275

275

The Registered Accountants' Journal

(Conducted under the auspices of the Society of Auditors, Madras.)

Edited by:
K. V. SRINIVASAN, B.Sc., G.D.A., R.A.

Office of Publication:
161, Mount Road, Madras

Vol. I.
No. 4

NOVEMBER 1945

Annual Subscription:
Indian Rs. Six
Foreign Sh. Ten

14 FEB 1946
MADRAS

SOCIETY of AUDITORS
COACHING INSTITUTE

Recognised by the
Government under
R. A. Rules

★

CLASSES for FIRST
R. A. EXAMINATION in
FULL SWING.

★

Y. M. I. A. BUILDINGS,
ARMENIAN ST.,
G. T., MADRAS.

JL
:8Fm2l1,N45RA
N45
169750

Published on the 25th of Every Month

SMALL SAVINGS SCHEME

APPEALS TO EVERYONE

NOT TO HOARD OR SPEND

BUT

TO SAVE

For

HIMSELF
HIS CHILDREN and
HIS FEATURE

Makes Your Money Grow
50 per cent More in 12 years

For every	You Get
Rs. 5	Rs. 7½
„ 10	„ 15
„ 50	„ 75
„ 100	„ 150
„ 500	„ 750
„ 1,000	„ 1,500
„ 5,000	„ 7,500

This is
INCOME TAX FREE

BUY

NATIONAL SAVINGS CERTIFICATES
NATION'S SAFEST COURSE

Obtainable from :
Authorized Agents, Post-Offices and Savings Bureaux and carries interest at 4⅛ per cent per Annum.

NOTE :—Maximum Holding is Rs. 5,000, for an Individual.

ADS. N.S. 15.

14 FEB 1946

The Registered Accountants Journal

(Conducted under the auspices of the Society of Auditors, Madras.)

Vol. I | NOVEMBER 1945 | No. 4

CONTENTS

Status of the Profession :—One of the first subjects to which the profession in this country has to give a great deal of attention is the Status and dignity of the profession. The present position is not by any means what anyone interested in the profession would wish it to be. It will be pertinent to ask how many of us occupy any high position in the public life of the country—political, social or otherwise. We are even constrained to ask how many do really command that respect and regard from their own clients that is only justly due to them. Have not accountants occupied high and honored places in the social structure of our country in former years ! What is the present lowering in the status due to ? It will be of the greatest benefit if we are to examine this question without any preconception.

The first point to be considered is the general Educational Standard of R.A. Candidates. The recent move of the Government of India in increasing the minimum educational standard is a step in the right direction. We cannot help thinking that it will be more beneficial if the standard is further raised to limit the admission to those who possess University Degrees. The subjects studied in the University need not have, as some would suggest, any relation to Accountancy, Audit or Law. It is that liberalisation of outlook, the strengthening of the self-confidence and the eradication of the inferiority complex which results from a proper course of University Education that is essential to any professional accountant.

The high degree of proficiency and skill obtained in the period of training and in the examinations are rarely followed up on entering the profession. The opportunities for exercising their minds constantly and making it in trim order are rare and are not everybody's choice in this poorly industrialised country. Refresher courses would remedy this to some extent. Formation of accountancy firms-as opposed to the existing practice of individual efforts-and the consequent division of the existing work among a smaller number of firms would increase the opportunities to each firm for exercising their professional skill. Rapid industrialisation of the country would be a further remedy.

The most important factor is the immediate need of accountants to come together and strengthen their associations and submit voluntarily to the discipline that they may decide to impose upon themselves. Associations at present existing purely on a voluntary basis have been delegated very little powers to enforce any sort of restrictions on their members' activities. When the profession is demanding autonomy to be bestowed on them by Government, will it not be easier and better to arrogate to their association by voluntary efforts all the powers that the accountancy Board is now exercising! Cannot the Provincial Association take up questions of etiquette-professional misconduct and similar matters at least among its members—if the members voluntarily agree to submit themselves to the authority conferred by them on their own association? If the profession agrees to the above procedure, they would, in our opinion, have attained and worked out that autonomy which they are rightly clamouring for. Such a step taken by the accountants cannot fail to induce respect from the public and the Government alike. The status of the Profession will automatically rise up. We would urge every accountant to take the necessary steps to bring about the required change.

SPECIAL ARTICLES

Section 133 of the Indian Companies Act, 1913.

The following examination of the provisions of section 133 of the Indian Companies Act, 1913 is made with a view to find out whether the balance-sheet and the profit and loss account form, for the purpose of authentication, one single document or two separate and distinct documents.

Before the provisions of section 133 of the Act are examined a scrutiny of the provisions of sections 131, 132-A, 134 and 145 is made for understanding whether any plurality of documents is intended whenever the words, "balance-sheet and profit and loss account or income and expenditure account", are used.

In sub-section (1) of section 131 of the Act the following words occur:

> "The directors of every company shall.....lay before the company in general meeting a balance-sheet and profit and loss account or in the case of a company not trading for profit an income and expenditure account for the period."

169750

The word, "balance sheet", in the above quotation is preceded by the indefinite article, "a", while no such indefinite article occurs before the phrase, "profit and loss account." Hence, it has to be construed that the phrase, "a balance-sheet and profit and loss account", connotes one single document only.

In sub-section (2) of section 131 of the Act the following words occur:

> "The balance sheet and the profit and loss account or income and expenditure account shall be audited."

In this quotation the definite article "the" occurs both before the word, "balance-sheet", and before the phrase, profit and loss account. Therefore a plurality of such documents is conveyed. In the same sub-section the following words occur later on:

> "and the auditor's report shall be attached thereto, or shall be inserted at the foot thereof a reference to the report"

These words convey the idea that the auditor's report has to be attached to one document and that the insertion of the reference to the report is to be at the foot of one document.

In sub-section (3) of section 131 of the Act the following words occur:

> "Every company other than a private company shall send a copy of such balance-sheet and profit and loss account or income and expenditure account so audited together with a copy of the auditor's report to the registered address of every member of the company at least fourteen days before the meeting at which it is to be laid."

In the above quotation the words, "a copy of such balance-sheet and profit and loss account or income and expenditure account", negatives the idea of a plurality of documents. If more than one document is intended the words, "a copy", would not have been used. Again, the words, "a copy of the auditor's report", occurring in the above quotation indicate that, under the provisions of sub-section (2) of section 131, the auditor's report has to be attached to only one document and that therefore the words, "balance-sheet and profit and loss account", convey only one document. Further, in the above quotation the words, "at which it is to be laid", clearly indicate, by the use of the singular verb, that no plurality of documents is intended.

In sub-section (1) of section 132-A the following words occur:

> "there shall be annexed to the balance-sheet of the holding company the last audited balance-sheet, profit and loss, account and auditors' report of the subsidiary company".

As the word, "balance-sheet", is separated from the phrase, "profit and loss account", by a comma, distinctness of the two documents is indicated.

In sub-section (1) of section 134 of the Act the following words occur:

> "After the balance-sheet and profit and loss account or the income and expenditure account as the case may be have been laid before the company",

In the above quotation the word, "balance-sheet", is preceded by the definite article "the" and similarly the phrase, "income and expenditure account"; but, the phrase, "profit and loss account" is not so preceded. Hence, the words, "the balance-sheet and profit and loss account", must be taken to connote only one document. But, the use of the plural in the words, "have been laid", negatives that meaning and indicates a plurality of the documents.

In sub-section (2) (*b*) of section 145 of the Act the following words occur:

> "whether or not in their opinion the balance-sheet and the profit and loss account referred to in the report are drawn up in conformity with the law."

In the above quotation the word, "balance-sheet", and the phrase, "profit and loss account", are both preceded by the definite article and the plural verb, "are drawn up", is used, thereby conveying the idea that more than one document is meant.

The marginal note to section 133 of the Act is "Authentication of balance-sheet".

> "While there seems to be unanimity that, where the meaning of the enactment is clear, the punctuation and marginal notes cannot be referred to, there have been cases in which, as the text of the section was ambiguous, punctuation marks have been referred to in order to remove the ambiguity."
> "It has been held that marginal notes cannot be referred to; but these have sometimes been referred to".

As there is an ambiguity in the interpretation of the section can the marginal note to the section be taken to indicate that the balance sheet alone is intended to be authenticated and that the profit and loss account is therefore intended to form part of that single document?

In sub-section (1) of section 133 of the Act the following words occur:

> "the balance-sheet and profit and loss account or income and expenditure account".

The word, "balance sheet", in the above quotation is preceded by the definite article "the" while there is no such definite article before the phrase, "profit and loss account". Can this therefore mean that no plurality of documents is intended?

Again, in sub-section (3) of section 133 of the Act the following words occur:

> "If any default is made in laying before the company or in issuing a balance-sheet and profit and loss account or income and expenditure account".

The word, "balance-sheet", is here preceded by the indefinite article "a" while the phrase, "profit and loss account", is not so preceded. This again connotes that no plurality of documents is intended. Again, in the same sub-section (3), the following words occur:

> "if any balance-sheet or profit and loss account or income and expenditure account is issued, circulated,"

As the word, "or", is used before and after the phrase, "profit and loss account," an enumeration of distinct documents is indicated.

Section 129 of the English Companies Act, 1929 provides for the authentication of the balance-sheet only. Nothing is therein said about the authentication of the profit and

loss account or the income and expenditure account. But, the practice as indicated in the accounts published in the book, "AMONG THE BALANCE-SHEETS", by the editor of "Finance and Commerce" in "The Accountant", seems to be for the directors to sign both the balance-sheet and the profit and loss account treating them as separate and distinct documents.

Though there may be grounds for the treatment of the balance-sheet and the profit and loss account as a single document, it will be prudent, on account of the ambiguity existing in the interpretation of the provisions of the Act, to treat them as two separate and distinct documents for purposes of authentication.

M. S. SRINIVASAN.

Uncle Sam's Free Lance Tax Informers.

IN this year of the biggest tax collections ever—35½ billions—it seems probable that tax evasions are also at a peak. Checking up on a New York chain restaurant operator who apparently could lose thousands of dollars a night in Miami dice games without turning a hair, Treasury agents eventually forced him to admit he had "forgotten" to report $ 2,250,000 of income. The Treasury is currently engaged in its greatest drive against such chiselers.

Today, more than ever, officials welcome the efforts of a small unheralded group of citizens who aid the Government in collecting its tax bill for reasons of patriotism, or desire for gain or vengeance. Last year, tips from these informers enabled the Treasury to collect $ 2,500,000 in additional income-taxes. The 65 tipsters got $ 77,000 in rewards—from $ 6.93 for the one who put the finger on a $ 108 tax deficit to $ 17,000 for the tip which turned up a $ 917,000 tax fraud.

In the past ten years, the Bureau of Internal Revenue has collected as a direct result of informers' tips, $ 20,577,—432.22 in additional income taxes and shelled out $ 655,360.92 in commissions or rewards "for services rendered."

The highest tax collection ever made as a result of a tip was $ 2,643,219.93 in taxes and interest from a man who made use of personal holding companies to hide his income. The reward in this case was only one per cent of the tax collected, excluding interest, because the assistance of the informer was negligible in comparison with the work involved in proving the Treasury's case. It took 40 agents several years to build up the case from sketchy and scattered records.

The highest individual commission ever paid was for $ 79,999.93 in 1940, which went to a quartet of book-keepers for a large transport firm that had hidden its assets and profits in foreign branches.

Information regarding suspected or known tax evaders comes by letter, wire, telephone or in person. Treasury agents investigate every tip that seems authentic. Not all result in recovered taxes. Revenue agents annually receive thousands of crank letters—usually anonymous—mentioning the names of individuals or firms alleged to be defrauding the Government.

Plain grudge letters without basis of accusation go into the waste-basket. Unless the writer gives evidence that he has personal knowledge of the affairs or records of the evader, his letters are ignored. Treasury men can spot an authentic clue by a highly developed sixth sense, and follow it up assiduously. The first move is to check the last tax return of the individual or firm reported. Then a Treasury agent contacts the informer to see if he will render further assistance.

The amount of commission paid to an informer is limited to ten per cent of the tax collected, but the all-time average is about three per cent. It depends strictly on the value placed on the informer's assistance by the Bureau. Merely pointing the finger of suspicion is not enough—concrete assistance must be given. The fee will be higher if the informer is obviously saving the Government money in time and labor.

Informers are usually disgruntled employes, jealous relatives or former associates. Wives who suspect hubby is holding out on them have been known to report their spouses with telling and costly results. Ex-wives, short on alimony payments from apparently affluent ex-spouses, are also in the informer clique. "In-laws have reported relatives with whom they have had difficulties. Occasionally, patriotic citizens lead Treasury men on the trail of tax evaders, but they don't claim fees.

All informers who expect to collect commissions must put in a formal claim, which has to be approved by the Commissioner of Internal Revenue and the Secretary of the Treasury. Tips run in shoals. As soon as the Treasury's recent drive to collect unpaid taxes from black marketeers was announced, Collectors' offices were swamped with letters naming alleged evaders.

Their consciences prodded by the publicity about the drive, hundreds of persons throughout the country hurried to their local offices to amend their March 15 returns. Uncle Sam is lenient with anyone who makes a clean breast of an "error" or oversight. But such voluntary action must come before the offender has knowledge that the Treasury is onto him. Once the machinery of enforcement has been set in motion, it is costly for the evader.

Treasury men are hoping to break up the black marketeering rings in meat and gasoline, as they did the bootleg liquor rings. Secretary Morgenthau has unleashed a small army of 600 agents in an effort to trap black marketeers. He has asked for 5000 more, so great are the apparent defalcations. A citizen who helps the Treasury collect just taxes from this, the lowest element of our population, will have had a share in winning the war.

(By acknowledgment to "The Reader's Digest.)

---

14 FEB 1946

READERS' FORUM

This Section is intended to serve our readers in two ways. Firstly, difficult problems of each individual professional accountant is discussed and answers are obtained. Secondly, the readers who consider the answers get the benefit of the intense study that the answering of the problem implies and all readers get the benefit of the general discussion.

QUERIES

Q. 9.—Notes of the Income-tax Officer—Is an assessee entitled to have a copy of the notes made by the Income-tax Officer during the course of the assessment proceedings so as to make sure that all his oral statements have been properly recorded? If not, why not?

"S. R."

Q. 10.—Return of books, etc., by the Income-tax Department.—Is an Income-tax Officer entitled to refuse the return of the books and vouchers for purposes of filing an appeal even after the assessment is completed?

"S. R."

Q. 11.—A firm registered under the Income-tax Act, consisting of A, B and C carry on the business of rice merchants. B and C started another firm for carrying on business as receiving and forwarding agents, Commission agents, and dealers in grain etc. Before the starting of the second firm the work of taking delivery of the rice from the suppliers situated in another district, and marking and despatching it by rail to the first firm (A, B and C) was done by an agent at the place of purchase for a commission of so much per bag of rice handled and actual expenses. After the starting of the second firm (B and C.) this work of receiving and forwarding rice was entrusted to the new firm for the same remuneration as paid to the local agent previously. In the first year under this new arrangement the total commission paid to the second firm amounted to Rs. 10,000. Can this sum of Rs. 10,000 be added to the net business income of the first firm of A. B. & C. for assessment to Excess Profits Tax? Can this payment be treated as an item of expense to be disallowed by virtue of sub-section 10 (4) (*b*) of the Indian Income-Tax Act? It is requested that the answer to this query would give reference to the authorities on which it is based.

"Less tax"

ANSWERS TO QUERIES

Q. 7.—Can any of your readers give the usual shortage in weight arising when cotton kappas are ginned?

"S.V.R."

A. 8.—The usual wastage when Cotton Kappas is ginned is about 1%. This may rise to 3% according to the quality of cotton. As between the Karunganni and Cambodia varieties the wastage in the former is comparatively less as the latter contains 7% to 10% of pickings (kottu or porukku) which is inferior stuff.

"S.R."

Q. 8. The Directors of a private Limited Company have provided a lump sum remuneration to themselves at the close of the accounting period of the Company after

169750

the profits are known. Is this proper under the Indian Companies Act? What is the position for taxation?

"K.R."

A. 9.—In a case where the Directors of a Private Limited Company incorporated in England did not draw any amount against their remuneration during the year but allocated the major portion of the profits towards their remuneration in the ratio of their share holdings, the Income-tax authorities held that the remuneration provided was inadmissible for taxation purposes as the transaction was not *bona fide* and it was done with a view to evade higher rate of taxation.

"T.P."

Case Law.

XVI. Directors's fees received by *Kartas* of Hindu Undivided Families from a private limited company of which such undivided families were shareholders are the personal earnings of such directors and not the income of joint Hindu family. The joint family property has not been spent in this case in earning the remuneration of the directors. The dividends that were earned on the shares are still the income of the joint Hindu family.

(Commissioner of Income-Tax Bihar and Orissa Vs. Darsanram and others—13 I. T. R. 419).

XVII. Where a scheme or contract involving the transfer of shares in one company to another is approved by not less than 9/10ths of the shareholders of the transferor company, *prima facie* the transaction must be taken to be a fair one unless it is affirmatively established in the face of the apparent views of the large majority of the shareholders that the scheme is in point of fact unfair. It cannot be right that one shareholder owning 1/700th part of the shares affected by the transaction should be entitled to stand out against the decision of the 699/700th of the share capital merely because he has, as he thinks, been left somewhat in the dark in regard to the material facts.

(Evertite Locknuts (1938) Ltd., *In re.*—Chancery Division—15 Comp. Cas. 138.).

XVIII. A company cannot deprive itself of the statutory power to alter its articles of association either by statement in the articles or by a contract that they shall not be altered. The only limit that is placed on the generality of the terms contained in that section is that the section cannot be used to oppress or defraud the minority of shareholders or so as to violate any statutory provisions or principles of law but that the power like other powers must be exercised fairly and according to law.

(All India Railway Men's Benefit Fund Vs. Jamadar Baheswarnath Bali. In the Nagpur High Court—15, Comp. Cas. 142).

XIX. Registration was applied for in respect of a firm where the profits were neither credited nor paid to the partners as required by Section B of the Schedule to Rule 3 of the Income-tax Rules. The registration was refused. The question, whether the provisions of Rule 3 of the Income-tax Rules as amended in 1939 are *ultra vires* being beyond the competence of the Rule-making powers conferred by section 26-A (ii) of the Indian Income-tax Act is merely academic and does not arise for decision because, even if it was held that the impugned Rule is *ultra vires*, the assessee will get no relief.

(Khemji Walji & Co. vs. Commissioner of Income-tax, Patna High Court, 13 I. T. R. 421).

XX. Depreciation on machinery was claimed for one full year even though it was worked only for a few months and this claim was allowed. When machinery is kept ready for use at any moment in a particular factory under an express contract from which taxable profits are earned, the machinery can be said to be used for the purpose of the business although it is not actually worked. Machinery which is kept idle may well depreciate, particularly during the monsoon season. The ultimate test is whether, without the particular use of the machinery being relied upon, the profits sought to be taxed could have been made.

(Commissioner of Income-tax, Bihar and Orissa Vs. Dalmia Cement Company Limited—Patna High Court—13 I.T.R. 415.

XXI. Article 93 of a company reads as follows: "Subject as herein provided, if at any meeting at which an election of Directors ought to take place, the place of the retiring Directors, or some of them, are not filled up, the retiring Directors, or such of them as have not had their places filled up, shall, if willing to act, be deemed to have been re-elected." Two retiring Directors sought re-election, but failed on a vote being taken by show of hands. They also failed at the polls taken on a subsequent date and none else was validly re-elected. On a claim that they should be deemed to have been re-elected under the provisions of the above article it was held that, whatever the true scope of Article 93 might be, it only operated when the known circumstances of a particular case were such as sensibly and legitimately to admit of its application. To *deem* that the majority of the shareholders at the meeting had exercised their voting power in a directly contrary sense to that in which they did in fact exercise it and had re-elected the two Directors would be repugnant to common sense. Clearer language than that to be found in Article 93 would be required before the Court was driven to accept it. Accordingly the claim by the 2 Directors to be Directors by viture of Article 93 failed.

(Robert Batcheller & Sons Ltd. Vs. Batcheller — Chancery Division—15 Comp. Cas. 113)

XXII. A building company repaid a loan taken for erection of houses by assignment in favour of the lenders of the ground rent receivable by them on the sale of houses. It was held that the difference between the amount of the loan and the value of the ground rent received by the lending company represented income assessable to income-tax.

(Ruskin Investments Ltd., Vs. Copeman 25 Tax cases 187.)

NOTIFICATIONS

Government of India.
Department of Commerce.

New Delhi, the 1st December 1945.

Registration of Accountants.

No. 1-A (5)/45.—The following draft of certain further amendments to the Auditor's Certificates Rules, 1932, which it is proposed to make in exercise of the powers conferred by sub-section (2) of section 144 of the Indian Companies Act, 1913 (VII of 1913), is published, as required by the said sub-section, for the information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 17th December 1945. The date from which each amendment is proposed to come into force is given in the foot-notes.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Central Government.

Draft Amendments.

In the said Rules :—

(1) for rule 22 the following rule shall be substituted, namely :—

"*22. No candidate shall be admitted to the First Examination unless he—

(1) is a graduate, or

(2) is eligible for admission under Rule 24, or

(3) has (a) either—

(i) entered into service under articles before the 1st January 1946, or

(ii) rendered military service in connection with a war in which His Majesty's Government is involved and passed the Matriculation Examination of a University constituted by law in British India or British Burma or the University of Mysore or the Osmania University, or an Examination entitling him to enter upon a course of studies of any such University, or an examination which has been declared by the Central Government to be equivalent thereto, or

(iii) passed the Intermediate Examination of any of the aforementioned Universities or an examination recognised by the Central Government as equivalent thereto:

and (b) produces either—

(i) a certificate in the form given in Appendix 4 from the head of an institution recognised for the purpose by the Central Government that he has, subsequently to passing such examination, studied for a period of one academic year at such an institution and is fit to present himself for the examination, or

(ii) a certificate that he has served for not less than seven years either wholly as an audit clerk or partly (but for not less than three years) as such clerk and partly as an articled clerk (in the latter case one complete year's service as an articled clerk being reckoned as two years' service as audit clerk and fractions of a year being ignored), or

(iii) *evidence to show that he was at any time admitted to the Examination for the Government Diploma in Accountancy held by the Accountancy Diploma Board, Bombay, or was eligible for admission to that Examination:

Provided that—

(1) a candidate who produces a certificate in the form given in Appendix 4 in respect of a period of study prior to 1946-47 shall be eligible for admission on passing the Intermediate or equivalent examination : and

(2) an audit clerk who has passed the Matriculation or equivalent examination shall be eligible for admission to the First Examination to be held in 1947 if he either—

*(i) has entered into service as an audit clerk before the 1st October 1945 and produces the certificate referred to in sub-clause (i) of clause (b) of this sub-rule, or

(ii) fulfils the requirements in sub-clause (ii) of clause (b) of this sub-rule.

*Note.—This rule shall come into force from the 1st May 1946."

(2) In rule 22-A, between the words "clause (b)" and the words "of rule 22" the following words, figure and bracket shall be inserted, namely :—

"of sub-rule (3)"

Note.—This amendment shall come into force from the 1st May 1946.

(3) for rule 41 the following rule shall be substituted, namely :—

"41. A registered Accountant entitled to train articled clerks shall before accepting a person for service under articles with him satisfy himself by inspection of the relevant certificates that such person—

(a) will be not less than sixteen years of age on the date of commencement of his articles, and

(b) has passed the Intermediate Examination of a University constituted by law in British India or British Burma or of the University of Mysore or of the Osmania University or an examination recognised by the Central Government as equivalent thereto. Provided that a person shall be accepted for service under articles if he

(1) has passed the Matriculation Examination of any of the said Universities or an examination which has been declared by the Central Government to be equivalent thereto and has rendered military service in connection with a war in which His Majesty's Government is involved or

(2) has passed the examination prescribed for the Government Diploma in Accountancy or an examination recognised as equivalent thereto by the Regulations for the award of the Government Diploma in Accountancy or the First Examination, or

(3) had before the 1st October 1945 entered into service under articles with a Registered Accountant entitled to train articled clerks.

Note.—This rule shall come into force from the 1st January 1946."

Y. N. SUKTHANKAR, *Joint Secy. to the Government of India.*

Central Board of Revenue.
Income-tax

New Delhi, the 10th November, 1945.

No. 4.-Camp/D.—In exercise of the powers conferred by section 59 of the Indian Income-tax Act, 1922, (XI of 1922), as applied to the Hyderabad Administered Areas, and of all other powers enabling it in that behalf the Central Board of Revenue hereby applies to the said Areas the Indian Income-tax Rules, 1922, in so far as they relate to the assessment and collection of income-tax on salaries received by persons who are in the service of the Crown or British subjects who are in the service of a local authority established in the exercise of the powers of the Crown Representative in that behalf, subject to all amendments to which the said rules are for the time being subject in British India and subject to the following modification, namely—

Save where the context otherwise requires—

(i) references to British India shall be construed as references to the Hyderabad Administered Areas; and

(ii) references to the Central Government or the Government shall be construed as references to the Crown Representative.

Department of Commerce.
Registration of Accountants.

New Delhi, the 17th November, 1945.

No. 1-A.(5)/45.—The following draft of certain further amendments to the Auditor's Certificates Rules, 1932, which it is proposed to make in exercise of the powers conferred by sub-section (2) of section 144 of the Indian Companies Act, 1913 (VII of 1913), is published, as required by the said sub-section, for the information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 17th December, 1945.

Any objecton or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Central Government.

Draft Amendments.

In the said Rules—

(1) for the word "three" in sub-rule (*a*) of rule 40 (1), the word "four" shall be substituted;

(2) for the word "four" in the proviso to sub-rule (*a*) of rule 40 (1), the word "five" shall be substituted;

(3) for the word "four" in sub-rule (*b*) of rule 40 (1), the word "five" shall be substituted.

---

(1)	(2)	(1)	(2)

169750
600 008