

## UPDATES

**A. General Circular No: 10/2011 issued by MCA dated 04-04-2011: Interpretation of the word “Partnership” for the purpose of the Chartered Accountants Act, 1949, Cost and Works Accountants Act, 1959 and Company Secretaries Act, 1980.**

1. The Acts governing the three professional Institutes, i.e., ICAI, ICWAI and ICSI define in Section 2 members who are deemed to be in practice. In all the three Acts, there is a provision for a member to be in practice when he is in partnership with certain others. In the case of Chartered Accountants and Cost & Works Accountants, such persons must be member of the same Institute, while in the case of Company Secretaries, it is provided that the partnership could also be with members of such other recognized professions as may be prescribed.
2. At the time of enactment of the three Acts governing the professional Institutes, only one form of partnership existed in India, namely Partnerships under Indian Partnership Act, 1932. Subsequently, Parliament has enacted the Limited Liability Partnerships Act, 2008. Though Limited Liability Partnerships are bodies corporate under Section 3(i) of the LLP Act, the fact that LLPs are basically partnerships may be seen from the definition in Section 2(i) [n] :

**“Limited Liability Partnerships” means a partnership formed and registered under this Act.**

**Section 2(i)(q) defines a partner as “any person who becomes a partner in the limited liability partnership in accordance with the Limited Liability Partnership Agreement”**

It is thus clear that a Limited Liability Partnership is also a partnership and its members are also partners.

3. The matter of permitting member of ICAI, ICWAI and ICSI has been examined in this Ministry. Acts governing these professionals were passed at a time when limited liability partnership did not exist. It is also clear from the definitions in the Limited Liability Partnership Act that such entities are also partnerships and their members are also partners. In the context of Section 2 of the Acts governing the professional Institutes this interpretation is also not repugnant to the context. Accordingly, it is clarified that the words “partnership” wherever occurring in the Chartered Accountants, Act, 1949 and the Company Works Accountants Act, 1959 and the Company Secretaries Act, 1980 shall *mutatis mutandis* be construed as including those Limited Liability Partnership where all the

other partners are natural persons (individuals). The word “partner” shall also be construed accordingly. This clarification shall apply only to these three acts and not to any other enactment where the word “partnership” occurs.

(Source: [http://mca.gov.in/Ministry/latestnews/Circular\\_04Apr2011.pdf](http://mca.gov.in/Ministry/latestnews/Circular_04Apr2011.pdf))

## **B. Filing of Balance Sheet and Profit and Loss Account in Extensible Business Reporting Language (XBRL) mode**

It has been decided by the Ministry of Corporate Affairs to mandate certain class of companies to file balance sheets and profit and loss account for the year 2010-11 onwards by using XBRL taxonomy. The Financial Statements required to be filed in XBRL format would be based upon the Taxonomy on XBRL, developed for the existing Schedule-VI, as per the existing (non converged) Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. The said Taxonomy is being hosted on the website of the Ministry at [www.mca.gov.in](http://www.mca.gov.in) shortly. The Frequently Asked Questions (FAQs) about XBRL have been framed by the Ministry and they are being annexed as Annexure I with the circular for the information and easy understanding of the stakeholders.

The following class of companies have to file the Financial Statements in XBRL Form only from the year 2010-11:-

- {i} All companies listed in India and their subsidiaries, including overseas subsidiaries;
- {ii} All companies having a paid up capital of Rs. 5 Crore and above or a Turnover of Rs. 100 Crore or above.

All Companies falling in Phase-I are permitted to file up to 30-09-2011 without any additional filing fees.

(Source:[www.mca.gov.in](http://www.mca.gov.in))

## **C. Illustrative examples in XBRL for the IFRS Taxonomy 2011 published by IFRS Foundation**

In order to help preparers understand how to apply XBRL (Extensible Business Reporting Language) to IFRS (International Financial Reporting Standards) financial statements, the IFRS Foundation has published a set of 12 illustrative examples in XBRL for the IFRS Taxonomy 2011. These examples illustrate how the IFRS Taxonomy 2011 should be used to tag IFRS financial statements (including notes ) in XBRL, and in accordance with the XBRL architecture outlined in The IFRS Taxonomy 2011 Guide and the Global Filing Manual. The examples are intended to help preparers understand how to apply the taxonomy

to create instance documents and entity-specific extensions using both block tagging and detailed tagging, and also XBRL and Inline XBRL.

**(Source: [www.ifrs.org](http://www.ifrs.org))**