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# Management Accountant

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**IDEALS**

**THE INSTITUTE STANDS FOR**

□ to develop the Cost and Management  
Accountancy profession □ to develop the  
body of members and properly equip them  
for functions □ to ensure sound professional  
ethics □ to keep abreast of new developments.

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**MISSION STATEMENT**

*“ICWAI Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”*

**VISION STATEMENT**

*“ICWAI would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”*

**DISCLAIMER**

The views expressed by the authors are personal and do not necessarily represent the views and should not attributed to ICWAI.

**NOTIFICATION**

Ref. No. DS-3/1/1/11                      January 10, 2011

Finance Act, 2010 involving Assessment Year 2011-2012 will be applicable for the subjects Applied Direct Taxation (Intermediate), Applied Indirect Taxation (Intermediate) and Indirect & Direct – Tax Management (Final) for the purpose of June 2011 term of Examination under Revised Syllabus 2008.

Arnab Chakraborty  
Director of Studies

*In India, IFRS was supposed to be introduced from 1<sup>st</sup> April, 2011 with Sensex and Nifty companies. However, it has been found that huge legislative changes are imperative in the field of Companies Law, Income tax Act and Rules, Securities and Exchange Board of India (Rules and Regulations), Foreign Exchange Management Act (FEMA) and other allied areas.*

Capital intermediation through stock market has superseded the volume of intermediation by banks across the world during the last two decades. India is not an exception too. As growing number of businesses have become multinational, different stakeholders of the business across the border require a single set of high quality and acceptable accounting standards that makes financial statements comparable and relevant. With this end in view, in April 2001, the International Accounting Standards Board (IASB) was founded to undertake the responsibilities of the International Accounting Standards Committee (IASC) established in 1973. Many of the standards forming part of IFRS are known by the older name of International Accounting Standards (IAS). IAS was issued between 1973 and 2001 by the Board of the International Accounting Standards Committee (IASC). In their first board meeting IASB has adopted all (i) IASs published by IASC and (ii) its interpretations by Standard Interpretation Committee (SIC); responsible for issuing authoritative interpretations to each IAS. The IASB has continued to develop standards calling the new standards IFRS. Full conception of IFRS comprised of (i) all IASs that are in practice, (ii) interpretations to those IASs by Standard Interpretation Committee (SIC), (iii) 9 IFRS that have yet been released and (iv) interpretation to those standards by International Financial Reporting Interpretations Committee (IFRIC). From June 2009 we have two sets of IFRSs; Full IFRS and IFRS for Small & Medium Enterprises (IFRS for SMEs). This mini IFRS reduces the volume of full IFRS by 85% and will be useful for 95% business houses all over the world. Countries that have not adopted full IFRS may adopt IFRS for SMEs. IFRS for SME has been propounded mainly on the cost-benefit ground and has made no compromise on recognition and measurement criteria but has offered relaxation on disclosure aspects. IFRS is a principle based standard.

IASB is made up of fifteen members representing nine countries, including China, Japan, Australia, and the U.S. It is sponsored by a variety of financial institutions, companies, banks, and accounting firms. In 2002, a year after their establishment, the IASB got united with the Financial Accounting Standards Board (FASB) to combine their knowledge and develop a set of high-quality accounting standards that would be compatible with all countries in order to successfully carry out international business affairs and their accounting. This set of global accounting standards is referred to as the International Financial Reporting Standards (IFRS).

In India, IFRS was supposed to be introduced from 1<sup>st</sup> April, 2011 with Sensex and Nifty companies. However, it has been found that huge legislative changes are imperative in the field of Companies Law, Income tax Act and Rules, Securities and Exchange Board of India (Rules and Regulations), Foreign Exchange Management Act (FEMA) and other allied areas. IFRS give emphasis on fair value measurement practices about which sufficient numbers of Indian accountants are not yet fully equipped. As a result, Ministry of Company Affairs (MCA) in their meeting dated 22<sup>nd</sup> January, 2010 has decided not to adopt IFRS in its original form, from 1<sup>st</sup> April, but to adopt it in a phased manner with the introduction of Ind. AS (Indian version of IFRS). Till date 35 Ind. AS has been released.

Corporate India looks forward to a clearer roadmap for shifting to International Financial Reporting Standards (IFRS) for accounting. The convergence of the Indian Accounting Standards, currently used by domestic companies and IFRS is one of the major issues concerning India Inc. as this would lead to a revaluation of their assets and liabilities and in several cases the new accounting norms will also result in change in income recognition norms. In accordance with India's commitment to converge with IFRS, the Ministry of Corporate Affairs (MCA) issued a press release on February 25, 2011 notifying thirty five Indian Accounting Standards converged with IFRS (Referred to as Ind AS). This is an important first step in operationalizing the Adoption of the Ind AS by Indian companies.

In IFRS, financial and non-financial liabilities are measured to reflect present obligation. IFRS allows application of cost model for property, plant and equipment, intangible assets and investment property but cost is monitored through appropriate depreciation and/or amortization policy, annual review of useful life and residual value and elimination finance charge and / or income from cost. Cost & Management accountants will play a significant role in making the IFRS compatible with Indian Accounting Standards but also they will demonstrate their skill and expertise when full IFRS or IFRS for SMEs will be adopted in full in Indian industries in near future. Moreover, Cost Accounting Standards will have a major role in IFRS, which will be beneficial to the industry and time will reveal the importance of CAS in IFRS.



B. M. Sharma, President

**We are what we repeatedly do. Excellence, therefore, is not an act but a habit.**

– Aristotle

Dear Professional colleagues,

In one of the International economic forum held recently at Singapore, it was opined by some experts that Indian Economy may still be trailing China's now but it can catch up if the country opens up its financial sector more. They said the problem could be due to the lack of foreign capital inflows. Experts explained this is because a few large businesses and conglomerates control a large part of the Indian economy and are unwilling to partner with foreign companies. India has the technology, the entrepreneurship and the brands. These are the potential assets that experts believe can lead to strong GDP growth in India.

I am sure Cost Accountants have a major role to play in this transformation where India takes over China. Therefore, the Cost Accountants have to not only equip themselves with the latest knowledge in their respective fields of expertise but also unlearn old jargons to imbibe new ideas to make Indian Economy, a leader in the World. I feel Cost Accountants have played the supportive role in the past, which needs to be changed by asserting themselves by becoming "Knowledge Leaders" to spearhead the transformation. The various new beginnings like the Companies Bill, GST, DTC and IFRSs will be the key to this decisive road map and Cost Accountants must take steps to master them.

I attended the meeting of IEPF committee of Ministry of Corporate Affairs, Government of India held under the Chairmanship of Mr. D K Mittal, IAS, Secretary to the Government of India, Ministry of Corporate Affairs on 3<sup>rd</sup> March, 2011 at New Delhi. The requirements of the next year 2011-12 for the Investor Awareness Programmes were discussed.

We met Shri Shriprakashji Jaiswal, Minister of Coal, Government of India on 23<sup>rd</sup> March, 2011 and apprised him of the developments in the profession and contribution of Cost Accountants to the Coal Industry in India.

We called on Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India on 11<sup>th</sup> March, 2011 at New Delhi and discussed the matters related to positioning of the Institute in the realm of emerging role of the apex planning body in the country.

#### **Memorandum of Understanding with National Institute of Accountants, Australia**

Friends, I am happy to share with you that, ICWAI has signed a MoU with National Institute of Accountants, Australia on 9<sup>th</sup> March, 2011 at Melbourne, Australia. Ms. Christine Leetham, President, NIA-Australia; Mr. Rakesh V. Kawra, Vice Consul (SCWO), Consulate General of India, Australia and Prof Andrew James Conway, Chief Executive Officer, NIA, Australia were among the dignitaries who graced the occasion of signing of MoU between ICWAI and NIA, Australia.

The MoU will develop the profession for the benefit of members and students in the pursuit of excellence in education and training and continuing professional development in accounting including cost and management accountancy. The MoU recognizes the professional qualifications and professional development programs offered by each Institute. It will permit members who obtain membership through this alliance to practice subject to applicable Local Laws; enable members to assist and cooperate in conducting applied research on management accounting and related areas through an appropriate mechanism with focus on contemporary domains; Invite, support, attend and conduct seminars, conferences and joint activities mutually beneficial to both the parties with a focus on contemporary areas such as IFRS, Business Valuations, etc. The MoU will allow the members and students of each Institute to visit, use and consult the libraries of the respective Institutes and access/linkage to the websites of each Institute from their own websites; share developments in the areas of common interest at the international level including interaction with UN and other Regional/International/ Multinational Bodies and Institutes; enable both the institutes to engage in any other activity acceptable to the governing council/board of the two Institutes.

In view of this, I request the members to take benefit of this MoUs and others for furtherance of the cause of the profession internationally. The details of all MoUs are hosted on website for ready reference and use by members and students.

#### **Regional Councils and Chapters**

##### **Regional Cost Convention of EIRC at Ranchi**

I participated in the Regional Cost Convention of EIRC held at Ranchi on 25<sup>th</sup> -26<sup>th</sup> March, 2011 where the theme was "Emerging Economic Developments". The city of Ranchi has been host to this annual important event for the first time. Mr. RS Poddar, IAS, Principal Secretary to the Government of Jharkhand, Department of Water Resources was the Chief Guest at the inaugural session of the Convention. During his address to the Invitees, Mr. Poddar praised the scope and role of Cost Accountants in the conservation of Water. This two day event witnessed focused discussion on the topics of professional interest for Cost Accountants like IFRSs, Direct Tax Code, Goods and Service Tax, Companies Bill, Internal Audit, Valuations and Risk Management among others. The Convention was attended by a large number of participants and I congratulate the organizers and the team for their efforts.

##### **Regional Cost and Management Conference 2011 at Lucknow**

I witnessed the successful organization of the two day Regional Cost and Management Conference organized by Lucknow Chapter of NIRC on 28<sup>th</sup> & 29<sup>th</sup> March, 2011 at Lucknow on the theme "Reinforcing Cost and

Management Accountants – Value Creation Beyond Numbers”. Dr. Dinesh Sharma, Hon'ble Mayor of Lucknow was the Chief Guest at the Inaugural Session. This was a well attended seminar and I wish to place on record my appreciation to the team of organizers for successful organization. It is matter of pride for Institute that Lucknow Chapter of Cost Accountants has become first ISO 9001-2008 certified Chapter of ICWAI with effect from 16th March 2011. Being an initiative on quality, ISO certification is a welcome measure worthy of emulation by other chapters of ICWAI.

#### Opening of New Chapter at Hazaribagh, Jharkhand

Shri Yashwant Sinha, Hon'ble Member of Parliament and Chairman of the Parliamentary Standing Committee on Finance inaugurated our new Chapter at Hazaribagh, Jharkhand on 29<sup>th</sup> March, 2011. It was privilege to attend the function along with Shri Kunal Banerjee, Past President and Shri A. D. Wadhwa, Chairman of EIRC. It is expected to address the issues related to students and members in the region.

#### Pimpri-Chinchwad-Akurdi Chapter of ICWAI, Maharashtra

On receipt of a proposal from our members in the Pimpri-Chinchwad-Akurdi area, the largest industrial belt in Maharashtra, the Council approved constitution of a Chapter for the benefit of the members and students in the region at its meeting held on February 25, 2011. The decision was subject to verdict of the Hon'ble High Court at Mumbai in view of an unfortunate Writ Petition filed by the Pune Chapter of ICWAI in the Hon'ble High Court at Mumbai against the Union of India and the ICWAI challenging the proposed constitution of the Chapter as well as the authority of the Council. In the course of hearing the Hon'ble Court observed that the said Writ Petition is misconceived and the Writ Petition has been dismissed.

#### Finance and Administration Directorate

On February 25, 2011, a MoU has been signed by ICWAI with Punjab National Bank for Co-Branded Credit Card (ICWAI - PNB) for the Members of the Institute at Kolkata Office of ICWAI. The members are requested to take the benefit of the co-branded card of PNB.

#### Technical Directorate

The Council has approved the release of Cost Accounting Standard -13 (CAS-13) on Cost of Service Cost Center. This Standard shall be mandatory with effect from 1<sup>st</sup> April 2011 for being applied for the preparation and certification of General Purpose Cost Accounting Statements. The Standard has been hosted on the website of the Institute and is being published in the Journal of the Institute.

#### Professional Development Directorate

##### Introduction of e-learning Course on IFRS

ICWAI has been actively engaged in the professional development of its Members through various initiatives. Towards this, ICWAI and M/s C&K Management Ltd signed an MOU on 17<sup>th</sup> March, 2011 to equip the Members and students of the Institute and others with the essential knowledge in International Financial Reporting Standards (IFRSs) through e-learning modules. This course is a separate venture from the regular course launched recently by the Institute through its CEP Directorate.

For e-learning, an e-portal will be started with effect from 1<sup>st</sup> April, 2011 enabling members and students to acquire knowledge about IFRSs at their pace and time. The interested learners will be equipped with both theoretical and practical knowledge/application about the intricacies of the various International Financial Reporting Standards. On successful completion of this course, the learner will acquire a basic understanding of the various IFRSs. The detail about the course is provided at the website of Institute.

##### Signing of MOU with Department of Posts

Management Accounting Research Foundation of ICWAI (ICWAI-MARF) has been appointed as an advisor to the Department of Post, Ministry of Communications and IT (DOP) and a MOU has been signed to that effect for developing and implementing the project on “Modernized Costing System”

to develop advanced costing methodology based on Marginal Costing and Activity Based Costing (ABC) techniques for the products and services offered by Department of Post. I am of the view that this venture will go a long way in positioning the profession in a higher pedestal as the Project is of National Importance.

#### Renewal of MOU under CFC-ACES Scheme of CBEC

ICWAI entered into an MOU on 13<sup>th</sup> April 2010 for a period of one year with Central Board of Excise and Customs (CBEC) towards Automation of Central Excise and Service Tax (ACES) project for setting up of Certified Facilitation Centers (CFCs) by Cost Accountants in Practice at various locations throughout the country to facilitate transactions like e-filing of returns and other documents by assesses of Central Excise and Service Tax. The salient features of Scheme are available in the website of the Institute. CBEC has approached ICWAI again for extension of Scheme for two more years. ICWAI is renewing MOU in this regard. I request the members in practice to participate in this project in large number.

#### Training and Placement Directorate

##### Training

Ministry of Corporate Affairs, Government of India has requested Institute to depute Inter passed students to various Registrar of Companies/ Official Liquidators and field offices of MCA across the country. Recruitment of Inter qualified students has already been completed at Delhi and Kolkata. Similar exercise is being organized in Mumbai and Chennai during first week of April. I am sure our Intermediate passed students will benefit and gain valuable experience through this assignment.

##### Placement

As you are aware Institute has been continuously making efforts to diversify Campus Placements. I feel pleasure in informing that Campus Placement is being organized in Raipur, Vijayawada, Madurai, Guwahati and Jalandhar during first and second weeks of April 2011. Companies like STC India Limited, Coal India Limited, Allahabad Bank, Vedanta, Nestle India Limited have already visited our campus for placement. Many Companies have planned to visit our Campuses across the Country in the two months of March and April, 2011.

##### CEP Directorate

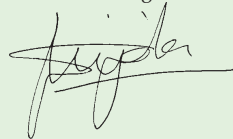
It gives me immense pleasure to inform you, CEP Directorate organized the first batch of Certificate Course on International Financial Reporting Standards during 23-27 March, 2011 at Ooty exclusively for the Indian Railway Accounts Service Officers, Ministry of Railways, Railway Board, Government of India. The Directorate has also published the programme of forthcoming courses on IFRS for the members.

##### Initiatives on Information Technology

ICWAI has been extending the benefits of Information Technology to its students and members. To help the students, on-line submission of Examination forms for all the courses has been put in place. Website of ICWAI may be accessed by the students who wish to fill up their examination forms.

I wish all of you for the festivals of Navaratri, New year of many faiths/ regions, Ram Navmi, Birth Day of Bharat Ratna Dr. B R Ambedkar, Gudi Padwa (Nav Varsh Pratipada) Easter Sunday and others,

With warm regards,



Brijmohan Sharma,  
President, ICWAI  
1<sup>st</sup> April, 2011

# Role of Cost and Management Accountants in IFRS Regime

CMA Arindam Banerjee\*

*IFRS has today become a universal financial reporting language through which all the global companies are communicating with its global investors rather than having a divergent set of standards applied differently in different countries. Against this background the present article begins with the concept and background of IFRS. The article further highlights the evolution of management accounting and explores the changing role of Cost and Management Accountants (CMAs) in IFRS regime.*

## Introduction

Over the years it has been accepted in the business community that accounting is the language of business and the financial information is a kind of language. In order to ensure its usefulness, the financial information should not only be intelligible but should also help the company to take the investment and credit decision wisely.

With the ongoing globalization process, the accounting profession is facing the pressure to present the financial position by using unique accounting procedure in such a manner so that the entire business community can understand it.

With different countries following their own accounting standards it has become an absolute necessity that there should be harmonization of accounting standards in wake of the globalization, liberalization and privatization processes. There is a need to establish an international accounting standard, which will allow new era of evolution helping the global investor so as to analyze the rate of return based on the comparative analysis of balance sheet and profit and loss account with the companies operating beyond their national boundaries.

## Background of IFRS

IFRS are the accounting rules by the International Accounting Standard Board (IASB), an Independent organization based in London. Before the inception of IASB, International Standards were issued by IASB's predecessor, the IASC a body established in 1973 through a agreement made by professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom, Ireland. In late 1997, IASC recognized that to continue to perform its role effectively must find a way to bring about convergence between national accounting standards and practices and high quality global accounting standards. In 1997, IASC formed a strategic working party that published a discussion paper in 1998 and final recommendation in 1999. IASC Board approved the proposal in 1999 and the IASC

member bodies in 2000. The new accounting setting body was named as International Accounting Standard Board (IASB) and since 2001 has been performing the rule making function. IFRS is a universal financial reporting language consisting of set of high quality, understandable and enforceable global accounting standards.

International Financial Reporting Standards (IFRS) comprises of

- IFRS Standards issued after 2001
- International Accounting Standards issued before 2001
- Interpretation originated from International Financial Reporting Interpretation Committee (IFRIC) issued after 2001
- Standard Interpretation Committee (SIC) before 2001.

## Importance of IFRS

IFRS is rapidly gaining acceptance; as of now 100 countries require or permit to use IFRS. China and Canada have decided to converge from 2008 and 2011, respectively. It is also very encouraging to note that Institute of Chartered Accountant of India has also set out a roadmap to converge with IFRS by 2011.

Convergence will bring both opportunity and challenges. Opportunity, which comes with the use of singular financial reporting framework, eases access to global capital market, peer group comparison, cross-border acquisition or strategic transaction amongst others. Challenges include uniform interpretation and application of principles-based standard. Gordon (2008) have listed the following benefits from the adaptation of IFRS:

- Better financial information for the shareholders.
- Enhanced comparability.
- Improved transparency of results.
- Decreased Cost of Capital.
- Increased Ability to secure cross-border listing.
- Better management of global operation.
- Better financial information for regulators.

\* Faculty Member, United Institute of Management, Allahabad.

Thus IFRS adoption could make it less costly for investor to compare firms across market and countries. A common set of accounting standards would reduce information asymmetries among the investors and lower estimation risk by increasing comparability between lower and higher quality firms resulting in integration of capital markets.

### IFRS in Indian Scenario

In this scenario of globalization India cannot insulate itself from the development taking place worldwide. The paradigm shift in the economic environment in India during the last few years have led to the increased attention being devoted to accounting standards as a means of ensuring potent and transparent financial reporting by any corporate.

At present Accounting Standard Board (ASB) of ICAI (Institute of Chartered Accountants of India) formulates the Accounting Standards in India. But as these accounting standards are sensitive to the local environment and, hence, depart from the corresponding IFRS in order to ensure consistency with legal, regulatory and economic environment in India.

But in the present scenario of globalization and liberalization, the world has become an economic village. The use of different accounting framework in different countries which requires inconsistent treatment and presentation of same underlying economic transaction creates confusion for users of financial statements. This confusion results in inefficiencies in the capital market all over the world.

As the world continues to globalize, the discussion on convergence of Indian GAAP with IFRS has significantly increased its momentum. It started with the formation of the IFRS task force by the council of ICAI.

Ministry of Corporate Affairs have stated categorically its vision on convergence with IFRS as:

- To have a set of financial reporting system and a regulatory framework to enhance and maintain investor confidence.
- To enable accessibility of the financial information to the global investors since the need for restatement of accounts would be obviated for Indian companies seeking to tap international financial markets.
- To fulfill the G-20 Commitment which will ensure lower compliance costs.

Ministry of Corporate Affairs (MCA) has also set a road map for the convergence to IFRS :

Will Apply to	Date of Applicability
<b>Phase 1</b> (1) NSE-Nifty 50 and BSE—Sensex 30 companies (2) Companies listed in Overseas Stock Exchange (3) Companies with Net worth 1000 crores.	1 <sup>st</sup> April 2011
<b>Phase 2</b> (1) Companies whether listed or not having Net Worth exceeding Rs. 500 crores but not above Rs. 1000 crores	1 <sup>st</sup> April 2013
<b>Phase 3</b> Listed Companies having Net worth of Rs 500 crores or Less.	1 <sup>st</sup> April 2014

Source: Website of Ministry of Corporate affairs

It is also very much encouraging to note that Government have till date released 35 Indian Accounting standards reflecting the serious effort put behind to converge with IFRS resulting in harmonization of Accounting Standards in India with the rest of the world for the benefit of the global investors.

### Evolution and Importance of Management Accounting

Prior to the industrial revolution, accounting was a one-way integral process. But the specialization of production and its rapid growth raised the claims of capital accumulation and external sources of financing for large investment. This resulted in the accounting being divided into Financial Accounting and Management Accounting. Kaplan (1984) stated that as far as management accounting is concerned the demand for internal proposes arose in the middle of the 19<sup>th</sup> century. Management Accounting techniques were significantly evolving with the cost accounting; capital accounting and financial accounting system were being kept separately with the cost accounting system being typically designed for and operated by manufacturing department. In 1923 Clarke published his famous “Studies in Economies of Overhead” which highlighted the evolution of Management Accounting. His “different cost for different proposes” has prevailed as a milestone for cost and management accounting thoughts for decades.

Cost and Management Accounting as a discipline has come a long way since and in the last two decades there has been a paradigm shift with the focus sifting from “reduction in waste in the process” to “creation of value.”

As per Abdel Kader and Luther (2006) “The focus of Management Accountants shifted to generation or creation of value through the effective utilization of resources.”

The management of value creation is followed by the change in the traditional oriented management

accounting techniques to innovative strategic oriented techniques like Economic Value added, Activity based Costing, Value Based Management, Customer Time Life Value etc.

Thus, Management Accounting techniques can be utilized as a universal tool for satisfying different purpose for all interested parties. Thus the main purpose of management accounting is not only to create values for the shareholders (the owners of the company) but the stakeholders (customers, employees etc) too.

We can readily interpret from the above paragraphs that there needs to be intersection between Cost and Management Accounting and different internal report system along with Financial Accounting so as provide a meaningful picture to the external users.

The complexity of the business world, innovation and global competitions are the reason for integration of the management accounting procedure, higher international mobility of capital and integrating the capital markets being the driving force of convergence of the financial reporting standards.

The IASB's (International Accounting Standard Board) framework for preparation and presentation of Financial Statement states categorically "The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions." (IASB, Framework Para. 12).

Though IFRS is basically for the utilization of external users but the functions of accounting as a system of recording transactions and presenting the financial data can be extended to influence internal and external environment to meet the information needs. Management accounting as a branch of accounting can interpret the data so as to present a meaningful picture of the financial statement to a wide range of users for decision-making purpose.

The integration of Financial Accounting and Management Accounting is not a new concept but a few literatures in the past have looked into the aspect. The terms like "integration of Financial and Management Accounting system" (Angelkort and WeiBenberger (2009) or "The convergence of Financial and Management Accounting (Taipaleenmaki and Ikaheimo (2009).

The importance of Cost and Management Accounting in this IFRS era cannot be over emphasized. Definitely CMAs do have a greater role to play in this IFRS regime to create value to the shareholders, which will result in long-term profitability and growth for the company and the country as a whole.

### **Role of Cost and Management Accountants (CMAs) in IFRS Era**

With the world becoming a global village the role

of Cost and Management Accountants is witnessing a paradigm shift from preparation of financial statements and ascertainment of costs to becoming a key decision making manager in the organization whose functions involves a wide range from cost control, cost management as well as strategizing cost to financial decision making process of the organization. Thus, CM A is very vital to strategic resource planning and allocation particularly to industries highlighted by growth and competition.

As discussed in the previous paragraphs, there is a need of strengthening the relationship between financial accounting and management accounting so as to provide a better picture for decision-making process and internal control.

CMAs have a wider role to play for effective implementation of IFRS. ICWAI, which is the premier body in India regulating the profession of Cost and Management Accounting has, till date, released 12 Cost Accounting Standards and 4 Management Accounting Guidelines. These Cost Accounting standards as well as the Management Guidelines needs to be integrated with IFRS guidelines so as to so as to provide a healthy support to the Indian Accounting Standards issued by Government initiating the process of convergence of Accounting standards with IFRS in India.

There is no doubt that the Indian Accounting Standards converged with IFRS will provide a better platform in creating more transparency and comparability between companies from investor's point of view but what has been totally overlooked in the process of the convergence process that it is very necessary to develop analytic/Management Accounting concepts and tools based on IFRS convergence philosophy that will support the management in detail day-to-day decision making.

Often it is observed that the traditional management accountings are failing to support the managerial decisions and valuation in case of corporate assets mainly because these relates to the concepts developed long ago. But today with the focus shifted to value creation there need to develop innovative management accounting instruments which will apply with rigor and strength in management accounting and decision making process. In this regard, CMAs by virtue of their expertise in the field should take leadership role so as to add value to the organization and supplement its contribution in this IFRS era. With Indian organizations going global and spreading its wings in international markets there is a need of standardized management accounting concepts across their local operation to create a common internal global language in decision-making and performance management. ICWAI should be



taking a leading role in this aspect and develop standardized in Management Accounting standards, which would take into consideration IFRS guidelines and would in fact supplement the Indian Accounting standards issued by Government of India. The government should also be apprised of the importance of issuing such standards for proper internal control and decision-making process of the organization.

Apart from the above, CMAs who are involved in the accounting and finance department of different organizations needs to understand the process of implementation of IFRS in Indian Scenario and the different technicalities involved in preparation of Financial Statement based on IFRS. They should gain expertise in the new area and with their vast knowledge help the organizations to overcome their doubts for effective convergence to IFRS regime.

### Conclusion

Thus the role of CMAs in IFRS era is manifold. His responsibility includes not only in effective implementation of IFRS in organization but also to develop new and innovative management concepts, techniques and standards which would help the

management in better internal control and decision making process.

It is very heartening to note that ICWAI for benefits of its member and other professionals have started a "Certificate Course in IFRS" which not only provides a great exposure to IFRS but also provides practical solutions regarding effective implementation of IFRS. With IFRS regime to start from April 2011 and Indian Corporate gearing up to face the challenge, the expectations from Indian CMAs have increased to guide the Indian Corporate for smoothly passing to this new regime by utilizing their expertise and knowledge thus making India in the elite league of countries which have converged to IFRS. □

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## THE INSTITUTE OF COST & WORKS ACCOUNTANTS OF INDIA

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Date : 21st December, 2010

**Arnab Chakraborty**  
Director of Studies

# IFRS : The Debate is Far From Over

Dr. Sujit Kumar Roy\*

## Introduction

International Financial Reporting Standards (IFRSs) are around us for quite some time and if the timetable for its implementation is to be adhered by the national-level standard setters, as planned, the accountants all over the world will find a universal means of communication. The prospect of such an outcome—“One Earth, One Standard”—is certainly exciting and will indubitably bolster the cause of globalization. The expected benefits of these much hyped global standards should include reporting consistency, enhanced global competition and improved financial reporting transparency leading to efficient allocation of global capital. As the International Accounting Standards Board (IASB), the purveyor of this so-called global standard, stated, the objectives of the IFRSs are :

“...to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the various capital markets of the world and other users of the information to make economic decisions” [Preface: para 6].

While many countries worldwide have already adopted IFRS, India is expected to climb on the bandwagon in a staggered manner, making its first foray into the new standards from April 2011 or some time later if the bumpy roads towards convergence cannot be levelled out meanwhile. The new system of accounting underlying the IFRSs marks a radical departure from the prevailing historical cost-based accounting. The new system, in contraposition to our notion of income statement, balance sheet, realization, conservatism and some other important concepts and conventions of accounting, infuses into the framework “fair value”, a concept not unbeknownst to the accounting literature of the 1960s and 70s; the provenance of fair value, the bone of contention of the IFRS, can be traced to the works of Edwards and Bell (1961), Chambers (1964) and Bakker and Pringle (1977), for example. So in a sense, fair value was hovering around the periphery of accounting for long; but now its entry into praxis will mean a radical change of perspectives for the preparers, the users and the educators alike. The magnitude of the change is so stupendous that overturning hundreds years of

tradition, the IASB now changes the title of the financial statements, such as the balance sheet and profit and loss account, into statement of financial position and statement of comprehensive income, respectively.

This paper argues that IFRS will not only pose a challenge for the practitioners, but a lack of consistent, coordinated principle as a theoretical basis of the IFRS-led fair value accounting can be a breeding ground for questionable accounting practices as seen in Enron. We derive evidence, both for and against it, from a plethora of literature available, some of which critically argue for the possible role of fair value accounting in the recent financial meltdown (Magnan, 2009).

## The IFRS Genealogy

IFRS is the moniker of the Accounting Standards issued by the International Accounting Standards Board (IASB). Presently nine IFRS and forty-one IAS (as amended from time to time) comprise the family of IFRS.

The institutional framework of this global standard can be traced to the International Accounting Standards Committee (IASC), a London-based institution founded in 1973 in response to the never-ending need for integration of the global economy. However, despite the impelling forces of globalization, accounting principles used to measure and report on economic activity have remained fragmented. The push for a common accounting frame thus came from foreign financial markets and companies headquartered in foreign countries opening the gateway for the formation of IASC in 1973. Though coeval with the Financial Accounting Standards Board (FASB) in the United States, the IASC approach to Accounting Standards (principle-based) drove a wedge with its US counterpart from the beginning because of its predilection for rule-based standards. It may not be out of place to briefly mention that the failure of the great American experiments under the aegis of the Accounting Principles Board (APB: 1959-1973) to make a fully authoritative, integrated “principles” or theory of accounting that could be used to meet the needs of all users met with a failure. This impelled the AICPA to go for a more specific and detailed rule based standards. However,

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the Enron debacle and a series of other accounting frauds in the United States exposed the vulnerability of the US accounting and made it look not as good as previously advertised. This paved way for the October 2002 Norwalk Agreement between the FASB and the IASB (which replaced the IASC in April 2001) to work towards elimination of differences. The Big Brother's nod acted like a catalytic force and helped many countries to look optimistically towards the possibility of an ultimate global standard. However, the recent financial meltdown and a series of bank failures in the US and Europe have balked them from jumping to IFRS lock, stock and barrel. For instance, in some countries like Africa and the Caribbean, IFRS has become or replaced the national GAAP, though in some cases this involves making local adaptation so that the result is not pure IFRS. In the EU, national GAAP remains, but EU-endorsed IFRS has been mandated for the listed sector and permitted elsewhere. In the UK and Ireland, both EU members, national GAAP has been converging to IFRS but now looks likely to be abandoned in favour of the new IFRS for SMEs (PwC, 2010). What is surprising is that most the rest of EU members have adopted IFRS for the listed sector, but have little or no plan to converge national GAAP with IFRS. The US intention to implement IFRS, apparently from 2014 (with smaller public companies adopting IFRS from 2015 or 2016) looks uncertain (*Liu and Hildebeitel, 2010*). The most populous country, China, has pledged its support for the IFRS, but it still differs substantially with the IFRS in respect of related party transactions, reversal of impairment of depreciable assets and government subsidies (Bolt-Lee and Smith, 2009). Similarly, the Indian approach, despite its staunch support for the IASB, cuts a wide swath with the IFRS (See Appendix). Thus, instead of a single set of international standards, there are now several variations of the rules the IASB initially drafted. With as many diversity of accounting practices still persisting, what's so global about IFRS? It appears that the standoff between national GAAP and IFRS is yet to be over.

### IASB Framework : A Paradigm Shift

Accounting stands for a measurement of communication device (Sterling cited in Bhattacharya and Roy, 1999). In its simple form, it involves recognition, measurement and disclosure – of assets, liabilities, revenues and expenses – according to the rules of accounting. Unfortunately, there is no single set of measurement attributes that could be regarded as more correct or superior to the other. In fact both accounting literature and practice in the last fifty years or so have confronted with the choice to be made from panoply of valuation methods: historical cost, current

cost, market value (of entry value or exit value types), net realizable value and present values of future cash flows, in addition to the recently introduced fair value. The IASB Framework (para 100) now states that, "A number of different measurement are employed to different degrees and in varying combinations in financial statements". For Instance, IAS 19, 39, 40, 41 and IFRS 2 use fair value as the desired attribute. However, many assets such as property, plant and equipment, intangibles and inventories are generally measured at historical cost. Most liabilities also are similarly measured. A smorgasbord of valuation models, all in one platter, is, therefore, the hallmark of this new accounting model. One of the notable, but probably not so novel, features of IFRS is that it marks a shift away from the prominence of the income statement. In a lasting contribution to the accounting literature, Paton and Littleton (1940) stated that one of the principal concerns of accounting is the periodic matching of costs and revenues as a test reading by which to evaluate the effect of the efforts expended. The view, was officially endorsed by the Executive Committee of the American Accounting Association in 1941: "Income is measured by matching revenues realized against costs consumed or expired, in accordance with the cost principles." Under the matching view income statement assumes greater prominence than the balance sheet. The IASB Framework now reflects a shift away from this stand where the principal concern of accounting, as enshrined in the Paton and Littleton monograph, is no longer 'periodic matching of costs and revenues' but to define, recognise and measure assets, and liabilities appropriately. Under the Framework "income is recognised in the income statement when increase in future economic benefits related to an increase in asset or decrease of a liability has arisen that can be measured reliably. This means, in effect, that recognition of income occurs simultaneously with the recognition of increases in assets or decreases in liabilities" [Framework : para 92]. Realization concept, one of the gold standards of conservative historical cost accounting, is thus given a short shrift. Rather, the Framework (para 76) explicitly mentions that "income also includes unrealized gains". However, the age-old matching concept is not entirely banished from the Framework but the ambivalence in this position is made rather glaring when "expenses are recognised in the income statement on the basis of direct association between the costs incurred and the earning of specific items of income" (para 95) but to avoid balance sheet becoming just a 'receptacle of balances of accounts not taken to the income statement' it "does not allow the recognition of items in the balance sheet which does not meet the definition

of assets and liabilities” (para 95). Admittedly, this is a welcome change waiting to be cured long ago.

### The Fair Value Conundrum

The denouement of the IFRS-led accounting revolution is that in stark contrast with the present GAAP underpinned by the historical cost accounting system and its constituents—matching, realization and conservatism—it has provided ingress to subjective value in the accounting structure. While the accounting prudence (conservatism) requires it to recognize down-side revision of values (for example, LCM rule), the Fair Value Accounting (FVA) now allows both upward and downward revision of values unruffled by concern for their realization.

IFRS allows FVA under three circumstances :

- at the time of measurement of some assets and liabilities on their initial recognition in the financial statements or on transition from national GAAP to IFRS [e.g. IAS 16, IAS 17, IAS 18, IAS 20, IAS 38, IAS 39, IAS 41, IFRS 1, IFRS 2, and IFRS 3];

- at the time of measurement of some assets and liabilities at each balance sheet date [ e.g. IAS 16, IAS 19, IAS 26 , IAS 27, IAS 28, IAS 31, IAS 38, IAS 39, IAS 40, IAS 41, IFRS 1, IFRS 2, and IFRS 3]; and

- to determine some asset impairments. This impairment principle is applied in IFRS to all assets including inventories, property, plant and equipment, intangible assets, financial assets and goodwill, pension assets and tax assets. Under the IFRS fair value plays an important part in applying impairment principle because an entity can recover such assets by selling them or by exchanging them with another knowledgeable, willing party in an arm’s length transaction.

**Table 1 : Use of Fair Value under IFRS**

	Usual measurement basis allowed	Fair Value Option under IFRS
<b>Non-Current Assets</b>		
Property, plant and equipment	Cost	Yes
Investment property	Fair value or Cost	
Biological assets	Fair value	
Goodwill	Cost	No
Other Intangibles	Cost	Yes (under some cases)
Available-for sale financial assets	Fair value	—
Loans receivable	Amortized cost	Yes (under some cases)

	Usual measurement basis allowed	Fair Value Option under IFRS
<b>Current Assets</b>		
Inventories	Cost	No
Construction contract assets	Cost	No
Harvested agricultural produce	Fair value	
Trade Receivables	Amortised cost	Yes (under some cases)
Finance lease receivable	Do	No
Other loans receivable	Do	Yes (under some cases)
Held for trading investment	Fair value	—
Derivatives	Fair value	—
Held-to maturity investment	Amortised cost	Can be excluded from held-to maturity category
Cash equivalents	Fair value	
Cash	Fair value (same as cost)	—
<b>Non-current Liabilities</b>		
Long-term borrowings	Amortised cost	No
Finance lease obligations	Do	No
Defined benefit post employment Obligations	PV of expected payments less FV of plan asset	No
Deferred tax	Expected payment	No
Long-term provisions	PV of expected payments	No
<b>Current Liabilities</b>		
Trade payables	Amortised cost	No
Derivatives	Fair value	—
Short-term borrowings	Amortised cost	No
Other financial liabilities	Do	Yes
Current tax payable	Expected payment	No
Short-term provisions		

Source : Cairns (2006)

Although fair value is an overriding expression under the IFRS and the earliest use of the term is traced to IAS 16 (1982 version), it has not been uniquely defined. For example, IAS 16 has defined the term fair value as the “amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction” [IAS 16 : para 6].

In IAS 17, IAS 18, IAS 19, IAS 20, IAS 21 and IFRS 1 the same definition has been used. However, the definition is further widened in IFRS 2 [Share based

payments]: Fair value means the “amount for which an asset could be exchanged, a liability settled, or *an equity instrument granted* could be exchanged between knowledgeable, willing parties in an arm’s length transaction”. Although the flexibility of the expressions contextualises the definitions of fair value, there is still some uncertainty about its meaning and some confusion about what amounts are, and what are not, fair values. It may also be noted that the IASB has used the expression fair value as an approximation to market value; in all the definitions cited above ‘market value’ has been used rather sparingly (e.g. IAS 16: para 32). In fact, in the IASB definition, as we shall see later, that there are other measures which meet the definition of fair value but which are not market-based value. For example, in IAS 17 (Leases) fair value is to be based on the price paid by the knowledgeable, willing parties in an arm’s length transaction, not by the market participants. IAS 17 also permits alternative measurement – the present value of minimum lease payment. IAS 19 (Employee benefits) similarly uses discounted cash flow as the fair value of plan asset. In IAS 39 (Financial instruments : now replaced by IFRS 9) for fair value of intangible assets acquired in a business combination, the most reliable estimate of fair value is the quoted market price, which is usually the current bid price. The standard also allows intangible assets to be carried at cost less amortization and impairment losses, if no active market for the asset exists. Indeed, the fair value measurement under the IASB framework hinges on a hierarchy shown :

**Table 2 : IASB Hierarchy**

<b>Level 1</b>	<ul style="list-style-type: none"> <li>• Is the information <b>directly</b> available?</li> <li>• Yes, asset is quoted in the active market</li> </ul>
<b>Level 2</b>	<ul style="list-style-type: none"> <li>• If not available, use <b>observable</b>, market price</li> <li>• Similar assets are traded actively in the market</li> </ul>
<b>Level 3</b>	<ul style="list-style-type: none"> <li>• No market value available</li> <li>• “Use <b>non-observable</b>/hypothetical market price, eg. discounted cash flow; valuation models such as option pricing model.</li> </ul>

As noted above, the expression ‘fair value’ is a combination of three different types of valuation techniques: Level 1 is ‘mark-to market’ because it takes into account actual market price. Level 2 is ‘mark-to-model’ for considering similarity with market prices. Level 3 is ‘mark-to-judgement’ because it bases on hypothetical prices. As they are all having different bases for calculation, they do not hold exactly the same meaning or results. While there are some elements of objectivity in Level 1 and Level 2 measurements, the

fundamental question about Level 3 measurement is that, being hypothetical in nature, it falls short of the active and liquid markets with knowledgeable and willing buyers and sellers and observable arm’s length transactions. Such a value cannot be free from management bias. The element of management bias and flexibility in selecting fair value becomes glaring in the case of financial assets, which are classified under the IFRS in three categories: those that are trading securities; those that are held till maturity; and those that are classified as available for sale securities. Due to hybridization of valuation base under the IASB framework, the first and the third type of financial assets are allowed to be recorded at fair value only, while the second class of assets are measured by using historical cost. However, at the height of the financial meltdown IASB was intensely pressurized by the European leaders to suspend or amend the fair value rule so that banks could shift or re-label the fair value type assets to historical value type assets (Types 1 and 3 are allowed to be re-labelled as Type 2 asset). As a result, in the third quarter of 2008, this helped Deutsche Bank to avoid Euro 800 million in losses from write-downs in bonds and marketable loan portfolios by shifting assets to a more favourable category. Applying similar methods of asset reclassification European banks shifted a trillion dollars from other categories to held-to-maturity type boosting their profits by an estimated \$29 billion in 2008 (Pozen, 2009). With such flexibility of interpretation inherent in the IFRS, the possibility of differing financial presentations of a similar fact in similar circumstances in another entity would not only mislead the investors but will certainly escalate ethical challenge for the accountants (Vershoor, 2010). No surprise that President Sarkozy was vexed with the vagaries of such fair value accounting and maintained that it must be halted because it puts the balance sheet of the European banks at the whim of the speculators (Pozen, 2009, p. 90).

### **Comprehensive income not a statement of ‘performance’**

Although the IASB maintains that the purpose of financial statement is to give information to the participants in the capital market, they have legal relevance in as much as income computation is concerned. But under the fair value accounting, an asset can generate revenue/income merely by means of increase in its fair value. This is due to the definition of income used in the framework: “Income is recognised in the income statement when an increase in future economic benefits related to an increase in an asset or decrease of a liability has arisen that can be measured reliably. This means, in effect, that

recognition of income occurs simultaneously with recognition of increases in assets or decreases in liabilities" [Framework: para 92].

However, this general principle is not without its exceptions, and, therefore, not all changes in the fair value of assets and liabilities will have an impact on earnings. Some individual standards require such value changes to bypass the income statement so that they are taken directly to the equity. It thus appears that while paragraph 92 of the framework promotes the idea of a comprehensive or all inclusive idea of income, by excluding some gains and losses from the profit and loss account it also promotes the idea of a bicameral income statement, where a somewhat lower status is given to some components of fair value gains and losses by putting them to the second section called 'other comprehensive income'. Under the IFRS such other comprehensive income will include:

- Revaluation gains and losses on property, plant and equipment [IAS 16].
- Gains and losses on re-measuring available for sale financial assets [IAS 39].
- The portion of gain and losses on hedging instruments that are effective cash flow hedges [IAS 39].
- Foreign currency exchange gains and losses arising on translation of net investment in a foreign operation [IAS 21].
- Fully recognised actuarial gains and losses on defined benefit pension schemes [IAS 19].
- The current and deferred tax charges or credits in respect of items taken to other comprehensive income [IAS 12].

But once again, the theoretical inconsistency becomes manifest by a varying treatment to the unrealized gains and losses which sometimes goes directly to the shareholders' equity and sometimes in the profit and loss account. An example of such varying treatment is seen in the case of financial assets. In this case for gains and loss on assets categorized as "Trading securities", unrealized gains and losses affect income and earnings as well as the shareholder's equity. In the case of "Held maturity" securities, due to their historical valuation base, no cognizance is taken of gains or loss either in the profit and loss account or in the shareholders' equity, though losses due permanent impairment is recognised in both profit and loss and shareholders' equity. However, in the case of "Available-for sale" category of assets fair value changes are reflected only in the shareholders' equity. Probably, there is no strong conceptual justification for having some gains and losses reported in the income statement while some

others are taken directly to the equity. With such anomalous treatment income statement is bound to fall short of a complete measure of financial performance.

### Conclusion

For centuries accountants has functioned as a purveyor of verifiable conservative information that market participants can use both as inputs in their own valuation and as calibration of their own and others' unverifiable information ( Watts cited in Magnan, 2009). In this view, mixing and blending historical costs and fair values is problematic in that it worsens transparency and enhances information asymmetry. Fair value accounting has its own proselytes and probably they will argue more convincingly in favour of it. Nevertheless, the pains of transition from a century old historical cost accounting to market-oriented accounting will be stupendous and we should be ready to face up to it. We underline a few such challenges.

● **Challenge for the CMAs** : One of the merits of historical cost accounting is that it provides the CMAs in the organisation with a treasure trove of financial data without any mutation. These data, being the raw materials for the CMAs, are used by them to the desired end. If no separate information system is devised or kept in place, these databases may be lost in the welter of fair value accounting. This will entail greater challenge as well for the software professionals who will now have to devise a system that would preserve data integrity, in addition to detailed records of changing market value.

● **Legislative challenge** : Financial accounting system has remained as one of the most regulated subjects and it works in tandem with Companies Act, Taxation system and a number of related laws. Implementation of IFRS will imminently require legislative adaptation and coordination, say for example, between various regulations and Accounting Standards converged with the IFRSs, the regulators such as Reserve Bank of India (RBI), the Insurance Regulatory and Development Agency (IRDA) and the Securities Exchange Board of India (SEBI). The Indian scenario in this respect is marked by a stoic silence from the authorities. For example, in the recent budget there is practically no word in respect of taxation issues that will arise if IFRS is implemented from the next financial year.

● **Challenge to the accounting profession** : As IFRS demands a paradigm shift in accounting ideas, its implementation cannot be without its share of transitional pain and puzzles. For instance, as it never happened before, under IFRs the intended use of an

asset (see example of financial assets above) will now determine whether to take it to the profit and loss account or to the shareholders' equity. This will not only give ample leeway to the management, but can be a possible breeding ground for many future Enron-like fiascos. The Enron case illustrates how management had strategically selected bid and asks prices to value its energy contracts using the so-called mark-to-market accounting model.

● **Academic challenge** : The academic challenge posed by the IFRS appears to be even greater. While at the practitioners' level it requires sufficient manpower that will be able to prepare, use, and audit financial reports based on IFRS, in a vast country like India, our classrooms would need huge number of teachers to teach it starting from the intermediate level to the university level. Indeed, much of the success of IFRS implementation in India will depend on the quality of academic input we would be able to supply. □

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### Appendix :

#### Some illustrative (not exhaustive) cases of difference between IAS and Indian Accounting Standards

**IAS 1 > Ind. AS 1** Presentation of Financial Statements : Different terminology is used in Ind AS 1 e.g., the term 'balance sheet' is used instead of 'Statement of financial position' and 'Statement of Profit and Loss' is used instead of 'Statement of comprehensive income'. AS1 requires preparation of a Statement of Changes in Equity as a separate statement. Ind AS 1 requires the statement of changes in equity to be shown as a part of the balance sheet.

**IAS 2 > Ind. AS 2** Inventories : on function-wise classification, has been deleted keeping in view the fact that option provided in IAS 1 to present an analysis of expenses recognised in profit or loss using a classification based on their function within the entity has been removed and Ind AS 1 requires only nature-wise classification of expenses. However, in order to maintain consistency with paragraph numbers of IAS 2, the paragraph number is retained in Ind AS 2.

**IAS 7 > Ind. AS 7** Statement of Cash flows : IAS 7 gives an option to classify the dividend paid as an item of operating activity. However, Ind AS 7 requires it to be classified as a part of financing activity only.

**IAS 11 > Ind. AS 11** Construction Contracts: IAS 11 does not deal with accounting for construction contracts in respect of real estate developers. However, this has been dealt with under Ind AS 11, since it has been kept out of the scope of Ind AS 18, Revenue.

**IAS 12 > Ind. AS 12** Income Taxes: Requirements regarding presentation of tax expense (income) in the separate income statement, where separate income statement is presented, have been deleted.

**IAS 16 > Ind. AS 16** Paragraph 28 has been deleted since Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance does not permit the option of reducing the carrying amount of an item of property, plant and equipment by the amount of government grant received in respect of such an item, which is permitted in IAS 20. However, to maintain consistency with paragraph numbers of IAS 16, this paragraph number is retained in Ind AS 16.

**IAS 17 > Ind. AS 17** Paragraphs 18 of IAS 17 dealing with measurement of the land and buildings elements when the lessee's interest in both land and buildings is classified as an investment property in accordance with Ind AS 40 Investment Property if the fair value model is adopted and paragraph 19 of IAS 17 dealing with property interest held under an operating Lease as an investment property, if the definition of investment property is otherwise met and fair value model is applied, have been deleted, since Ind AS 40, Investment Property, prohibits the use of fair value model. However, paragraph numbers have been retained in Ind AS 17 to maintain consistency with paragraph numbers of IAS 17.

**IAS 19 > Ind. AS 19** Employee benefits : IAS 19 permits various options for treatment of actuarial gains and losses for post-employment defined benefit plans whereas Ind AS 19 requires recognition of the same in other comprehensive income, both for post-employment defined benefit plans and other long-term employment benefit plans. The actuarial gains recognised in other comprehensive income should be recognised immediately in retained earnings and should not be reclassified to profit or loss in a subsequent period.

**IAS 19 > Ind. AS 19** Accounting for Government Grants and Disclosure of Government Assistance : IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value. Ind AS 20 requires measurement of such grants only at their fair value. Thus, the option to measure these grants at nominal value is not available under Ind AS 20.

**IAS 21 > Ind. AS 21** Ind AS 21 permits an option to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity. In this situation, Ind AS 21 requires the accumulated exchange differences to be transferred to profit or loss in an appropriate manner. IAS 21 does not permit such a treatment.

**IAS 23 > Ind. AS 23** Borrowing Cost: IAS 23 provides no guidance as to how the adjustment prescribed in paragraph 6(e) is to be determined. Paragraph 6A is added in Ind AS 23 to provide the guidance.

Source: Accounting Standards as published in the website of Ministry of Company Affairs

# IFRS—The Operational and Strategic Role of CMAs

Vinayak Pai V\*

## Introduction

International Financial Reporting Standards (IFRS) is the new language of financial reporting and communication with investors and other corporate stakeholders. The pace of worldwide adoption of a single set of high-quality globally accepted financial reporting standards gathered pace at the beginning of this century. As of date, more than 120 countries have adopted or are in the process of adoption/convergence with IFRS. India too is converging with IFRS in a phased manner. IFRS represents a radical change in accounting for transactions as well as reporting of financial statements. A switchover from the existing accounting standards to a new set of international standards is more than a mere operational exercise. There are both operational and strategic challenges involved in an IFRS transition. Such challenges arise on Day 1—upon the first-time adoption, as well as Day 2, on a steady state basis. We are entering an era in financial accounting and reporting which is dynamic and is going to witness major changes. Such radical and dynamic changes emanate from the convergence projects of the International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB). This provides not only immense opportunities to CMAs but also throws up challenges making it imperative for CMAs to gear themselves to play a key operational and strategic role in the IFRS era.

## India and IFRS

On February 25, 2011, the Ministry of Corporate Affairs (MCA) notified 35 Indian Accounting Standards (Ind-AS) that are converged with International Financial Reporting Standards. All IFRS standards are part of the IFRS notification with the exception of three standards—namely the standards on agriculture, accounting and reporting by retirement benefit plans and IFRS 9 on financial instruments. With the latest notification, India now has two parallel sets of financial reporting standards—the existing Indian Accounting Standards (“AS”) and the Indian Accounting standards converged with IFRS (“Ind-AS”). The MCA in an earlier notification had detailed the roadmap for adoption of these new standards in a phased manner beginning April 1, 2011, based on net-worth and listing status criteria.

The MCA notification has paved the way for India

to enter the elite club of countries that have embraced IFRS—the high-quality financial reporting standards. However, the dates of implementation are yet to be notified. There are certain taxation issues that need to be addressed before the implementation dates are notified.

It is interesting to note that in another notification dated February 28, 2011, the MCA has issued a revised Schedule VI that is applicable to all companies for financial year ending March 31, 2011. The revised Schedule VI is largely modelled on the lines of IFRS (IAS 1 – Presentation of Financial Statements).

## The role of CMAs

CMAs have a key role to play both at the operational level as well as the strategic level in the IFRS regime :

### (a) The operational challenges and role of CMAs

There are a number of differences between the existing accounting standards and the converged standards which leads to operational challenges. The operational issues relate to (i) First-time transition from prevailing Indian accounting standards to IFRS, and (ii) application of the recognition, measurement, presentation and disclosure requirements of the converged standards to transactions of the company on a continuous basis.

### (i) First-time adoption of IFRS converged standards

The general principle of Ind-AS1—First-time adoption of converged Indian accounting standards requires an entity to apply the principles of IFRS going back in time to all transactions of the company as if IFRS was applied right from inception of the company.

An entity in the preparation of its opening Ind-AS balance sheet is required to comply with the following : (a) recognize all assets and liabilities whose recognition is required by Ind-ASs, (b) not to recognise items as assets or liabilities if Ind-ASs do not permit such recognition, (c) reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind-ASs, and (d) apply Ind-ASs in measuring all recognized assets and liabilities. An entity is also required to explain how the transition from previous GAAP to Ind-ASs affected its reported

\* B. Com, FCA, ICWAI (Inter), Dip. IFRS(UK).



balance sheet, financial performance and cash flows. As part of such explanations, an entity is required to provide a reconciliation of its equity from previous GAAP to the new GAAP.

A number of voluntary exemptions are provided to the general principle of retrospective application (entities may elect to use the exemptions and the same is not mandatory). Such voluntary exemptions are in the areas of share-based payment transaction, Insurance contracts, Deemed costs, Leases, Employee benefits, Cumulative translation differences and accumulated exchange differences, Investments in subsidiaries, jointly controlled entities and associates, Assets and liabilities of subsidiaries, associates and joint ventures, Compound financial instruments, Designation of previously recognized financial instruments, Fair value measurement of financial assets or financial liabilities at initial recognition, Decommissioning liabilities included in the cost of property, plant and equipment, Financial assets or intangible assets accounted for in accordance with "Service concession agreements", Borrowing costs, Transfer of assets from customers, Extinguishing financial liabilities with equity instruments and Non-current assets held for sale and discontinued operations.

CMA's have a key responsibility in ensuring a smooth transition to IFRS. Here, the role of the CMA is to ensure that historic data is recreated to arrive at the opening balance sheet. This is one of the key steps in the IFRS transition. With respect to election or not of the voluntary exemptions, CMA's need to analyze the options provided by the standard in terms of impact, both current and projected on the financial performance and financial position. Adequate analysis needs to be done and an informed decision based on analytics needs to be taken and also presented to the audit committee to get a clearance. It is pertinent to note here that an entity's first Ind-AS financial statements requires the making of an explicit and unreserved statement of compliance with Ind-AS. CMA's have a critical role to play in this compliance requirement.

### (ii) Application of IFRS on a steady-state basis

In this section, an overview of the key difference between existing standards and converged IFRS standards is provided. An appreciation and understanding of such differences is critical in applying the provision of IFRS on an ongoing basis :

a. Companies are required to segregate assets and liabilities into current and non-current. Ind-AS 1 requires companies to present components of "other comprehensive income" (OCI) in a single statement

of profit and loss. Companies are required to present an analysis of expenses recognised in profit or loss using a classification based on the nature of expense method. A revised Schedule VI is expected to provide the format and layout for financial statements. Ind-AS 27 – Consolidated and separate financial statements provides guidance on the form of the consolidated financial statements.

b. There are a number of standards that require management to apply judgements, make assumptions and estimates. Ind-AS 1 requires detailed disclosures with respect to "judgements" and "sources of estimation uncertainty" An entity is also required to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

c. Substance over form considerations is a major impact under the converged standards. IFRS requires transactions to be accounted and reported based on their underlying economics and not merely based on their legal form or transaction value. For example, Consolidation of financial statements is based on the concept of control and not merely legal shareholding percentage, mandatorily redeemable preference share capital would be classified based on its substance as debt and not as share capital, contracts with customers requires unbundling of the elements of the transaction for the purpose of revenue recognition, etc.

d. Ind-AS requires greater usage of fair value in initial and subsequent measurement of a number of transactions. The use of fair value in areas where there is no active market or quoted prices involves use of alternate models that include valuation models.

e. Amounts to be received or paid beyond a period of one year needs to be accounted at its present value and not at its transaction value under the converged standards.

CMA's have an important role to play on an ongoing basis in terms of data capture and analysis to meet the presentation and disclosure requirements of the standards. The existing systems and processes need to be revisited and suitable changes made to ensure a seamless integration of the requirements of the new reporting standards to business processes, systems and ERP. A detailed analysis of the standards that are going to impact the individual company needs to be done, a GAP analysis performed and systems and processes and ERP changed to meet the IFRS requirements. Adequate documentation also needs to be in place. MIS also needs an overhaul to integrate the requirements of IFRS with management reporting requirements. IFRS is more than a mere financial accounting exercise and impacts a number of business

areas and it is this aspect of the new reporting regime that calls for a key role to be played by CMAs.

*(b) The role of CMAs in strategic challenges arising from IFRS*

As companies brace themselves for the upcoming change in the financial reporting regime, they need to address the strategic challenges posed by this transition and the strategic challenge pertains to the area of investor communication.

The converged standards provide an option to companies to provide comparatives in the first year of transition. It is not mandatory. There are a number of voluntary exemptions that are available upon first-time adoption. The issue is whether to opt for certain exemptions or not and in case certain options are exercised, how the same will be justified. The role of the CMA is to assist the company in arriving at suitable and right choices—be it provision of comparatives or voluntary exemptions to be availed. Investors need to be provided with information that does not deviate from benchmark treatment that other companies in the same sector adopt.

Investor communication is a source of competitive edge and the IFRS transition is one more opportunity where companies can have relatively higher-quality of balance sheet and disclosures as there are certain choices provided. CMAs have a key role to play in addressing the strategic investor communication challenges posed by convergence with IFRS.

**Conclusion**

CMAs need to assimilate the new accounting literature and facilitate companies in a smooth transition from the current GAAP to a higher-quality financial reporting language. Core IFRS issued by IASB will be undergoing major changes in the coming months as a result of the process of convergence of US GAAP with IFRS. It is imperative for CMAs to not only facilitate the first-time transition but also to keep a tab on the upcoming changes to IFRS standards. The coming years are going to be extremely challenging given the rapid changes that are in the pipeline in IFRS. CMAs have challenges and great opportunities in the new IFRS era. □

### ANNOUNCEMENT

The Management Accountant – May, 2011 will be a special issue on **'CRISIS MANAGEMENT IN INFRASTRUCTURE SECTOR'**. Articles, views and opinions on the topic are solicited from readers to make it a special issue to read and preserve. Those interested may send in their write-ups by e-mail to [rnj.sumita@icwai.org](mailto:rnj.sumita@icwai.org), followed by hard copy to the Research & Journal Department, 12 Sudder Street, Kolkata-700016 to reach by 15<sup>th</sup> April, 2011.

### ANNOUNCEMENT

The Management Accountant – June, 2011 will be a special issue on **'CMAs IN INSURANCE SECTOR'**. Articles, views and opinions on the topic are solicited from readers to make it a special issue to read and preserve. Those interested may send in their write-ups by e-mail to [rnj.sumita@icwai.org](mailto:rnj.sumita@icwai.org), followed by hard copy to the Research & Journal Department, 12 Sudder Street, Kolkata-700016 to reach by 15<sup>th</sup> May, 2011.

### ANNOUNCEMENT

The Management Accountant – July, 2011 will be a special issue on **'TOTAL COST MANAGEMENT'**. Articles, views and opinions on the topic are solicited from readers to make it a special issue to read and preserve. Those interested may send in their write-ups by e-mail to [rnj.sumita@icwai.org](mailto:rnj.sumita@icwai.org), followed by hard copy to the Research & Journal Department, 12 Sudder Street, Kolkata-700016 to reach by 15<sup>th</sup> June, 2011.

# IFRS 1 : A Guideline for First Time Adoption

Subhajit Ghosh\*

## Introduction & Background

International Financial Reporting Standards (IFRS) are a set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are standards, interpretations and the framework for the preparation and presentation of financial statements. IFRS are issued by the International Accounting Standards Board (IASB). IFRS are sometimes confused with International Accounting Standards (IAS), which were issued between 1973 and 2001 by the Board of the International Accounting Standards Committee (IASC). On 1 April 2001, the new IASB took over from the IASC the responsibility for setting International Accounting Standards and has developed the new standards IFRS. The goal with IFRS is to make international comparisons as easy as possible by operating from one set of accounting standards. This is difficult because, to a large extent, each country has its own set of rules. For example, US GAAP is different from Canadian GAAP. Synchronizing accounting standards across the globe is an ongoing process in the international accounting community.

The term International Financial Reporting Standards (IFRS) has both a narrow and a broad meaning. Narrowly, IFRS refers to the new numbered series of pronouncements that the IASB is issuing, as distinct from the International Accounting Standards (IAS) series issued by its predecessor. More broadly, IFRS refers to the entire body of IASB pronouncements, including standards and interpretations approved by the IASB and IAS and Standing Interpretations Committee (SIC) interpretations approved by the predecessor International Accounting Standards Committee (IASC).

*International Financial Reporting Standards (IFRS) comprise of:*

- International Financial Reporting Standards (IFRS) – standards issued after 2001
- International Accounting Standards (IAS) – standards issued before 2001
- Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC) – issued after 2001
- Standing Interpretations Committee (SIC) – issued before 2001

*IFRS financial statements consist of:*

- a Statement of Financial Position
- a comprehensive income statement
- either a statement of changes in equity (SOCE) or a statement of recognised income or expense (SORIE)
- a cash flow statement or statement of cash flows notes, including a summary of the significant accounting policies.

*International Financial Reporting Standards are as follows :*

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 4 Insurance Contracts
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 6 Exploration for and Evaluation of Mineral Assets
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 9 Financial Instruments.

**IFRS 1 “First Time Adoption of International Financial Reporting Standards”** is applicable when an entity adopts IFRSs for the first time by an explicit and unreserved statement of compliance with IFRSs. A first-time adopter is an entity that, for the first time, makes an explicit and unreserved statement that its general purpose financial statements comply with IFRSs. An entity may be a first-time adopter if, in the preceding year, it prepared IFRS financial statements for internal management use, as long as those IFRS financial statements were not given to owners or external parties such as investors or creditors. If a set of IFRS financial statements was, for any reason, given to an external party in the preceding year, then the entity will already be considered to be on IFRSs, and IFRS 1 does not apply. An entity can also be a first-time adopter if, in the preceding year, its published financial statements asserted :

- Compliance with some but not all IFRSs.
- Included only a reconciliation of selected figures from previous GAAP to IFRSs. (Previous GAAP means the GAAP that an entity followed immediately before adopting to IFRSs).

However, an entity is not a first-time adopter if, in the preceding year, its published financial statements asserted :

- Compliance with IFRSs even if the auditor’s report contained a qualification with respect to conformity with IFRSs.

An entity would apply IFRS 1 in its first financial statement and in each interim financial report which is presented under IAS 34 (Interim Financial Reporting). The standard was first issued in June 2003 and was amended in June 2005. It amended mainly the following standards :

- Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8);
- Property, Plant and Equipment (IAS 16);
- Leases (IAS 17);
- The Effect of Changes in Foreign Exchange Rates (IAS 21);

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- Financial Instruments: Recognition and Measurement (IAS 39).

With this backdrop an attempt has been made to analyze the role of IFRS to bring uniformity in accounting practices and to make international comparisons easier. The next section shows when an entity may or may not be considered as first time applicant to adopt IFRS. The third section highlights the steps to be considered to open IFRS balance sheet for the first time. The fourth section concludes the paper.

### Identification of First Time Applicants

IFRS 1 sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis of preparing its general purpose financial statements. It becomes applicable if an entity prepares and presents financial statements according to IFRS. It becomes operative for accounting periods beginning on or after 1<sup>st</sup> January 2004. Earlier application of this standard is also encouraged. The IFRS requires an entity to do the following in the opening IFRS balance sheet that it prepares as a starting point for its accounting under IFRSs :

- To recognize all assets and liabilities whose recognition is required by IFRSs.
- Not to recognize items as assets or liabilities if IFRSs do not permit such recognition.
- To reclassify items recognized under previous GAAP as one type of asset, liability or component of equity, which are different types of asset, liability or component of equity under IFRSs.
- To apply IFRSs in measuring all recognized assets and liabilities.

Exemptions are granted from complying with certain requirements of other IASs/IFRSs where the cost of complying with them is likely to exceed the benefits to users of financial statements. It prohibits retrospective application of IFRSs in some cases. It requires disclosures explaining how the transition from previous GAAP to IFRSs has affected the entity's reported financial position, financial performance and cash flows.

In the following cases an entity may be considered as first time applicant :

- Entity presented its most recent financial statements as per national requirements and those financial statements contain an explicit and unreserved statement of compliance with IFRSs.
- Entity presented its most recent financial statements as per national requirements which have ceased to apply and another set of financial statements are published, which contain an explicit and unreserved statement of compliance with IFRSs.
- Entity presented its most recent financial statements, which contain an explicit and unreserved statement of compliance with IFRSs but those contain auditors' qualification.

However in the following cases an entity can not be considered as first time applicant :

- Entity presented its most recent financial statements as per national requirements, which are not consistent with IFRS.
- Entity presented its most recent financial statements as per IFRS only explicit and unreserved statement was not made to that effect.

- Entity presented explicit and unreserved statement of application of IFRS as regard certain IFRS only not all.

● Entity presented its most recent financial statements as per national requirements which are not consistent with IFRS. However, it follows certain IFRSs wherein national requirement does not exist.

● Entity presented its most recent financial statements as per national requirements with reconciliation statement to IFRS.

● Entity presented its most recent financial statements as per IFRSs for internal use only.

### Steps to Open IFRS Balance Sheet

An entity has to prepare an opening IFRS Balance Sheet at the date of transition to IFRSs. This should be the starting point for its accounting under IFRSs. It is not requires to present that opening Balance Sheet in its first IFRS based financial statements. However to comply with IFRS 1, an entity's IFRS based financial statements should include at least one year of comparative information under IASB GAAP.

Steps to prepare opening balance sheet :

**Step 1 : To recognize all assets and liabilities whose recognition is required by IFRSs :**

● IAS39 requires recognition of all derivative financial assets and liabilities, including embedded derivatives. They were not recognized under many local GAAPs.

● IAS19 requires an employer to recognize its liabilities under defined benefit plans. These are not just pension liabilities but also obligations for medical and life insurance, vacations, termination benefits and deferred compensation. In case of 'over-funded' plans, this would be a defined benefit asset.

● IAS 37 requires recognition of provisions of liabilities like an entity's obligations for restructurings, onerous contracts, decommissioning, remediation, site restoration, warranties, guarantees and litigation.

**Step 2 : Not to recognize items as assets or liabilities if IFRSs do not permit such recognition :**

● Examples are deferred expenditure, which are not to be recognized as asset under IAS 38 (Research expenditure; start up, pre-operating and pre-opening costs; Training expenses, Advertising and promotion; Moving and relocation). In case the entity's previous GAAP had recognized these items as assets, such assets should be eliminated in the opening IFRS Balance Sheet with a corresponding reduction in the retained earning.

● If the entity's previous GAAP had allowed accrual of liabilities for restructuring, future operating losses, major overhauls which do not meet the conditions for recognition as a provision under IAS 37, these items should be eliminated in the opening IFRS Balance Sheet with a corresponding increase in the retained earning.

● If the entity's previous GAAP had allowed recognition of reimbursements and contingent assets that are not virtually certain, these are eliminated in the opening IFRS Balance Sheet.

**Step 3 : To reclassify items recognized under previous GAAP as one type of asset, liability or component of equity, which are different type of asset, liability or component of equity under IFRSs :**

The entity should reclassify opening balance sheet items like :

- Dividends declared or proposed after the balance sheet

date is not classified as a liability at the balance sheet date as per IAS 10. In the opening IFRS balance sheet these would be reclassified as a component of retained earnings.

- If the entity's previous GAAP had allowed treasury stock (an entity's own shares that it had purchased) to be reported as an asset, it would be reclassified as a component of equity under IFRS (to be deducted from equity).

- Items classified as identifiable intangible assets in a business combination accounted for under the previous GAAP may be required to be classified as goodwill under IFRS 3 because they do not meet the definition of an intangible asset under IAS 38. The converse may also be true in some cases.

- As per principles given in IAS 32 for classifying items as financial liabilities or equity, redeemable preferred shares and puttable shares might have been classified as equity under previous GAAP which are to be reclassified as liabilities in the opening IFRS balance sheet.

- IFRS 1 makes an exception from the "split-accounting" provisions of IAS 32. If the liability component of a compounded financial instrument is no longer outstanding at the date of the opening IFRS balance sheet, the entity is not required to reclassify out of retained earnings and into another equity the original equity component of the compound instrument.

- The scope of consolidation might change depending on the consistency of the previous GAAP requirements to those in IAS 27. It is possible that IFRS will require consolidated financial statements where they were not required before.

- Some offsetting of assets and liabilities or of income and expense that had been acceptable under previous GAAP may no longer be acceptable under IFRS.

**Step 4 : To carry out measurements of all assets and liabilities so recognized/reclassified in accordance with IFRSs :**

If an entity adopts IFRSs for the first time in its annual financial statements for the year ended 31.03.2012, in general it would use the measurement principles in IFRSs in force as at the same date.

**Step 5 : Change in accounting policies :**

The entity might have to apply different policies while preparing opening balance sheet under IFRSs compared to previous GAAP policies. The resulting adjustments arise from events and transactions before the date of transaction to IFRSs. Such adjustments should be recognized directly in retained earnings at the date of transaction to IFRSs.

**Step 6 : Applying exemptions :**

IFRS 1 grants limited exemptions in specified areas where the cost of complying would likely to exceed the benefits to the users of financial statements.

The following exceptions are individually optional, not mandatory :

- Business combinations;
- Fair value or revaluation of deemed cost for certain non-current assets;
- Defined benefit type of employee benefit plans;
- Cumulative translation differences;
- Compound financial instruments;
- Assets and liabilities of subsidiaries, associates and joint ventures;

- Designation of previously recognized financial instruments;
- Share based payment transactions;
- Insurance contracts;
- Decommissioning liabilities included in the cost of property, plant and equipment;
- Leases;
- Fair value measurement of financial assets or financial liabilities at initial recognition; and
- Financial assets or intangible assets accounted as per (International Financial Reporting Interpretation Committee) IFRIC 12 "Service Concession Arrangements".

**Step 7 : Prohibition of retrospective application of some aspects of other IFRSs :**

The first time adopter should follow the prohibition of applying retrospective application relating to (i) derecognition of financial assets and financial liabilities, (ii) hedge accounting, (iii) estimates, and (iv) assets classified as held for sale and discontinued operations.

### Conclusion

IFRS 1 has taken into account the problems faced by countries in transiting from local GAAP to IFRS. Therefore, similar difficulties will not be faced by Indian companies. It is necessary to have faith in the accountants and auditors associated with preparation and audit of financial statements, even if they do not have prior experience of guiding companies in adopting IFRS.

Now the question is : can IFRS improve the quality of financial reporting done by India? The Satyam, Enron and other scandals highlighted that managers and auditors can beat chefs hands down in being able to cook elaborately. The managers and auditors used earnings and profit numbers while the traditional chefs use more edible stuff! Though IFRS will harmonize our financial reporting standards to those employed internationally, it may not have a material effect on the quality of our financial reporting. Changing accounting standards is relatively easy but achieving a high quality of financial reporting is not.

IFRS draw heavily on the current financial reporting regulations of developed countries such as the US and the UK. Despite their recent scandals, these countries have institutional infrastructures that complement the reporting regulations that have developed in these countries. Among these are (i) well- developed markets for corporate control, i.e. an active market for takeover of poorly performing companies; (ii) a large and active base of institutional share-holders that are effective in monitoring and disciplining management; (iii) stronger investor protection laws that are enforced more diligently; (iv) tax authorities that can detect suspicious instances and ensure compliance with mandated financial reporting regulations; and (v) liberal rules governing stockholder and lender litigation combined with quick court processes to punish the guilty companies.

Thus implementation of IFRS in India can be effective if the above infrastructures can be strengthened side by side. □

# IFRS and Role of CMAs in IFRS Era

CMA Rabin Kumar Ray\*

## Introduction

International Financial Reporting Standards (IFRS) are global accounting standards for preparation of financial statements of public companies. IFRS indicate the manner how particular type of transactions and other events should be reported in financial statements. International Accounting Standard Board (IASB) develops these standards. IASB—a London-based standard-setting body—having 15 members from 9 countries, has started operations in 2001 by succeeding the International Accounting Standard Committee. The companies having subsidiaries in countries that require IFRS may use one accounting language. The subsidiaries of 'a foreign company—that must use IFRS', have to adopt IFRS from the same day. If a company has foreign investor that must use IFRS, such company may need to use IFRS. Worldwide adoption of IFRS will be beneficial to the investors by reducing the cost of comparing alternative investments.

## Objectives

The main objectives of IFRS are to develop and introduce a single set of top quality global Accounting Standards to produce transparent, top quality, information in Financial reporting- statements to make the statements more comparable and more comprehensive to the concerned users for taking appropriate decisions based on the reporting statements. Hence the global use of IFRS can be able to boost the confidence of the investors throughout the world.

## Global Status

IFRS are recognized in many parts of the world including Pakistan. As of now 120 countries have introduced IFRS for domestic listed companies. Of which, 90 countries have totally conformed with IFRS. Other countries including Canada and Korea are expected to transition to IFRS by 2011. However, Japan plans to introduce IFRS by 2016; Mexico from 2012 will introduce IFRS for all listed companies, it is expected that all major countries including India will have adopted IFRS by 2014.

## IFRS consist of

- (i) International Accounting Standards (IAS) – standards issued before 2001
- (ii) International Financial Reporting Standards (IFRS) standards issued after 2001

- (iii) Interpretations originated from Standing Interpretation Committee (SIC)—issued before 2001
- (iv) Interpretations originated from the IFRIC – issued after 2001

- (v) Framework for the preparation and presentation of Financial Statements (1989)

The framework for the preparation and presentation of Financial Statements gives the basic principles for IFRS.

## List of IFRS statements currently issued

- IFRS 1 : First Time Adoption Of International Financial Reporting Standards
- IFRS 2 : Share-based payment
- IFRS 3 : Business combinations
- IFRS 4 : Insurance Contracts
- IFRS 5 : Non-current Assets Held for Sales and Discontinued Operations
- IFRS 6 : Exploration for and Evaluation of Mineral Resources
- IFRS 7 : Financial Instruments Disclosures
- IFRS 8 : Operating Segments
- IFRS 9 : Financial instruments
- IAS 1 : Presentation of Financial Statements
- IAS 2 : Inventories
- IAS 3 : Consolidated financial statements, originally issued in 1976. Elective from 01.01.1977. Superseded in 1989 by IAS 27 and IAS 28
- IAS 4 : Depreciation Accounting withdrawn in 1999, replaced by IAS 16, 22 and 38, all of which were issued or revised in 1998
- IAS 5 : Information to be disclosed in financial statements originally issued in 1976, effective from 1<sup>st</sup> January 1997, superseded by IAS 1 in 1997
- IAS 6 : Accounting Responses to Changing Prices, Superseded by IAS 15, which was withdrawn in December 2003
- IAS 7 : Cash Flow Statements
- IAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 9 : Accounting for Research and Development Activities—superseded by IAS 38 with effect from 01.07.1999
- IAS 10 : Events after The Balance Sheet Date
- IAS 11 : Construction Contracts

\* M.Com, FCA, FICWA, MBA(Fin).

- IAS 12 : Income taxes
  - IAS 13 : Presentation of Current Assets and Current Liabilities—superseded by IAS 1
  - IAS 14 : Segment Reporting—Superseded by IFRS 8 on January 2008
  - IAS 15: Information Reflecting the effects of Changing Prices—withdrawn from December 2003
  - IAS 16 : Property, Plant and Equipment
  - IAS 17 : Leases
  - IAS 18 : Revenue
  - IAS 19 : Employee Benefits
  - IAS 20: Accounting for Government Grants and Disclosures of Government Assistance
  - IAS 21 : Effect of Changes in Foreign Exchange Rates
  - IAS 22 : Business Combinations—superseded by IAS 3 effective from 31<sup>st</sup> March 2004
  - IAS 23 : Borrowing Costs
  - IAS 24 : Related Party Disclosures
  - IAS 25: Accounting for Investments—superseded by IAS 39 and 40 effective from 2001
  - IAS 26 : Accounting and Reporting by Retirement Benefit Plans
  - IAS 27 : Consolidated Financial Statements
  - IAS 28 : Investments in Associates
  - IAS 29 : Financial Reporting in Hyperinflationary Economics
  - IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions—Superseded by IFRS 7 effective from 2007
  - IAS 31 : Interests in Joint Ventures
  - IAS 32 : Financial Instruments : Presentation (Financial Instrument Disclosures are in IFRS 7 Financial Instrument Disclosures, and no longer in IAS 32)
  - IAS 33 : Earning Per Share
  - IAS 34 : Interim Financial Reporting
  - IAS 35 : Discontinuing Operations—superseded by IFRS 5 effective from 2015
  - IAS 36 : Impairment of Assets
  - IAS 37 : Provisions, Contingent Liabilities and Contingent Assets
  - IAS 38 : Intangible Assets
  - IAS 39: Financial Instruments: Recognition and Measurement
  - IAS 40 : Investment Property
  - IAS 41 : Agriculture.
- List of Interpretations :**
- IFRIC 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities
  - IFRIC 7 : Approach Under IAS 2—Financial Reporting In Hyperinflationary Economics (issued in February 2006)
  - IFRIC 8 : Scope of IFRS 2 (issued in February 2006) has been eliminated with amendment issued to IFRS 2
  - IFRIC 9 : Re-assessment of Embedded Derivatives (issued in April 2000)
  - IFRIC 10 : Interim Financial Reporting and Impairment ( issued .November 2006)
  - IFRIC 11 : IFRS 2—Group and Treasury Share transactions (issued in Nov 2006)
  - IFRIC 12 : Service Concession Arrangements (issued in Nov 2006)
  - IFRIC 13 : Customer Loyalty Programmes (issued in June 2007)
  - IFRIC 14 : IAS 19—the limit on a Deemed Benefit Asset, Minimum Funding Requirements and their Interaction (issued in July 2001)
  - IFRIC 15 : Agreement for Construction of Real-Estate (issued in July 2008)
  - IFRIC 16 : Hedges of a Net Investment in a Foreign Operation (issued in July 2008)
  - IFRIC 17 : Distribution of Non-Cash Assets (Issued on Nov 2008)
  - IFRIC 18 : Transfer of Assets from Customers (issued in January 2009)
  - SIC 7 : Introduction of Euro (Updated to January 2000)
  - SIC 10 : Government Assistance—No specific Relation to Operating Activities (Updated to January 2006)
  - SIC 12 : Consolidation— special purpose Entities (Updated to January 2006)
  - SIC 13 : Jointly Controlled Entities—non-monetary contributions by Venturers (Updated to January 2006)
  - SIC 15 : Operating Lease Incentives (Updated to January 2006)
  - SIC 21 : Income Taxes—Recovery of Revalued Non-depreciable Assets (Updated to January 2006)
  - SIC 25 : Income Taxes—Changes in Tax Status of an Entity to its Shareholders (Updated to January 2006)
  - SIC 27 : Evaluating the Substance of Transactions involving the legal form of a Lease (Updated to January 2006)
  - SIC 29 : Disclosures—Service Concession Arrangements (Updated to January 2006)
  - SIC 31 : Revenue—Barter Transactions involving advertising services (Updated to January 2006)
  - SIC 32 : Intangible Assets—Website Costs (Updated to January 2006)

- SIC 33 : Consolidation and Equity Method – potential Voting Rights And Allocation of Ownership Interests.

### Indian GAAP and IFRS

Indian GAAP and IFRS differ to a considerable extent. There are significant differences between Indian GAAP and IFRS for infrastructure companies and Power Sector Companies. There may be significant impact on Indian companies on adoption of IFRS. Indian GAAP and AS, although sufficient transparent and relevant to the International Standards, there is need for common financial reporting standards acceptable to the most parts of the world. The US has already taken steps to converge its GAAP with IFRS. The Governments of India has also taken necessary steps to converge Indian GAAP and AS to cope up with the rapid changing global scenario. In India, initial transition date was envisaged at 01.04.2010 but that has been deferred due to some ground realities. A competent core group has been formed for evolving an effective roadmap for earliest transition to IFRS. On the basis of size and category of the company, the group has recommended the following projected time table :

Companies	Transition from
Companies with over ₹ 1,000 Crore net worth and companies listed in Sensex-30/ Nifty-50/Overseas Stock Exchanges	01.04.2011
Listed and Unlisted Companies with a net worth of greater than ₹ 500 Crore	01.04.2013
All listed companies with a net worth of ₹ 500 Crore or less	01.04.2014
SMEs and unlisted companies with a net worth of ₹ 500 Crore or less	Exempted at present
Banking and insurance companies :	
(i) all scheduled commercial banks and Urban Cooperative Banks having net worth in excess of ₹ 300 crore	(i) 01.04.2013
(ii) Urban Cooperative Banks having a net worth in excess of Rs 2000 crore but not exceeding Rs 300 crore	(ii) 01.04.2014
(iii) Insurance company :	
All insurance companies will convert respective opening balance sheet in compliance with the converged Standards	(iii) 01.04.2012

In recent G 20 Summit held in Pittsburgh, US, members reassured the international forum that globally convergence to IFRS would be achieved by June 2011. India is also trying its level best by tuning its effort with the same. Along with India, Canada, Brazil, Nigeria and Japan will also adopt IFRS with in the 2011-2014 timeframe.

### Convergence of Indian Accounting Standards with IFRS

To achieve harmony with IFRS, the convergence of Indian Accounting Standards is obviously required. However, IFRS may not be adopted in toto. The particular country may add disclosures or may remove some requirements which do not create non-compliance with IFRS.

It may be noted that the Council of the ICAI has developed and finalized the Indian Accounting Standards and sent the same to the National Advisory Committee on Accounting Standards (NACAS) in the month of Jan. 2011 and on that basis the Ministry of Corporate Affairs has notified convergence of 35 Indian Accounting Standards (Ind AS) with international Financial Reporting Standards (IFRS) on 25<sup>th</sup> February, 2011 These are :

- Ind AS 1 : Presentation of Financial Statements
- Ind AS 2 : inventories
- Ind AS 7 : Statement of Cash Flows
- Ind AS 8 : Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10 : Events after the Reporting Period
- Ind AS 11 : Construction Contracts
- Ind AS 12 : Income Taxes
- Ind AS 16 : Property, Plant And Equipment
- Ind AS 17 : Leases
- Ind AS 18 : Revenue
- Ind AS 19 : Employee Benefits
- Ind AS 20 : Accounting for Government grants and Disclosures of Government Assistance
- Ind AS 21 : The Effects of Changes in Foreign Exchange Rates
- Ind AS 23 : Borrowing Costs
- Ind AS 24 : Related Party Disclosures
- Ind AS 27 : Consolidated and Separate Financial Statements
- Ind AS 28 : Investment in Associates
- Ind AS 29 : Financial Reporting in Hyperinflationary Economies
- Ind AS 31 : Interests in Joint Ventures
- Ind AS 32 : Financial Instruments : Presentation
- Ind AS 33 : Earning per share
- Ind AS 34 : Interim Financial Reporting
- Ind AS 36 : Impairment of Assets
- Ind AS 37 : Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 38 : Intangible Assets
- Ind AS 39 : Financial Instruments: Recognition and Measurement
- Ind AS 40 : Investment Property
- Ind AS 101 : First-time Adoption of Indian Accounting Standards



Ind AS 102 : Share-based Payment  
 Ind AS 103 : Business Combinations  
 Ind AS 104 : Insurance Contracts  
 Ind AS 105 : Non-current Assets Held for Sale and Discontinued Operations  
 Ind AS 106 : Exploration for and Evaluation of Mineral Resources  
 Ind AS 107 : Financial Instruments : Disclosures  
 Ind AS 108 : Operating Segments.

The Date of Implementation of these 'Ind AS' will be notified by the Ministry at a later date. Before implementation the Ministry, wherever necessary, will amend the concerned Acts, namely, Companies Act, Income Tax Act, Banking Regulation Act, Insurance Act and SEBI Act.

#### Role of CMA

With other Accounting Professionals, Cost and Management Accountants have a significant role in such major changing scenario. They are the key finance personnel from the organization point of view. They are to assist management with facts, findings and reporting statements in taking the right decision in right time. As a technically sound professional, the CMA will have to properly advise his/her client-

investors to take perfect decision to invest in Shares, Debentures etc. As the reporting system under IFRS compare to earlier reporting system greatly affects the decisions of the users every CMA (besides 12 mandatory Cost Accounting Standards effective from 01.04.2010) will have to acquire sound knowledge in all IFRS, IAS, Interpretations and Ind AS through quicker learning process to exist in long run by dominating others in such ever changing environment with highest efficiency and integrity. As the IFRS are international Standards, study of these will surely bring global opportunities to the Cost and Management Accountants with other accounting professionals.

#### Conclusion

IFRS are the global standards. India has already announced the convergence of Ind AS with IFRS. The Ind AS will be implemented very soon. The accounting professionals have to make them well-equipped at the earliest possible time by acquiring adequate knowledge through training, seminar and reading. After implementation of IFRS in most of the countries – comparison of financial statement will be easier and more cost-effective through common financial reporting language. □

## INSTITUTE NOTIFICATION

Ref. No. : G/82 (107)/4/2011

April 4, 2011

### Notification

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of ICWAI at its 267<sup>th</sup> meeting held on 25<sup>th</sup> February, 2011 by virtue of power conferred therein has constituted the following Chapter of Cost Accountants :

#### **Primpri-Chinchwad-Akurdi Chapter of Cost Accountants**

Office No. 333,  
 Jai Ganesh Vision,  
 "B" Wing, Akurdi,  
 Pune - 411 044

**Brijmohan Sharma**  
**President**

# Competition, Marketing Strategies and Corporate Social Responsibility in India

Arnab Majumdar\*

**I**t was one of those usual evenings after a hard day, I was sitting in front of the television and surfing the channels when advertisements for some personal care products caught my attention triggering a few thoughts. As I started thinking, I realized that some fundamental changes were taking place in Indian advertising in recent times.

Talking about advertisements, they are actually a form of marketing communication, aiming to channelise a human need into a want for a particular brand. Advertisements basically try to create a particular image of a brand among the target audience by highlighting its specific features so that individuals who are looking for such attributes choose the advertised brand to satisfy their aroused need.

The changes that are taking place in Indian advertising are mainly visible in the choice of the core competencies of different brands which are being highlighted in the advertisements. Advertisements for some of the personal care products aptly reflect these transformations taking place.

Let us take the case of men's perfumes and deodorants, the advertisements for different brands of this product have a common focus and this is on their ability to make the men using them irresistible to women. The competition among these brands center around their capability of outdoing each other in making their users physically irresistible to the opposite sex.

To reinforce their claims, advertisements for the perfumes and deodorants depict storylines showing any and every women whether the traditional and sober ones or the ultra modern ones losing their self-control wherever they are coming across any men using the advertised brands of perfumes. The appeal for such brands lie in their capacity to empower their users to sway any woman off her feet.

Another product category that is worth mentioning as far as its advertisements reflect the changing mindset of Indian advertisers is contraceptives.

Till very recent times, advertisements for contraceptives projected them as utility goods and promoted their use by married couples for population control related social benefits. But this positioning has undergone a sea change. Advertisements now promote contraceptives as an essential accessory for enhancing the novelty and quality of couples' love life. Competition among different brands of contraceptives revolve around their relative capability to enrich the quality of couples' love lives.

The type of advertisements which the mobile service providers are resorting to nowadays to highlight the value additions made by them for providing the customers with something special would have been quite unthinkable even some time back. The mobile service providers are observed to frequently send some messages to their users in the name of female senders whereby the senders provide telephone numbers, on dialing which lonely hearts can have the warmth and spice in their lives. Such provocative advertisements are reaching even to the younger sections of the society and they are perceiving a very wrong picture about society.

If we look at the Indian consumer goods market a whole lot of advertisements reflecting such transformation in the product positioning can be observed. We have talked about only a few of them but the ones being illustrated here may serve as good specimens to highlight the generation change visible today in the advertising & marketing strategies of India companies.

The reasons behind such radical changes in the concept and positioning of products lie in the structure of Indian consumer goods market in the post-liberalised era. Post-liberalised Indian economy is characterized by the existence of concentrated oligopolistic markets in most segments of the consumer goods sector. In such markets only a handful of companies are operating with each one of them enjoying a sizeable market share but the competition is quite stiff among them as each one tries to cut into others' market share. In such concentrated markets, attempt for obtaining higher market shares are not made through competitive lowering of prices because that will erode profits for all the firms and everyone will be a loser.

To sustain and increase market share in these markets emphasis is placed on product based competition through product differentiation. As product differentiation assumes more and more importance the level of advertising increases considerably because it is through advertisements that the companies inform the target customers about the distinct attributes of their brands. That product differentiation is becoming a very important aspect of the marketing strategy of the Indian corporate sector is evident from the increasing level advertising expenditure of Indian companies. In fact the ratio of advertising expenses as a proportion of sales has grown from 0.42 in 1990-91 to 0.58 in 1996-97. In all

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those industries where selling expenses have significantly increased during post-liberalisation period, it is the advertising expenses which have registered maximum increase compared to other components of selling expenses like marketing and distribution expenses.

With product based or Non-price competition focusing on differentiation of products being the order of the day, firms in the Indian consumer goods market are continually trying to add newer and newer features to their respective brands so as to differentiate their brand from the others and make it distinct and qualitatively better in the market.

While designing a new feature for its brand, a firm first tries to identify a specific need of its target consumer which the new feature is likely to satisfy. The crucial aspect regarding the identification of the need is that it must be a novel one, i.e., one which has hitherto not been exploited by other brands. It is only then that the brand feature satisfying such a need will also be a novel one.

However, it is in this process to find out unexploited needs of consumers that the marketers are experiencing constraints. Human needs cannot be created. Needs being the state of felt deprivation are ingrained in human beings. So it is difficult to discover unexploited human needs on a continuous basis. Hence, the Indian consumer goods companies are realizing that there are limits to finding out unexploited conventional human needs. The option before the firms lie in arousing the latent (hidden) human needs so that they can build in such latent need-satisfying features in their brands to make their brands unique. The advertisements for some products which have been mentioned here are just trying to do this. Latent needs are state of felt deprivations which human beings may feel but cannot openly express and go for its satisfaction as that may be against the social ethics and norms. Being social animals, human beings keep such needs under the wraps to be socially compatible. The advertisements are just tickling the potential consumers to try their brands for satisfying some of their hidden desires.

Attracting a potential consumer to a particular brand by conveying to him/her that the brand can satisfy his/her latent needs may be fine from the marketing and competitive points of view but such acts may erase the fine line that separates socially incompatible activities from the compatible ones. The Indian society stands on some core values and beliefs. The social taboo about certain activities make people impose self-restraint in satisfaction of some of their hidden desires. However, the marketing strategies adopted by some of the companies for selling their products are letting people have the perception that satisfaction of their latent needs is socially quite compatible and they are trying to create an image of

a permissible society by weakening the Indian value system. The consequences may not at all be desirable in the long run. Already the Indian society is witnessing rising crime rates and many undesirable activities which are a significant departure from the age-old Indian culture and value system.

Indian corporate sector today is talking about corporate social responsibility. The concept of Corporate Social Responsibility which entrusts the corporate sector with the responsibility to think about the ways and means for the betterment of the society and the environment while doing business is really a commendable one. The cause of Corporate Social Responsibility has been espoused by people like late Prof. C. K. Prahlad who in his "Fortune lies at the bottom of the Pyramid" calls upon corporate sector to focus their attention on catering to the needs of the market constituted by lowest rung of the society. He opines that the companies should devise such business strategies which not only will expand their markets at the bottom of the pyramid but also improve the socio-economic condition of the people constituting it. This will help the corporate sector to sustain its business interests in a near about 4 billion people market while working for the betterment of its inhabitants. Stuart. L. Hart in his "Capitalism at the Crossroads" speaks about sustainable development for which the onus is on the corporate sector to preserve and improve the environment.

In light of business policies with a social face which today's corporate sector is being urged upon to pursue, some of the marketing practices which we have been discussing here assume particular significance.

These marketing practices may be helping the companies in winning over new market segments but by trying to erase the dividing line between ethical and unethical activities are bringing in a deterioration in basic human quality. Can corporate sector really improve the society and the environment just by preventing environmental pollution and increasing the purchasing power of some when some of their business practices are making human beings, the main constituent of the environment, qualitatively poorer.

Corporate practices which play with core human values of ethics and morality for some very short term gains will be self-defeating in the long run. In a society where the core value system is getting weakened the human qualities of commitment, sincerity and dedication will also be on the wane and without these neither any organization nor a country can progress. It appears that Indian corporate sector today is experiencing limitations of conventional marketing policies in light of the emerging competition in the consumer goods market. Their response to this limitation through new era marketing strategies has put a question mark on the very idea of Corporate Social Responsibility. □

# The Subaltern Tax Payer —Tax Hide-and-Seek in Budget 2011

P. Ravindran\*

The Budgets are like the Indian Monsoons. We know they will come, sooner or later. They are our lifeline. We also know that they are not always benign. They may hide in their vast and unrelenting cloud mass a possible flood of calamities. The man-made budget is of course a hardy annual like the rainy season. As usual, the Central Budget for the year 2011-12 has come at the appointed time. The changes contemplated in the budget are being debated inside and outside the Parliament. There will be no respite from reading and re-reading of the tax provisions. Lawyers and consultants will weigh in with new interpretations. As usual, the Budget tax proposals are likely to be passed with few or cosmetic changes. As usual, the tax changes contain opaque print that hides actual taxes in effect. One wonders if a 'true and complete disclosure' of the total tax effect of the budget changes can ever be wangled from the tax bureaucrats without going to Supreme Court for a round of public interest litigation. Like some scientific research, the fine print in the tax schemes in the budget offers an array of possibilities, but seldom wholesome.

In this article, let us analyze some of the changes in Service Tax law introduced in the Budget. Even though the tax proposals also cover changes relating to income tax, central excise duty and customs duty, it is in the service tax arena that the open as well as hidden impact is the maximum.

**The budget proposals in service tax can be divided into the following categories :**

- Introduction of new services
- Alteration or expansion in the scope of the existing services
- Changes in the service tax legislation.

The effects are :

### **New service taxes**

Two new services that have been booked into service tax are the following :

Taxable services provided or to be provided –

(a) "(zzzzv) to any person, by a restaurant, by whatever name called, having the facility of air-conditioning in any part of the establishment, at any time during the financial year, which has licence to serve alcoholic beverages, in relation to serving of food or beverage, including alcoholic beverages or both, in its premises;

(b) (zzzzw) to any person by a hotel, inn, guest house, club or campsite, by whatever name called, in relation to providing of accommodation for a continuous period of less than three months".

As can be seen, the Service tax Department has decided to book its taxing space in the restaurants and hotels. It is a moot point whether service tax on essentially the sale of food which is what a restaurant exists to dish out to its customers and the tax on renting of hotel rooms is in conflict with the power of state governments under the states list to the 7<sup>th</sup> Schedule of the Indian Constitution to impose like taxes. Many states levy a so-called luxury tax on hotel accommodation which is calculated as a percentage of the hotel room tariff. Now, the service tax is also imposed on the same room tariff, albeit for room tariffs exceeding INR 1,000/-. The element of double taxation is unmistakable. Hotel bills are likely to be costlier from now on.

As regards service tax on restaurant supply of food and beverage, the new service tax is in direct confrontation with the State VAT Laws which also tax such supply.

### **Alteration and expansion in the scope of existing services**

It is in the name of tinkering with the scope and extent of existing taxable services that the department attempts to generate significant additional revenue but does not disclose the same as having real tax effect in the manner of announcing service tax on new services. This is the quintessential area of hidden taxes. Let us see the extent of the cash outflow for the tax-payers and the citizens alike.

#### **(A) Health Services :**

The existing definition of health services under clause (zzzzz) is sought to be changed to introduce a broad-brush tax on health services provided by hospitals and clinics. From now on, any service provided by a clinical establishment or by a doctor who runs his own clinic and who provides services such as diagnosis, treatment or care for illness, disease, injury, deformity, abnormality or pregnancy, in any system of medicine will be taxable.

The "clinical establishment" is defined as :

(i) A hospital, maternity home, nursing home,

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dispensary, clinic, sanatorium or an institution, by whatever name called, owned, established, administered or managed by any person or body of persons, whether incorporated or not, having in its establishment the facility of central air-conditioning either in whole or in part of its premises and having more than twenty-five beds for in-patient treatment at any time during the financial year, offering services for diagnosis, treatment or care for illness, disease, injury, deformity, abnormality or pregnancy in any system of medicine; or

(ii) an entity owned, established, administered or managed by any person or body of persons, whether incorporated or not, either as an independent entity or as a part of any clinical establishment referred to in sub-clause (i), which carries out diagnosis of diseases through pathological, bacteriological, genetic, radiological, chemical, biological investigations or other diagnostic or investigative services with the aid of laboratory or other medical equipment,

But does not include an establishment, owned or controlled by –

- (a) the Government; or
- (b) a local authority.

Anyone can see that the sweep of clinical establishment is wide and will include even a mental asylum, besides diagnostic centers. It is a moot point if this will cover fertility clinics when infertility is surely not a disease or injury or deformity or abnormality, treatment or care for which is alone taxed. If the establishment has a central air-conditioning even in one part of its premises and has more than twenty-five beds – which is a very low figure considering that it will also include beds in the Intensive Care Unit, the service tax adds heavily to the cost of treatment. The promise of 50% abatement from the value will not be substantial in reducing the tax burden if we remember that the basis for service tax valuation will be the gross amount charged by such clinical establishments which will comprise cost of medicines, consumables, doctors' fees etc. Coupled with the inexplicable new excise duties on certain consumables such as surgical gloves and medical examination gloves used by the doctors and even on all kinds of native Indian medicines, the tax imposed is truly unhealthy. When the need of the hour is to bring down the cost of medical care in the country, it is surprising that the government is walking the extra mile in the exactly opposite direction.

**(B) Club or Association Service :**

The definition has been modified to tax services provided even to non-members receiving services from such clubs or associations. Simultaneously, the

CENVAT Credit Rules has been amended to clearly exclude potential input service tax credit on club membership service. In many organizations including public sector undertakings – it is a rule that the top official should be a member of the leading club or association in town so that the organization gets added visibility of a high profile which will be conducive to the business prospects of the company. The membership fee will be paid by the organization. It is this new-age business reality that is shut out of consideration in the Cenvat Credit Rule changes in the budget.

**(C) Business Support Service :**

The existing statutory definition has been tweaked to include operational and administrative assistance in any manner as a taxable service. This operational and administrative assistance will be like a catch-all basket for the service tax department. *Technical assistance* has already been brought into tax under several services. Now it is the turn of 'administrative assistance', besides the operational assistance. What assistance may be next? Business Protocol assistance? Lobbying assistance?

**(D) Authorized Station Service :**

The present statutory definition has been substituted as :

Any service provided –

“(zo) to any person, by any other person, in relation to any service for repair, reconditioning, restoration or decoration or any other similar services, of any motor vehicle other than three wheeler scooter auto-rickshaw and motor vehicle meant for goods carriage”.

The definition of authorized service station, as per Section 65(9) of the Finance Act, has also been deleted. Such service centers need not, from now on, be “authorized” stations. That is the real impact. It will bring under the tax all private service stations irrespective of whether they are authorized by some vehicle manufacturer or not. The expanded definition will include decoration and similar services too. The cost of maintenance of personal and official vehicles will scale up.

**(E) Legal Consultancy Service :**

The new definition for the existing service enables the service tax department to tax a business entity in the legal business covering the entire range of its legal services. Not satisfied with that, the policymakers have gone on to tax individual services provided by any person to a business entity in relation to representational services before any Court, Tribunal or Authority. What remain outside the scope of tax are the services rendered by any legal consultant to

any other individual as well as services rendered by such person to any other person including a business entity in relation to advice etc.

What is likely to be controversial and difficult to implement is the service tax on services provided to any business entity by an Arbitral Tribunal. If the Tribunal consists of a single member, the levy will pose no problem as the arbitrator will be liable to pay service tax on his fee. Even then the propriety of tax levy on the arbitral tribunal is not free from doubt. However, when the Arbitral Tribunal consists of two or three or five members, the question is whether the levy of tax is on the individual arbitrators or on the Tribunal collectively. Such an arbitral collective cannot be expected to remain homogeneous or unified in order to survive the arbitration and continue with service tax compliance. In the eyes of law, in terms of the Arbitration and Conciliation Act, 1996, an Arbitral Tribunal is almost a court and is clothed with court-like powers in enforcing attendance and inspection of documents etc. The propriety of service tax on an Arbitral Tribunal which is almost a court is unclear, to say the least. The Arbitral Tribunals should be viewed as an important legal institution serving a sore need and lessening the docket burden of Courts, and we may well note that the arbitral award is, in law, enforced, as if it were a court decree.

#### **(F) Life Insurance Service :**

The change in this arena is guaranteed to make policy premium costlier. The fees for investment management of the proceeds of premia hitherto not taxed will now be brought under the tax net. Earlier it was limited to the risk cover part of the premium.

#### **(G) Commercial Training and Coaching Service :**

Until now, the Service Tax law has kept out of its purview “unrecognized” additional educational courses imparted by an institution that issues any other certificate or degree or diploma for any educational qualification recognized by law. Only institutes which offered such unrecognized courses as an exclusive business were taxed. In the name of creating a level playing field, the Budget has intelligently sought to tap a steady source of revenue by bringing virtually all colleges and universities as well as well-known management institutes such as IIMs offering “unrecognized” educational courses (which do not culminate in the award of a diploma, certificate or a degree recognized by some law) into the tax net. Institutions like ICWAI, ICAI, and ICSI may also be affected. The cost of their off-curriculum diploma and certificate courses in special subjects may go north.

#### **(H) Money Changing Services :**

A new method of valuation for levy of tax in the above services which is :

(i) The difference between the buying rate or the selling rate, as the case may be, and the RBI reference rate for that currency for that day multiplied by units of currency exchanged;

(ii) If RBI reference rate is not available the value shall be 1% of the value of money exchanged in Indian rupees;

(iii) When both the currencies are not Indian rupees, 1% of the lesser of the amounts receivable if the two currencies are converted at RBI reference rate.

The rate of composition under Rule 6(7B) has been lowered from 0.25% to 0.1% of the gross amount of money exchanged. However, the proviso relating to paying tax on billed charges has been deleted. Thus, now the assessee will have the option to pay tax @ 0.1% of gross amount exchanged or else at standard rate on the value of service in terms of service tax valuation Rule 2B, as mentioned above.

#### **Other ‘silent’ tax Increases**

##### **(a) Air Travel :**

The Service tax on air travel in the domestic sector by economy class mode goes up from INR 100 to INR 150. The domestic business class travel attracts the maximum 10%. For travel in the international sector by economy class, the service tax goes up from INR 500/- to INR 750. Business class travel is taxed at 10%.

##### **(b) Works Contract Service :**

The CENVAT credit on input services such as erection, commissioning & installation and commercial and residential construction is now restricted to 40% of the service tax paid when such service tax was paid on the full value of the services availing CENVAT credit on inputs. This is in line with the department’s new fangled idea of equalizing inputs and input services.

##### **(c) Tinkering with SEZ tax exemption/refund scheme :**

The current SEZ service tax scheme has become well settled with full exemption for services fully provided and consumed inside the SEZ and for refund-based exemption for services partly provided outside the SEZ and partly provided inside the SEZ. Now the waters have been made turbulent on this front.

Now, the services to be provided with reference to a unit in the SEZ have been aligned with the categories of services as per the Export of Services

Rules, 2005. The new notification no. 17/2011 dated 1-3-2011 restricts the tax refund as follows, as compared to the earlier scheme :

- There are two categories of service receivers now – Developer or unit in the SEZ – Those who do not have any establishment in India other than in the SEZ and those who have establishments in both.

- If the services are received and consumed wholly in the SEZ, the service provider and the service receiver have the option to opt for the exemption and not the refund route.

- If the services received by the unit in the SEZ are not wholly consumed in the SEZ but shared between the DTA unit and the unit in the SEZ, the tax refund will be essentially proportionate to the SEZ turnover of the unit out of the total turnover of the unit for the period.

- The services eligible for exemption or refund should be as per a list of services for the use of authorized operations as permitted by the Development Commissioner.

- The exemption scheme is long on procedure and “formality.

#### Tax concessions

Let us now see what the tax concessions in service tax are.

- Works contract service provided wholly within an airport or port is wholly exempted now. This will help the big consortiums winning the bid for airport and port construction contracts to reduce their cost.

- The government grants itself service tax exemption for works contract service for their schemes such as JNURM (Jawaharlal Nehru Urban Renewal Mission), Rajiv Awaas Yojana and Rashtriya Swasthya Bima Yojana.

- An exemption of 25% from assessable value for transport of coastal goods, National waterways and inland waterways service.

- Exemption from service tax for transport of goods by rail or road or air services in respect of goods transported from a place outside India with the destination also being a place outside India.

- Exemption has been provided to services provided by an organizer of Business exhibition for business exhibition outside India.

- Retrospective tax refunds for Industry/ Commerce Associations during the period from 16<sup>th</sup> June 2005 to 31<sup>st</sup> March 2008.

- Validation of exemption given for tour operators having contract carriage permit for Inter-state or Intra-

state transportation of passengers, excluding tourism, conducted tours, charter or hire services.

#### 6. Other important changes

(A) Farewell to the unique concept of payment of service tax on receipt of consideration – Legal laziness in the payment of service tax is banished – Service Tax now stands on accrual terms :

The government has brought in Point of Taxation Rules to tell the service tax payers when they should be ready to make earlier payments of tax, with effect from 1<sup>st</sup> of April 2011. The implications are :

The service tax now should be paid on the earliest in time of the following events:

- Time when the Service is provided or is to be provided

- Time when an invoice or bill is raised

- Time when the consideration for the service, including an advance, is received.

The rules also provide for the determination of tax point when a new taxable service is introduced or when a tax rate change is announced. The text goes like this :

#### ‘Determination of point of taxation in case of change of rate of tax

Notwithstanding anything contained in Rule 3, the point of taxation in cases where there is a change of rate of tax in respect of a service, shall be determined in the following manner, namely :

(a) in case a taxable service has been provided before the change of rate –

(i) where the invoice for the same has been issued and the payment received after the change of rate, the point of taxation shall be date of payment or issuing of invoice, whichever is earlier; or

(ii) where the invoice has also been issued prior to change in tax rate but the payment is received after the change of rate, the point of taxation shall be the date of issuing of invoice; or

(iii) where the payment is also received before the change of rate, but the invoice for the same has been issued after the change of rate, the point of taxation shall be the date of payment;

(b) in case a taxable service has been provided after the change of rate –

(i) where the payment for the invoice is also made after the change in tax rate but the invoice has been issued prior to the change of tax rate, the point of taxation shall be the date of payment; or

(ii) where the invoice has been issued and the

payment for the invoice received before the change of tax rate, the point of taxation shall be the date of receipt of payment or date of issuance of invoice, whichever is earlier; or

(iii) where the invoice has also been raised after the change of rate but the payment has been received before the change of rate, the point of taxation shall be date of issuing of invoice.

#### Payment of tax in cases of new services

Where a service, not being a service covered by Rule 6, is taxed for the first time, then –

(a) no tax shall be payable to the extent the invoice has been issued and the payment received against such invoice before such service became taxable;

(b) no tax shall be payable if the payment has been received before the service becomes taxable and invoice has been issued within the period referred to in Rule 4A of the Service Tax Rules, 1994.’

The text of the Rules is available in the notification no 18/2011 dated 1-3-2011. The notification mercifully provides that the new rules will not apply to Invoices already issued up to 31<sup>st</sup> March 2011. The effect of the new rules will be a vastly speedier flow of tax revenues into the government kitty which should now swell. The inflow could match new and expanded taxes in revenue potential.

#### A silver lining in the new rules for continuous supply of services

Rule 6 of the new rules provides that in case of continuous supply of taxable service which is defined as service supplied under a contract for a period exceeding three months, the tax point will be separate from the rest of the rules. The sub-rule is not perfectly worded. It provides that this service may be determined or payable periodically or from time to time and in the event of separate recognition shall be treated as separately provided for at the date on which the payment is liable to be made by the service receiver, if such date is specified in the contract.

Now the question is : What if the contract does not provide for the date?

The rule goes on to prescribe that if, before that date, the service provider issues an invoice or receives money, then the tax point is the date of invoice or the date of receipt of money. For the doubt posed in the previous para, my view is that the tax will become payable only when the invoice is issued or money is received by the person providing the continuous supply of service. The concept of continuous supply of service will be helpful in the following categories

to avoid paying service tax on notional provision of service otherwise :

- Chartered Accountants involved in auditing and certifying annual statements of accounts
- Software industry executing user interface contracts over a prolonged period of time
- Turn-key project service providers involved in erection, commissioning and installation work
- Construction service providers
- Underwriting service providers
- Merchant banking service providers
- Infrastructure service providers

#### CENVAT Credit reductions – Retreat from the concept of value-added taxation

It is in the arena of CENVAT credit that the government has perceptibly retreated on the philosophy of Value-added taxation whose core integrity depends on the fairness of its input tax credit justice. The definitions of what is an “Input” and an “Input Service” have been redrafted restrictively. The write-downs in tax credit expected for the industry should be of the order of a few thousand crores of rupees every year, for sure. For example, catering, staff medicare and employee travel provided by businesses have been construed by the government as personal services and excluded from the ambit of tax credit. Such thinking is erroneous and behind the times. Catering, staff medical insurance and employee travel are absolute business compulsions in the times of urban congestion and dispersal of businesses and industries to distant locations and a generally stressful modern life for most people on earth. The services are not a benevolent charity to the employees by an enlightened and cash-rich management but a worried business service offer to attract manpower and exist as a viable business worthy of working for. The budget changes can be seen, nevertheless, as :

#### Input

“Input” will now include all the goods used in a factory by the manufacturer and goods used for providing any output service but there are barriers erected in the rules to provide for excluded inputs. Items that cannot be said to constitute input stand excluded. The goods kept out would include, besides petroleum goods, any items used for construction of a civil structure (by a manufacturer as well as a service provider) excepting when they are used in the provision of any of the specified construction services. Thus, goods used by a sub-contractor for rendering services of construction to the main contractor would qualify as an input.

The negative list covers goods such as food items,



goods used in a guesthouse, residential colony, club or a recreational facility or a clinical establishment which are primarily meant for the personal use or consumption of the employees. Goods which have no relationship whatsoever with the manufacture have also been excluded for CENVAT credit.

### Input Service

According to the department, the distinction between goods and services is diminishing and many goods can be received as services. This claim is dubious, to say the least. On this specious ground, the definition of “input service” has been aligned with the definition of “input” such that goods that do not constitute “input” do not qualify as “input service”. Thus a service relating to construction of civil structure will not constitute “input service” unless it is provided by a sub-contractor to the main contractor. Similarly, services relating to motor vehicle, i.e., rent-a-cab, use of tangible goods, insurance or repair of vehicle would not constitute an “input service except in respect of output services where credit on motor vehicle is permitted as “capital goods”.”

Similarly, a service meant primarily for the personal use or consumption of employees will not constitute an input service. A list of specific services has also been given by way of example in the definition. The expression “activities relating to business” has been deleted and Business exhibition and legal services added in the list of services as a token consolation.

### Steep hike in interest at 18%

The new interest of 18% for delay in tax payment is very high and requires reconsideration. Coupled with the department’s penchant for forcing taxpayers to pay interest on CENVAT credit taken and reversed without utilizing it, this is a double whammy. In many advanced GST jurisdictions abroad, such interest is LIBOR-plus 4% or less. In Canada – whose GST model may be, as conjecture goes, imprinted in our GST law to a substantial extent – it is Base rate plus 4% and less in certain circumstances. There is, unfortunately, no provision in the service tax law for waiver or reduction of interest in genuine circumstances where the tax payer is not at fault for the delay in payment, and in situations of genuine hardship. The interest to be given by the department for delayed refund of tax is retained at a royal 6%. That the exceedingly high rate of 18% is introduced at a time when tax payers will have to remit the tax well before they would be paid by their customers is not reflective of any sensitivity on the part of policy-making behind this wholly avoidable move.

### Prosecution

A draconian move that will not endear the budget to the tax paying community is the proposed move to criminalize even run-of-the-mill offences such as the following, inter alia :

- Failing to issue an invoice
- Failing to supply information to the officers
- Supplying what the departmental officer thinks is false information
- Collecting service tax but not remitting it to the department.

As can be seen, the offenses are not such as would justify the offender to be banished to jail. It is difficult to welcome the above provisions in the guise of fighting the big-time tax evaders and – like the POTA and the TADA – the prosecution power is more capable of misuse and abuse at any time. That the power to sanction the prosecution is vested with officers of the rank of Chief Commissioner is no consolation to support this hasty and unwise move.

### Conclusion

The service tax changes in the budget show an away-from-the-consensus thinking on the part of the policy-makers and a pro-revenue mindset has been all-too visible in the budget imprint. In particular, the CENVAT credit changes may stoke new rounds of litigation rather than put paid to the interpretational controversies of the past. Please ponder on this point: A vigilant Parliament ought to have ideally legislated the fundamental CENVAT credit provisions and incorporated suitable working guidelines for CENVAT credit administration and procedure for the delegated subordinate legislation. The current CENVAT credit law is a mismatch of policy and procedure and it is difficult to spot policy from the procedure. Even the judicial fora do not seem to know with clarity whether the cenvat credit rules are a substantive law or a mere procedural mechanism. To this day, one finds the important CENVAT credit provisions which are the bedrock of any value-added tax system not in the Central Excise Act nor in the Finance Act, 1994, and not even in a separate legislation, but only in the CENVAT credit rules which are a classic piece of subordinate legislation receiving lesser or almost no scrutiny from the parliament as compared to an Act. The lack of parliamentary legislation providing for the governing principles of CENVAT credit is at the root of the mess in the CENVAT credit jurisprudence.

It is time the parliament with its exclusive power to legislate on tax policy considered the basic principles of CENVAT credit delegated by it in default to the executive, in the run-up to the introduction of GST. □

# Impact of Budget 2011 on Capital Market and Mutual Fund Industry

CMA Prakash S Mutha\*

Once upon a time, BUDGETS were Milestones of Political Commitment & Performance, clearly steering the Economy of the nation in the right and desired direction, keeping in view the interest of a common man in particular and the entire economy in general. However, now the price of growth is that politics, economics and the social commitments to people of the nation are increasingly going in different directions without having any integration. The result of this is obvious—it is the common man rather than an administrator who bears the real burden of unequal growth and the highest sufferer amongst them is the “Urban Poor”.

Budget 2011 seems to be primarily aimed to see Real GDP growth @ 9%, to continue to focus on Infrastructure Sector—especially in Rural India—coupled with thrust to improve Governance by suitably implementing foolproof systems and to control the gigantic Black Money along with very high degree of Corruption.

Keeping in view the above aims, *prima facie*, Budget 2011 appears as a spiritless attempt and, broadly, TAX NEUTRAL TO NEGATIVE. The Budget exercise has proposed NO MAJOR Changes in general and NO MAJOR Changes in Taxes: both in Direct as well as in Indirect in particular, leaving no excitement at all. But as it is well said that Nothing Negative is Positive and according to this versatile principle, it is one of the major reasons which have led the SENSEX jumping more than 600 points at a stretch in a single trading day post-Budget. This is the highest gain in Sensex in last 21 months. Nobody expected this but it is the nature of Market which keeps on giving surprises invariably.

However, I would like to discuss only salient features of the Budget 2011 which impact Capital Market directly.

The Taxation of dividends from Foreign Companies at a concessional rate is a welcome provision. This means the dividends received from foreign subsidiaries will be taxed @ 15% only as against 30%. This may be an attractive one year (effective from April 2011) opportunity for Indian MNCs to get accumulated profits repatriated from their foreign subsidiaries at a concessional rate. It will also help to shore up the government's tax kitty on such repatriated profits.

An important incentive in the infrastructure sector

has been introduced by way of a proposal to set up dedicated infrastructure debt fund that shall be exempt from tax. Interest received by Foreign Investors from such bonds shall be taxable at a concessional rate of 5% only. Given the financial capital required in the highly capital intensive infrastructure sector, this should provide an impetus for foreign investors, especially institutional investors, who are exempt from tax in their home country (like Pension Funds, Endowment Funds etc). This is because the withholding tax in the country of investment is sunk costs for this tax exempt entities not being creditable in their home country. This, therefore, should result in attracting fresh set of investors in the infrastructure sector, resulting in higher fund flows into the country. This shall also help to reduce the current account deficit simultaneously.

The announcement made by the honorable FM to strengthen the role of Micro Financial Institutions (MFIs) who play a vital role in the financial inclusion by instituting a Rs 100 Crore India Microfinance Equity Fund with SIDBI is also a welcome move. Though the figure looks very dismal, it has got the attention of FM—a step in right direction. This will enhance the ability of smaller MFIs, mainly the non-profit and cooperatives, to achieve scale and efficiency in operations.

The Insurance bill is to be introduced for getting 49% FDI—a welcome move as there is a tremendous scope for Insurance Business in India.

The new bill is also proposed to move so as to enable RBI to grant more Banking Licenses so as to achieve the target set by Govt to start a Bank in every village having population more than 2000. This is good news for lot of NBFCs waiting to get the banking license like Reliance Capital, Tata Capital etc.

Henceforth the Foreign Investor will be allowed to invest directly in Mutual Funds subject to compliances of KYC norms. As the details of the stipulated KYC norms are not yet notified, this shall take some more time to get implemented. However, it is hoped that this move may come as a bonanza to Indian MF once KYC norms are finalised.

Rs 6000 Cr Corpus is to be provided to all PSU banks for re-capitalization so that to maintain Tier 1 CAAR of 8% while Rs 500 Cr for Regional Rural Banks

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# Corporate Valuation

V. Gopalan\*

'Corporate Valuation' is the 'act of determining the value or the price of anything or estimation of worth, especially by a professional valuer'. To realize the financial benefit of an investment, the owner must be able to obtain its return either through ownership or exchange. The essentials of return on investment and valuation include three important factors viz. Investment, Return and Risk.

Every asset, whether financial or real, has value, which is an expression of assets' worth. And, an asset can be measured in terms of sentimental value or financial value. In corporate financial theory, the objective is the maximization of firm value. The value of the firm is directly related to decisions that it makes, such as :

- the capital structure,
- the asset transfers,
- the dividend policy, and
- the projects that it takes; all play a vital role in valuing a firm.

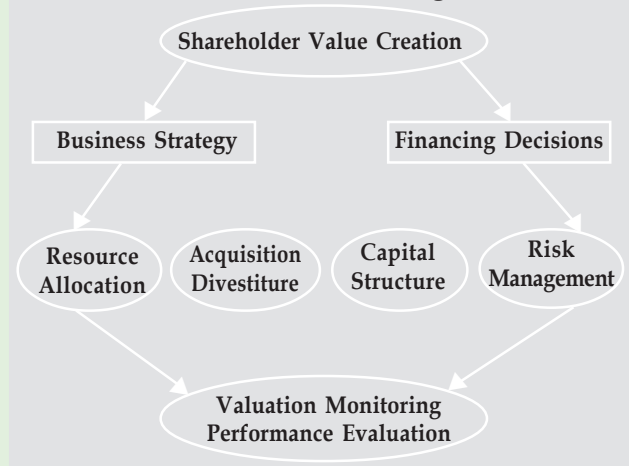
Corporates rely more on the capital market. Also, for Corporate re-structuring, M&As, JVs, Strategic alliances etc the company or the division thereof needs to be valued.

## Misconceptions about Valuation

- Myth 1 : A valuation gives the "true" value.
  - Truth : All valuations are generally biased. The degree of variation is: how much and in which direction? Also, the direction and magnitude of the bias in valuation is directly proportional to payer, payee and amount.
- Myth 2 : A comprehensive valuation provides a precise estimate of value.
  - Truth : There can be no precise valuation. The payoff to valuation is greatest when valuation is least precise.
- Myth 3 : The more quantitative a model, the better the valuation.
  - Truth : One's understanding of a valuation model is inversely proportional to the number of inputs required for the model. And, simpler valuation models do much better than complex ones.

An investor does not pay more for an asset than its price. One argument is that "the value lies in the eyes of the beholder and that any price can be justified if there are other investors willing to pay that price". But, it is absurd. It may be true in the case of paintings or sculptures but not when you buy a financial/real asset.

## Valuation framework – generic



## Selection of Valuation Approach

Valuation is a highly specialized process. Valuing a firm as a going concern is the basis for any investment exercise. The determination of the right value of a business is essential to maintain a long-term success investment. At a macro level there are different approaches to valuation :

### Different Valuation Approaches

1. Market Capitalisation Approach;
2. Net Assets Approach;
3. Comparable Company Approach—based on parameters like earnings, sales, book value, cash flows etc.;
4. Discounted Cash Flow Approach;
5. Price Earnings Approach; and
6. Adjusted Book Value/Book Value/Replacement Cost Approach. This involves estimation of the market value of the assets and liabilities of the firm as a going concern. (5 and 6 are used to find out 'Continuing value', the outcome of 4)

Also, there are approaches to facilitate 'Value Based Management System' such as Marakon Approach, Alcar Approach, Mckinsey Approach, Agency Consideration and Minimizing Agency Costs, etc.

'DCF', of late, is getting greater attention. It relates the value of the firm to the present value of the expected future cash flows of the firm. DCF method

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is a more conservative and appropriate method for valuing a business as it involves valuing a business based on its income.

**DCF method involves 4 stages :**

- The First stage involves forecasting of 'free cash flows' for an 'explicit forecast period'
- The Second stage involves estimating the 'terminal value'
- The Third step is to compute the 'Cost of Capital' and
- The Fourth step is to 'analyse and interpret' the results.

**Relative Valuation**

In DCF valuation method, the value of an asset is based on key variables such as cash flow potential, growth and risk characteristics of any given asset. In DCF method, the intrinsic value is assessed based on its in-built capacity to generate cash flow in future. In 'Relative valuation' method, the value is assessed based on market value for similar assets. If market is 'over-pricing' or 'under-pricing' a group of assets or assets of a specific sector, then DCF valuation cannot converge but only deviate from relative valuation. Whereas, in 'relative valuation method', it is to find the value of an asset on relative basis based on how similar assets are currently priced.

Therefore, under 'Relative Valuation' :

- (a) prices have to be multiples of some common variables, such as earnings, book value, revenues, etc; and
- (b) comparable assets should have some similar characteristics. It is not easy to find similar assets as no two assets are exactly similar all the time.

**Trademarks, Copyrights, Licenses and Brand Valuation**

Trademarks, Copyrights, Licenses give the owner the exclusive right to produce and their values derive from the cash flows they generate, net of costs. The value can be calculated by DCF method or relative valuation (looking at similar assets) method. Main constraint faced is the estimation of return for finite or infinite period. With respect to valuation of Brand, it is related to expenses incurred and the amortizable life of the investments made in the form of deferred revenue expenses and/or other investments.

Due to globalization effect, several MNCs need valuation of assets in India and overseas to take investment decisions, be it Organic or Inorganic. There has been growing need day by day for professional support to carry out 'Due Diligence' and 'Valuation' and CMAs play vital role in this regard. □

**Contd. from page 296**

to maintain 9% CAAR. This also is positive news for all PSU Banks.

Money Market & Debt Funds will have to pay higher DDT for investments made by firms from 25% to 30%. However, it stays unchanged at 12% for individual investors.

Laws may be changed to scrap the 10% cap on voting rights on private banks and allow holding companies owning banks. This will help business houses lobbying for a banking license.

The investment in Fertilizer is to be considered as an Infrastructure Sub Sector and also the extension of NBS (Nutrient Based Subsidy) which has improved the availability of fertilizer, to cover UREA under review. This may help fertilizer industry to some extent.

**However, following Negatives are also provided in Budget**

The provision on the Minimum Alternative Tax (MAT) and Dividend Distribution Tax (DDT) in case of Special Economic Zones (SEZs) is a retrograde step from point of view of "promissory estoppels". This is because businesses would have made these business plans and Return on Investments computations without taking into account these levies. This will affect all companies operating in SEZs as well the SEZ promoters.

The hardest move in the budget is that the rate of Export Duty for all types of iron core is enhanced and unified at 20% advalorem. This has impacted a lot on

Companies like Sesa Goa whose earnings are expected to go down due to this.

**Important and Special Mention  
UID Mission**

The government is to move towards direct transfer of Cash Subsidies to people living below poverty line in a phased manner for better delivery of Kerosene, LPG, Diesel and fertilisers.

From 1.10.2011, 10 lakh Aadhar numbers will be generated per day which shall be integrated for direct transfer of cash subsidies to people living BPL.

**Money Laundering/Curbing Black Money**

The introduction of a tool box of counter-measures for transactions with "tainted jurisdictions" is an important provision in the light of the prevailing controversies around the alleged flight of unaccounted funds from India. These provisions have been introduced in some EU countries as well after the G20 drive to penalize non-cooperative tax jurisdictions. This provision seeks to make doing business with such jurisdictions tax inefficient in as much as deduction of expenditure will be denied and payments made to such jurisdictions will suffer a higher rate of tax of 30% withholding tax. The Govt thus hopes to make most countries fall in line to sign the Tax Information Exchange Agreement, failing which they run the risk of being notified under this provision. □



## NOTIFICATION

### CAS 13

### Cost Accounting Standard on Cost of Service Cost Centre

The following is the COST ACCOUNTING STANDARD 13 (CAS 13) issued by the Council of The Institute of Cost and Works Accountants of India on “Cost of Service Cost Centre”. In this Standard, the standard portions have been set in ***bold italic*** type. These are to be read in the context of the background material which has been set in normal type.

#### 1. Introduction

**1.1** This standard deals with the principles and methods of determining the cost of Service Cost Centre.

**1.2** This standard covers the Service Cost Centre as defined in paragraph 4.11 of this standard. It excludes Utilities and Repairs & Maintenance Services dealt with in **CAS 8** and **CAS 12**, respectively.

**1.3** *This standard deals with the principles and methods of classification, measurement and assignment of Cost of Service Cost Centre, for determination of the Cost of product or service, and the presentation and disclosure in cost statements.*

#### 2. Objective

*The objective of this standard is to bring uniformity and consistency in the principles and methods of determining the Cost of Service Cost Centre with reasonable accuracy.*

#### 3. Scope

*This standard should be applied to the preparation and presentation of cost statements, which require classification, measurement and assignment of Cost of Service Cost Centre, including those requiring attestation.*

#### 4. Definitions

The following terms are being used in this standard with the meaning specified :

**4.1 Abnormal cost:** *An unusual or atypical cost whose occurrence is usually irregular and unexpected and/or due to some abnormal situation of the production or operation.*<sup>1</sup>

**4.2 Administrative Overheads :** *Cost of all activities relating to general management and administration of an organisation.*

Administrative overheads shall exclude production overheads<sup>2</sup>, marketing overheads<sup>3</sup> and finance cost.

<sup>1</sup> Adapted from CAS 1 paragraph 6.5.19

<sup>2</sup> Paragraph reference 4.13 – CAS 9

<sup>3</sup> Paragraph reference 4.11 – CAS 7

Production overheads includes administration cost relating to production, factory, works or manufacturing.

**4.3 Cost Object :** *This includes a product, service, cost centre, activity, sub-activity, project, contract, customer or distribution channel or any other unit in relation to which costs are finally ascertained.*<sup>4</sup>

**4.4 Distribution Overheads :** *Distribution Overheads, also known as Distribution Cost, are the costs incurred in handling a product/service from the time it is ready for despatch until it reaches the ultimate consumer including the units receiving the product/service in an inter-unit transfer.*<sup>5</sup>

The cost of any non manufacturing operations such as packing, repacking, labelling, etc. at an intermediate storage location will be part of distribution cost.

**4.5 Finance Costs :** *Costs incurred by an enterprise in connection with the borrowing of funds.* This will include interest and commitment charges on bank borrowings, other short term and long term borrowings, amortisation of discounts or premium related to borrowings, amortisation of ancillary cost incurred in connection with the arrangements of borrowings, finance charges in respect of finance leases, other similar arrangements and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest costs<sup>6</sup>. The terms Finance costs and Borrowing costs are used interchangeably.

**4.6 Imputed Costs:** *Hypothetical or notional costs, not involving cash outlay, computed for any purpose.*<sup>7</sup>

**4.7 Marketing overheads :** *Marketing Overheads are also known as Selling and Distribution Overheads.*

**4.8 Normal capacity :** *Normal Capacity is the production achieved or achievable on an average over a number of periods or seasons under normal circumstances taking into account the loss of capacity resulting from planned maintenance.*<sup>8</sup>

<sup>4</sup> Adapted from CIMA Terminology

<sup>5</sup> Adapted from CAS 1 Paragraph 6.3.9

<sup>6</sup> Adapted from CIMA Terminology

<sup>7</sup> Adapted from CAS 1 paragraph 6.5.13

<sup>8</sup> Adapted from CAS 2 paragraph 4.4

**4.9 Production Overheads: Indirect costs involved in the production process or in rendering service.<sup>9</sup>**

The terms Production Overheads, Factory Overheads, Works Overheads and Manufacturing Overheads denote the same meaning and are used interchangeably.

**4.10 Selling Overheads: Selling Overheads, also known as Selling Costs, are the expenses related to sale of products and include all Indirect Expenses in sales management for the organization.<sup>10</sup>**

**4.11 Service Cost Centre : The cost centre which primarily provides auxiliary services across the enterprise.**

The cost centre which provides services to Production, Operation or other Service Cost Centre but not directly engaged in manufacturing process or operation is a service cost centre. A service cost centre renders services to other cost centres/other units and in some cases to outside parties.

Examples of service cost centres are engineering, workshop, research & development, quality control, quality assurance, designing, laboratory, welfare services, safety, transport, Component, Tool stores, Pollution Control, Computer Cell, dispensary, school, creche, township, Security etc.

Administrative Overheads include cost of administrative Service Cost Centre.

**4.12 Standard Cost : A predetermined cost of resource inputs for the cost object computed with reference to set of technical specifications and efficient operating conditions.<sup>11</sup>**

Standard costs are used as scale of reference to compare the actual costs with the standard cost with a view to determine the variances, if any, and analyse the causes of variances and take proper measure to control them. Standard costs are also used for estimation.

**4.13 Stand-by service : Any facility created to safeguard against the failure of the main source of service.**

**5. Principles of Measurement**

**5.1 Each identifiable service cost centre shall be treated as a distinct cost object for measurement of the cost of services subject to the principle of materiality.**

**5.2.1 Cost of service cost centre shall be the aggregate of direct and indirect cost attributable to services being rendered by such cost centre.**

**5.2.2 Cost of in-house services shall include cost of**

*materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources used in such service.*

Cost of other resources includes related overheads.

**5.2.3 Cost of services rendered by contractors within the facilities of the entity shall include charges payable to the contractor and cost of materials, consumable stores, spares, manpower, equipment usage, utilities, and other resources provided to the contractors for such services.**

**5.2.4 Cost of services rendered by contractors at their premises shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of discounts (other than cash discount), taxes and duties refundable or to be credited. This cost shall also include the cost of resources provided to the contractors.**

**5.2.5 Cost of services for the purpose of inter unit transfers shall also include distribution costs incurred for such transfers.**

**5.2.6 Cost of services for the purpose of inter-company transfers shall also include distribution cost incurred for such transfers and administrative overheads.**

**5.2.7 Cost of services rendered to outside parties shall also include distribution cost incurred for such transfers, administrative overheads and marketing overheads.**

**5.3 Finance costs incurred in connection with the Service Cost Centre shall not form part of the cost of Service Cost Centre.**

**5.4 The cost of service cost centre shall not include imputed costs.**

**5.5 Where the cost of service cost centre is accounted at standard cost, the price and usage variances related to the services cost centre shall be treated as part of cost of services. Usage variances due to abnormal reasons shall be treated as part of abnormal cost.**

**5.6 Any Subsidy/Grant/Incentive or any such payment received/receivable with respect to any service cost centre shall be reduced for ascertainment of the cost to which such amounts are related.**

**5.7 The cost of production and distribution of the service shall be determined based on the normal capacity or actual capacity utilization whichever is higher and unabsorbed cost, if any, shall be treated as abnormal cost<sup>12</sup>. Cost of a Stand-by service shall include the committed costs of maintaining such a facility for the service.**

**5.8 Any abnormal cost where it is material and quantifiable shall not form part of the cost of the service cost centre.**

**5.9 Penalties, damages paid to statutory authorities**

<sup>12</sup> Adapted from paragraph 5.7 of CAS 3

<sup>9</sup> Adapted from CAS 1 paragraph 6.3.3

<sup>10</sup> Adapted from CAS 1 paragraph 6.3.7

<sup>11</sup> Adapted from CAS 6 Paragraph 4.15

or other third parties shall not form part of the cost of the service cost centre.

5.10 Credits/recoveries relating to the service cost centre including charges for services rendered to outside parties, material and quantifiable, shall be reduced from the total cost of that service cost centre.

5.11 Any change in the cost accounting principles applied for the measurement of the cost of Service Cost Centre shall be made, only if it is required by law or for compliance with the requirements of a cost accounting standard, or a change would result in a more appropriate preparation or presentation of cost statements of an enterprise.

## 6. Assignment of Cost

6.1 While assigning cost of services, traceability to a cost object in an economically feasible manner shall be the guiding principle.

6.2 Where the cost of services rendered by a service cost centre is not directly traceable to a cost object, it shall be assigned on the most appropriate basis.

6.3 The most appropriate basis of distribution of cost of a service cost centre to the cost centres consuming services is to be derived from logical parameters which could be related to the usage of the service rendered. The parameter shall be equitable, reason-able and consistent.

## 7. Presentation

7.1 Cost of service cost centre shall be presented as a separate cost head for each type of service in the cost statement, if material.

## 8. Disclosures

8.1 The cost statements shall disclose :

1. The basis of distribution of cost of each service cost centre to the consuming centres.

2. The cost of purchase, production, distribution, marketing and price of services with reference to sales to outside parties.

3. Where the cost of service cost centre is disclosed at standard cost, the price and usage variances

4. The cost of services received from/rendered to related parties<sup>13</sup>.

5. Cost of service cost centre incurred in foreign exchange.

6. Any Subsidy/Grant/Incentive and any such payment reduced from cost of Service Cost Centre.

7. Credits/Recoveries relating to the cost of Service Cost Centre.

8. Any abnormal cost excluded from cost of Service Cost Centre.

9. Penalties and damages paid excluded from cost of Service Cost Centre.

8.2 Any change in the cost accounting principles and methods applied for the measurement and assignment of the cost of service cost centre during the period covered by the cost statement which has a material effect on the cost of service cost centre shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be disclosed.

8.3 Disclosures shall be made only where material and significant.

8.4 Disclosures shall be made in the body of the Cost Statement or as a footnote or as a separate schedule prominently. □

<sup>13</sup> Related party as per the applicable legal requirements relating to the cost statement as on the date of the statement

Justice Shiv Narayan Dhingra (Retc.)  
Ph. #9871300027/011 - 23792788 (R)

1<sup>st</sup> April, 2011

## NOTIFICATION

Dear

In pursuance of Notification No. 487 dated 20<sup>th</sup> March, 2009 and modified on 14<sup>th</sup> March, 2011 vide Notification No. 454, I assume charge as Chairperson of Appellate Authority constituted under Section 22A of the Chartered Accountants Act, 1949, Cost and Works Accountants Act, 1959 and Company Secretaries Act, 1980 w.e.f. from today i.e. 1<sup>st</sup> April, 2011 (FN).

Sd/-  
(Justice Shiv Narayan Dhingra)  
7, Teen Murti Lane  
New Delhi-110011

**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**  
(Established by An Act of Parliament)  
**Examination Time Table & Programme - June 2011**

**Programme for Syllabus 2008**

Day, Date & Time	Intermediate 09.30 A.M. to 12.30 P.M.	Final 02.00 P.M. to 05.00 P.M.	Foundation 02.00 P.M. to 05.00 P.M.
Saturday 11 <sup>th</sup> June, 2011	Financial Accounting	Capital Market Analysis & Corporate Laws	
Sunday 12 <sup>th</sup> June, 2011	—	Financial Management & International Finance	
Monday 13 <sup>th</sup> June, 2011	Commercial and Industrial Laws & Auditing	Management Accounting Strategic Management	
Tuesday 14 <sup>th</sup> June, 2011	Applied Direct Taxation	Indirect & Direct- Tax Management	
Wednesday 15 <sup>th</sup> June, 2011	Cost & Management Accounting	Management Accounting- Enterprise Performance Management	Organisation and Management Fundamentals
Thursday 16 <sup>th</sup> June, 2011	—	Advanced Financial Accounting & Reporting	Accounting
Friday 17 <sup>th</sup> June, 2011	Operation Management and Information Systems	Cost Audit & Operational Audit	Economics and Business Fundamentals
Saturday 18 <sup>th</sup> June, 2011	Applied Indirect Taxation	Business Valuation Management	Business Mathematics and Statistics Fundamentals

**Examination Fees**

Group (s)	Final Examination	Intermediate Examination	Foundation Course Examination
One Group (Inland Centres) (Overseas Centres)	Rs. 950/- US \$ 100	Rs. 850/- US \$ 90	Rs. 800/- US \$ 60
Two Groups (Inland Centres) (Overseas Centres)	Rs. 1800/- US \$ 100	Rs. 1600/- US \$ 90	

- (a) Application Forms for Foundation Course, Intermediate and Final Examinations are available from Institute's Headquarters at 12, Sudder Street, Kolkata, Regional Councils and Chapters of the Institute on payment of Rs. 30/- per form. In case of overseas candidates, forms are available at Institute's Headquarters only on payment of US \$ 10 per form.  
(b) Students can also download the Examination Form from ICWAI Website at [www.icwai.org](http://www.icwai.org). In case of downloaded form Rs. 30/- should be added extra towards the cost of the form.  
(c) Students can also submit the form online.
- Last date for receipt of Examination Application Forms without late fees is 11th April, 2011 and with late fees of Rs. 300/- is 20th April, 2011.
- Examination fees to be paid through Bank Demand Draft of requisite fees drawn in favour of the Institute and payable at Kolkata.
- Students may submit their Examination Application Forms along with the fees at ICWAI, 12 Sudder Street, Kolkata - 700016 or Regional Offices or Chapter Offices. Any query can be sent to Sr. Director (Examination) at H. Q.
- Finance Act 2010, involving Assessment Year 2011-2012 will be applicable for the subjects Applied Direct Taxation (Intermediate), Applied Indirect Taxation (Intermediate) and Indirect & Direct - Tax Management (Final) for the purpose of June 2011 term of Examination under Revised Syllabus 2008.
- Examination Centres: Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Faridabad, Ghaziabad, Guwahati, Hardwar, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Neyveli, Noida, Panaji (Goa), Patiala, Patna, Pondicherry, Pune, Rajahmundry, Ranchi, Rourkela, Salem, Shillong, Solapur, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyannagar, Waltair and Overseas Centres at Dubai and Muscat.
- A candidate who is completing all conditions will only be allowed to appear for examination.
- Probable date of publication of result : Foundation - 2<sup>nd</sup> August 2011 and Inter & Final - 22<sup>nd</sup> August 2011.

**C. Bose**  
**Sr. Director (Examinations)**



# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

(Established by an Act of Parliament)

## Examination Time Table & Programme - June 2011

### Certificate In Accounting Technicians (CAT)

Day & Date	Time	Foundation Course (Entry Level) Part - I
Wednesday, 15 <sup>th</sup> June 2011	02.00 P.M. to 05.00 P.M.	Organisation and Management Fundamentals
Thursday, 16 <sup>th</sup> June 2011	02.00 P.M. to 05.00 P.M.	Accounting
Friday, 17 <sup>th</sup> June 2011	02.00 P.M. to 05.00 P.M.	Economics and Business Fundamentals
Saturday, 18 <sup>th</sup> June 2011	02.00 P.M. to 05.00 P.M.	Business Mathematics and Statistics Fundamentals

Day & Date	Time	Competency Level Part - II
Saturday, 11 <sup>th</sup> June 2011	09.30 A.M. to 12.30 P.M.	Financial Accounting
Sunday, 12 <sup>th</sup> June 2011	09.30 A.M. to 12.30 P.M.	Applied Statutory Compliance

### Examination Fees

<b>Inland Centres</b>	<b>Foundation Course (Entry Level) Part - 1</b>	<b>Rs. 730/-</b>
	<b>Competency Level Part - II</b>	<b>Rs. 730/-</b>

- Application Forms for CAT Examination can be down loaded from Institute's website [www.icwai.org](http://www.icwai.org) and filed online also.
- Last date of receipt of Examination Application Forms without late fee is 11th April, 2011 and with late fee of Rs.100/- is 20th April, 2011.
- Examination Fees to be paid through Bank Draft of requisite fees drawn in favour of "ICWAI A/C CAT" payable at New Delhi.
- Students will send their Examination Application Forms along with the fees to Directorate of CAT at "ICWAI Bhawan", 3, Institutional Area, Lodi Road, New Delhi - 110003.
- Examination Centres : Agartala, Ahmedabad, Akurdi, Allahabad, Alwar (Rajasthan), Asansol, Aurangabad, Bangalore, Baroda, Bhilai, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Berhampur(Ganjam), Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Faridabad, Ghaziabad, Guwahati, Hardwar, Howrah, Hyderabad, Indore, Jaipur, Jabbalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Neyveli, Noida, Panaji (Goa), Patiala, Patna, Pondicherry, Pune, Rajahmundry, Ranchi, Raigarh(Chattisgarh), Rourkela, Salem, Shillong, Solapur, Surat, Sahajahanpur, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanager, and Waltair.
- A candidate who is fulfilling all conditions will only be allowed to appear for examination.
- Probable date of publication of result : Foundation Course (Entry Level) Part - I is 2nd August, 2011 and Competency Level Part - II is 22nd August, 2011.

C. Bose  
Sr. Director (Examination)

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## GOVERNMENT NOTIFICATIONS

### Ministry of Corporate Affairs Notification

New Delhi, the 23rd July, 2008

**G.S.R. 554 (E).**—In exercise of the power, conferred by clause (a) of sub-section (2) of Section 38A read with clause (a) of sub-section (2) of Section 9 of the Cost and Works Accountants Act, 1959 (23 of 1959), the Central Government hereby makes the following rules to amend to the Cost and Works Accountants (Election to the Council) Rules, 2006, namely :—

1. (1) These rules may be called the Cost and Works Accountants (Election to the Council) Amendment Rules, 2008.

(2) These shall come into force with effect from the date of their publication in the Official Gazette.

2. In the Cost and Works Accountants (Election to the Council) Rules, 2006, for rule 39, the following shall be substituted, namely :—

**“39, Returning Officer to decide on certain matters.**—If any question pertaining to or incidental to the procedure for conduct of elections including matters not specifically covered by these rules, arises, it shall be decided by the Returning Officer or the officer authorised by him under these rules.

**Explanation.**—For the purpose of this rule, the conduct of election shall also include the process of counting of votes and declaration of results.”

[F. No. 9/7/2007-IGC]

Jitesh Khosla, Jt. Secy.

**Note :** The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) Vide No. G.S.R. 712(E), dated the 17th November, 2006.

### Ministry of Corporate Affairs Notification

New Delhi, the 21st February, 2011

**G.S.R. 104 (E).**—In exercise of the powers conferred by clause (a) of sub-section (2) of Section 38A read with clause (a) of sub-section (2) of Section 9 of the Cost and Works Accountants Act, 1959 (23 of 1959), the Central Government hereby makes the following rules further to amend to the Cost and Works Accountants (Election to the Council) Rules, 2006, namely :—

1. (1) These rules may be called the Cost and Works Accountants (Election to the Council) Amendment Rules, 2011.

(2) They shall come into force with effect from the date of their publication in the Official Gazette.

2. In the Cost and Works Accountants (Election to the Council) Rules, 2006 (hereinafter referred to as the principal rules), in rule 5, after the words “whose name is borne on the Register”, the words “and his entrance fees, annual membership fees and other dues are not in arrears,” shall be inserted.

3. In the principal rules, in rule 7, after the words “a member who is a fellow” the words “and his entrance fees, annual membership fees and other dues are not in arrears,” shall be inserted.

4. In the principal rules, in rule 7 in the proviso, after clause (e), the following clause shall be inserted, namely :—

“(f) he is employed by or under the Institute”.

[F. No. 2/5/2010-PI]

Dr. T. V. Somanathan, Jt. Secy.

**Note :** The Principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) Vide number G.S.R. 712(E), dated the 17th November, 2006 and subsequently amended vide G.S.R. 554 (E), dated the 23rd July, 2008.

### Ministry of Corporate Affairs Notification

New Delhi, the 25th February, 2011

**G.S.R. 112 (E).**—In exercise of the powers conferred by sub-section (1) of section 38A read with sub-section (3) of section 9 of the Cost and Works Accountants Act, 1959 (23 of 1959), the Central Government hereby makes the following rules further to amend the Cost and Works Accountants (Election to the Council), Rules, 2006, namely :—

1. (1) These rules may be called the Cost and Works Accountants (Election to the Council) (Amendment) Rules, 2011.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Cost and Works Accountants (Election to the Council) Rules, 2006, in clause 7, the second proviso shall be omitted.

[F. No. 2/8/2010-PI]

Dr. T. V. Somanathan, Jt. Secy

**Note :** The Principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 712(E), dated the 17th November, 2006 and subsequently amended vide number G.S.R. 554(E), dated the 23rd July, 2008.

### Ministry of Corporate Affairs Notification

New Delhi, the 8th March, 2011

**G.S.R. 196 (E).**—In the notification of the Government of India Ministry of Corporate Affairs, published in the Gazette of India, vide No. G.S.R. 112 (E), dated the 25th February, 2011, in page 2, in line 14, for “in clause 7, the second proviso”, read “in rule 7, clause (ii)”.

[F.No. 2/8/2010-PI]

Dr. T. V. Somanathan, Jt. Secy.



## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

### ELECTIONS TO THE COUNCIL AND REGIONAL COUNCILS, 2011

Kolkata, the 3<sup>rd</sup> March, 2011

#### NOTIFICATION

#### **Election Code of Conduct for Observance by the Candidates and their Authorized Representatives during the Elections**

**No. EL-2011/ECC :** With a view to maintain a healthy and peaceful atmosphere during the election process and for ensuring a free and fair election, the Returning Officer has issued an Election Code of Conduct as approved by the Council in exercise of the powers vested in the Council under sub-rule (1) of Rule 16 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended (the Rules), is hereby notified.

The Election Code of Conduct contains instructions and norms to be followed by candidates and their authorized representatives appointed under these Rules and members during the entire election process including at the polling booths and counting centre(s).

The Election Code of Conduct shall be in addition to that prescribed by the Cost and Works Accountants Act, 1959 as amended (the Act) and the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and shall come into force from the date of issue of notification under sub-rule (2) of Rule 4 of the Rules.

The Election Code is deemed to be guidelines of the Council under clause (1) of Part II of the Second Schedule of the Act and it is obligatory for each candidate to comply with the Election Code of Conduct.

#### **Election Code of Conduct**

1. No candidate would indulge in any activity, which may aggravate differences or create hatred or cause tension between different castes and communities, religious or linguistic.

2. There should be no appeal to caste or communal feelings for securing votes. Mosques, Temples or other places of worship shall not be used as forum for election propaganda.

3. All candidates shall avoid scrupulously all activities, which are corrupt practices, such as providing incentive to voters, intimidation of voters, giving presentations to voters etc.

4. No member shall use any loud speaker near the polling booth for the purpose of transmitting information connected with the election.

5. All contesting candidates shall :

(a) cooperate with the officers on election duty in complying with the restrictions to be imposed on the plying of vehicles on the polling day;

(b) supply to their authorized representatives suitable badges or identity cards to be used in polling booths and counting center(s) ;

(c) refrain from serving or distributing liquor to the members on polling day and during twenty four hours preceding the day of polling.

6. Excepting the voters, no one without a valid pass from the Returning Officer shall enter the polling booths.

7. If the candidates or their agents have any specific complaint or problems regarding the conduct of the elections, they may bring the same to the notice of the observer.

8. After the notification for the election is issued by the Council, the contesting members shall not announce any financial grant in any form or make promises therefor or announce any projects or schemes of any kind, which may be aimed at influencing the voters.

9. The contesting candidates for the election, shall not preside over or share dais, stage, platform and/or participate in the programmes and activities including Modular Training Programmes organized by the Institute, Regional Councils, Chapters and such other programmes as may be specified by the Returning Officer from time to time as speaker, paper writer, faculty member, presenter of bouquets, flowers, garlands,

mementoes, gifts or in such other capacity as the Returning Officer might decide from time to time to ensure free and fair elections.

10. The contesting candidates and/or their authorized representatives shall not use any infrastructure, forum including programmes, by whatever name called, manpower, machinery, facilities or communication medium – electronic or otherwise of the Institute, its Regional Councils and Chapters in any manner whatsoever. While there is no bar for participation in any event/programme organized by the Institute and/or its Regional Councils/Chapters, as an ordinary participant, however, the event/programme shall not be used for publicity/electioneering in any form whatsoever. This restriction is equally applicable to any other meeting/event/programme by whatever name called.

11. No programme announcement shall include name(s) of the contesting candidates.

12. Proceedings of the programmes conducted by the Institute / Regional Councils / Chapters shall be published only after proper editing so that the name(s) of any contesting candidate(s) is/are not mentioned in the proceedings.

13. No photograph of a contesting candidate including as part of a group shall be published at any place in any journal, newsletter or its equivalents, website or otherwise. In case it is not possible to segregate the contesting candidate from the group photograph by way of his position in the photograph, publication of the photograph shall be dropped.

14. The names of contesting candidates shall not be published by way of congratulations for any achievement or by way of elevation, on the move, or in any other capacity.

15. No publicity of programme(s) and their coverage by the Institute/Regional Councils/Chapters, in a manner covering contesting candidates, will be given in any of the journals, newsletters or its equivalents, website or otherwise.

16. No article, write-up, report, column and the like by any contesting candidate will be allowed for publication / inclusion in the journal, newsletter or its equivalents, website or otherwise.

17. No brochure/any other material covering contesting candidates including written communication(s) of programme(s) organized by the Institute / Regional Councils and Chapters shall contain the name or reference of any contesting candidate in any manner whatsoever. This prohibition is not, however, applicable for the brochure / other material as aforesaid already printed for sending to the intended readership or audience, or name required to be given under any specific legal requirement.

18. No brochure/publicity material including written communications printed in respect of any programme held before or after issue of notification shall contain the photograph / reference to any of the contesting candidates in any manner whatsoever.

19. The contesting candidate(s) shall not raise any question at any programme organized by Regional Council and Chapters so as to attract the attention of the audience to gain visibility / publicity.

20. No interview other than given in a non-professional capacity to newspaper(s), electronic media and the like by contesting candidate(s) in any manner whatsoever is permissible.

21. In the event of any invitation being received by a candidate from any other outside agencies such as Industry Associations like CII, FICCI, ASSOCHAM, Chambers of Commerce etc., and Voluntary Bodies like Rotaries, Non-Government Organisations etc. for participation in any of their events/programmes etc., in any capacity – professional or otherwise, while there is no bar for participation in such an event/programme, as an ordinary participant, however, the said event/programme shall not be used for the purpose of publicity/electioneering in any manner whatsoever. The restrictions shall be applicable not only for any event/programme held within a candidate's own constituency but outside his constituency including overseas events/programmes as well. The contesting candidate shall not preside over or share dais, stage, platform likely to have members of the Institute as part of audience.

22. Organisation of parties or participation in any party or providing any form of entertainment, e.g., musical nights and the like, with the direct and/or indirect involvement of the candidate in any form/manner whatsoever is prohibited.

23. The contesting candidate(s) shall not maintain a separate website as a part of electioneering or for the purpose of election. The website maintained by a Firm/member in practice, in accordance with the relevant Council Guidelines is outside the purview of the Code.

24. The journal/newsletters published in any form including electronic mode shall not use the column "Council Member/Chairman Page/Writes"; and in replacement thereof, the nomenclature "Committee Writes", "Council/Regional Council Writes"/"Managing Committee Writes" as the case may be, shall be used. Alternatively, it may be a column in the name of the "Editor". The name(s) of the editor/publisher of the newsletters etc. can, however, be printed, wherever the same is legally required to be mentioned.

#### **Disciplinary Action**

Attention of the members is also invited to the provisions of Rule 41 and 42 of the Cost and Works Accountants (Election to the Council) Rules, 2006 which provides for disciplinary action against members contravening the election norms set out in the said rules. For the convenience and ready reference of members, Rules 41 and 42 are reproduced hereunder. Members and contestants are requested to adhere to the requirements stipulated in the Rules.

#### **41. Election Expenses. :**

(1) No candidate, whose name has been included in the final list of nominations under Rule 15, shall incur expenditure above an amount to be fixed by the Council for this purpose.

(2) Every such candidate shall file an account of expenses incurred for the election in a format approved by the Council, within fifteen days of notification issued under Rule 36.

(3) A member shall be deemed to have brought disrepute to the Council under item (2) of Part IV of the First Schedule of the Act if, in connection with an election to the Council of the Institute, he is found to have contravened the provisions of Sub-rule (1) or Sub-rule (2).

#### **42. Disciplinary action against member in connection with conduct of election :**

(1) A member shall be deemed to have brought disrepute to the Council under item (2) of Part IV of the First Schedule of the Act if, in connection with an election to the Council of the Institute, he is found to have contravened the provisions of Sub-rule (2) or all or any of the clauses of Sub-rule (3) or Sub-rule (4) of this rule.

(2) Only one manifesto or circular shall be issued by a candidate in relation to the election in the period commencing from the date of issue of final list of nominations to the candidates.

(3) A manifesto or circular issued shall conform to the following requirements in the interest of maintaining dignity in the election, namely:

(a) A manifesto or circular shall contain information regarding the candidate himself and shall not make any reference, directly or indirectly, to any other candidate;

(b) The information, which a candidate may furnish in a manifesto or circular regarding himself, shall not differ in any material respect from the information furnished by the Institute to the voters under rule 9. A candidate may, however, include in such manifesto or circular, any additional information not contained in the information furnished under rule 9;

(c) A manifesto or circular shall neither contain any appeal to the voters on the basis of caste or on communal, religious, regional or sectional lines nor any tall claim;

(d) The distribution of a manifesto or circular shall be restricted only to the members of the constituency concerned;

(e) A certified copy of such manifesto or circular shall be sent to the Returning Officer by speed/registered post within 15 days of its issue ;

(f) While a candidate may repeat, in any form, the manifesto or circular issued under Sub-rule (2) of this Rule without changing its contents, however, he shall not issue more than one manifesto or circular.

(4) A member shall not adopt one or more of the following practices with regard to the election to the Council, namely :-

(i) Bribery, that is to say, any gift, offer or promise of any gifts or gratification to any person by a candidate or any other person, with his connivance, with the object directly or indirectly of: -

(a) inducing a member to stand or not to stand as a candidate at an election or rewarding him for act or omission; or

(b) inducing to withdraw his candidature or rewarding such withdrawal; or

(c) inducing a voter to vote or not to vote at an election, or as a reward for act or omission;

**Explanation :** For the purpose of this clause, the term “gratification” is not restricted to pecuniary gratification or gratifications estimable in money, and it includes organising parties or providing any other form of entertainment, and all forms of employment for reward; but it does not include the payment of any expenses bonafide incurred at or for the purpose of any election.

(ii) Undue influence, that is to say, any direct or indirect interference or attempt to interfere on the part of a candidate or any other person, with his connivance, with the free exercise of any electoral right ;

(iii) The publication by a candidate or by any other person, with his connivance, of any statement of fact which is false, and which he either believes to be false or does not believe to be true, in relation to the personal character or conduct of any candidate or in relation to the candidature or withdrawal of any candidate, being a statement reasonably calculated to prejudice the prospects of that candidate’s election;

(iv) The obtaining or procuring or abetting, or attempting to obtain or procure, by a candidate or by any other person, with his connivance, any assistance for the furtherance of the prospects of the candidate’s election from any person serving under the Government of India or the Government of any State, other than the giving of vote by such person, if he is a member entitled to vote;

(v) The hiring or procuring, whether on payment or otherwise, of a vehicle by a candidate or by any other person, with his connivance, for the conveyance of voters;

(vi) Resorting to disorderly behaviour or misbehaviour within the zero tolerance zone to be determined by the Returning Officer of the polling booth and/or venue for counting of votes;

**Explanation.** – For the purpose of this clause, canvassing for votes, distribution of visiting cards, pamphlets, manifestos, letters, hand-outs, circulars and the like, erection of any stall and display of any banner shall be treated as disorderly behaviour/misbehaviour.

(vii) Exhibiting or placing any notice or sign board relating to the election by a candidate or by any other person with the connivance of the candidate at any time and any where during the election period including on the date/s of polling within a distance of 200 meters from the polling booth;

(viii) Non-compliance with any of the directives or circulars or instructions issued by the Returning Officer under these Rules in any matter relating to elections;

(ix) Contesting the election representing a political party or on political lines;

(x) Any act specified in clauses (i) to (ix) when done by a member, who is not a candidate, but is acting with the concurrence or connivance of a candidate ;

(xi) The receipt by a member or an agreement by a member to receive any gratification :

(a) as an inducement or reward for standing or not standing as a candidate; or

(b) as an inducement or reward for withdrawing his candidature; or

(c) as an inducement or reward for himself or any other person for voting or refraining from voting ; or

(d) as an inducement or reward for inducing or attempting to induce any voter to vote or refrain from voting; or

(e) inducing or attempting to induce any candidate to withdraw his candidature;

(xii) Contravention or misuse of any of the provisions of these Rules or making of any false statement knowing it to be false or without knowing it to be true, while complying with any of the provisions of these Rules.

Notwithstanding anything contained hereinabove, the Council may cause investigation into the conduct of any candidate or authorized representative in any other circumstances for violation of Election Code of Conduct.

**Kaushik Banerjee**  
**Returning Officer**

**(PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA)  
THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**

**NOTIFICATION**

Kolkata, the 3<sup>rd</sup> March, 2011

**ELECTIONS TO THE COUNCIL AND THE REGIONAL COUNCILS, 2011**

The present (four-year) term of the Seventeenth Council will come to an end on July 21, 2011. For the purpose of constituting Eighteenth Council on July 22, 2011 and four Regional Councils for the term 2011-2015, elections to the Council and to the four Regional Councils will be held as per the following notifications:

**NOTIFICATION**

Kolkata, the 3<sup>rd</sup> March, 2011

**Dates of elections to the Council and the Regional Councils and other matters**

**No. EL-2011/1 :** In pursuance of clause (a) of sub-section (2) of Section 9 of the Cost and Works Accountants Act, 1959 as amended (the Act) read with Rules 3 & 4 and other applicable Rules of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended (the Rules) and Regulations 114, 115, 117, 118 & 121 and other applicable Regulations of the Cost and Works Accountants Regulations, 1959 as amended (the Regulations), the Returning Officer of the Institute of Cost and Works Accountants of India hereby notifies the following for the conduct of elections to the Council and the Regional Councils in the year 2011 :

1.	Date of issue of Notification for the purpose of Rule 4 of the Rules	Thursday, the 3 <sup>rd</sup> March, 2011
2.	In pursuance of Rule 4 read with Rules 9, 10, 11, 12, 14, 21, 28, 29, 30, 32 and 35 of the Rules and Regulations 114, 115, 117, 118 & 121 of the Cost and Works Accountants Regulations, 1959 and other applicable Rules and Regulations, the Council has fixed the following dates for the conduct of elections, viz.	
	(a) the last date and time for receipt of nominations [Rule 4 (2) (a) and 9]	Friday, the 25 <sup>th</sup> March, 2011 up to 6:00 P.M.
	(b) the date and place of scrutiny of nominations [Rule 4 (2) (b) and 12]	Monday, the 28 <sup>th</sup> March, 2011 & Tuesday 29 <sup>th</sup> March, 2011 at the Headquarters of The Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700 016.
	(c) the last date and time for withdrawal of nominations [Rule 4 (2) (c) and 14]	Friday, the 8 <sup>th</sup> April, 2011 up to 6:00 P.M.
	(d) the date and time of polling [Rule 4 (2) (d)]	Friday, the 3 <sup>rd</sup> June 2011 (From 8:00 A.M. to 7:00 P.M.)
	(e) the last date and time for receipt of applications for permission to vote by post [Rule 4 (2) (e) and 28]	Thursday, the 31 <sup>st</sup> March, 2011 up to 6.00 P.M.
	(f) The last date and time for receipt by post of ballot papers back from voters [Rule 4 (2) (f)]	Friday, the 27 <sup>th</sup> May, 2011 up to 6:00 P.M.
	(g) the date and time of commencement of counting of Votes [Rule 4 (2) (g) and 32]	Friday, the 10 <sup>th</sup> June, Saturday, the 11 <sup>th</sup> June, 2011 and Sunday, the 12 <sup>th</sup> June, 2011 (from 10.00 A.M. onwards each day)
	(h) The date of declaration of results [Rule 4 (2) (h) and 35]	Monday, the 13 <sup>th</sup> June, 2011
3.	Fee for election fixed by the Council (Rule 10)	Rs. 10,000/- (Rupees ten thousand only)
4.	Security Deposit payable by the candidate [Rule 11]	Rs. 20,000/- (Rupees twenty thousand only)
5.	Names of the members of the panel for scrutiny of nomination papers [Rule 12]	1. Shri P.K. Jena, General Manager, HRD Cell, Reserve Bank of India, 6, Sansad Marg, New Delhi - 110 001. 2. Shri D.S. Chakrabarti, Senior Vice President and CFO, M/s. Haldia Petrochemicals Ltd., 1, Auckland Place, Kolkata-700 017. 3. Shri Kaushik Banerjee Returning Officer, The Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700 016.

**Kaushik Banerjee  
Returning Officer**



## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011**Elections to the Council of the Institute of Cost and Works Accountants of India**

**No. EL-2011/2 :** In pursuance of sub-rule (1) of Rule 9 of the Cost and Works Accountants (Election to the Council) Rules, 2006, the Council of the Institute of Cost and Works Accountants of India hereby notifies that:

- (a) Total number of members to be elected to the Council from all regional constituencies under clause (a) of sub-section (2) of Section 9 of the Cost and Works Accountants Act, 1959 as amended. 15 (Fifteen)
- (b) Number of members to be elected for each regional constituency as specified in Rule 8 read with Schedule 3 and Rule 3 read with Schedule 1

Name of the Constituency	Number of members to be elected
Western India Regional Constituency	4 (Four)
Southern India Regional Constituency	4 (Four)
Eastern India Regional Constituency	4 (Four)
Northern India Regional Constituency	3 (Three)
<b>Total : 15 (Fifteen)</b>	

The Council invites nomination of candidates who desire to stand for elections to the Eighteenth Council scheduled to be held on 3<sup>rd</sup> June, 2011. They should deliver their nominations in the manner specified in Rule 9 of the Cost and Works Accountants (Election to the Council) Rules, 2006 to Shri Kaushik Banerjee, Returning Officer, The Institute of Cost and Works Accountants of India (By Name) in a closed envelope superscribing on it "Nomination for Council Election 2011 - 2015" at the Headquarters of The Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700 016 so as to reach him not later than 6:00 P.M. on Friday, the 25<sup>th</sup> March, 2011.

Candidates may visit the Institute's website: [www.icwai.org](http://www.icwai.org) for familiarizing themselves with the Cost and Works Accountants (Election to the Council) Rules, 2006. The nomination shall be in the form approved by the Council of the Institute under sub-rule (3) and as specified in Rule 9 of the said Rules. Nomination forms can be downloaded from the website of the Institute.

Nominations shall be accompanied by a fee of Rs.10,000/- (Rupees ten thousand only) by Demand Draft, payable at Kolkata, drawn in favour of the Secretary, The Institute of Cost and Works Accountants of India as provided in Rule 10. Candidates can submit maximum number of ten nominations as per sub-rule (2) of Rule 9.

Every candidate standing for election in addition to fee as provided in Rule 10, shall pay, irrespective of the number of nominations filed under Rule 9, an amount of Rs.20,000/- (Rupees twenty thousand only) by Demand Draft payable at Kolkata, drawn in favour of the Secretary, The Institute of Cost and Works Accountants of India, as security deposit as provided in Rule 11.

**Kaushik Banerjee**  
Returning Officer

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011**Elections to the Regional Council of the Institute of Cost and Works Accountants of India**

**No. EL-2011/3 :** In pursuance of sub-regulation (2) of Regulation 114 and Regulation 118 of the Cost and Works Accountants Regulations 1959 as amended, the Council of the Institute of Cost and Works Accountants of India hereby notifies that the elections to the Regional Councils shall be held in the manner as specified hereunder :

Name of the Regional Council	Number of members to be elected
Western India Regional Council	8 (Eight)
Southern India Regional Council	9 (Nine)
Eastern India Regional Council	8 (Eight)
Northern India Regional Council	7 (Seven)
<b>Total : 32 (Thirty two)</b>	

The Council invites nomination of candidates, who desire to stand for elections to a Regional Council to be held on 3<sup>rd</sup> June, 2011. The nominations shall be delivered to Shri Kaushik Banerjee, Returning Officer, The Institute of Cost and Works Accountants of India (By Name), in a closed envelope superscribing on it "Nomination for Regional Council Election 2011-2015" at the Headquarters of The Institute of Cost and Works Accountants of

India, 12, Sudder Street, Kolkata – 700 016 so as to reach him not later than 6:00 P.M. on Friday, the 25<sup>th</sup> March, 2011.. Nomination forms can be downloaded from the Institute's website: www.icwai.org.

Candidates for elections to a Regional Council shall pay a fee of Rs.5,000/- (Rupees five thousand only) in favour of the Secretary, The Institute of Cost and Works Accountants of India, payable at Kolkata by virtue of sub-regulation (2) of Regulation 117 of the Cost and Works Accountants Regulations 1959 as amended.

Every candidate standing for election a Regional Council in addition to fee as provided in sub-regulation (2) of Regulation 117, shall pay, irrespective of the number of nominations filed, an amount of Rs.10,000/- (Rupees ten thousand only) by Demand Draft payable at Kolkata, drawn in favour of the Secretary, The Institute of Cost and Works Accountants of India, as security deposit as per proviso to sub-regulation (3) of Regulation 117 of the Cost and Works Accountants Regulations, 1959 as amended.

By virtue of Regulation 118, except to the extent provided in Chapter XI of the Cost and Works Accountants Regulations, 1959 as amended, the elections to the Regional Councils shall be held by the Council and The Cost and Works Accountants (Election to the Council) Rules, 2006 shall apply to the elections to the Regional Councils mutatis mutandis.

**Kaushik Banerjee**  
Returning Officer

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

### Constitution of Regional Councils of the Institute of Cost and Works Accountants of India

**No. EL-2011/4 :** In exercise of the powers conferred by sub-section (1) of Section 23 of the Cost and Works Accountants Act, 1959, the Council of the Institute of Cost and Works Accountants of India, hereby notifies the constitution of Regional Councils as under in pursuance of sub-regulation (1) of Regulation 114 of the Cost and Works Accountants Regulations, 1959 for the four Regional constituencies notified by the Central Government vide Notification published in the Gazette of India Extraordinary, Part II, sub-section (ii) of Section 3 as S.O. 1331 (E) dated 20<sup>th</sup> November, 2003 under clause (a) of sub-section (2) of Section 9 of the Cost and Works Accountants Act 1959, namely :

Sl No.	Name of the Regional Constituency
<b>1. Western India Regional Constituency :</b>	Comprising the States of Chattisgarh, Goa, Gujarat, Madhya Pradesh and Maharashtra and the Union Territories of Dadra and Nagar Haveli and Daman and Diu;
<b>2. Southern India Regional Constituency :</b>	Comprising the States of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and the Union Territories of Lakshadweep and Pondicherry;
<b>3. Eastern India Regional Constituency :</b>	Comprising the States of Arunachal Pradesh, Assam, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura and West Bengal and the Union Territory of Andaman and Nicobar Islands;
<b>4. Northern India Regional Constituency :</b>	Comprising the States of Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttaranchal and Uttar Pradesh and the Union Territories of Chandigarh and Delhi.

**Kaushik Banerjee**  
Returning Officer

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

### Payment of fee for elections to the Council and elections to the four Regional Councils of the Institute of Cost and Works accountants of India

**No. EL-2011/5 :** In pursuance of sub-rule (1) of Rule 10 of the Cost and Works Accountants (Election to the Council) Rules, 2006 specified under the Cost and Works Accountants Act, 1959 (as amended by the Amendment Act, 2006), it is hereby notified that a candidate shall pay a fee of Rs.10,000/- (Rupees ten thousand only) for elections to the Council, irrespective of the number of nominations that may be filed by him. By virtue of sub-regulation (2) of Regulation 117 of the Cost and Works Accountants Regulations 1959, a candidate shall pay a fee of Rs.5,000/- (Rupees five thousand only) for elections to the Regional Councils, irrespective of the number

of nominations that may be filed by him. The fee shall be paid by Demand Draft, drawn in favour of the Secretary, The Institute of Cost and Works Accountants of India, payable at Kolkata.

**Kaushik Banerjee**  
Returning Officer

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

#### **Payment of Security Deposit for the elections to the Council of the Institute of Cost and Works Accountants of India**

**No. EL-2011/6 :** In pursuance of sub-rule (1) of Rule 11 of the Cost and Works Accountants (Election to the Council) Rules, 2006 specified under the Cost and Works Accountants Act, 1959 (as amended by the Amendment Act, 2006), it is hereby notified that in respect of elections to the Council of the Institute for the term 2011-2015, a candidate for election, in addition to fee as provided above, shall pay irrespective of the number of nominations filed, an amount of Rs.20,000/- (Rupees twenty thousand only) as security deposit, which shall be forfeited if he fails to secure not less than 2% of the original votes polled in the concerned regional constituency. By virtue of proviso to sub-regulation (3) of Regulation 117 of the Cost and Works Accountants Regulations, 1959 as amended, a candidate for Regional Council elections of the Institute for the term 2011-2015, in addition to fee as provided above shall pay, irrespective of the number of nominations filed, an amount of Rs.10,000/- (Rupees ten thousand only) as security deposit, which shall be forfeited if he fails to secure not less than 3% of the original votes polled in the concerned regional constituency. The security deposit shall be paid by Demand Draft, drawn in favour of the Secretary, The Institute of Cost and Works Accountants of India payable at Kolkata.

**Kaushik Banerjee**  
Returning Officer

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

#### **Notification of Recognition of Qualifications for the purpose of Sub-rule (4) of Rule 9 read with Schedule 4**

**No. EL-2011/7 :** In pursuance of sub-rule (4) of the Rule 9 read with Schedule 4 of the Cost and Works Accountants (Election to the Council) Rules, 2006, relating to nominations for elections, the Council has resolved that for the purpose of sub-clause (a) of clause (2) of Schedule 4, the following qualifications have been recognized by the Council :

- i) All degrees awarded by the Universities recognized by Government.
- ii) Professional – Associate/Fellow Membership of The Institute of Chartered Accountants of India, Associate/Fellow Membership of The Institute of Company Secretaries of India, Associate/Fellow Membership of The Chartered Institute of Management Accountants, UK and CMA Certification of The Institute of Management Accountants, USA.

**Kaushik Banerjee**  
Returning Officer

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. EL-2011/8:** In pursuance of sub-rule (3) of Rule 6 of the Cost and Works Accountants of India (Election to the Council) Rules, 2006, it is hereby notified that the list of members eligible to vote (list of voters) from the various constituencies for elections to the Eighteenth Council and the four Regional Councils of the Institute of Cost and Works Accountants of India is available for sale with effect from 3<sup>rd</sup> March, 2011 on payment of the price mentioned below from the Headquarters of The Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700016 :

Region	Price per printed book (Rs.)	Price per CD (Rs.)
Western India Regional Constituency	250.00	100.00
Southern India Regional Constituency	250.00	100.00
Eastern India Regional Constituency	250.00	100.00
Northern India Regional Constituency	250.00	100.00

The list of voters is also available for sale at the respective Regional Council offices at Mumbai, Chennai, Kolkata & Delhi and the Chapter offices of the Institute of Cost and Works Accountants of India.

**Kaushik Banerjee**  
Returning Officer

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. EL-2011/9 :** The Council in exercise of the powers vested under sub-rule (1) of Rule 41 of the Cost and Works Accountants of India (Election to the Council) Rules, 2006 has fixed the following ceiling of expenditure to be incurred by a candidate for elections to the Council and the Regional Councils :

Election	Expense (Rs.)
Council	5,00,000/-
Regional Councils	3,00,000/-

In pursuance of sub-rule (2) of Rule 41, every candidate for elections to the Council and the Regional Councils shall file an account of expenses incurred for the election in the format approved by the Council within fifteen days of notification issued under Rule 36. Formats as approved by the Council are printed in the Journal of the Institute and also available on the Institute's website [www.icwai.org](http://www.icwai.org).

In pursuance of sub-rule (3) of Rule 41, a member shall be deemed to have brought disrepute to the Council under item (2) of Part IV of the First Schedule of the Cost and Works Accountants Act, 1959 as amended if, in connection with an election to the Council of the Institute, he is found to have contravened the provisions of sub-rule (1) or sub-rule (2).

**Kaushik Banerjee**  
Returning Officer

## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. ICWAI/EL-2011/10 :** In pursuance of Rule 6 read with Schedule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Returning Officer of the Institute of Cost and Works Accountants of India is pleased to publish the following list of members of the Institute in Western India Regional Constituency eligible to vote in the next elections to the Council of the Institute of Cost and Works Accountants of India and to the Western India Regional Council to be held on 3<sup>rd</sup> June 2011 vide Notifications dated 3<sup>rd</sup> March, 2011 published in the Gazette of India.

**List of Voters**  
**Explanatory Notes**

1. In the List of Voters, which is topographically arranged, the cities and towns in the region and the names of members in each city or town have been arranged alphabetically.

2. The letters 'FICWA' after a member's name denote that he is a Fellow member of the Institute and the letters 'AICWA' after a member's name denote that he is an Associate member of the Institute.

3. The figure in brackets given at the end of an entry is the Membership Number of the member.

4. Against the name of each city or town indication has been given whether the voting there would be by poll or by post.

5. In places where the voting is to be by poll, the number **B-1, B-2, B-3, B-4, B-5, B-6, B-7, B-8, B-9, B-10, B-11, B-11A, B-12, B-13, B-14, B-14A, B-15, B-15A, B-16, B-16A, B-17, B-18, B-19, B-20, B-21, B-22, B-23, B-24 and B-25** indicated against the serial number of the entry relating to a voter is the number of the polling booth at which he will be required to cast his vote.

The addresses of the polling booths in Western India Regional Constituency are :

Polling Booth No.	Address
B-1	Ahmedabad Chapter of Cost Accountants, 303-304, 'SARAP', Behind Gujarat Vidyapith, Opp. Navjivan Press, Ashram Road, Ahmedabad - 380014.
B-2	Aurangabad Chapter of Cost Accountants, Flat No. A-9/10, Chetan Super Market, Trimurti Chowk, Jawahar Colony, Aurangabad - 431005.

Polling Booth No.	Address
B-3	Gujarat Narmada Valley Fertilizer Corporation Ltd., P.O. Narmada Nagar, Dist. Bharuch, Bharuch - 392015.
B-4	Bhilai Chapter of Cost Accountants, ICWAI Bhawan, Civic Centre, Bhilai - 490006.
B-5	Bhopal Chapter of Cost Accountants, 182, Akanksha Building, II Floor, M. P. Nagar, Zone I, Bhopal - 462011.
B-6	Bilaspur Chapter of Cost Accountants, C/o. O/o, General Manager (Fin.) SECL Head Quarters, Seepat Road, Bilaspur - 495006 (C.G.).
B-7	Radhabai Sathe Kanyashala High School, Rajaji Road, Ramnagar, Opp. Bank of India, Dombivli (E) - 421201.
B-8	Indore-Dewas Chapter of Cost Accountants, 303, Shyam Tower, Near Hotel President, 164/2, R.N.T. Marg, Indore - 452001 (M.P.)
B-9	Shri GH Gosrani Commerce College, Oshwal Education Trust, Near Gokul Nagar, Indira Gandhi Marg, Jamnagar - 361004.
B-10	Kalyan-Ambarnath Chapter of Cost Accountants, Sai Chintan Co-op. Hsg. Soc. Ltd. Dhobi Ghat, Maratha Section - 32, Ulhasnagar - 421004.
B-11	Kolhapur-Sangli Chapter of Cost Accountants, 1170/E, Jyotichandra Apartments (Basement), Rajaram Road, Takala, Kolhapur - 416001.
B-11A	Kutch Gandhidham Chapter of Cost Accountants, C/o. Tolani Institute of Management Studies, Opp. Railway Crossing, Lilashah Ashram Road, Adipur-Kutch (Gujarat) - 370205.
B-12	Western India Regional Council, "Rohit Chambers", 4 <sup>th</sup> Floor, Janmabhoomi Marg, Fort, Mumbai - 400001.
B-13	D.G. Ruparel College of Arts, Science and Commerce, Opp. Matunga Road Station (W.Rly.), Senapati Bapat Marg, Mahim, Mumbai - 400016.
B-14	Ramniranjan Jhunjhunwala College of Commerce & Economics, Ghatkopar (West), Mumbai - 400086.
B-14A	Mulund College of Commerce, Mulund (W), Mumbai - 400080.
B-15	SIES College of Arts, Science & Commerce, Sion (West), Mumbai - 400022.
B-15A	N. M. College of Commerce, Vile Parle (W), Mumbai - 400056.
B-16	Parle Tilak Vidyalyaya Association's M.L. Dahanukar College of Commerce, Dixit Road, Vile Parle (East), Mumbai - 400057.
B-16A	Sheth M. K. High School, Complex Factory Lane, Borivli (W), Mumbai - 400092.
B-17	ICLES' Motilal Jhunjhunwala College of Arts, Science & Commerce, Plot No. 53, Sector - 9A, Amlendu Roye Marg, Vashi, Navi Mumbai - 400703.
B-18	Nagpur Chapter of Cost Accountants, ICWAI Bhavan, 243/3, Laxminagar, Nagpur - 440022.
B-19	Nashik-Ojhar Chapter of Cost Accountants, 2nd Floor, Prasanna Arcade, Old Agra Road, Nashik - 422002.
B-20	Modern College of Arts, Science and Commerce, Shivaji Nagar, Pune - 411005.
B-21	S. S. Ajmera Junior College, Pimpri, Pune - 411018.
B-22	Rotary Club of Raipur, Jalbihar Colony, Raipur (C.G.) - 492 001
B-23	Surat-South Gujarat Chapter of Cost Accountants, B-210, Tirupati Plaza, Near Collector Office, Athwa Gate, Surat - 395001.
B-24	VPMS Institute of Management Studies, Chendani Bunder Road, Creek Land, Thane - 400601.
B-25	Baroda Chapter of Cost Accountants, 242, Phoenix Complex, Near Suraj Plaza, Sayajigunj, Vadodara - 390005.

**Kaushik Banerjee**  
Returning Officer

## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. ICWAI/EL-2011/10 :** In pursuance of Rule 6 read with Schedule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Returning Officer of the Institute of Cost and Works Accountants of India is pleased to publish the following list of members of the Institute in Southern India Regional Constituency eligible to vote in the next elections to the Council of the Institute of Cost and Works Accountants of India and to the Southern India Regional Council to be held on 3<sup>rd</sup> June 2011 vide Notifications dated 3<sup>rd</sup> March, 2011 published in the Gazette of India.

### List of Voters Explanatory Notes

1. In the List of Voters, which is topographically arranged, the cities and towns in the region and the names of members in each city or town have been arranged alphabetically.

2. The letters 'FICWA' after a member's name denote that he is a Fellow member of the Institute and the letters 'AICWA' after a member's name denote that he is an Associate member of the Institute.

3. The figure in brackets given at the end of an entry is the Membership Number of the member.

4. Against the name of each city or town indication has been given whether the voting there would be by poll or by post.

5. In places where the voting is to be by poll, the number **B-26, B-27, B-28, B-29, B-30, B-31, B-32, B-32A, B-33, B-34, B-35, B-36, B-37, B-38, B-39, B-40, B-41, B-42, B-43, B-44, B-45, B-46, B-47, B-48, B-49, B-50, and B-51** indicated against the serial number of the entry relating to a voter is the number of the polling booth at which he will be required to cast his vote.

The addresses of the polling booths in Southern India Regional Constituency are :

Polling Booth No.	Address
B-26	Bangalore Chapter of Cost Accountants, 81, Mallikarjuna Temple Street, Basavanagudi, Bangalore - 560004.
B-27	Institution of Agricultural Technologists (IAT), No.15, Queen's Road, Bangalore - 560052.
B-28	Southern India Regional Council of ICWAI, 4, Montieth Lane, Egmore, Chennai - 600008.
B-29	Southern India Chamber of Commerce & Industry, 6, Indian Chamber Buildings, Esplanade, Chennai - 600108.
B-30	South Indian National Association, Sastri Hall, No.40, Luz Church Road, Mylapore, Chennai - 600004.
B-31	C. Kandaswamy Naidu College for Men, Anna Nagar East, Near Round Tana, Anna Nagar, Chennai - 600040.
B-32	The Stenographers' Guild, 1, Guild Street, T. Nagar, Chennai - 600017.
B-32A	Chellammal Women's College, No.112, Anna Salai, Guindy, Chennai-600032.
B-33	Silver Jubilee Hall, Cochin Chapter of ICWAI, ICWAI Bhawan, CC/62/689, Judges' Avenue, Kaloor, Cochin - 682017.
B-34	Coimbatore Chapter of Cost Accountants, ICWAI Bhawan, 13/14, SFI Apts., Sathiamoorthy Road, Ramnagar, Coimbatore - 641009.

Polling Booth No.	Address
B-35	Hyderabad Chapter of Cost Accountants, ICWAI Bhavan, Ground Floor, 1-2-56/44A, Gaganmahal Road, 5th Street, Himayatnagar, Hyderabad – 500029.
B-36	YMCA of Greater Hyderabad, Secunderabad Branch, S. P. Road, Secunderabad – 500003.
B-37	Kothagudem Chapter of Cost Accountants, Opp. Musif Magistrate Court, Writers' Basti, Dist.- Khammam, Kothagudem – 507101. (A.P.)
B-38	Mathematics Building of the Baselius College, Baselius College, K.K. Road, Kottayam – 686001.
B-39	Madurai Chapter of Cost Accountants, 6, North Vadambokki Street (Upstairs), Madurai – 625001.
B-40	Mangalore Chapter of Cost Accountants, S.D.M. College Building, Mahatma Gandhi Road, Kodialbail, Mangalore – 575003.
B-41	D. Banumaiah's College of Commerce & Arts, New Sayyaji Rao Road, Mysore – 570024.
B-42	Sri Aurobindo Vidyalaya, Block 19, Neyveli – 607803. (T.N.)
B-43	Palakkad Chapter of Cost Accountants, Kit's College Building, Court Road, Palakkad – 678001.
B-44	Pondicherry Chapter of Cost Accountants, 12, Third Street, Jeyanagar, Reddiarpalayam, Pondicherry – 605010.
B-45	Access Point IT Services India (P) Ltd., 5/324, Thirugnana Sambandam Street (Next to Bharat Gas), Junction Main Road, State Bank Colony, Salem – 636004.
B-46	Thrissur Chapter of Cost Accountants, ICWAI Bhawan, XX/577/3, Sourabhya, Dilkush Lane, Kottappuram, Thrissur – 680004.
B-47	Tiruchirappalli Chapter of Cost Accountants, 48 (Old 34-A), Bharathidasan Salai, Cantonment, Tiruchirappalli – 620001.
B-48	Trivandrum Chapter of Cost Accountants, ICWAI Bhawan, T.C. 31/677/00, Jawahar Lane, Vellayambalam, Thiruvananthapuram – 695010.
B-49	Ranipet-Vellore Chapter of Cost Accountants, ICWAI Bhawan, 16, No.7A, R.G. Nagar, Bharathi Nagar, 3 <sup>rd</sup> . Main Road (Opp. Balaji Theatre), Katpadi, Vellore – 632007.
B-50	Vijayawada Chapter of Cost Accountants, ICWAI Bhawan, 58-6-14, Karanamgari Street, Patamata, Vijayawada – 520010.
B-51	Visakhapatnam Chapter of Cost Accountants, ICWAI Bhawan, Opp. Port Stadium, National Highway 5, Akkayyapalem, Visakhapatnam – 530016.

**Kaushik Banerjee**  
**Returning Officer**

## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. ICWAI/EL-2011/10:** In pursuance of Rule 6 read with Schedule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Returning Officer of the Institute of Cost and Works Accountants of India is pleased to publish the following list of members of the Institute in Eastern India Regional Constituency eligible to vote in the next elections to the Council of the Institute of Cost and Works Accountants of India and to the Eastern India Regional Council to be held on 3<sup>rd</sup> June 2011 vide Notifications dated 3<sup>rd</sup> March, 2011 published in the Gazette of India.

#### List of Voters Explanatory Notes

1. In the List of Voters, which is topographically arranged, the cities and towns in the region and the names of members in each city or town have been arranged alphabetically.

2. The letters 'FICWA' after a member's name denote that he is a Fellow member of the Institute and the letters 'AICWA' after a member's name denote that he is an Associate member of the Institute.

3. The figure in brackets given at the end of an entry is the Membership Number of the member.

4. Against the name of each city or town indication has been given whether the voting there would be by poll or by post.

5. In places where the voting is to be by poll, the number **B-52, B-53, B-54, B-55, B-56, B-57, B-58, B-58A, B-59, B-60, B-61, B-62, B-63, B-64, B-65, B-65A, B-66, B-67, B-68, B-69, B-70, B-71, B-72, B-73, B-74, B-75, B-76, B-77 and B-78** indicated against the serial number of the entry relating to a voter is the number of the polling booth at which he will be required to cast his vote.

The addresses of the polling booths in Eastern India Regional Constituency are :

Polling Booth No.	Address
B-52	Asansol Chapter of Cost Accountants, ICWAI Bhawan, Rajpara, Budha, Dist. Burdwan, Asansol - 713301.
B-53	South Orissa Chapter of Cost Accountants, Giri Road, Near Gita Bhawan, In front of PWD Office, Berhampur - 760005.
B-54	Cuttack-Bhubaneswar Chapter of Cost Accountants, A-122/2, Nayapalli, Nilakantha Nagar, Bhubaneswar - 751012.
B-55	Bokaro Steel City Chapter of Cost Accountants, ICWAI Bhavan, Institutional Area, Sector - 5, Bokaro Steel City (Jharkhand) - 827006.
B-56	Raj College, BBA/BCA Building, Burdwan - 713 101.
B-57	Revenshaw University, Post Office, College Square, Cuttack - 753003.
B-58	Dhanbad-Sindri Chapter of Cost Accountants, ICWAI Bhavan, Saraidhela, Dhanbad (Jharkhand) - 828127.
B-58A	Oil India Limited, General Building, Duliajan - 786 602, Assam.
B-59	Durgapur Chapter of Cost Accountants, ICWAI Bhawan, Nehru Avenue, (Nr. Nirmala Petrol Pump) Durgapur - 713205.
B-60	Icon Academy, Chandmari, Rajgarh Road, Guwahati - 781003.



Polling Booth No.	Address
B-61	Howrah Chapter of Cost Accountants, ICWAI Bhavan, 1/2, Baje Shibpur Road, Shibpur, Howrah - 711102.
B-62	Jamshedpur Chapter of Cost Accountants, Room No. 19, Russi Mody Centre for Excellence, Jubilee Road, Jamshedpur - 831001.
B-63	The Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700016.
B-64	Eastern India Regional Council, 84, Harish Mukherjee Road, Kolkata - 700025.
B-65	Dhakuria Sriramroy Institution, 10 & 11, Gariahat Road (South), Kolkata - 700031.
B-65A	Kanungo Park Recreation Club & Library, Garia, Next Lane of Dinabandhu Andrews College, Kolkata - 700 084.
B-66	All India Manufacturer's Organization, West Bengal State Board, ILACO House, Ground Floor, 1 & 3, Brabourne Road, Kolkata - 700001.
B-67	Park Institution, 12, Mohan Lal Street, Kolkata - 700004.
B-68	Labony Abasik Samity (LAS), Local Centre, Salt Lake City, Kolkata - 700064.
B-69	Behala High School, Behala, Kolkata - 700060.
B-70	Mahatma Gandhi Memorial High School, Nabapalli, Barasat, Kolkata - 700126
B-71	Naihati Narendra Vidyaniketan, 114, Jan Mohammad Ghat Road, Dist. North 24 Pgs., Naihati - 743165.
B-72	Patna Chapter of Cost Accountants, 3 <sup>rd</sup> . Floor, Kumar Tower, Boring Road Crossing, Patna - 800001.
B-73	Ranchi Chapter of Cost Accountants, 303, Giridhar Plaza, Harmu Road, Ranchi - 834001.
B-74	Rourkela Chapter of Cost Accountants, ICWAI Campus, ILS School, Sector - 17, Rourkela - 769003, Orissa.
B-75	Sambalpur Chapter of Cost Accountants, Finance Dept., Mahanadi Coal Fields Ltd., At/ Po-Jagruti Vihar, Burla, Sambalpur (Orissa) - 768020.
B-76	Serampore Chapter of Cost Accountants, ICWAI Bhawan, Srishti Apartment, 89, G.T. Road(West), Serampore - 712203.
B-77	Sodepur Club, F-14, School Road, Dist. North 24 Pgs., Sodepur, Kolkata - 700110.
B-78	Raja Peary Mohan College, Uttara, Hooghly, Pin - 712258

**Kaushik Banerjee**  
Returning Officer

## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

**No. ICWAI/EL-2011/10 :** In pursuance of Rule 6 read with Schedule 2 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the Returning Officer of the Institute of Cost and Works Accountants of India is pleased to publish the following list of members of the Institute in Northern India Regional Constituency eligible to vote in the next elections to the Council of the Institute of Cost and Works Accountants of India and to the Northern India Regional Council to be held on 3<sup>rd</sup> June 2011 vide Notifications dated 3<sup>rd</sup> March, 2011 published in the Gazette of India.

#### List of Voters Explanatory Notes

1. In the List of Voters, which is topographically arranged, the cities and towns in the region and the names of members in each city or town have been arranged alphabetically.

2. The letters 'FICWA' after a member's name denote that he is a Fellow member of the Institute and the letters 'AICWA' after a member's name denote that he is an Associate member of the Institute.

3. The figure in brackets given at the end of an entry is the Membership Number of the member.

4. Against the name of each city or town indication has been given whether the voting there would be by poll or by post.

5. In places where the voting is to be by poll, the number **B-79, B-80, B-81, B-82, B-83, B-84, B-85, B-86, B-87, B-88, B-88A, B-89, B-90, B-91, B-92, B-93, B-94, B-95, B-95A, B-96, B-97, B-98, B-99 and B-100** indicated against the serial number of the entry relating to a voter is the number of the polling booth at which he will be required to cast his vote.

The addresses of the polling booths in Northern India Regional Constituency are :

Polling Booth No.	Address
B-79	St. John's College, Agra - 282002.
B-80	Gauri Dharmashala, 106/320, Alopi Bagh, (Near Allahabad Bank), Allahabad - 211006.
B-81	B-12, 1 <sup>st</sup> Floor, Sangam Tower, Old R.T.O. Road, Bhilwara - 311001, (Raj)
B-82	Chandigarh-Panchkula Chapter of Cost Accountants, C/o. New Public School, Room No. 216, 2 <sup>nd</sup> Floor, Sector - 18B, Chandigarh - 160018.
B-83	Officers' Club, Yamuna Colony, Dehradun - 248001.
B-84	DAV Institute of Management, NH-3, NIT, Faridabad - 121001.
B-85	Ghaziabad Chapter of Cost Accountants, 34, 1 <sup>st</sup> Floor, Durga Tower, RDC Raj Nagar, Ghaziabad - 201002.
B-86	Gurgaon Chapter of Cost Accountants, 1 <sup>st</sup> Floor, P-9, Near Virasat Restaurent, Above Star Real Estate, New Colony, Gurgaon - 122001 (Haryana).
B-87	Hardwar-Rishikesh Chapter of Cost Accountants, Room No.1, HRDC, Sector 1, BHEL, Ranipur, Hardwar (Uttaranchal) - 249403.
B-88	Jaipur Chapter of Cost Accountants, ICWAI Bhawan, 3-A, Institutional Area, Jhalana Doongri, Jaipur - 302004.
B-88A	Jalandhar Chapter of Cost Accountants, 1 <sup>st</sup> Floor, Study Nest Building, Opp. Gurdawara Diwan Asthan, Chowk Central Town, Jalandhar City - 144001, Punjab.
B-89	ICWAI Bhawan, Plot No. 24, Near Railway Track, Mohanpura, Jodhpur.

<b>Polling Booth No.</b>	<b>Address</b>
B-90	Kanpur Vidya Mandir Mahila P.G. Mahavidyalaya, 7/147, Swaroop Nagar, Kanpur - 208002.
B-91	Kota Chapter of Cost Accountants, Lagat Bhawan, 6 - Basant Vihar, Kota (Rajasthan) - 324009.
B-92	Lucknow Chapter of Cost Accountants, ICWAI Bhawan, Vikas Khand - I, Gomti Nagar, Institutional Area, Lucknow - 226010.
B-93	SCO -32 (1st Floor), Feroze Gandhi Market, Ludhiana - 141001.
B-94	Northern India Regional Council of ICWAI, ICWAI Bhawan, 3, Institutional Area, Lodi Road, New Delhi - 110003.
B-95	Northern India Regional Council of ICWAI, C/o. Hindu Mahashava Bhawan, Mandir Marg, New Delhi - 110001.
B-95A	Central Office, Akhil Bharti Hindu Parishad, Hindu Mahashava, Mandir Marg, New Delhi - 110 001.
B-96	Laxmi Public School, X - 20, Institutional Area, Karkardooma, Delhi - 110092.
B-97	Red Roses Public School, D - Block, Saket, New Delhi - 110017.
B-98	Marigold Public School, Sector 19 (Adjoining GPO), Noida - 201301.
B-99	M. M. Modi College, Lower Mall, Patiala - 147001.
B-100	Udaipur Chapter of Cost Accountants, ICWAI Bhawan, 127, Sector - XI, Hiran Magri, Udaipur - 313001.

**Kaushik Banerjee**  
**Returning Officer**

**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**

12, Sudder Street, Kolkata - 700 016

**Application for Permission to Vote by Post**

**No. EL-2011/11** : In pursuance of Rule 28 of the Cost and Works Accountants (Election to the Council) Rules, 2006, the form for permission to vote by post as approved by the Council is annexed herewith.

The duly filled in and signed form along with requisite evidence should be submitted to the undersigned latest within 31<sup>st</sup> March, 2011 up to 6.00 P.M.

**Encl : Form**

**Kaushik Banerjee  
Returning Officer**

**Form of Application Seeking Permission to Vote by Post**

Shri Kaushik Banerjee,  
Returning Officer,  
The Institute of Cost and Works Accountants of India,  
12, Sudder Street,  
Kolkata - 700 016.  
Dear Sir,

**Subject : ICWAI Elections, 2011**

I hereby apply for permission to vote by post under Rule 28 of the Cost and Works Accountants (Election to the Council) Rules, 2006 and give below the necessary particulars:

- 1. Full Name :
- 2. Membership No. :
- 3. Serial No. in the list of voters, if known :
- 4. Serial No. and address of the polling booth allotted :
- 5. Reason for seeking permission to vote by post :

(a) There has been a permanent change in my professional address duly\* signed by an authorized personnel of the organization where the member is employed from the address published in the list of voters, to another place beyond a radius of fifty kilometers from the polling booth allotted to me as given below :

.....  
.....

OR

(b) I am suffering from a permanent infirmity \*\*, particulars of which are given below on account of which I shall not be able to exercise my vote on the date of election at the polling booth allotted to me.

Particulars of permanent infirmity :  
.....  
.....

- 6. Address to which the voting papers should be sent :
- Date :
- Place :

**Signature of the Member**

**VERIFICATION**

I declare that the particulars given above are correct to the best of my knowledge and belief.

**Signature of the Member**

Date :

Place :

---

\* The applications must be supported by a certificate only signed by an authorized personnel of the organization where the member is employed.

\*\* The application in this case must be supported by a certificate from a medical practitioner, not below the rank of a surgeon in any Government Hospital, confirming such permanent infirmity.

**(DULY FILLED IN AND SIGNED HARD COPY OF THIS FORM IN ORIGINAL SHOULD BE SUBMITTED TO THE RETURNING OFFICER AT THE HEADQUARTERS OF THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA, 12, SUDDER STREET, KOLKATA - 700 016 LATEST WITHIN 31<sup>ST</sup> MARCH, 2011 UP TO 6.00 P.M.)**

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**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**

12, Sudder Street, Kolkata - 700 016

**Elections to the Council and Regional Councils, 2011**

**NOTIFICATION**

Kolkata, the 3<sup>rd</sup> March, 2011

**Application for Permission to Vote at a Polling Booth or Change of Polling Booth**

**No. EL-2011/12 :** In pursuance of Rule 39 of the Cost and Works Accountants (Election to the Council) Rules, 2006, the form for permission to vote at a polling booth or change of polling booth as approved by the Council is annexed herewith.

The duly filled in and signed form should be submitted to the undersigned latest within 31<sup>st</sup> March, 2011 up to 6.00 P.M.

**Encl : Form**

**Kaushik Banerjee  
Returning Officer**

**Form of Application for Permission to Vote at a Polling Booth or for Change of Polling Booth**

(Note: Clear indication has been given in the List of Voters as to who are entitled to vote at a particular Booth. This Form is provided for use of only those who wish to apply for a change, for which valid grounds will have to be provided in this Form and submitted within the specified time limit.)

Shri Kaushik Banerjee,  
Returning Officer,  
The Institute of Cost and Works Accountants of India,  
12 Sudder Street,  
Kolkata - 700 016.

Dear Sir,

**Sub : Elections to the Council and Regional Councils, 2011**

My name appears under Serial No. .... of the List of Voters of .....  
..... India Regional Constituency. I hereby apply for permission to Vote –

**At Polling Booth No.** \_\_\_\_\_ **Situated at –**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**I give below the necessary particulars :**

1. Full Name \_\_\_\_\_
2. Membership No. \_\_\_\_\_
3. Name of Regional Constituency \_\_\_\_\_
4. Serial No. in the List of Voters \_\_\_\_\_

5. (a) Please state whether there has been a permanent change in your address from the one published in the Voters' List \_\_\_\_\_  
\_\_\_\_\_

(b) If so, please state your present address in full \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Distance from the allotted Polling Booth (if the address is beyond 50 Kilometers from the Polling Booth) \_\_\_\_\_

7. Reason for the Change requested \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date ..... Signature of the Member .....  
Place ..... Membership No. ....

**\*VERIFICATION**

I, ....., hereby declare that the particulars given above are correct to the best of my knowledge and belief.

Date ..... Signature of the Member .....  
Place..... Membership No. ....

(DULY FILLED IN AND SIGNED HARD COPY OF THIS FORM IN ORIGINAL SHOULD BE SUBMITTED TO THE RETURNING OFFICER AT THE HEADQUARTERS OF THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA, 12, SUDDER STREET, KOLKATA - 700 016 LATEST WITHIN 31<sup>ST</sup> MARCH, 2011 UPTO 6.00 P.M.)

# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

### Election Expenses

**No. EL-2011/13** : As per sub-rule of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 no candidate whose name has been included in the final list of nominations under Rule 15 of the said Rules, shall incur an expenditure above an amount to be fixed by the Council for this purpose. The Council has fixed the limit of expenditure as below:

- (i) Council Rs. 5,00,000 (Rupees Five Lakhs only)
- (ii) Regional Council Rs. 3,00,000 (Rupees Three Lakhs only)

Further as per sub-rule (2) of Rule 41 of the Rules every candidate shall file an account of expenses incurred for the election in the enclosed format within 15 days of notification issued under Rule 36 (Notification of the declaration of results) of the Rules.

**Encl : Format of Election Expenses**

**Kaushik Banerjee**  
Returning Officer

#### Format for the filing Account of Expenses incurred by the candidate during Election to the Council-2011

[ To be submitted within fifteen days of the date of declaration of the election result ]

The Returning Officer  
The Institute of Cost and Works Accountants of India  
12, Sudder Street, Kolkata - 700 016.

Dear Sir,

#### **Re : Filing of account of expenses incurred for Election to the Council**

In accordance with the provisions of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006, I ....., a candidate for election to the Council from ..... India Regional Constituency, hereby file an account of expenses incurred by me in connection with the election to the Council of the Institute held in June, 2011.

Sl. No.	Item of Expenditure	Expenditure Incurred in (Rs.)
1.	Total Cost of Stationery including paper purchased for printing circular/manifesto, Visiting Cards/Pamphlet/Handout/Letters and the like.	
2.	Total Printing cost (excluding stationery cost as above).	
3.	Total cost of vehicle used (excluding cost of travel by air, train, bus and the like).	
4.	Total Travel cost.	
5.	Total cost of stay, food etc.	
6.	Total cost of Postage.	
7.	Total cost of Telephone, Mobile, SMS, Fax, E-mail and the like.	
8.	Total cost of any other items not covered by the above. (please specify the names of items also)	
<b>Grand Total</b>		



I have noted that the ceiling fixed by the Council under rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 on election expenses (in aggregate under all possible heads) is Rs. 5.00 Lakhs (Rupees Five Lakhs only). Further, I have not incurred any expenditure as a candidate for the election other than those stated in the statement above.

I declare that the aforesaid statements of expenses are true to the best of my knowledge and belief.

Yours faithfully,

(Signature of the Candidate)

Place : .....

Name : .....

Membership No. : .....

Date: .....

Voter's Sl. No. : .....

Address : .....

.....

.....

.....

# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

## NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

### Election Expenses

**No. EL-2011/14 :** As per sub-rule of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 no candidate whose name has been included in the final list of nominations under Rule 15 of the said Rules, shall incur an expenditure above an amount to be fixed by the Council for this purpose. The Council has fixed the limit of expenditure as below:

- (i) Council Rs. 5,00,000 (Rupees Five Lakhs only)
- (ii) Regional Council Rs. 3,00,000 (Rupees Three Lakhs only)

Further as per sub-rule (2) of Rule 41 of the Rules every candidate shall file an account of expenses incurred for the election in the enclosed format within 15 days of notification issued under Rule 36 Notification of the declaration of results) of the Rules.

**Encl : Format of Election Expenses**

**Kaushik Banerjee**  
Returning Officer

#### Format for the filing Account of Expenses incurred by the candidate during Elections to the Regional Council-2011

[ To be submitted within fifteen days of the date of declaration of the election result ]

The Returning Officer  
The Institute of Cost and Works Accountants of India  
12, Sudder Street, Kolkata – 700 016.

Dear Sir,

#### Re : Filing of account of expenses incurred for Elections to the Regional Councils

In accordance with the provisions of Rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006, I ..... , a candidate for elections to the Regional Councils from .....India Regional Council, hereby file an account of expenses incurred by me in connection with the elections to the Regional Councils of the Institute held in June, 2011.

Sl. No.	Item of Expenditure	Expenditure Incurred in (Rs.)
1.	Total Cost of Stationery including paper purchased for printing circular/manifesto, Visiting Cards/Pamphlet/Handout/Letters and the like.	
2.	Total Printing cost (excluding stationery cost as above).	
3.	Total cost of vehicle used (excluding cost of travel by air, train, bus and the like).	
4.	Total Travel cost.	
5.	Total cost of stay, food etc.	
6.	Total cost of Postage.	
7.	Total cost of Telephone, Mobile, SMS, Fax, E-mail and the like.	
8.	Total cost of any other items not covered by the above.(please specify the names of items also)	
<b>Grand Total</b>		

I have noted that the ceiling fixed by the Council under rule 41 of the Cost and Works Accountants (Election to the Council) Rules, 2006 on election expenses (in aggregate under all possible heads) is Rs. 3.00 Lakhs (Rupees Three Lakhs only). Further, I have not incurred any expenditure as a candidate for the election other than those stated in the statement above.

I declare that the aforesaid statements of expenses are true to the best of my knowledge and belief.

Yours faithfully,

(Signature of the Candidate)

Place : .....

Name : .....

Membership No. : .....

Date: .....

Voter's Sl. No. : .....

Address : .....

.....

.....

.....

## THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

### NOTIFICATION

Kolkata, the 3<sup>rd</sup> March, 2011

#### **Duties of Election Observers in pursuance of sub-rule (1) of Rule 23 of The Cost and Works Accountants (Election to the Council) Rules, 2006.**

**No. EL-2011/15 :** In pursuance of sub-rule (1) of Rule 23 of Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the duties of the election observers as approved by the Council, are as follows :

1. To monitor and report to the Returning Officer that the guidelines issued for election, particularly for polling booths as well as the counting venues and also in respect of the Cost and Works Accountants Act, 1959 as amended, the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and the Cost and Works Accountants Regulations, 1959 as amended and other applicable Acts, Rules and Regulations, are followed as per the said guidelines.

2. To perform their duties with respect to Code of Conduct issued by the Council of the Institute and also on the election expenses made by the contesting candidates. They shall report to the Returning Officer for the purpose.

3. To observe the polling, sorting and counting of votes and to monitor the fairness of the polling, sorting and counting procedures.

4. To ensure the impartiality of the persons in charge of the polling, sorting and counting of votes, and their commitment to the Cost and Works Accountants Act, 1959 as amended, the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and the Cost and Works Accountants Regulations, 1959 as amended and other applicable Acts, Rules and Regulations.

5. To visit the geographical constituencies and polling and counting centres at any time without previous notice.

6. To attend all stages of the polling and counting, and particularly be present at the opening and closing of the ballot boxes.

7. To ascertain the freedom and fairness of the elections and the secrecy of the polling, and write reports to the Returning Officer to that effect.

8. The observers shall not interfere in any manner with the work of the elections or the officials engaged therewith, provided that they may formulate questions verbally or in writing.

**Kaushik Banerjee  
Returning Officer**

# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

## ELECTIONS TO THE COUNCIL AND REGIONAL COUNCILS, 2011

Kolkata, the 3<sup>rd</sup> March, 2011

### NOTIFICATION

#### Guidelines for Issue of Election Manifesto or Circular

**No. EL-2011/GMC :** With the publication of Election Notification in the Gazette of India on 3<sup>rd</sup> March, 2011, the Election Code of Conduct has become applicable to the members generally as well as the contesting candidates and their authorized representatives.

In pursuance of Rule 39 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended (the Rules), the following guidelines are hereby notified for compliance by the contesting candidates for issue of election manifesto or circular :

1. The issue of the manifesto or circular should strictly conform to Rule 42 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as already notified vide Notification No. EL-2011/ECC dated 3<sup>rd</sup> March, 2011.
2. Only one manifesto or circular can be issued by the contesting candidates in relation to the election in the period commencing from the date of issue of final list of nominations to the candidates, which shall be restricted to the members of the constituency concerned. Such manifesto or circular shall include an e-mail or letter addressed to a specific person and circulated to many persons and personal letters mentioning about a candidature and seeking support as per sub-rule (2) of Rule 42 of the Rules.
3. The manifesto or circular may contain one passport size single coloured or black and white photograph of the contesting candidate.
4. The manifesto or circular should not contain any other photograph of the contesting candidate or of any other person either individually or in a group.
5. The manifesto or circular cannot be issued in forums like yahoo or other e-groups, any other group, e-mail group of members, any electronic media, press and the public at large.
6. Websites like www.facebook.com must not be used by the contesting candidate in any manner for electioneering purpose as well as for issue of a manifesto or circular.
7. An SMS message, e-mail and fax by a contesting candidate appealing the members to vote and/or support him/her shall be deemed to be a manifesto or circular under sub-rule (2) of Rule 42 of the Rules.
8. The manifesto or circular can be sent through post, SMS, e-mail, fax etc. However, if a candidate has already sent the manifesto or circular by SMS or e-mail or fax, he is not entitled to send any other written communication different from that already sent to the members in pursuance of sub-rule (2) of Rule 42 of the Rules.
9. The manifesto of only one candidate can be sent in a single envelope indicating the name of the contesting candidate as sender when sent by post. Similarly, an SMS message, e-mail and fax can be sent only from the phone number, e-mail address and fax number respectively of the contesting candidate.

**Kaushik Banerjee**  
Returning Officer

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# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

12, Sudder Street, Kolkata - 700 016

## ELECTIONS TO THE COUNCIL AND REGIONAL COUNCILS, 2011

### Sub : Election Manifesto or Circular

Ref. No. : EL-2011/GMC-2011

Kolkata, the 9<sup>th</sup> March, 2011

A query has been raised as to the number of manifestos or circulars that may be issued commencing from the date of issue of Election Notification on 3<sup>rd</sup> March, 2011 till the declaration of results on 13<sup>th</sup> June 2011. In pursuance of Rule 39 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it is decided that only one election manifesto or circular shall be issued in the period commencing from the date of issue of final list of nomination to the candidate as provided in sub-rule (2) of Rule 42 of the said Rules.

**Kaushik Banerjee**  
Returning Officer

**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**

12, Sudder Street, Kolkata - 700 016

**ELECTIONS TO THE COUNCIL AND REGIONAL COUNCILS, 2011**

**Sub : Election Code of Conduct**

Ref. No. : EL-2011/ECC-1/2011

Kolkata, the 15<sup>th</sup> March, 2011

Queries have been raised on the following issues as to whether :

1. A candidate can send birthday/other greetings/greetings on a festive occasion by letter/card/SMS/e-mail etc. to individual members and whether this shall amount to election manifesto or circular.
2. Personal website or any other website can be used for issue of election manifesto or circular or for election/electioneering purpose.
3. A candidate can address Oral Coaching classes/seminars of students which has no member as a participant.
4. A candidate who happens to be an office bearer of the Council/Regional Council or Chapters can use the office infrastructure and stationery.
5. A contesting candidate can hold/attend meetings of the Council/Regional Council/Chapter.
6. A contesting candidate can give interview in electronic media, newspapers and the like.

In pursuance of Rule 39 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, it is decided as follows :

1. Birthday/other greetings/greetings on a festive occasion by letter/card/SMS/e-mail etc. to individual members can be sent. However, the candidate should not mention anything about his candidature for the election or a request to vote for or support him in the election. The said greetings will not amount to manifesto or circular provided it does not contain any information about the candidate or a request to vote for or support him in the election.
2. The distribution of manifesto or circular shall be restricted only to the members of the constituency concerned and shall not be distributed to the members outside the concerned constituency pursuant to Rule 42(3)(d) of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended. Personal website or any other website as well as various e-groups may lead to access of members outside the constituency. Hence, the contesting candidates cannot use personal website or any other website as well as various e-groups for issue of election manifesto or circular or for election/electioneering purpose.
3. In accordance with the Election Code of Conduct, the contesting candidate should not address Oral Coaching classes/seminars or similar gathering of students.
4. The office bearers of the Council/Regional Councils and Chapters responding to any communication received from the Government and Regulatory Bodies can use the office infrastructure and stationery. The communications in official capacity addressed to others including Members/Students/Institute etc. should be sent by designation of the office bearer only and not by name. However, no resources, infrastructure and stationery of the Council/Regional Councils and Chapters should be used directly or indirectly for election/electioneering purpose.
5. There is no bar in holding/attending normal meetings of the Council/Regional Councils/Chapters and its Committees in usual course of work. However, the conduct of the contesting candidate at the meeting and related therewith should not provide any room for violation of the Election Code of Conduct and there should not be any use of resources, infrastructure and stationery of the Council/Regional Councils and Chapters directly or indirectly for election/electioneering purpose.
6. Interview in electronic media, newspapers and the like by contesting candidates in any manner is not permissible. However, interview given in a non-professional capacity may be permitted.

**Kaushik Banerjee**  
**Returning Officer**

**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**

12, Sudder Street, Kolkata - 700 016

**ELECTIONS TO THE COUNCIL AND REGIONAL COUNCILS, 2011**

**Sub : Nomination**

Ref. No. : EL-2011/SN/2011

Kolkata, the 15<sup>th</sup> March, 2011

This is for information of all concerned that the nomination papers for Elections to the Council and Regional Councils, 2011 will be scrutinized by the Panel appointed by the Council in accordance with Rule 12 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended.

**Kaushik Banerjee**  
**Returning Officer**



# THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

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March 29, 2011

## NOTIFICATION

**No. EL-2011/17(W)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the names of persons whose nominations from Western India Regional Constituency for the next (Eighteenth) election to the Council of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

### List of Valid Nominations for Election to the Council - 2011

#### Western India Regional Constituency

- |  |  |
|--|--|
| <p>1. <b>Apte, Amit Anand</b><br/>11/7, Laxminarayan Nagar,<br/>S. No. 11 &amp; 12, Erandawane,<br/>Pune-411 004.</p>  | <p>2. <b>Bhargave, Sanjay Ramchandra</b><br/>3, Khushboo Apartments,<br/>S. No. 78/2, Plot No. 29, Bhusari Colony (R),<br/>Paud Road, Kothrud,<br/>Pune-411 038.</p>   |
| <p>3. <b>Bhattad, Pramodkumar Vithaldas</b><br/>Dy. General Manager (Finance),<br/>South Eastern Coalfields Ltd.,<br/>Seepat Road,<br/>Bilaspur-495 006.</p> | <p>4. <b>Dalwadi, Ashwin Gordhanbhai</b><br/>A.G. Dalwadi &amp; Co., 403, Ashirvad Complex,<br/>Next to 'Aditya' Bldg.,<br/>Behind Sardar Patel Seva Samaj,<br/>Nr. Mithakhali Six Roads,<br/>Ahmedabad - 380 006.</p> |
| <p>5. <b>Desai, Manubhai Khandubhai</b><br/>94, Amrakunj Society,<br/>Ghoddod Road,<br/>Surat-395 001.</p>   | <p>6. <b>Mehta, Kirankumar Jayantilal</b><br/>257, Ellisbridge Shopping Centre,<br/>Opp. M.J. Library, Ahmedabad - 380 006.</p>  |
| <p>7. <b>Soman, Aruna Vilas</b><br/>501, Vidya Apartments,<br/>168, Veer Savarkar Marg, Mahim,<br/>Mumbai-400 016.</p>                                       |  |

**Kaushik Banerjee**  
Returning Officer



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March 29, 2011

### NOTIFICATION

**No. EL-2011/17(S)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the names of persons whose nominations from Southern India Regional Constituency for the next (Eighteenth) election to the Council of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

#### List of Valid Nominations for Election to the Council - 2011

##### Southern India Regional Constituency

1. **Anegundi, Y.H.**  
No. 130, Sainagar, Phase I,  
Post : Vidyananyapura,  
Bengaluru - 560 097.
2. **Ashok, I.**  
4, Madurai Road, Near Periyar Statue,  
Tirumangalam,  
Madurai - 625 706.
3. **Durga Prasad, A.S.**  
M.D. & C.E.O.,  
Propart Solutions India Pvt. Ltd.,  
4th Floor, Narmada Arcade,  
Above HDFC Bank, Nacharam Main Road,  
Hyderabad - 500 076.
4. **Felix, K.A.**  
Kizhakkekuruvachira,  
Kadaplamattom P.O.,  
Kottayam - 686 571.
5. **Gopalakrishnan, M.**  
1, Lakshmi Niwas, 3rd Street,  
K.V. Colony,  
West Mambalam,  
Chennai - 600 033.
6. **Madhavan, A.**  
No. 9, Dr. Ranga Road, Mylapore,  
Chennai - 600 004.
7. **Nagaraja, B. R.**  
No. 462, 9th Main Road,  
39th Cross, 5th Block, Jayanagar,  
Bangalore- 560 041.
8. **Nageswara Rao, A.V.N.S.**  
H. No. 30-1569/2, Plot No. 35,  
Anantanagar Colony, Neredmet,  
Ramakrishnapuram Post,  
Secunderabad - 500 056.
9. **Om Prakash, A.**  
No. 3, 1st Main, 1st Cross,  
Kumaraswamy Layout II Stage,  
Bangalore - 560 078.
10. **Rao, P.V.S. Jagan Mohan**  
308, Himasai Gardens, Gulmohar Block,  
Jawahar Nagar, RTC Cross Roads,  
Hyderabad - 500 020.
11. **Sreshti, D.L.S.**  
Flat No. 204, Mount Santoshi Apartment,  
Mayuri Marg, Begumpet,  
Hyderabad - 500 016.

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March 29, 2011

## NOTIFICATION

**No. EL-2011/17(E)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the names of persons whose nominations from Eastern India Regional Constituency for the next (Eighteenth) election to the Council of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

### List of Valid Nominations for Election to the Council-2011

#### Eastern India Regional Constituency

- |   |  |
|---|--|
| 1. <b>Bandyopadhyaya, Sanjiban</b><br>G-16, Banerjee Para, Kamdahari, Garia<br>Kolkata- 700 084.  | 2. <b>Basu, Biswarup</b><br>34/1, Mahim Halder Street,<br>Kolkata - 700 026.                                 |
| 3. <b>Chattopadhyay, Chitta Ranjan</b><br>66A, Dhuli Para Lane,<br>Serampore - 712 201.   | 4. <b>Goswami, Avijit</b><br>27-A/5, J.K. Mitra Road,<br>Kolkata - 700 037.                                  |
| 5. <b>Majumdar, Bibhabananda</b><br>Chief Manager (Finance), Coal India Ltd.,<br>10, Netaji Subhas Road,<br>Kolkata-700 001.  | 6. <b>Mohanty, Suresh Chandra</b><br>511, Sahid Nagar,<br>Bhubaneswar - 751 007.                             |
| 7. <b>Mukherjee, Somnath</b><br>14E/5, Rajmohan Road,<br>P.O. Uttarpara Dt. Hooghly, Pin - 712 258.   | 8. <b>Pradhan, Tanmaya Sivadarsini</b><br>'Swasthan', Brooks Hill,<br>Sambalpur - 768 001.                   |
| 9. <b>Saha, Debasish</b><br>Chief General Manager (Finance),<br>Orissa Power Transmission Corporation Ltd.,<br>Room No. 33, Finance Wing Building (1st Floor),<br>P.O. Bhoinagar,<br>Bhubaneswar - 751 022. | 10. <b>Sarkar, Haradhan</b><br>"Tagore Court", Flat No. 8,<br>1/1, Dr. R.N. Tagore Road,<br>Kolkata-700 056. |
| 11. <b>Srinivasa Prasad, T.C.A.</b><br>Executive Director (FLA-ERP)<br>Steel Authority of India Ltd., SAIL House,<br>7th Floor, 50, J.L. Nehru Road,<br>Kolkata-700 071.                                    | 12. <b>Thakur, Manas Kumar</b><br>22/A, Verner Lane, Belghoria,<br>Kolkata-700 056.                          |

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March 29, 2011

**NOTIFICATION**

**No. EL-2011/17(N)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, the names of persons whose nominations from Northern India Regional Constituency for the next (Eighteenth) election to the Council of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

**List of Valid Nominations for Election to the Council - 2011**

**Northern India Regional Constituency**

- |  |  |
|--|--|
| 1. <b>Goel, Hari Krishan</b><br>31, Community Centre,<br>Ashok Vihar,<br>Delhi- 110 052.                                   | 2. <b>Gupta, Sanjay</b><br>C-4-E/135, Janak Puri,<br>New Delhi-110 058.                      |
| 3. <b>Jain, Baboo Lal</b><br>General Manager (F&A), MMTC Ltd.,<br>Core I, Scope Complex, Lodi Road,<br>New Delhi- 110 003. | 4. <b>Mehrotra, Rajeev</b><br>H. No. 3133, Sector 23,<br>Gurgaon- 122 017.                   |
| 5. <b>Singh, Balwinder</b><br>SCO 57, Sector 20-C,<br>Chandigarh- 160 020.   | 6. <b>Singh, Rakesh</b><br>Pocket - C,<br>211B, Siddhartha Extension,<br>New Delhi- 110 014. |

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March 29, 2011

## NOTIFICATION

**No. : EL-2011/18(W)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and Regulations 117 and 118 of the Cost and Works Accountants Regulations, 1959 as amended, the names of persons whose nominations from Western India Regional Constituency for the elections to the Regional Councils of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

### List of Valid Nominations for Elections to the Regional Councils - 2011

#### Western India Regional Council

- |   |   |  |  |
|---|---|--|--|
| 1. <b>Birla, Dinesh Kumar</b><br>A/3, Nirant Apartment, Opp. Town Hall,<br>Near : Karnavati Hospital, Ellis – Bridge,<br>Ahmedabad - 380 006. |   | 2. <b>Chourasia, Yogesh</b><br>Yogesh Chourasia & Associates, R-73, Zone - II,<br>M P Nagar, Near : Arya Bhawan, Bhopal-462 011.   |  |
| 3. <b>Hampiholi, Jayant Krishnarao</b><br>B2/3, Adarsh Hsg. Society,<br>Dolasnath Colony, Talegaon, Dabhade - 410 506.                        | → | <b>Nomination accepted subject to availability of photograph within 07.04.2011.</b>  |  |
| 4. <b>Joshi, Neeraj Dhananjay</b><br>CMP Pride, 1st Floor, Plot No. 6, S.No.1616,<br>Erandawana Hsg. Soc., Erandawana, Pune - 411 004.        |   | 5. <b>Joshi, Vijay P.</b><br>302, Sham Tower, 164/2, R.N.T. Marg,<br>Near : Hotel President, Indore.   |  |
| 6. <b>Malganya, Basantilal</b><br>4/15, Chhatrasal Nagar, Phase-2, J.K. Road,<br>Bhopal-462 021   |   | 7. <b>Mitra, Debasish</b><br>B/502, Mayuresh Srishty Park, Off. Lake Road,<br>Bhandup (W), Mumbai - 400 078.   |  |
| 8. <b>Narasimhan, S.G.</b><br>B 204, Runwal Pride, Behind R Mall, L B S Marg,<br>Mulund (W), Mumbai - 400 080.                                |   | 9. <b>Nawal, Ashok Bhagawandas</b><br>A.B. Nawal & Associates, 203, Rohan Heights,<br>D'souza Colony, Off. College Road, Nasik - 422 005.                                |  |
| 10. <b>Nimkar, Narhar Krishnaji</b><br>3, Audumbar, Bhusari Colony, Paud Road,<br>Kothrud, Pune-411 038.                                      |   | 11. <b>Paliwal, Ghanshyam R.</b><br>G.R. Paliwal & Co., 408 A, Lokmat Bhawan,<br>Ramdaspath, Wardha Road, Nagpur-440 012.  |  |
| 12. <b>Pandit, Murlidhar Ramkumar</b><br>M.R. Pandit & Co.,<br>Pawan Vihar, N-4, E-40, CIDCO,<br>Aurangabad - 431 003.                        | → | <b>Nomination accepted subject to availability of Demand Draft dated 22.03.2011 towards nomination fee and security deposit and photograph within 07.04.2011</b>         |  |
| 13. <b>Prabhudesai, Virochan B.</b><br>C-28, Bhanukant Complex, Junction of Aarey<br>Road & W.E. Highway, Goregaon (E),<br>Mumbai - 400 063.  |   | 14. <b>Shah, Shrenik Sumantlal</b><br>"Swashraya", 1-A, A.D.C. Bank Society,<br>B/h. Sahajanand College, Ambawadi,<br>Ahmedabad - 380 015.                               |  |
| 15. <b>Soni, Suresh Kumar</b><br>171, Rachna Nagar, Govindpura, Bhopal-462 023.   |   | 16. <b>Thakar, Yashodhar S.</b><br>Y.S. Thakar & Associates, Vrund Complex,<br>7, Second Floor, Near : Urmi Char Rasta,<br>Productivity Road, Akota, Vadodara - 390 020. |  |
| 17. <b>Thatte, Ashish Prakash</b><br>3,A/5, Anand Deep, Pendse Nagar,<br>Dombivli (East) - 421 201.   | → | <b>Nomination accepted subject to availability of Demand Draft dated 14.03.2011 towards nomination fee and security deposit within 07.04.2011</b>                        |  |
| 18. <b>Turakhia, Mihir Praful</b><br>M.P. Turakhia & Associates, 404, Shalimar Corporate<br>Centre, 8-B, South Tukoganj, Indore-452 001.      |   |  |  |

**Kaushik Banerjee**  
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March 29, 2011



**NOTIFICATION**

**No.: EL-2011/18(S)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and Regulations 117 and 118 of the Cost and Works Accountants Regulations, 1959 as amended, the names of persons whose nominations from Southern India Regional Constituency for the elections to the Regional Councils of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

**List of Valid Nominations for Election to the Regional Councils - 2011**  
**Southern India Regional Council**

- |   |   |
|---|---|
| 1. <b>Anegundi, Y.H.</b><br>No. 130, Sai Nagar Phase - I,<br>Post : Vidyananyapura, Bengaluru - 560 097.  |   |
| 2. <b>Govindarajan, M.</b><br>55, Rajaram Street, Jawahar Nagar, Tirumangalam,<br>Madurai District, Tamil Nadu, Pin : 625 706.  | → Nomination accepted subject to availability of<br>photograph within 07.04.2011. |
| 3. <b>Gunjalli, Suresh R</b><br># 555, 6 <sup>th</sup> Main, 4 <sup>th</sup> Block, Rajaji Nagar,<br>Bangalore - 560 010  |   |
| 4. <b>Iyer, Raju P</b><br>17 (Old No. 8), Hasthinapuram Main Road,<br>Nehru Nagar, Chromepet, Chennai-600 044   |   |
| 5. <b>Kesavamoorthy, M.</b><br>Deposit Manager, Tamilnadu Transport Development<br>Finance Corporation Ltd., Tourism Complex 4 <sup>th</sup> Floor,<br>2, Wallajah Road, Chennai - 600 002              | → Nomination accepted subject to availability of<br>photograph within 07.04.2011. |
| 6. <b>Krishna Murthy, M.R.</b><br>No. 20/A, "Deepasri", 3 <sup>rd</sup> Main Road, NTI Layout,<br>RMV 2 <sup>nd</sup> Stage, Bangalore - 560 094.   |   |
| 7. <b>Mayli Murugan, A</b><br>9, Kammalar Lane, North Car Street,<br>Thirupparankundram, Madurai-625005   |   |
| 8. <b>Murugesan, J.</b><br>17/1, Selvanagar Second Street,<br>Ponnagar, Tiruchirapalli - 620 001.   |   |
| 9. <b>Muthu Pandian, K.</b><br>Old No 11/New No 2, Dayalu Nagar Main Road,<br>Kodambakkam, Chennai-600 024  |   |
| 10. <b>Padmanabhan, H.</b><br>Sr. Manager, Indian Overseas Bank, Sreekanteshwaram<br>Branch, Thiruvananthapuram - 695 023.  | → Nomination accepted subject to availability of<br>photograph within 07.04.2011. |
| 11. <b>Prabhakar, B.R.</b><br>No 179, "Shubhodaya", 44 <sup>th</sup> Cross, 8 <sup>th</sup> Block,<br>Jayanagar, Bangalore - 560 082.   |   |
| 12. <b>Rajah, Raman</b><br>No 5, Ansals Riverdale, 1/42L, Tripunithura Road,<br>Eroor(N) - 682 306.   |   |
| 13. <b>Ramachandran, Srinivasan</b><br>C/o Mr. Sakthi Kandappan, Investment Consultants,<br>No 4, Office and Market Complex, No 4, 8 <sup>th</sup> East<br>Cross Road, Gandhi Nagar, Vellore - 632 006. | → Nomination accepted subject to availability of<br>photograph within 07.04.2011. |
| 14. <b>Sanyasi Rao, Kalavalapalli</b><br>AGM (F & A), RINL, Vishakhapatnam Steel Plant,<br>Vishakhapatnam - 530 031.  |   |
| 15. <b>Rao, Mylavarapu Kameswara</b><br>4-124 Swaroop Nagar, Uppal,<br>Hyderabad - 500 039.   |   |
| 16. <b>Subrahmanyam, G.V.S.</b><br>Flat No 204, Shri Shailaja Nivas,<br>Near Santoshimatha Temple, Bhavani Nagar,<br>Dilsukhnagar, Hyderabad - 500 036.   |   |
| 17. <b>Venkateswarlu, Ch.</b><br>Contracts Department, Tata Projects Ltd, Mithona<br>Towers, Prenderghast Road, Secunderabad-500 003.   | → Nomination accepted subject to availability of<br>photograph within 07.04.2011. |

**Kaushik Banerjee**  
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March 29, 2011

## NOTIFICATION

**No. : EL-2011/18(E)** : In pursuance of sub-rules (1) and (2) of Rule 13 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and Regulations 117 and 118 of the Cost and Works Accountants Regulations, 1959 as amended, the names of persons whose nominations from Eastern India Regional Constituency for the elections to the Regional Councils of the Institute of Cost and Works Accountants of India to be held on 3<sup>rd</sup> June, 2011, have been accepted as valid, are hereby published for information of all concerned.

### List of Valid Nominations for Elections to the Regional Councils - 2011

#### Eastern India Regional Council

- |  |   |
|--|---|
| 1. <b>Agarwal, Chitra</b><br>Room No. 303A, Deluxe Centre,<br>157C, Lenin Sarani, Kolkata- 700 013.                                      | 2. <b>Banerjee, Ashis</b><br>Kalitala Road, PO & Vill:- Bara Bahera,<br>Hooghly-712 246.  |
| 3. <b>Bhattacharjee, Shyamal Kumar</b><br>8/4, S.P. Mukherjee Road, Durgapur - 713 204.  | 4. <b>Bhattacharya, Pallab</b><br>37, Gobindo Bose Lane, Kolkata - 700 025.   |
| 5. <b>Bhattacharyya, Madan Mohan</b><br>B 1/F, Ganapati Tower, Gopalpur,<br>Asansol - 713 304.   | 6. <b>Chakraborty, Subhasish</b><br>17-B, Hindusthan Road, Kolkata-700 029.   |
| 7. <b>Dasgupta, Saswata</b><br>8/4, Banerjee Para Road, Behala,<br>Kolkata - 700 060.  | 8. <b>Dutta, Mukta Mohan</b><br>625, J.N. Bose Road, Subhash Park (3 <sup>rd</sup> Lane),<br>P.O. : Kotalia, Kolkata - 700 146. |
| 9. <b>Ghosh, Ranajit</b><br>30 A, Anil Roy Road, 2 <sup>nd</sup> Floor, Kolkata-700 029.   | 10. <b>Ghosh, Sanjiban</b><br>1 <sup>st</sup> Floor, Anila Mansion, Phusbunglow,<br>Bhaga Dhanbad-828 301.                      |
| 11. <b>Gupta, Dilip Kumar</b><br>52, Sahid Binay Bose Road, Bansdroni,<br>Kolkata-700 070.   | 12. <b>Mukherjee, Asim Kumar</b><br>36/1, Bangur Avenue,<br>Near Bangur Avenue Post Office, Kolkata - 700 055.                  |
| 13. <b>Mukhopadhyay, Ashok Kumar</b><br>14D/ IB, Dum Dum Road,<br>Kolkata - 700 030.   | 14. <b>Mukhopadhyay, Bibekananda</b><br>B - 20, Amarabati, Sodepur,<br>Kolkata-700 110.   |
| 15. <b>Padhi, Shiba Prasad</b><br>Plot No - N - 1/163, IRC Village, Nayapalli,<br>Bhubaneswar - 751 015.                                 | 16. <b>Ramana, Cheruvu Venkata</b><br>C/o Hotal Jyoti Residency, Opp. Old Bus Stand,<br>Berhampur - 760 001.                    |
| 17. <b>Ray, Sarbajit</b><br>27A & C, Amherst Street,<br>Kolkata-700009.  | 18. <b>Roychoudhury, Sanjib Kumar</b><br>271/3, Rajdanga Main Road,<br>Kolkata-700 107.   |
| 19. <b>Sahoo, Srikanta Kumar</b><br>Qtrs No.D - 32/F (2 <sup>nd</sup> Floor) GRIDCO Colony,<br>P.O. - Bhoi Nagar, Bhubaneswar - 751 022. | → <b>Nomination accepted subject to availability of<br/>photograph within 07.04.2011.</b>                                       |
| 20. <b>Sarkar, Rammani</b><br>9C, Khudiram Basu Road, Konnagar, Hooghly,<br>Nabagram - 712 246.  |   |
| 21. <b>Sur, Shyamal Kanti</b><br>17, Flat-3D Rashtraguru Avenue,<br>Kolkata - 700 028.   | → <b>Nomination accepted subject to availability of<br/>photograph within 07.04.2011.</b>                                       |

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### List of Valid Nominations for Elections to the Regional Councils - 2011

#### Northern India Regional Council

- |  |  |
|--|--|
| 1. <b>Bhalla, Rakesh</b><br>H. No. 4551/C, Sector - 70, SAS Nagar,<br>Mohali - 160 059.  | 2. <b>Bhateja, Radha Krishan</b><br>3D, DDA Flats Sarai Julena, Near Escorts Heart<br>Institute, New Delhi- 110 025.   |
| 3. <b>Bhatt, Sandeep Kutnar</b><br>F - 103, DAV Complex, Opp Samachar Apptt,<br>Mayur Vihar - 1,<br>New Delhi-110 091.               | 4. <b>Jain, Baboo Lal</b><br>General Manager (F & A), MMTCL Ltd, Core-I,<br>Scope Complex, Lodi Road,<br>New Delhi- 110 003.                                 |
| 5. <b>Kulshreshtha, Manoj Kumar</b><br>41, Kalpana Apartments, Sector - V, Vaishali,<br>Ghaziabad-201 010.                           | 6. <b>Kumar, Arvind</b><br>Manager - Accounts, IFFCO,<br>2/10 Kali Mandir Enclave, Dehradun.   |
| 7. <b>Mittal, Rama Raman</b><br>5/28, Alwala Building, Agrasen Bazar,<br>Kota-324 006.   |  |
| 8. <b>Sahni, Ravi Kumar</b><br>408, 1 <sup>st</sup> Floor Shakti Khand - IV, Indira Puram,<br>Ghaziabad- 201010                      | → <b>Nomination accepted subject to availability of<br/>photograph within 07.04.2011.</b>  |
| 9. <b>Sanyal, Debjit</b><br>TC - 122, Pandav Nagar, Patel Nagar,<br>New Delhi-110 008.   | 10. <b>Sharma, Anil</b><br># 215, Sector 37A,<br>Chandigarh - 160 036.   |
| 11. <b>Sharma, Vijender</b><br>11, (3 <sup>rd</sup> Floor) Hargovind Enclave,<br>New Delhi-110 092.                                  | → <b>Nomination accepted subject to availability of<br/>Demand Draft dated 14.03.2011 towards nomination<br/>fee and security deposit within 07.04.2011.</b> |
| 12. <b>Srivastava, Saurabh</b><br>IRCON International Ltd, Plot No - 22,<br>EcoTech - III, Udyog Kendra,<br>Greater Noida - 201 306. |  |
| 13. <b>Tara, Harkesh</b><br>A-1-B/49-B, Paschim Vihar,<br>New Delhi- 110 063.  | → <b>Nomination accepted subject to availability of<br/>photograph within 07.04.2011.</b>  |
| 14. <b>Tomar, Rajeev</b><br>16, Officers' Block, Panchvati Colony,<br>Ghaziabad- 201 009.  | → <b>Nomination accepted subject to availability of<br/>photograph within 07.04.2011.</b>  |

**Kaushik Banerjee**  
**Returning Officer**

## For Attention of Practising Members

### GUIDELINES FOR RENEWAL OF CERTIFICATE OF PRACTICE

The members of the Institute holding Certificate of Practice having validity upto 30<sup>th</sup> June, 2011 are requested to comply with the following guidelines for renewal of their Certificate of Practice :

1. The following changes consequent to amendment to the Cost and Works Accountants Regulations, 1959 vide Notification dated 4<sup>th</sup> February, 2011 published in the Gazette of India may be noted:

- The validity of a Certificate of Practice (COP) henceforth would be for the period **1<sup>st</sup> April to 31<sup>st</sup> March** every year unless it is cancelled under the provisions of the Act and these Regulations.
- The Certificate of Practice issued shall automatically be renewed subject to payment of renewal fees.
- From the year 2011-12, no fresh certificate would be issued every year unlike the practice being followed till now. The COP issued from the year 2011-12 would be in a different form.
- The COP issued during 2010-11 having validity upto 30<sup>th</sup> June 2011 would remain valid till that date. Renewal of the same has to be done anytime during 1<sup>st</sup> April 2011 to 30<sup>th</sup> June 2011 and the renewed COP will be valid till 31<sup>st</sup> March 2012.

2. It may please be noted that under amended Section 6 of the Cost and Works Accountants Act, 1959, both the **Annual Membership Fee** and **Fee for Renewal of Certificate of Practice** falls due on 1<sup>st</sup> April each year.

3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31<sup>st</sup> March** each year (coming into effect from 31/03/2012) unless it is renewed on or before the date of expiry in terms of amended Regulation 10 of the Cost and Works Accountants Regulation, 1959. Hence, a member will be required to renew his certificate before 31<sup>st</sup> March every year from the year 2012.

4. It may please be noted that mere payment of fees alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form for Renewal of Certificate of Practice duly filled in and signed on **both sides is absolute necessary**. Soft copy of prescribed Form for Renewal of Certificate of Practice can be downloaded from Institute's website [www.icwai.org](http://www.icwai.org) under the option Members->Download->Forms.

5. It is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practicing member has undertaken any employment or there has been a change in employment :

“Shri ..... is employed as (designation)  
 ..... in (name of Organisation) .....  
 and he is permitted , notwithstanding anything contained in the terms of his employment,  
 to engage himself in the practice of profession of Cost Accountancy in his spare time in  
 addition to his regular salaried employment with us.

Signature of Employers  
 under seal of Organisation”

6. In order to enhance professional competence and evolve a systematic mechanism to update knowledge of members in practice, a scheme of Continuing Education Programme (CEP) was introduced in the year 2003.

A revision of the said scheme has been made by the Council of the ICWAI in 2009 as follows :

- i. The member should undergo minimum mandatory training of 10 hours per year w.e.f. 2009-10.
- ii. The certificate of attendance for training will have to be enclosed with the application for renewal of certificate of Practice

The detailed revised guidelines in this connection are available on Institute's website [www.icwai.org](http://www.icwai.org) under the option Members->Guidelines/Procedures->For Mandatory Training For all Members of ICWAI under Continuing Education Programme.

The requirement specified above does not apply to a member in practice who has attained the age of 65 years as on 1<sup>st</sup> April, 2011.

Further, in accordance with proviso to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959 as amended, no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training to be undergone every year or such block of years or such other alternative conditions as may be determined by the Council by notification from time to time.

**Hence, all practising members are requested to send their application for renewal for the year 2011-12 along with other requirements as indicated herein above immediately.**

Other Relevant Issues for Renewal of COP valid upto 31<sup>st</sup> March 2012 :

- Application for renewal of Certificate of Practice upto **31<sup>st</sup> March, 2012** has to be made in the prescribed Form for Renewal of Certificate of Practice duly filled in and signed on both sides together with Renewal Certificate of Practice fee for Rs. 500/- and all other dues to the Institute on account of annual membership fees and entrance fees.
- The annual membership for Associate and Fellow Members are Rs. 500/- and Rs. 1000/- respectively. The entrance fee for Associate and Fellow Members are Rs. 600/- and Rs. 500/- respectively payable at a time at the time of application for admission.
- The fees may be paid by Demand Draft/Pay Order/Cheque payable at Kolkata if remitted by post to the Headquarters of the Institute. In case remittance is made through an outstation cheque, Rs.30/- is to be included towards bank charges. The fees may also be paid directly by cash at the Headquarters or by Cash/Demand Draft/Pay Order/ Cheque at the Regional Councils or Chapters of the Institute.
- Certificate of Practice renewed upto 30<sup>th</sup> June, 2011 shall have validity till that date. Practising members concerned may send their application for renewal of the same in prescribed manner within **30<sup>th</sup> June, 2011**.
- Further, the credit hours for Continuing Education Programme (CEP) for renewal of Certificate of Practice upto 31<sup>st</sup> March, 2012 shall be considered upto 30<sup>th</sup> June, 2011. However, the Certificate of Practice so renewed shall have validity upto **31<sup>st</sup> March, 2012** only.

### For Attention of Members

#### Payment for Annual Membership Fee for 2011-2012

The Annual Membership Fee for 2011-2012 for all Associate and Fellow Members of the Institute has become due and payable on 1<sup>st</sup> April, 2011 at the following rates:

Associate Annual Membership Fee : Rs.500/- (Rs. 125/- for members entitled to pay at reduced rate)  
Fellow Annual Membership Fee : Rs.1000/- (Rs.250/- for members entitled to pay at reduced rate)

All members are requested to pay their respective membership fees along with arrears, if any, immediately and **not later than 30<sup>th</sup> September, 2011**.

The fees may be paid by Cash/Demand Draft/Cheque at the Headquarters/Regional Council offices/ Chapters of the Institute. The Demand Draft/Cheque should be drawn in favour of "The ICWA of India" and payable at Kolkata. In case of outstation cheque Rs.30/- is to be added towards Bank Charges.

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**NOTE :** MEMBERS SHOULD ENSURE TO INDICATE THEIR NAME AND MEMBERSHIP NO. ON THE REVERSE OF CHEQUE/DEMAND DRAFT TO BE DRAWN IN FAVOUR OF "THE ICWA OF INDIA" PAYABLE AT KOLKATA IN CASE PAYMENT IS RENDERED BY CHEQUE/DEMAND DRAFT, IT SHOULD ALSO BE ENSURED NOT TO ENCLOSE ANY OTHER INTIMATION ETC. ALONG WITH THE REMITTANCE OF MEMBERSHIP FEE.