



# The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

## Thrissur Branch of SIRC of ICAI

E- Newsletter

### *Chairman's Message*

Dear Members

It is with great privilege and pride, I inform that the new office bearers of the management committee took office on 24.2.2020 and the office bearers for the year 2020-21 are

CA Anoop G	Chairman
CA Aryan K K	Vice Chairman
CA Ajith Kaimal R	Secretary
CA Sathesh T G	Treasurer
CA Anoop Francis	Sicasa Chairman
CA Jeen Paul	In charge of News letter
CA Silpa Ramdas	Past Chairperson and academic coordinator

At the outset let me thank all the members for electing me to the management committee and also as the 42nd chairman of this prestigious branch of SIRC of ICAI

“Remember to celebrate the milestones as you prepare for the road ahead.”

The predecessors to this committee have carved their success in stone. So when we took charge in 2019, our vision was very clear in the path of service to our noble profession. I would like to begin by congratulating CA Silpa Ramdas and CA Jeen Paul and all the fellow committee members for their continuous endeavour in serving the CA fraternity. It is a rare achievement that both the branch and SICASA has been recognised as the best branch in Southern region. I sincerely hope we can continue this success story in the years to come.

It is my proud privilege to honour our own senior member CA Jose Pottokkaran, who is



**CA Anoop G**  
Chairman

entering into the golden jubilee year of his professional career. He has been a motivation to all the members and students of our branch. He is the first SIRC member from Kerala and went on to become SIRC Chairman. Then he became a Central council member. I salute this champion for a very successful professional career. I also thank him for all the professional guidance extended to the past chairmen and committee members right from the inception of our branch.

Once again I thank all the members for their support to the committee for the last year and I solicit your continued guidance and support in the future years.

# Office Bearers

**Chairman**

CA Anoop G

**Vice Chairman**

CA Aryan K K

**Secretary**

CA Ajith Kaimal R

**Treasurer**

CA Sathesh T G

**Sicasa Chairman**

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**In charge of News letter**

CA Jeen Paul

**Past Chairperson &****Academic Coordinator**

CA Silpa Ramdas

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## Editors Desk



I Thank all Mighty God for all wonderful things happening in our lives. I am extremely happy to publish monthly E- news letter of our Thrissur Branch of SIRC of ICAI. I thank Chairman CA.Anoop G and my fellow committee members for believing in me to discharge the responsibilities of Newsletter in charge of the most prestigious organisation. I congratulate CA. Satheesh T G , incharge of E-news letter 2019 for the commendable job in keeping the members updated professionally thorough his informative and colour ful E-newsletters.

I take this opportunity to congratulate First lady Chairperson of the Branch CA. Shilpa Ramdas and other office bearers for their commitment, prowess, hard work and dedication. Year 2019 will be written in golden letters in the history of the branch as the branch was awarded the Best branch and Best students chapter in Southern region.

We also celebrate the golden jubilee year of CA. Jose Pottokkaran in his profession as a Chartered Accountant. On this auspicious occasion our CA students conducted an interview with him, which is also included in this magazine.

"You are never too old to set another goal or to dream a new dream." C.S. Lewis

I wish all the members success both in profession and life.

CA.JEEN PAUL  
News letter in charge



## **Sri. Jose Pottokkaran FCA** **A Role Model to CA. students**

CA. (Dr) V. Venugopal



Sri. Jose Pottokkaran FCA who is celebrating Golden Jubilee in the profession during this year is closely known to me since 1969. Ours is more than 50 years of close relationship which has made him my best friend. He qualified in the year 1970 and became a partner of Sri. Late. M C Abraham and later known as “Abraham and Jose” Chartered Accountants. He did his CA articleship under Sri. M. C Abraham.

Sri. Jose Pottokkaran can be the role model for the CA students and they can learn a lot of things from his success story. He is a man with high organizing capacity and leadership quality. A kind-hearted person who helps people and maintains very cordial relationships with people who come into contact with him. He always tries to help his friends. He is a highly God-fearing person and does lots of charity and used to help the poor and underprivileged people. He was the founder Secretary of CA students Association and Chartered Accountants Association, Thrissur.

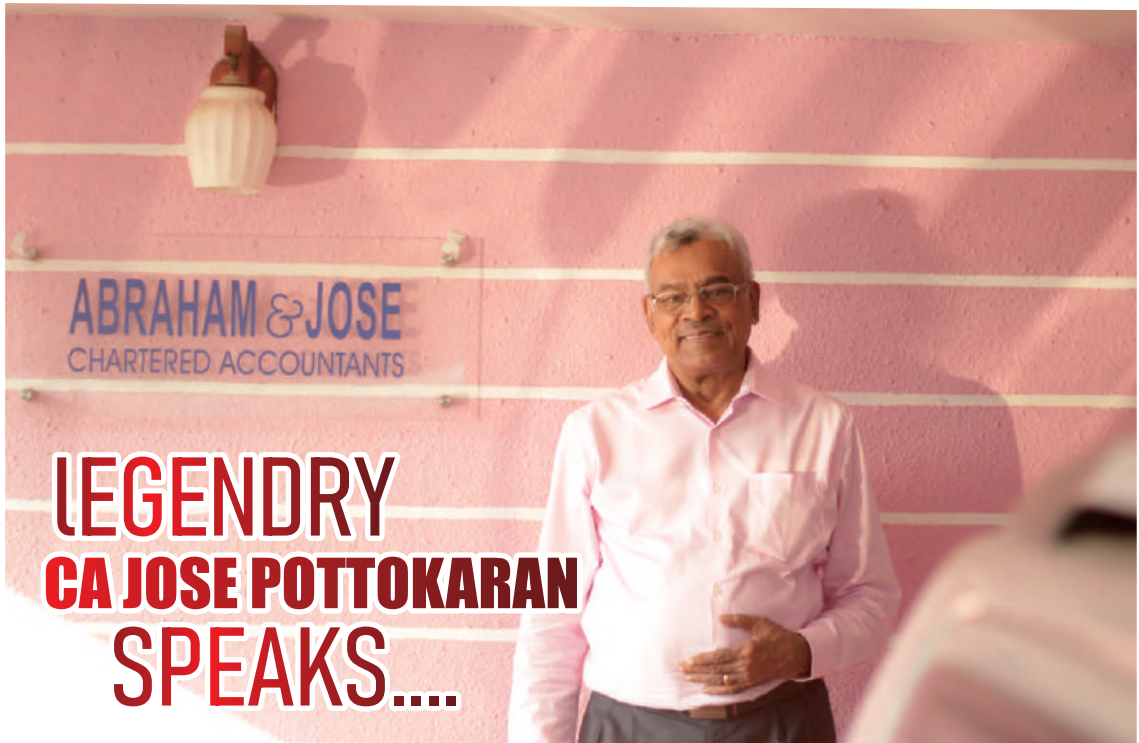
Sri. Jose Pottokkaran was a powerful Central Council member representing Kerala. He was in the Regional Council since 1979-80 to 81-82 and again during 85-86 to 87-88. During 85-86 he was a Secretary of SIRC, 86-87 vice chairman, 87-88 chairman of SIRC of ICAI. During his tenure as chairman, SIRC got the best regional council award and the regional conference organized by him at Cochin had the largest number of delegates which was an all-time record.

During 88-89 he became the central council member and he continued in the council up to 91-92. He was the chairman of Continuous Professional Educational Committee of ICAI and member of various other Committees. When he was in the regional council Mr. Pottokkaran could succeed in getting 6 branches of SIRC in Kerala and he could start 4 examination centers in Kerala. The Trichur branch of ICAI building was constructed under his supervision.

Mr. Pottokkaran was the joint secretary of chamber of commerce trichur for about a decade and secretary of chamber of commerce again for a period of 10 years. During his period he could make the chamber of commerce a very active professional body. Mr. Pottokkaran was Director of South Indian Bank for a period of 8 years.

He has authored three professional books. Sri. Jose Pottokkaran continues to be the president of All Kerala Chartered Accountants Association. I wish Sri. Pottokkaran all the best in the Jubilee year and pray he continues to guide the professional members and CA students. ●





Excerpts from the Interview with CA Jose Pottokaran on the occasion of the Golden Jubilee Anniversary of his stint as a practicing Chartered Accountant:

**CA Jeen Paul:** *Sir, it is your Golden Jubilee as a Chartered Accountant and fifty years is not a small time. If you could describe this journey in a sentence, what would it be?*

“I would say that I was enjoying this wonderful profession of Chartered Accountancy for the last fifty years. Also, I would also like to express my gratitude to my mother as it was her powerful prayers that helped achieve this feat.”

**Ms. Pooja:** *What was your inspiration for coming into this field?*

“It was my father's partner's son who was studying his Intermediate at that point in time who inspired me to choose this profession. In fact, it was he who made me aware that such a profession existed and I was literally impressed to take it up as my profession too.”

**Mr. Sai Sankar:** *What was the biggest gain that you felt you achieved as a person only because you are a Chartered Accountant?*

“As a Chartered Accountant, I was able to audit almost all the Public Sector Undertakings and Banks in Kerala. The Thrill of signing any major company's balance sheet and the satisfaction that I gained in winning complicated litigations is something that I enjoyed the most being a CA. Also, as a Central Council Member, I had the privilege of starting six new CA Chapters and many examination centers which I believe has made it easier for the students to get easy access to classes.”

**CA Jeen Paul:** *How do you manage your professional and personal life?*

“Even though I reach my office at exactly 9:00 am everyday and leave my office by midnight, my family never complained about it. They were very co-operative with me



although I couldn't do full justice to my personal life (Chuckles).”

***Ms. Pooja: The technological change from your time to the present is enormous. How did you handle these changes?***

“It was when I was the Secretary of SIRC that the first computer course was started. Even though I learnt how to operate the computers, I was a bit slower compared to my younger friends. So I focused my attention on those things that I had an expertise in. But, even now I feel that it is imperative to up-skill your technological abilities to stay put in this profession.”

***Mr. Sai Sankar: Recently, there was a draft recommendation on applying a ceiling on the number of attempts a student can appear for the CA exams. What is your opinion on this?***

“To be honest, it was one of the suggestions that I had placed before the Council a long time ago. I feel that students should not waste their time if they are not able to clear each of these exams in less than three attempts. I don't intend to discourage them, but I feel that they will be wasting a large part of their productive life in writing the exams if the upper-limit on the number of attempts is not implemented.”

***CA Jeen Paul: What is your piece of advice to the aspiring CA students and the freshly qualified Chartered Accountants from your vast experience?***

“To all the students, I would say that hard-work has no substitute and an equal share of determination is required to crack the examinations. But, it is also important to develop technical and inter-personal skills along with your preparation for the examinations.

CA Jeen Paul news letter in charge with CA students Mr. Sai Sankara Narayanan S S, Miss. Pooja Vanugopal, Camara: Mr. Abi CS & Mr. Ananda Krishnan T

For the newly qualified Chartered Accountants, I insist that it is necessary to specialize in areas of your interest as specialization is what people look for in professionals. Don't get stuck to doing paper-work; it is also imperative to learn the art of managing people, to get successful and scale greater heights.”

***Mr. Sai Sankar: Finally sir, what do you think is the need of the hour for Chartered Accountants to establish themselves as the leading professionals in the country?***

“I feel that the present course curriculum needs a major revamp. The three years of articleship should be divided into two years of classroom study and one year of practical exposure. The former part shall include lessons on Management and Soft-skills'



development and the latter part should either be Industrial training or Articleship. Since nowadays almost 95% of the freshly qualified Chartered Accountants choose employment as their career option, three years of articleship cannot amount to any exposure on managing people. While, Chartered Accountancy as a profession gets us good positions to occupy in companies, it is hands-on experience in managing people that will let us reach the top of the corporate-ladder.”

# Revaluation of Fixed Assets & Section 40(b)



CA Cheeran Verghese

## Issue

ABC, a partnership firm has credited a sum of Rs.1 Lakh to the accounts of the partners on account of revaluation of building owned by the firm. The firm has paid interest on the capital outstanding in the partner's accounts at the end of the year also on capital credited on account of revaluation. The Assessing Officer on scrutiny of accounts noted the same. The Assessing Officer has disallowed the interest paid to the partners u/s 40(b) of the Income-tax Act (the Act) taking a view that such credit to the partner's account is notional introduction of capital and not actual contribution towards capital account.

## Proposition

Section 40(b)(iv) of the Act provides that notwithstanding anything to the contrary in sections 30 to 38, in case of any firm assessable as such, any payment of interest to any partner which is authorised by and is in accordance with the terms of the partnership deed and relates to any period falling after the date of such partnership deed insofar as such amount exceeds the amount calculated at the rate of twelve per cent simple interest per annum shall not be deducted in computing

the income chargeable under the head "Profits and Gains of business or Profession".

## The requirement is three fold

- (1) The payment of interest shall be authorised by and is in accordance with the terms of the partnership deed.
- (2) The period of interest shall relate to any period falling after the date of such partnership deed.
- (3) The rate of interest shall not exceeds twelve per cent simple interest per annum.

Generally, the clause of instrument of partnership governing inter se relations of the partners provides the payment of interest to partner as follows-

"That interest shall be allowed to the partners on the respective capital contributions at rate as may be prescribed by the competent authority for the purpose of section 40(b) of the Income-tax Act, 1961 from time to time..."

Reading both the provisions together the

issue to be considered is what is capital contributions. Is it initial and actual contribution made by the partners or it will also includes notional introduction of capital? As per the provisions of section 40(b) disallowance of interest paid on accretion of capital of the partners on account of revaluation is not justified since section 40(b) does not require that interest shall be allowed on partner's capital only on actual contribution.

### **View Against The Proposition**

It is contended that interest as per terms of instrument of partnership is to be paid only on capital contribution of partners and not on notional accretion in building account with corresponding entries in the capital account of the partners. Such notional entries could not be treated as capital contribution. Further, the building belonged to the firm and not to the partners. If there was any accretion in the value of the building, such accretion was to be made in the hands of the firm and not in the accounts of the partners. Therefore, corresponding value of accretion should have been credited to reserve account representing accretion of value of building. Provisions of section 40(b) should be harmoniously interpreted. Actually section 40(b) is a disallowance section but exception is provided to give benefit of deduction of interest paid on partner's capital. Such capital must be the one which is actually contributed by the partners and can not be artificial capital credited by a book entry on account of revaluation of fixed assets.

### **View In Favour Of The Proposition**

The capital contribution includes appreciation to the capital of partnership. It does not necessarily mean initial and actual contribution towards capital. Further, interest paid to the partners could be disallowed only if it is not authorised or is not in accordance with the terms of the partnership deed. Only that part of the

interest can be disallowed which is specifically mentioned in clause (iv) of section 40(b) of the Act.

### **Summation**

There is no dispute that interest is to be paid and allowed as a deduction under section 40(b)(iv) of the Act, if it is authorised and is in accordance with the terms of the partnership deed. There is no dispute as regards to the rate of interest. The issue is what is the meaning of capital contribution. One view is that it is the capital actually contributed and another view is that it is entire capital which stood credited to the accounts of the partners at the relevant time. The issue for consideration is that the assets of the firm belongs to the firm or to the partners.

Coming to the issue with regard to the meaning of capital contribution it has been held in case of ACIT v. Sant Shoe Store (Chd.) [2014] 88 ITD 531 that capital contributed by the partners cannot mean what is initially and actually brought in by the partners. The accretion, increase, profits and gains in any shape and form accruing in the course of business or otherwise during the subsistence of the partnership belong to the partners according to their share in the partnership. Entries made representing transaction are real unless they are replaced by entries made at the time of dissolution of the firm by taking actual value of assets and liabilities of the partnership. It has to be adopted and not treated as notional or inconsequential.

As regards to the second issue, section 14 of the Indian Partnership Act defines the term the property of the firm. It provides that subject to contract between the partners, the property of the firm includes all property and rights and interest in property originally brought into the stock of the firm, or acquired, by purchase or otherwise, by or for the firm, or for the purposes and in the course



of the business of the firm, and includes also the goodwill of the business. Unless the contrary intention appears, property and right and interests in property acquired with money belonging to the firm are deemed to have been acquired with money belonging to the firm are deemed to have been acquired for the firm. The above section makes it clear that property of the firm is not only what is originally brought in common stock of the partners but what is acquired by purchase or otherwise during the course of business. The profits made from year to year and credited to the accounts of the partners were also capital of the partners. This has to be so because the firm has no existence independent of the partners. Useful reliance has been placed on the decisions of Hon'ble Supreme Court in the case of N. Khadervali Saheb v. N. Gudu Sahib [200] 261 ITR 1 and in case of Sunil Siddharthbhai v. CIT [1985] 156 ITR 509 wherein it has been observed that the firm has no independent subsistence apart from partners and assets of the firm are assets of its partners. The 'firm' name is given to the partnership for the sake of convenience. All the same, under the Income-tax Act, firm for certain purpose is treated as an entity different from its partners. It is separately assessed and when firm pays interest on capital to the partners, there are two legal entities otherwise one cannot make payment to himself. Although what is capital of partnership is neither defined under section 40(b) not in any other statutory provision, section 14 of the Indian Partnership Act defines the property of the firm which in fact means property of the partners, as for the sake of convenience, a compendious name is given to the partnership. So for convenience, entries are made in the books of account of the partnership relating to capital contributed by the partners, amount withdrawn by them and profits or losses earned during the course of existence of a partnership. Share of profit or loss is also debited or credited to the accounts of the partners. When capital is

brought to the partnership by a partner in form other than cash, its market value is credited to the capital account of the partner. It may be a notional entry. The true value of all the entries can be determined only at the time of dissolution of the partnership when all the assets and liabilities are taken into account to find out the net wealth of the partnership. The value of share of a partner thus determined is real. Everything till that date is notional only. Yet for the sake of convenience and for practical purposes, entries are made having regard to the market value of items and transactions involved. Till the actual value is determined, the partnership acts on above notional entries. For all practical purposes, these notional entries are as good as real. These are binding on partners and partnership.

Based on both the decisions of the Supreme Court Tribunal in case of ACIT v. Sant Shoe Store (Supra) has held that the assessee was fully justified in credited share of appreciation of value of the building in respective accounts of the partners. The building belonged to the partners under the general law as they were the owners of all the assets that belonged to the firm. It is, therefore, not correct to say that share of accretion was wrongly credited to the accounts of the partners.

Apart from the above, one can advanced the arguments that the Assessing Officer has no power to re-writ the books of account. The interest has to be allowed as computed by the assessee. The Assessing Officer has only to say whether the interest claimed is authorised by or is in accordance with the terms of the partnership deed. He is not entitled to make adjustment in the profit and loss account or in the capital accounts of the partners. Further, the partners have been taxed on the interest allowed to them by the firm also supports the case in order to justify the deduction of interest u/s 40(b)(iv) of the Act.

# Neck pain- AVOIDABLE?



**Dr Sanoj p poulose**  
Consultant orthopaedic surgeon  
JMMC, TCR

Technology has changed the world we lived in. We touch the smart screens to know, feel and experience the world we live in. World before the digital era was of book worms, professionals and certain category of workers who suffered from neck pain and back pain. Now all millennial are also victims of this disease. Their academic, social and carrier life revolves around the digital gadgets. Neck pain and back pain associated with excessive use of smart phones, watching television, usage of computer etc. Here we are discussing about the reasons, symptoms and preventive measures of neck pain.

## Common presentations:

- Pain around neck aggravated by holding head in the same position for long periods like working on a computer or long drive.
- Muscle tightness and spasm
- decreased ability to move the head
- Head ache

## When to see a doctor

- If pain is very severe
- persists for a long period without relief
- spread to upper limbs or lower limbs
- Headache along with numbness weakness or tingling to lower limbs

## Causes

- Muscle strain.....odd reading habits like reading on the bed...using computers or prolonged screen time.
- worn neck joints
- nerve compression
- injuries to neck
- Rarely malignancy.

*Always keep in mind chances of cardiac pain if it's radiating to your left shoulder, neck and severe tightness of chest along with profuse sweating.*

## Prevention

Common causes are the poor posture and age related wear and tear.

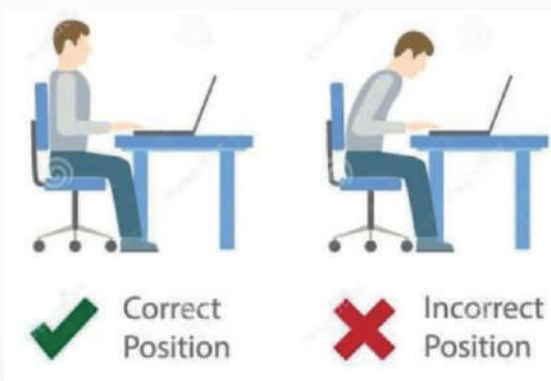
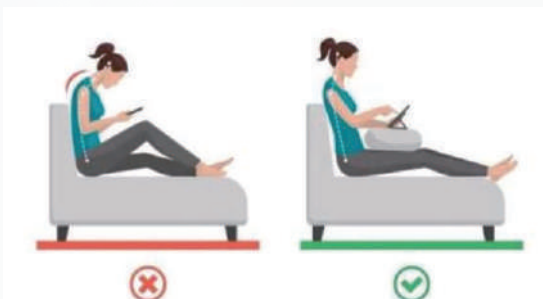
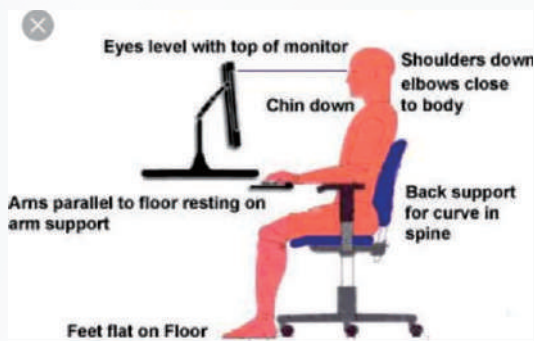
## Some Small Changes Can Help Us

- Good posture while sitting and standing so that the shoulders are in a straight line
- Take short breaks thus avoid prolonged usage of computer or driving. Stretch shoulders and neck muscles.
- Regarding computers.... adjust the monitor so that the monitor is at the eye level and use arm rests.
- Use head phones or blue tooth while using mobile phones, do not hold it between your shoulder and neck.
- Avoid carrying heavy shoulder bags

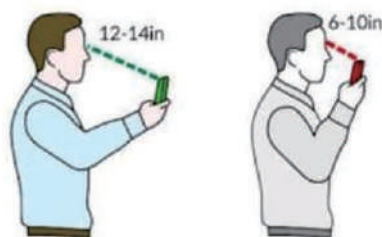


## Small tips to ease your neck pain at home

- Heat and cold therapy alternatively
- Take a few days off from sports and activities that aggravate symptoms.
- Exercise your neck regularly like side to side movements and up and down neck movements.
- Gentle neck massage may help.
- Good sleeping habits like using a small pillow and sleep on your back.
- Have a good sleep at night.



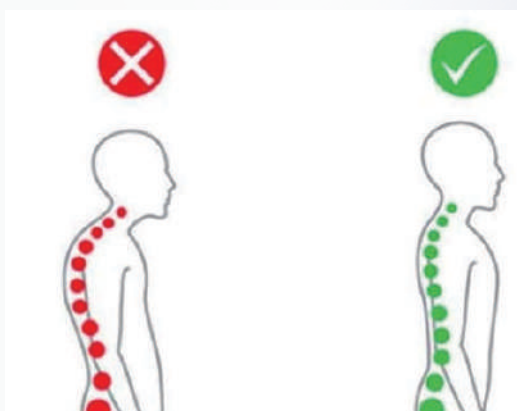
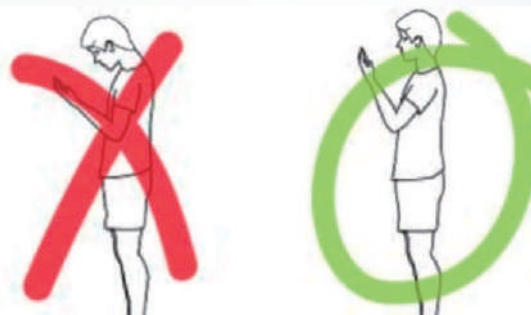
## 3. Optimum Distance = Less Eye Strain



12-14 inches is Optimum Distance



6-10 inches Strains Your Eyes



God has given you a perfect neck to keep your head high, please don't ruin it. Quality life comes from the quality life style; follow the above tips and live a quality life.



# Branch SICASA Vision 2020

Dear Members,

It is a proud moment for me to pen as the Chairman of SICASA Thrissur Branch for the year 2020-21. One of the outstanding student branches in SIRC, SICASA Thrissur Branch adorns the central stage among all student branches in SIRC because of its varied and acclaimed student activities. It is a great opportunity for me to associate with the student members and lead the student wing of the Branch and work for the empowerment of the students. I extend my sincere thanks to the Chairman CA. Anoop G and other managing committee members of the branch for nominating me. My sincere thanks to Past SICASA Chairman CA. Jeen Paul for achieving the best SICASA branch award for the period 2019-20 and for budding a new bunch of team who can lead our branch further.

## **SICASA VISION - 2020**

The annual activities for improving creativity, inflaming thoughts and imaginations by SICASA THRISSUR in the year 2020 include both curricular and non curricular programs.

- ◎ Plans are to organize career counseling sessions for students, Seminars, and study circles to be conducted. With an aim to go beyond academics and help develop social connections, workshops to be conducted; industrial visits to familiarize and acknowledge students on the internal working environment of a company will also be put in.



**CA. Anoop V Francis**  
Chairman, SICASA, Thrissur Branch

- ◎ Quiz, elocution etc will be conducted in an attempt to recognize, encourage and help students to extent their knowledge in one context to new ones.
- ◎ Blood donation Camp will be organized as in the previous years to motivate people donate blood and to save lives of those in need.
- ◎ In our best attempt to give shape to the talents and sports , different competitions will be held during the year - TARANG (Youth Festival), outdoor games, competition of chess, caroms, football, badminton and instrumental music will also be held , to help the students exhibit their gifted talent.
- ◎ The inter branch level events participation of the branch level winners (Football and Cricket) for encouraging them to bring laurels to the branch.
- ◎ Regional Level Student's Conference will be conducted

I seek your whole hearted support and involvement in all the activities of SICASA for the year.

“Believe you can and you're halfway there.” —Theodore Roosevelt



# Photo Gallery



Address By Ca. Silpa Ramdas, Chairpe ...  
At Hotel Joys Palace on 03-02-2020.



Special Counselling Programme -  
Intermediate Batch on 06-02-2020



Dr. Ca. V Venugopalan V, Chief Guest ...  
Ddressing The Students on 17-02-2020



Half Day CPE Seminar on Direct Tax  
By CA. V. Ramnath on 22-02-2020



Past President of ICAI CA. G. Ramaswa ...  
At Hotel Joys Palace on 03-02-2020



Participants with the chief guest.

A View of The Audience of Special  
Counselling on 06-02-2020

