

The Institute of Chartered Accountants of India
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TUTICORIN BRANCH OF SIRC NEWS LETTER

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Thoughts of the Chairman...

Dear Friends,
Greetings!

I wish everyone of you a bright and prosperous New Year 2010. May this year be filled with peace and joy. My term of office as Chairman ends with this month I would like to thank each and everyone of you for your kind support and encouragement. It has been wonderful working hand in hand with all of you. I've been a member of the Managing Committee since 1990 and I thank everybody for your cooperation throughout my tenure. I'm retiring from the Managing Committee and I wish the new members who are about to be elected success in all their endeavours. I assure that I would extend my full cooperation to you.

Let me share with you some ideas on attitude. It is often quoted, "It is your attitude which decides your altitude in life". How much do you see of an iceberg? Only 10% of any iceberg is visible, the remaining 90% is below the sea level. The same applies to us also. Our knowledge and skills which are visible to others counts to 10% only whereas the rest depends on our attitude. Our attitude is made up of our values, standards and judgements which reflects our behaviour.

People may forget what you said to them, people may forget what you do to them. But they will never forget how you made them feel.

Inculcate the values given below to develop a great attitude:

- Ethics as a basic principle
- Integrity
- Responsibility
- Respect to the laws and rules
- Respect to the rights of other citizens
- Work loving
- Strive for saving and investment
- Will power
- Punctuality

An apple has a number of seeds in itself. Not every seed grows into a tree. Nature teaches us something here. If you really want to make something happen, you should keep trying. You may attend ten interviews to get one job; you may interview fifty persons to find one good employee; you may meet



hundred acquaintances to find that one special friend. When we understand the principle of the seed, we learn to accept and overcome failures in life and we stop feeling like victims. We learn to deal with things that happen to us. Successful people always benefit from their adversities.

When things are beyond your control you must learn to accept things. Expect less...you must not think that the world should act according to your preferences. If you do so, when things do not come your way, life becomes miserable. Instead demand less and have preferences for things that are beyond your control. So that you can very well tell yourself, "I would prefer this but if it does not happen it is OK too...This is really a change in mindset, a shift in attitude and it gives you more peace of mind.

Whether a glass is half-full or half-empty depends on the attitude of the person. Our life is the reflection of our attitudes. Let us take a vow, Either I will find a way or I will make one. To become happier you either need to change your thinking or change the world. It is easier to change your thinking...

Fond regards,

CA B.Francis Amal George.

Eat Smart

-S.Muhammed Fathima IPCC Student

In recent years, gastric bypass surgery is becoming increasingly popular. The surgery shrinks the stomach's capacity from the size of a bottle to that of a small glass and also reconfigures the small intestine. Within a year patients lose more than 60 percent of their excess weight. However experts caution that gastric bypass is major surgery and should not be undertaken lightly. Surgeons recommend surgery only in cases where obesity is a huge problem. Is it an end to obesity?

Here are a few tips for shrinking your stomach quickly and safely.

Never skip a meal:

Dieters think they are saving on calories when they forego meals. In reality, self starvation leads to overeating at the next meal.

Eat small meals frequently:

Reduce the amount of food you eat at every meal gradually. This will slowly but surely minimize the stomach's daily stretch; over time it will shrink and you will need less food. So eat 5-6 small meals instead of three large ones every day. This reduces the size of your stomach by one third!

Stretch your meals:

Make the meal last at least 20 minutes. Your stomach, mouth and brain are all connected and it takes 20 minutes of chewing before your stomach signals to the brain that you are full. So extend every meal to at least 20 minutes. Put down your spoon after every bite. Chew the food well and take the next bite leisurely.

Increase intake of fibre rich foods:

Foods high in fibre like chapattis, dhal especially whole pulses, fruits and vegetables fill you up faster. This means that your stomach gives the signal of 'fullness' to the brain much before you have eaten a large amount of food.

Drink cold water before meals:

Drink a large glass of ice water just before meals. The cold causes your stomach to shrink slightly which will make you feel full faster.

Be positive:

Negative emotions such as sadness, depression, anxiety, fear, guilt and anger push us towards overeating. Try yoga for a sense of optimism.

PEACE

"To be born a human being is a rare event" said the great Tamil poet Avvaiyar. But now-a-days human lives are not secured. Everyday we witness events of terrorism. We are watching the same sad news: crime, war and disaster. We can't recall a day without news of something terrible happening.

Everyman wants happiness & peace and not suffering. But they don't take any step to lead a peaceful life.

If there is to be peace in the world, there must be peace in the nations.

If there is to be peace in the nations, there must be peace in the cities.

If there is to be peace in the cities, there must be peace between neighbours.

If there is to be peace between neighbours, there must be peace at home.

If there is to be peace at home, there must be peace in the heart.

Yes peace first begins from within. You may ask why it should start from us. Gandhi said "Be the change you want to see in the world. Let us be the change & let us inspire others to follow". Yes each individual has a responsibility to shape institutions to serve human needs.

Anger: The first problem of every man is anger. Anger plays a very important role in current conflicts. The Mumbai (Taj hotel) attack on the 11th Sep 2008 is an outcome of anger. I need not explain about it because all of us know that hatred and violence cannot bring happiness to anyone even to the winners of battles. So our personal happiness also will be a question. If we control our anger, it affects ourselves. If we express our anger it affects others. So neither control nor express it. Just try understanding one another. This is the best way to handle our anger. It also develops our inner qualities like humanity.

Compassion is a moral fabric of peace. When we have compassion for a poor person we are showing sympathy because he (or) she is poor. On the other hand love or compassion towards your Parents, your spouse, your children, (or) a close friend is usually based on attachment. Real compassion (or) love is based on altruism not on attachment. We should learn to develop compassion & tolerance not only towards our family but also towards others. We should realise that all beings are born with similar desires & should have equal rights to fulfill them. It helps us to think of others too when pursuing our own happiness. It gives us serenity & peace of mind. When we face problems with a calm mind we can solve them successfully. When we lose control over our mind because of hatred, selfishness, jealousy & anger we lose our sense of judgment and anything terrible can happen.

If we are at peace, if we are happy we can smile & blossom like a flower & everyone in our family and society will benefit from our peace. We can't wait for the next generation to make this change; the present generation must attempt a renewal of basic human values. May this New Year be filled with peace, joy and happiness for everyone of us.

- G.R.Mala IPCC Student

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APPOINTMENT BY PROPORTIONAL REPRESENTATION

-Section 265 of the Companies Act 1956.

-J. Anne Jose (Final Student)

Directors are usually appointed on simple majority voting basis. The drawback in this method of voting is that the majority shareholders possessing 51% or more elect all the directors and nearly as high as 49% of the shareholders have no representation on the Board. To protect minority interest the Companies Act 1956 gives an option u/s 265 to public limited companies and their private subsidiaries,

- To provide in the Articles of Association.
- To appoint not less than 2/3rd of the total directors by proportional representation.
- Such an appointment can be made once in three years.
- Proportional representation can be made in two ways:
 - Single transferable vote
 - Cumulative voting

Single transferable vote:

Every person to be elected has to obtain a required number of votes (quota). The quota is determined in the following manner,

$$\left\{ \frac{\text{Total no. of votes cast}}{\text{Total no. of seats} + 1} \right\} + 1 = \text{Quota of votes.}$$

The procedure can be explained by an illustration..

Illustration:

There are 600 votes cast in an election and there are 5 seats.

$$\text{Therefore Quota} = \left\{ \frac{600+1}{5+1} \right\} = 101 \text{ votes}$$

Let us say, 7 candidates A,B,C,D,E,F & G are contesting the election. Every candidate should get atleast 101 votes to make it to his post. The voters may cast their first preference to A, second to B, third to C and so on. Casting of second preference, third and so on are optional.

In the above illustration, the first preference votes are counted.

Assuming, A gets 190 votes; B gets 90; C gets 85; D gets 75; E gets 60; F gets 58 and G gets 42. A gets more than the required number of votes and he is automatically qualified. 'A' has 89 (190-101) surplus votes.

The second preference in A's papers are as below:

D 30; E-10; F-15; G-120. The total comes to 175. Out of the 190 who voted for A, 15 members did not cast their second preference votes. Only 89 votes can be transferred and hence 175 votes are distributed in the ratio 30:10:15:120.

A's surplus is distributed as follows..

$$D - \frac{30 * 89}{175} = 15;$$

$$E - \frac{10 * 89}{175} = 5;$$

$$F - \frac{15 * 89}{175} = 8;$$

$$G - \frac{120 * 89}{175} = 61;$$

Hence the position of the contestants now is,

A - 101 (Elected)

B - 90

C - 85

D - 75 + 15 = 90

E - 60 + 5 = 65

F - 58 + 8 = 66

G - 42 + 61 = 103.

G gets the quota and is thereby elected and the remaining surplus of two votes may be ignored as insignificant. As there are no surplus votes in any account, the candidate with the least number of votes gets eliminated and the votes he has got so far gets distributed among the second preferential candidates in E's account.

His sixty papers are scrutinized and the relevant second preferential votes are distributed. B gets 11; C gets 5; D gets 15 and F gets 25. The current position is,

A - 101 (Elected)

B - 90 + 11 = 101

C - 85 + 5 = 90

D - 90 + 15 = 105

E - Eliminated

F - 66 + 25 = 91

G - 103 (Elected)

B and D get elected; C is eliminated and 15 of C's voters have casted second preference for F and F is elected. Thus A,B,D,F,G make it to the Board.

Cumulative voting:

Total no. of votes cast = Total no. of shares * No. of seats.

Thus every share carries that many votes as are the vacancies. For instance if there are 1000 shares and there are 10 directors to be elected, the total votes cast will be 10,000 votes. A candidate should get 1000 votes to get elected. Now even if the minority holds 100 shares i.e. 10% they get 1000 votes and they can have one director on the Board to represent them.

Source: 'Company Law and Secretarial Practice' by G.K.Kapoor & A.K.Majumdar.

