



Bangalore Branch of SICR Newsletter

English Monthly

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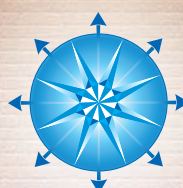
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1000 Year old Temple in the Heart of the City !



“Success in life depends on action, that is, on what you do, and not what you feel or think, and the price of success is hard work. Industry, concentration, self-reliance, a resolute Will, added to integrity of character, are the chief passport to success and these are within the reach of every active brain.”

VICHAKSHANA



CA

The Clear-sighted Professional



“As human beings, our greatness lies not so much in being able to remake the world... as in being able to remake ourselves.”



Two Day National Tax Conference

on Saturday, 13th & Sunday, 14th of June 2015
at **Hotel Le-Meridian**, Sankey Road, Bangalore

10 Hrs.
CPE
* Unstructured

DAY 1 - 13th June 2015

09:45AM	INAUGURAL SESSION
	Inauguration by Chief Guest : Shri D.V. Sadananda Gowda Hon'ble Minister for Law and Justice, Govt. of India Guest of Honour: Mr. F.R. Singhvi , Renowned Industrialist
11:30AM	SESSION I
	Gearing up for GST CA. Madhukar Hiregange , Bengaluru Chairperson: Ms. Anita Sumanth , Advocate, Chennai
01:15PM	LUNCH
02:15PM	SESSION II
	Important Amendments in Service Tax Mr. K. Vaitheeswaran Advocate, Chennai Chairman: Mr. K.C. Kaushik Advocate, Additional Solicitor General, New Delhi
04:00PM	SESSION III
	Companies Act, 2013 Important provisions for practitioners CA. Gururaj Acharya , Bengaluru Chairman: CA. P.V. Srinivasan Corporate Advisor in Tax and Corporate Laws matters Wipro Limited, Bengaluru

DAY 2 - 14th June 2015

08:00AM	Breakfast
09:00AM	SPIRITUAL SESSION Dr. H.S. Ramesh , Family Counselor
10:15AM	SESSION IV
	Direct Taxes - Finance Act 2015 Discussion on Provisions relating to - TDS & Place of effective management CA. PVSS Prasad , Hyderabad Chairman: Jnanasagara CA. S. Krishnaswamy , Bengaluru
12:00noon	SESSION V
	Labour Laws for practising professionals Mr. B.C. Prabhakar , Advocate, Bengaluru Chairman: Shri. R.S. Rao , Regional Director, ESIC, Karnataka Ministry of Labour & Employment, Govt. of India
01:15PM	LUNCH
02:15PM	SESSION VI
	Panel discussion on Works Contract (VAT/Service Tax/Income Tax) CA. Raghuraman , Advocate, Bengaluru CA. K.K. Chythanya , Advocate, Bengaluru CA. Vishnumurthy , Bengaluru Moderator: CA. S Ramasubramanian , Bengaluru
04:30PM	VALEDICTORY SESSION

Organized by

**Bangalore Branch
of SIRC of ICAI**

Jointly with

**All India Federation of
Tax Practitioners (AIFTP) &**

**Karnataka State
Chartered Accountants
Association (KSCAA)**

DELEGATE FEE:

₹ 3,000/-

inclusive of Service Tax,

SPOUSE DELEGATE FEE:

₹ 2,000/-

inclusive of Service Tax

Mode of Payment:

Cash/ Cheque in favour of

**"Bangalore Branch
of SIRC of ICAI"**

payable at Bangalore

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Bangalore Branch of SIRC of ICAI

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Secretary
Bangalore Branch of SIRC of ICAI

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CA. I.S. Prasad
Chairman
Delegate Committee

**Online Registration
is available.**

Visit our website:

bangaloreicai.org

Hospitality Committee:

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Convenor,

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Advt.

Tapping your potential



CA. S. Krishnaswamy

“Capability is Internal – Knowledge and Skills. Competence is External. Efficacious delivery of such knowledge and skills that attracts Acceptance”

We live in the best of times – an age of innovation, transformation, and opportunities. Bill Gates said, he was lucky to be born at this point of time in the world's history, given the potential every human being aspires to be successful and be happy. The tools to achieve success are well known, may differ from person to person depending on one's aptitude and intelligence. If the correct tools are employed, success is assured. Professional accountants today find themselves in the main stream of India's growth Story, in a recognised across all sections of the economy. A CA Professional has to go through a programme of lifelong learning and continuing development of professional competence. Commitment to excellence means “The quality of a person's life will be determined by the depth of their commitments to excellence, no matter what their chosen field”. The triple bottom line for realising one's potential is **Commitment, Ethics and Knowledge**.

A. Commitment – Faith

- i. “Until one is committed, there is hesitancy, the chance to draw back, always ineffectiveness. Concerning all acts of initiative and creation, there is an elementary truth, the ignorance of which kills countless ideas and splendid plans; that the moment that one definitely commits oneself, then providence moves too.
- ii. All sorts of thing occur to help one that would never otherwise have occurred. A whole stream of events issue from the decision, raising in one's favour all manner of unforeseen incidences and meanings and materials assistance that no man could have dreamed would come his way.”- Mountain Climber Charles Murray. “Are you in earnest? Seek this very minute, whatever you can do, or dream you can, begin it. Boldness has genius, power, and magic in it. Only engage and the mind grows heated. Begin and then the task will be completed.”- Goethe

Two factors stand out

I. Good Habits

The Six Healthy habits are:

The Law of Habits says, “Any thought or action that you repeat over and over will eventually become a new habit.” When you repeatedly and respond in a positive way, you take full control

over your conscious mind. Soon it becomes automatic and easy to think and act in that manner. By using willpower and repetition, you develop new habits of thinking and acting. By applying this law, you can become a completely positive person and change your life.”

1. An action plan or discipline.
2. Hard work to implement the plan of action – mental resolves (Sankalpa) perseverance or dedication.

Bill Gates was so much attracted like a magnet to microprocessor and its capability and coding that he knew no difference between day and night and he never felt hunger, this is the rule of attraction. Another habit of successful people is that of early rising. Thomas Jefferson said (the sun has never got me on my bed.

Mark Zuckerberg says – My challenge for 2015 is to read a new book every other week.

Our first book of the year will be The End of Power by Moises Naim. It's a book that explores how the world is shifting to give an individual person more power that was traditionally only held by large governments, militaries and other organisations. The trend towards giving people more power is one I believe in deeply, and I'm looking forward to reading this book and exploring this in more detail.

3. Aesthetic excellence – Physical Personality (Dress code) – Purity (Soucham)- orderliness attractiveness of office, work place set up etc., decoration – lighting etc., and at the group level or firm level
4. Integrity
5. Compliance with law and regulation.
6. Consideration for others – all those concerned.

II. Intelligence

Edward De Bono defines Intelligence

1. I-Q, Intelligent Quotient.
2. Way of acting, acting consistently with one's goals that one has set

CODE OF ETHICS

Ethics can be divided into

1. General Code of Conduct (Samanya Dharma)
2. Professional Ethics

General Code of Conduct (Samanya Dharma)

There is no definition in ICAI code of conduct, taking a clue from the Gita, (referring to Chapter XVI) these are -

- a. Fearlessness, purity of mind, wise apportionment of knowledge and concentration, charity, self-control and sacrifice, study of the scriptures, austerity and uprightness.
- b. Non-violence, truth, freedom from anger, renunciation, tranquillity, aversion to fault finding, compassion to living beings, freedom from covetousness, gentleness, modesty and steadiness (absence of fickleness)
- c. Vigour, forgiveness, fortitude, purity, freedom from malice and excessive pride

Contd. on Pg. 8 ►

Chairman's Communique...

Dear Esteemed Member,

Namasthe,

ANNUAL REPORT & AGM OF THE BRANCH

This issue contains the audited financial statements and the audit report of the Branch for the year ended 31.03.2015. The Notice of the 53rd Annual General Meeting of the members of the Bangalore Branch of SIRC of ICAI is also printed herein. The branch AGM will be on 24th July 2015 at 4.00PM and onwards at Branch premises. All are welcome.

GUEST EDITORIAL BY

JNANA SAGARA CA. S. KRISHNASWAMY

This month's Guest Editorial "**Tapping your potential**" is penned by Jnana Sagara CA S.Krishnaswamy. Being the editor of the News Letter, I have the special privilege of reading the article before it reaches you and I also have the opportunity to delve upon the intellectual ponderings in the article.

His words "**The Quality of a person's life will be determined by the depth of their commitments to excellence, no matter what their chosen field is**" are really remarkable and should be remembered always. Apart from stressing upon to be committed to the quality he has also dealt with the other indispensable virtues of professional life. The intricate difference between 'Capability' and 'Competence' has been effectively analyzed.

We are lucky to have such intellectual giants in our fraternity who are versatile experts in every walk of life...be it academics, philosophy, spirituality or philanthropy.

On behalf of Bangalore Branch I thank him for providing us a great food for thought.

INTERACTIVE PROGRAMMES WITH GOVT. AUTHORITIES:

We have planned an interactive session with The Regional Director, ESIC, - relating to the recent changes in the provisions of ESIC Act and Demo. of recent e-filing and payment initiatives of ESIC on 23rd June 2015

We thank the officials for accepting our invite. We request the members to attend the programme in large numbers and derive the benefits of the interaction.

SERIES OF INTENSIVE WORKSHOP ON INTERNATIONAL TAXATIONS:

Starting from 4th of July 2015, we are starting the series of Intensive Workshop on International Taxation, on the evenings of every 1st and 3rd Saturdays of the Month. Expert resource persons of international repute would be participating in the event. We thank CA. Cotha S Srinivas for volunteering and taking initiative in conducting and coordinating this marathon event.

JNANADAYINI: ICAI National Conference

- on 29th & 30th of August 2015.

We are delighted to inform you that CA.Babu Abraham Kallivayalil, the Chairman of the CPE Committee proposed to have a CPE Conference in Bengaluru and we readily accepted his offer by substituting the National Conference in place of the State Level Conference on the scheduled dates.

The event would be hosted by the Bangalore Branch and jointly organized by all the Branches of Karnataka.

We are happy to inform you that all the topics and speakers of the two day event have been finalized well in advance. Members may peruse the details published elsewhere in this News Letter.

We thank CA. Babu Abraham Kallivayalil for providing us an opportunity to host the event in Bengaluru.

IMPACT SEMINAR FOR WOMEN CA's:

We are organizing an impact seminar for Women CA's on 20th June 2015 at the Branch premises. The event is being coordinated by CA.Geetha A.B, Secretary of the Branch. The discussions will be on "**The Changing Landscape for Women CA professionals – Opportunities & working models**" followed by an interactive session. The event is facilitated by CA.Jayashree Narayanan. There will be also a **Mock Stock** session to have an insight about the stock trading activities. I request my CA Sisters to support us by their active participation.

With warm regards

Dhanyavada

CA. Allama Prabhu M.S.

Chairman



KYC

Know Your City

ನಮ್ಮ ಬೆಂಗಳೂರು

Heritage of Namma Bengaluru - 4

1000 Year old Temple in the Heart of the City !

In my earlier episode, I had written about Bengaluru being ruled by Ganga Kings. In fact, the influence of the Ganga Dynasty on the region appears to be very significant.

Let me very briefly elucidate few important aspects of Ganga Dynasty.

In 325 AD, *Konguni Varma* founded the Ganga Dynasty. History reveals that the Ganga Kings possessed excellent battle skills, very sharp competency in the warfare, bravery, heroism, moral and religious uprightness and great statesmanship.

For nearly 700 years, 25 Kings of this Dynasty have ruled all parts of the Country, effectively and proficiently. In the North, they had extended their territory till *Ujjain*, in the West, they extensively held major parts of *Gujarat*. In many inscriptions, the Ganga Kingdom has also been referred to as "*Gangavaadi 96000*" indicative of the number of regions they held under their control. There was atleast one lake in each village that was under their rule. Their Kingdom was called *Sriraajya* and was famous for prosperity and protection.

Initially they ruled as an independent sovereign power, later they maintained exceptionally high cordial feudatory relationships with *Kadambas*, *Chaalukyas*, *Raashtrakootas* and *Hoysalas*.

It was also necessary and inevitable for the latter to maintain exceptional feudatory relationship with Gangas, particularly to encounter the conflicts of their common enemy's viz., *Pallavaas*, *Cholas* and *Paandyas*.

Gangas never betrayed their friends and always advanced in the Warfield to protect the latter's interest. They were always loyal to comradeship and never misused the trust reposed by their friends; because of the extraordinary fidelity, peerless statesmanship and bravery, others regarded them with great esteem, admiration and due respect.

Begur Herostone is one pictorial example of the gallantry which depicts the warfare between Gangas and Nolambas. It also reveals how Ganga Kings rewarded the Gallants (or his families) and respected the sacrifices of the warriors who laid down their lives during the combat.

They not only treated Shaiva, Vaishnava, Buddhists and Jains equally but also gave the necessary support, encouragement, grants, endowments, incentive and felicitations for all.

Yatha Raja, Tatha Praja - As is the King, so are the citizens. All the special attributes of this Dynasty eventually got percolated to the grass roots and became the Culture of the region that was ruled by them. Bengaluru is no exception. Hundreds of inscriptions found in and around Bengaluru prove the bravery, Nobility, Generosity, Loyalty, Sacrifice and the Moral Uprightness of the Kings who ruled it and so also of the people who dwelled therein.

Bengaluru was a part of the Ganga Kingdom till the Chola Emperor, the harbinger of the heights of Chola glory, **Raja Raja Cholan** (Reign: 985AD to 1014AD) conquered it sometime around 1004 AD under the command of *Rajendra Chola I* the Crown Prince (*Yuvaraja*)

1000 year old temple in the heart of the city !

Domlur is not an unfamiliar place for Chartered Accountants of Bengaluru. Old Airport was in Domlur. Now, the Service Tax Department is also situated there.

While moving in the old airport road we notice Flyovers, Business Complexes, IT Companies, BPO's, Appartments, Hotels, Residential layouts, Military centres so on and so forth; the road is flooded with traffic and is often encountered with undesirable traffic jams bursting with over population. When we are there at Domlur our concern will always be to get out of this place as soon as possible and get rid of all the unavoidable, unpleasant traffic and unbearable pollution.

In a narrow alleyway off the Old Airport Road you will discover the 1000 year old Temple viz., **Chokkanatha Swamy Temple** with an enchanting history constructed by Cholas to commemorate the conquer of Bengaluru and the surrounding provinces particularly the Illaipakka Nadu (Yelahanka)

When the temple was constructed it was in the centre of the locality but now if you do not reach it deliberately you may discover it only accidentally.

The Temple is built in the Dravidian style and the presiding deity is “*Chokka Perumal*” (*Maha Vishnu*) along with consorts “*Shridevi*” and “*Bhudevi*”. “*Chokka Perumal*” means the “the beautiful God”. When you visit the temple you would certainly forget yourselves and fall for the bliss and the beauty of these holy idols.

Several inscriptions are found on the outer stone walls and skirting's and one on the top door frame of the *Sanctum Sanctorum*; many of these inscriptions are in Tamil and few in Kannada (of Poysala Veera Ramananda Devaru). The inscriptions record the various generous grants, noble donations and gracious endowments made by several kings in the name of the Deity and sanctioning money for celebrating festivals.

Domlur has been referred as *Tommalur*; or *Desimanikkapattanam* in these inscriptions.

On the pillars of this temple God Vishnu's Dashavathars have been beautifully carved.

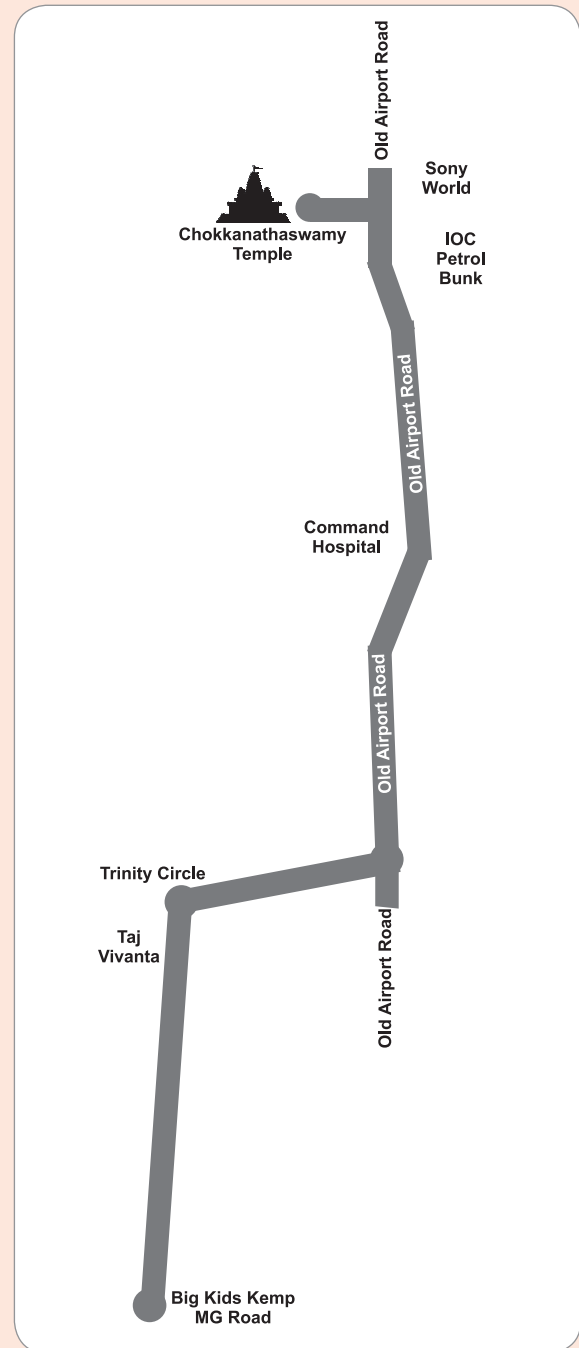
Extensive renovations have been made very recently and rational steps have been taken to restore the antiquity as well.

The 1000 year old temple is worth visiting for so many reasons.

Interestingly, very recently, few persons claim that they have discovered pranic energy centres (source of powerful and concentrated cosmic energy) in the temple complex.

Visit the temple with your family and friends and perceive the richness of the diversified cultural heritage of Namma Bengaluru.

(Ample parking space is also available.)





Guest Editorial

Tapping your potential

Contd. from Page 4

ICAI Code of Ethics

The ethics is a broader term than Code of Conduct. Professional Ethics means the Expectation that the Professional holds out, and fulfilling of that expectation.

For a CA Professional, the fundamental principles of compliance are

1. Integrity
2. Objectivity
3. Professional Competence and Due Care
4. Confidentiality
5. Professional Behaviour

These fundamental principles are fully discussed in detail in the Code of Ethics. The code also discusses how to meet threats to Compliance of these Fundamental principles. Areas that are specified. Eg:

- 1) Conflict of Interest
- 2) Gifts and hospitality
- 3) Objectivity
- 4) Independence
- 5) Personal relationships
- 6) Employment with clients
- 7) Fees and pricing / on % basis prohibited
- 8) Acting with sufficient expertise
- 9) Sharing fee with non-members
- 10) Partnership with non-members
- 11) Solicitation/ Adut
- 12) Communication with previous auditors
- 13) Engagement with any other business Etc.,

Knowledge

- i) In furtherance of its objects the ICAI has set standards in the field of technical application:
 1. Accounting Standards
 2. Auditing Standards
 3. Adopting Global Professional practices

All these are at the level of global standards that enriches the qualities of professional wok.

- ii) The ICAI with its global network of professional bodies in the field of accounting fully mentors the fellow members in the application and standardization of accounting, auditing and relevant disclosures in financial statements. The basket of a member's capability is from time to time redefined with emerging changes and ideas ensuring the attestation function of the member meets stakeholders acceptance.

- iii) To further strengthen the process, IFAC has created the International Education Standard board within its fold. It has issued a frame work for International Education Standards for Professional Accountancy it has issued IESB 8

“Recognizing that the quality of auditors’ performance is dependent, in great part, on their education and training, the International Accounting Education Standards Board (IAESB), an independent standard setting board within the International Federation of Accountants (IFAC), has released a new standard outlining the skills, training, professional values, and attitudes necessary for auditors to perform competently. International Education Standard (IES) 8, **Competence Requirements for Audit Professionals**, applies to all audit professionals, not just the audit engagement partner. It also prescribes specific competence requirements for audit professionals involved in transnational audits”.

“A primary way that the accountancy profession protects the public interest is by requiring that all audit professionals have the necessary skills and training to perform their roles effectively,” states Henry Saville, IAESB Chair. “The public has a right to expect that all audit professionals are properly trained and can be relied upon to perform competently throughout their careers.”

Difference between :

Capabilities - The professional knowledge; professional skills; and professional values, ethics, and attitudes required to demonstrate competence. Explanation: Capabilities are the attributes held by individuals that enable them to perform their roles, whereas competence refers to the actual demonstration of performance. The possession of capabilities gives an indication that an individual has the ability to perform competently in the work place. Capabilities include content knowledge; technical and functional skills; behavioural skills; intellectual abilities (including professional judgment); and professional values, ethics, and attitudes. They are sometimes

referred to, in other literature, as competencies, capacities, abilities, key skills, core skills, fundamental skills and values, attitudes, distinguishing characteristics, pervasive qualities, and individual attributes”.

and

Competence- Being able to perform a work role to a defined standard, with reference to real working environments. Explanation: Competence refers to the demonstrated ability to perform relevant roles or tasks to the required standard. Whereas capability refers to the attributes held by individuals that give them the potential to perform, competence refers to the actual demonstration of performance. Competence may be assessed by a variety of means, including work place performance, work place simulations, written and oral tests of various types, and self-assessment.

Thus capability is internal i.e., acquiring knowledge and skills on a continuing basis

A dynamic environment and competence is external – the demonstration and delivery of capability in an acceptable manner.

- iv) **Swadharma** - To avoid any semblance and conflict of interest and diversion of attention the ICAI code of Ethics precludes a CA from engaging himself in any other activity apart from the profession. The principle that ‘Swadharma’ is best for enriching your capability and competence is given a total emphasis.
- v) **Peer Review** - The peer review mechanism setup by ICAI is another step in the quality over sight function of the practicing member. The detailed questionnaires for evaluating quality controls is a cordial supervisory supporting role correcting gaps if any in the quality of performance as documented.
- vi) **Knowledge** - The ICAI has put in place a mandatory CPE mechanism it on a credit basis prescribing the modes.
- vii) **Networking** - ICAI also encourages networking among its professional members. It has a set out guidelines.
- viii) **Delegations, obtaining outside expert opinion** - The ICAI has prescribed specific guidelines.
- ix) **Qualification – Audit Review** - ‘Qualification in audit report will not hereafter be taken lightly. SEBI starting from financial year 2012-13 has put in public place a mechanism to process qualified annual audit reports filed by the listed companies which Stock Exchanges.

Under the mechanism, a qualified audit review committee of ICAI and Stock Exchanges, representatives of ICAI has

been constituted to review the cases received from the stock exchange and guide SEBI in processing the qualified annual audit reports. SEBI has initiated action in nearby 250 cases. This mechanism is an efficient monitoring system.

SEBI has also a committee – SEBI committee on Disclosure and Accounting Standards (SCODA) comprising of industry representative, ICAI, Merchant Bankers and other stakeholders. Various policy proposals are deliberated by this committee.

Conclusion















In tapping the potential of a CA professional the factors that come into play are

Follow code of Ethics

1. An intense focus on the objective.
2. Being organized – this is the edifice to being a able to get things done in a structured way. Also helps to pacethem so that multiple problems do not overlap in the mind causing commotion.
3. When addressing any problem start with a top down approach. – this can be in the form of bullet point or mind map (pictorial) that starts from the assignment statement to the detailed steps needed to complete the work. Validate your work for compliance with law, regulation, standards and practices
4. Deep thinking – develop a habit to think deep on a subject and form your opinion and views, also called Lateral thinking
5. Networking – use to share your views to validate your thoughts as well as to get a different perspective. This allows lateral thinking and may drive you to reconsider your views.
6. Delegation – ensure you use resources to the best by delegating work to assistants with the required skills or leveraging IT resources
7. Follow code of Ethics
8. Time frame – always set a time limit.
9. Ask for help (in time) – expert opinion
10. Continuous learning – keeping an open mind is key for continuous learning
11. Stay curious – always stay curious about things that you hear about and read. This curiosity will lead to deeper inspiration through further reading as well.















CALENDAR OF EVENTS - JUNE 2015

Date/Day/ Time	Topic / Speaker	CPE Credit
03.06.2015 Wednesday 6.00pm to 8.00pm	Study Circle Meet Foreign Account, Tax Compliance Act (FATCA) CA. Vijay Kotha VENUE: Branch Premises	 2 hrs
05.06.2015 & 06.06.2015 09.30am to 05.00pm	Two Day Workshop on Basics in International Taxation Co-ordinator: CA. Cotha S.Srinivas Delegate Fee: For Members: ₹ 2,000/- VENUE: Branch Premises	 12 hrs
05.06.2015 Friday 6.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS Domestic Transfer Pricing CA. Vishweshwar Rao Mudigonda & CA. Gautam Mallick VENUE: Branch Premises	  2 hrs
06.06.2015 Saturday 10.00am to 01.00pm	Workshop on e-TDS Procedures and Issues CA. Tarun Kumar Jain Delegate Fee: ₹ 500/- VENUE: Branch Premises	 3 hrs
10.06.2015 Wednesday 6.00pm to 8.00pm	Study Circle Meet Inbound Investments - Tax & Regulatory Aspects - Part - I CA. Amith Raj.A.N & CA. Krishna Prasad VENUE: Branch Premises	  2 hrs
12.06.2015 Friday 6.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS Income Tax Issues- Updates & Discussions CA. K.K. Chythanya & CA. Tata Krishna VENUE: Branch Premises	  2 hrs
13.06.2015 & 14.06.2015 Sat & Sun	Two Day Conference Joint Programme with All India Federation of Tax Practitioners (AIFTP) & KSCAA VENUE: Hotel Le-Meridian, Sankey Road, Bangalore <i>Details on Page 2</i>	10 hrs Unstructured
17.06.2015 Wednesday 6.00pm to 8.00pm	Study Circle Meet Outbound Investments - Tax & Regulatory Aspects - Part - II CA. Amith Raj.A.N & CA. Krishna Prasad VENUE: Branch Premises	  2 hrs
19.06.2015 Friday 6.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS Analysis of Finance Act 2015 on Indirect Taxes CA. V. Raghuraman & CA. Sai Prasad.A VENUE: Branch Premises	  2 hrs
20.06.2015 Saturday 10.00am to 01.00pm	Impact Seminar for Women CAs The Changing Landscape for Women CA Professionals (Opportunities, Working Models etc.) - An interactive Discussion for Women CA's facilitated by CA. Jayashree Narayanan Mock Stock - to learn optimal stock trading VENUE: Branch Premises <i>Followed by Lunch</i> No Delegate Fee	3 hrs
20.06.2015 Saturday 05.00pm to 08.15pm	Impact Seminar on Recent Judgements on International Taxation CA. Narendra J Jain VENUE: Branch Premises No Delegate Fee	 3 hrs

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CALENDAR OF EVENTS - JUNE & JULY 2015

Date/Day/ Time	Topic / Speaker	CPE Credit	
23.06.2015 Tuesday 6.00pm to 8.00pm	Interaction & Demo of Recent e-filing & Payment Initiatives of ESIC Shri. R.S. Rao , <i>Regional Director, ESIC, Karnataka</i> Shri. S. Sivaramakrishnan , <i>Deputy Director, ESIC, Karnataka</i> VENUE: Branch Premises No Delegate Fee	 	2 hrs
24.06.2015 Wednesday 6.00pm to 8.00pm	Study Circle Meet Real Estate: Joint Development and Revenue Sharing Agreements - An analysis CA. Ashok Raghavan VENUE: Branch Premises		2 hrs
26.06.2015 Friday 4.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS Analysis of Finance Act 2015 on Direct Taxes CA. H. Padamchand Khincha & CA. K.K. Chythanya VENUE: Branch Premises	 	4 hrs
01.07.2015 Wednesday 9.30am	CA Day, Flag Hoisting & Celebrations <i>Chief Guest: Jnanasagara CA. S. Krishnaswamy</i> VENUE: Branch Premises		—
01.07.2015 Wednesday 6.00pm to 8.00pm	Public Awareness Programme on NBFC's - Acceptance of Deposits Shri. Susobhan Sinha , <i>GM - Dept. of Non-Banking Supervision, RBI, B'lore</i> Shri. N.Gopal , <i>DGM - Dept. of Non-Banking Supervision, RBI, B'lore</i>	 	—
03.07.2015 Friday 6.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS Service Tax Laws CA. T.R. Rajesh Kumar & CA. Akbar Basha VENUE: Branch Premises	 	2 hrs
04.07.2015 Saturday 05.00pm to 08.15pm	Series of Intensive Workshop on International Taxations (Series-I) <i>Co-ordinator: CA. Cotha S. Srinivas</i> No Delegate Fee VENUE: Branch Premises		3 hrs
06.07.2015 Monday 6.00pm to 8.00pm	Interaction with CPC Officials on e-Filing & Related Issues* <i>Chief Guest:</i> Shri R.K. Mishra , <i>Director of Income Tax, Centralized Processing Centre & e-Filing</i> VENUE: Branch Premises (Event subject to confirmation)		2 hrs
08.07.2015 Wednesday 6.00pm to 8.00pm	Study Circle Meet Basics & Issues under Money Laundering Act CA. V. Guruprasad VENUE: Branch Premises		2 hrs
10.07.2015 Friday 6.00pm to 8.00pm	PRACTICE ALERT - DISCUSSIONS VAT Check Post and Inspections by Intelligence Authorities under KVAT Mr. K.J. Kamath , <i>Advocate & Mr. K.G. Kamath</i> , <i>Advocate</i> VENUE: Branch Premises	 	2 hrs

Advertisement Tariff for the Branch Newsletter

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Outside back	₹ 40,000/-	Full page	₹ 20,000/-
Inside front	₹ 35,000/-	Half page	₹ 10,000/-
Inside back	₹ 30,000/-	Quarter page	₹ 5,000/-
Advt. material should reach us before 22nd of previous month.			

EDITOR :
CA. Allama Prabhu M.S.
SUB EDITOR :
CA. Geetha A.B.



CALENDAR OF EVENTS - JULY 2015

Date/Day	Topic /Speaker	Venue/Time	CPE Credit
11.07.2015 Saturday	One Day Seminar on Co-operative Audit Co-ordinator: CA. B.V. Raveendranath Delegate fee: ₹ 1,200/-	Branch Premises 10.00am to 05.30pm	6 hrs
15.07.2015 Wednesday	Study Circle Meet Effective Cyber Security to prevent Cyber Frauds Mr. Satish Kumar Dwibhashi	Branch Premises 6.00pm to 8.00pm	2 hrs
17.07.2015 Friday	PRACTICE ALERT - DISCUSSIONS Companies Act 2013 CA. Manohar Gupta.P & CA. Chetan K. Jain	Branch Premises 6.00pm to 8.00pm	2 hrs
22.07.2015 Wednesday	Study Circle Meet Managerial Remuneration & Related Party Transactions CS. R. Parthasarathi	Branch Premises 6.00pm to 8.00pm	2 hrs
24.07.2015 Friday	Branch AGM	Branch Premises 4.00pm	—
29.07.2015 Wednesday	Study Circle Meet Practical aspects in Cost Audit of Manufacturing Industries CA. Chalapathy Rao.G	Branch Premises 6.00pm to 8.00pm	2 hrs

All events finalized till October 2015 are uploaded in our Website.
Please visit our website for further details: www.bangaloreicai.org

KIND ATTENTION: MEMBERS

Members are requested to pass on the information to their clients

COURSE ON FINANCE FOR NON-FINANCE EXECUTIVES

– A Management Development Programme

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 2015 to December 2015**

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**

website : **www.bangaloreicai.org**

Course Contents:

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

SICASA EVENT

Lecture Meet on Performing Statutory Audit under Companies Act 2013

on Saturday, **13th June 2015**

at **Branch Premises**

Registration: **09.00am**, Time: **10.00am to 1.30pm**

Speakers:

CA. Srikanta Prasad K.N.

CA. Jitendra Kumar Jain

Fees: ₹ 200/- (with Lunch and Tea)

No. of Seats : 180 (FCFS basis)



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 **53rd 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 **Friday, 24th July 2015, at 4 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 2014-2015.
2. To adopt the Audited Accounts of the Bangalore Branch for the year ended 31st March 2015.
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. Geetha A. B.)

Secretary

Place : Bangalore

Date : 05.06.2015

- 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 their queries, if any, on audited financial statements for the year ended 31.03.2015, and any other business i.e. intended to be brought out before the meeting with the permission of the "Chair", within 14th of July 2015 to the Branch by post or email:blrchairman@icai.org.

MANAGING COMMITTEE 2015-16

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



53rd Annual Report

Dear Members,

We are pleased to present the 53rd 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 2015.

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 11200 members and over 7500 (undergoing Articleship) students. The Branch conducts various programmes like Conferences, Seminars, Workshops, Tele-conferences, Study Circle Meetings, Practice Alert Discussions and Study Tours on the subjects of professional interest for the benefit of Members & Students.

For the year 2015-16 following Office Bearers have been elected in the Managing Committee Meeting held on 19th February, 2015.

OFFICE BEARERS - 2015-16

CA. Allama Prabhu.M.S	Chairman
CA. Pampanna.B.E	Vice Chairman
CA. Geetha.A.B	Secretary
CA. Shravan Guduthur	Treasurer

Nominated Chairman, SICASA

CA. Bhat Shivaram Shankar

OFFICE BEARERS - 2014-15

CA. Babu.K. Thevar	Chairman
CA. Allama Prabhu.M.S	Vice Chairman
CA. Pampanna.B.E	Secretary
CA. Geetha.A.B	Treasurer

Nominated Chairman, SICASA

CA. Shravan Guduthur

The Theme for the year 2015 – 16 is

‘Vichakshana: The Clear-sighted Professional’

CA - Today should be a clear sighted professional. A CA is a professional with insight, farsight and foresight. A CA is considered today a part of the monitoring mechanism in all business decisions and activities - whether in CSR or in Corporate Governance.

The Concept of auditors’ responsibility is fast changing and enlarging. It is no more confined to ticking of the boxes to create audit working papers.

Frauds are of different varieties – both in terms of complexities and in terms of the largeness. Stakeholders’ expectations

have changed. What is expected is not a single vanilla type of reporting.

One has to go more in the substance rather than form of auditing. The CA is equipped to possess a clear sight and be a “Vichakshana”.

You may also notice that the logo contains arrows spreading over all the 8 directions signifying that the professional possesses a holistic view covering 360° of the business world. The inner circle represents the fact that a sharp and critical analysis of all the relevant facts are made before it comes out in the form of report/ certificate/opinions

The Branch has conducted the following important events during the period from 01st April 2014 to 31st March 2015:

Conferences:

- Two Day Karnataka State Level Conference - “Jnana Vistara”
- One Day National Conference on Recent Developments Impacting The Corporate Sector
- Two Day National Conference on Indirect Taxes
- Two Day National Conference on New Companies Act
- National Conference on International Taxation
- Two Day CPE Conference on Jnana Sangama

ICAI International Conference 2015 -

“Accounting Profession, Building Global Competitiveness; Accelerating Growth”

We are happy to share that we had hosted the above said most prestigious event which happened for the first time in the history of Bangalore Branch. This mega event was an congregation of leaders of the profession from all over the world and the deliberations during the conference was a knowledge feast and paved way to get abreast with the global trends.

Seminars on:

- Clause By Clause Discussion on Finance Bill-2014
- 8th Corporate Accountants Meet
- Impact Seminar on Survey, Search Seizure & Settlement Commission
- Impact Seminar on Service Tax Refunds for Services
- Impact Seminar Discussion on How To Be Successful In Practice and Challenging Professional Avenues
- One Day Seminar on Mergers and Acquisitions
- Impact Seminar on The Companies Act 2013
- One Day Seminar on Tax Audit
- Seminar on Professional Opportunities and Recent Development in Co-Operative Sector and Changing Paradigm of NPOs

- Impact Seminar FEMA-FDI Policy, ECB Frame Work & Recent Changes
- One Day Seminar on Taxations of Charitable Trust & Assessment of Partnership Firms
- Impact Seminar International Taxation- An Overview
- Impact Seminar Corporate Responsibility and Start Ups Challenges and Funding Options
- National Summit on Networking for The Practitioners of SMPS
- Impact Seminar Professional Opportunities for Young Members in Co-operative and NPO Sector
- Impact Seminar Panel Discussion on Co-Operative Audit Reporting Issues
- Mentoring Programme for Young Members
- Seminar on Goods and Service Tax
- Clause by Clause Discussion on Direct Taxes and Indirect Taxes
- Bank Audit Seminar

Workshops on:

- Comprehensive Workshop on Companies Act, 2013
- Two Day Workshop on New Regime of Company's Act Relevant Aspects of KVAT & VAT Audit
- Workshop on Real Estate
- One Day Workshop on Tax Audit ,Clause by Clause analysis of Revised Form 3CA, 3CB & 3CD
- One Day Workshop on Karnataka Commercial Tax & New Companies Act 2013
- Workshop on Enabling Service Tax Practice

Special Programmes of the Institute:

Apart from these programmes, we had also conducted **57 Study Circle Meetings, 5 Teleconferences, 2 Programmes exclusively on Information Technology for Members and 8 Programmes on Public Awareness.**

Best Branch Award

We are delighted to inform you that Bangalore Branch of SIRC of the ICAI has bagged the Best Branch Award (Mega Branch Category) for the year 2014 by ICAI. We are grateful to the unstinted support of our Professional Colleagues, Resource Persons, Service Vendors and Dedicated Staff for the conduct of the activities of the branch resulted in achieving this Award.

Best Branch Award for Southern India Chartered Accountants Students Association (SICASA)

Bangalore Branch of "SICASA" received the "Most Commendable Performance" award for the year 2014-15. We appreciate the excellent work done by The SICASA Committee Members and Student Volunteers to achieve this coveted award.

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

STATE LEVEL DIGNITARIES

- Dr. Venkataramanaa. N.K, Director, Global Institute of Neurosciences, Vice Chairman – BGS Global Hospital
- Shri. Chanchalpathi Dasa, Vice Chairman, The Akshaya Patra, Foundation ISKCON, Bangalore
- CA. Indranil Chowdhury, Vice President, Volvo India (P) Ltd, Bangalore
- CA.H.Raja, Ex-MLA, Tamil Nadu
- Ms. Uma Shankar, Regional Director, RBI, Karnataka
- Ms. Bharathi.P.V, General Manager, Risk Management Wing, Canara Bank
- Sri. A.M. Sridharan, Ex Dy. ROC, Chennai
- Dr. Devi Prasad Shetty, Chairman & Founder Narayana Health
- Shri. Vishveshatirtha Swamiji, Pejawar Mutt, Udupi
- CA.Rostow Ramanan, Executive Director & CFO Mind Tree Ltd
- CA. Ravi Ramu, Managing Partner at Primerose Resorts and Hotels and Head- International Markets at Grant Thornton
- CA. N.V.ShivaKumar , Executive Director & Leader –Deals, India Pricewaterhouse Coopers Pvt Ltd
- Ms. Jahanzeb Akhtar, IRS, CIT (Appeals, LTU, Blore)
- Dr.N.S.ChannappaGowda, IAS, Registrar of Cooperative Societies in Karnataka, Bangalore
- Shri.M.R.Bhat, ROC, Karnataka
- CA.P.V.Rajarajeshwaran, Chairman, SIRC of ICAI
- CA.A.Sekar Ponraj, Dy. ROC of Karnataka
- Mr. Sampathraman, President of FKCCCL
- CA. Joman.K.George, SICASA,Chairman, SIRC of ICAI
- Dr. Mylswamy Annadurai, Project Director of Chandrayann -1 & 2, Mangalyaan
- CA.P. V . Rajarajeswaran, Chairman,SIRC
- CA.T.V.Mohandas Pai, Chairman, Manipal Global, Education Services
- Sri Sri Ravi Shankar-Spiritual Leader Founder-Art of Living Foundation , Bengaluru
- CA.Suresh Senapathy-ED & CFO Wipro
- CA.T.V.Mohandas Pai-Chairman, Manipal Global Education Services Pvt Ltd
- Dr.Shubhada Rao-Sr.President & Chief Economists, YES Bank
- CA. V.Balakrishnan, Former CFO Infosys
- CA.S.S.Naganand- Sr. Advocate
- CA.A.K.Ravi Nedungadi –CFO UB Group



Central Council Members & Dignitaries at Central Level

- CA.K. Raghu, President , ICAI
- CA. Manoj Fadnis, Vice President, ICAI
- CA.Suresh Prabhu, Union Minister of Railways, Govt of India
- CA. Piyush Goyal, Minister of State (I/C) for power, coal & New &Renewable Energy, Govt of India
- CA.K.Rehman Khan, Member of Parliament & Former Union Minister, Govt of India
- Dr. Subramanian Swamy, Former Commerce Minister, Govt. of India & National BJP Leader
- Dr.Parthasarathi Shome, Chairman, Tax Administration Reforms Commission, New Delhi
- CA. Atul Kumar Gupta, Chairman, IDT Committee, ICAI
- CA. Devaraja Reddy M , Chariman, BOS, ICAI
- CA. G. Sekar, Central Council Member,ICAI
- CA. Prafulla Premasukh Chhajed, Vice Chairman, BOS
- CA. Amarjit Chopra, Chairman, NACAS
- Mr. Ashishkumar Chauhan, MD & CEO, BSE
- CA. Adukia Rajkumar.S, Mumbai,
- CA. Agarwal Subodh Kumar, Kolkata
- CA. Ghia Tarun Jamnadas, Mumbai
- CA. Goyal Anuj, Ghaziabad
- CA. Kallivayalil Babu Abraham, Kochi
- CA. Maheshwari Sanjeev, Mumbai
- CA. Nanda Charanjot Singh, New Delhi
- CA. Santhanakrishnan.S,Chennai
- CA. Venkateswarlu.J, Hyderabad
- CA. Vikamsay Nilesh Shivji,Mumbai
- CA. Sanjiv Chowdhary, New Delhi
- CA. Shah Dhinal Ashvinbhai
- CA. B.P.Rao, Past President, ICAI
- CA. R.Balakrishnan, Past President, ICAI

Global Level Dignitaries:

- CA.Narendra Bhattarai-President, ICA Nepal
- Ms. Olivia Kirtley, President, International Federation of Accountants, New York
- Mr.Jonathan Labrey- Chief Strategy Officer, International Integrated Reporting Council
- Mr. Robert.E.Stroud-President ISACA
- Mr. Rob Thomason-Executive General Manager, CPA Australia
- Mr. Michael Aramstrong- Regional Director, Middle East, ICAEW
- Mr.Cormac Fitzgerald-President , CPA, Ireland
- Mr. Mashij Malik Chowdhury-President , ICA Bangladesh
- Mr.Yacoob Suttar- President, ICA Pakistan

- Mr.Lee White- CEO,ICA, Australia
- Mr. Eamonn Siggings- CEO, CPA Ireland
- CA.Raju Menon- Chairman, Dubai Chapter
- CA. V.Ravi Sankar-Chairman, Singapore Chapter
- CA.Vijay Gupta- Chairman, British Columbia Chapter
- CA. George Isaac- Chairman, Doha Chapter
- CA.Padmanabha Acharya- Chairman, Abu Dhabi chapter
- CA.Amit Goyal- Chairman, Toronto Chapter
- CA.Umesh Kumar- Chairman, Muscat Chapter
- Mr. Aditya Tulsian, Head-Strategy & Accounting Ecosystem, Intuit

Coaching Classes:

It is very heartening to note that there has been a good response for the Subject wise 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:

- A raised platform was made to hoist the flag in front of the Branch.
- Expansion of Canopy at Terrace.
- Expansion of Parking at Ground Floor.
- Refurbishment of Fresh Rooms at all Floors.
- Branch Expansion at new premises called Race Course Road Building, for ITT, Class Room & Library with Canopy for 150 members.
- RO water purifier Device, installed at Branch for usage to Members, Students & Staff.
- As per latest technology, introduced music, audio announcement and an intercom at Branch office lift.

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 conducted as Management Development programmes are:

- ❖ Course on Finance for Non-Finance Executives (FNFE)-18th Batch
- ❖ Three day Training Programme on Tax management for the officers of KPCL on 20th, 21st & 22nd January 2015

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.

- ✓ **49** Batches of Course in General Management and Communication Skills-I were conducted at the Branch premises.
- ✓ **11** Batches of General Management and Communication Skills-II were conducted at the Branch premises.
- ✓ **55** Batches of Integrated Professional Competency Course Orientation Program were conducted at Branch premises.
- ✓ **102** Batches of ITT training was Completed.

CAMPUS INTERVIEW - 2015			
18th March 2015 to 24th March 2015			
Sl. No.	No. of Candidates opted for the centre	No. of Companies participated	No. of Candidates selected
1	600	21	174

RANK HOLDERS

IPCC MAY 2014 EXAM			
Reg No.	Name of the Student	Marks Obtained	Rank
SRO0419713	GEETHIKA HARIDAS	568	1
SRO0442641	DHRUV JAIN	522	28

FINAL MAY 2014 EXAM			
Reg No.	Name of the Student	Marks Obtained	Rank
SRO0313576	MADHAVI.K	510	38
SRO0278101	VARUN RAMANATHAN	507	41

IPCC NOVEMBER 2014 EXAM			
Reg No.	Name of the Student	Marks Obtained	Rank
SRO0467435	SHOBA SURESH	506	22
SRO0455536	AVNI MEHTA	484	41
SRO0461084	UDAY SIMHAS	483	42
SRO0457480	ABHISHEK VENKATESH	481	44

FINAL NOVEMBER 2014 EXAM			
Reg No.	Name of the Student	Marks Obtained	Rank
SRO0245915	MANASA V NAYAK	514	29
SRO0345907	ANITHA.R	510	32
SRO0907890	PRANAY GUPTA	509	33
SRO0325022	LAKSHMI.N.K	492	49

Membership:

As on 31.03.2015 the membership of the Bangalore Branch was 11191, which includes the members of Hosur & Tumkur.

Managing Committee Meetings :

5 Managing Committee Meetings and 1 Emergency Committee Meeting were held during the period from 1st April 2014 to 31st March 2015.

Accounts :

The audited financial statements 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 & Roa, Chartered Accountants** and Internal Auditors **M/s. BVS & Associates, Chartered Accountants.**
- ❖ Advertisers of Newsletters and Sponsors of Programmes/ Activities.
- ❖ Our Bankers Canara bank, Syndicate Bank, Punjab National Bank and Vijaya 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.Geetha.A.B)
Secretary

Place : Bangalore
Date : 05.06.2015



INDEPENDENT AUDITOR'S REPORT

To

The Central Statutory Auditors

The Institute of Chartered Accountants of India

New Delhi

Report on Financial Statements

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 2015, Income and Expenditure Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Branch in accordance with the Accounting Standards generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give true and fair view and 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 Branch (ICAI)'s preparation and fair 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 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:

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. The same is not in compliance with Accounting Standard (AS) 15 on "Employee Benefits".

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India *except for the effects of the matter described in the Basis for Qualified Opinion paragraph:*

- a) in the case of the Balance Sheet, of the state of affairs of the Branch as at March 31, 2015;
- b) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Requirements:

We report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by Chartered Accountants Act, 1949 have been kept by the Branch so far as appears from our examination of those books;
- c) the Balance Sheet and Income and Expenditure Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) except for the matter described in the Basis for Qualified opinion paragraph, in our opinion, the Balance Sheet, Income and Expenditure Account and Cash Flow Statement comply with the relevant Accounting Standards.

For **Manian & Rao**
Chartered Accountants

FRN: 001983S

Sd/-

(Srikanth. R)

Partner

Membership No: 203138

Place: Bangalore

Date: 03rd June 2015



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
BALANCE SHEET AS ON 31/03/2015**

(Amount in Rs.)

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
GENERAL RESERVE			
OP BALANCE		28,040,966	27,763,145
ADD/(LESS):SURPLUS/(DEFICIT)		567,733	277,821
GENERAL RESERVE BALANCE		28,608,699	28,040,966
ADJUSTMENT: TRFR FROM/TO EARMARKED FUNDS		5,005,271	-
TOTAL GENERAL RESERVE		33,613,970	28,040,966
EARMARKED FUNDS			
OP.BALANCE	1	74,601,806	50,340,714
ADDITIONS		11,715,000	20,285,000
INTEREST INCOME		5,646,201	4,637,891
LESS EXPENSES/ADJUSTMENT		(5,605,271)	(661,800)
TOTAL EARMARKED FUNDS		86,357,736	74,601,806
CURRENT LIABILITIES			
FEES RECEIVED IN ADVANCE	2	3,508,287	7,539,583
CREDITORS FOR EXPENSES			
CURRENT			
FOR NON-CAPITAL ITEMS	3	2,489,746	976,104
OTHER LIABILITIES			
CURRENT			
STATUTORY DUES	4	314,759	360,084
OTHERS		373,485	53,250
NON-CURRENT			
STATUTORY DUES		761,414	557,654
SUB TOTAL OF LIABILITIES		7,447,691	9,486,675
INTER UNIT BALANCES:			
CAPITAL GRANT RECEIVED		11,842,011	8,187,011
ICAI CURRENT ACCOUNT	5	3,658,858	1,936,108
ICAI PUBLICATION PAYABLE A/C	6	4,462,190	3,486,617
SUB-TOTAL OF INTERUNIT BALANCES		19,963,059	13,609,736
TOTAL		147,382,456	125,739,183
ASSETS/APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	7	31,332,665	15,882,163
LESS: DEPRECIATION BLOCK		3,299,317	2,857,964
FIXED ASSETS (NET BLOCK)		28,033,348	13,024,199
EARMARKED INVESTMENTS			
FDRS WITH BANKS	8	86,357,736	74,601,806
EARMARKED INVESTMENTS TOTAL		86,357,736	74,601,806
OTHER INVESTMENTS			
CURRENT: FDRS WITH BANKS	9	5,446,384	19,315,549
NON-CURRENT: FDRS WITH BANKS		6,975,565	-
OTHER INVESTMENTS TOTAL		12,421,949	19,315,549
ASSETS: STATIONERY STOCK -CURRENT		254,769	66,162
NON-CURRENT: SECURITY DEPOSITS	10	1,615,680	948,000
CURRENT: OTHER RECEIVABLES	11	2,028,703	4,076,434
NON-CURRENT: OTHER RECEIVABLES		3,243,088	204,129
CURRENT: ADVANCES & PREPAYMENTS INCLUDING CAPITAL ADVANCES	12	934,891	884,173
CURRENT			
BANK BALANCES	13	2,796,288	3,727,950
CASH IN HAND		-	55,724
SUB- TOTAL OF CURRENT ASSETS		10,873,419	9,962,572
INTER UNIT BALANCES:			
REGIONAL COUNCIL A/C	14	-	2,100,000
INTERUNIT TRANSACTION WITH RCS & CC	15	6,497,569	4,117,682
PUBLICATION STOCK TRANSFER A/C	16	3,198,435	2,617,375
TOTAL DR. OF INTER UNIT BALANCES		9,696,004	8,835,057
TOTAL		147,382,456	125,739,183

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

22

For Bangalore Branch of SIRC of ICAI

Sd/-
(CA. Allama Prabhu M.S.)
Chairman

Sd/-
(CA. Geetha A.B.)
Secretary

Sd/-
(CA. Shravan Guduthur)
Treasurer

As per Audit Report of even date
For Manian & Rao
Chartered Accountants
FRN. No. : 0019835

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

Place : Bangalore
Date : 03/06/2015

BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
INCOME AND EXPENDITURE FOR THE YEAR ENDED 31/03/2015

(Amount in Rs.)

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
INCOME			
GRANTS RECD. FROM H.O.			
MEMBERSHIP FEE GRANT		1,268,100	1,162,100
BRANCH STUDENT ACTIVITY GRANT		953,831	457,302
SUB-TOTAL (A)		2,221,931	1,619,402
NEWS LETTER INCOME		523,300	292,500
SEMINAR INCOME		18,845,444	18,119,054
ORIENTATION INCOME		8,607,750	9,948,000
GMCS COURSE INCOME		18,300,000	14,990,200
INTEREST ON INVESTMENTS	17	3,295,674	3,092,265
COMPUTER LAB INCOME		10,457,000	15,940,000
OTHER INCOME	18	598,442	1,288,494
INCOME FROM COACHING CLASSES		5,872,546	4,338,592
COMMISSION ON SALE OF PUBLICATIONS		1,499,958	875,754
PRIOR PERIOD ADJUSTMENTS		108,612	-
SUB-TOTAL (B)		68,108,726	68,884,859
TOTAL (A+B)		70,330,657	70,504,261
EXPENDITURE			
EMPLOYEE BENEFIT EXPENSES-			
1) SALARY,PENSION & OTHER ALLOWANCES	19	4,937,165	3,784,718
3) STAFF WELFARE EXPENSES		1,815,221	1,054,857
PRINTING & STATIONERY & PHTOCOPYING		452,956	528,682
NEWSLETTER (RCS& BRS)		2,256,953	1,585,491
POSTAGE, TELEPHONE & TELEGRAMS		188,332	205,509
RENT RATES & TAXES		2,228,401	1,365,960
REPAIRS & MAINTENANCE		1,469,519	1,114,868
TRAVEL MEMBERS		90,411	85,622
TRAVEL STAFF & OTHERS		190,027	91,827
MAGAZINE & PERIODICALS		21,648	11,986
PROFESSIONAL FEE -OTHER SERVICES		530,539	368,533
SEMINAR EXPENSES		15,517,289	13,515,847
ORIENTATION EXPENSES		4,627,445	5,589,738
GMCS COURSE EXPENSES		8,942,237	7,015,934
COMPUTER LAB EXPENSES		5,522,556	5,216,145
OTHER EXPENSES	20	1,831,007	775,515
EXPENSES TOWARDS COACHING CLASSES		2,460,880	2,317,389
PRIOR PERIOD ADJUSTMENTS	21	97,022	63,857
SUB - TOTAL		53,179,607	44,692,476
DEPRECIATION		3,299,317	2,857,964
TOTAL		56,478,924	47,550,440
SURPLUS FOR THE YEAR		13,851,733	22,953,821
APPROPRIATIONS:			
MAINTENANCE FUND		250,000	400,000
BUILDING MAINTENANCE FUND		250,000	100,000
CA STUDENT EDUCATION FUND		600,000	550,000
LIBRARY CORPUS FUND		100,000	100,000
STUDY CIRCLE SERIES FUND		500,000	150,000
FIXED ASSET ACQUISITION FUND		7,400,000	15,000,000
ITT RESERVE FUND		2,615,000	3,985,000
SHARE OF ITT FEES TO HO		1,569,000	2,391,000
BALANCE TRANSFERRED TO GENERAL RESERVE		567,733	277,821

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

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For **Bangalore Branch of SIRC of ICAI**

Sd/-
(CA. Allama Prabhu M.S.)
Chairman

Sd/-
(CA. Geetha A.B.)
Secretary

Sd/-
(CA. Shravan Guduthur)
Treasurer

As per Audit Report of even date
For **Manian & Rao**
Chartered Accountants
FRN. No. : 0019835

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

Place : Bangalore
Date : 03/06/2015



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2015**

(Amount in Rs.)

PARTICULARS	March 31, 2015	March 31, 2014
A. Cash flow from operating activities		
Net Surplus before appropriations	13,851,733	22,953,821
Adjustments		
Depreciation and amortisation expense, net of adjustments	3,299,317	2,857,964
Interest income	(3,295,674)	(3,092,265)
Operating profit before working capital changes	13,855,376	22,719,520
Movements in working capital :		
Increase / (decrease) in Earmarked funds	3,477,201	1,585,091
Increase / (decrease) in Fees received in advance	(4,031,296)	2,063,058
Increase / (decrease) in Creditors for Expenses	1,513,642	(1,915,951)
Increase / (decrease) in Other Liabilities	478,670	499,024
Increase / (decrease) in Inter-unit Balances	1,837,376	(3,666,729)
(Increase) / decrease in Stationery Stock	(188,607)	(66,162)
(Increase) / decrease in Security Deposits	(667,680)	-
(Increase) / decrease in Receivables	(991,228)	(1,291,694)
(Increase) / decrease in Advances and Prepayments	(50,718)	(228,298)
Cash used in/ received from operations	15,232,737	19,697,859
Direct taxes paid	-	-
Net cash generated from operating activities	15,232,737	19,697,859
B. Cash flows from investing activities		
Purchase of tangible assets	(18,308,466)	(1,420,489)
Investments in Fixed Deposits for Earmarked funds (Net)	(11,755,930)	(24,261,092)
Capital Grant Received	3,655,000	211,355
Interest received	3,295,674	3,092,265
Net cash used in investing activities	(23,113,723)	(22,377,961)
C. Cash flows from financing activities		
Net cash generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(7,880,986)	(2,680,102)
Cash and Cash equivalents at the beginning of the year	23,099,223	25,779,325
Cash and Cash equivalents at the end of the year	15,218,237	23,099,223

Note:

- 1) The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountant of India.
- 2) Cash and Cash equivalents include Fixed deposits with Banks other than Earmarked Deposits.

For **Bangalore Branch of SIRC of ICAI**

Sd/-
(CA. Allama Prabhu M.S.)
Chairman

Sd/-
(CA. Geetha A.B.)
Secretary

Sd/-
(CA. Shravan Guduthur)
Treasurer

As per Audit Report of even date
For **Manian & Rao**
Chartered Accountants
FRN. No. : 0019835

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

Place : Bangalore
Date : 03/06/2015

BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2015

SCHEDULE : 1 - EARMARKED FUNDS

PARTICULARS	AS AT 01-04-2014	ADDITIONS	INCOME	DEDUCTIONS	AS AT 31-03-2015
	Rs.	Rs.	Rs.	Rs.	Rs.
ENDOWMENT FUNDS					
VISWESHWARAI AH PRIZE FUND	128,114	-	11,196	-	139,310
GURUPRASAD PRIZE FUND	80,457	-	7,061	-	87,518
BHANUMURTHY PRIZE FUND	21,242	-	1,304	-	22,546
SEETHARAMAIAH PRIZE FUND	173,480	-	14,122	-	187,602
TOTAL (A)	403,293	-	33,683	-	436,975
DESIGNATED FUNDS					
STUDY CIRCLE SERIES FUND	881,834	500,000	59,834	-	1,441,668
CA STUDENT EDUCATION FUND	1,351,533	600,000	116,314	600,000	1,467,847
BUILDING MAINTENANCE FUND	14,315,810	250,000	1,008,091	-	15,573,900
LIBRARY CORPUS FUND	1,109,231	-	49,600	-	1,158,831
FIXED ASSET ACQUISITION FUND	38,064,229	7,500,000	2,841,244	-	48,405,473
MAINTENANCE FUND	6,845,354	250,000	514,488	-	7,609,842
ITT RESERVE FUND	11,630,524	2,615,000	1,022,948	5,005,271	10,263,201
TOTAL (B)	74,198,514	11,715,000	5,612,519	5,605,271	85,920,761
GRAND TOTAL (A) + (B)	74,601,806	11,715,000	5,646,201	5,605,271	86,357,737



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2015**

(Amount in Rs.)

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
FEES RECEIVED IN ADVANCE -CURRENT	2		
GMCS COURSE FEES		1,324,000	4,916,500
IPCC ORIENTATION ADVANCE		504,000	1,239,000
CPT COACHING CLASS		262,769	139,583
GMCS REFRESHMENT ADVANCES		80,500	435,500
FINAL CRASH COURSE		64,968	69,000
SEMINAR FEES RECEIVED		1,000	-
MOCK TEST ADVANCES		48,050	-
ITT COURSE FEES ADVANCES		1,223,000	740,000
		3,508,287	7,539,583
CREDITORS FOR EXPENSES (PAYABLE)	3		
SECURITY CHARGES		148,394	75,689
ELECTRICITY-ITT		31,889	111,396
TELEPHONE CHARGES-ITT		1,784	-
PROFESSIONAL CHARGES-ITT		11,236	-
PROFESSIONAL FEES		35,826	25,590
RENT, ELECTRICITY AND WATER		461,672	173,716
MEMBERS FEES REFUNDABLE		122,192	-
FACULTY FEES PAYABLE		814,800	160,350
PRINTING & STATIONERY		63,791	33,466
COACHING CLASS / GMCS COURSE/ IPCC ORIENTATION EXPENSES		367,127	89,722
STAFF WELFARE EXPENSES		-	17,522
MISC LIABILITIES		3,200	17,337
SEMINAR EXPENSES		166,820	192,160
LIABILITY TO STAFF		41,751	-
SALARY PAYABLE		-	5,328
OVERTIME ALLOWANCE		-	14,775
PRINTING & STATIONERY-ITT		-	12,024
SECURITY CHARGES-ITT		90,526	22,851
WEB MAINTENANCE-ITT		1,547	2,897
SALARY PAYABLE-ITT		-	20,162
CREDITORS FOR CAPITAL GOODS		127,191	1,119
		2,489,746	976,104
OTHER LIABILITIES -CURRENT	4		
STATUTORY DUES			
- TAX DEDUCTED AT SOURCE		275,168	276,334
- PROFESSIONAL TAX		3,100	-
- PROFESSIONAL TAX-ITT		1,000	-
LEAVE ENCASHMENTS		29,376	83,750
LEAVE ENCASHMENTS- ITT		6,115	-
		314,759	360,084
RETENTION STAFF-ITT		10,000	36,000
SUNDRY LIABILITIES		5,000	16,250
NEWS LETTER INCOME ADVANCE		234,000	-
RETENTION -CAPITAL GOODS		123,485	-
SECURITY DEPOSIT-EX EMPLOYEE		1,000	1,000
		373,485	53,250
STATUTORY DUES -NON CURRENT			
LEAVE ENCASHMENT		91,755	-
GRATUITY PAYABLE		648,244	552,808
GRATUITY PAYABLE-ITT		5,192	4,846
LEAVE ENCASHMENT- ITT		16,223	-
		761,414	557,654
ICAI CURRENT A/C	5		
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.		1,830,000	757,500
SHARE OF ITT FEES PAYABLE TO H.O.		1,274,250	1,024,800
ITT COMMISSION PAYABLE TO HO		400,800	-
		3,658,858	1,936,108

BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2015

(Amount in Rs.)

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
ICAI PUBLICATION A/C (PAYABLE A/C)	6		
ARTICLE REGISTRATION FORMS		58,150	22,950
BRANCH PUBLICATIONS		165,700	-
PUBLICATIONS		1,471,834	1,541,030
REVISION TEST PAPERS		601,282	360,180
STUDY MATERIALS		1,786,283	1,151,074
SUGGESTED ANSWERS		378,941	411,383
		4,462,190	3,486,617

SCHEDULE -7 - FIXED ASSETS & DEPRECIATION

PARTICULARS	RATE OF DEP. (%)	WDV AS ON 01.04.2014 (In Rs)	ADDITIONS (In Rs)	DELETIONS (In Rs)	TOTAL (In Rs)	DEPRECIATION (In Rs)	WDV ON 31.03.2015 (In Rs)
BRANCH ASSETS: AT BRANCH PREMISES							
AIRCONDITIONER	15%	514,226	-	-	514,226	77,134	437,092
BIO-METRIX	15%	12,067	44,385	-	56,452	5,349	51,103
BUILDING	5%	-	924,010	-	924,010	10,864	913,146
CANOPY	5%	59,018	2,074,757	-	2,133,775	49,344	2,084,431
COMPUTERS	60%	57,094	-	-	57,094	34,256	22,838
COMPUTER ACCESSORIES	60%	-	37,880	-	37,880	19,981	17,899
CCTV	15%	114,599	7,840	-	122,439	17,196	105,243
DIGITAL CAMERA	15%	37,375	4,300	-	41,675	6,161	35,514
ELECTRICAL FITTINGS	10%	786,625	-	-	786,625	78,663	707,962
FIRE ALARM SYSTEM	10%	108,966	-	-	108,966	10,897	98,069
FURNITURE	10%	2,181,296	235,700	-	2,416,996	192,989	2,224,007
FURNITURE-KITCHEN UTENSILS	10%	10,712	-	-	10,712	1,071	9,641
LAPTOP	60%	14,325	256,348	-	270,673	82,115	188,558
PROJECTORS	60%	156,947	242,136	-	399,083	139,352	259,731
LIBRARY BOOKS	100%	42,985	122,972	-	165,957	91,676	74,281
LIBRARY BOOKS(SOUTH)	100%	2,188	-	-	2,188	2,188	-
LIFT	10%	1,267,318	-	-	1,267,318	126,732	1,140,586
NETWORKING	60%	1,940	14,605	-	16,545	9,087	7,458
OFFICE EQUIPMENTS	15%	211,209	86,373	-	297,582	34,954	262,628
PHOTO GALLERY	15%	47,497	-	-	47,497	7,125	40,372
PRINTERS	15%	53,564	24,908	-	78,472	8,781	69,691
INTERIOR - AUDITORIUM	10%	871,693	-	-	871,693	87,169	784,524
INTERIORS	10%	1,481,044	-	-	1,481,044	148,104	1,332,940
SOFTWARE	60%	267	-	-	267	160	107
UPS	15%	375,604	-	-	375,604	56,341	319,263
PLASMA TV	15%	59,381	-	-	59,381	8,907	50,474
PARKING & COMMON FLOOR	5%	-	576,710	-	576,710	33,181	543,529
RO & ACCESSORIES	15%	-	465,745	-	465,745	26,400	439,345
MICROPHONE	15%	12,482	-	-	12,482	1,872	10,610
WHITE BOARDS	10%	15,654	-	-	15,654	1,565	14,089
WATER CONTROLLER	15%	1,612	-	-	1,612	242	1,370
VIDEO CAMERA	15%	34,821	-	-	34,821	5,223	29,598
FIRE EXIT STAIRCASE	10%	760,341	-	-	760,341	76,034	684,307
CYCLE	20%	-	4,337	-	4,337	383	3,954
MOBILE	15%	-	54,000	-	54,000	910	53,090
AT RACE COURSE ROAD CENTRE							
LEASE HOLD BUILDING	39%	-	4,341,964	-	4,341,964	172,977	4,168,987
SUB TOTAL (A)		9,292,850	9,518,970	-	18,811,820	1,625,383	17,186,437
ITT ASSETS: AT BRANCH PREMISES							
COMPUTER LAB	10%	29,168	-	-	29,168	2,917	26,251
COMPUTERS	60%	90,808	4,600	-	95,408	56,065	39,343
CCTV	15%	43,918	-	-	43,918	6,588	37,330
ANTIVIRUS SOFTWARES	100%	160,322	-	-	160,322	160,322	-
FURNITURES	10%	110,258	-	-	110,258	11,026	99,232
OFFICE EQUIPMENTS	15%	6,752	-	-	6,752	1,013	5,739
SPEAKER & AMPLIFIER	15%	13,038	40,800	-	53,838	2,392	51,446
UPS	15%	253,336	-	-	253,336	38,000	215,336
WEBCASTER	60%	-	133,825	-	133,825	69,076	64,749
SUB TOTAL (B)		707,600	179,225	-	886,825	347,399	539,426



**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2015**

SCHEDULE - 7 - FIXED ASSETS & DEPRECIATION (CONTD...)

PARTICULARS	RATE OF DEP. (%)	WDV AS ON 01.04.2014 (In Rs)	ADDITIONS (In Rs)	DELETIONS (In Rs)	TOTAL (In Rs)	DEPRECIATION (In Rs)	WDV ON 31.03.2015 (In Rs)
AIRCONDITIONER	15%	188,487	-	-	188,487	28,273	160,214
COMPUTER LAB	10%	50,612	-	-	50,612	5,061	45,551
PROJECTOR	60%	77,016	-	-	77,016	46,210	30,806
PRINTERS	15%	19,396	-	-	19,396	2,909	16,487
INTERIOR DECORATION	10%	229,848	-	-	229,848	22,985	206,863
UPS	15%	198,308	-	-	198,308	29,746	168,562
CCTV	15%	51,618	-	-	51,618	7,743	43,875
FURNITURE	10%	84,661	-	-	84,661	8,466	76,195
NETWORKING	60%	1,109	-	-	1,109	665	444
ELECTRICAL FITTINGS	10%	88,920	-	-	88,920	8,892	80,028
ITT SOUTH CENTER : LAB-2							
FURNITURE	10%	704,853	-	-	704,853	70,485	634,368
ELECTRICAL FITTINGS	10%	449,612	-	-	449,612	44,961	404,651
UPS	15%	209,548	-	-	209,548	31,432	178,116
DESKTOP	60%	669,761	-	-	669,761	401,857	267,904
ITT RACE COURSE ROAD LAB							
FURNITURE	10%	-	277,090	-	277,090	4,214	272,876
OFFICE EQUIPMENT	15%	-	39,546	-	39,546	1,255	38,291
LEASE HOLD BUILDINGS	39%	-	3,292,626	-	3,292,626	131,173	3,161,453
COMPUTERS	60%	-	4,871,726	-	4,871,726	464,482	4,407,244
PROJECTORS	60%	-	129,283	-	129,283	15,726	113,557
SUB TOTAL (C)		3,023,749	8,610,271	-	11,634,020	1,326,535	10,307,485
GRAND TOTAL (A+B+C)		13,024,199	18,308,466	-	31,332,665	3,299,317	28,033,348

SCHEDULE - 8 - EARMARKED INVESTMENTS

PARTICULARS	In FDRs Rs. (A)	INTEREST RECEIVABLE Rs. (B)	INTEREST RECEIVED Rs. (C)	NET INTEREST RECEIVABLE Rs. (D) = (B-C)	BALANCE WITH INVESTMENT (GEN) Rs. (E) *	As At 31-03-2015 Rs. (F) = (A+D+E)
VISWESHWARAIHAH PRIZE FUND	121,347	11,196	1,847	9,349	8,614	139,310
GURUPRASAD PRIZE FUND	77,650	7,061	706	6,355	3,513	87,518
BHANUMURTHY PRIZE FUND	14,758	1,304	1,304	-	7,788	22,546
SEETHARAMAIAH PRIZE FUND	155,299	14,122	1,412	12,710	19,593	187,602
TOTAL (A)	369,054	33,683	5,269	28,414	39,508	436,975
STUDY CIRCLE SERIES FUND	679,800	59,834	13,508	46,326	715,542	1,441,668
CA STUDENT EDUCATION FUND	1,316,562	116,314	11,933	104,381	46,904	1,467,847
BUILDING MAINTENANCE FUND	10,647,060	1,008,091	484,004	524,087	4,402,753	15,573,900
LIBRARY CORPUS FUND	553,576	49,600	1,198	48,402	556,853	1,158,831
FIXED ASSET ACQUISITION FUND	37,981,078	2,841,244	331,833	2,509,411	7,914,984	48,405,473
MAINTENANCE FUND	6,517,034	514,488	103,424	411,064	681,744	7,609,842
ITT RESERVE FUND	8,696,343	1,022,948	472,122	550,825	1,016,033	10,263,201
TOTAL (B)	66,391,453	5,612,519	1,418,023	4,194,496	15,334,812	85,920,761
GRAND TOTAL (A) + (B)	66,760,507	5,646,201	1,423,292	4,222,910	15,374,320	86,357,737

BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2015

(Amount in Rs.)

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
INVESTMENTS - GENERAL CURRENT	9		
FIXED DEPOSITS WITH CANARA BANK		2,500,000	13,992,757
FIXED DEPOSITS WITH SYNDICATE BANK		2,822,730	9,588,784
FIXED DEPOSITS WITH VIJAYA BANK		11,000,000	-
FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		1,000,000	1,000,000
ITT- FIXED DEPOSITS WITH CANARA BANK		-	8,174,671
ITT- FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		750,000	2,150,000
ITT- FIXED DEPOSITS WITH SYNDICATE BANK		2,747,974	2,487,528
		20,820,704	37,393,740
LESS : AMOUNT TO BE TRANSFERRED TO EARMARKED INVESTMENTS		15,374,320	18,078,191
		5,446,384	19,315,549
INVESTMENTS - GENERAL NON- CURRENT			
FIXED DEPOSITS WITH CANARA BANK		1,000,000	-
FIXED DEPOSITS WITH SYNDICATE BANK		5,461,674	-
ITT- FIXED DEPOSITS WITH PUNJAB NATIONAL BANK		513,891	-
		6,975,565	-
SECURITY DEPOSITS-NON CURRENT	10		
DEPOSIT FOR - BANGALORE SOUTH ITT CENTER		640,000	640,000
DEPOSIT FOR - READING ROOM		308,000	308,000
DEPOSIT TO GPO		15,000	-
DEPOSIT FOR - RACE COURSE ROAD		652,680	-
		1,615,680	948,000
OTHER RECEIVABLES -NON CURRENT	11		
SICASA BANGALORE		3,213,838	174,879
SHORTAGE BOS PUBLICATION		29,250	29,250
		3,243,088	204,129
OTHER RECEIVABLES - CURRENT			
GMCS FEES RECEIVABLE		6,500	12,000
SEMINAR ON BANK AUDIT RECEIVABLE RECEIVABLE		1,400	-
INTEREST ACCRUED BUT NOT DUE ON INVESTMENTS- GENERAL		1,604,987	1,671,024
INTEREST ACCRUED BUT NOT DUE ON INVESTMENTS- GENERAL ITT		403,756	2,393,410
CLAUSE BY CLAUSE DISCUSSION RECEIVABLE		4,200	-
BOS PUBLICATIONS RECEIVABLE		7,860	-
		2,028,703	4,076,434
TOTAL OF OTHER RECEIVABLE		5,271,791	4,280,563
ADVANCE & PRE-PAYMENTS -CURRENT	12		
DEPOSITS WITH KPTCL		206,287	206,287
ADVANCE - POST OFFICE FOR NEWSLETTER POSTING		21,908	31,140
ADVANCE TO STAFF		330,000	108,626
ADVANCE TO STAFF-ITT		16,000	34,000
PREPAID EXPENSES		328,592	370,634
PREPAID EXPENSES-ITT		22,104	23,443
SECURITY DEPOSIT -DEVRAJ URS BHAVAN		10,000	-
MISCELLANEOUS		-	108,000
OTHER ADVANCES-ITT		-	2,043
		934,891	884,173
CASH & BANK BALANCES	13		
CANARA BANK SB A/C.80172		184,590	103,579
CANARA BANK SB A/C.10825		17,795	1,220,238
CANARA BANK SB A/C.9499		(683,448)	675,599
CANARA BANK SB A/C.9759		1,308,457	934,165
CANARA BANK SB A/C 80999		11,810	643,736
CASH ON HAND		-	55,724
PUNJAB NATIONAL BANK SB A/C 0551		660,900	150,634
ICICI BANK		1,296,184	-
		2,796,288	3,783,674
REGIONAL COUNCIL CURRENT ACCOUNT	14		
44TH REGIONAL CONFERENCE		-	2,100,000
		-	2,100,000



PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
CENTRAL COUNCIL CURRENT ACCOUNT	15		
TDS RECEIVABLE		3,812,986	3,286,705
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		1,494,590	(1,392)
BOS GRANT RECEIVABLE		42,000	42,000
SIRC SALARY RECEIVABLE		7,568	63,932
AUDIT FEES GRANT RECEIVABLE		272,758	272,758
LIBRARY GRANT RECEIVABLE		-	3,319
MEDICAL GRANT RECEIVABLE		7,285	7,285
CPT ONLINE EXAM RECEIVABLE		62,294	62,294
ISA EXPENSES PAYABLE		6,085	10,235
ADVANCE FOR ISA ET EXAM MAY-2013		3,540	-
ADVANCE FOR ISA ET EXAM NOV-2013		610	-
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
CAREER GUIDANCE PROGRAM		53,137	49,779
W/S ENABLING SERVICE TAX LEVEL I & II RECEIVABLE		50,000	-
INVESTOR AWARENESS PROGRAM EXPENSES		-	50,000
CFO MEET EXPENSES 2014 RECEIVABLE		276,238	-
INTERNATIONAL CA STUDENT CONFERENCE EXPENSE RECEIVABLE		210,696	-
MENTOR PROGRAMME FOR YOUNG CA'S		189,341	-
DIRECTORS CERTIFICATION PROGRAMMES		(90,734)	-
SERVICE TAX PAYABLE TO HO		(171,592)	-
		6,497,569	4,117,682
ICAI PUBLICATION STOCK ACCOUNT	16		
ARTICLE REGISTRATION FORMS		44,050	400
BRANCH PUBLICATIONS		40,200	-
PUBLICATIONS		1,388,510	1,366,255
REVISION TEST PAPERS		377,940	129,050
STUDY MATERIALS		960,195	797,780
SUGGESTED ANSWERS		387,540	323,890
		3,198,435	2,617,375
INTEREST ON INVESTMENTS	17		
INTEREST ON FIXED DEPOSITS		2,269,539	1,380,433
INTEREST ON SB ACCOUNTS		262,956	276,267
INTEREST ON FIXED DEPOSITS -ITT		706,357	1,312,712
INTEREST ON SB ACCOUNTS-ITT		56,822	122,853
		3,295,674	3,092,265
OTHER INCOME	18		
MISCELLANEOUS INCOME		304,017	495,019
MOCK TEST INCOME		107,300	75,525
COMMISSION ON SALE OF EXAM FORMS		187,125	254,250
GMCS HO SHARE REVERSED		-	463,700
		598,442	1,288,494
SALARY & STAFF EXPENSES	19		
1) SALARY,PENSION & OTHER ALLOWANCES			
SALARY TO STAFF (INCLUSIVE OF INCENTIVE & OT)		4,937,165	3,784,718
		4,937,165	3,784,718
3) STAFF WELFARE EXPENSES			
STAFF WELFARE EXPENSES		693,442	376,273
UNIFORM EXPENSES		95,947	61,578
MEDICAL EXPENSES		-	64,198
GRATUITY PAID		1,025,832	552,808
		1,815,221	1,054,857

PARTICULARS	SCHEDULE	March 31, 2015	March 31, 2014
OTHER EXPENSES	20		
GENERAL EXPENSES		359,306	359,910
SECURITY CHARGES		466,731	282,160
BANK CHARGES		141,171	34,416
MOCK TEST EXPENSE		44,749	34,903
TELECONFERENCE EXPENSES		-	1,600
SUNDRY BALANCE WRITTEN OFF		-	62,526
READING ROOM- RACE COURSE ROAD		98,783	-
SWATCH BHARATH		20,266	-
CA BENEVOLENT FUND DONATIONS		500,000	-
DONATIONS TO SCHOOL- CA DAY		100,000	-
WEB DESIGN EXPENSES		100,000	-
		1,831,007	775,515
PRIOR YEAR ADJUSTMENTS - EXPENSES	21		
SEMINAR EXPENSE		97,022	40,507
IPCC ORIENTATION EXPENSE		-	18,850
GMCS EXPENSE		-	4,500
		97,022	63,857

**BANGALORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SCHEDULE-22**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS
FOR THE YEAR ENDING 31.03.2015:**

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.
- 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 year's.

For **Bangalore Branch of SIRC of ICAI**

Sd/-
(CA. Allama Prabhu M.S.)
Chairman

Sd/-
(CA. Geetha A.B.)
Secretary

Sd/-
(CA. Shravan Guduthur)
Treasurer

As per Audit Report of even date
For **Manian & Rao**
Chartered Accountants
FRN. No. : 001983S
Sd/-
(CA. Srikanth R.)
Partner
M. No. 203138

Place : Bangalore
Date : 03/06/2015



DIGEST OF RECENT DECISIONS OF THE INCOME TAX APPELLATE TRIBUNAL

CA. K.S. Satish, Mysore



EXEMPTION UNDER SECTION 10(23C)(iiad)

In *Saraswathi Educational & Welfare Society v. ITO* (2015) 152 ITD 527 (Chd) where the facts were that the assessee-society was providing education to girl students through its nursing institute, the annual receipts of the said institute was less than Rs. 1 crore and the assessee-society did not pursue any other object though its Memorandum of Association contained other charitable objects, the Chandigarh 'A' Bench while observing that it could not be said that the assessee-society was not exclusively existing for educational purposes held that the assessee-society was entitled to exemption under section 10(23C)(iiad).

CHARITABLE TRUST

There is no violation of section 13(1) (d) read with section 11(5) when a charitable trust gives interest-free loans to other charitable institutions registered under section 12A having similar objects opined the Chennai 'D' Bench in *JCIT v. Bhaktavatsalam Memorial Trust* (2015) 152 ITD 48 (Chn).

SECTION 14A

The Bangalore 'C' Bench has in *Quality Engineering & Software Technologies (P) Ltd. v. DCIT* (2015) 152 ITD 320 (Bang) taken the view that where the assessee-company had not earned any dividends exempt under the Act on its investment in shares during the relevant previous year, disallowance of expenditure under section 14A could not be made.

SETTING UP OF BUSINESS

In *Jcdecaux Advertising India (P) Ltd. v. DCIT* (2014) 166 TTJ (Del) 121 where the facts were that the assessee-company incorporated during April 2005 to carry on the business of out of home advertisement was awarded its first contract by the New Delhi Municipal Corporation on 8.3.2006 for construction of 197 Bus Queue Shelters on Build-Operate-Transfer basis in terms of which the assessee was required to design, finance, construct, operate and maintain the Bus Queue Shelters at its own cost, it was allowed to commercially exploit the space allotted in these Bus Queue Shelters by display of advertisements for 15 years and the assessee entered into an agreement with another company for manufacture and installation of Bus Queue Shelters on 30.3.2006, the Delhi 'D' Bench held that the business of the assessee was set up on 30.3.2006 and that it cannot be said that the business would be set up when the Bus Queue Shelters would be ready for providing space to the assessee for advertisement.

REVENUE EXPENDITURE

Where the assessee-company used the entire incremental share capital for purchase of trading stock, the expenditure incurred by it in connection with the increase in share capital is allowable as a revenue expenditure ruled the Mumbai 'B' Bench in *Navi Mumbai SEZ (P) Ltd. v. ACIT* (2015) 152 ITD 828 (Mum).

SECTION 41(1)

The Chandigarh 'B' Bench has in *Sudhir Budhiraja v. ITO* (2014) 166 TTJ (Chd) (UO) 80 opined that the provisions of section 41(1) cannot be invoked for the assessment year 2009-10 where the assessee showed commission payable relating to the year ending 31.3.2004 in its balance sheet as at 31.3.2009 and acknowledged the liability.

METHOD OF ACCOUNTING

Where the assessee had credited the gross amount of interest including the interest accrued on non-performing assets in the profit & loss account and simultaneously showed the amount of interest on non-performing assets on the debit side of the profit & loss account in compliance with section 65 of the Maharashtra Co-operative Societies Act, 1960 and rule 49A of the Maharashtra Co-operative Societies Rules, 1961, the Assessing Officer was not justified in rejecting the claim of the assessee for non-recognition of interest accrued on non-performing assets based on the presentation in the annual financial statements held the Pune 'B' Bench in *Solapur District Central Co-operative Bank Ltd. v. ACIT* (2015) 152 ITD 335 (Pune).

TAX DEDUCTION AT SOURCE

In *DCIT v. Madison Communication (P) Ltd.* (2015) 152 TTJ 759 (Mum), the Mumbai 'B' Bench has expressed the view that section 194C is applicable to a contract for putting up a hoarding as it is in the nature of an advertising contact.

(Contd. on page 32)

DIGEST OF RECENT DECISIONS OF SERVICE TAX LAWS

CA. A. Saiprasad



Parts Digested:

STR Volume 38 Part 2, Part 3 and Part 4

Gee Pee Agri Pvt Ltd V. CCE, 2015 (38) STR 449 (SC)

The Supreme Court held that from the facts of the case, it was quiet clear that refund of service tax was due either to the petitioner or to the merchant exporter, who had ultimately sold the goods. However there was some dispute about who was entitled to the refund. The Apex Court held that in any case, the department could hold on to the service tax refund since the department are not entitled to do so. The Apex Court finally held that in case merchant exporter had any issue with the petitioner, it could always take up the matter before an appropriate forum. – *The decision in the aforesaid case is against a judgment, which is cited below.*

Gee Pee Agri Pvt Ltd V. CESTAT, 2015 (38) STR 450 (Bom)

The Honourable Bombay High Court noted that the title to the exported goods was transferred by the appellant to the merchant-exporter who ultimately effected the export. The export documents showed merchant-exporter as the as the exporter. Further the merchant-exporter had received the payment from the ultimate purchaser. The appeal related to Service tax paid with respect to such export goods. The service tax had been paid by the

appellant and hence the appellant had sought refund of such service tax paid.

The Honourable High Court held that as the title to the goods had already been transferred to the merchant-exporter before export, the appellant was not entitled to refund. The Honourable High Court however noted that if the merchant-exporter was entitled to refund, such merchant-exporter was free to take recourse to law.

(The contrast in the decision is quite evident – The Bombay High Court held that Gee Pee is not eligible for refund while the Apex Court ordered refund to be paid to Gee Pee and held the merchant exporter may agitate the issue against Gee Pee but money belonging to the assessee cannot be retained by the revenue)

Delhi Transport Corporation V. Commissioner of Service Tax, 2015 (38) STR 673 (Del)

M/s. Delhi Transport Corporation ('DTC' for short) had entered into contracts with certain agencies (contractors) for providing space to the said contractors for display of advertisements on 'bus-queue shelters' and 'time keeping booths'. The said contract contained stipulations which read as under:

It shall be the responsibility of the contractor/ advertiser to pay direct to the authority and MCD concerned the advertisement tax or any other taxes or levies payable or imposed by any authority and this amount will be in

addition to license fee quoted

DTC relied on *Rashtriyaspat Nigam Limited V. Dewan Chand Ram Saran, 2012 (26) STR 289 (SC)* and urged that having entered into contract in the nature mentioned above, it had a 'legitimate expectation' that the service tax liability would be borne by the contractors/ advertisers and thus there was no justification for DTC being held in default or burdened with penalty.

The Delhi High Court has held that liability to service tax could be transferred by contractual obligation to third party but on account thereof, the assessee cannot ask the revenue to recover tax dues from a third party or wait for discharge of liability till they recover that amount from their contractors. The Delhi High Court held that assessee has to discharge service tax liability in terms of statutory provisions. The Honourable High Court further held that DTC being a public sector company should have been more vigilant in compliance with its statutory obligations and that it could not take cover under the plea that contractors had agreed to bear the tax burden. As regards penalty, the Honourable High Court held that revenue failed to make out a case that there was an intention to defraud/ suppress/ collude on facts. The High Court also took cognizance of the poor financial position of DTC due to subsidized transport facility provided by them and set aside the penalty as per section 80 of the Finance Act, 1994



CCE V. Volvo India Ltd, 2015 (38) STR 692 (T)

Valuation of Service Tax – The Tribunal held that charges collected for preventive maintenance of service for vehicles, if optional in nature cannot be added on to the assessable value of vehicles i.e. is not liable to excise duty but liable to service tax. The Tribunal relied on the earlier decision of the self-same party as reported in 2005 (182) ELT 471 (T). In the said earlier decision, the Tribunal had perused the servicing agreement which read as follows – *‘that the Customer has sought and Volvo has agreed to provide or procure the provisions of preventive maintenance/repairs for the vehicle (identified in the agreement hereto) upon the terms and conditions mentioned under this agreement and the schedule hereto’*. The Tribunal thereafter held that it was a service sought by the customer and hence did not form part of the implicit sale/ purchase value of the vehicle. The Tribunal noted that free service is available to every purchaser ‘by reason of sale’ of vehicle and hence such free service would form part of the sale consideration of the vehicle and is therefore included in the sale price on which excise duty is payable. The Tribunal held that the service agreement

in question is a separate transaction and the consideration for it is also separate. It is for the maintenance of the vehicle during its operation and hence the said consideration for servicing is liable for service tax and not excise duty.

CCE V. Mahendra Engineering Ltd, 2015 (38) STR 233 (All)

The appellant had provided repair services for transformers. The issue was whether service tax was payable on the gross amount charged including the value of consumables like transformer oil and component parts or only on the service portion. In the invoices issued by the appellant, the value of good used and service charges were shown separately. Further in respect of supply of consumables, the appellant has paid VAT. It was held that since value of goods and value of services were shown separately and since VAT had been paid on the goods portion, service tax was payable only on the service/ labour component and that the value of goods would not be includable in the assessable value of service.

Punjab National Bank V. CCE, 2015 (38) STR 498 (T)

The short point for consideration was whether commitment charges recovered by bank are to be added to the taxable

service of ‘Banking and Other Financial Service’ or whether these charges are to be treated as interest on which no service tax is leviable. The Honourable Tribunal noted that commitment charges are charges imposed on the client who decide not to draw the amount of loan that is at their disposal. These charges are basically to compensate for the loss of interest that the bank would have earned if the customer had drawn the money from the loan account. The Tribunal held that the charges are related to lending of money and that the charges are integrally connected with the lending, which is a taxable service. Therefore commitment charges cannot be separated from lending service and hence liable to service tax.

(View of the Author: Rule 6(2)(iv) of Service Tax (Determination of Value) Rules, 2006 as it existed prior to 1.7.12 (i.e. prior to negative regime of taxation) stated that ‘interest on loan’ was not includable in the value of any taxable service. Once it is admitted that ‘commitment charges’ are ‘charges to compensate for loss of interest’, the commitment charges would in substance be ‘interest charges’ on loan, albeit for those loans which has not been utilised. This argument has to be tested in court of law.)

DIGEST OF RECENT DECISIONS OF THE INCOME TAX APPELLATE TRIBUNAL

(Contd. from page 30)

REVISION

The Bangalore ‘A’ Bench has in Aditi Technologies (P) Ltd. v. ITO (2014) 166 TTJ (Bang) 313 held that issues which have not been considered and decided in appeal by the Commissioner (Appeals) cannot be said to have merged in the order of the Commissioner (Appeals) and, therefore, the Commissioner can exercise his powers

of revision under section 263 in respect of such issues.

PENALTY

In S.H.R. Trading (P) Ltd. v. DCIT (2014) 166 TTJ (Mum) 718 where the assessee-company claimed exemption under section 54 in respect of the immovable property sold by it, the Mumbai ‘E’ Bench observed that a bare reading of section 54 would reveal even to a layman that a

company is not entitled to the benefit of exemption thereunder, that the claim of exemption made by the assessee-company was a patently false claim and that the assessee-company has proved its guilty mind of furnishing inaccurate particulars of income to escape tax and held that the levy of penalty under section 271(1)(c) was justified.

TAX IMPLICATIONS ON SALE OF BUSINESS AS A WHOLE – VAT AND SERVICE TAX

CA. N.R. Badrinath, Grad C.W.A., F.C.A. & CA. Kuber V Hundekar, B.Com., ACA



In this article an attempt is made to analyse the implication of taxes under Karnataka VAT law and service tax law on the transfer of business as a whole.

I. Karnataka VAT:

1. Implications under Karnataka Vat law on sale of business as a whole – whether liable to VAT?

Transfer of business as a whole on a going concern basis is wholly deductible from the meaning given to the expression 'taxable turnover'. Accordingly, such amounts will not be liable to tax under the Karnataka VAT law in terms of Section 2(34) of Karnataka VAT Act read with Rule 3(2) of Karnataka VAT Rules. Rule 3(2)(g) specifically provides for the deduction of amounts realised by the dealer in relation to sale of business as whole.

The combined effect of the definition of the expressions business, sale and turnover as defined under the Karnataka VAT law, it is apparent that the aggregate amount for which the goods are bought or sold in the course of business would form part of a turnover to come within the scope of the VAT law. A person who sells the entire business as a running business or a going concern, the sale proceeds of such a transaction cannot be said to constitute turnover as defined in the Karnataka VAT law since, the sale

proceeds are not proceeds of sale of goods made in the course of business as defined therein. The closure of a business subsequent to sale thereof as a running concern to another person, apart from not constituting a sale of goods, cannot also be said to be a transaction in connection with or incidental or ancillary to such trade, commerce, adventure or concern as per the definition of the term business. Consequently, such sale proceeds being totally outside the scope of the VAT laws cannot form part of the turnover as defined therein and hence such turnover is not exigible to tax under the provisions of the Karnataka VAT laws. However, alternatively, even otherwise the proceeds of transfer of business as whole is contended to be included in the total turnover, one can claim deduction of such proceeds with reference to Rule 3(2)(g) which states that, the amounts received for sale of business as a whole can be claimed as deduction in arriving at taxable turnover.

Relevant judicial pronouncements:

In an issue relating to the Revenue taxing the proceeds of sale of business, Honourable High Court of Allahabad in **Sri Ram Sahai Vs. CST 14 STC 275** has held that, business is not goods and as such

proceeds of the sale of a business do not amount to turnover on which sales tax may be payable. In relation to provision specifically providing for deduction of sale proceed of business as a whole it was held that, it is not understood why the State Government still provided for deduction in relation to amounts received for sale of business as a whole because such sale proceeds does not form part of the turnover. If a dealer carrying on a business in certain goods sells the entire business, he has not to rely upon this clause and plead that the proceeds of the sale are to be "deducted" from the turnover for purposes of taxation. The sale proceeds of the business are not to be included in the turnover at all. One cannot deduct from a turnover something which is not a turnover. Therefore, to say that proceeds of the sale of the dealer's entire business are to be deducted from his turnover is meaningless; they are not to be included in the turnover because they never came within its meaning.

Honourable High Court of Madras in the case of **DCCT, Coimbatore Vs. K. Behanan Thomas 39 STC 325** has held that the combined effect of the definition of "business", "sale" and "turnover" will show that for a turnover to come within



the scope of the Act, it must be the aggregate amount for which the goods are bought or sold in the course of business. When a person who is carrying on business sells the entire business or a branch of the business, he sells the same as a running business or a going concern. The sale proceeds of such a transaction cannot be said to constitute turnover as defined in the Act, because the sale proceeds are not proceeds of sale of goods made in the course of business as defined in the Act. The closure of a branch by sale thereof as a running concern to another person, apart from not constituting a sale of goods, cannot also be said to be a transaction in connection with or incidental or ancillary to such trade or commerce, adventure or concern as mentioned in the definition of business. Consequently, such sale proceeds being totally outside the scope of the Act cannot form part of the turnover as defined in the Act and hence such turnover is not exigible to tax under the provisions of the Act. If so, the question of such sale proceeds being deducted from the total turnover will not arise because that rule contemplates determination of the taxable turnover by deducting the items mentioned therein from the total turnover of a dealer. Once it is found that the sale proceeds did not form part of the turnover at all, there is no question of the same being deducted from the total turnover for the purpose of determining the taxable turnover.

In an issue relating to sale of particular line of business Honourable High

Court of Madras in **Monsanto Chemicals of India (P) Limited Vs. State of Tamil Nadu 51 STC 278** has held that, that a person might carry on several lines of business and each line of business would be a unit of business by itself. If there was a sale of that unit of the business as a whole, then the assessee would not be liable to be taxed either on the general principle that there was no sale in the course of business as closure of a line of business could not be incidental or ancillary to its carrying on or on the alternative basis as a deduction from total turnover in determining taxable turnover. On the facts of the case, the assessee was eligible for the exemption in respect of those turnovers under either of those two grounds.

2. Treatment of balance input tax credit lying in the books of accounts of transferor:

In terms of Section 2(20) read with Section 10 of the Karnataka VAT Act, the registered dealer is entitled to claim input tax credit of VAT paid on local purchases. Accordingly, the transferor can claim input tax credit of VAT paid on local purchases up to the date prior to the effective date of transfer of business. Such input tax credit can be utilised for discharging output tax liability that may arise up to the effective date of transfer of business.

In relation to transfer of input tax credit, generally, when the business is sold as a whole for a lump sum consideration as a going concern, it is agreed between the parties that all the assets and liabilities of that particular business is transferred to

the transferee. However, in terms of Section 46(2-A) of Karnataka VAT Act, balance of input tax credit as per the books of accounts of the transferor stand transferred to transferee as on the effective date of transfer of business. Rule 166 of Karnataka VAT Rules prescribes the procedure that is required to be adopted:

- Transferor-dealer has to submit an application before the jurisdictional VAT Officer for transfer of excess input tax credit to the transferee;
- The application has to be submitted within thirty days from the date of cancellation of registration certificate;
- A certificate from a Chartered Accountant certifying the amount of excess input tax credit has to be obtained and filed with the jurisdictional VAT Officer;
- On receipt of the application, the jurisdictional VAT Officer would pass an order within thirty days from the date when the application was submitted indicating the amount of excess input tax credit that is available for utilisation by the transferee;
- The transferee should enclose the order along with the return in which the input tax credit is claimed.

3. VAT liability arising after the effective date of transfer of business – whether transferee is liable or transferor:

In terms of Section 46(1) of the Karnataka VAT Act, the transferor and transferee will be jointly and severally liable to pay the following amounts:

- any tax or penalty or any other amount remaining unpaid at the time of transfer; or

- any amount that may become payable in respect of such business after the date of transfer but relating to the years up to the date of transfer.

It is also relevant to note Section 44 which authorises the tax office to call upon the persons who were directors of the company for that relevant period for recovery dues. This would not be applicable unless the dues is due to non-compliances which are attributable to the gross negligence, misfeasance or breach of duty of the relevant director/s.

4. Transferor retaining the ownership of certain assets – Whether VAT is applicable?

The term “business as a whole” is not defined under the Karnataka VAT laws. However, in the normal course, it would represent a transaction where the complete business, on as-is-where-is and on a lock-stock-barrel basis is sold and where the transferor ceases to carry on business. Thus, it follows that all assets and liabilities pertaining to the business is sold to the transferee. Therefore, in case where certain assets are not transferred in the course of transfer of assets and liabilities, the authorities could treat the transaction as one as not being sale of business as

a whole. Consequently, the deduction of such amounts from the total turnover would not be available.

In this regard, it is relevant to note the judgement of the Honourable High Court of Madras in the case of **State of Tamil Nadu Vs. T.M.T Drill (P) Ltd 82 STC 59** wherein it has been held that a business will not be considered to be sold as a whole or going concern unless the entire assets of the business are transferred. If certain assets are retained and are not transferred, then the business would not be deemed to be transferred as a whole or going concern and consequently, the turnover resulting from such a sale or transfer will not be exempt under the provisions of the VAT laws.

5. Records to be maintained:

Following are some of the general documents that are required to be maintained:

- Agreement between transferor and transferee;
- Document showing the method of determining purchase consideration giving the break-up of consideration pertaining to each unit if the transferee has place of business in various States;
- Statement showing transfer of input tax credit;
- Copy of application for cancellation of certificate;
- Certificate of Chartered Accountant for transfer of input tax credit;
- Letter filed with the department for seeking approval for transfer of input tax credit
- Order of the jurisdictional VAT Officer giving the approval for transfer of input tax credit;
- Supporting documentation for valuation of assets, liabilities and net worth; and
- All legal documents pertaining to transfer of business.

Advt.

OBITUARY



*We deeply regret to inform
the sad demise of our Member*

CA. Nandakumar Raja
Membership No. 027507
on 16th May 2015

May their soul rest in peace.



TAX UPDATES - APRIL 2015

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



VAT, CST, ENTRY TAX, PROFESSIONAL TAX

[2015] 79 VST 561 (Trip. - HC): Bharti Telemedia Ltd. and another v. State of Tripura and others - In the instant case, the question that arose before the Honourable Tripura High Court is, whether leaving of the set top boxes at customers' location used for sending the signals of television channels to home of customers by dealer amounts to transfer of right to use goods.

The Honourable Court observed the following:

- (a) That the contracts between the dealer and customer had been framed in such a manner as to show that the set top boxes remained the property of the dealers.
- (b) The set top boxes always bore the logo and mark of the dealers and were not to be erased or effaced by the customers.
- (c) The dealers had not sold the set top boxes to the customers. However, the right to use these goods, i.e., the set top boxes, had been transferred to the customers.
- (d) The cost of the set top box was obviously included in the activation charges or the monthly subscription.
- (e) The dealers were responsible for the functioning of the set top boxes only for a period of six months. The warranty was valid only for six months and if the set top box of a customer was spoiled after six months he would have to pay for

repair or replacement thereof.

In view of the above, the Court held that the elements of determining whether the right to use goods had been transferred or not is by ascertaining who has effective control over the goods. In the instant case, though the dealers had not sold the set top boxes to the customer, the set top boxes were in the total control of the customer. The dealer did not even have the power of entering the premises of the customer. This amounted the transfer of the right to use goods and hence liable to tax under Section 4(2) of the Tripura Value Added Tax Act, 2004 on the value of the set top boxes as valued by the dealers in their own books.

INCOME TAX

[2015] 372 ITR 429 (Bom. - HC): CIT v. SMSL-UANRCL (JV) - In the instant case, Assessee a joint venture had entered into a contract. The assessee did not execute the contract work and the work was done by one of its constituents namely, SMS. The Assessee filed its return of income of Rs. 2,19,990/- and claimed TDS of Rs. 30,14,173. The Assessing Officer raised a query about the receipts of the project work in respect of the TDS certificate or its non-mention in the profit and loss account of the Assessee. The Assessee submitted that due to oversight and inadvertently the credit of TDS was shown by it. Therefore, it requested and sought leave to withdraw the claim of TDS. However, the Assessing Officer

worked out income-tax at 3 per cent on the contract value in the hands of the Assessee.

The Honourable Bombay High Court observed that, the receipts for the project work were reflected in the books of accounts of SMS and in the return, SMS had disclosed that income. The return was accepted by the Assessing Officer in the assessment made under section 153A read with section 143(3) of the Income-tax Act, 1961. Further the Court observed that there was no finding as regards receipt of any income by the Assessee on account of the contract.

Therefore, the Court held that the said income could not have been taxed again in the hands of the assessee.

[2015] 372 ITR 441 (Del. - HC): HCL Ltd. v. CIT - In the instant case the Honourable Delhi High Court held that if the payment is made for acquisition of a partial right in the intangible property or know-how without the transferor fully alienating as the ownership rights, the payment received would be treated as 'royalty'. Where, however, full ownership rights are alienated as intellectual property of the transferee, the payment made is not royalty, but sale consideration paid for acquisition of the intangible rights. Such acquisitions are not equivalent to acquire or have access to or right to use the intellectual property.

[2015] 372 ITR 498 (Del. - HC): CIT v. Ram Gopal - In the instant case,

the assessee, in the return for the Assessment Year 2009-10 reported sales of two capital assets in the form of half shares in a residential property in Marine Drive, Mumbai and half share in a Kashmere Gate, property. The assessee claimed that a sum of Rs. 73,27,000/- (hereinafter called as “Acquisition Cost”) was used to acquire another property within a period stipulated in Section 54. It also claimed, inter alia, that a sum of Rs. 25,14,700/- (hereinafter referred as “improvement expenses”) was spent towards cost of improvement. The Assessing Officer, rejected the assessee’s contention and held that in the absence of an agreement to sell, the rights acquired by the provisional booking of the property did not meet with the requirements spelt out under Section 54, i.e. acquisition of new capital asset. The Assessing Officer also held that the improved cost was not deductible. On appeal before the Honourable Delhi High Court, it held that in the present case the question is not whether the assessee sold the booking rights and was, therefore, entitled to benefit of capital gains. It is, rather, whether his entering into the transaction and acquiring a property for Rs. 73,27,000/- (acquisition cost) amounted to his acquiring a capital asset. The Court after observing the definitions of “capital asset” under Section 2(14) and “transfer” under Section 2(47), and the decision of the Delhi High Court in the case of Gulshan Malik v. CIT [2015] 4 ITR-OL 275 (Delhi), held that even acquiring booking rights or rights to purchase the apartment qualifies as purchase. So far as the second issue is concerned, i.e. whether improved cost was deducted, the Court held that given that the Revenue does not dispute that

the second transaction of purchase took place, it has to necessarily follow that the cost of improvement was deductible.

[2015] 372 ITR 536 (Guj. – HC): CIT v. Smt. Vasantben H. Sheth - In the instant case the Honourable Gujarat High Court held that once an application seeking for rectification is disposed of, be it the Revenue or the assessee, if aggrieved, should have the recourse to the provisions of appeal before the Courts, and either of them cannot invoke the provisions of Section 254(2) by filing another application for rectification. In other words, in respect of same subject matter, there cannot be multiple proceedings under section 254(2).

[2015] 372 ITR 660 (Cal. – HC): CIT v. Ankit Metal and Power Ltd. - In the instant case, Assessee having claimed depreciation in respect of its under Section 32(1)(i) as per the prescribed under the Income Tax Rules, claimed additional depreciation in terms of clause (iia) of Section 32(1) in respect of plant and machinery used for the purpose of generation of power necessary for its business of manufacture and production of sponge iron, ingot and billets. The Assessing Officer disallowed the assessee’s claim holding that additional depreciation under clause (iia) was not to be allowed in the cases falling under clause (i).

On appeal before the Honourable Calcutta High Court, the Court held that there was no dispute on facts regarding the assessee having acquired and installed the plant and machinery for the purpose of generation of powers necessary for the production of the items it manufacturers. The assessee having satisfied those conditions is entitled to claim the additional depreciation as proved by the said clause (iia) irrespective

of its original claim for depreciation having been made under clause (i) of the said section.

[2015] 372 ITR 694 (Del. – HC): Joint Investments Pvt. Ltd. v. CIT - In the instant case, the income exempt was Rs. 48,90,000, whereas the disallowance ultimately worked out by the Assessing Officer was nearly 110 percent of that sum i.e. Rs. 52,56,197. The Assessee’s grievance is that the entire exempt income was lower than the disallowance. The Honourable Delhi High Court held that by no stretch of imagination can section 14A or rule 8D be interpreted so as to mean that the entire tax exempt income is to be disallowed. The window for disallowance is indicated in section 14A and is only to the extent of disallowing expenditure “incurred by the assessee in relation to the tax exempt income”. This proportion or portion of the tax exempt income surely cannot swallow the entire amount as has happened in this case.

[2015] 372 ITR 699 (SC): Queen’s Educational Society v. CIT - In the instant case the Honourable Supreme Court summed up the law common to Section 10(23C) (iiia) and (vi) as under:

- (a) Where an educational institution carries on the activity of education primarily for educating persons, the fact that it makes a surplus does not lead to the conclusion that it ceases to exist solely for educational purposes and becomes an institution for the purpose of making profit.
- (b) The predominant object test must be applied – the purpose of education should not be submerged by a profit making motive.
- (c) A distinction must be drawn between the making of a surplus and an institution being carried on “for profit”. No inference arises that



merely because imparting education results in making a profit; it becomes an activity for profit.

(d) If after meeting expenditure, a surplus arises incidentally from the activity carried on by the educational institution, it will not cease to be one existing solely for educational purposes.

(e) The ultimate test is whether on an overall view of the matter in the concerned assessment year the object is to make profit as opposed to educating persons.

[2015] 373 ITR 39 (SC): M.G. Pictures (Madras) Ltd. v. Asst. CIT - In the instant case, the Honourable Supreme Court held that the provisions of Section 40A(3) which was amended with effect from 01.04.1996, wherein the disallowance is limited to 20% of the expenditure is prospective in nature and hence does not apply to entire block period i.e. 01.04.1986 to 31.03.1996 as claimed by the Assessee.

One passing observation in the above decision is that the disallowance should be in respect of amount exceeding the threshold. In other words, the inference is that there is no disallowance upto the applicable base amount.

[2015] 373 ITR 42 (SC): K.M. Sugar Mills Ltd. v. CIT - In the instant case the Honourable Supreme Court held that once the income from leasing gas cylinders is accepted as the “business” income”, which is taxed in the hands of the assessee as such, depreciation on these gas cylinders could not be disallowed on the ground that the cylinder were not purchased for “leasing business”.

[2015] 373 ITR 45 (SC): Ashish Plastic Industries v. Asst. CIT - In the instant case during the survey operations, excess stock was found at the factory

premises of the Assessee. To that effect, Assessing Officer made addition and passed the assessment order.

Before the CIT(A), the Assessee stated that the said stock belongs to its sister concern and it was wrongly shown in the Assessee’s books of accounts. The Assessee also furnished the sales register of the sister concern and tallied the same with the impounded stock register. However, the CIT(A), upheld the order of the Assessing Officer. Even before the Honourable Tribunal, the Tribunal upheld the order of the CIT(A). Before the Honourable Court, the Court dismissed the appeal of the Assessee on the ground that no substantial question of law arose.

Before the Honourable Supreme Court, the Assessee raised a question as to whether in respect of excess stock shown in books of sister concern there had been double taxation.

The Honourable Supreme Court held that Assessee has to be given opportunity to demonstrate whether tax on finished products in question has been paid by its sister concern and if so, benefit has to be given to Assessee.

[2015] 230 Taxman 18 (Allahabad - HC); [2015] 55 taxmann.com 314 (Allahabad - HC): CIT v. Vacment India - In the instant case the Honourable Allahabad High Court held that ‘tax payable’ is to be arrived at by deducting credit under Section 115JAA from ‘gross tax payable’ and on this amount of ‘tax payable’ surcharge and cess are to be computed.

[2015] 230 Taxman 34 (Kar - HC); 55 taxmann.com 282 (Kar. - HC): C.N. Anantharam v. Asst. CIT - In the instant case, the Assessee obtained a site on settlement and constructed a three storied building. The building was a short term capital asset and land was

long term capital asset.

During the assessment proceedings, the Assessing Officer opined that capital gains as was attributable to long term capital asset i.e. land would not qualify for relief under Section 54 of the IT Act, for the reason that even though it is was a long term capital asset as the building which stood on the same was short term capital asset.

The Honourable Karnataka High Court held that when the legislature has used the word ‘or’ which means the word buildings or lands appurtenant thereto should be understood disjunctively having regard to the context in which it is used. It cannot be read as ‘and’. If it is read as ‘and’, it amounts to court rewriting the section by substituting the word ‘and’ in place of the word “or” which is not permissible in law. A person may be residing in a residential house and the land pertinent thereto. That house he may be using it for his benefit. As long as the said land is not used for any commercial or non-residential purpose, the user of the land by the resident is for residential purpose only. If such a person chooses to sell only the land which he was using for residential purpose, the legislature has conferred the benefit in respect of/to the capital gains arising there from under Section 54(1) of the Act. If a land appurtenant to a residential house is entitled to the said benefit, the land on which the residential building is constructed is also entitled to the said benefit.

Further, the Court held that when a property, residential house is sold, the sale consideration includes the value of the land and the value of the construction. Though there is no two sale transactions involved for the purpose of the Act, in order to calculate the capital gains as rightly done by the Assessing authority,

he has treated the sale of land on which the residential house is constructed as a long term capital gain and he has treated the building as short term capital gain. If, for levying tax under the Act, such a distinction could be made, such distinction should be kept in mind in extending the benefit under Section 54(1) of the Act. If the land on which the building is constructed is a long term capital gain and the amount received towards the sale of such land when it is assessed as a long term capital gain and taxed. In view of Section 54(1) if that consideration from the sale of the land is utilized in acquiring a residential house, the benefit from exemption is to be extended. Otherwise, the section looks absurd.

Thus, the Court held that he assessee is entitled to the benefit of Section 54(1) of the IT Act in respect of both assets i.e. land and building.

[2015] 230 Taxman 63 (All. – HC); 55 taxmann.com 262 (All. – HC): CIT v. Shivam Motors (P) Ltd. - In the instant case the Honourable Allahabad High Court held that in the absence of any tax free income earned by assessee, disallowance under section 14A could not be made.

[2015] 230 Taxman 66 (Guj – HC); 55 taxmann.com 211 (Guj. – HC): CIT v. Orpat Charitable Trust - In the instant case, the Honourable Gujarat High Court held that exemption under section 11 can be denied only to extent of investment contravening provisions of section 11(5) read with section 13(1) (d) and not on entire income.

[2015] 230 Taxman 72 (Bom – HC); 55 taxmann.com 306 (Bom. – HC): CIT v. Adamsons Inc. - In the instant case, the Honourable Bombay High Court held that where assessee had followed cash system of accounting and interest

earned on fixed deposit was not received in relevant year, the same would not be added in income of relevant year.

[2015] 230 Taxman 145 (Ker – HC): Lachmandas & Sons v. Dy. CIT - In the instant case, in 2001, Assessee entered into a MOU with D for acquisition of property of D. Terms and conditions of MOU clearly provided that property would not be transferred in name of assessee till entire amount was paid. Consideration for such property was paid in 2004.

The Honourable Kerala High Court held that the consideration arose from the sale of such property was short-term capital gain and not long-term capital gain.

[2015] 230 Taxman 300 (Guj – HC); 55 taxmann.com 269 (Guj. – HC): AIMS Oxygen Ltd. v. Addl. CIT - In the instant case the Honourable Gujarat High Court held that interest under Section 234B can be charged when income of assessee is modified under Section 154 even if no interest had been so charged at time of framing regular assessment on nil income.

[2015] 230 Taxman 334 (Kar – HC); 56 taxmann.com 163 (Karn. – HC): CIT v. K. Ramachandra Rao - In the instant case the Honourable Karnataka High Court held that where assessee had already started construction of a residential house more than one year prior to date of sale of land, the cost incurred within one year prior to the date of transfer and within 3 years from the date of transfer would be eligible for exemption.

It was also held if the assessee invested his capital gains in the new house before the time for filing return of income under section 139 [which would include even sec 139(4)], there is no requirement for depositing the capital gains in the

capital gains accounts scheme.

[2015] 230 Taxman 342 (Del – HC); 47 taxmann.com 247 (Delhi – HC): Zaheer Mauritius v. DIT (International Taxation) - In the instant case, 'Vatika', an Indian company, was engaged in real estate business. Vatika promoted a subsidiary company 'JV' for development of land owned by it. Assessee, a Mauritius based company, agreed to acquire 35 per cent ownership interest in JV by subscribing to its equity shares and compulsorily Convertible Debenture (CCDs). In terms of Shareholder's agreement, Vatika exercised a call option and purchased a part of equity shares and CCDs from Assessee.

The Authority for Advance Ruling opined that transaction between assessee and Vatika was a sham transaction and was essentially a transaction of loan to Vatika which had been camouflaged as an investment in shares and CCDs of JV company. It was thus concluded that gains arising on sale of CCDs was taxable as interest under section 2(28A). On appeal before the Honourable Delhi High Court, the Court held that since terms of arrangements between Vatika and Assessee revealed that JV was a genuine commercial venture, in which both partners had management rights, there was no reason to ignore legal nature of instrument of CCD or to lift corporate veil to treat JV and Vatika as a single entity. Thus, the Court held that gains arising on sale of CCD's are not taxable.

[2015] 230 Taxman 411 (Kar – HC); 55 taxmann.com 473 (Karn. – HC): CIT v. Caritor (India) (P) Ltd. - In the instant case, the assessee commenced production prior to the customs bonding. However, the invoices were raised after the customs bonding. The condition



stipulated in the permission granted by the STPI is that units shall be customs bonded. The benefit of such customs bonding is that the assessee would be entitled to the benefit of customs duty and excise duty. It has nothing to do with the grant of exemption under section 10A. To be eligible for exemption under section 10A, the conditions stipulated in sub-section (2)(i) of section 10A have to be fulfilled, i.e., the assessee has to begin manufacturing the products on or after the first day of April, 1994, in any electronic hardware technology park. In order to start the unit in software technology park, the permission is required. Once permission is obtained and the unit started functioning in software technology park, after the aforesaid date, the assessee is entitled to the benefit under section 10A. Customs bonding is not a requirement or a condition precedent for granting exemption under section 10A. As is clear from the facts, both the appellate authorities were justified in granting relief to the assessee.

[2015] 37 ITR (Trib.) 391 (Del.): Toll Global Forwarding India P. Ltd. v. Dy. CIT - In the instant case the Honourable Delhi Tribunal held that Assessee, offering multi modal transportation services to business to business shippers through global freight forwarding services in relation to both import and export, was justified in sharing profits in equal ratio with service provider at other end of transaction, by adopting CUP method.

While holding so, the Tribunal held as under:

(a) If the price paid for the controlled transactions was the same as the price paid for an uncontrolled transaction under similar circumstances, the price so paid could be said to be the

arm's length price.

- (b) The price need not be in terms of an amount but also could be in terms of formulae, including interest rate, for computing the amount.
- (c) Where the pricing mechanism for associated enterprises and independent enterprises was the same, the price charged to the associated enterprises would be treated as the arm's length price.
- (d) The operation of rule 10BA of the Income-tax Rules, 1962, confers the benefit of an additional method of ascertaining the arm's length price and relaxes the rigour of the comparable uncontrolled price method. Rule 10BA was effective from April 1, 2002, i.e., the date when the transfer pricing provisions were introduced in India.

[2015] 152 ITD 828 (Mumb. – Trib.); 54 taxmann.com 1259 (Mumb. – Trib.): Navi Mumbai SEZ (P.) Ltd. v. Asst. CIT - In the instant case, the Honourable Mumbai Tribunal held that where assessee incurred certain expenditure for increase in share capital, in view of fact that entire incremental share capital was used for purchase of trading stock, expenditure in question was to be allowed as revenue expenditure.

[2015] 152 ITD 880 (Luck. – Trib.); [2014] 50 taxmann.com 213 (Luck. – Trib.): Dy. CIT v. Kothari - In the instant case the Honourable Lucknow Tribunal held that pre-payment discount given by Assessee to foreign buyers in absence of any mention in purchase contract that assessee was obliged to give said discount is in nature of interest and tax is deductible at source under Section 195.

[2015] 153 ITD 73 (Mumb. – Trib.); [2014] 52 taxmann.com 411 (Mumb. – Trib.): Tata Motors European

Technical Centre Plc. v. Asst. DIT -

In the instant case, the Honourable Mumbai Tribunal held that while doing comparability analysis, if tested party is foreign based and services rendered by it are very specific, for which Indian comparables are not available or functionally not comparable then, foreign comparables can be selected for benchmarking Arm's Length Price or margin.

[2015] 153 ITD 85 (Ahmed. – Trib.); [2014] 48 taxmann.com 153 (Ahmed. – Trib.): Zaveri & Co. (P.) Ltd. v. CIT - In the instant case, Assessee in its SEZ unit was engaged in carrying on business of trading in gold, platinum and diamond jewellery. SEZ unit imported goods from supplier of Dubai and re-exported it. Assessing Officer allowed assessee's claim for deduction under section 10AA. Commissioner revised said order on ground that assessee had not fulfilled conditions for eligibility namely, import for purposes of re-export and had not earned any foreign exchange and denied exemption.

On appeal before the Honourable Ahmedabad Tribunal, the Tribunal observed that assessee was duly granted approval by SEZ authorities to set up SEZ unit and assessee was recognized as an entrepreneur under SEZ Act and was also granted renewal of approval for trading by competent authority under SEZ Act. Further, annual performance report submitted by assessee before SEZ authorities showed that net foreign exchange earnings was in accordance with SEZ Act and SEZ Rules and, thus, assessee complied with SEZ Act and SEZ Rules.

In view of above, the Tribunal held that views taken by Assessing Officer was one of possible views and, thus, revision was unjustified.



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Sat, 29 Aug 2015

08:30 AM	Registration
09:30 AM	INAUGURAL SESSION
11:15 AM	Tea Break
11:30 PM	I TECHNICAL SESSION
	What is India's response to BEPS ? Dr. Parthasarathi Shome
12:30 PM	II TECHNICAL SESSION
	Income Computation & Disclosure Standards CA. Padamchand Khincha
1:30 PM	Lunch
2:30 PM	III TECHNICAL SESSION
	Digital Commerce: Changing Business Models Opportunities & Challenges for CA's CA. Anjana Vivek
3:30 PM	Tea Break
3:45 PM	IV TECHNICAL SESSION
	EPC Contracts - Tax implications CA. K.S. Ravishankar CA. K.K. Chythanya
5:30 PM	High Tea
6:15 PM	SPECIAL SESSION FOR MEMBERS & FAMILY
	Don't expect, only accept - Key for bridging the family relationships Sri. Gururaj Kharjagi
7:15 PM	FAMILY ENTERTAINMENT
	Chief Guest : Sandalwood Super Hero: Rocking Star YASH*

Sun, 30 Aug 2015

8:30 AM	Breakfast
9:30 AM	SPIRITUAL SESSION
	Powerfully Living by Mr. Khurshed Batliwala (BaWa) Faculty at Art of Living, Dean of Students Affairs, Sri Sri University, Bhuvaneshwar
10:30 AM	V TECHNICAL SESSION
	Auditors Additional Responsibilities under Companies Act 2013 CA. Gururaja Acharya K
11:30 AM	Tea Break
11:45 AM	VI TECHNICAL SESSION
	Significant provisions of "Undisclosed Foreign Assets & Income (imposition of tax) Bill 2015" CA. Dilip J Thakkar, Mumbai
1:15 PM	Lunch Break
2:15 PM	SPECIAL SESSION
	Generating Bonus Time CA. Nanu Mallaya
3:15 PM	Tea Break
3:30 PM	VII TECHNICAL SESSION - PANEL DISCUSSION
	Taxation of e-Commerce - Covering the Entire Gamut of Taxation CA. S. Ramasubramanian CA. K.R. Sekar CA. V. Raghuraman CA. S. Venkataramani Moderator : CA. Sanjay Dhariwal
5:30 PM	VALEDICTORY & Choosing the Lucky Delegates
6:00 PM	High Tea

CA. Allama Prabhu M.S.
Chairman

CA. Geetha A.B.
Secretary

DELEGATE FEE:

Members - ₹ 2000/-, Spot Registration - ₹ 3000/-, Non-Members - ₹ 15000/- + Service Tax

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Impact Seminar on Derivatives etc



CA. Zain Ahmed Khan



Dr. B. Venkatachalam



Workshop on 44AB Audit



CA. Naveen Khariwal.H

Workshop on TDS



CA. D.R. Venkatesh

Impact Seminar on Statutory Audit of NBFCs - Regulatory Issues



Shri. Susobhan Sinha, GM - Dept. of Non-Banking Supervision, RBI, B'lore & Shri. N.Gopal, DGM - Dept. of Non-Banking Supervision, RBI, B'lore

CPE National Live Webcast on Companies Act 2013



Live Webcast



CA. Mohan R. Lavi & CA. S. Sundaresan

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Coordinator
CA. P.R. Suresh



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CA. Annapurna Kabra



CA. T.R. Rajesh
Kumar



CA. N. Anand



CA. Jatin
Christopher

Practice Alert - Discussions



CA. Madhukar Hiregange & CA. Roopa Nayak



CA. K. Gururaja Acharya & CA. Sunitha Jain



CA. S. Ramasubramanian & CA. N. Prateek Marlecha



CA. V. Raghuraman & CA. C.R. Raghavendra

Speakers at Study Circle Meetings



CA. G. Muralikrishna



CA. N. Suresh



CA. Amith Raj A.N.



CA. Krishna Prasad



CA. B.P. Sachin Kumar



CA. Naveen G Khariwal

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