



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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BHUBANESWAR BRANCH OF EICASA OF ICAI



e-News Letter

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ICAI BHAWAN

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*Your mind is a powerful thing.
When you fill it with positive thoughts, your life will start to change.*



Chairman's Note

Hello Friends,

It gives me immense pleasure to get connected with you all once again through this October 2016 edition of e-Newsletter. I extend my thankfulness to my colleagues in managing committee of Bhubaneswar Branch who have always supported me and encouraged me to perform and convey my best wishes to the dynamic student representatives of EICASA, Bhubaneswar, who have always stood beside me in all arenas.

I call it Optimistic October, when everybody will be in a mood to rejoice, merry make, get tranquil and enjoying life at once, our students preparing for their ensuing exams have to keep themselves in abstinence from all these, concentrating on their studies. We all know this month of festival particularly Dussera signifies victory of good over evil and Diwali signifies the victory of light over darkness, knowledge over ignorance, and hope over despair. On this occasion, I wish all the very best to all the students and hope they get victory over the toughness of CA examinations by their hard work, sincere effort and unparallel dedication.

I congratulate all the participants of Bhubaneswar branch in Regional level Elocution and Quiz competition held at Guwahati on 18th September 2016. I am extremely glad to know that the participants of Regional level Quiz competition Mr. Kali Charan Sahu (ERO0217924) and Mr. Ashok Kumar Panda (ERO0225136) made their way to achieve the third position in the competition.

I am happy to announce that Bhubaneswar Branch of ERIC of ICAI and EICASA, Bhubaneswar is going to host "National Conclave for CA Students- 2016" on 21st & 22nd of November 2016. We assure all the students to witness 2 days mega event filled with knowledge and fun, soon after your hectic examination and so advice the students to participate in more number in this mega event and make it a grand one.

While closing, I wish all of you a Magnificent Dusshera and Dazzling Diwali.

"Everyday sun rises to give us a message that darkness will always be beaten by light".

Let us follow the same natural rule and enjoy the festival of 'Good defeats Evil'.

CA. Rashmi Ranjan Mishra,

Vice- Chairman, Bhubaneswar Branch of EIRC of ICAI &

Chairman, Bhubaneswar Branch of EICASA of ICAI

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Newsletter can be downloaded from the
EICASA Website: Bhubaneswar-icai.org/students/eicasa



Committee's Note



Mr. Deepak Mohanty
Vice-Chairman
EICASA, Bhubaneswar Branch

I feel really happy to say that the inaugural edition of e-newsletter published recently has fulfilled its purpose and has received a good response from the students.

The team EICASA is going to release its second edition of the e-news letter. We expect the students to have an active participation in the events being organized by the EICASA team to be benefitted by it.

As I am part of the office bearer I am very glad to note that EICASA team is always trying to do maximum programs which are beneficial for the students. The students can share their thoughts and views at eicasabbsr@gmail.com.

I hope in the time to come we will all try to do more seminars, competitions and other activities. So we need to have a strong support from all of you. Thanking you.



Mr. Sanat Biswal
Secretary
EICASA, Bhubaneswar Branch

It fills my heart with extreme joy and happiness to see that all the hard work put behind the successful release of the inaugural edition of the e-newsletter has got a tremendous response from the readers and appreciation from the students.

We have always tried our best and will continue to do so, to give value added information for the students and I hope the inaugural edition of the newsletter could stand for its intended purpose.

“EXAM!!!” is the only thing that would be in the mind of the students as it is the time for the test of patience and determination in the forthcoming month for those who have worked so hard in the preparation for this attempt's exams. I take this opportunity to wish all my friends to give their best and leave no stone unturned in their preparations prior to the exams.

Wish you all a joyous Dussehra and a safe Diwali.

Cheers...



Managing Committee Members

CA. Rashmi Ranjan Mishra
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Member Editorial Board



Article

FORMATION AND INCORPORATION OF COMPANY



CA. Dharani Dhara Sha

ICAI Membership No. 306013

Section 3 : Basic of the formation of the company

Parameter	Public company	Private company	One person company
Mini. No. of member	7	2	1
Max. No. of member	Unlimited	200	1
Mini. No of Director	3	2	1
Max. Of Director	Beyond 15, required SR from GM	Beyond 15, required SR from GM	Beyond 15, required SR from GM
Min. Paid up share capital. Now omitted in Company Amendment Act 2013	Rs. 5,00,000/-	Rs. 1,00,000/-	Rs. 1,00,000/-
Restriction clause in AOA	Not applicable	Applicable	Applicable
Eligibility to be member	Any person including AJP	Any person including AJP	1. Natural person 2. Indian citizen 3. Indian Resident
Nomination - Nominee	After incorporation	After Incorporation	At the time of incorporation
One person to be member in more than two company and nominee of two member	Possible	Possible	Not possible



Incorporation of company [Section 7]

Documents to be prepared :

1. MOA u/s 4 – sec-7(1)(a)
2. AOA u/s 5 – Sec 7(1)(a)
3. Declaration by CA & CS in practice – Sec 7(1) (b)
4. Affidavit by Member to director -Sec 7(1)(c)
5. Reg. Office Address – Sec 7(1)(d)
6. Details of First Director – Sec 7(1)(e)
7. Details of Subscriber – Sec 7(1)(f)
8. Interest of FD in other firm and company and his consent – Sec 7(1)(g)

Manner :

- ❖ **Section 7(2) Register of company ROC :** The Registrar on the basis of documents and information filed u/s 7(1) shall register the company and issue a certificate of incorporation in the prescribed form to the effect that the proposed company is incorporated under this Act.
- ❖ **Effective date of incorporation u/s 7(3) :** On and from the date mentioned in the certificate of incorporation issued
- ❖ **Preserving the information u/s 7(6):** The company shall maintain and preserve at its registered office copies of all documents and information as originally.

Consequences

- ❖ Person furnish wrong information u/s 7(5) : he shall be liable for action under section 447.
- ❖ If company got incorporated by furnishing false and incorrect information which found subsequently u/s7(6):
 1. Person, Promoter :
 - ✓ the promoters, the persons named as the first directors of the company and
 - ✓ the persons making declarationShall each be liable for action **under section 447.**
 2. Tribunal order on company : The Tribunal may, on an application made to it, on being satisfied that the situation so warrants to –
 - ✓ pass such orders, as it may think fit, for regulation of the management of the company including changes, if any, in its memorandum and articles, in public interest or in the interest of the company and its members and creditors
 - ✓ direct that liability of the members shall be unlimited, or
 - ✓ direct removal of the name of the company from the register of companies, or
 - ✓ pass an order for the winding up of the company, or
 - ✓ pass such other orders as it may deem fit

Procedure of incorporation – Practically

Step : 1 Obtaining DSC (Digital signature certificate)for all the director :

It is mandatory for all the person who are interested to be the director in the company, shall get DIN. In order to get the DIN, Digital signature certificate (DSC) is required. An application shall be made along with one identity proof (Voter id/ PAN card) and two photograph to the recognised licence holder for issuing DSC to the applicant subject to the due verification and examination of the applicant.



Step : 2 Obtaining DIN (Director identification Number)

Steps to be followed for obtaining the DIN

Step: 1	Application to CG for DIN in form DIR 3 : Every individual intending to be appointed as director of a company shall make an application for allotment of Director Identification Number to the Central Government in such form and manner and along with such fees as may be prescribed u/s 153. The form must be digitally signed by the practicing professional
Step 2	CG will allot the DIN : The Central Government shall, within one month from the receipt of the application under section 153, allot a Director Identification Number to an applicant in such manner as may be prescribed u/s 154. Step of allotment are given as follows: <ol style="list-style-type: none"> 1. After processing the application, system shall automatically generate a provisional DIN. 2. When provisional Din is generated, CG shall process the application received for allotment of DIN, May decide to on the approval and rejection 3. If CG on examination, find any defect or incompleteness , then it may intimate such defect or incompleteness by placing it on website 4. Submit the application after rectifying the defect within 15 days . In case the approval is by way of post or electronic mode, then DIN shall be allotted within 1 months
Step 3	Intimation of Din by Director to Company in form DIR 8 : Every existing director shall, within one month of the receipt of Director Identification Number from the Central Government, intimate his Director Identification Number to the company or all companies wherein he is a director u/s 156.
Step 4	Intimation of DIN by Company to ROC in form DIR 9 : Every company shall, within fifteen days of the receipt of intimation under section 156, furnish the Director Identification Number of all its directors to the Registrar or any other officer or authority as may be specified by the Central Government with such fees as may be prescribed or with such additional fees as may be prescribed within the time specified under section 403 and every such intimation shall be furnished in such form and manner as may be prescribed.

Step : 3 Name approval :

Name of the company shall be applied after complying with Section 4 and Rule 8,9 of company (Incorporation) Rules 2014. Part A,B,C to be complied with for name of a new company and Part B,C,D in case of change of name for an existing company. Procedure and its consequences are given below



Application made by all the director to ROC in prescribed form by stating Name of the proposed company and Name in which company is proposed to change its name by making payment of Rs. 1000/- in form number INC 1	Section 4(4) read with Rule 8 and 9	INC 1
Getting confirmation from ROC - on the basis of information and documents furnished along with the application, reserve the name		
Validity of Name: The name so reserved shall be valid for a period of 60 days from the date on which application for the reservation of name was made.	Section 4(5)	
<u>If the information given in course of incorporation found to be false:</u>		
<p>A. <u>If company is not Incorporated</u> : ROC shall cancelled the name what is already reserved. And shall be punishable with Penalty which may extend to one lakhs</p> <p>B. <u>If company is already incorporated</u> : ROC after giving the company</p> <ul style="list-style-type: none"> - Change the name by giving an opportunity of being heard within the period of three months - take action for striking off the name of the company from the register of companies after passing an ordinary resolution 		
Rule 8 and 9 of companies (Incorporation Rule 2014		
<u>While determining about the above rule, following shall be disregarded</u>		
<ul style="list-style-type: none"> a) The word like private, Pvt. , (p) Ltd, Ltd, Limited LLP etc b) The word use after the name Company, Co, Corporation, Corp c) Misspelled words, whether intentionally misspelled or not , do not conflict with similar, properly spelled words. 		
<u>In the following cases, name shall considerable as undesirable :</u>		
<ul style="list-style-type: none"> a) The name is identical and too nearly resembles with the name already exist on that date. b) It is not consonance with the principal object of the company as set out in the MOA. c) If the company main business is Financing ,Leasing, Chit funds, investment, Securities or combination thereof. Such name shall not be allowed unless name is so indicative of such related financial activities. d) If the name is to popular or abbreviated description of an existing company and LLP 		



Step :4 Preparation of Document

Following are the major document to be prepared

SL No	Details of form to be uploaded	Document to be attached with said form
1	INC 7 incorporation of company	INC 8 - declaration by professional , INC 9– Affidavit from subscriber INC 10– verification of signature, MOA, AOA, Identity and Address proof of the Subscriber, particular of subscriber
2	INC 22 Notice of situation clause	No objection certificate from the land owner Rent agreement , and Electricity bill
3	INC 12 Particular of the director	DIR 2 - consent from director INC 9 Affidavit from director

Details of the document is given below :

Sl. No	Particular	Sec	Form
1	MEMORANDUM OF ASSOCIATION : It is constitution which lays down the fundamental condition upon which the company get formed	4	Table A – MOA of company limited by share Table B – MOA of company limited by guarantee not having share Table C – MOA of company limited by guarantee having share
2	ARTICLE OF ASSOCIATION : AOA is the internal by -law which state with internal rules and regulation for the management of internal affairs	5	Table F – AOA of a company limited by share capital Table G – AOA of a company limited by guarantee having share capital Table I – AOA of an unlimited company having share capital. Table J – AOA of an unlimited company not having share
3	Other Document u/s 7(1)		
	(i)	Availability of name	
	(ii)	Place where register office situated	u/s 7(1)(d) INC 22
	(iii)	Consent of director or managerial person	
	(iv)	Power of attorney u/s 7	



(v)	Particular of First Director i.e. Name, DIN ,Residential address, Nationality etc and his interest in the company [Rule 17]	u/s 7(1)(e)	DIR 12
(vi)	Particular of the member i.e. Name, surname, Residential address, proof of identity, Nationality etc	u/s 7(1)(f)	INC 10
(vii)	Statutory declaration in prescribed form Declaration can be given promoters. That declaration must be signed by [Rule 14] <ol style="list-style-type: none"> i. An advocate of Supreme Court or high court. ii. An attorney or pledge. iii. A company secretary or a chartered accountant practicing in India. 	u/s 7(1)(b)	INC 8
(viii)	Affidavit made by Member [under rule 15]	u/s 7(1)(c)	INC 9
(ix)	Interest of FD in other firm and company and his consent	u/s 7(1)(g)	

Step :5 Filling the document with ROC :

After preparation of the required document, such document be filled in a prescribed form in prescribed manner [Rule 12]. Application for Incorporation through INC 7 shall be made within 60 days from the date of reservation of name.

What to be filled	Document required for incorporation		
Form to be filled		For one person company	Form No INC 2
		For company other than OPC	Form No INC 7
Where to be filled	With the registrar under whose jurisdiction registered office is situated		

Other things to be considered

- User is required to file E form INC 7 for incorporation of company for other than OPC within 60 days from the reservation of name
- It is advisable to file E form DIR 12 (particular and interest of first director) and INC 22 (Address of Registered office) along with INC 7 at the time of incorporation



- If INC 22 is not given, it can be given with 30 days.
- Stamp duty on form INC 7 for MOA , AOA etc to be paid mandatorily on MCA portal at the time of submission of document for incorporation
- User is required to scan the photo graph of every subscriber with MOA and AOA.
- Now a days, its become mandatory for all the state to pay stamp duty on line through MCAportal.

Step : 6 Issue of certificate of incorporation by ROC :

ROC after verifying the document , information and explanation furnished by the company ,shall issue the certificate of incorporation in form no INC 11 [Rule 18]



..... Do You Know

1. The first lady to have topped the CA Final Examination was Ms. Nandita Shah. She achieved this feat in November 1983 examination.
2. The first lady to have got elected to the Council of The Institute of Chartered Accountants of India (ICAI) was Ms. Priya Bhansali.
3. 19 year old boy Nischal Narayanam became the youngest Chartered Accountant of India.
4. The highest ever salary offered to a CA is Rs. 70Lakhs for international placement.

..... Stress Buster

LIC launches New policy called:
'CA EXAM Attempt Insurance'.

In case student is not able to clear the exam, after CA result company will reimburse him the exam fees

The tagline for this policy is :

"November ke saath bhi aur May ke baad bhi".





We generate fears while we sit. We overcome them by action

Glimpses



Lord Ganesh with Multi-Digital Background



Offering prayer on Ganesh Puja



Teachers Day celebration on the theme - My Principal - My Teacher



Cake cutting by Chief Guest on Teachers Day



Happy Hour - Teachers Day



Seminar on Recent Amendment and Changes in DT & IDT and How to face CA Examination



Speaker of the Seminar - Recent Amendment & Changes in DT & IDT & How to face CA Examination - CA. Nitin Guru

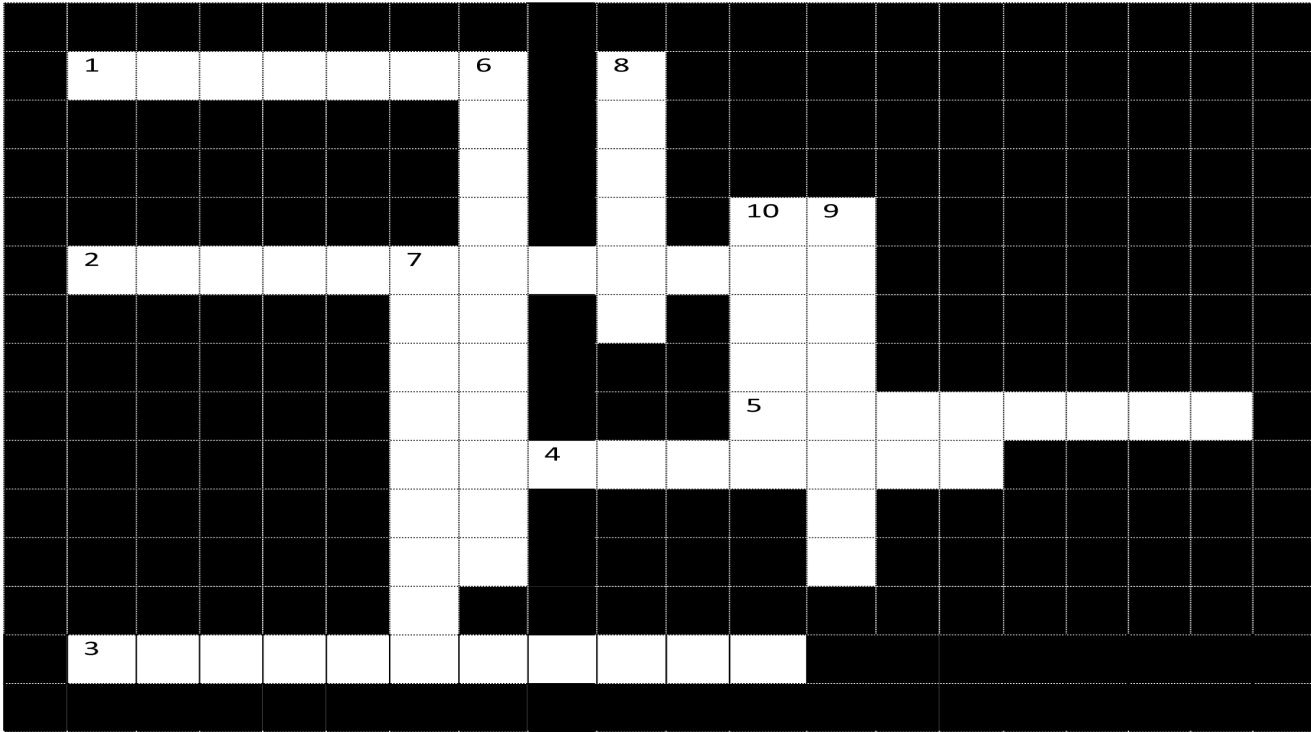


The attendees of Seminar on DT, IDT & How to face CA Examination



Test Your Intelligence

CROSS WORD



ACROSS:

1. The basis or method of accounting where expenses are reported as they are incurred rather than when they are paid.(7 LETTERS)
2. The systematic allocation of the cost of equipment and buildings used in a business from the balance sheet to the income statement over the useful life of the asset.(12 LETTERS)
3. When a company provides a service and allows the customer to pay in 30 days, the account to be debited is Accounts _____.(11 LETTERS)
4. Known as the book of original entry, it lists transactions in order by date.(7 LETTERS)
5. Amount of money taken by the owner from the business. (8 LETTERS)

DOWN:

1. The balance sheet classification that reports the obligations of the company. (11 LETTERS)
2. A legally binding agreement which is recognized in a court of law. (8 LETTERS)
3. The basic accounting equation is _____ = Liabilities + Owner's Equity. (6 LETTERS)
4. The title of the liability account that reports amounts that were received by the company before they were earned is _____ Revenues. (8 LETTERS)
5. People refer the income statement as the profit and _____ statement. (4 LETTERS)



ANSWERS OF THE SEPTEMBER EDITION	
ACROSS:	DOWN:
1. LAND	6. LEDGER
2. PREPAID	7. CARRYING
3. CONSERVATISM	8. PROFITABILITY
4. CHART	9. VALUATION
5. COST	10. ASSETS

QUIZ

1. Bad loans in banking terminology are generally known as-

- (A) BPOs
- (B) Prime Asset
- (C) NPAs
- (D) CBS

2. Insurable interest must be present at the time of insurance proposal and payment of claims in-

- (A) Fire Insurance
- (B) Marine Insurance
- (C) Life Insurance
- (D) Motor Insurance

3. Which of the following is not a banking related term?

- (A) SME Finance
- (B) Equinox
- (C) Overdraft
- (D) Sanctioning Authority

4. Depletion method of depreciation is used in case of-

- (A) Cattle, Loose Tools, etc.
- (B) Mines, Quarries, etc.
- (C) Machinery, Building etc
- (D) Book

5. In connection with marine insurance the 'Doctrine of Utmost Good Faith' is based on the concept of-

- (A) Disclosure
- (B) Concealment
- (C) Misrepresentation
- (D) None of the above

6. Consumers cooperative store is set up by the-

- (A) Central Government
- (B) State Government
- (C) Registrar of Cooperative Societies
- (D) Members

Answers will be published in the next edition of the newsletter.

Answers of the September edition of quiz section are:

1. A, 2. C, 3. C, 4. C, 5. B, 6. B

- Kindly send your answers at 'eicasabbsr@gmail.com'
- Winner of Crossword & Quiz will be selected on lucky draw basis

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