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The Registered Accountants Journal

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

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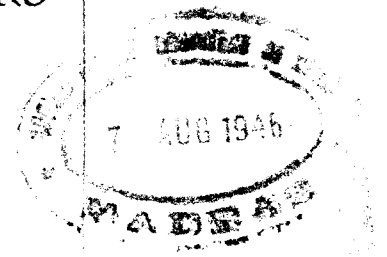
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Accountants and Trade Informations.—It can be said without fear of contradiction that Accountants are in the unique position of being able to obtain information about any sort of trade or commerce, even the most secret and confidential data not excluded. It is, however, a common occurrence in dealings of Registered Accountants with Authorities, Municipal, Provincial or otherwise, that they are always put in the unhappy plight of meekly agreeing to the supposedly accurate data with which such authorities confront them. The profession has now grown to such proportions that they should be able to challenge these informations put forward by the Authorities. This can be easily achieved with a little amount of

co-operation between Accountants. Commercial public can help to a great extent and we have no hesitation in saying that they should, since it is they who ultimately benefit by this challenge to the hitherto accepted statistical data. Informations should be gathered from all available sources about various trades and manufacturing processes and such exhaustive informations should be classified so that Accountants should be enabled to obtain from this well of information such data that they should need. We will probably be correct to assume that the foregoing outline for preparing an information chart will be accepted by our readers as practicable. We propose to undertake the above task of classification ourselves and

publish the results in our columns. We invite the co-operation of our readers in getting the necessary data. It will be well nigh impossible to set out the various classifications and the different data and percentages that are required in each case. We can give, however, an indication by setting out a sample of the information and a possible classification and this we publish hereunder.

We once again urge on our readers and other Registered Accountants to send us all available informations and share with us the satisfaction of building up a most informative and statistical data.

Particulars of Information Required for Classification

1	Nature of Trade or Manufacture		District or Province		Total Turnovers		Gross Profit Percentage		
2	Nature of Manufacture	District or Province	Total outturn in weight or volume	Percentage of outturn to raw materials	Percentage of waste	Percentage of bye products			
No. 1						No. 2	No. 3		
3	Nature of Manufacture		District or Province		Percentage of Finished Product at each stage of manufacture				

so, if the word 'investments' is an unqualified word in computing the appropriate datum for Excess Profits Duty, nothing would ever be 'capital' except unexpended cash. It may equally be said on the other hand that, in the case of such a company, no property is ever purchased except for the purposes of furthering its business, and, therefore, everything it owns, as the result at any rate of purchases with its money, would to it always be a constituent part of its capital, as well as its unexpended cash. Much depends therefore on the true construction of the word 'investment' in the Rules".

Lord Cave said—

"The expression cannot be intended to apply to investments wholly unconnected with the business to be assessed; for investments of that character could in no case be regarded as capital of the business and it would be quite unnecessary to direct their exclusion! It must therefore refer to investments connected with the business."

It was said in the Gas Lighting Improvement Co's case (12 Tax cases) that the word 'investment' was used in a restricted sense, namely, investments in something wholly disconnected from the business, that is, lay out of capital otherwise than in the trading operations for which the business was constituted.

It is not unusual to find in a managing agency agreement a power given to the managing agent to purchase lands and buildings, to construct buildings, to repair, alter, add to or pull down buildings. If the managing agent, purporting to act under such a power, purchases

for the company of which he is the managing agent a building in Ooty to be used as a summer resort for himself and his staff, will it be construed that the power so given to and so exercised by the managing agent as 'a power to invest' as contemplated in the aforesaid section? In order that the Executive may keep themselves fit, the Imperial and Provincial Governments move to Simla and Ooty respectively during summer. So also, for the purpose of efficiently carrying on the business of the company during summer the managing agent is of the opinion that a bungalow is necessary at Ooty so that he and his staff may move thereto for the purpose of doing their work efficiently during summer. For the purpose of arriving at the true scope of the words, 'to invest', is it necessary to examine the object of the managing agent in making the expenditure? If a managing agent were to argue that physical fitness is generally dependent upon the degree of mental peace for the purpose of seeking mental peace by worship of God if a managing constructs or purchases a building at Palni or Srirangam, will it be construed that the managing agent has exercised a power to invest?

Again a managing agent, purporting to act under a power as aforesaid, constructs quarters for the employees of the company. Will this investment be construed to be an exercise of a power to invest as contemplated in the aforesaid section?

A managing agent constructs buildings and purchases machinery for the purpose of carrying on the business of the company. Will this be an exercise of a power to

SPECIAL ARTICLES

Section 87-G of the Indian Companies Act, 1913

(M. S. SRINIVASAN)

Section 87-G of the Indian Companies Act, 1913 runs as follows:—

"A managing agent shall not exercise in respect of any company of which he is a managing agent a power to issue debentures or, except with the authority of the directors, and within the limits fixed by them, a power to invest the funds of the company, and any delegation of any such power by a company to a managing agent shall be void."

It is intended to examine hereunder the meaning and scope of the word 'invest' as used in the above section.

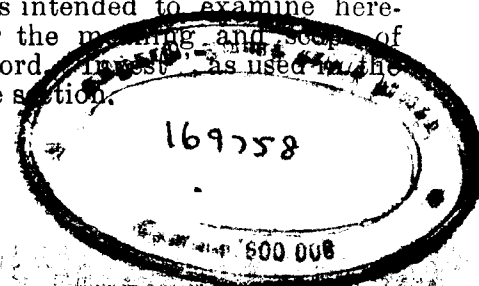
Though the said Act has used the words, "to invest", it has not defined the meaning of "to invest".

The ordinary dictionary meaning of the word "invest" is "use, lay out, money, in such a way as to obtain a return upon it".

The words "to invest" and "investment" are found discussed in E. P. T. Cases:—

Lord Summer said—

"It is said that any form of property, into which a trading company puts its money while acting *intra vires*, is to it an investment of that money, and



invest the funds of the company as mentioned in the aforesaid sections?

To include all capital expenditure, expenditure on fixed assets, under the word 'investment' is not considered by some to be attributing a far wider meaning to the words 'to invest' mentioned in section 87-G.

What the Legislature intended to convey by that Section is probably that the managing agent shall not be given a power to expend the funds of the company on things

which are not directly concerned with the business of the company. The purchase or construction of a bungalow at Ooty or Palni or Sri-rangam cannot but be taken as an exercise by the managing agent of a power to invest as envisaged in section 87-G of the Act. The investment on quarters for employees will also come under the same meaning. But, the purchase or construction and erection of buildings and machinery for carrying on the business of the company may not come under the mischief of that section.

Appointment and retirement in rotation of, vacation of office by and removal of Directors of public Companies under the provisions of the Indian Companies Act, 1913

(M. S. SRINIVASAN)

The words, "The Act", and "Table-A", used hereinafter are intended to mean "The Indian Companies Act, 1913" and "The Table A of the First Schedule to the Indian Companies Act, 1913" respectively.

Owing to the size of most companies, it is impracticable for the business to be carried on by the shareholders themselves, and consequently the duty of managing the affairs of the Company is delegated to a select governing body consisting of persons usually called Directors.

The appointment of these persons and the time during which they are to serve are matters for the most part decided by the articles of association; but the Act and the general law also have something to say in the matter.

The English Companies Act, 1929 except in the matter of fixing the

minimum of Directors, has left the members free to determine how and by whom the business is to be managed. But the Indian Companies Act, 1913 contains several provisions concerning the appointment, retirement in rotation, removal and vacation of office by Directors.

Section 83-A of the Act stipulates that there must be at least three directors.

According to sub-section (2) of Section 83-B of the Act, not less than two-thirds of the whole number of directors must be persons whose period of office is liable to determination at any time by retirement in rotation.

Regulations 78 to 82 of Table A are, under the provisions of sub-section (2) of Section 17 of the Act, applicable to all companies, and they prescribe the necessity and

procedure for retirement in rotation, the proportion in which such retirement must take place and the manner of filling up the vacancies so caused.

Section 86-G of the Act provides for the removal of Directors.

Section 86-I of the Act lays down the contingencies for the automatic vacation of office of Directors.

Section 87-I of the Act prescribes the maximum limit to the number of Directors that can be appointed by the managing agents of the company.

Sub-Section (1) of Section 83-B of the Act deals with three matters; (1) appointment of first directors, (2) appointment of directors in general, and (3) filling up of casual vacancies. But this sub-section is operative only in default of and subject to any regulations in the articles of association of the company.

From a reading of the sub-section (2) of Section 83-B, Section 86-G and Section 87-I of the Act it is clear that the Act contemplates the probability of the existence of some directors who need not be subject to retirement in rotation. The appointment of such directors can be made only when the articles of association of the company permit, and if the articles so permit, the appointment must be made only in accordance with provisions in the articles. Such appointments may be made by naming them as such in the articles, by the board of Directors, or by an outside body. The managing directors are generally appointed for a fixed period and are not subject to retirement in

rotation in that period. Usually the managing agents and debenture holders are given a right in the Articles of the company to appoint one or two directors who are to hold office at the pleasure of the appointers.

When there is power for debenture holders or some other outside body to nominate directors, there the nomination will by itself appoint the directors and no further act will be necessary (*British Murac Syndicate vs. Alperon Rubber Co.*, 1915, 2 Ch. 186), but it will be otherwise where the outside body is to nominate and the company is to appoint (*Plantations Trust vs. Bila Sumatra, Rubber Lands*, 1916, 85 L. J. Ch. 801); further, the company cannot alter its articles so as to destroy that power, but the Court will not grant an injunction to enforce the appointment of any particular director who is objectionable to the company on personal grounds (*British Murac Syndicate Ltd. vs. The Alperon Rubber Co.*, 1915, 2 Ch. 186).

According to sub-section (2) of section 83-B of the Act, not less than two-thirds of the whole number of directors must be persons whose period of office is liable to determination at any time by retirement in rotation. Therefore, the number of directors that are not subject to retirement in rotation cannot be more than one-third of the whole number of directors.

According to Section 87-I of the Act, the directors appointed by the managing agents must not exceed in number one-third of the whole number of directors.

(Will continue)

STUDENT'S CORNER**Balance-Sheet—Audit**

(S. P. S. IYER, R.A.)

Investments.

A list of investments should be prepared showing.

1. the dates of purchases.
2. description of the Investments.
3. par value of the Investments.
4. the denomination of the shares.
5. the number of shares or bonds owned.
6. the total capital stock of the various companies.
7. the amount paid for the investment.
8. the interests or dividends received.
9. the market value of the investments.
10. the surplus or deficit shown by the Balance Sheets of the Companies where no market quotations are available.
11. Adjustment recommended.

Where the market values of securities are less than the book values the latter should be brought into accord with the former or the necessary reserve provided.

The securities for all investments should be carefully examined and it should be seen either that the certificates are made out in favour of the company or that they are endorsed or accompanied by powers of attorney when they are in the names of individuals.

The auditor should endeavour to examine the investments and securities either at the close of

business on the last day of the fiscal period or during the subsequent day, as it is more satisfactory to see actual securities than to verify cash receipts and other evidences therefor after the close of the fiscal period. Coupons on bonds should be examined to see that they are intact subsequent to the previous interest payment date.

The investment schedule should show that the total interest and dividends receivable by the company has been duly accounted for; the income from investments shown in the profit and loss account should be in accord with this schedule.

When market quotations cannot be obtained for investments, the Balance Sheets of the companies in which investments are held should be examined so that the Auditor may form an idea of their values.

In verifying purchases of stock exchange securities, the brokers' notes should in all cases be examined in connection with the verification of the purchase prices.

Investments in deeds and mortgages should be supported by both the mortgages and insurance policies, and furthermore, it should be seen that all assessed taxes on the properties have been duly paid.

The existence of the under-mentioned assets appearing in the Balance Sheet should be verified in the following manner:—

- (a) Investments in stocks and shares.

(b) Patent rights and trademarks.

(c) Ships.

(d) Motor vehicles.

(a) The existence of stocks and shares will be verified by inspection of the relative share or stock certificates or bearer bonds or warrants. In the latter case it must be seen that coupons for all future interest payments are attached. In the former case, when the stocks or shares are registered in the names of nominees, a letter of trust, together with a blank transfer, signed by the nominees, must be inspected.

When the stocks are inscribed, a form for the verification of inscribed stocks must be obtained from the bank or agent for inscription. This must be filled up with details of the stock held, signed by the stock holders, and sent, together with any prescribed fee to the place of inscription or verification. The agents for inscription should be requested to return the form to the auditor direct, and to certify whether or not any charge has been registered on the stock.

Collateral evidence of existence is also furnished by the fact that dividends or interest have been received on the investments.

(b) The existence of Patents will be verified by inspection of the actual patents. When patents have been purchased, the assignments must also be examined. It must also be seen that all renewal fees have been paid, as otherwise the patents may have lapsed.

In the case of Trade-marks, if these are registered, the certificate thereof should be inspected and it should be seen that the necessary

renewal fees have been paid to maintain the rights thereto. Trade-marks can only be assigned together with the good-will of the business and therefore, if any trade marks have been acquired by assignment, the contract for the purchase of the business and the goodwill should be seen.

Certain trade marks are not capable of registration.

(c) Ships may have been purchased by the company in a completed state or may be in the course of construction. In the first case the auditor should call for and examine the bill of sale, and should note the copy of the entry in the register kept at the port of Registry which will be endorsed upon the bill of sale. He should also obtain a certificate of registry as to ownership which is procured by application to the Port Registrar.

If the ship is under construction, the auditor should vouch the cash payments to the builders and support these payments by the surveyor's certificates.

(d) The Registration books relating to the Motor Vehicles must be inspected in order to verify their existence. The amount paid for licenses should be reconciled with the registration books and additional confirmation of existence thus obtained.

When the vehicles are held under hire purchase-contracts the agreements must be examined.

Cash:—If possible, the cash on hand should be counted after banking hours on the last day of the fiscal period, and the amount thereof together with the cash stated to be in Bank, reconciled with that shown

by the Cash Book. The cash, Bills Receivables, and investments should be examined on the same day so as to make it impossible for a treasurer to make up a shortage in one asset by withdrawing negotiable funds temporarily from another.

In counting the cash on hand the auditor should see that all customers' cheques produced to him as part of the cash balance have been duly entered in the cash books prior to the close of the period and should note in the working papers the dates and description of such cheques, and also the dates and descriptions of all advances made from cash and not recorded in the Book. Advances to employees should be strictly investigated and if any are secured by personal cheques the auditor should see that the cheques are deposited in Bank before the close of the audit.

The utmost tact should be exercised by an Auditor in counting cash on hand, as so many cashiers resent even the idea of their cash being counted by an Auditor as they seem to think a reflection is thereby cast on their integrity. In such cases the Auditor should be careful to explain that the counting of cash is a recognized part of an audit just as the verification of Inventories is, so that the cashier may know that the Auditor is acting in accordance with established business practice.

Certificates should be obtained from the banks in which cash is deposited and these should be addressed to the firm direct. The Balances as shown by the certificates should be reconciled with those shown on either cash book, the cheque book stubs or bank registers, after taking into consideration outstanding cheques.

In verifying the outstanding cheques a comparison of the outstanding cheques produced by the company with those listed on a reconciliation statement prepared and submitted by the company's Accountant is not sufficient as is necessary to prove that other cheques entered in the cash book prior to the closing date were not also unpaid at that date. This would not be disclosed by merely comparing the outstanding cheques with the reconciliation statements.

There is only one safe and satisfactory method of proving the accuracy of the outstanding cheques and that is to compare the credit side of the cash book from the last day of the fiscal period backward, item by item with the cheques returned from the bank for such period as may be necessary to account for all current outstandings. Any old cheques not yet cashed by banks should be made the subject of special inquiry. When this work is completed a list of the outstanding cheques so ascertained should be prepared, showing the dates of the cheques and compared with the actual cheques returned from the bank at a later date, and any cheques not so returned should be specially investigated.

Special care is necessary to see that no cheques for cash purposes are drawn at the close of the period and entered in the next period. Such a practice would enable a dishonest cashier to cash the cheque so drawn through an outside source on the last day of the period, knowing that it would not appear in the bank account until a later date. By omitting this cheque from the cash book and from the list of outstandings he could make up a shortage temporarily.

Where the currency and bank transactions are kept together in the cash book and the auditor does not count the cash until a date subsequent to the close of the fiscal year he should, in addition to verifying the bank balances as of the close of the year, verify them as of the date of the count of cash. This is absolutely essential when it is considered that, although the cash on hand which only forms part of the balance at the date of count is in order, it does not follow that the total cash is correct.

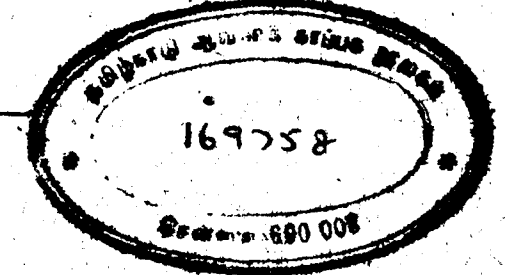
When receipts are shown in the cash book as being deposited in bank on the last day of the fiscal period, but are included in the reconciliation statement on account of their not being paid into bank until the next day, the auditor should obtain letters from the banks acknowledging such deposits. So as to guard against manipulation in transfers between banks at the end of the period, the deposits shown in the pass books should be checked in detail for the last two or three days of the fiscal period from the books to prove that they were composed of *bona fide* cheques and that no cheque drawn by the company was deposited in a bank account without being credited to the bank on which it was drawn prior to the close of the fiscal period, so that the auditor may satisfy himself that deposits are promptly made into bank each day, and that the same cheques are paid into bank as are received, it is advisable to

call for a number of deposit slips and compare them with the receipts as shown by the cash book for the days in which the deposits are made. This check might not, however, discover "over-lapping" in as much as a cashier could make out one slip for the bank and make the duplicate to correspond with his cash book. Of course, the original deposit slips from the banks can always be obtained by the auditor for verification, if he suspects anything is wrong. When the practice of a company is to pay all of its cash receipts into bank, they should be compared and reconciled with the total deposits as shown by the bank books, and similarly the disbursements should be reconciled with the total cheques drawn.

A thorough examination of the accounting system, and methods in force for recording cash is very essential, and it should always be remembered that when three or four people are involved in cash transactions before they are finally recorded in the ledger of the company there is less chance of irregularities occurring than when one person has charge of cash book and ledgers.

Outstanding cheques not examined at an audit on account of their not having been returned by the banks should be called for and traced into the cash book at the beginning of the next audit.

(Will continue)



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NOTIFICATIONS

**GOVERNMENT OF INDIA
LEGISLATIVE DEPARTMENT
Act No. VIII of 1946**

*An Act further to amend the Indian
Income-tax Act 1922*

Whereas it is expedient further to amend the Indian Income-tax Act, 1922 (XI of 1922) for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Indian Income-tax (Amendment) Act, 1946.

(2) It shall come into force on such date as the Central Government may by notification in the official Gazette appoint.

2. *Amendment of section 4, Act XI of 1922.*—In sub-section (3) of Section 4 of the Indian Income-tax Act, 1922 (hereinafter referred to as the said Act), after clause (vi) the following clause shall be inserted, namely:—

"(vii) Any income chargeable under the head 'Income from property' in respect of a building the erection of which is begun and completed between the 1st day of April 1946 and the 31st day of March 1948 (both dates inclusive), for a period of two years from the date of such completion."

3. *Amendment of Section 10, Act XI of 1922.*—In Section 10 of the said Act,

(a) in sub-section (2),—

(i) in clause (vi), after the words "cases be prescribed" where they occur for the second item the following shall be inserted, namely:—

"and where the buildings have been newly erected, or the machinery or plant being new has been installed, after the 31st day of March, 1945, a further sum (which shall however not be deductible in determining the written down value for the purposes of this clause) in respect of the year of erection or installation equivalent

(ii) in the case of buildings the erection of which is begun and completed between the 1st day of April 1946 and

the 31st day of March 1948 (both dates inclusive), to fifteen per cent. of the cost thereof to the assessee;

(b) in the case of other buildings, to ten per cent. of the cost thereof to the assessee;

(c) in the case of machinery or plant, to twenty per cent. of the cost thereof to the assessee:—

(i) for clause (ii) the following clause shall be substituted, namely:—

"(vii) in respect of any such building, machinery or plant which has been sold or discarded or demolished or destroyed, the amount by which the written down value thereof exceeds the amount for which the building, machinery or plant, as the case may be, is actually sold or its scrap value:

Provided that such amount is actually written off in the books of the assessee:

Provided further that where the amount for which any such building, machinery or plant is sold exceeds the written down value, so much of the excess as does not exceed the difference between the original cost and the written down value shall be deemed to be profits of the previous year in which the sale took place:

Provided further that where any insurance, salvage or compensation moneys are received in respect of any such building, machinery or plant which has been discarded, or demolished or destroyed, and the amount of such moneys does not exceed the written down value, the amount allowable under this clause shall be the amount, if any, by which the difference between the written down value and the scrap value exceeds the amount of such moneys:

Provided further that where any insurance, salvage or compensation moneys are received in respect of any such building, machinery or plant as aforesaid, and the amount of such moneys exceeds the difference between the written down value and the scrap value no amount shall be allowable under this clause and so much of the

excess as does not exceed the difference between the original cost and the written down value less the scrap value shall be deemed to be profits of the previous year in which such moneys were received

Provided further that for the purposes of this clause, the original cost of a building, the written down value of which is determined in accordance with the first proviso to sub-section (5), shall be deemed to be the written down value so determined as at the date of its being brought into use for the purposes of the business, profession or vocation;"

(iii) Clause (xii) shall be renumbered as clause (xv), and after clause (xi) the following clauses shall be inserted, namely:—

"(xii) any expenditure (not being in the nature of capital expenditure) laid out or expended on scientific research related to the business;

(xiii) any sum paid to a scientific research association having as its objects the undertaking of scientific research related to the class of business carried on, and any sum paid to a university, college or other institution to be used for such scientific research:

Provided that such association, university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority;

(xiv) in respect of any expenditure of a capital nature on scientific research related to the business, an allowance for each of the five consecutive previous years beginning with the year in which the expenditure was incurred, or where the expenditure was incurred prior to the commencement of the business, for each of the five consecutive previous years beginning with the year in which the business was commenced, equal to one-fifth of such expenditure:

Provided that no allowance shall be made for any expenditure incurred more than three years before the commencement of the business:

Provided further that—

(a) where an asset representing scientific research expenditure of a capital nature ceases to be used for scientific research related to such business:—

(i) no allowance shall be made in respect of any previous year after the previous year in which the cessation takes place, and

(ii) if the aggregate of the amounts allowed under this clause added to the value of the asset immediately before the cessation is less than the said expenditure, there shall also be allowed in respect of the previous year in which the cessation takes place an additional deduction equal to the difference;

(b) where such asset is sold without having been used for other purposes, the sale proceeds shall be taken to be the value of the asset immediately before the cessation, and if an additional allowance or great additional allowances would have been made in respect of the previous year in which the cessation occurred on the basis of that value, an amount equal to the additional allowance which would have been made or, as the case may be, to the difference between the additional allowance which would have been made and the additional allowance which was made for that year shall be made in respect of the previous year in which the sale occurs;

(c) where the proceeds of the sale plus the total amount of the allowances made under this clause exceed the amount of the expenditure, the excess or the amount of the allowances so made, whichever is the less, shall be treated as a receipt of the business earning at the time of the sale:—

(d) where a deduction is allowed for any previous year under this clause in respect of expenditure represented wholly or partly by any asset, no deduction shall be allowed under clause (vi) or clause (vii) for the same previous year in respect of that asset;

(e) where an asset is used in the business after it ceases to be used for

scientific research related to that business, and a claim for an allowance under clause (vi) or clause (vii) is made in respect of that asset, the actual cost to the assessee of the asset shall be treated as reduced by the amount of any deductions allowed under this clause;

(f) clause (b) of the proviso to clause (vi) shall apply in relation to deductions allowable under this clause as it applies in relation to deductions allowable in respect of depreciation;

(g) if any question arises under clause (xii), clause (xiii) or this clause as to whether, and if so to what extent, any activity constitutes or constituted or any asset is or was being used for scientific research, the Central Board of Revenue shall refer the question to the prescribed authority, whose decision shall be final;

Explanation.—In clause (xii), clause (xiii) and this clause:—

(i) 'scientific research' means any activities in the fields of natural or applied science for the extension of knowledge;

(ii) reference to expenditure incurred on scientific research do not include any expenditure incurred in the acquisition of rights in, or arising out of, scientific research, but, save as aforesaid include all expenditure incurred for the prosecution of, or the provision of facilities for the prosecution of, scientific research;

(iii) references to scientific research related to a business or class of businesses include:—

(a) any scientific research which may lead to or facilitate an extension of that business or, as the case may be, all businesses of that class:

"(b) any scientific research of a medical nature which has a special relation to the welfare of workers employed in that business or, as the case may be, businesses of that class;"

"(b) in sub-section (5), after the word "Provided" in the proviso the word "further" shall be inserted and before the said proviso the following proviso shall be inserted:—

"Provided that in the case of a building previously the property of the assessee and brought into use for the purposes of the business, profession or vocation after the 28th day of February 1946, 'written down value' means the actual cost to the assessee reduced by an amount equal to the depreciation calculated at the rate in force on that date that would have been allowable had the building been used for the aforesaid purposes since the date of its acquisition by the assessee and had the provisions of this Act relating to the allowance for depreciation been in force on from the date of acquisition."

4. *Amendment of section 12, Act XI of 1922.*—In sub-section (4) of section 12 of the said Act, for the brackets, figures and word "(v) and (vi)" the brackets, figure and word "(v), (vi) and (vii)" shall be substituted.

5. *Amendment of section 41, Act XI of 1922.*—In sub-section 41 of the said Act, to the first proviso the following shall be added, namely:—

"but, where such persons have no other personal income chargeable under this Act and none of them is an artificial juridical person, as if such income profits or gains or such part thereof were the total income of an association of persons".

An Act Further to Amend the Indian Companies Act 1913

Whereas it is expedient further to amend the Indian Companies Act, 1913 (VII of 1913), for the purpose hereinafter appearing;

It is hereby enacted as follows:—

1. *Short title.*—This Act may be called the Indian Companies (Amendment) Act 1946.

2. *Amendment of section 282B, Act VII of 1913.*—To sub-section (2) of section 282-B of the Indian Companies Act, 1913, the following proviso shall be added, namely:—

"Provided that where one-tenth of the whole amount of the money belonging to such fund exceeds the maximum amount which

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