audit of operations in SMEs CA. Shankar Sanketh	Branch Premises 06.00pm to 08.00pm	2 hrs
09.07.2014 Wednesday	Credit Ratings and Introduction to International Bond Markets CA. Lakshmi Prasad J.	Branch Premises 06.00pm to 08.00pm	2 hrs
11.07.2014 Friday	Union Budget Analysis - A public Awareness Programme <i>Moderators:</i> CA. T.V. Mohandas Pai & CA. Padamchand Khincha H. <i>Details at Page No:19</i>	Christ University Auditorium Hosur Road, B'lore-29 04.00pm to 08.00pm	4 hrs*
16.07.2014 Wednesday	Independent Directors - Let us talk on their Independence CA. Jignesh Jain & CA. Anjani K. Jajodia	Branch Premises 06.00pm to 08.00pm	2 hrs
18.07.2014 Friday	Clause by Clause discussion on Finance Bill 2014 <i>Delegate Fees: Rs.1,200/- for Members, Rs.5,000/- + Service Tax for Non-Members</i> <i>Details at Page No:18</i>	Jnana Jyothi Convention Centre, Central College Campus, Bangalore 09.00am to 06.30pm	6 hrs
19.07.2014 Saturday	One Day National Conference on Recent Developments impacting the Corporate Sector extensively for Members in Industry under the aegis of CMII, ICAI, New Delhi <i>Co-ordinators: CA. Prakash Chand S. & CA. Lalith M. Sharma</i> <i>Delegate Fees: Rs.2,000/-</i> <i>Details at Page No:21</i>	Hotel Le-Meridian, Sankey Road, Bangalore 09.30am to 05.30pm	6 hrs
23.07.2014 Wednesday	Relook of some of the selected Expert Advisory Council (EAC) opinions on Accounting Standards CA. Ayush Agrawal	Branch Premises 06.00pm to 08.00pm	2 hrs
28.07.2014 Monday	51st Annual General Meeting (2012-13) 52nd Annual General Meeting (2013-14)	Branch Premises 04.00pm to 05.00pm 05.30pm to 06.30pm	—
30.07.2014 Wednesday	Companies Act - 2013 Audit Action Points CA. Punarvas Jaykumar	Branch Premises 06.00pm to 08.00pm	2 hrs
02.08.2014 Saturday	Seminar on Professional Opportunities and Recent Development in Co-operative Sector and Changing Paradigm of NPOs <i>Delegate Fee: Rs.450/-</i> <i>Details at Page No:20</i>	Branch Premises 10.00am to 05.30pm	6 hrs
06.08.2014 Wednesday	Internal Audit - Controls and Compliance CA. Venkatesh Padiyar	Branch Premises 06.00pm to 08.00pm	2 hrs

* Confirmation awaited

Note: For all programmes High Tea shall be provided 30 minutes prior to the start of the programme at the respective venue.

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Advt. material should reach us before 22nd of previous month.

Editor : **CA. Babu K. Thevar**

Sub Editor : **CA. Pampanna B.E.**

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GLIMPSES OF DELEGATES' OPINION

Jnana Vistāra

- Extending the horizon.....

Karnataka State Level CA's Conference

Dear Mr Babu,

Your leadership took the untrodden path to revolutionise the way a conference can be held and how a leadership with vision can create a change unimaginable. The conference had your stamp on every aspect of it to make people realise how much of your hard work and efforts have gone into it. It was path breaking and opened up new frontiers of how a conference is perceived in the minds of the delegates or more fully what's the message which was intended to be communicated and how it was actually communicated.

JnanaVistaara was full of unique ideas and ideals which were hitherto unthought-of. My heartfelt wishes to the entire team under your leadership on conducting the event in such a unique manner. The speakers and topics selection was itself a big hit as the centre was filled with delegates. Many kudos again. You have set new standards for yourself to follow for the year and for the future incumbents to inculcate.

- CA. S. R. Prasad

Dear Babu and team,

Hearty congratulations to you all for bringing out a new paradigm of conducting seminar. The topics, The speakers, The arrangement, The Stalls, The food and The continuous supply of food with variety was just amazing. Not to miss the saplings given to all the participants was an icing on the cake. I have only one word to say just "WOW". I wish to thank you from bottom of my heart and on behalf of all the CA fraternity for conducting such a wonderful seminar.

- CA. Ravindranath N.

Dear Sir,

We are happy about recently conducted Karnataka state level conference was organised very unique way in the area of food court. Further we enjoyed delicious food and cultural programs along with the family. We would thank Chairman of Bangalore branch for arranging such a unique programme. I also thank the entire team for having selected interesting topics in two days conference which was very useful for our profession. We would further request chairman to conduct forthcoming conferences in different ways.

- CA. B.C. Kothandaraman

Dear Babu & team,

The recently held State Level Conference 'JnanaVistara – Extending the horizon...' was organised very effectively & efficiently by the Bangalore Branch of SIRC of ICAI, under your able leadership. The topics covered on both the days were very useful to the Members across the country. The selection of speakers was also good. They have really enlightened the knowledge of audience without any doubt. Last but not the least, the food was delicious and especially the snacks that was available throughout both the days, is a new welcoming idea. I enjoyed it and also personally feel that all the delegates would have also enjoyed.

- CA. Rammohan Gupta



TAX UPDATES MAY 2014

CA. Chythanya K.K., B.Com, FCA, LL.B., Advocate

VAT, CST, ENTRY TAX, PROFESSIONAL TAX

PARTS DIGESTED:

- a) 68 VST – Part 5
- b) 69 VST – Part 1 & 3 to 5
- c) 70 VST – Part 1
- d) 19 KCTJ – Part 2
- e) 78 KLJ – Part 4

Reference / Description

[2014] 69 VST 445 (Mad. – HC): State of Tamil Nadu v. S.S.M. Processing Mills - In the instant case the dealer carried on business in bleaching and dyeing of fabrics. The chemicals involved therein were purchased outside the State. The Appellate Tribunal held that the nature of transaction in the dyeing contract or in bleaching was not 'transfer of property' or 'sale' simpliciter and hence sales tax could not be levied treating it as deemed sale.

The Honourable Madras High Court held that the fact that the chemicals used for bleaching were washed away in the process, by itself, would not be a justifiable ground to say that there was no transfer of property of any goods. The very fact of the yarn being bleached by a chemical process, by applying the chemical, clearly pointed to a transfer of property of the chemical, hence, the bleaching contract attracted sales tax as in the case of dyeing contract, when the chemicals were purchased from outside the State.

It is respectfully submitted that the aforesaid decision requires a review for the reason that the same misses

the vital aspect that the chemical when used as consumable cannot be said to have been subjected to transfer. This is precisely why, the honourable Supreme Court in Gannon Dunkerley 88 STC 204 held that consumables will have to be necessarily allowed as deduction while computing taxable turnover from works contract.

[2014] 70 VST 84 (Karn. – HC): Asea Brown Boveri Ltd. v. State of Karnataka - In the instant case the Appellant was awarded a contract by KPTCL for the project in Bijapur on total turnkey basis consisting of supply of all equipments/materials, erection, testing and commissioning. As per the contract, the Appellant was obliged to procure equipments/materials from the manufacturers who complied with certain qualified requirements and from within the state. Since the Appellant did not find manufacturers of certain equipments within the State, the goods were procured from outside the State with the permission of KPTCL.

The second revisional authority levied tax on the ground that in the instant case goods were not moved from out of the State as a result of the contract and movement of goods was not incidental to the contract, since in the bid enquiry document, there was no mention of inter-State vendors.

The Honourable Karnataka High Court held as under:

- (a) A sale which occasions movement of goods from one State to another is a sale in the course of inter-State trade, no matter in which State the property in goods passes.

- (b) It is not necessary that the sale must precede the inter-State movement in order that the sale may be deemed to have occasioned such movement

- (c) It is also not necessary for a sale to be deemed to have taken place in the course of inter-State trade or commerce, that the covenant regarding inter-State movement must be specified in the contract itself.

- (d) It would be sufficient if the movement was in pursuance of and incidental to the contract of sale.

- (e) In the present case the movement of goods from one State to another may or may not be as a result of a covenant but definitely it was an incident of the contract.

2014-15 (19) KCTJ 19 (Karn. – HC): Suma Oil Agencies v. Addl. CCT - In the instant case the Honourable Karnataka High Court denied claim of input tax deduction in respect of the capital goods on the ground that no such claim was made by the Assessee by filing Form VAT 100 and the purchases were not supported by relevant records.

It is submitted that denial of input tax credit merely because it was not claimed in the return may be harsh particularly when there is no such statutory requirement unlike in the Income tax Act relating to section 10 A/chapter VI-A deduction.

2014-15 (19) KCTJ 30 (Karn. – HC): State of Karnataka v. Mysore Thermo Electric Pvt. Ltd. - In the instant case the Honourable Karnataka High Court dealing with the expression 'part thereof' appearing in Entry No. 76 of Third Schedule of Karvat Act i.e. 'Rail coaches, Engines, wagons and part

thereof' held that batteries are part of the engines, wagons and coaches and hence Assessee is liable to tax only at the rate of 4%.

While holding so, it held that even though the batteries have a separate identity as batteries, without the batteries, the railway engine cannot operate. Just like a car cannot run without tyre and tube, the railway engines/wagons railways also cannot run without batteries. Therefore, the batteries have to be treated as part of the railways.

204 (78) KLJ 470 (Cal. – HC): SKP Securities Limited and Infinity Infotech Parks Ltd. v. Deputy Director (RA-IDT) and others - In the instant case the Honourable Calcutta High Court held that there is no provision in Chapter V of the Finance Act, 1994 or for that matter in the CAG Act which empowers the CAG to audit the accounts of an assessee which is a non-Government Company, not in receipt of aid or assistance from any Government or Government entity.

2014 (78) KLJ 527 (Delhi - HC)(DB): Association of Unified Telecom Service Providers of India and Others v. UOI and others - In the instant case the Honourable Delhi High Court Division Bench dealing with respect to the jurisdiction of the CAG held that in relation to the accounts of the telecom service providers, the audit has to be only an audit pertaining to the receipts and no more.

While holding so, it held as under:

- (a) The CAG would not confuse himself with his wide all embracing power under Section 14(2) of the Comptroller and Auditor-General's (Duties, Powers and Conditions of

Service) Act, 1971 (CAG Act) which includes inquiries into aspects like faithfulness, wisdom and economy in expenditures.

Neither Rule 5 of the Telecom Regulatory Authority of India, Service Providers (Maintenance of Books of Accounts and other Documents) Rules, 2002 is ultra vires Section 16 of the CAG Act nor Section 16 is ultra vires Article 149 of the Constitution of India.

INCOME TAX

PARTS DIGESTED:

- a) 363 ITR – Part 2 to 5
- b) ITR – Part
- c) 222 Taxman – Part 4 to 6
- d) 223 Taxman – Part 1 to 3
- e) 31 ITR (Trib) – Part 1
- f) 147 ITD – Part 6 to 9
- g) 148 ITD – Part 1, 3 & 4
- h) 45 CAPJ – Part 5
- i) 10 International Taxation – Part 5

Reference / Description

[2014] 363 ITR 172 (Delhi – HC): A.T. Kearney India P. Ltd. v. ITO - In the instant case the Honourable Delhi High Court noticed that on 14.02.2014, the income tax authorities were represented by M before the Tribunal and the order on the stay application was also pronounced in the open court on that date.

However, the Revenue contended that the concerned Assessing Officer was not intimated.

The Honourable Delhi High Court held, where orders were pronounced in court in the present of the counsel, such contentions would certainly not be accepted and in fact would be seriously viewed. It further held that, it clearly amounts to overreach of the

interim order of the Tribunal, in a similar situation, this court itself would possibly initiate contempt proceedings.

It is hoped that the above decision is an eye-opener to the Department which harps on Coercive Recovery even when the assessee is armed with the decision of the tribunal granting stay. Imposition of exemplary cost on the EARRING tax official would go a long way in ensuring that the departmental officials do not resort to illegal means of recovery.

[2014] 363 ITR 230 (Karn. – HC): CIT and another v. Fr. Mullers Charitable Institution - In the instant case the Honourable Karnataka High Court held that in case of a charitable trust, it is only income from investment or deposit which has been made in violation of Section 11(5) that is liable to be taxed and that violation under Section 13(1)(d) does not tantamount to denial of exemption under section 11 on total income of assessee-trust.

Although the aforesaid decision is favourable, considering the clear language adopted in section 13, it may be difficult to defend the above decision when challenged in the Supreme Court. It may be noted that recently the honourable Delhi High Court in the case of DIT (Exemption) Vs Charanjiv Charitable Trust 2014-TIOL-394-HC-DEL-IT has taken a contrary view.

[2014] 363 ITR 271 (Raj. – HC): CIT v. Rajasthan Fasteners P. Ltd. - In the instant case the Honourable Rajasthan High Court held that merely because a typographical error crept in by the Assessee while e-filing the return and it was mentioned as Section 80-IB instead of Section 10B, the disallowance cannot be made if the Assessee was found eligible for



an exemption under Section 10B and it having been allowed such exemption in the past.

Thus, the Court held that exemption under Section 10B cannot be denied merely on the basis of technical mistake.

[2014] 363 ITR 330 (Delhi – HC): Sony India P. Ltd. and another v. Addl. CIT - In the instant case the Honourable Delhi High Court held that where Assessing Officer rejected stay application on recovery of tax demand and issued garnishee order on same date when stay application was rejected, though technically no fault could be found with Assessing Officer, still there was an element of impropriety in his action.

The Court held that though the Assessing Officer is a prospector of the revenue and he is no doubt expected to protect the interests of the revenue zealously, but such zeal has to be tempered with the rules of fair play and an anxiety to ensure that a opportunity is not lost to the assessee to make alternative arrangements for clearing the tax dues, once the stay applications filed under section 220(3) are rejected. Taking away the amount of Rs.43.87 crores from the bank account of the petitioner may perhaps not be legally faulted, but taking into account the haste with which the Assessing Officer acted in seems that there was an element of arbitrariness in the action of the Assessing Officer.

[2014] 363 ITR 410 (Karn. – HC): CIT and another v. B. Nagendra Baliga - In the instant case the Honourable Karnataka High Court held that where there is a delay in furnishing the necessary documents seized during the course of search by the Department to the assessee, the assessee could not be called upon to

file returns and the delay in filing the returns could not be attributed to the assessee. Therefore, the Court held that interest could not be levied for such delay.

[2014] 363 ITR 572 (Guj. – HC) [FB]: CIT v. Shambhubhai Mahadev Ahir - In the instant case revised monetary limits for filing of an appeal specified by CBDT through an Instruction No. 3 of 2011 dated 09.02.2011 is not applicable to pending appeals. Appeals filed prior to issue of such instruction are governed by instructions prevailing on date of presentation of such appeals.

[2014] 363 ITR 652 (SC): UOI v. Tata Chemicals Ltd. - In the instant case the Assessee had deducted tax in accordance with the order passed by the Assessing Officer under Section 195(2). Later, the Assessee preferred an appeal against the order passed by the Assessing Officer and the Commissioner Appeals allowed the appeal of the Assessee. Thereafter, Assessee claimed refund of tax with interest under Section 244A of the IT Act. The Assessing Officer refused to entertain the claim to interest.

The Honourable Supreme Court held that the Assessee is entitled to interest on refund of excess deduction or erroneous deduction of tax at source under Section 195.

[2014] 222 Taxman 209 (Mad. - HC): Pentasoft Technologies Ltd. v. Dy. CIT - In the instant case the depreciation claimed by the Assessee on non-compete fee was rejected on the grounds that the non-compete fee was in the nature of negative right and it cannot be of a commercial right of similar nature and the expression 'similar nature' under Section 32 of the IT Act shall be relatable to patents, copyrights and trade mark license or franchise or any other business.

The Honourable Madras High Court held that the agreement between the parties is a composite agreement and under the agreement, the transferor had transferred all its rights, copy rights, trade marks in respect of the word 'pentasoft' as well as the training and development division exclusively to be exploited by the assessee. In order to strengthen those rights transfer under the said composite agreement, there was a non compete clause by virtue of which, the transferor was restrained from using the same trade mark, copyrights etc., in favour of the assessee. Therefore, the non compete clause under the agreement should be read as a supporting clause to the transferor of the copy rights and patents rather to strengthen the commercial right, which was transferred in favour of the assessee. Hence, the non-compete fee is a commercial right because that right is relatable to the transfer of trade mark, copyrights and patents and the assessee is eligible for depreciation on non-compete fee.

[2014] 222 Taxman 218 (Guj. - HC); 42 taxmann.com 193 (Guj. – HC): CIT v. Diamines & Chemicals Ltd. - In the instant case, Assessee-company engaged in business of manufacture and sale of various types of chemical, claimed additional depreciation under section 32(1)(iia) with respect to cost incurred by it for installation of Wind Electric Generator. Assessing Officer disallowed same on ground that assessee was not in business of generation and distribution of power.

The Honourable Gujarat High Court held that for claiming deduction under section 32(1)(iia), it is not relevant that setting up wind of mill should be for power industry. In order to claim additional depreciation, setting up of new machinery or plant should be

acquired or installed by an assessee, who is already engaged in business of manufacture or production of any article or thing. Therefore, the Court held that additional depreciation was to be allowed on Wind Electric Generator.

[2014] 222 Taxman 170 (Karn.) (Mag.); 43 taxmann.com 33 (Karn. – HC): Essae Teraoka (P.) Ltd. v. CIT - In the instant case the Honourable Karnataka High Court dealing with respect to the 'contribution' under Section 43B held the expression 'contribution' used in clause (b) of section 43B means the contribution of the employer and the employee and if the contribution is made on or before the due date for furnishing the return of income under sub-section (1) of section 139 is made, the employer is entitled for deduction.

[2014] 223 Taxman 71 (Delhi - HC); 43 taxmann.com 300 (Delhi – HC): DCIT vs. Charanjiv Charitable Trust - In the instant case, Assessee, a charitable trust, was granted registration under section 12A. Assessee filed its return declaring nil income. Assessing Officer noted that assessee in furtherance of its objects to open a school, entered into agreements with APIL for purchase of land and paid 95 per cent of price as advance money. However, even after lapse of more than one year from date of agreement to sell, sale was not completed and no registered document was executed. Assessing Officer took a view that real motive of assessee was to advance its surplus monies to APIL without charging any interest and since APIL was a prohibited person within meaning of section 13(3), provisions of section 13(1)(c)(ii) were attracted with result that assessee could not be allowed exemption under section 11.

The Honourable Delhi High Court on

facts, and in absence of any explanation as to why sale agreement was cancelled after a long time of paying advance money, held that impugned finding recorded by Assessing Officer was to be upheld. Further with respect to the depreciation claimed by the Assessee, the Court held that where in case of a trust cost of asset has been allowed as deduction by way of application of income, then depreciation on same asset cannot be allowed in computation of income of trust.

While the decision of for the Delhi High Court in the above case may be right in denying the benefit of section 11 completely for violation of section 13, it is holding that allowing the depreciation as necessary charge and allowing the capital expenditure as application of income would amount to double deduction may not be in the right perspective. It is necessary to clearly distinguish between charge while computing income and application of income. Application of income entails exemption whereas allowance of the persuasion is a necessary process in computing income. One cannot say that if agricultural income is used in buying a capital asset for the purpose of non-agricultural business, depreciation should not be allowed.

[2014] 223 Taxman 19 (All. - HC) (Mag.); 41 taxmann.com 89 (All. – HC): CIT v. Shivalik Medicare (P.) Ltd - In the instant case the Hon'ble Allahabad High Court held that since filing of unsigned report of auditor was merely an irregularity which was curable and it had been cured also, in such a situation, there was absolutely no reason for levying penalty under section 271B.

[2014] 223 Taxman 189 (Kar – HC): CIT vs. Khoobchand M. Makhija -

In the instant case, one residential house is sold. Out of the sale consideration, it was open to the assessee to purchase a big residential house so as to accommodate both his sons, in which event in terms of section 54(1), he would have been entitled to the benefit of the said section. However, instead of purchasing one big house, having regard to the fact that both his sons are grown up, have families and in order to see that in future, there won't be any litigation or disharmony, he chose to purchase two small residential houses to accommodate both his sons.

The Hon'ble Karnataka High Court held that the assessee was not attempting to evade tax. In fact, after purchasing two residential houses, still there remained unutilized capital gain, which he has offered for tax. Therefore, the context in which the expression 'a residential house' is used in section 54 makes it clear that it was not the intention of the Legislature to convey the meaning that it refers to a single residential house. The letter 'a' in the context, which is used, should not be construed as meaning singular, but being a indefinite article, the said expression should be read in consonance with the other words 'buildings and lands' and therefore, the singular 'a residential house' also permits use of plural by virtue of section 13(2) of the General Clauses Act.

Unlike in the other cases where the facts indicated that the investment was made in multiple adjacent flats, in the above case investment was made in two distant houses. However, the aforesaid decision comes with the caveat that the benefit of section 54 may not be applicable to multiple houses. ■



RECENT JUDICIAL PRONOUNCEMENTS IN INDIRECT TAXES

CA. Badrinath NR, B.Com., Grad CMA, FCA;
CA. Madhur Harlalka, B.Com., FCA

VAT

1. **Assessee with a bona fide intention issuing Form C for ineligible purchases – not liable for penalty:** The issue before the Honorable High Court pertains to the levy of penalty for issue of declaration in Form C against purchase of machinery which was not listed in the certificate of registration. The appellants submitted that all sales tax affairs were managed by its accounts officer and as such it acted on the bona fide belief that said machinery also enjoyed concessional rate of tax. Honourable High Court allowing the appeal held that the Assessing Officer has not made specific allegation in the notice issued to show that there was mens rea on the part of the appellant. [*Shoetek Agencies v. State of Tamil Nadu* [2014] 44 taxmann.com 456 (Madras)]
2. **Quantity discounts reflected in invoice not pertaining to the goods which are being sold – not admissible:** The Appellants was engaged in the manufacture and sale of home appliances and allowed quantity discount based on performance to its distributors. The quantity discounts were mentioned on the invoices raised. However, the discounts as shown on the invoice was in relation to the performance of the distributor for the past 3 to 6 months and does

not pertain to the goods sold vide such invoices. In relation to admissibility of deduction of such quantity discount, Honorable High Court dismissing the appeal held that from the bare perusal of the said invoice, it was clear that the discount shown in the invoice was not relatable to the sale of goods by the said invoice and as such the assessee could not claim deduction under rule 3. It was also observed that it is necessary to reflect the discount in the tax invoice but such discount should be in respect of the goods being sold vide such invoice. [*Maya Appliances (P.) Ltd. v. Additional Commissioner of Commercial Taxes* [2014] 45 taxmann.com 162 (Karnataka)]

3. **VAT not shown separately in the invoice – deduction cannot be claimed:** Honorable High Court has held that the appellants are not entitled to claim the deduction of VAT paid on sale of goods when the invoice / bill issued by the appellants does not specifically mention the value of goods and amount of tax collected thereon. The fact was that the appellants, in the sale invoice mentioned the total value of goods including the amount of tax. The sale invoice also mentioned that tax was collected at the rate of 12.5 per cent. While declaring the turnover and tax in the monthly returns in Form VAT-100, the total amount

of was bifurcated as taxable turnover and tax. It was observed that the sale invoice was not issued in terms of Section 9(1) and rule 29(1) of the Karnataka Value Added Tax Act, 2003. [*Mahadevi Stores v. Additional Commissioner of Commercial Taxes* [2014] 45 taxmann.com 82 (Karnataka)]

4. **Non-compliance with delivery note – penalty set-aside:** The Revenue is before the Honorable High Court against the order of the Tribunal which set-aside the penalty levied under Section 53(2) for non-production of delivery note. It was observed that the penalty can be levied only when there is no sufficient cause for non-compliance. The person-in-charge of the vehicle has mentioned that he inadvertently failed to carry the delivery note whereas he produced the bill of sale. The production of bill coupled with the explanation given by the person-in-charge does not disclose that there was any intention of evading the tax. [*State of Karnataka v. Aradhya Steel Wires (P.) Ltd* [2014] 45 taxmann.com 291 (Karnataka)]
5. **Standard deduction of labour – deduction on account of gross profit can also be claimed:** The issue before the Honorable High Court is whether the appellant engaged in the execution of works contract is entitled to claim deduction on account of gross profit even otherwise the deduction of labour and other like charges are claimed at standard rate in terms of Rule 6(4)(n)(v) of Karnataka Sales Tax Rules, 1957. The brief facts were that the appellant apportioned the gross profit earned amongst the value of

goods transferred and labour charges as per Explanation II. Honorable High Court allowing the appeal held that Explanation II to Rule 6 specifically refers to the clause (m) and (n) of sub-Rule (4). Explanation II was held to be applicable to Rule 6(4)(n). Accordingly, it was held that the appellant claiming labour deduction at standard rate can also claim the deduction of gross profit. [*Sobha Developers (P.) Ltd. v. Additional Commissioner of Commercial Taxes [2014] 45 taxmann.com 235 (Karnataka)*]

6. **Goods sold by duty free shop- sale in the course of import:** Honorable High Court has held that sale of imported goods by duty free shops holding a licence as private bonded ware house for storage of goods without payment of duty located in the airport amounts to sale in the course of import falling under Section 5(2) of CST Act, 1956. [*State of Karnataka Vs. Flemingo Duty Free Shop (P) Ltd., (2014) 45 taxmann.com 463(Karnataka)*]
7. **Job-worker entitled to claim input tax credit on raw-materials and consumables:** Honorable High Court has held that respondent-assessee being a job worker is entitled to claim the input tax credit of VAT paid on purchase of raw-materials, consumables etc., used in the execution of a job work even otherwise no output tax was paid on the turnover of job work. Further, it was held that input tax shall not be deducted in calculating net tax in relation to goods which were dispatched to a place outside the State or used in processing, manufacturing or packing of other taxable goods dispatched to a place outside the

State. [*State of Karnataka Vs. Ashok Iron Works (P.) Ltd., (2014) 45taxmann.com 357 (Karnataka)*]

Central Excise

8. **Eligibility of CENVAT credit:**

The Tribunal has held that service tax paid on services such as insurance of plant and machinery, goods in transit, cash in transit and insurance of vehicles, and laptop, is an integral part of manufacturing business and accordingly are eligible to be claimed as CENVAT credit. It was further observed that without insurance of plant & machinery, cash in transit, goods in transit, vehicles & computers, etc. against any loss due to accident, natural calamities, etc., no manufacturer would carry on manufacturing operations. [*M/S Hindustan Zinc Ltd Vs Commissioner Of Central Excise 2014-TIOL-855-CESTAT-DEL*]

9. **CENVAT Credit not admissible in relation to export of goods:**

The Tribunal has held that CENVAT credit on the services related to the export of inputs which are not used in the manufacture of goods is not admissible [*Crossword Agro Industries v. Commissioner of Central Excise [2014] 45 taxmann.com 239 (Ahmedabad – CESTAT)*]

10. **CENVAT credit – Garden Maintenance Service is admissible:**

The Tribunal has held that CENVAT credit of service tax paid on garden maintenance services is admissible on the grounds that such services are used in the course of their business [*M/s Mukand Ltd Vs Commissioner Of Central Excise 2014-TIOL-864-CESTAT-MUM*]

11. **Physician sample – assessable to duty on transaction value and not**

on RSP: The appellants clearing the free physician samples, paid the duty on transaction value in terms of Section 4(1)(a) of the Central Excise Act, 1944. For clearance other than physician samples they adopted the valuation method based on RSP in terms of Section 4A. The Revenue contention that the physician samples should be valued on RSP in terms of Section 4A is turned down by the Tribunal. Reliance placed on the decision of the Tribunal in the case of Meyer Health Care Pvt. Ltd. Vs. Asst. CCE, Bangalore-II - 2008-TIOL-2494-CESTAT-Bang. [*Pharmasia Ltd Vs Commissioner Of Customs, Central Excise And Service Tax 2014-TIOL-973-CESTAT-Bang*]

12. **Amount paid during investigation is not a duty and the bar of unjust enrichment is not applicable:**

The application filed, after final adjudication, to claim refund of amount paid in excess during the investigation was rejected on the grounds that the application is filed beyond one year period and is hit by unjust enrichment. The Tribunal held that the demand confirmed vide order-in-original was set aside by the first appellate authority and as such the relevant date for filing application for refund should be reckoned from the date of the order of the first appellate authority. It was also held that the amount paid at the time of investigation is not a duty and as such the bar of unjust enrichment is not applicable. Accordingly, the appeal filed by the Revenue against the impugned order is dismissed. [*CCE, Mumbai – II Vs. Hira Enterprises 2014-TIOL-1105-CESTAT-Mum*]



Service Tax

13. **Construction of mall - CENVAT credit on materials and services:**

The appellants engaged in the business of renting of space in malls. The appellants availed the CENVAT credit in respect of cement, glass and steel used for construction of building by the contractor who was providing works contract services in relation to construction of mall. It was the contention of the appellant that the said inputs are used for construction of the building which is used for providing the services of renting of immovable property. The appellants also claimed the CENVAT credit of service tax paid on services such as security services, consultancy, housekeeping, repair, maintenance and Chartered Accountant, etc. The appellants are before the Tribunal with a pray to waive the pre-deposit. The Revenue contended that cement, glass and steel is said to be used for providing the output services falling under the work contract services that the contractor is providing to the appellants and as such, it cannot be said that the materials have been used for providing renting of immovable property. The Tribunal, in relation to claiming CENVAT credit on inputs referred to the decision of the Tribunal in the case of CCE v. Sai Sahmita Storages (P.) Ltd. [2012] 34 STT 306/17 taxmann.com 107 partly accepted the application for waiver of pre-deposit. Insofar as the issue relating to CENVAT credit on services the Tribunal waived off the requirement of pre-deposit. [*Galaxy Mercantile Ltd. v. Commissioner of Central Excise* [2014] 45 taxmann.com 164 (New Delhi - CESTAT)]

14. **Deputation of employees to subsidiary company – not liable to service tax:** Honorable High Court has held that deputation of employees to subsidiary company on cost sharing basis does not establish a agency-client relationship and as such the activity is not covered under manpower recruitment or supply agency services. [*CST Vs. Arvind Mills Ltd.*, (2014) 45 taxmann.com 376 (Gujarat)]

15. **Revenue is not empowered to freeze bank accounts:** In an issue whether the Revenue can freeze bank account of the appellant by invoking the powers specified under Section 87(b) of Finance Act, 1994, Honorable High Court has held that the said section does not empower the authorities to freeze the bank accounts. The Revenue can only claim money from the bank account upon final adjudication quantifying the amount due and payable by the assessee. [*R.V. Man Power Solution v. Commissioner of Customs & Central Excise* [2014] 45 taxmann.com 215 (Uttarakhand)]

16. **Service tax collected but not remitted – fit case to invoke extended period of limitation:** The order demanding the collection of service tax along with the interest and penalty by invoking the extended period of limitation was held to be valid on the grounds that, the fact that the service tax was collected but not remitted came to the notice of the Revenue only after investigation. The contention of the respondent-assessee that there was no evasion of tax by way of suppression as the books of accounts and financial statement disclose the amount of service tax is held to be not acceptable. [*Commissioner*

Of Central Excise, Aurangabad Vs Laxmi Colour Lab 2014-TIOL-995-CESTAT-MUM]

17. **Impugned order set-aside for mistake in the notice:** The impugned order wherein the demand was made on the appellant was set aside by the Tribunal on the grounds that the notice against which the demand was confirmed states that the appellant being a director of the Private Limited Company was shown as a proprietor of such Company. [*Bhavna Jayantibhai Desai v. Commissioner of Central Excise & Service Tax* [2014] 45 taxmann.com 167 (Ahmedabad - CESTAT)]

18. **Free supplies –not liable to service tax:** In an issue relating to the inclusion of value of goods supplied free of cost by a service recipient to the provider of construction service, the Tribunal has held that such free supplies are not liable to service tax and as such not required to be included in gross amount charged. Reliance placed on the decision of the Tribunal in the case of Bhayana Builders (P) Ltd. vs. CST, Delhi reported in 2013 (32) S.T.R. 49 (Tri. - LB). [*M/s Hindustan Steel Works Construction Ltd Vs Commissioner Of Central Excise* 2014-TIOL-946-CESTAT-DEL]

Customs

19. **Typographical error in bill of entry – acceptable:** The respondents remitting the duty on Euro value on the contention that the value mentioned on the bill of entry in US dollars is typographical mistake is acceptable. Tribunal rejected the appeal filed the Revenue. [*Commissioner Of Customs (Import) Vs Blue Star Ltd* 2014-TIOL-819-CESTAT-MUM]

APPOINTMENT, RESIGNATION & REMOVAL OF AUDITORS PROVISIONS UNDER THE COMPANIES ACT 2013

CA. J. Krishnamurthy*, FCA, FCS

1.0 General:

1.1 Provisions of the Companies Act 2013:

The provisions of the Act regarding the appointment of auditors and matters incidental thereto are contained in Sec.139 (appointment of auditors), Sec. 140 (removal, resignation of auditor and giving of special notice), Sec. 141 (eligibility, qualifications and disqualifications of auditors), Sec.142 (remuneration of auditors), Sec. 177 (Audit Committee), Companies (Audit & Auditors) Rules 2014 and Companies (Meetings of Board and its Powers) Rules, 2014.

1.2 Scope of the Rules:

The Companies (Audit & Auditors) Rules 2014 (effective 1st April 2014) detail (i) the procedure for selection and appointment of auditors (ii) conditions for their appointment (iii) classes of companies that are prescribed by MCA (iv) manner of rotation of auditors (v) resignation of auditor (vi) removal of the auditor before the expiry of the term (vii) devolution of criminal liability in cases of fraud (viii) disqualifications of auditor (ix) matters to be included in the

audit report (x) branch audit and auditor (xi) reporting of frauds by the auditor and (xii) forms prescribed for filing with the RoC.

2.0 Certain notable expressions:

2.1 'Public company' means a company which is not a private company, which has a minimum paid-up share capital of five lakh rupees or such higher sum as may be prescribed and includes a deemed public company, that is to say a subsidiary of a company which is not a private company even when such subsidiary company continues to be a private company in its articles. The other allied expressions are (a) Private company (b) Small company (c) Government company and company equivalent thereto (d) Holding and Subsidiary companies (e) listed company (f) associate company (g) body corporate etc which are defined in Sec.2 and Sec.139.

2.2 'Small company' means a company, other than a public company,— (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees; or (ii) turnover of which as per its last profit and loss account does not exceed two crore

rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees: Provided that nothing in this clause shall apply to—(A) a holding company or a subsidiary company; (B) a company registered under section 8; or (C) a company or body corporate governed by any special Act;

2.3 Government Company' means any company in which not less than fifty-one percent of the paid-up share capital is held by one or more State Governments and/or Central Government (Sec. 2 (45)).

2.4 'Government Company equivalent' (expression coined by the author) is a company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments (Sec. 139 (5) & (7)) 'Control' includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

2.5 'Auditor' includes individual and firm which includes LLP; Chartered Accountant means a CA who holds a valid certificate of practice under the CA Act, 1949.

2.6 Audit Committee: Audit Committee' is a mandatory committee of the Board constituted under Sec.177 of the Act read with Rule 6 of the



Companies (Meetings of Board and its Powers) Rules, 2014.

2.7 "Appointment" includes reappointment.

2.8 "Independent director" means a director other than a managing director or a whole-time director or a nominee director who satisfies the criteria laid down in Sec.149 (6) of the Act. Relative' means husband and wife, members of HUF or other relationships prescribed in the Rules;

2.9 'Related Party' means 'a director or his relative, a key managerial personnel of his relative and other relationships and parties set out in Sec. 2 (76) of the Act.

2.10 'Rotation of auditors' (not defined by the Act or the Rules) is a method by which the appointment of an auditor takes a break after a term of five years (for individual) or two consecutive terms of five years each i.e., ten years (for a firm). 'Rotation of auditing partner and his team' (vide S.139) is a method whereby the members of a company resolve to provide that (a) in the audit firm appointed by it, the auditing partner and his team shall be rotated at such intervals as may be resolved by the members; or (b) the audit shall be conducted by more than one auditor.

2.11 'Body corporate' or 'corporation' includes a company incorporated outside India, but does not include (a) a co-operative society and (b) a body corporate (not being a company) exempted by the Central Government. (Sec.2) The scope of 'body corporate' is wider than that of a

'company' since it includes corporations incorporated formed under any special law of India or abroad such as public financial institutions formed under special acts of Parliament (eg LIC, UTI, IDFC, etc) an incorporated is a body corporate but a body corporate may or may not be an incorporated company.

2.12 'Remuneration' means any money or its equivalent given or passed to any person for services rendered by him and includes the perquisites as defined under the Income-tax Act 1961 (Sec.2 (78)).

2.13 "Perquisite" is as defined under the Income-Tax Act.

2.14 Disclosure of payments to auditors: Schedule VI requires payments to the auditor to be detailed as payments made to him (a) as auditor (b) for taxation matters (c) for Company law matters (d) for management services (e) for other services and (f) for reimbursement of expenses.

3.0 Appointment Methodology :

The law and procedure of appointment of auditors (contained in the Act and the Rules) varies (a) with the different categories or groups of companies detailed below and (b) the nature of appointment namely the first auditor (Board-appointee), Regular auditor (AGM or CAG appointee) Casual vacancy-appointee and the like.

3.1 Category 'A' Companies (Sec.139 (2))

(1) Listed Companies other than Government companies or their equivalents (2) Companies belonging to class or classes of companies, prescribed in the

Companies (Audit & Auditors) Rules 2014, namely (a) all unlisted public companies having paid up share capital of rupees ten crore or more; (b) all private limited companies (other than OPC, Small companies and Government companies or their equivalents) having paid up share capital of rupees twenty crore or more; (c) all unlisted public companies (other than Government companies and their equivalents) having paid up share capital of below rupees ten crore but having public borrowings from financial institutions, banks or public deposits of rupees fifty crore or more; and (d) all private limited companies (other than OPC, Small companies and Government Companies or their equivalent) having paid-up share capital of below rupees twenty crore but having public borrowings from financial institutions, banks or public deposits of rupees fifty crore or more. These companies covered by (a) to (d) above may, for purposes of brevity be termed as 'Prescribed companies'.

Author's Note: *There is an interpretation problem in the language of Rule 5 (c) and (d). One possible interpretation is "all companies having paid up capital of less than rupees ten crore and less than rupees twenty crore". Second (practical) interpretation is that mentioned above in (c) and (d). The first interpretation will be absurd since the expression 'less than rupees twenty crore' includes the expression 'less than rupees ten crore'. Hence, the latter(second) interpretation has been followed. To avoid*

controversy, MCA should amend the rule 5 (c) to read as follows: “companies in (a) and (b) having paid up share capital of below threshold limits respectively mentioned therein but having public borrowings from financial institutions, banks or public deposits of rupees fifty crore or more”

3.2 Category B companies:

(Sec.139 (5))

Government Companies (listed and unlisted) and their equivalents as stated above.

3.3 Category 'C' Companies

(Sec. 139 (1))

All companies other those covered by the above two (A & B) categories.

These companies include OPC, Small companies, other private limited companies (other than Government companies or their

equivalents) having paid-up share capital of below rupees twenty crore but which do not have public borrowings or have public borrowings from financial institutions banks or public deposits of less than rupees fifty crore, all unlisted public companies (other than Government companies and their equivalents) having paid up share capital of below rupees ten crore but which do not have public borrowings or have public borrowings from financial institutions banks or public deposits of less than rupees fifty crore etc.

2.2 Appointment-type-wise or Situation-wise: Further, the law and practice of appointment of auditor also varies based on the nature of the appointment or situation in which the appointment has been made. This divide consists of the following: (I) First auditor who is appointed in a

newly incorporated company (II) Casual Auditor in casual vacancies such as those arising due to resignation, disqualification, death etc (III) Rotational auditor or AGM-appointee whose period of office as auditor is subject to retirement by rotation as per law and (IV) Government Company Auditor or CAG appointee in a Government company or its equivalent whose period of appointment, remuneration and other terms of appointment are determined by CAG.

Note: The procedural aspects of appointments of auditors in respect of the above categories/groups and types/situations will be covered in the newsletters to follow.

(To be continued)

**(Past Chairman – 1971-75)*

APPEAL TO THE MEMBERS

COURSE ON FINANCE FOR NON-FINANCE EXECUTIVES

Sub: XVIII Batch of the Course on Finance for Non Finance Executives under the aegis of Management Development Programmes (MDP)

The course is **open for Non-Finance Executives** such as Engineers, Architects, Doctors, Human Resource Personnel, Department Heads/ Administrators / Entrepreneurs and various other professionals, those who are not having adequate knowledge of Accounts / Finance.

The course does not call for any prior knowledge in Accountancy, Finance and Tax Laws. The course coverage will be basic in all subjects.

Duration: August 2014 to December 2014

Timings: 02.00pm to 07.00pm (Only on Saturdays)

Course Fee: Rs.15000/- per participant.

Mode of payment: DD/Cheque in favour of Bangalore Branch of SIRC of ICAI

Contact Tel: 080 - 30563500 / 511/ 512

E-mail: bangalore@icai.org / blrprogrammes@icai.org

Course Contents:

- Financial Accounts & Company Accounts
- Direct Taxes
- Financial Analysis
- Project Reports
- Indirect taxes
- Corporate Finance
- Cost Accounts

Members are requested to disseminate this information about the course to their clients



LEGAL DECISIONS ON INTERNATIONAL TAXATION

CA. Rekha K R and CA. Rani N R

A. Transfer Pricing

Theme: Arbitrary Orders passed by Transfer Pricing Officers

Background: It is common knowledge that many transfer pricing orders that have been issued are arbitrary in nature and do not consider facts that are particular to the case. Two such recent orders are discussed below.

1. Company that had no comparable companies in India

Authority	Income Tax Appellate Tribunal, Delhi Bench "I".
Reference	Hyper Quality India (P) Ltd vs. Assistant Commissioner of Income Tax, Circle 12(1), New Delhi.
Citation	{2014} 45 taxmann.com 102 (Delhi-Trib).

Facts:

Hyper Quality India Pvt Ltd (HQ) was a captive service provider engaged in providing back office support services to its AE in USA which was providing call evaluation and monitoring services to other call centers. It filed its return for the Assessment Year 2007-08, which was processed under Section 143(1), taken up for scrutiny and referred to the Transfer Pricing Officer.

During the course of the assessment proceedings, the TPO objected to the ALP worked out on

the Profit Split Method (PSM) and proposed to apply Transactional Net Margin Method (TNMM) and asked HQ to provide the justification of ALP. HQ provided consolidated financials and the justification of the ALP adopted by it. Ignoring the same the TPO adopted Transactional Net Margin Method without valid reasons.

TPO also erred in evaluating FAR (Functions performed, Assets employed and Risk assumed) analysis, which had been summarily confirmed by DRP.

HQ received the Draft order under Section 144C read with Section 144(3) with inter-alia, transfer pricing additions.

HQ filed its objections before the Dispute Resolution Panel (DRP-I), which directed re-computation of Arm's length pricing based on the ALP submitted by it. Thus, HQ escalated to the ITAT.

ITAT Ruling

The Transactional Net Margin Method, which warrants external benchmarking at net profit level, will not be an appropriate method, considering the fact that there is no other company in India, which is into the line of business of the assessee company. Besides the new line of business involves unique intangibles used by the AE such that independent evaluation of performance is not possible. As the service of HQ and its AE are coined together as a service delivery to end clients, the net

outcome should be a subject matter of tax apportionment in India. Rule 10B of the Income Tax rule is very clear in this regard.

Since the AE in conjunction with HQ are yet to earn any profits and AE is still in the stage of accumulating losses while HQ is earning profit, (due to its TP method) the TP report submitted by assessee was self explanatory. In this eventuality, reference may not have been made to the transfer-pricing officer. It is in this perspective that section 92(3) was enacted to chapter X of the Income tax Act, for making the TPR not applicable in case the transaction amongst the Multi National Enterprise has resulted in higher taxable profit. The Tribunal ruled in favour of HQ and set aside the additions.

Key Take-aways

- TNMM would not be the appropriate method in case the business is unique and there are no comparable companies in India.
2. **Assessing Officer browsed the website of the tax-payer and determined that there are international transactions for the assessment year under scrutiny**

Authority	Income Tax Appellate Tribunal, Chennai Bench 'D'
Reference	Oren Hydrocarbons (P) Ltd vs. Assistant Commissioner of Income Tax, Company Circle 5(1), Chennai
Citation	{2014} 45 taxmann.com 219 (Chennai Trib).

Facts: Oren is engaged in manufacture, trade and export of

chemicals used in oil and gas exploration industry. It filed its return of income for the AY.2008-09 on 27-09-2008. The case of the assessee was selected for scrutiny and notice u/s. 143(2) of the Act was issued. Since Oren had entered into certain international transactions, the case was referred to the Transfer Pricing Officer [TPO] to determine the Arm's Length Price [ALP]. Before referring the matter to TPO, the Assessing Officer on the basis of the information available on the website of M/s. Oren Hydro Carbon Middle East Incorporation held that, the Managing Director of Oren is also the Chairman and Managing Director of the overseas company with whom Oren had transactions. This prompted the TPO to make additions.

Facts that were ignored: The Managing Director of the Indian company became the Managing Director of the Middle-East company only from the Assessment Year 2009-10 and not 2008-09.

ITAT Ruling: The Assessing Officer has formed his opinion that Oren has international transactions with its AE on the basis of information available on the website of Oren and its overseas company. The Assessing Officer has not ascertained from documents on record, whether the overseas enterprises is AE of Oren in the Assessment Year under scrutiny. The appeal was decided in favour of Oren.

Key Take-aways

It would not be appropriate for Assessing Officers to take decisions based on information that is available in the public domain without seeking further documentary evidence to confirm or negate the information.

Conclusion:

The cases cited above reconfirm the fact that arbitrary transfer pricing orders continue to be passed at the TPO level and justice is given only at the stage of the Income Tax Appellate Tribunal.

B. AAR Rulings

1. Steria case

Issue: 1) Taxability of management service fees as fees for technical services and withholding tax under Section 195 of the Income-Tax Act on the same.

2) Whether the "make available" clause would be applicable generally or would have to be included in specific tax protocols.

Reference: AAR No 1055 of 2011.

Facts: Steria (India) Ltd. (hereafter referred to as Steria India), is a public limited company registered under the laws of India and is a leading provider of IT driven business services. Groupe Steria SCA- hereafter referred to as Steria France- is a partnership firm as per the laws of France. It centralizes technical skills to carry on management functions such as legal finance, human resources, communication risk control, information systems, controlling and consolidation, delivery and industrialization, technology and the management information services etc. Steria France, for the purpose of the Act, is a non-resident in India and does not have a PE in India.

Steria India has entered into a Management Services Agreement with Steria France whereby Steria France provides various management services Steria India with a view to rationalize and standardize the business conducted by the applicant in India in accordance with the

international best practices. As per the terms of the Management Services Agreement (MSA), the services provided to the applicant by Steria France are broadly grouped under: A. General Management, B. Corporate Communications, C. Finance, D. Group Marketing, E. Internal audit, F. Human Resources, G. Information System, H. Controlling and Consolidation, I. Legal, J. Group Global Operations, K. Group Efficiency, L. Group Information Services, M. People One and N. Management Information Services. The services, as referred above, are provided by Steria France through telephone, fax, e-mail etc. and no personnel of Steria France would visit India for provision of such services.

Question: The Questions that were raised before the AAR were whether the payment made to Steria France was taxable in India as per the Double-Tax Avoidance Agreement between India and France. If yes, whether tax needed to be deducted on this payment. The argument of Steria was that the "make available" clause which was applicable to the India-Netherlands treaty should be applied here as per the protocol between India and France. Two critical components of the make available clause are that the services need to make available technical knowledge, experience, skill, know-how, that enables the person receiving the services to apply the technology and the receiver should be able to apply the technology.

In the instant case since no technology was made available, the payment made was not taxable in India and hence tax need not be deducted on this payment.



AAR Decision

What is stated by the Protocol is for India to limit its taxation at source for the detail items mentioned therein. The restrictions are on the rates and 'make available' clause cannot be read in the items. On the basis of the Protocol, notification No.9602 dated 10.7.2000. was issued by Govt. of India. The said Notification does not include anything about the 'make available' provision. Had the intention of the Protocol or the Government is to include 'make available' clause in the Tax Treaty between India and France, it should have been done so in the said Notification.

It was ruled that the payment would be considered as fees for technical services which would be taxable in India and tax would have to be deducted under Section 195 of the Income-Tax Act, 1961.

Conclusion

Recently, the Mumbai High Court took a completely different stand on this issue in the case of IATA BSP India ruling that "make available" would be applicable even in the absence of specific instructions.

We have not heard the last on this yet. ■

Advt.

Clause by Clause Discussion on Finance Bill 2014

On Friday, 18th July 2014 between 09.00am & 06.30pm

at Jnana Jyothi Convention Centre,

Central College Campus, Near SBM Circle, Palace Road, Bangalore



Time	Subject	Resource Persons
08.30am to 09.00am	Registration	
09.00am to 01.00pm	Discussion on Indirect Taxes	CA.V. Raghuraman CA. N. Anand CA. Madhur Harlalka
02.00pm to 06.30pm	Discussion on Direct Taxes	CA. S. Ramasubramanian CA. H. Padamchand Khincha CA. K.K. Chythanya

CA. Babu K. Thevar

Chairman

CA. Pampanna B.E.

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“Analysis of Union Budget – 2014”

A Public Awareness Programme

A special programme on Analysis of Union Budget – 2014 is being organized by

Bangalore Branch of SIRC of ICAI

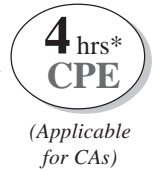
in association with

Christ University

on **Friday, 11th July 2014** between **04.00 pm & 08.00 pm**,

at **Christ University Auditorium**, Hosur Road, Bangalore 560 029.

enabling the delegates to acquire a comprehensive knowledge about the Union Budget.



Moderators :	CA. T. V. Mohandas Pai, <i>Chairman, Manipal Global Education Services Pvt Ltd.</i>
	CA. H. Padamchand Khincha, <i>A leading Direct Taxes Consultant, Bangalore</i>
Panelists :	Industrialist Member from Banking Sector Economist Member from Finance Sector
Time :	04.00pm to 08.00pm (04.00pm to 04.30pm - High Tea 04.30pm to 05.00pm - Inaugural Session 05.00pm to 08.00pm - Analysis of Union Budget-2014)

* Confirmation awaited

ENTRY FEE: NIL

We are glad to inform you that this annual programme of Bangalore Branch of SIRC of ICAI is **open for Members of ICAI, Students & also the General Public**. The aforesaid moderators with their team of expert panelists will technically analyse & present their views on the Budget – 2014.

You are invited to participate in the programme and make it a remarkable event.

CA. Babu K. Thevar
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Secretary

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CA. R. Ananda has been nominated as
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Seminar on Professional Opportunities and Recent Development in Co-Operative Sector and Changing Paradigm of NPOs

Organized by **Committee for Co-Operatives and NPO Sectors, ICAI**

Hosted by **Bangalore Branch of SIRC of ICAI**

On **Saturday, 02nd August 2014 at Bangalore Branch Premises**



Seminar on Professional Opportunities in Co-Operative Sector	
9.30a.m. to 10:00a.m.	Registration
Session I 10.00a.m. to 11:15a.m.	Overview of Co-operative Sector & Professional Opportunities for Chartered Accountants in Co-operative Sector CA. Rajkumar S. Adukia , <i>Chairman, CCONPO & Council Member, ICAI</i>
11:15a.m. to 11:30a.m.	Tea Break
Session II 11.30a.m. to 12:15p.m.	Formation of Co-operative Societies • Drafting of bylaws of Co-operative Societies • Stamp Duty & Registration issues of Co-operative Societies of Co-operative Societies
Session III 12.15p.m. to 01:15p.m.	Issues related to Accounting and Auditing in Co-operative Sector and Taxation of Co-operative Societies • Income Tax applicable to Co-operative Societies • Service Tax applicable to Co-operative Societies • VAT related issues in Co-operative Societies
01:15p.m. to 2:00p.m.	Lunch Break
Seminar on Changing paradigm of NPOs	
Session I 2:00 p.m. to 2:30 p.m.	An overview and professional opportunity in NPO Sectors CA. Rajkumar S. Adukia , <i>Chairman, CCONPO & Council Member, ICAI</i>
Session II 2.30 p.m. to 3:00 p.m.	Importance of Compliance & Good Governance in NPOs
03:00 p.m. to 3:15 p.m.	Tea Break
Session III 3.15 p.m. to 4:00 p.m.	Funding propositions of NPOs
Session IV 4.00 p.m. to 5:15 p.m.	Issues related to Accounting and Auditing in NPO Sectors and Structuring and taxation of NPOs and Charitable organizations.
Note: ➤ Delegate Fee: For Seminar on Professional Opportunities in Co-Operative Sector - Rs. 300/- Seminar on Professional Opportunities and Changing Paradigm of NPOs - Rs. 450/- ➤ Mode of Payment: Offline Registration & Payment: DD/Pay order/Cheque should be drawn in favour of 'Bangalore Branch of SIRC of ICAI' payable at Bangalore and sent to ICAI Bhawan, 16/0, Millers Tank Bed Area, Vasanthnagar, Bangalore – 560 052 Online Registration & Payment of fees, please visit www.icai.org .	

Programme Chairman

CA. Rajkumar S. Adukia

Chairman, Committee for Co-Operatives and NPO Sectors

Email id - rajkumarradukia@caaa.in

Programme Directors

CA. Babu K Thevar

Chairman

CA. Pampanna B.E.

Secretary

Bangalore Branch of SIRC of ICAI

Programme Coordinators

CA. Sini Thomas

Contact No. : 08553025165

Email: starttptp@gmail.com

CA. Mohan Lavi

Contact No. : 09900022040

Email id – mohan.lavi@gmail.com

For registration, please contact:

Secretary, Committee for Co-Operatives and NPO Sectors,

Phone: (0120)3045996 /3876869/ 8800092351,

E-mail: ccoop@icai.in, cconpo@icai.in

www.icai.org, www.cconpo.icai.org

Ms.Geetanjali D.,

OR Bangalore Branch of SIRC of ICAI,

Vasanthangar, Blore-52, Tel: 080-30563500 / 3513;

Email: blrregistrations@icai.org; www.bangaloreicai.org

One Day National Conference on

“Recent Developments impacting the Corporate Sector”

Theme : Changing Times – Un Changing Values

Organised by **Committee for Members in Industry (CMII)**
Institute of Chartered Accountants of India, New Delhi.

Hosted by **Bangalore Branch of SIRC of ICAI**

on **Saturday, 19th July 2014** at **Hotel Le-Meridian, Bangalore.**
at **9.30 am to 5.30 pm**



Timings	Topics	Speakers
9.30 AM to 10.00 AM	Inauguration by CA. INDRANIL CHOWDHURY, <i>Vice President, Volvo India Pvt. Ltd., Bangalore.</i>	
10.00 AM to 11.30 AM	Technical Session I Aspects Relating to Foreign Direct Investments - Fema Compliance	CA. ANUP SHAH <i>Mumbai</i>
11.30 AM	<i>Tea Break</i>	
11.45 AM to 1.15 PM	Technical Session II Issues under Service Tax with reference to: • Negative List • Reverse Charge Mechanism • Point of Taxation • Abatement	CA.V. RAGHURAMAN <i>Bangalore</i>
1.15 PM	<i>Lunch Break</i>	
2.15 PM to 3.45 PM	Technical Session III Action Points for CFO under the Companies Act, 2013 with specific reference to: • Related Party Transactions • Loans and Investments • Borrowings & Acceptance of Deposits • Independent Directors • Corporate Social Responsibility • Consolidated Financial Statements & Depreciation Under the Companies Act, 2013.	CA. P.R. RAMESH <i>Deloitte & Haskins, Hyderabad</i>
3.45 PM	<i>Tea Break</i>	
4.00 PM to 5.30 PM	Technical Session IV Tax Implications of transactions in Software	CA. P.V. SRINIVASAN Group Head (Taxation)Wipro Ltd., Bangalore

CA. TARUN GHIA
Chairman
CMII, New Delhi

CA. S. PRAKASH CHAND
CA. LALITH M. SHARMA
Programme Co-ordinators
(Co.opted Members of CMII, New Delhi)

CA. BABU K. THEVAR
Chairman
CA.PAMPANNA B.E.
Secretary

Delegate Fee: **Rs.2,000/-** Cash / Cheque / DD in favour of “Bangalore Branch of SIRC of ICAI”

Limited Seats. Registration on First Come First Served Basis.

For further details please contact:

Ms. Geetanjali D., Tel: 080-30563500 / 3513, Email: blrregistrations@icai.org | www.bangaloreicai.org



**BANGALORE BRANCH OF
SOUTHERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**
“ICAI Bhawan”, #16/O, MILLERS TANK BED AREA, BANGALORE – 560052
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 51st Annual General Meeting of the members of the Bangalore Branch of Southern India Regional Council of the Institute of Chartered Accountants of India, will be held on **Monday, 28th July 2014, at 4:00 PM at S.Narayan Auditorium, “ICAI Bhawan”, #16/O, MILLERS TANK BED AREA, BANGALORE - 560052** to transact the following business.

1. To receive the Annual report of the Bangalore Branch for the year 2012-2013.
2. To adopt the Audited Accounts of the Bangalore Branch for the year ended 31st March 2013.
3. To transact any other business that may be brought out before the meeting with the permission of the “Chair”.

By order of the Managing Committee

Sd/-

(CA. Pampanna B.E.)
SECRETARY

Place: Bangalore

Date: 29.06.2013

- Note: 1. Members are requested to bring the copy of annual report with them for the Annual General meeting.*
- 2. Members are requested to send in queries if any, on audited financial statements for the year ended 31-3-2013 and any other business i.e. intended to be brought out before the meeting with the permission of the "Chair", within 18th of July 2014 to the Branch by post or email bangalore@icai.org*

MANAGING COMMITTEE 2012-13

CA. Raghu K.	Vice President, ICAI, Ex-Officio, Central Council
CA. Ravindranath S.N.	Chairman
CA. Babu K. Thevar	Vice Chairman
CA. Allama Prabhu M.S.	Secretary
CA. Pampanna B.E.	Treasurer
CA. Naina Gadia	Chairperson, SICASA
CA. Bhat Shivaram Shankar	Member
CA. Geetha A.B.	Co-opted Member, SICASA
CA. Shravan Guduthur	Co-opted Member, SICASA
CA. Suresh P.R.	Vice Chairman, SIRC, Ex-Officio, Regional Council
CA. Cotha S. Srinivas	Ex-Officio, Regional Council
CA. Nithin M.	Ex-Officio, Regional Council

51st Annual Report

Dear Members,

We are pleased to present the 51st Annual Report of the Bangalore Branch of SIRC of the Institute of Chartered Accountants of India, together with the audited accounts for the year ended 31st March 2013.

The Bangalore Branch, representing the Institute of Chartered Accountants of India, New Delhi is one of the most Dynamic and Active Branch. This is the largest Branch in the country catering to the need of over 9,800 members and over 25,000 students. The Branch conducts various programmes for the benefit of Members & Students like Conferences, Seminars, Workshops, Tele-conferences, Study Circle Meetings, and Study Tours on the subjects of professional interest.

For the year 2013-14 following Office Bearers have been elected in the Managing Committee Meeting held on 20th March, 2013

OFFICE BEARERS -2013-14

CA. Ravindranath S. N.	Chairman
CA. Babu K. Thevar	Vice Chairman
CA. Allama Prabhu M. S.	Secretary
CA. Pampanna B. E.	Treasurer
CA. Naina Gadia	Chairperson, SICASA

OFFICE BEARERS -2012-13

CA. Nithin M	Chairman
CA. Ravindranath S. N.	Vice Chairman
CA. Prasad S. R.	Secretary
CA. Shivakumar H.	Treasurer
CA. Shambhu Sharma H.	Chairman, SICASA

**The Theme for the year 2013 – 14 is
'Changing Dimensions; Inspiring Profession'**

The Branch has conducted the following important events during the period 01st April 2012 - 31st March 2013:

Conferences:

- National Conference on Cloud Computing - Opportunities for CAs
- 44th Regional Conference - "VISHWAS"

Seminars on:

- Budget changes in respect of International Taxation (Impact Seminar)
- Revised Schedule VI – applicable to small companies (Impact Seminar)
- Seminar on "Implementation & Issues relating to Revised Schedule"
- Arbitration & Mediation (Impact Seminar)
- Internal Audit
- FEMA- An overview & Recent Issues
- SOX and Carbon Credit
- National Conference on Cloud Computing - Opportunities for CA s
- How to be successful in Practice
- Service Tax Law – Negative List Concept
- Valuation of Shares under Discounted Cash Flow
- Seminar – Discussion on amendments in Income Tax by Finance Act 2012
- Issues in Tax Audit
- Seminar on Case Studies on International Taxation
- CARO
- Service tax Under Negative Taxation Scheme
- Issues in Tax Audit
- Corporate Restructuring – Mergers & Acquisitions
- Preferential Issue of Capital
- Articulate Eloquently, Persuade Powerfully
- Letter of Credit Mechanism
- Penalties under the Income Tax Act 1961-Issues and landmark Judicial pronouncements & 2) RBI Regulations for Banking Licenses
- New Foreign Contribution (Regulation) Act, 2010 and Rules 2011
- M&A: Inbound investments into India: Structuring, tax & regulatory framework governing investments, funding options, jurisdictional analysis, repatriation options, valuation parameters, etc
- Seminar & Interactive Session on "Consultative Paper on Review of Corporate Governance Norms in India"



- Issues on Taxation of Charitable Trusts or Institutions – NGOs, NPOs
- Seminar on Domestic Transfer Pricing
- Seminar on Case Studies on International Taxation
- Clause by Clause Discussion on Finance Bill 2013
- Bank Branch Audit

Workshopson:

- International Taxation
- Service Tax Valuation
- Practical Issues in TDS & Efiling
- FEMA
- VAT & CST Laws
- Workshop on Enabling Service Tax Practice
- Advanced Functions in MS Excel
- Extensive Workshop on “An insight of the Companies Bill – 2012”
- Workshop on Service Tax

Certificate Course on Indirect Taxes:

Two batches of Certificate Course on Indirect Taxes were conducted under the aegis of Indirect Taxes Committee of ICAI and hosted by Bangalore Branch of SIRC of ICAI.

Special Programmes of the Institute:

Apart from these programmes we had also conducted **35 Study Circle Meetings, 32 Tele conferences, 12 Programmes exclusively on Information Technology for Members and 10 Public Awareness Programmes.**

Some of the important dignitaries who had visited the Branch and graced the occasion for various programmes organized by Branch during the year:

Centre Level Dignitaries

- Hon’ble Dr. M. Veerappa Moily, Union Minister of Corporate Affairs
- Hon’ble Dr. K. Rahman Khan, Member of Parliament, Former Dy. Chairman, Rajya Sabha
- CA. Subodh Kumar Agrawal, President, ICAI
- CA. K. Raghu, Vice President, ICAI
- CA. P. R. Suresh, Vice Chairman, SIRC of ICAI
- CA. Jaydeep Narendra Shah, President (2012-13), ICAI

- CA. D. Prasanna Kumar, Vice Chairman of SIRC (2012-13) of ICAI
- CA. K. Viswanath, Chairman (2012-13), SIRC of ICAI
- CA. C. Srivatsan – Past Chairman – SIRC of ICAI
- CA. Atul Bheda, Chairman, IT Committee, ICAI
- CA. Rajkumar Adukia, Central Council Member
- CA. Amarjit Chopra, Past President, ICAI
- CA. G. Ramaswamy, Past President, ICAI
- CA. Shanmukha Sundaram, Past Chairman, SIRC of ICAI
- Dr. R.K. Sarmah, Sr. Asst. Director, BOS, ICAI, Delhi

State Level & Local Level Dignitaries:

- Shri. Yogendra Tripathi, IAS, Commissioner of Commercial Taxes, Bangalore;
- Dr. B.V. Muralikrishna, DCCT, Commercial Taxes Department, Govt. of Karnataka;
- Shri. M.P. Vijayakumar, Dy. General Manager, RBI & Mr. M. Muralidhara, Assistant Manager;
- CA. T.V. Mohandas Pai, Chairman, Manipal Global Education Services (Fmr. Member of the Board, Infosys Technologies Ltd.);
- Shri. K. Krishna Rao, CIT, CPC;
- Shri. R. K. Mishra, Additional CIT, CPC;
- CA. Ravishankar P., AVP, Infosys BPO;
- Shri. B. N. Harish, ROC, Karnataka;
- CA. Sehar Ponraj A., Dy. ROC, Karnataka;
- Ms. Amrita Rajan, Additional CIT, CPC;
- Shri. Satyanarayana K, Chief commissioner of Income Tax – I;
- Shri. Gopalakrishna S, Chief Commissioner of Income Tax – II;
- Shri. Suresh Babu I, Chief Commissioner of Income Tax – III;
- Shri. S. K. Ambastha, Commissioner of Income Tax (ITAT)-I;
- Shri. EtwaMunda, Commissioner of Income Tax (ITAT)-III;
- Shri. Farhat Qureshi, Commissioner of Income Tax (ITAT) –II;
- Dr. B.S.N. Prasad, IRS, Commissioner of Income Tax (Appeals)-IV;

- Smt. Jahanzeb Akhtar, Commissioner of Income Tax (Appeals)-LTU;
- Shri. J.R. Bangera, President, FKCCI;
- Shri. M. Pitchiah, Director, BEML;
- Flt. Lt. (R) K P Nagesh, MD, Uniq Detective & Security Services (P) Ltd;
- Dr. N. Prabhudev, Vice Chancellor, Bangalore University;
- Shri. B. R. Ravikanthe Gowda, IPS, Deputy Commissioner of Police, Bangalore

Coaching Classes:

It is very heartening to note that there has been a good response for the Subjectwise Coaching Classes conducted by Bangalore Branch at its premises. The number of students joining for the Coaching has been improved remarkably.

Infrastructure Developments at Branch:

We are glad to mention that a new elevator has been installed in the Branch, which is more useful, especially for the Senior Members & physically challenged students. The exterior walls of the building has been re-painted, giving a new look for the Branch. Fire Exit also has been installed for foreseeing the safety of students & members.

Management Development Programme :

The Bangalore Branch conducts Management Development Programmes wherein officials of various public and private companies including govt. organisations are trained in field of finance and accounting. The Branch has won many accolades from the participating companies for the rich knowledge dissemination.

The flagship courses of MDP are:

- ❖ Course on Finance for Non-Finance Executives (FNFE)-16th Batch.
- ❖ 4 batches of Refresher Course for Accountants for the Accountants, Accounts Executives & Accounts Assistants working in a manufacturing, service or trading organization.

Students Activities:

The Branch is regularly organizing and conducting Coaching classes, Crash courses, Courses in Computer Training for the benefit of the students. The coaching classes conducted at the Branch are of high quality and cost effective also in comparison with other facilities available.

- ✓ **16** Batches of Course in General Management and Communication Skills were conducted at the Branch premises.
- ✓ **34** Batches of Integrated Professional Competency Course Orientation Programme were conducted at Branch premises
- ✓ **2** Batches of General Management and Communication Skills - I were also conducted at the Branch premises.

Campus Interview - 2012		
August – September : 2012		
Sl. No.	Candidate who have opted for the centre	No. of Companies participated
1	435	12

RANK HOLDERS

PCC MAY 2012 EXAM					
Sl. No.	Reg No.	Roll No.	Name of the Student	Marks Obtained	Rank
1	SRO0238535	401541	PREETHI.D	369	11
2	SRO0230564	401956	PRITHVIRAJ.C.S	356	20
3	SRO0251032	401629	SACHIN SONI	351	23
4	WRO0251380	401695	DEEPAK TARACHAND MANTRI	349	25
5	SRO0239014	401652	RAMACHANDRA.M	347	27
6	NRO0202296	401548	CHUNCHUN KUMAR	345	29
7	SRO0218341	401608	RANJITHA.R	340	34
8	SRO0214072	402013	SIDDHARTH GUPTA	338	36



RANK HOLDERS

IPCC MAY 2012 EXAM					
Sl. No.	Reg No.	Roll No.	Name of the Student	Marks Obtained	Rank
1	SRO0352734	211215	PRIYA.K	564	11
2	SRO0345944	209117	VARSHA SHRIDHAR	543	28

FINAL MAY 2012 EXAM					
Sl. No.	Reg No.	Roll No.	Name of the Student	Marks Obtained	Rank
1	WRO0286612	107305	SHRUTI SODHANI	587	3
2	SRO0256262	107569	GIREESHA.T.L	516	48

PCC NOV 2012 EXAM			
Roll No.	Name of the Student	Marks Obtained	Rank
415998	RAVI DEEPTHI	376	3

FINAL NOV 2012 EXAM			
Roll No.	Name of the Student	Marks Obtained	Rank
105508	MEGHA.M.SHAH	527	33
105730	HARISH KUMAR.J	510	49

IPCC NOV 2012 EXAM			
Roll No.	Name of the Student	Marks Obtained	Rank
212158	SHWETHA SIDDHARTH	531	31
212154	VINUTA NAGAPPA HEGDE	527	35

Membership :

As on 31.03.2013 the membership of the Bangalore Branch, which includes the members of Hosur and Tumkur was 9700.

Managing Committee Meetings :

During the period from 1st April 2012 to 31st March 2013, 8 meetings were held.

Accounts :

The audited financial statement of the Branch has been published in this issue of the newsletter.

Acknowledgements :

The Managing Committee wishes to place on record deep appreciation for the Guidance, Support and Services rendered by various Persons, Organisations and Institutions.

- ❖ President, Vice President, Past Presidents and Central and Regional Council Members of ICAI
- ❖ Past Chairmen of the Bangalore Branch
- ❖ Course Directors, Speakers, Coordinators of the various programmes

- ❖ President and Executive Members of KSCAA
- ❖ Members of the Faculty of Coaching Classes, Course on GMCS, IPCC Orientation Programme, Crash Courses and Management Development Programmes.
- ❖ Statutory Auditors M/s Manian & Rao, Chartered Accountants and Internal Auditors M/s. MGRIT & Co., Chartered Accountants
- ❖ Advertisers of Newsletters and Sponsors of Programmes/Activities
- ❖ Our Bankers Canara bank, Syndicate Bank, Punjab National Bank and Corporation Bank
- ❖ Our Printers M/s. Jwalamukhi Mudranalaya Pvt Ltd.
- ❖ Our photographer Sri M.S.Nagaraj
- ❖ Officers and staff for their sincere and dedicated efforts in the overall administration of the Branch affairs.
- ❖ Every member and student of the Branch for their unstinted support in the various activities of the Branch directly or indirectly

For and on behalf of Managing Committee

Sd/-
(CA. Pampanna B. E.)
Secretary

Place: Bangalore
Date: 29.06.2014

AUDITOR'S REPORT

We have audited the attached Balance Sheet as on March 31st 2013 and the Income & Expenditure Account for the period ended on that date annexed thereto of **BANGALORE BRANCH OF SIRC OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA, BANGALORE.**

These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Basis of Qualified Opinion:

The branch is not providing for liability towards gratuity in respect of its employees. The same is not in accordance with AS -15. In the absence of information, the effect of the same on the accounts could not be ascertained.

Qualified Opinion:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts as required by the Chartered Accountants Act, 1949 have been kept by the Branch office so far as appears from our examination of those books;
- iii. The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts maintained by the Branch office.
- iv. In our opinion, the Balance Sheet and the Income and Expenditure Account dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable *except for the effects of the matter described in the Basis for Qualified Opinion paragraph.*
- v. In our opinion and to the best of our information and according to explanation given to us *except for the effects of the matter described in the Basis for Qualified Opinion paragraph,* the said accounts give a true & fair view:
 - a) In the case of Balance Sheet, of state of affairs of the Bangalore Branch office of SIRC of ICAI as at 31st March 2013.
 - b) In case of Income and Expenditure account, of the Excess of Income over Expenditure for the period ended on that date.

Emphasis of Matter

We draw attention to note to Schedule 17 of the financial statements, wherein an amount of Rs. 21 lakhs receivable from SIRC on account of 44th Regional Conference is subject to confirmation from them.

For Manian & Rao
Chartered Accountants
FRN: 001983S

Sd/-
(Srikanth R)
Partner
Membership no: 203138

Place : Bangalore
Date : 5th June, 2013



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
BALANCE SHEET AS ON 31.03.2013**

PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
SOURCES OF FUNDS			
1. GENERAL RESERVE			
OPENING BALANCE		23,392,449	22,460,843
ADD: SURPLUS		556,131	931,606
GENERAL RESERVE BALANCE		23,948,580	23,392,449
TRANSFER FROM EARMARKED FUNDS		3,814,565	-
TOTAL GENERAL RESERVE		<u>27,763,145</u>	<u>23,392,449</u>
2. EARMARKED FUNDS			
OPENING BALANCE	1	37,966,304	32,924,196
ADDITIONS		13,488,000	2,374,000
INTEREST INCOME		3,060,975	2,668,108
LESS: EXPENSES		4,174,565	-
TOTAL EARMARKED FUNDS		<u>50,340,714</u>	<u>37,966,304</u>
3. CURRENT LIABILITIES & PROVISIONS			
A. FEES RECEIVED IN ADVANCE	2	5,476,525	1,499,931
B. CREDITORS FOR EXPENSES & CAPITAL GOODS	3	2,892,055	2,393,942
C. OTHER LIABILITIES	4	362,920	440,323
D. PROVISIONS	5	109,044	-
SUB-TOTAL		<u>8,840,544</u>	<u>4,334,196</u>
4. INTER UNIT BALANCES:			
A. CAPITAL GRANT RECEIVED		7,975,656	6,475,156
B. CENTRAL COUNCIL CURRENT A/C	6	6,279,608	4,465,908
C. ICAI PUBLICATION PAYABLE A/C	7	2,071,613	2,094,548
SUB-TOTAL		<u>16,326,877</u>	<u>13,035,612</u>
TOTAL		<u>103,271,280</u>	<u>78,728,561</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS-NET BLOCK			
2. EARMARKED INVESTMENTS			
3. OTHER INVESTMENTS			
4. CURRENT ASSETS:			
A. SECURITY DEPOSITS	11	948,000	588,000
B. OTHER RECEIVABLES	12	2,988,869	1,529,154
C. ADVANCES & PREPAYMENTS	13	655,875	501,175
D. CASH & BANK BALANCES	14	4,138,277	1,403,487
SUB TOTAL		<u>8,731,020</u>	<u>4,021,816</u>
5. INTER UNIT BALANCES:			
A. CENTRAL COUNCIL CURRENT A/C	15	4,010,829	4,795,688
B. PUBLICATION STOCK TRANSFER A/C	16	1,985,995	2,009,000
C. REGIONAL COUNCIL CURRENT A/C	17	2,100,000	19,876
SUB TOTAL		<u>8,096,824</u>	<u>6,824,564</u>
TOTAL		<u>103,271,280</u>	<u>78,728,561</u>

SIGNIFICANT ACCOUNTING POLICIES &
NOTES FORMING PART OF ACCOUNTS

24

As per Audit Report of Even date

For Manian & Rao

Chartered Accountants

Firm Reg No: 001983S

Sd/-

(CA. Srikanth R)

Partner

Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-

CA. Pampanna B.E

Treasurer

Sd/-

CA. Allama Prabhu M.S

Secretary

Sd/-

CA. Ravindranath S.N

Chairman

Place: Bangalore

Date : 05/06/2013

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2013**

PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
INCOME			
MEMBERSHIP GRANT		1,103,800	834,600
AD-HOC GRANT		-	200,000
BRANCH STUDENT ACTIVITY GRANT		375,000	187,500
AUDIT FEES GRANT		18,000	18,000
		1,496,800	1,240,100
NEWS LETTER INCOME		660,800	404,600
SEMINAR INCOME		5,443,151	12,963,420
44TH SIRC CONFERENCE INCOME		4,722,925	-
GMCS COURSE INCOME		3,824,800	3,416,800
IPCC ORIENTATION INCOME		7,404,000	1,947,000
INTEREST ON INVESTMENTS	18	2,801,053	2,118,923
OTHER INCOME	19	622,989	505,438
INCOME FROM COACHING CLASSES		4,531,906	3,588,448
COMMISSION ON SALE OF PUBLICATIONS		672,360	645,406
PRIOR PERIOD INCOME	20	34,686	-
INCOME FROM ITT COURSE FEES		9,952,000	3,696,000
		40,670,670	29,286,035
TOTAL		42,167,470	30,526,135
EXPENDITURE			
SALARY & STAFF EXPENSES	21	3,439,715	2,492,140
PRINTING , STATIONERY & PHOTOCOPYING		144,592	410,840
NEWSLETTER EXPENSES		1,618,614	1,450,915
POSTAGE,TELEPHONE AND COURIER		71,356	91,844
RENT, ELECTRICITY AND WATER		1,199,219	1,086,226
REPAIRS & MAINTENANCE		915,157	1,671,987
TRAVEL-MEMBERS		-	26,627
CONVEYANCE - STAFF		60,242	47,796
MAGAZINE & PERIODICALS		12,983	10,526
AUDIT FEES		20,225	20,225
PROFESSIONAL & CONSULTANCY FEES		358,201	898,604
SEMINAR EXPENSES		3,618,297	9,178,773
GMCS COURSE EXPENSES		2,632,489	2,185,175
IPCC ORIENTATION EXPENSES		3,586,486	835,560
OTHER EXPENSES	22	450,475	573,678
ELECTION EXPENSES		78,568	-
EXPENDITURE ON ITT COURSE FEES		4,229,253	1,749,650
COACHING CLASSES EXPENSES		2,484,696	1,962,801
GOLDEN JUBILEE CELEBRATION & VALEDICTORY		-	272,814
PRIOR PERIOD EXPENSES	23	59,205	30,630
		24,979,773	24,996,811
DEPRECIATION	8	1,650,767	1,669,319
TOTAL		26,630,539	26,666,130
SURPLUS FOR THE YEAR		15,536,931	3,860,006
APPROPRIATIONS			
MAINTENANCE FUND		400,000	400,000
BUILDING MAINTENANCE FUND		100,000	300,000
CA STUDENT EDUCATION FUND		500,000	150,000
ITT RESERVE FUND		2,488,000	924,000
FIXED ASSET ACQUISITION FUND		10,000,000	600,000
SHARE OF HO ON ITT COURSE FEES		1,492,800	554,400
BALANCE TRANSFERRED TO GENERAL RESERVE		556,131	931,606

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING
PART OF ACCOUNTS

24

As per Audit Report of Even date

For Manian & Rao

Chartered Accountants

Firm Reg No: 001983S

Sd/-

(CA. Srikanth R)

Partner

Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-

CA. Pampanna B.E

Treasurer

Sd/-

CA.Allama Prabhu M.S

Secretary

Sd/-

CA. Ravindranath S.N

Chairman

Place: Bangalore

Date : 05/06/2013



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2013**

SCHEDULE - 1 : EARMARKED AND OTHER FUNDS

PARTICULARS	AS AT	ADDITIONS	INCOME	DEDUCTIONS	AS AT	AS AT
	01.04.2012				31-03-2013	31-03-2012
	Rs.				Rs.	Rs.
<u>ENDOWMENT FUNDS</u>						
VISWESHWARAIAH PRIZE FUND	108,364	-	9,728	-	118,092	108,364
GURUPRASAD PRIZE FUND	68,072	-	5,882	-	73,954	68,072
BHANUMURTHY PRIZE FUND	19,000	-	1,015	-	20,015	19,000
SEETHARAMAIAH PRIZE FUND	148,711	-	11,765	-	160,476	148,711
TOTAL (A)	344,147	-	28,390	-	372,537	344,147
<u>DESIGNATED FUNDS</u>						
STUDY CIRCLE SERIES FUND	617,885	-	54,624	-	672,509	617,885
CA STUDENT EDUCATION FUND	1,174,746	500,000	43,486	360,000	1,358,232	1,174,746
BUILDING MAINTENANCE FUND	11,868,873	100,000	1,063,171	-	13,032,044	11,868,873
LIBRARY CORPUS FUND	912,843	-	49,207	-	962,050	912,843
FIXED ASSET ACQUISITION FUND	10,338,370	10,000,000	845,277	-	21,183,647	10,338,370
MAINTENANCE FUND	5,232,205	400,000	312,255	-	5,944,460	5,232,205
ITT RESERVE FUND	7,477,235	2,488,000	664,564	3,814,565	6,815,234	7,477,235
TOTAL (B)	37,622,157	13,488,000	3,032,585	4,174,565	49,968,176	37,622,157
GRAND TOTAL (A) + (B)	37,966,304	13,488,000	3,060,975	4,174,565	50,340,714	37,966,304

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2013**

PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
<u>FEES RECEIVED IN ADVANCE</u>	2		
GMCS COURSE FEES		314,500	1,079,100
GMCS COURSE FEES- 1ST YEAR		2,725,200	-
IPCC ORIENTATION ADVANCE		669,000	84,000
CPT COACHING CLASS		147,392	159,831
INFORMATION TECHNOLOGY TRAINING		1,544,000	48,000
CCAFBL TRAINING PROGRAMME		-	119,000
IPCC COACHING CLASSES		-	10,000
MOCK TEST ADVANCE		8,400	-
CRASH COURSE FEES		68,033	-
		5,476,525	1,499,931
<u>CREDITORS FOR EXPENSES & CAPITAL GOODS</u>	3		
STATUTORY AUDIT FEES		20,225	18,202
SECURITY CHARGES		2,753	30,266
POSTAGE, COURIER AND TELEPHONES		11,867	2,957
INTERNAL AUDIT FEES		45,506	22,753
MISC LIABILITIES		17,854	20,789
PROFESSIONAL FEES		25,281	513,541
RENT, ELECTRICITY AND WATER		677,790	152,162
FACULTY FEES PAYABLE		663,709	871,843
OT & SALARY EXPENSES PAYABLE		11,394	15,217
PRINTING & STATIONERY		72,181	156,005
BUILDING MAINTENANCE		-	35,284
COACHING CLASS EXPENSES		2,400	4,086
GMCS EXPENSES		152,639	66,896
IPCC ORIENTATION EXPENSES		145,800	29,764
STAFF WELFARE EXPENSES		16,836	10,780
LIBRARY BOOKS		-	34,553
SEMINAR EXPENSES		472,160	250,850
INTERNET/WEBMAINTENANCE CHARGES		2,523	-
FIXED ASSETS - FIRE EXIT STAIRCASE		509,019	157,994
AMC CHARGES PAYABLE		42,118	-
		2,892,055	2,393,942
<u>OTHER LIABILITIES</u>	4		
SECURITY DEPOSIT - EX EMPLOYEE		1,000	1,000
STATUTORY DUES			
- TAX DEDUCTED AT SOURCE		320,420	215,725
- PROFESSIONAL TAX		200	-
MEDICAL REIMBURSEMENT/ RETENTION MONEY -STAFF		-	8,400
SUNDRY LIABILITIES		41,300	66,048
LEASE RENT PAYABLE		-	17,500
SICASA PAYABLE		-	131,650
		362,920	440,323
<u>PROVISIONS</u>	5		
LEAVE ENCASHMENT		109,044	-
		109,044	-
<u>CENTRAL COUNCIL CURRENT A/C</u>	6		
ICAI - GRATUITY GRANT PAYABLE		99,808	99,808
SHARE OF ITT FEES PAYABLE TO HO		5,220,600	3,885,000
CERTIFICATION COURSE ON INDIRECT TAXES PAYABLE		54,000	54,000
SHARE OF GMCS FEES PAYABLE TO H.O		905,200	427,100
		6,279,608	4,465,908
<u>ICAI PUBLICATION A/C (PAYABLE A/C)</u>	7		
ARTICLE REGISTRATION FORMS		37,850	25,250
PUBLICATIONS		1,217,988	996,363
REVISION TEST PAPERS		123,510	157,670
STUDY MATERIALS		290,444	362,614
SUGGESTED ANSWERS		401,821	552,651
		2,071,613	2,094,548



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2013**

SCHEDULE - 8 : FIXED ASSETS & DEPRECIATION

PARTICULARS	RATE OF DEP. (%)	WDV AS ON 01.04.2012 (In Rs)	ADDITIONS (In Rs)	DELETIONS (In Rs)	TOTAL (In Rs)	DEPRECIATION (In Rs)	WDV ON 31.03.2013 (In Rs)
<u>AT BRANCH PREMISES</u>							
AIRCONDITIONER	15%	434,694	270,240	-	704,934	99,962	604,972
BIO-METRIX	15%	16,702	-	-	16,702	2,505	14,197
CANOPY	10%	72,862	-	-	72,862	7,286	65,576
COMPUTERS	60%	138,963	-	-	138,963	83,378	55,585
CCTV	15%	158,614	-	-	158,614	23,792	134,822
DIGITAL CAMERA	15%	5,798	-	-	5,798	870	4,928
ELECTRICAL FITTINGS	10%	971,142	-	-	971,142	97,114	874,028
FIRE ALARM SYSTEM	10%	54,990	-	-	54,990	5,499	49,491
FURNITURE	10%	2,365,785	93,024	-	2,458,809	244,607	2,214,202
FURNITURE-KITCHEN UTENSILS	10%	13,225	-	-	13,225	1,323	11,902
LAPTOP	60%	17,439	58,800	-	76,239	40,427	35,812
PROJECTORS	60%	62,131	154,842	-	216,973	94,790	122,183
LIBRARY BOOKS	100%	-	62,439	-	62,439	62,439	-
LIFT	10%	1,564,590	-	-	1,564,590	156,459	1,408,131
NETWORKING	60%	12,124	-	-	12,124	7,274	4,850
OFFICE EQUIPMENTS	15%	173,194	51,800	-	224,994	28,909	196,085
PRINTERS	15%	52,827	19,720	-	72,547	9,531	63,016
INTERIOR AUDITORIUM	10%	1,076,165	-	-	1,076,165	107,617	968,548
INTERIORS	10%	1,828,450	-	-	1,828,450	182,845	1,645,605
SOFTWARE	60%	1,670	-	-	1,670	1,002	668
UPS	15%	141,210	-	-	141,210	21,182	120,028
PLASMA TV	15%	35,121	46,000	-	81,121	11,261	69,860
MICROPHONE	15%	17,277	-	-	17,277	2,592	14,685
WHITE BOARDS	10%	19,326	-	-	19,326	1,933	17,393
WATER CONTROLLER	15%	2,231	-	-	2,231	335	1,896
VIDEO CAMERA	15%	34,568	13,200	-	47,768	6,802	40,966
FIRE EXIT STAIRCASE	10%	-	740,691	-	740,691	3,044	737,647
		9,271,098	1,510,756	-	10,781,854	1,304,778	9,477,076
<u>ITT</u>							
<u>AT BRANCH PREMISES</u>							
AIRCONDITIONER	10%	36,009	-	-	36,009	3,601	32,408
COMPUTERS	60%	92,363	-	-	92,363	55,418	36,945
FURNITURES	10%	136,122	-	-	136,122	13,612	122,510
OFFICE EQUIPMENTS	15%	-	9,010	-	9,010	1,067	7,943
SPEAKER & AMPLIFIER	15%	18,045	-	-	18,045	2,707	15,338
UPS	15%	302,454	-	-	302,454	45,368	257,086
		584,993	9,010	-	594,003	121,773	472,230
<u>ITT SOUTH CENTER</u>							
<u>LAB-1</u>							
AIRCONDITIONER	15%	73,695	163,200	-	236,895	15,145	221,750
COMPUTER LAB COMPUTERS	60%	67,200	105,000	-	172,200	45,671	126,529
PROJECTOR	60%	4,798	200,681	-	205,479	12,940	192,539
PRINTERS	15%	5,868	17,935	-	23,803	983	22,820
INTERIOR DECORATION	10%	283,763	-	-	283,763	28,376	255,387
UPS	15%	274,475	-	-	274,475	41,171	233,304
CCTV	15%	-	69,258	-	69,258	8,532	60,726
FURNITURE	10%	104,520	-	-	104,520	10,452	94,068
NETWORKING	60%	6,932	-	-	6,932	4,159	2,773
ELECTRICAL FITTINGS	10%	109,778	-	-	109,778	10,978	98,800
<u>LAB-2</u>							
FURNITURE	10%	-	786,186	-	786,186	3,016	783,170
ELECTRICAL FITTINGS	10%	-	501,493	-	501,493	1,924	499,569
UPS	15%	-	247,955	-	247,955	1,427	246,528
DESKTOP	60%	-	1,713,847	-	1,713,847	39,442	1,674,405
		931,029	3,805,555	-	4,736,584	224,216	4,512,368
GRAND TOTAL		10,787,120	5,325,321		16,112,441	1,650,767	14,461,674
PREVIOUS YEAR		9,716,813	2,941,133	201,507	12,456,439	1,669,319	10,787,120

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2013**

SCHEDULE - 9 : EARMARKED INVESTMENTS

PARTICULARS	In FDRs	INTEREST RECEIVABLE	INTEREST RECEIVED	NET INTEREST RECEIVABLE	BALANCE WITH INVESTMENT	As At 31-03-2013	As At 31-03-2012
	(A) Rs.	(B) Rs.	(C) Rs.	(D) = (B-C) Rs.	(E) Rs.	(F)=(A+D+E) Rs.	Rs.
VISWESHWARAI AH PRIZE FUND	101,442	9,728	1,620	8,108	8,542	118,092	108,364
GURUPRASAD PRIZE FUND	66,331	5,882	588	5,294	2,329	73,954	68,072
BHANUMURTHY PRIZE FUND	14,693	1,015	1,012	3	5,319	20,015	19,000
SEETHARAMAIAH PRIZE FUND	132,662	11,765	1,176	10,589	17,225	160,476	148,711
TOTAL (A)	315,128	28,390	4,396	23,994	33,415	372,537	344,147
STUDY CIRCLE SERIES FUND	570,373	54,624	5,462	49,162	52,974	672,509	617,885
CA STUDENT EDUCATION FUND	742,458	43,486	29,743	13,743	602,031	1,358,232	1,174,746
BUILDING MAINTENANCE FUND	11,893,546	1,063,171	190,596	872,575	265,924	13,032,044	11,868,873
LIBRARY CORPUS FUND	850,000	49,207	39,286	9,921	102,129	962,050	912,843
FIXED ASSET ACQUISITION FUND	10,399,420	845,277	109,234	736,043	10,048,184	21,183,647	10,338,370
MAINTENANCE FUND	5,393,759	312,255	145,994	166,261	384,440	5,944,460	5,232,205
EARMARKED INVESTMENTS - ITT	9,803,271	664,564	94,895	569,669	(3,557,706)	6,815,234	7,477,235
TOTAL (B)	39,652,827	3,032,585	615,211	2,417,374	7,897,975	49,968,176	37,622,157
GRAND TOTAL (A) + (B)	39,967,955	3,060,975	619,607	2,441,368	7,931,390	50,340,714	37,966,304

Note: * TRANSFER FROM/(TO) GENERAL INVESTMENTS TO EARMARKED FUNDS

PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
<u>INVESTMENTS - GENERAL</u>	10		
FIXED DEPOSITS WITH CANARA BANK		5,792,757	4,400,000
FIXED DEPOSITS WITH SYNDICATE BANK		10,581,108	9,000,000
FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		1,000,000	-
ITT- FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		7,860,123	6,860,123
ITT- FIXED DEPOSITS WITH SYNDICATE BANK		2,188,449	1,688,449
ITT- FIXED DEPOSITS WITH CANARA BANK		2,150,000	1,400,000
		29,572,437	23,348,572
LESS : AMOUNT TRANSFERRED TO EARMARKED INVESTMENTS		7,931,390	4,219,815
		21,641,048	19,128,757
<u>SECURITY DEPOSIT</u>	11		
DEPOSIT FOR RENT-BANGALORE SOUTH ITT CENTER		640,000	280,000
DEPOSIT FOR RENT-READING ROOM		308,000	308,000
		948,000	588,000
<u>OTHER RECEIVABLES</u>	12		
DUE FROM EX - EMPLOYEE		29,250	29,250
RECOVERABLE FROM EMPLOYEES		40	-
SIRC CONFERENCE EXP- RECEIVABLE		-	7,200
INTEREST ACCRUED BUT NOT DUE ON OTHER INVESTMENTS		2,749,191	1,492,704
UNION BUDGET ANALYSIS		180,951	-
INVESTOR AWARENESS PROGRAMME		14,762	-
SICASA BANGALORE		14,675	-
		2,988,869	1,529,154
<u>ADVANCE & PRE-PAYMENTS</u>	13		
DEPOSITS WITH KPTCL		206,287	174,800
ADVANCE TO STAFF		115,000	42,500
PREPAID EXPENSES- AMC		73,873	119,705
PREPAID EXPENSES- OTHERS		84,072	28,610
ADVANCE - POST OFFICE FOR NEWSLETTER POSTING		61,643	85,560
J N TATA AUDITORIUM		-	50,000
J.J. AUDITORIUM		15,000	-
ADVANCE- PLAN CUBE PERSPECTIVE		100,000	-
		655,875	501,175



PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
<u>CASH & BANK BALANCES</u>	14		
CANARA BANK SB A/C.80172		145,925	181,708
CANARA BANK SB A/C.10825		1,369,026	404,240
CANARA BANK SB A/C.9499		161,843	228,596
CANARA BANK SB A/C.9759		50,035	82,402
CHEQUE ON HAND		1,878,641	
CASH ON HAND		64,508	3,966
CANARA BANK SB A/C 80999		275,743	29,817
PUNJAB NATIONAL BANK A/C 0551		192,556	472,758
		4,138,277	1,403,487
<u>CENTRAL COUNCIL CURRENT ACCOUNT</u>	15		
TDS RECEIVABLE		2,591,617	1,999,783
SEMINAR GRANT RECEIVABLE		15,000	15,000
MEMBERSHIP FEES GRANT RECEIVABLE		61,025	61,025
SUNDAY TEST EXPENSES		28,421	28,421
ICAI CURRENT ACCOUNT		22,105	22,105
ICAI DECENTRALISED OFFICE, BANGALORE		331,933	1,851,322
BOS GRANT RECEIVABLE		42,000	42,000
REGIONAL COUNCIL SALARY RECEIVABLE		71,342	74,750
AUDIT FEES GRANT RECEIVABLE		272,758	275,360
LIBRARY GRANT RECEIVABLE		3,319	3,319
MEDICAL GRANT RECEIVABLE		7,285	7,285
ISA PT EXPENSES RECEIVABLE		6,085	8,808
CPT ONLINE EXAM RECEIVABLE		62,294	62,294
GST WAY FORWARD PROGRAMME RECEIVABLE		49,604	49,604
EXPOSURE DRAFT PROGRAMME RECEIVABLE		3,513	3,513
SEMINAR ON CORPORATE LAWS		91,099	91,099
GOLDEN JUBILEE CELEBRATION GRANTS		-	200,000
CERTIFICATE COURSE ON IDT		301,650	-
CAREER GUIDANCE PROGRAM		49,779	-
		4,010,829	4,795,688
<u>ICAI PUBLICATION STOCK ACCOUNT</u>	16		
ARTICLE REGISTRATION FORMS		37,800	25,200
PUBLICATIONS		1,216,205	994,600
REVISION TEST PAPERS		69,820	103,990
STUDY MATERIALS		359,080	431,250
SUGGESTED ANSWERS		303,090	453,960
		1,985,995	2,009,000
<u>REGIONAL COUNCIL CURRENT ACCOUNT</u>	17		
SIRC ORIENTATION PROGRAM		-	19,876
44TH REGIONAL CONFERENCE *		2,100,000	-
		2,100,000	19,876
* As per the audited accounts of the SIRC, an amount of Rs 62.97 lakhs has been generated as surplus from the 44th regional conference of the SIRC held at Bangalore. As per understanding with SIRC, 75% of the surplus is to be transferred to the host branch. Based on this, the share of Bangalore branch works out to Rs 47.23 lakhs out of which Rs 26.23 lakhs has already been transferred by SIRC. The balance of Rs 21 lakhs is still receivable from them. This is subject to confirmation from SIRC.			
<u>INTEREST ON INVESTMENTS</u>	18		
INTEREST ON FIXED DEPOSITS		2,630,786	1,853,602
INTEREST ON SB ACCOUNTS		170,267	265,321
		2,801,053	2,118,923
<u>OTHER INCOME</u>	19		
MISCELLANEOUS INCOME		253,167	200,998
MOCK TEST INCOME		24,522	-
COMMISSION ON SALE OF EXAM FORMS		345,300	304,440
		622,989	505,438
<u>PRIOR PERIOD INCOME</u>	20		
INVESTOR AWARENESS PROGRAM		25,239	-
VICE PRESIDENT MEET EXPENSES		6,297	-
		31,536	-

PARTICULARS	SCHEDULE	31-03-2013 Rs.	31-03-2012 Rs.
<u>SALARY & STAFF EXPENSES</u>	21		
SALARY TO STAFF (INCLUSIVE OF INCENTIVE & OT)		3,050,988	2,191,262
STAFF WELFARE EXPENSES		279,007	215,464
MEDICAL EXPENSES		60,000	46,500
UNIFORM EXPENSES		49,720	38,914
		3,439,715	2,492,140
<u>OTHER EXPENSES</u>	22		
GENERAL EXPENSES		262,806	226,499
SECURITY CHARGES		164,556	137,969
BANK CHARGES		8,288	5,203
LOSS ON SALE OF LIFT		-	121,507
SCHOLARSHIP		-	82,500
TELECONFERENCE EXPENSES		5,928	-
MOCK TEST EXPENSES		8,897	-
		450,475	573,678
<u>PRIOR PERIOD EXPENSES</u>	23		
BANK AUDIT SEMINAR		-	1,728
SEMINAR ON CAPACITY BUILDING CA FIRM		-	703
UNION BUDGET ANALYSIS		-	1,727
AUDIT FEES GRANT		-	26,472
COACHING CLASS EXPENSES		11,796	-
GMCS EXPENSES		8,500	-
CRASH COURSE EXPENSES		38,909	-
		59,205	30,630

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**
SCHEDULE-24

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS
FOR THE YEAR ENDING 31.03.2013**

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting policy:

The financial statements have been prepared in accordance with the format provided by the ICAI, New Delhi, as per the "Accounting Manual for Branches of Regional council"

b. Revenue Recognition:

Revenue is recognized on accrual basis, as per the "Accounting Manual for Branches of Regional council"

c. Inventories:

Stock of publications held on behalf of ICAI is stated at invoiced price to branch.

d. Fixed Assets & Depreciation:

Fixed assets are stated at written down value after providing depreciation.

Depreciation is provided adopting rates provided in "Accounting Manual for Branches of Regional council."

e. Investments:

Investments are stated at cost

f. Deferred Tax Asset/Liability Is not applicable at branch level.

B. NOTES FORMING PART OF ACCOUNTS:

- Balances representing creditors for expenses & capital goods, other liabilities, regional council & central council accounts are subject to reconciliation & receipt of confirmations from parties.
- During the year the Branch has not made provision for Gratuity as the same is dealt at Head office level.
- Previous year's figures & figures in financial statements have been rounded off to the nearest rupee and previous year's figures have been regrouped/ rearranged wherever necessary to make them comparable with that of the current years.

As per Audit Report of Even date

For Manian & Rao

Chartered Accountants

Firm Reg No: 001983S

Sd/-

(CA. Srikanth R)

Partner

Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-

CA. Pampanna B.E

Treasurer

Sd/-

CA.Allama Prabhu M.S

Secretary

Sd/-

CA. Ravindranath S.N

Chairman

Place: Bangalore

Date : 05/06/2013



**BANGALORE BRANCH OF
SOUTHERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**
“ICAI Bhawan”, #16/O, MILLERS TANK BED AREA, BANGALORE – 560052
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 52nd Annual General Meeting of the members of the Bangalore Branch of Southern India Regional Council of the Institute of Chartered Accountants of India, will be held on **Monday, 28th July 2014, at 5:30 PM at S.Narayan Auditorium, “ICAI Bhawan”, #16/O, MILLERS TANK BED AREA, BANGALORE - 560052** to transact the following business.

1. To receive the Annual report of the Bangalore Branch for the year 2013-2014.
2. To adopt the Audited Accounts of the Bangalore Branch for the year ended 31st March 2014.
3. To transact any other business that may be brought out before the meeting with the permission of the “Chair”.

By order of the Managing Committee

Sd/-

(CA. Pampanna B.E.)
SECRETARY

Place: Bangalore

Date: 29.06.2014

- Note: 1. Members are requested to bring the copy of annual report with them for the Annual General meeting.*
- 2. Members are requested to send in queries if any, on audited financial statements for the year ended 31-3-2014 and any other business i.e. intended to be brought out before the meeting with the permission of the "Chair", within 18th of July 2014 to the Branch by post or email bangalore@icai.org*

MANAGING COMMITTEE 2013-14

CA. Raghu K.	President, ICAI, Ex-Officio, Central Council
CA. Babu K. Thevar	Chairman
CA. Allama Prabhu M.S.	Vice Chairman
CA. Pampanna B.E.	Secretary
CA. Geetha A.B.	Treasurer
CA. Shravan Guduthur	Chairman, SICASA
CA. Ravindranath S.N.	Member
CA. Naina Gadia	Member
CA. Bhat Shivaram Shankar	Member
CA. Cotha S. Srinivas	Secretary, SIRC, Ex-Officio, Regional Council
CA. Suresh P.R.	Ex-Officio, Regional Council
CA. Nithin M.	Ex-Officio, Regional Council

52nd Annual Report

Dear Members,

We are pleased to present the 52nd Annual Report of the Bangalore Branch of SIRC of the Institute of Chartered Accountants of India, together with the audited accounts for the year ended 31st March 2014.

The Bangalore Branch, representing the Institute of Chartered Accountants of India, New Delhi is one of the most Dynamic and Active Branch. This is the largest Branch in the country catering to the need of over 10,000 members and over 25,000 students. The Branch conducts various programmes for the benefit of Members & Students like Conferences, Seminars, Workshops, Teleconferences, Study Circle Meetings, and Study Tours on the subjects of professional interest.

For the year 2014-15 following Office Bearers have been elected in the Managing Committee Meeting held on 17th February, 2014

OFFICE BEARERS -2014-15

CA. Babu K. Thevar	Chairman
CA. AllamaPrabhu M. S.	Vice Chairman
CA.Pampanna B. E.	Secretary
CA.Geetha A. B.	Treasurer
CA. Shravan Guduthur	Chairman, SICASA

OFFICE BEARERS -2013-14

CA. Ravindranath S. N.	Chairman
CA. Babu K.	Vice Chairman
CA. AllamaPrabhu M. S.	Secretary
CA. Pampanna B. E.	Treasurer
CA. Naina Gadia	Chairperson, SICASA

**The Theme for the year 2014 – 15 is
'Vistara – Expansion, Creating New Dimensions'**

Vistara is a Sanskrit word that refers to expansion & development with multiple new dimensions.

We have consciously chosen this theme considering the dire requirement for the members to develop, augment and expand their knowledge and skill sets in multiple dimensions so that they would be able to face the new challenges and take up the opportunities that would arise because of the various changing statutes that we are

expecting in the near future (Like GST, DTC, Rules under the Companies Act 2013 etc..) You may also notice that in the theme logo, members are holding hands around, symbolizing an effective professional networking within themselves, which is going to have asynergic effect for everyone.

The Branch has conducted the following important events during the period 01st April 2013 - 31st March 2014:

Conferences:

- "JnanaVarsha – in pursuit of Excellence" State Level Conference Organized by Bangalore Branch of SIRC of ICAI along with all other Branches of ICAI in Karnataka
- International Tax Conference
- First Women CAs Conference

Seminars on:

- Impact on Business Restructuring with respect to Finance Act 2012 and Finance Bill 2013
- Dispute Resolution Mechanism under Transfer Pricing: DRP, Safe Harbour Rules, Advance Pricing Arrangements
- Rectification, Revision and Appeals under the Income Tax Act 1961
- Discussion on Amendments in Direct Taxes Finance Act 2013
- Discussion on Amendments in Indirect Taxes- Finance Act 2013
- Valuation of shares using DCF (Discounted Cash Flow method)
- Case Studies in International Taxation - Group Discussion followed by Analysis
- 7th Corporate Accountants Meet
- Stock Market: Derivatives & Equities Concepts & Operations : Accounting Procedures & Issues : Taxation & Issues :
- Interface Programme on Companies Act, 2013 & New Indian Corporatism



- Issues in Cash Transactions u/s 40A(3) & 40A(3A), 68, 69A, 269SS & 269T of the Income Tax Act. 1961
- Seminar on Co-operative Audit
- Draft ICAI Code of Professional Ethics – 2014 – Discussion
- Double Taxation Avoidance Agreements (DTAA): Foreign Tax Credits-certain aspects
- Companies Act 2013-Role of Chartered Accountants and Recent developments incl. S. 135 CSR & S.185 loans to directors etc
- Bank Branch Audit

Workshopson:

- Refresher Workshop on Accounting Standards
- Workshop on Co-operative Audit,
- Latest Practical Issues in TDS & e-filing of TDS Returns
- Issues in Revised Schedule VI & Revised Audit Report under SA 700/705/706
- Workshop on Trusts/NGOs/NPOs
- Workshop on Search, Seizure & Survey - under Income Tax Act
- Workshop on Tax Audit and understanding new forms of Income Tax Returns
- Two Day Workshop on Enabling Service Tax Practice - Level 1
- Two Day Workshop on Enabling Service Tax Practice (Level-II)
- Interactive Sessions with Commissioners
- Interactive Session with Commissioners of Service Tax
- Half day Workshop on VAT Audit
- Comprehensive Workshop on Companies Act 2013
- Workshop on Real Estate - Concepts to Practice
- Workshop On LLP
- Awareness Programme On Financial Reporting Practices
- One day Training Programmed or Peer Reviewers

Special Programmes of the Institute:

Apart from these programmes we had also conducted **62 Study Circle Meetings, 35 Teleconferences, 3 Programmes exclusively on Information Technology for Members and 1 Public Awareness Programme.**

Some of the important dignitaries who had visited the Branch and graced the occasion for various programmes organized by Branch during the year:

Central Level Dignitaries:

- His Excellency Hans Raj Bharadwaj, Hon'ble Governor of Karnataka
- CA. Subodh Kumar Agrawal, President, ICAI (2013-14)
- CA. K. Raghu, Vice President, ICAI(2013-14)
- Dr.ParthasarathiShome, Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER) and Advisor to Finance Minister, New Delhi
- Shri. M. J. Joseph, Additional Secretary, Ministry of Corporate Affairs, Govt. of India
- Sri. Saravanam PM, Director of Postal Services
- Dr. D. Subbarao, Governor, RBI
- Shri. R.K.Dubey, Chairman & Managing Director, Canara Bank
- His Holiness Guruji Sri. Sri. Ravi Shankar, Founder, Art of Living
- CA. B. P. Rao, Past President, ICAI
- Padmashree CA. T. N. Manoharan, Past President, ICAI
- CA. Dhinal A. Shah, Chairman, Committee on International Taxation, ICAI
- CA. S. Santhanakrishnan, Chairman, CLCGC
- CA. Vijay Kumar Gupta, Chairman, CMII of ICAI
- CA. Anuj Goyal, Chairman, Public Finance Committee, ICAI
- CA. Vijay Garg, Chairman, Board of Studies, ICAI
- CA. V. Murali, Vice-Chairman, Board of Studies, ICAI
- Mr. Vijay Kapur, Director, Board of Studies, ICAI
- Dr. P. T. Giridharan, Secretary, Corporate Laws Committee-ICAI
- CA. N. Nityananda, Past Central Council Member, ICAI
- CA. D. Devaraja Reddy, Central Council Member & Chairman, Peer Review Board, ICAI
- CA. Nilesh Vikamsey, Central Council Member & Chairman, FRRB, ICAI

- CA. Babu Abraham Kallivayalil, Central Council Member & Member, FRRB, ICAI
- CA. Sanjiv Choudhary, Central Council Member & Member, FRRB, ICAI

State Level & Local Level Dignitaries:

- Hon'ble Justice N. Venkatachala, Former Lokayukta, Govt. of Karnataka & Former Judge, Supreme Court of India
- Sri. P. S. Rawat, Executive Director, Canara Bank
- Ms. Uma Shankar, Regional Director for Karnataka, RBI
- Ms. Bharathi P V, General Manager, Risk Management Wing, Canara Bank
- CA. Ranganath M. S., Past Chairman, SIRC of ICAI
- Shri. N. S. Sheshashayee, Asst. Legal Advisor, Securities and Exchange Board of India
- Shri. B. N. Harish, Registrar of Companies, Karnataka
- Mr. G. Karibasappa, Director of Co-operative Audit, Bangalore
- CA. D. Prasanna Kumar, Chairman, SIRC of ICAI (2013-14)
- CA. K. Viswanath, Past Chairman, SIRC of ICAI
- Shri. Suresh Kumar, IRS, Additional Commissioner of Service Tax, B'lore
- Mr. Mohd. Irfan, IRS, Deputy Commissioner of Service Tax, B'lore
- Dr. J. Harish, IRS, Assistant Commissioner of Service Tax, B'lore
- Smt. Priya Buddi, IRS, Assistant Commissioner of Service Tax, B'lore
- Shri. Srinivas B C, IRS, Assistant Commissioner of Service Tax, B'lore
- Sri. M. Basavanna, JCCT - Minor Acts, Bangalore
- Sri. Y.C. Shivakumar, JCCT - DVO 1, Bangalore
- Hon'ble Justice N. Kumar, Karnataka High Court
- Ms. Jhahnazeb Akhtar, CIT (Appeal), B'lore
- Shri. M. R. Bhat, ROC, Karnataka
- Dr. B. Venkatachalam, Former Executive Director, Bangalore Stock Exchange

Coaching Classes:

It is very heartening to note that there has been a good response for the Subjectwise Coaching Classes conducted by Bangalore Branch at its premises. The number of students joining for the Coaching has been improved remarkably.

Management Development Programme:

The Bangalore Branch conducts Management Development Programmes wherein officials of various public and private companies including govt. organisations are trained in field of finance and accounting. The Branch has won many accolades from the participating companies for the rich knowledge dissemination.

The flagship courses of MDP are:

- ❖ Course on Finance for Non-Finance Executives (FNFE)-17th Batch
- ❖ Refresher Course for Accountants – 5th Batch
- ❖ Customised Training Programme on “Indirect Taxes” For the executives of Bharat Earth Movers Limited
- ❖ Three Day Training Programme on “Tax Management” For The Assistant Accounts Officers, Accounts Officers And For The Assistant General Managers of Karnataka Power Corporation Limited

Students Activities:

The Branch is regularly organizing and conducting Coaching classes, Crash courses, Courses in Computer Training for the benefit of the students. The coaching classes conducted at the Branch are of high quality and cost effective also in comparison with other facilities available.

- ✓ 11 Batches of Course in General Management and Communication Skills were conducted at the Branch premises.
- ✓ 53 Batches of Integrated Professional Competency Course Orientation Program were conducted at Branch premises
- ✓ 45 Batches of General Management and Communication Skills-I were also conducted at the Branch premises.
- ✓ 151 Batches of IT Training has been completed



IPCC MAY 2013 EXAM			
Reg. No.	Name of the Student	Marks Obtained	Rank
SRO0365923	ABISHEK.V	513	36
SRO0393497	POOJA.V.JAIN	507	42
SRO0393202	DIVYA.K	506	43
SRO0395942	ARCHANA.K.R	505	44
SRO0352695	SATHYA.S	504	45

FINAL MAY 2013 EXAM			
Reg. No.	Name of the Student	Marks Obtained	Rank
SRO0280174	NITIN KUMAR NAHAR	572	6
SRO0286455	PALAK BHAWWALA	568	9
SRO0238362	SIDDARTH.R. SUNDER RAM	560	13

IPCC NOV 2013 EXAM			
Reg. No.	Name of the Student	Marks Obtained	Rank
SRO0415113	MOHAMMED AMIR	502	29
SRO0356087	PRASHANTH KAMATH.B	499	32
SRO0394791	ANEESH B.U	493	38
SRO0409598	ROHIT KUMAR JAIN	490	40

FINAL NOV 2013 EXAM			
Reg. No.	Name of the Student	Marks Obtained	Rank
SRO0272952	AISHWARYA.T	476	35
SRO0261558	KUSUM.J	473	37

Membership :

As on 31.03.2014 the membership of the Bangalore Branch, which includes the members of Hosur and Tumkur was 10314.

Managing Committee Meetings:

During the period from 1st April 2013 to 31st March 2014, 5 meetings were held.

Accounts:

The audited financial statement of the Branch has been published in this issue of the newsletter.

Acknowledgements :

The Managing Committee wishes to place on record deep appreciation for the Guidance, Support and Services rendered by various Persons, Organisations and Institutions.

- ❖ President, Vice President, Past Presidents and Central and Regional Council Members of ICAI
- ❖ Past Chairmen of the Bangalore Branch
- ❖ Course Directors, Speakers, Coordinators of the various programmes
- ❖ President and Executive Members of KSCAA
- ❖ Members of the Faculty of Coaching Classes, Course on GMCS, IPCC Orientation Programme, Crash Courses and Management Development Programmes.
- ❖ Statutory Auditors M/s Manian & Rao, Chartered Accountants and Internal Auditors M/s BVS & Associates, Chartered Accountants
- ❖ Advertisers of Newsletters and Sponsors of Programmes/Activities
- ❖ Our Bankers CanaraBank, Syndicate Bank and Punjab National Bank
- ❖ Our Printers M/s Jwalamukhi Mudranalaya Pvt Ltd.
- ❖ Our photographer Sri M.S.Nagaraj
- ❖ Officers and staff for their sincere and dedicated efforts in the overall administration of the Branch affairs.
- ❖ Every member and student of the Branch for their unstinted support in the various activities of the Branch directly or indirectly

For and on behalf of Managing Committee

Sd/-

(CA. Pampanna B. E.)

Secretary

Place: Bangalore

Date: 29.06.2014

INDEPENDENT AUDITORS' REPORT

To

**The Central Statutory Auditors
The Institute of Chartered Accountants of India
New Delhi**

We have audited the accompanying financial statements of BANGALORE BRANCH OF SIRC OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA, BANGALORE, which comprise the Balance Sheet as at 31st March 2014, the Income & Expenditure Account for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Chartered Accountants Act, 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Institute's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion:

- 1. The employees of the branch are not covered under the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the ESI Act, 1948. In the absence of information, the extent of liability and provision towards the same in the accounts could not be ascertained.*
- 2. The branch is not registered under Service tax Act and has not ascertained and provided in the books service tax liability in respect of services rendered to persons other than the members / students of the ICAI that are taxable. The same could not be quantified in the absence of information.*



Qualified Opinion:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts as required by the Chartered Accountants Act, 1949 have been kept by the Branch office so far as appears from our examination of those books;
- iii. The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts maintained by the Branch office.
- iv. In our opinion, the Balance Sheet and the Income and Expenditure Account dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable *except for the effects of the matter described in the Basis for Qualified Opinion paragraphs.*
- v. In our opinion and to the best of our information and according to explanation given to us *except for the effects of the matter described in the Basis for Qualified Opinion paragraphs*, the said accounts give a true & fair view:
 - a) In the case of Balance Sheet, of state of affairs of the Bangalore Branch office of SIRC of ICAI as at 31st March, 2014.
 - b) In case of Income and Expenditure account, of the Excess of Income over Expenditure for the period ended on that date.

Emphasis of Matter

1. Attention is drawn to notes to Schedule 17 & Schedule 15 of the financial statements, wherein an amount of Rs.21,00,000/- receivable from SIRC on account of 44th Regional Conference and reimbursements and Rs.41,17,682/- receivable from Central Council is subject to confirmation from the respective offices.

For **Manian & Rao**
Chartered Accountants
FRN: 001983S

Sd/-
(Srikanth R)

Partner

Membership no: 203138

Place : Bangalore

Date : 12th May 2014

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
BALANCE SHEET AS ON 31.03.2014**

PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
SOURCES OF FUNDS			
1. GENERAL RESERVE			
OPENING BALANCE		27,763,145	23,392,449
ADD: SURPLUS		277,821	556,131
GENERAL RESERVE BALANCE		28,040,966	23,948,580
TRANSFER FROM EARMARKED FUNDS			3,814,565
TOTAL GENERAL RESERVE		<u>28,040,966</u>	<u>27,763,145</u>
2. EARMARKED FUNDS			
OPENING BALANCE	1	50,340,714	37,966,304
ADDITIONS		20,285,000	13,488,000
INTEREST INCOME		4,637,891	3,060,975
LESS EXPENSES/ADJUSTMENT		661,800	4,174,565
TOTAL EARMARKED FUNDS		<u>74,601,806</u>	<u>50,340,714</u>
3. CURRENT LIABILITIES			
A. FEES RECEIVED IN ADVANCE	2	7,539,583	5,476,525
B. CREDITORS FOR EXPENSES & CAPITAL GOODS	3	976,104	2,892,055
C. OTHER LIABILITIES	4	329,584	362,920
D. PROVISIONS	5	641,404	109,044
SUB-TOTAL		<u>9,486,675</u>	<u>8,840,544</u>
4. INTER UNIT BALANCES:			
A. CAPITAL GRANT RECEIVED		8,187,011	7,975,656
B. CENTRAL COUNCIL CURRENT ACCOUNT	6	1,936,108	6,279,608
C. ICAI PUBLICATION PAYABLE ACCOUNT	7	3,486,617	2,071,613
SUB-TOTAL		<u>13,609,736</u>	<u>16,326,877</u>
TOTAL		<u>125,739,183</u>	<u>103,271,280</u>
ASSETS/APPLICATION OF FUNDS			
1. FIXED ASSETS-NET BLOCK			
2. EARMARKED INVESTMENTS			
3. OTHER INVESTMENTS			
4. CURRENT ASSETS:			
A. SECURITY DEPOSITS	11	948,000	948,000
B. OTHER RECEIVABLES	12	4,280,563	2,988,869
C. ADVANCES & PREPAYMENTS	13	950,334	655,875
D. CASH & BANK BALANCES	14	3,783,674	4,138,277
SUB TOTAL		<u>9,962,571</u>	<u>8,731,021</u>
5. INTER UNIT BALANCES:			
A. CENTRAL COUNCIL CURRENT A/C	15	4,117,682	4,010,829
B. PUBLICATION STOCK TRANSFER A/C	16	2,617,375	1,985,995
C. REGIONAL COUNCIL CURRENT A/C	17	2,100,000	2,100,000
SUB TOTAL		<u>8,835,057</u>	<u>8,096,824</u>
TOTAL		<u>125,739,183</u>	<u>103,271,280</u>

SIGNIFICANT ACCOUNTING POLICIES &
NOTES FORMING PART OF ACCOUNTS

24

As per Audit Report of Even date
For Manian & Rao
Chartered Accountants
Firm Reg No: 001983S
Sd/-
(CA. Srikanth R)
Partner
Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-
CA. Geetha A.B.
Treasurer

Sd/-
CA. Pampanna B.E
Secretary

Sd/-
CA. Babu K Thevar
Chairman

Sd/-
(CA. Srikanth R)
Partner
Membership No. 203138

Place: Bangalore
Date : 12/05/2014



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2014**

PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
INCOME			
MEMBERSHIP GRANT		1,162,100	1,103,800
GRANT RECEIVED TOWARDS STUDENT		457,302	375,000
AUDIT FEES GRANT		-	18,000
		1,619,402	1,496,800
NEWS LETTER INCOME		292,500	660,800
SEMINAR INCOME		18,119,054	5,443,151
GMCS COURSE INCOME		14,990,200	3,824,800
IPCC ORIENTATION INCOME		9,948,000	7,404,000
INTEREST ON INVESTMENTS	18	3,092,265	2,801,053
OTHER INCOME	19	1,288,494	622,989
INCOME FROM COACHING CLASSES		4,338,592	4,531,906
COMMISSION ON SALE OF PUBLICATIONS		875,754	672,360
44TH SIRC CONFERENCE INCOME		-	4,722,925
PRIOR PERIOD INCOME	20	-	34,686
INCOME FROM ITT COURSE FEES		15,940,000	9,952,000
		68,884,859	40,670,670
		70,504,261	42,167,470
EXPENDITURE			
SALARY & STAFF EXPENSES	21	4,839,575	3,439,715
PRINTING, STATIONERY & PHOTOCOPYING		528,682	144,592
NEWSLETTER (RCS & BRS)		1,585,491	1,618,614
POSTAGE, TELEPHONE AND COURIER		205,509	106,809
RENT ELECTRICITY AND WATER		1,365,960	1,199,219
REPAIRS & MAINTENANCE		1,114,868	879,704
AUDIT FEES		-	20,225
CONVEYANCE AND TRAVEL - STAFF		91,827	60,242
TRAVEL- MEMBERS		85,622	-
MAGAZINE & PERIODICALS		11,986	12,983
PROFESSIONAL & CONSULTANCY FEES		368,533	358,201
SEMINAR EXPENSES		13,515,847	3,618,297
ELECTION EXPENSES		-	78,568
GMCS COURSE EXPENSES		7,015,934	2,632,489
IPCC ORIENTATION EXPENSES		5,589,737	3,586,486
OTHER EXPENSES	22	775,514	450,475
EXPENSES TOWARDS COACHING CLASSES		2,317,389	2,484,696
PRIOR PERIOD ADJUSTMENTS	23	63,857	59,205
EXPENDITURE ON ITT COURSE FEES		5,216,145	4,229,253
		44,692,476	24,979,773
DEPRECIATION		2,857,964	1,650,766
		47,550,440	26,630,539
SURPLUS FOR THE YEAR		22,953,821	15,536,931
APPROPRIATIONS			
MAINTENANCE FUND		400,000	400,000
BUILDING MAINTENANCE FUND		100,000	100,000
CA STUDENT EDUCATION FUND		550,000	500,000
ITT RESERVE FUND		3,985,000	2,488,000
LIBRARY CORPUS FUND		100,000	-
STUDY CIRCLE SERIES FUND		150,000	-
FIXED ASSET ACQUISITION FUND		15,000,000	10,000,000
SHARE OF HO ON ITT COURSE FEES		2,391,000	1,492,800
BALANCE TRANSFERRED TO GENERAL RESERVE		277,821	556,131

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING
PART OF ACCOUNTS

24

As per Audit Report of Even date

For Manian & Rao

Chartered Accountants

Firm Reg No: 001983S

Sd/-

(CA. Srikanth R)

Partner

Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-

CA. Geetha A.B.

Treasurer

Sd/-

CA. Pampanna B.E

Secretary

Sd/-

CA. Babu K Thevar

Chairman

Place: Bangalore

Date : 12/05/2014

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2014**

SCHEDULE - 1 : EARMARKED FUNDS

PARTICULARS	AS AT	ADDITIONS	INCOME	DEDUCTIONS	AS AT
	01.04.2013				31-03-2014
	Rs.	Rs.	Rs.	Rs.	Rs.
<u>ENDOWMENT FUNDS</u>					
VISWESHWARAIAH PRIZE FUND	118,091	-	10,023	-	128,114
GURUPRASAD PRIZE FUND	73,955	-	6,502	-	80,457
BHANUMURTHY PRIZE FUND	20,015	-	1,227	-	21,242
SEETHARAMAIAH PRIZE FUND	160,476	-	13,004	-	173,480
TOTAL (A)	372,537	-	30,756	-	403,293
<u>DESIGNATED FUNDS</u>					
STUDY CIRCLE SERIES FUND	672,509	150,000	59,324	-	881,834
CA STUDENT EDUCATION FUND	1,358,233	550,000	105,100	661,800	1,351,533
BUILDING MAINTENANCE FUND	13,032,043	100,000	1,183,766	-	14,315,810
LIBRARY CORPUS FUND	962,050	100,000	47,180	-	1,109,231
FIXED ASSET ACQUISITION FUND	21,183,647	15,000,000	1,880,581	-	38,064,229
MAINTENANCE FUND	5,944,460	400,000	500,893	-	6,845,353
ITT RESERVE FUND	6,815,234	3,985,000	830,290	-	11,630,524
TOTAL (B)	49,968,177	20,285,000	4,607,136	661,800	74,198,513
GRAND TOTAL (A) + (B)	50,340,714	20,285,000	4,637,891	661,800	74,601,806



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2014**

PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
<u>FEES RECEIVED IN ADVANCE</u>	2		
CPT COACHING CLASS		139,583	147,392
FINAL CRASH COURSE		69,000	68,033
IPCC ORIENTATION		1,239,000	669,000
MOCK TEST		-	8,400
GMCS COURSE FEES		5,352,000	3,039,700
INFORMATION TECHNOLOGY TRAINING		740,000	1,544,000
		7,539,583	5,476,525
<u>CREDITORS FOR EXPENSES & CAPITAL GOODS</u>	3		
COACHING CLASS		-	2,400
IPCC ORIENTATION EXPENSES		-	145,800
GMCS COURSE		89,722	152,639
FACULTY FEES PAYABLE		160,350	663,709
INTERNAL AUDIT FEES		-	45,506
STATUTORY AUDIT FEES		-	20,225
INTERNAT/WEB MAINTENANCE		-	2,523
OVERTIME ALLOWANCE		14,775	11,394
SALARY PAYABLE		5,328	-
PRINTING & STATIONERY		33,466	59,934
POSTAGE, COURIER & TELEPHONE		-	11,867
PROFESSIONAL FEES		25,590	25,281
RENT, ELECTRICITY AND WATER		173,716	166,573
SECURITY CHARGES		75,689	2,753
SEMINAR EXPENSES		192,160	472,160
STAFF WELFARE EXPENSES		17,522	16,836
MISC LIABILITIES		18,456	17,854
FIXED ASSET PAYABLE- SUMIT ENGINEERING		-	169,899
PRINTING & STATIONERY-ITT		12,024	12,247
RENT, ELECTRICITY AND WATER CHARGES-ITT		111,396	96,017
INFRASTRUCTURE HIRE CHARGES-ITT		-	415,200
AMC CHARGES PAYABLE-ITT		-	42,118
ELECTRICAL FITTINGS -ITT		-	339,120
SECURITY CHARGES-ITT		22,851	-
WEB MAINTAINANCE-ITT		2,897	-
SALARY PAYABLE- ITT		20,162	-
		976,104	2,892,055
<u>OTHER LIABILITIES</u>	4		
SECURITY DEPOSIT - EX EMPLOYEE		1,000	1,000
STATUTORY DUES			
- TAX DEDUCTED AT SOURCE		236,571	222,911
- TAX DEDUCTED AT SOURCE-ITT		39,763	97,509
- PROFESSIONAL TAX		-	200
RETENTION STAFF - ITT		36,000	-
SUNDRY LIABILITIES		16,250	41,300
		329,584	362,920
<u>PROVISIONS</u>	5		
LEAVE ENCASHMENT		83,750	80,719
LEAVE ENCASHMENT-ITT		-	28,325
GRATUITY PAYABLE		552,808	-
GRATUITY PAYABLE- ITT		4,846	-
		641,404	109,044
<u>CENTRAL COUNCIL CURRENT A/C</u>	6		
ICAI - GRATUITY GRANT PAYABLE		99,808	99,808
ICAI - CERTIFICATE ON INDIRECT TAXES		54,000	54,000
SHARE OF GMCS FEES PAYABLE TO H.O.		757,500	905,200
SHARE OF ITT FEE PAYABLE		1,024,800	5,220,600
		1,936,108	6,279,608
<u>ICAI PUBLICATION A/C (PAYABLE A/C)</u>	7		
ARTICLE REGISTRATION FORMS		22,950	37,850
PUBLICATIONS		1,541,030	1,217,988
REVISION TEST PAPERS		360,180	123,510
STUDY MATERIALS		1,151,074	290,444
SUGGESTED ANSWERS		411,383	401,821
		3,486,617	2,071,613

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2014**

SCHEDULE - 8 : FIXED ASSETS & DEPRECIATION

PARTICULARS	RATE OF DEP. (%)	WDV AS ON 01.04.2013 (In Rs)	ADDITIONS (In Rs)	DELETIONS (In Rs)	TOTAL (In Rs)	DEPRECIATION (In Rs)	WDV ON 31.03.2014 (In Rs)
<u>AT BRANCH PREMISES</u>							
AIRCONDITIONER	15%	604,972	-	-	604,972	90,746	514,226
BIO-METRIX	15%	14,197	-	-	14,197	2,130	12,067
CANOPY	10%	65,576	-	-	65,576	6,558	59,018
COMPUTERS	60%	55,585	57,950	-	113,535	56,441	57,094
CCTV	15%	134,822	-	-	134,822	20,223	114,599
DIGITAL CAMERA	15%	4,928	-	-	4,928	739	4,189
ELECTRICAL FITTINGS	10%	874,028	-	-	874,028	87,403	786,625
FIRE ALARM SYSTEM	10%	49,491	64,994	-	114,485	5,519	108,966
FURNITURE	10%	2,214,202	197,245	-	2,411,447	230,151	2,181,296
FURNITURE-KITCHEN UTENSILS	10%	11,902	-	-	11,902	1,190	10,712
LAPTOP	60%	35,812	-	-	35,812	21,487	14,325
PROJECTORS	60%	122,183	121,900	-	244,083	87,136	156,947
LIBRARY BOOKS	100%	-	93,485	-	93,485	50,500	42,985
LIBRARY BOOKS(SOUTH)	100%	-	6,097	-	6,097	3,909	2,188
LIFT	10%	1,408,131	-	-	1,408,131	140,813	1,267,318
NETWORKING	60%	4,850	-	-	4,850	2,910	1,940
OFFICE EQUIPMENTS	15%	196,085	46,828	-	242,913	31,704	211,209
PHOTO GALARY	15%	-	52,313	-	52,313	4,816	47,497
PRINTERS	15%	63,016	-	-	63,016	9,452	53,564
INTERIOR AUDITORIUM	10%	968,548	-	-	968,548	96,855	871,693
INTERIORS	10%	1,645,605	-	-	1,645,605	164,561	1,481,044
SOFTWARE	60%	668	-	-	668	401	267
UPS	15%	120,028	282,815	-	402,843	27,239	375,604
PLASMA TV	15%	69,860	-	-	69,860	10,479	59,381
MICROPHONE	15%	14,685	-	-	14,685	2,203	12,482
WHITE BOARDS	10%	17,393	-	-	17,393	1,739	15,654
WATER CONTROLLER	15%	1,896	-	-	1,896	284	1,612
VIDEO CAMERA	15%	40,966	-	-	40,966	6,145	34,821
WEB CASTING CAMERA	15%	-	37,870	-	37,870	4,684	33,186
FIRE EXIT STAIRCASE	10%	737,647	103,400	-	841,047	80,706	760,341
GRAND TOTAL		9,477,076	1,064,897	-	10,541,973	1,249,123	9,292,850
<u>ITT</u>							
<u>AT BRANCH PREMISES</u>							
COMPUTER LAB	10%	32,408	-	-	32,408	3,240	29,168
COMPUTERS	60%	36,945	83,200	-	120,145	29,337	90,808
ANTIVIRUS SOFTWARES	60%	-	193,000	-	193,000	32,678	160,322
FURNITURES	10%	122,510	-	-	122,510	12,252	110,258
OFFICE EQUIPMENTS	15%	7,943	44,392	-	52,335	1,665	50,670
SPEAKER & AMPLIFIER	15%	15,338	-	-	15,338	2,300	13,038
UPS	15%	257,086	35,000	-	292,086	38,750	253,336
SUB TOTAL (A)		472,230	355,592	-	827,822	120,222	707,600
<u>ITT SOUTH CENTER</u>							
<u>LAB-1</u>							
AIRCONDITIONER	15%	221,750	-	-	221,750	33,263	188,487
COMPUTER LAB COMPUTERS	60%	126,529	-	-	126,529	75,917	50,612
PROJECTOR	60%	192,539	-	-	192,539	115,523	77,016
PRINTERS	15%	22,820	-	-	22,820	3,424	19,396
INTERIOR DECORATION	10%	255,387	-	-	255,387	25,539	229,848
UPS	15%	233,304	-	-	233,304	34,996	198,308
CCTV	15%	60,726	-	-	60,726	9,108	51,618
FURNITURE	10%	94,068	-	-	94,068	9,407	84,661
NETWORKING	60%	2,773	-	-	2,773	1,664	1,109
ELECTRICAL FITTINGS	10%	98,800	-	-	98,800	9,880	88,920
<u>LAB-2</u>							
FURNITURE	10%	783,170	-	-	783,170	78,317	704,853
ELECTRICAL FITTINGS	10%	499,569	-	-	499,569	49,957	449,612
UPS	15%	246,528	-	-	246,528	36,980	209,548
DESKTOP	60%	1,674,405	-	-	1,674,405	1,004,644	669,761
SUB TOTAL (B)		4,512,368	-	-	4,512,368	1,488,619	3,023,749
GRAND TOTAL (A+B)		4,984,598	355,592	-	5,340,190	1,608,841	3,731,349
TOTAL (BRANCH+ITT)		14,461,674	1,420,489	-	15,882,163	2,857,964	13,024,199



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2014**

SCHEDULE - 9 : EARMARKED INVESTMENTS

PARTICULARS	In FDRs (A) Rs.	INTEREST RECEIVABLE (B) Rs.	INTEREST RECEIVED (C) Rs.	NET INTEREST RECEIVABLE (D) = (B-C) Rs.	BALANCE WITH INVESTMENT (GEN) (E) Rs.	As At 31-03-2014 (F)=(A+D+E) Rs.
VISWESHWARAIAH PRIZE FUND	111,332	10,023	1,832	8,191	8,591	128,114
GURUPRASAD PRIZE FUND	74,855	6,502	3,707	2,795	2,807	80,457
BHANUMURTHY PRIZE FUND	14,468	1,227	937	290	6,484	21,242
SEETHARAMAIAH PRIZE FUND	149,710	13,004	7,415	5,589	18,181	173,480
TOTAL (A)	350,365	30,756	13,891	16,865	36,063	403,293
STUDY CIRCLE SERIES FUND	619,535	59,324	5,932	53,392	208,907	881,834
CA STUDENT EDUCATION FUND	1,209,413	105,100	9,031	96,069	46,051	1,351,533
BUILDING MAINTENANCE FUND	12,843,143	1,183,766	192,624	991,142	481,524	14,315,810
LIBRARY CORPUS FUND	509,844	47,180	3,449	43,732	555,655	1,109,231
FIXED ASSET ACQUISITION FUND	21,718,893	1,880,581	658,167	1,222,414	15,122,921	38,064,229
MAINTENANCE FUND	5,560,020	500,893	86,727	414,166	871,167	6,845,353
ITT RESERVE FUND	10,216,525	830,290	172,194	658,096	755,903	11,630,524
TOTAL (B)	52,677,374	4,607,136	1,128,124	3,479,011	18,042,128	74,198,513
GRAND TOTAL (A) + (B)	53,027,739	4,637,891	1,142,016	3,495,876	18,078,191	74,601,806

PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
<u>INVESTMENTS - GENERAL</u>	10		
FIXED DEPOSITS WITH CANARA BANK		13,992,757	5,792,757
FIXED DEPOSITS WITH SYNDICATE BANK		9,588,784	10,581,108
FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		1,000,000	1,000,000
FIXED DEPOSITS WITH CANARA BANK- ITT		8,174,671	7,860,123
FIXED DEPOSITS WITH SYNDICATE BANK-ITT		2,487,528	2,188,449
FIXED DEPOSITS WITH PUNJAB NATIONAL BANK-ITT		2,150,000	2,150,000
		37,393,740	29,572,437
LESS : AMOUNT TO BE TRANSFERRED TO EARMARKED INVESTMENTS		18,078,191	7,931,390
		19,315,549	21,641,048
<u>SECURITY DEPOSIT</u>	11		
DEPOSIT FOR RENT - BANGALORE SOUTH ITT CENTER		640,000	640,000
DEPOSIT FOR RENT - READING ROOM		308,000	308,000
		948,000	948,000
<u>OTHER RECEIVABLES</u>	12		
DUE FROM EX - EMPLOYEE		29,250	29,250
RECOVERABLE FROM EMPLOYEES		-	40
INTEREST ACCRUED BUT NOT DUE ON OTHER INVESTMENTS		4,064,434	2,749,191
UNION BUDGET ANALYSIS		-	180,951
INVESTOR AWARENESS PROGRAMME		-	14,762
SICASA BANGALORE		174,879	14,675
GMCS FEES RECEIVABLE		12,000	-
		4,280,563	2,988,869
<u>ADVANCE & PRE-PAYMENTS</u>	13		
DEPOSITS WITH KPTCL		206,287	206,287
ADVANCE TO STAFF		142,626	115,000
PREPAID EXPENSES		394,077	157,945
ADVANCE - POST OFFICE FOR NEWSLETTER POSTING		31,140	61,643
MISCELLANEOUS		108,000	115,000
OTHER STOCKS		66,162	-
OTHER ADVANCES - ITT		2,043	-
		950,334	655,875

PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
<u>CASH & BANK BALANCES</u>	14		
CASH ON HAND		55,724	64,408
CHEQUE ON HAND		-	1,878,641
CANARA BANK SB A/C.80172		103,579	145,925
CANARA BANK SB A/C.10825		1,220,238	1,369,026
CANARA BANK SB A/C.9499		675,599	161,843
CANARA BANK SB A/C.9759		934,165	50,035
CANARA BANK SB A/C.80999 - ITT		643,736	275,743
PUNJAB NATIONAL BANK -ITT		150,634	192,556
CASH ON HAND-ITT		-	100
		3,783,674	4,138,277
<u>CENTRAL COUNCIL CURRENT ACCOUNT</u>	15		
TDS RECEIVABLE		3,286,705	2,591,617
SEMINAR GRANT RECEIVABLE		15,000	15,000
MEMBERSHIP FEES GRANT RECEIVABLE		61,025	61,025
SUNDAY TEST EXPENSES		28,421	28,421
ICAI CURRENT ACCOUNT		22,105	22,105
ICAI DECENTRALISED OFFICE, BANGALORE		(1,392)	331,933
BOS GRANT RECEIVABLE		42,000	42,000
REGIONAL COUNCIL SALARY RECEIVABLE		63,932	71,342
AUDIT FEES GRANT RECEIVABLE		272,758	272,758
LIBRARY GRANT RECEIVABLE		3,319	3,319
MEDICAL GRANT RECEIVABLE		7,285	7,285
ISA EXPENSES RECEIVABLE		10,235	6,085
CPT ONLINE EXAM RECEIVABLE		62,294	62,294
GST WAY FORWARD PROGRAMME RECEIVABLE		49,604	49,604
EXPOSURE DRAFT PROGRAMME RECEIVABLE		3,513	3,513
SEMINAR ON CORPORATE LAWS		91,099	91,099
CERTIFICATE COURSE ON IDT		-	301,650
CAREER GUIDANCE PROGRAM		49,779	49,779
SERVICE TAX ENABLING GRANTS RECEIVABLE		50,000	-
		4,117,682	4,010,829
<u>ICAI PUBLICATION STOCK ACCOUNT</u>	16		
ARTICLE REGISTRATION FORMS		400	37,800
PUBLICATIONS		1,366,255	1,216,205
REVISION TEST PAPERS		129,050	69,820
STUDY MATERIALS		797,780	359,080
SUGGESTED ANSWERS		323,890	303,090
		2,617,375	1,985,995
<u>REGIONAL COUNCIL CURRENT ACCOUNT</u>	17		
44TH REGIONAL CONFERENCE		2,100,000	2,100,000
		2,100,000	2,100,000
<u>INTEREST ON INVESTMENTS</u>	18		
INTEREST ON FIXED DEPOSITS		1,380,433	1,463,035
INTEREST ON SB ACCOUNTS		276,267	137,034
INTEREST ON FIXED DEPOSITS -ITT		1,312,712	1,167,751
INTEREST ON SB ACCOUNTS-ITT		122,853	33,233
		3,092,265	2,801,053
<u>OTHER INCOME</u>	19		
MISCELLANEOUS INCOME		495,019	253,167
MOCK TEST INCOME		75,525	24,522
COMMISSION ON SALE OF EXAM FORMS		254,250	345,300
GMCS HO SHARE REVERSED		463,700	-
		1,288,494	622,989
<u>PRIOR PERIOD INCOME</u>	20		
INVESTOR AWARENESS PROGRAM		-	25,239
OTHERS		-	9,447
		-	34,686



PARTICULARS	SCHEDULE	31-03-2014 Rs.	31-03-2013 Rs.
<u>SALARY & STAFF EXPENSES</u>	21		
SALARY TO STAFF (INCLUSIVE OF INCENTIVE & OT)		3,784,718	3,050,988
STAFF WELFARE EXPENSES		376,273	279,007
MEDICAL EXPENSES		64,198	60,000
UNIFORM EXPENSES		61,578	49,720
GRATUITY		552,808	-
		4,839,575	3,439,715
<u>OTHER EXPENSES</u>	22		
GENERAL EXPENSES		359,910	262,806
SECURITY CHARGES		282,160	164,556
BANK CHARGES		34,416	8,288
TELECONFERENCE EXPENSES		1,600	5,928
MOCK TEST EXPENSES		34,903	8,897
SUNDRY BALANCE WRITTEN OFF		62,526	-
		775,514	450,475
<u>PRIOR PERIOD ADJUSTMENTS - EXPENSES</u>	23		
SEMINAR EXPENSES		40,507	-
IPCC ORIENTATION EXPENSES		18,850	-
COACHING CLASS EXPENSES		-	11,796
CRASH COURSE EXPENSES		-	38,909
GMCS EXPENSES		4,500	8,500
		63,857	59,205

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**
SCHEDULE-24

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS
FOR THE YEAR ENDING 31.03.2014**

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting policy:

The financial statements have been prepared in accordance with the format provided by the ICAI, New Delhi, as per the "Accounting Manual for Branches of Regional council"

b. Revenue Recognition:

Revenue is recognized on accrual basis, as per the "Accounting Manual for Branches of Regional council"

c. Inventories: Stock of publications held on behalf of ICAI is stated at invoiced price to branch.

d. Fixed Assets & Depreciation: Fixed assets are stated at written down value after providing depreciation.

Depreciation is provided adopting rates provided in "Accounting Manual for Branches of Regional council."

e. Investments: Investments are stated at cost

f. Deferred Tax Asset/Liability Is not applicable at branch level.

B. NOTES FORMING PART OF ACCOUNTS:

- Balances representing creditors for expenses & capital goods, other liabilities, regional council & central council accounts are subject to reconciliation & receipt of confirmations from parties.
- During the year the Branch has not made provision for Gratuity as the same is dealt at Head office level.
- GMCS Share payable for the period May '12 to June '13 for Rs. 4,63,700 against which liability was created for in the books of account on account of payment to HO. However, due to change in HO policy, the same was no longer payable and treated as other income.
- Previous year's figures & figures in financial statements have been rounded off to the nearest rupee and previous year's figures have been regrouped/ rearranged wherever necessary to make them comparable with that of the current years.

As per Audit Report of Even date

For Manian & Rao

Chartered Accountants

Firm Reg No: 001983S

Sd/-

(CA. Srikanth R)

Partner

Membership No. 203138

For Bangalore Branch of SIRC of ICAI

Sd/-
CA. Geetha A.B.
Treasurer

Sd/-
CA. Pampanna B.E
Secretary

Sd/-
CA. Babu K Thevar
Chairman

Place: Bangalore
Date : 12/05/2014

Advt.

National Seminar on Mergers and Acquisitions



Inauguration



Chief Guest CA. Ravi Ramu,
Managing Partner at Primrose
Resorts and Hotel and Head -
International
Markets at Grant Thornto



Guest of Honour
CA. N. V. Sivakumar,
Executive Director and Leader
- Deals, India Pricewaterhouse
Coopers Pvt Ltd



CA. Shivaram Bhat S.,
Programme Co-ordinator



CA. Shivram Subramanian



CA. Ajay M. R.



CA. N. G. Ramachandran



CA. Manish Dugar



CA. Arunkumar B. S.



Mr. Rajiv Khaitan



CA. Shiva Kumar J



CA. Badree Komandur



CA. Anjana Vivek



Cross Section of Participants



Co-operative Audit Draft Report Committee Meeting

ICAI - Goa Seminar 2014



Inauguration



CA. P. V. Rajarajeshwaran,
Chairman,
SIRC of ICAI



CA. Cotha S. Srinivas,
Secretary,
SIRC of ICAI



CA. Phalguna Kumar



CA. Nithin Mahadevappa



CA. P.R. Suresh



CA. Sripriya Kumar



Cross Section of Participants



Cross Section of Participants



Chief Guest
CA. K. Raghu,
President, ICAI



Guest of Honour
Dr. Venkataramana N.K.



CA. P. V. Rajarajeshwaran,
Chairman,
SIRC of ICAI



CA. Cotha S. Srinivas,
Secretary,
SIRC of ICAI



CA. I. S. Prasad,
Conference Co-ordinator



CA. Babu K. Thevar,
Chairman,
B'lore Br. of SIRC of ICAI



CA. Pampanna B.E.,
Secretary,
B'lore Br. of SIRC of ICAI



CA. Girish Ahuja



CA. M. R. Venkatesh



CA. Vivek Mallya



Release of Souvenir



Release of Souvenir



Chief Guest & Guest of Honour with Chairpersons and Office Bearers of All the Branches of Karnataka



Invocation Ms. Girija Naveen



Cross Section of Participants



CA. K. Raghu visiting the stalls



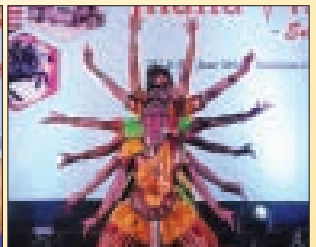
Student Volunteers along with President, Chairman & Managing Committee of Bangalore Branch



Lucky Delegate receiving the prize



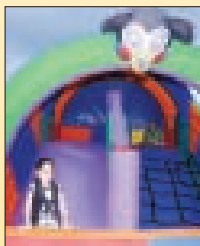
Mr. Narasimha Joshi



Entertainment Programme

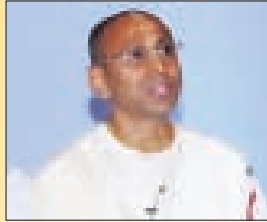


Entertainment Programme



Lucky Couple of the conference Mr. & Mrs. Niranjan Prabhu

Jnana Vistāra Karnataka State Level CA's Conference
 - Extending the horizon.....



Shri. Chanchalapati Dasa,
 Vice Chairman, The Akshaya Patra
 Foundation ISKCON Bangalore



Felicitation to Shri. Chanchalapati Dasa



CA. V. Raghuraman



CA. Himanshu Kishnadwala



CA. Padamchand Khincha H



Moderator
 CA. Sanjay M. Dhariwal



Dr. Murali Krishna B. V.



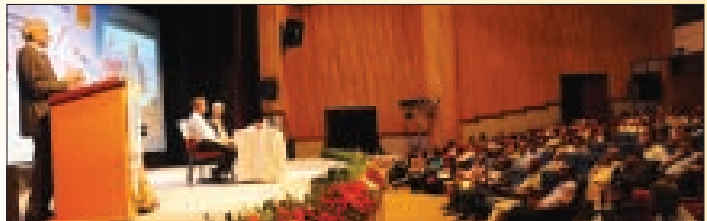
CA. S. Ramasubramanian



CA. T. R. Rajesh Kumar



Mr. Kishore Jain



CA. Padamchand Khincha addressing the conference



Valedictory Session



MC's CA. Sandya P. Nagar
 & CA. Kanika Gupta



Branch Committee Members & Staff of Bangalore Branch on the conclusion of the conference



Blood Donation Camp

Speakers at Study Circle Meetings



CA. Saket Bhartia



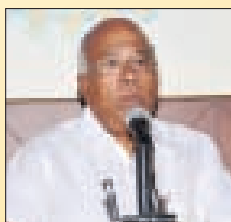
Mr. M. A. Maniyar,
 Retd. Dy. Commissioner of
 Commercial Taxes, Bangalore



CA. G. S. Prashanth



CA. D. S. Vivek



Co-ordinator
 CA. Srikrishna Subramaniam



CA. Chandra Rampuria