

Roadmap-Young Practitioners



Committee for Members in Practice (CMP)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Message from President, ICAI

Young Chartered Accountants, with their energy, zeal and enthusiasm, are strong pillars of the profession and would certainly lead the profession to a higher growth path. They have a crucial role to play in the comprehensive growth of the country by rendering their invaluable services to public at large. Because of their expertise and deep understanding of the nitty-gritties of financial and business arena, the demand of Chartered Accountants has been multiplying day by day. In order to be responsive to the changing and higher expectations of various stakeholders and the society at large, the Institute of Chartered Accountants of India (ICAI) has been taking various initiatives to keep our young members abreast with the latest developments taking place around us.



The Committee for Members in Practice (CMP) of ICAI is bringing out a Young Members Practitioners' booklet i.e. 'Roadmap-Young Practitioners' to provide the young members with insights into numerous areas of practice. The practitioner's booklet aims at equipping the young members with the knowledge that would enable them to set up their practice, realize the importance of their functional areas and sharing with them the knowledge of the audit programs so that those effective professional practices could be followed which can be mapped with global accounting policies. The booklet also aims at knowledge updation which is the core requirement of each and every professional.

This practitioner booklet also includes details about various new emerging areas for specialization and expertise such as Merger & Acquisitions, Forensic Accounting, Carbon Credit, Arbitration, etc. available to young practitioners.

I compliment CA. Satish Kumar Gupta, Chairman, CMP, ICAI; CA. Prasanna Kumar D., Vice-Chairman, CMP, ICAI and all other members of Committee for bringing out this booklet. I hope that booklet would be of immense help to the young members in the understanding of challenges and enable them to handle it.

CA. Atul Kumar Gupta
President, ICAI

Message from Vice President, ICAI

In today's competitive scenario continuous learning is imperative. To compete with the edge and for enduring the visibility, continuous update of knowledge and learning is a prerequisite. There is no scarcity of individual Excellencies, knowledge and talent in the profession but there is an utmost need to empower the young professionals to enable them to become successful leaders in this growing economical phase.



The COMMITTEE FOR MEMBERS IN PRACTICE (CMP) has been working assiduously to equip its young members in meeting the challenges likely to be faced by them and to enhance vision, knowledge and skills of the young members. Attractive remuneration packages entice young members to choose industry as their career over Practice. However, opportunities for young CAs have broadened considerably in practice in the recent times, not just due to the globalization of economies, but also because of new laws being in force. There are numerous career opportunities for practicing young Chartered Accountants. The only requirement is to gear them up and to provide them indepth knowledge of subject matter so as to have an edge over their counterparts.

Keeping this in view, COMMITTEE FOR MEMBERS IN PRACTICE has come up with a booklet for Young Members Practitioners i.e. 'Roadmap-young Practitioners'. The said Booklet will provide path for young CAs who are desirous of choosing their career in practice. The kit includes overview of the various areas in practice with related challenges, areas of specialisations such as Indirect Taxes, Direct Taxes, FEMA, Corporate Finance, new emerging areas for specialization such as Merger and Acquisitions, Forensic Accounting, Carbon credit, IFRS, basic infrastructure requirements for setting up practice. The Kit will make the members aware of the ways of branding and marketing within the ethical framework of ICAI.

I congratulate CA. Satish Kumar Gupta, Chairman, CMP, ICAI, CA. Prasanna Kumar D, Vice Chairman, CMP, ICAI and earnestly appreciate the team efforts of the CMP for their contribution in developing aforesaid booklet.

I hope that the young members will find the practitioners' Booklet immensely useful.

Best Wishes

CA. Nihar N Jambusaria
Vice President, ICAI

Message from the Chairman, CMP, ICAI

There is a high tide of hope for change in India. A young nation with 800 million people under age 35, India is brimming with optimism and confidence. The young people's energy, enthusiasm and enterprise are India's greatest strength. 'Unleashing those attributes is my government's biggest mission' wrote our honourable Prime Minister Shri Narendra Modi in his op-ed published in the Wall Street Journal on September 26, 2014 during his visit to the United States of America. India is one of the young nations of the world. The youth of the nation is full of untapped potential, fresh thoughts, committed and dedicated to reach the pinnacle of success.



We the CMP of ICAI, share the aligned thinking. We also feel that there are various new frontiers which are yet to be explored by our youth. Securing better professional opportunities and avenues for our members in practice and industry, empowering them with cutting-edge technology that will enable us to create a formidable and robust future for the profession are some areas of strategic focus this year.

I am pleased to note that the COMMITTEE FOR MEMBERS IN PRACTICE (CMP) of the ICAI has come up with a booklet i.e. 'Roadmap-Young Practitioners'. The practitioner's booklet gives an insight into numerous areas of practice. The booklet would cover how to set up practice, areas of specialization, branding and marketing, Document Management System, checklist while preparing partnership agreement.

I am indebted to the CA. Atul Gupta, President, ICAI & CA. Nihar Niranjn Jambusaria, Vice President, ICAI for the tremendous support that they have given since the instigation of the aforesaid book. I also wish to acknowledge the contributions made by CA. Prasanna Kumar D., Vice Chairman, CMP, ICAI for the said publication. I place on record my wholehearted compliments to the Members of the Committee for taking this initiative for young members. I am sure that the information contained in the practitioners' kit will enable the young members to achieve success in all their professional assignments. I also appreciate the efforts put in by Dr. Sambit Kumar Mishra, Secretary & other officials of the Committee.

With Kind Regards,

CA. Satish Kumar Gupta
Chairman, Committee for Members in Practice, ICAI

Message from the Vice Chairman, CMP, ICAI

The economy of our country is highly dependent upon calibre of the young generation. The Chartered Accountants, being the experts in finance, have crucial role to play in the growth of the economy by providing their service to the public at large. Post globalization and growth of economy, the opportunities for young Chartered Accountants in practice are increasing by leaps and bounds. It is the need of hour to prepare them to grasp the opportunities by providing them required guidance, expertise that help them to become successful professionals to efficiently and effectively perform the duties to the public at large.



In order to empower young members and to provide them necessary guidance, the COMMITTEE FOR MEMBERS IN PRACTICE (CMP) has come up with Young Members' Practitioners' Booklet i.e. 'Roadmap-Young Practitioners'. The said Booklet provides the knowledge that a young Chartered Accountant must possess when he chooses any particular area of specialisation. The young Chartered Accountants have the dream of setting up their own practices but they lack the knowledge of the basic infrastructure required for a CA firm.

This said Booklet will help them in gaining the knowledge of the basic infrastructural facilities such as layout of the office, furniture & fixtures, Library Interior etc that would serve as the pre-requisites for the setting up of a CA firm. The Booklet covers various aspects of practice for young members such as documentation, Audit tools & techniques necessary for discharge of their duties with extreme care etc.

I would like to extend my sincere wishes to the Member of the Committee for their wholehearted contributions for the successful development of the Booklet. I also appreciate the efforts put in by Dr. Sambit Kumar Mishra, Secretary, CMP, ICAI and other staff of the secretariat for bringing out this said booklet.

I wish this Booklet would contribute better understanding and immense useful for young members. With Warm Regards,

CA. Prasanna Kumar D.
Vice Chairman, Committee for Members in Practice, ICAI

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Set up of Practice: Choice of Entity

Forms of Practice

From the moment a young Chartered Accountant decides to start a practice, he encounters several challenges, the first one being the question of deciding the type of the entity that would be suitable for him. This in turn is dependent upon his individual dreams and ambitions, personal needs, financial position and other factors. Some paths one could focus on are enumerated in the following paragraphs.:

1. Freelancing

The big advantage here is that one can test the water and one's appetite for freelance, while still being employed. Some features of freelancing are:

- One gets updated in different areas of practice.
- Freelance assignments in different areas allow one to know the nuances of the specific nature of that work.
- It allows the use of a range of skills on a variety of projects, all at the same time. This is great for individuals who enjoy diverse tasks and topics and work best when they have multiple balls up in the air.
- One can choose from the list of assignments as it ensures flexibility in work.

2. Sole Proprietorship

It's easy to form a sole proprietorship since a single individual owns, manages and controls the business.

Some salient features of this mode are the following :

- The proprietor has complete control over all the aspects of his business and takes all decisions, though he may engage the services of other professionals for the day-to-day activities.
- Flexibility in working.
- One can earn more than enough to have a comfortable life style.

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- Benefits by converting to niche area practice, specializing in one area. For e.g., international taxation, business valuation or rendering complete business solutions to specific sectors such as manufacturing, hospitals, hospitality, franchise business, convenience stores etc..
- Recognition to the sole proprietor rather than the entity
- The sole proprietor needs to create visibility for his practice, through presentation of articles, attending seminars / conferences as a speaker / group leader.
- Sole proprietor needs to project the proprietorship as an organization instead of a 'one-man show'.

Challenges as a sole proprietor

- Growth is feasible only up to a certain level. Scalability of practice is extremely difficult as one may not find the time and resources to provide comprehensive services that today's clients expect from a CA firm.
- Since the main point of contact would usually be the sole proprietor, in his absence, the client would not be comfortable interacting with other personnel. Thus, the sole proprietor will have to create a strong second line of management which in itself will take time and involve cost ..
- The liability of the proprietor is unlimited, i.e. it extends beyond the capital invested in the firm
- The multiple laws and constant amendments in these laws create a huge challenge for a CA to remain updated in all related areas. This in turn may impact the quality of the services that he offers to his clients.
- In a sole proprietorship, continuity of services to a client is a big limitation as it is largely dependent on the life of the concerned CA.

3. Partnership Firm

The shortcomings of a sole proprietorship are overcome by partnership firms, where there is a relative continuity of existence of the business, with unlimited growth potential. Its features include the following :

- It is multi disciplinary.
- It is essential that time be invested in drawing the partnership agreement, with the following arrangements, among others:-
 - * How will the business be financed?
 - * Who will do what work?
 - * What happens if a partner dies?
 - * What happens if one or both partners want to dissolve the partnership?
- A combination of complementary skills of two or more people, wider knowledge pool, skills and contacts could lead to many areas of specialisation and cater to many segments.
- Cost-effective, as each partner specialises in different aspects of business
- Partnerships provide moral support and will allow creative brainstorming.
- Wider visibility through partners, with the option of having honorary partners
- Since decisions are shared, disagreements can occur. A partnership is for the long term and expectations and situations can change, which can lead to dramatic and traumatic split ups.

The success of the partnership depends mainly on ego management among the partners. There could be issues relating to the sharing of fees / profits. Human relationship management among partners should be given as much importance as commercial understanding among them. Thus it is advisable to:

- Document as many worst case scenarios as possible and ways to resolve them
- Have an open mind approach to resolve issues.
- Be jointly and individually liable for the actions of other partners
- Share profits with others.
- Decide how you value each other's time and skills. E.g., what happens if one partner puts in less time due to personal circumstances?

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- Be willing to consult other partners and negotiate more as decisions cannot be taken individually.

A major disadvantage of a partnership is unlimited liability. Generally partners are liable without limit for all debts contracted and errors made by the partnership firm. For example, if you own only 1 per cent of the partnership and the business fails, you will be called upon to pay 1 per cent of the bills and the other partners will be assessed for their 99 per cent. However, if your partners cannot pay, you may be called upon to pay all the debts even if you were to sell off all your personal possessions.. This makes partnership firm too risky for most situations.

WHY IS A GOOD PARTNERSHIP AGREEMENT ESSENTIAL?

The process of drafting the agreement forces you to think and talk through all the major scenarios you may face in your partnership. This assures that you have complete and common understanding. It avoids unspoken assumptions and resolves many potentially contentious issues at the beginning of your relationship itself.

There should be a clear record of the partners who have agreed come together to form the partnership. ???/.

No partnership lasts forever. If it breaks down or if one partner wants to end it, dissolving it should be done as quickly, fairly and equitable as possible, without destroying the value in the underlying business.

Your success plan is defined. It puts down how important matters will be addressed when you succeed (e.g. distributing profits, cashing in, etc.)

Partnership agreements are not about trust or acrimony. They are about communication and common understanding. They are about building a strong relationship. They are about working on an agreement today that avoids messy and expensive disputes in the future.

For more information on the essential constituents of a Partnership agreement, refer APPENDIX-1.

Last but not the least, it should be remembered that the best partnership agreements are never looked at again because the level of good communication and common understanding that they are based upon has been accomplished in the process of implementing the agreement.

4. Limited Liability Partnership (LLP)

This is the future of business entities in India as this combines the advantages of a company and a partnership firm

- It is governed by the LLP Act, 2008.
- An incorporated LLP has perpetual succession. Notwithstanding any changes in its partners, the LLP will be the same entity with the same privileges, immunities, estates and possessions.
- The LLP shall continue to exist till it is wound up in accordance with the provisions of the relevant law. Liability in this case is limited as opposed to partnership firms where liability is unlimited and partners are personally liable.
- The Act gives LLPs utmost freedom to manage their own affairs. Partners can decide the way they want to manage it and state it in the form of terms and conditions in the LLP Agreement. In most cases, the Act provides that its provisions will be applicable only where nothing is provided in the LLP Agreement.
- It is easier to join, transfer or leave an LLP firm in accordance with the terms of the LLP Agreement. Ceasing of old partners and induction of new partners will automatically lead to change in the ownership of an LLP.
- In addition to the signing of financials, there is transparency through financial statements, which are public documents.

Unlike a partnership, the partners in an LLP are not agents of the partners and therefore, are not liable for the individual acts of other partners.

Adapting to A Changing World

Opportunities and Challenges for Young Members in Practice



This Chapter attempts to briefly examine those areas and offers the young members an overview of an alternative career path in practice, which challenges their ability and provides them an opportunity to prove their worth.

Survival and Success depend on Speed and Imagination.

N.R. NARAYANA MURTHY

These words of Shri N. R. Narayana Murthy are apt for any professional, especially relevant in today's scenario while discussing various professional opportunities for Chartered Accountants in Practice. Even though a lot has been written and spoken about this topic, still, discussing this subject with specifically the young members of our profession in mind brings out a whole new dimension.

As we are reminded of the young members from Tier 1 & 2 cities, who shared with us their views on various topics such as: the profession, ICAI, fellow professionals and their expectations, we could discern a hunger in them to excel and their enthusiasm shone forth, tinged (We must add), by their anxiety, which we will address later in this publication. .

There are endless opportunities for young members in practice. We have tried to group these into those opportunities that have emerged due to

globalisation of economies and those that come under traditional areas of practice. The list is only indicative in nature and not exhaustive.

Globalisation of Economies

1. Inbound and Outbound Investments

Foreign entities planning to invest and start their business operations in India are required to comply with a host of regulations. Similarly Indian corporates who plan to invest and start business operations outside India need guidance on various regulatory framework that affects such investments.

The current state of the Indian economy has, to an extent, impacted in attracting Foreign Direct Investments (FDI) into the country. However, FDI is bound to gain momentum in the near future once there is certainty and stability on the Indian political front. In case the expected further liberalisation in the FDI policy materialises, foreign investors could tap into many sectors that have currently opened up for investment with minimum or no government inference. Similarly, Indian companies will continue to tap resources and opportunities available overseas.

Opportunities Available :

- Advisory services on FEMA and Exchange Control Regulations
- Representing clients under the FEMA and regulations made thereunder (adjudication proceedings and appeals) before the Special Director (Appeals)
- Certification work relating to borrowing and lending in foreign exchange, deposits, remittance of Indian assets by NRIs, export / import of goods and services, to name a few
- FEMA compliance audit
- Financial and legal due diligence
- Advise on private equity financing and structuring
- Advisory of debt structuring and other financial options
- Advisory and analysis on financial options
- Regulatory approvals from competent authorities like RBI/SIA/FIPB
- Setting up of SEZ/EOU/STP

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- Formation of subsidiary companies of foreign companies, including branches and liaison offices
- Valuation of shares for regulatory purposes governed by the Reserve Bank's circulars.

2. Cross Border Mergers and Acquisitions

M&A, as we know, is a strategy adopted by Corporates to expand their operations with a view to: a) increase their profitability; b) access new technology; c) access a skilled talent pool; d) access capital and new markets; f) Diversify, and so on. With the easing of restrictions on cross border M&A *vis a vis* capital, there is a tremendous increase in international investments. The Companies Act, 2013 has opened up mergers of Indian companies with foreign companies subject to RBI approvals in specified jurisdictions.

Opportunities Available

- Advisory services
- Investment banking
- Business valuations
- Regulatory approvals from competent authorities like RBI/SIA/FIPB

3. Knowledge Process Outsourcing (KPOS)

In an era of globalisation many companies have undertaken outsourcing as part of their business strategies. As more and more companies are joining the outsourcing bandwagon, this phenomenon is gaining enormous corporate attention. Recent market surveys indicate that almost 80 per cent of companies expect to increase their investment in outsourcing. More recently however, outsourcing of F&A functions has been growing rapidly.

KPO calls for a high degree of quality in deliverables, investment in quality infrastructure and the talent pool, enhanced risk management, controls and maintenance of confidentiality.

F&A outsourcing is not just restricted to transaction accounting. It is increasingly covering complex and high end F&A activities like year-end finalisation, statutory compliance and management reporting. Small to mid-sized business offer fantastic opportunities for outsourcing F&A.

Other KPO related areas include market analysis, equity research, financial modeling, business process re-engineering, etc.

4. Shared CFO Services

Many small to medium businesses require CFO services to help manage their growing businesses. However with constraints on financial resources, affordability becomes a challenge. SMEs cannot afford a full time CA, nor can they afford not to have one. Young CAs with a reasonable degree of experience and exposure will be able to fill this gap. The concept is gaining added importance of late.

Opportunities Available

- Defining entry strategy
- Incubation services such as company incorporations, office setup and initial team for accounting, reporting and compliance
- Relationship management with investors, lenders and
- Bankers
- Managing government authorities
- Review and analysis of management reports
- Statutory compliance management and advisory

5. IFRS

The worldwide acceptance of IFRS has established a common platform globally for this profession. It has naturally created a great demand for IFRS professionals with knowledge and experience of these Standards. India too adopted them, converging them with our existing Accounting Standards, and renaming them as the Indian Accounting Standards (IND-AS).

Opportunities Available

- Offering independent advisory services in IFRS, including conversion of financials as per Indian GAAP to IFRS compliant ones
- Tie ups with large audit firms and professional advisory services companies who need IFRS professionals, as these firms support companies in successful implementation of International Standards as part of the accounting structure.

6. Business Valuation

With globalisation and liberalisation of economies, M&A and Strategic Partnerships have increased manifold. The objective of business valuation is to determine the fair market value of the business, i.e. the price the buyer and seller negotiate at arms length. It is an evolving field and there are very little developed doctrines relating to the application of the specific method amongst various valuation methods. Many factors drive the valuation of the business such as the nature of the business, specific industry scenario, economic outlook, the company's financial position, etc. There are many methods to value a business such as, Asset Approach, Income Approach or Market Approach. Further, valuation is required under various statutes like FEMA, Companies Act 2013, Insolvency Laws and several such laws.

7. Corporate Governance

This is generally understood as a systematic process by which companies are directed to ensure that they are managed to meet stakeholder aspirations and societal expectations. It leads to corporate governance philosophies of trusteeship, transparency, empowerment and accountability, and controlled and ethical corporate behavior. The Companies Act, 2013 lays special emphasis on corporate governance.

Opportunities Available

- Designing code of conduct for governance
- Designing risk management frameworks
- Designing internal control frameworks
- Designing whistle blower policies
- Audit of corporate governance
- Audit on internal control functions

8. Extensible Business Reporting Language (XBRL)

The XBRL reporting system has transformed financial reporting and the use of these reports by various stake holders. Interactive data has enabled investors and external users to make informed decisions. This has enabled CAs to prepare error free accounts as the accounting data is being mapped into a recognized taxonomy and helps errors to be addressed at this stage.

This has given great flexibility to CAs in the preparation of different types of management reports. The Companies Act requires a certain class of companies to file their financial statements in XBRL format..

Opportunities Available

- Extracting financial statements from accounting packages (Tally, ERP).
- Mapping of financial statements
- Review of mapping
- Actual conversion
- Validation of XBRL files
- Advisory services
- End-to-end project implementation, including preparing complete XBRL documents on a fully outsourced basis

9. Goods and Services Tax (GST)

As we are all aware, the GST aims to replace multiple indirect taxes in India, such as central excise duty, additional excise duties, value-added tax and service tax. The introduction of GST is a key reform measure that could have immense macro implications for India's growth potential. The biggest positive from the introduction of GST would be higher revenue for the government that would come from broadening the tax base and increasing compliance.

Opportunities Available

- Record keeping
- Advisory services
- Departmental audit
- External audit of GST records
- Certifications for tax credits and special audits, if any

10. Forensic Accounting

Forensic Accountants are often engaged by companies when litigation is anticipated or suspected. A Forensic Accountant often utilizes his understanding of business information and financial reporting systems,

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accounting standards and procedures to investigate some form of economic crime.

11. Other Areas one can Explore

- Faculty assignments in professional institutions
- Nominee directors for foreign companies setting up branches in India
- Business structuring assignments / consulting
- Drafting and conveyancing
- Contract tendering (negotiation) areas of consulting
- Setting up practice in the areas of minor Acts – such as PF / ESI / Luxury Tax / Entertainment Tax / Stamp duty laws, etc.
- Traditional areas of practice -
 - *Taxation:* In traditional areas of practice, Direct and Indirect taxation have always been a major area of focus by CAs.
 - Direct taxation covers areas like Advisory Services, Tax Filings & Compliance, Appeals and related Proceedings
 - Indirect Taxes helps one to develop expertise in niche areas like GST and provide services as Consultant, Tax filings, Appeals and related Proceedings, etc.

One can examine an industry specialisation in all the above fields. Other areas offering scope of practice are the following:

Internal Audit

This important activity helps the management of companies with an insight into several areas of improvement; systems and processes, effectiveness of internal controls, performance and risk management, statutory compliance management, reduction in costs, revenue enhancement opportunities, and more.

Opportunities include audits in the areas of:

- Operations
- Finance
- Compliance

- Information Systems (IS)
- Investigation
- Management

Internal audit has fast become an integral part of Board proceedings and Audit Committees are expected to review various findings and take adequate steps to address issues mentioned therein. Hence internal auditors of listed or other large companies now have high visibility and lot of expectations ride on them.

Bank Audits include inventory and receivables audit, concurrent audit, information system (IS) audit, statutory audit and revenue audit.

Insurance Sector includes advisory, Actuary, Broker, Surveyor / loss assessor, arbitration, concurrent auditors, certifications required under IRDA, Insurance investigations and consultancy in Insurance laws.

It may be noted that for each specialisation area mentioned above, young practicing members may have to undertake post membership specialised courses either through the ICAI or the respective International Bodies. Many of these courses are available online.

Challenges that Young Members Face

We have tried to highlight hereunder a few of the many challenges young members have to deal with:

- Increased infrastructure cost of setting up an office and ongoing rents and maintenance
- Reaching out to potential clients, i.e. marketing their services
- Clients' unwillingness to increase professional fees despite the increased level of compliances expected under various statutes
- Lack of effective communication and presentation skills
- Absence of informal networking forums such as a CA club to facilitate interaction with professional colleagues and help build networks
- Limited access to advice from senior professionals, especially for those working in Tier 2 cities
- Limited access to affordable technology to help build consistent standards across the profession, eg: audit tools

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- It may be noted that the Institute is seized of most of these challenges and is working steadfastly in addressing them.
- Opportunities are aplenty. Challenges can be addressed and managed. It's best to choose an area of interest one is passionate about and willing to go that extra mile to be a specialist in.
- We would like to conclude by sharing the advice from the great spiritual guru Swami Sivananda.

Put your heart, mind and soul into even your smallest acts. This is the secret of success.

Pointers to Specialisation

Specialisation by A Chartered Accountant

Specialisation in any subject is achieved by a continuous and thorough study of the subject beyond the course curriculum . While specialised / expert knowledge, backed by a CA qualification , in any subject is highly useful and recognised, in the case of tax litigation practice, equipping with a Law Degree will be an added advantage. For a CA, the scope for specialisation is very wide.

There are no shortcuts to success.

With dynamically changing statutes, regulatory mechanisms, business models, and business environment, there is an increased demand for experts who can steer the business through such changes and CAs are the preferred choice.

Knowledge of Accounting: A Fundamental Requirement

Regardless of the area of specialization, a strong accounting knowledge with conceptual understanding of the Accounting Standards is a fundamental requirement for professional excellence. Its practical application helps visualise situations and even in the era of computerization, such knowledge helps to understand the modalities and penetrate the barriers of complexities of system architecture. Hence, it is recommended that for a period of two years post qualification, one should predominantly involve oneself in the fields of accounting, audit and analysis, including MIS and financial projections, which give a practical insight into the field of finance and accounts.

Do you have what it takes?

Specialisation calls for a structured, focused approach to a particular subject. People who have achieved specialisation tend to share the following traits:

- An analytical mind and readiness to walk the extra mile

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- Willingness to study the subject thoroughly
- Ability to adapt to changes, yet be open to suggestions from both seniors and juniors.
- Continuous and timely updating oneself on the subject
- Open to opportunities to teach and participate in technical discussions, however poorly paid or burdensome.
- A simplified and clear approach to teaching the subject.
- Good communication skills, written and oral, fluency in speech and ability to confidently convey the intended message.
- Interest in developing soft skills.
- Ability to say 'NO' to work which detours from the path of specialisation
- Ability and willingness to act beyond the call of duty.

Approach to Specialization

Once the practicalities of financial accounting are clearly understood, the next step is to identify an area of specialisation, which would involve the following steps:

- Identifying study material to get an in depth understanding of the subject of specialisation.
- Identifying any specialised course including crash courses in the given field
- Looking out for opportunities to teach the chosen subject of specialization and start teaching.
- Getting associated with a firm / organization where your chosen subject is already being practiced.
- Attending lectures and seminars on the topic.
- Make your presence felt in various seminars, meetings etc. in the

specialized topic by expressing your point of view and countering traditional thinking.

- Simulations and discussion with the experts and mentors.
- Contribution of articles to CA journals.
- Subscribing to specialized journals in the field — both domestic and international
- Continuously identify and adopt best practices.

Areas of Specialisation

There are a number of subjects one can specialise in, both in tax and non-tax areas. A practicing CA specializing in tax litigation would be able to represent / appear for the case up to the level of Tribunal but would be ineligible to appear before the High Court / Supreme Court. However, when it comes to non-tax areas there are several other avenues which a CA can pursue and excel, which are also discussed below. Here's a list of some of the key and the more widely recognized areas, both non-tax and tax-related, available for specialisation:

Direct Taxes

Specialisation in direct taxes has two angles. With increased compliance requirements and the complexity that has accompanied them, specialization in compliance of direct taxes is useful. Tax planning, tax management, international taxation, corporate taxation, knowledge of tax provisions applicable to different entities, conversion of one kind of entity to another kind of entity like partnership to LLP, LLP to a company and vice versa are highly useful to the business community.

Indirect Taxes

Indirect tax is a very important source of revenue to the Government and hence specialization in this subject offers enormous scope in the practice. Since this is a transaction based taxation, the amount involved is always higher and the number of entities requiring this service is also very large.

Foreign exchangemanagement

In the era of globalisation, knowledge of FEMA is highly essential. While it is required to know some of the provisions even for basic audit, a specialization in this field together with international taxation would be considered highly useful in practice. If one decides to offer consultancy in this field, indepth knowledge of FEMA and various other provisions regarding ECB, FDI, outbound investments, etc. is needed.

Foreign Trade Policies

Foreign trade policy is very useful to the industry. Not only does knowledge in this field have a good career scope but the number of experts in this subject are few. A thorough knowledge of import and export regulations, customs duties, anti-dumping regulations ,exchange control regulations and international trade can be a great area for practice, especially with the use of technology in every office.

Corporate Financing

Raising finance for business including equity , preparation of connected papers and negotiation of terms of such debts is one of the niche areas of practice. For this, an indepth knowledge of working capital requirements, bank lending norms, RBI policies regarding lending and alternate finances is required.

Knowledge of structured debts with equity conversion options and their implications to the promoter and the investor would help close the deals. This requires extensive networking and establishing connect with people from across various business verticals.

Labour Laws and Compliances

With increased responsibility of the directors under the Companies Act, 2013 it is important that compliances regarding labour laws is given adequate importance. Specially, in the construction industry and other similar industries, this aspect is highly relevant. A practicing CA can do a periodical thorough audit of the construction and contract works and report the non-compliances or suggestions to ensure compliance.

Turn Out Strategies

There are several reasons why companies fail in what they wanted to achieve. Studying reasons, helping the management to take the right decisions and advising on improving operational efficiency by undertaking various costing and other analysis would help the company in turning around. This is highly challenging and rewarding. Further, in the case of loss making companies, consultants have a great chance as the company does not get professionals on full time basis.

Internal Controls, SOX and Other Allied Audit Services

Internal control plays a crucial role in the success of any business. Maker checker concept to advanced technologies' controls provide a huge opportunity to a person as an outsider to verify the existence of internal controls in a complex business environment and advise the management. Further, establishing internal controls and ensuring that they are continuously followed is one of the key responsibilities of the management, thus making this service specialization much sought after by companies.

Systems Audit in Computerised Environment

Apart from traditional audits, areas like auditing the systems, maker checker concepts, flow and delegation of powers, its potential risks, weakness in multiple access environments, cloud computing and its weakness, etc. offer greater opportunities for a CA to analyse these systems and give a report to the management.

Support Services for Software Development, Testing and Implementation

A CA is capable of understanding, articulating business flows, work flows and mapping the same in a software environment. A thorough knowledge of internal controls is required for any business environment. Something that is very helpful to software development engineers. Similarly, for implementation a CA will be able to better visualize systems and procedures, internal controls, statutory regulations governing transactions and type of reports required to be generated to meet statutory compliances.

Management of Family Run Businesses

In the case of family run businesses, a CA can take on the role of transitioning the management from one generation to the next generation. Several family run businesses engage the services of a CA for the smooth transfer of knowledge of the business from the father to the children. As a confidante to the family, elders look to their CAs to handhold the whole transition of the change in the management to the next generation and this process offers a great opportunity for the youngsters to excel.

Preparation for IPO

Any company which intends to go public to raise finance requires improvement in several areas of their operations including finance and corporate governance aspects. A practicing CA can study various listing requirements which are published by SEBI from time to time and prepare the company to go public. This generally involves preparation of quarterly financials, rating the company, updating all the statutory records, bringing discipline in various departments for smooth quarterly closures, integrating all the departments from the finance perspective, implementing monthly cut off procedures as against annual cut off procedures, etc.

Preparation for Financial Due Diligence

With increased activity in mergers & acquisitions, it has become imperative for every company to be ready for a due diligence at any point of time. Though companies have various departments to ensure compliances and are ready with all the information sought by an investor, a professional approach gives different results. As a professional, several internal aspects of the business can be questioned to ensure that when the investor comes, the management will be able to answer such questions confidently. This work requires a special approach to ensure that the company is not surprised by the investor's team over various sensitive issues. An early detection of such situations helps the management in avoiding accidents. This can be achieved through a thorough study of various operations including operational efficiencies and statutory compliances. Analysis of contractual obligations, debt covenants, statutory aspects, customer commitments, warranty obligations, pay roll liabilities, etc. can be effectively done by a CA and over a period of time, specialization in this field can be achieved.

ESOP and Payroll Related Services

Employee cost mapping; employee remuneration; employee productivity analysis; ESOPs and its management; and pay roll services will continue to offer an important opportunity for a CA.

Strategy Mapping and Scorecards

Corporates find it difficult to map performance to the strategies drawn. Strategy mapping is a highly specialized subject, being taught in the international management courses. Knowledge of this subject would enable a CA to help the management in strategy mapping. Further, knowledge of scorecards like balanced scorecards and the ability to chart out business specific key performance indicators (KPI's) can help a CA in advising the management in their performance analysis. Further, knowledge of scorecards like balanced scorecards and the ability to chart out business specific key performance indicators (KPI's) can help a CA in advising the management in their performance analysis.

Assisting in Arbitration

Arbitration as an alternate dispute resolution is emerging and with an increasing number of corporate disputes, it is imperative that these cases be represented properly. Often, this is based on contracts between the parties and hence knowledge of the Indian Contract Act would help. Further, a thorough study of understanding the facts, helping clients to improve their paperwork; assisting lawyers in making out a better case by using financial and accounting knowledge helps a lot in resolving these disputes. Further, a CA is better placed to make a "WHAT IF" analysis which will help the parties to settle their endless disputes by understanding and visualizing various situations. Of late, quite a few CAs have started helping their clients in this area, which is expected to increase significantly over time.

Mergers and Acquisitions

M&A as we know is a strategy adopted by corporates to expand their operations with a view to: (a) increase their profitability; (b) access new technology; (c) access a skilled talent pool; (d) access capital and new markets; (e) Diversify, and so on. With the easing of restrictions on cross border M&A *vis a vis* capital, there is a tremendous increase in international investments.

Roadmap-Young Practitioners

The Companies Act, 2013 has opened up mergers of Indian companies with foreign companies subject to RBI approvals in specified jurisdictions.

The opportunities for a CA in M&A include the following:

- Advisory services
- Investment banking
- Financial and legal due diligence
- Advise on private equity financing and structuring.
- Business valuations
- Regulatory approvals before competent authorities like RBI/SIA/FIPB

Forensic Accounting

“Forensic accounting is the application of accounting principles, theories and discipline to facts or hypothesis at issues in a legal dispute and encompasses every branch of accounting knowledge”- AICPA.

Forensic accountants are often engaged by companies when litigation is anticipated or suspected. A forensic accountant often utilizes his understanding of business information and financial reporting systems, Accounting Standards and procedures to investigate some form of economic offence..

Forensic accounting and fraud detection specialisation is in increasing demand considering increasing incidents of cyber crimes and frauds detection. It is the practice of utilizing accounting, auditing, CAATs/ Data Mining Tools, and investigative skills to detect fraud/mistakes.

The Institute of Chartered Accountants of India, recognizing the need for forensic accounting and fraud detection, in the emerging economic scenario, has launched a Certificate Course on Forensic Accounting and Fraud Detection.

Carbon Credits

In early 1980s, climate change was recognised as a great danger. To counter this problem, Kyoto Protocol came into force on 16th February, 2005. Kyoto Protocol is one of the most important tools to implement mitigation mechanism.

Kyoto Protocol is one of the most important milestones to tackle the global challenge, of reduction of emission of harmful gases, which contributes to the greenhouse effect that causes global warming, provides for three innovative mitigation mechanisms. One of these mechanisms is the Clean Development Management (CDM). The CDM Project has various steps, which invariably include the process of calculating emission reductions (CER).

We believe that Chartered Accountant, being a significant member in the national building, could contribute extensively in this process of mitigating climate change in terms of trading, accounting, and verification and validation aspects.

How to gain knowledge and expertise

Given hereunder are some of the ways you can gain knowledge or learn a particular area of work:

Understanding and Seeking Help from Chartered Accountants in FICR-I Cities

Once you have a client, you may initially have some practical issues or difficulties in proceeding with the same. For this purpose, you may take help from Chartered Accountants in TIER-I cities who have experience in that particular area / field. How to approach them? E.g. if you want to specialise in the field of financial advisory for insurance companies, then, you can take the help of a senior chartered accountant with experience.

Approach

Finding the right Chartered Accountant from a Tier I entity who has gained handsome knowledge in the area you have chosen is very important.

Knowledge Sharing

Seek the help of other experienced Chartered Accountants for sharing his knowledge and experience and focus areas for the particular area which you have chosen. You can approach the senior CA with the kind of client and work you have got and he will analyze and work out the desired results for you.

Review or check the work

Review or check the work once it is done by the senior Chartered Accountant to see how he has approached the workings and got the results. Understand the workings, seek clarifications and analyze how the solution can be achieved in case of any issues thereon.

Sharing of Fees

Share the fees for the work done in the agreed percentage and ratio. While sharing fees, it is important to note that commercial benefit or earning Income should be given the least priority in the initial days of your practice.

Working in Other Firms/Companies is a Good Start

A newly qualified Chartered Accountant can opt to work in the Big 4 or other large firms for learning and gaining experience in a particular area or field. Working for one or two years with experienced people would help in gaining knowledge in that particular area. Remuneration should be given the least priority in choosing a firm / company for working as learning and gaining knowledge is far more important. E.g.: If you want to specialise in the insurance sector, you can work in the financial sector of any insurance company to understand more details about the actual working of that particular field / sector. Working in a particular Industry for certain years and gaining the specialized knowledge may also help in case you want to start up niche area practice in a particular field. Over a period of time, you will easily excel in the field of audit of insurance companies.

Seeking Help of Freelancer/Consultant

Newly qualified Chartered Accountants can take the help of a free lancer or Consultant Chartered Accountant with experience in working in the areas of specialisation he is interested in. The Consultant can be paid either a fixed fee for each project or be hired at fee-sharing basis initially. Earnings would be smaller due to the cost of hiring of a consultant Chartered Accountant.

Recruitment of Experienced Semi Qualified / Qualified Employees

You can also build up your Practice in a specialised area by recruiting people who have already worked in or are experienced in that particular field or industry.

While choosing this option, it is important to know that there would be a financial constraint initially as you are a start-up entity and recruiting experienced Chartered Accountants would be a financial strain.. But, you

can overcome the same by recruiting one on part-time basis or negotiating a fixed pay+ fee percentage deal.

Gaining Specialised Knowledge After Articleship

If you have already gained basic knowledge in a particular area during your Articleship, then you're off to a good start in your new practice. E.g.: if you have already worked on business valuation during your Articleship, you can specialize in that area. You can also boost your expertise by attending seminars and conferences, online e-learning courses, etc., The only expense here would be that of seminar fee or subscription cost of related books. However, this would also help in building networks along with gaining specialized knowledge on practical areas of working.

Important

Club any of these options together initially for gaining knowledge. Though you might have basic knowledge from doing your Articleship, you can take the help of experienced Chartered Accountants for specific areas of specialisation.

Tier-II Practitioners too Can Break the Barrier

Can a Chartered Accountant practicing in a Tier-II city engage in niche area practice, i.e., specialise in a particular area like business valuation, FEMA, mergers and acquisitions, indirect taxes, international taxation, insurance sector, etc.? The answer is 'Yes'. However the following aspects need to be noted:

1. **Research:** Proper research or analysis is very important before deciding which area you want to specialize in. The Internet, Institute Journals and other media can be used to research the major fields which are booming for practice. Your area of interest should also be taken into account. The more challenging and specialized the area you choose, the lesser will be the competition.
2. **Take time to make the right choice :** It is very important to invest some time to plan, analyse and take the right step towards the field or area you want to specialize in, viz., FEMA, Valuation, M&A, the Insurance Sector, Service Tax, etc. The location of your practice also matters. The area of practice should co-relate with the existing client base or more in the surrounding places. Eg. you can set up an audit firm for tea / coffee estates in Coorg or nearby areas.

Roadmap-Young Practitioners

3. ***Choosing precedence and start up:*** Decide which of the following takes the precedence - Investment, time or client? You have to choose whether you need to get a client first and then invest in infrastructure and time in understanding new concepts, or whether gaining knowledge takes precedence over getting a client for such related tasks. You may start with buying books on the topic and gain more theoretical knowledge before practically stepping in. This can also be done through attending various training programmes conducted by the Institute and others.

Importance of a Functional, Yet Productive Work Place

Functional, Pleasant Spaces are Productive Work Places

Gone are the days when it was just CAs who would visit the client's office to carry out their business. Growing trends in the economy, both in India and across the globe, has forced the recognition of the CA profession and the immense value to their service brings. Today, it is the client who visits the CA's office for discussions, reviews, submission of documents, and even casual meetings.

Physical Layout

Ergonomics means the study of work (Ergo = Work, Nomics = Study of). It simply defines how people interact with their equipment. This can range from the design of a chair to the layout of the cockpit for a modern jet fighter. Are desks, benches and chairs suitable for the people using them and for the tasks they are performing? Poorly designed chairs which cannot be adjusted for height and to support the lower back can cause back pain. Desks which are not ergonomically designed can also cause discomfort and increase the risk of other injuries.

You'll never get a second chance to make a first impression.

The office is the first impression that you will make in the mind of your client and staff. A neat and clean, well organised office will make a much better impact than a messy, unorganised one. A bright, airy space, with modern fittings and a business-like atmosphere, in a good location would add value to your brand and give confidence to your clients.

Following are some broad guidelines that would be useful for the setting up of an office. In many instances what is described below is the ideal scenario for office set up. A professional who is just starting out may not be able to implement all these at the very start. However, if one is aware of the possibilities, it would help one to plan the growth of the practice from the start.

Infrastructure Should be Smart and Office Layout sensible

Strictly in physical terms, the layout of a Chartered Accountants office is not very different from any other professional's office. Workplace layout and design is not something that only needs to be considered when a workplace is built, or when a new process or piece of equipment is introduced. It needs ongoing attention to deal with the inadequacies which become evident during work and to deal with changes in the type of work, or the manner in which it is being done. Consider not only the physical layout of your workplace, but also lighting, temperature and ventilation. Also important are:

1. location, and
2. accessibility of the office

The floor area should be segregated into workstations, conference room, pantry and partners' cabins. In case of more than one partner, each partner can be allotted a portion of space segregated by partitions to accommodate the workstation, cupboard, chairs and table.

While designing the office layout, keep in mind the following aspects:

1. Wherever possible have a layout in which work space is not visible to visitors. This will create a secure environment for the team. The visitor's area can be kept more stylish.
2. Consider meeting rooms for discussions with clients rather than meeting them in the partners chambers.
3. Round tables in meeting rooms create a feeling of equality between you and the client, which eases discussions. In a chamber style meeting clients might feel intimidated by the professional sitting in his larger chair and desk as compared to the visitor's chair. Based on the clients status and situation one should be able to decide where the meeting should be held.
4. Toilets should be easily accessible to both team members and visitors.
5. A well-placed painting, a few plants or maybe an aquarium, can make your office space pleasant and inviting. Remember to keep the decor understated so that the atmosphere is relaxed, yet professional.

Seating

Proper seating should be arranged for each and every person in the office including the office assistants and office boys. This ensures the commitment and involvement of everyone to the cause of the organization.

For the CA, it is important that the client meeting rooms should be secluded and sound proof. A secluded ambience not only gives the client more confidence, it also prevents distractions.

Furniture

Go for standard sized 30" tables and study, ergonomically designed chairs that support the body and prevent postural pain, caused due to wrong seating posture.

Considering the amount of paperwork a CA has to deal with, the desk size should be larger than normal, with drawers and cupboards with locks to store confidential and important documents.

Computer systems and other peripherals

- Every staff member should be equipped with a computer system, to enable faster work completion and independent access to the system
- Laptops can be made available to allow for portability of work
- Devices like printers, scanners, photo copy machines and fax machine help in the daily operations of the CA office

Updated versions of necessary business software to conduct its business. E.g., - SARAL Income Tax / TDS / VAT, TALLY ERP, VAT Info, Winman, MS Office

1. **Invest in a server right** from the start, rather than using a high end desktop as a file server. Once the firm starts growing, migrating and reconfiguring data from a desktop to a server will cost you time and affect productivity
2. **As cloud computing gains acceptance**, consider using virtual servers rather than investing in one. This would allow you to scale up the server size as the firm grows. Hosted servers will also give benefits of lower operating system licensing cost, data storage capacity scalability, managed back up service, managed power back up, reduced cost on hardware

maintenance, easy access from anywhere in the world, work from home facility, etc. Though the initial capital cost is minimal, the service cost paid over a period can be cumulatively very large. This may be offset with the faster obsolescence of technology these days. The pitfall is migrating data and licenses from one service provider to the other. One needs to do a good diligence on the cloud computing service provider to assess his ability to continue in the business for a longer duration, his financial strength, reputation, control systems, etc. Any default or break down in service will disrupt the firm's operations.

3. Open office subscription based applications should be chosen carefully. While most open office applications do not have an acquisition cost or a periodic usage cost, it costs in terms of hiring the services of an IT professional for configuring the application to the firm's requirements. The availability of vendors who know how to configure these or understand how it was previously configured is quite a challenge. In case of subscription based software technical support is provided by the software vendor and if one is using windows based applications, configurations can be done by in-house IT service providers.

4. Antivirus / fire walls / file share access control, etc: A CA firm has large confidential and critical data. It is important that the data be protected from both external and internal access. Only authorized persons should have an access to their respective files. There should be an audit trail available on usage of IT resources and files that can be tracked to an individual. This will avoid files being deleted, dragged and dropped in wrong folders, etc. There should be restrictions on usage of USB ports, writable CDs, email attachments, etc to protect data theft. There should be restrictions on net usage and monitoring of bandwidth usage by various persons. This can be achieved by installing Active Directory in Windows servers to authorize access, install firewalls (open source or paid) to monitor internet usage, bandwidth optimisation, etc.

5. Work flow management tools: A CA firm has to deliver multiple tasks for multiple clients on multiple due dates, few generic and few client specifics, moving team members (if and when required). Certain work flow management tools such as Papilio and others have smart features like creation of client list, creating client specific services, allocating tasks to team members, updating of deadlines, reminders for raising invoices, structuring flow of work patterns for a particular service, structured templates

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with checklists for designing work flow for repeated works, storage of files and client communications segregated service wise, online 24 / 7 access, etc. These will help streamline the process used for service delivery.

6. Robust backup system: Data in a CA firm is a very critical area. CAs work long hours on creating each file and any loss or corruption of such file would mean redoing the whole exercise, which can be very, very cumbersome. Thus a robust backup system is essential. Adopt an incremental backup strategy with retention of files for 5 to 10 versions and retention of deleted files for 365 days. The backup system would be a good one if it can give you a daily report on backup statistics to warn of any unusual activity, etc. The backup should be easy and fast to restore as and when required. It should be remotely maintained apart from the office itself. Remote backup services are also available and hence one needn't invest on a complex backup infrastructure.

7. Capex vs. lease on IT assets: Start up practices are normally bootstrap start ups. Their ability to invest on high end servers, IT infrastructure, software, etc is low. In such a scenario one can use the lease model, where you take on a lease rather than buying the asset. This also ensures that you are not stuck with an older version of the IT hardware, as the scale of obsolescence is now less than 24 months. However, in some cases longer leases are not cost effective as the cumulative lease rent paid is more than the capex. A lease agreement with an option to buy at end of lease period is also an option.

Storage

A CA's profession makes it mandatory for him to keep clients' records for long periods of time. Further, when an audit is being conducted at the CA's own premises, the whole records of the client are brought to the CA's office. Every CA also keeps a record of relevant publications of the Institute or of various case histories.

This, of course, adds up to a whole load of paperwork. Thus, it is a good idea to specially design storage space by providing shelves, cabinets, cupboards for archives, current folders and other documents.

Attempts should be made to store data digitally. Good scanning devices are available today, which can do bulk and fast scanning. Digital data can be stored on cloud with easy access to both the CA and the client. With a good

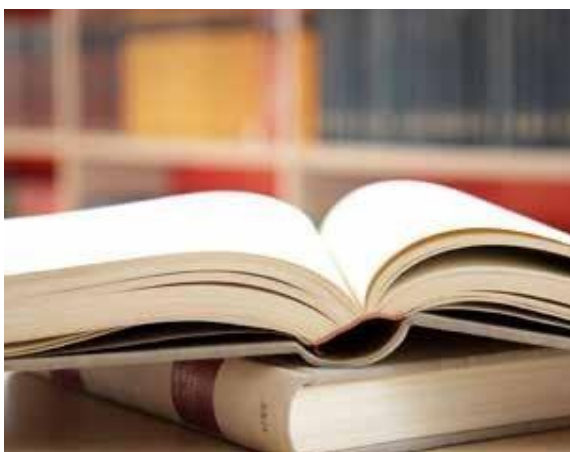
Roadmap-Young Practitioners

document management software integrated as part of the office work flow, retrieval of documents is also much easier and faster as compared to physical storage and retrieval.



Library

Keep space for an inbuilt library with books on accounting, income tax, indirect taxes, company law, Accounting Standards, manuals, guides, hand books, ICAI materials, reference books based on the area of practice. If the data is readily available and organized in a systematic manner at the library, the CA / Audit Assistant / Clerks can access the library and get the required information. Equip the library with chairs, tables, and computer systems so that a person can spend a quality time in the library.



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Apart from physical books consider a collection of e-books. This would save a lot of physical space, with additional advantage of library access right at the reader's own monitor screen.

Conference Room



A conference room provides a platform for interactive discussion. Here meetings between clients and the CA or between the CA and his staff take place. Conversations in the conference room should be secured and no disturbance be caused to other people in the office. With the advanced technology, accessibility to a person is very easy. In case of high profile clients who are abroad or at a further distance, the CA can have a video conferencing or a teleconferencing with the client in the conference room.

Air and Temperature

The workplace is required to be maintained at a comfortable temperature. Thermal stress associated with heat, inadequate airflow or cold conditions can cause health problems. Depending on the city's climatic condition, make a proper choice of equipment. For example, in humid places like Mumbai, water-based air coolers can never be used. However, in dry non-coastal cities, the such coolers could be very effective .. Badly designed air-conditioning, such as those with vents positioned above workstations, can create draughts and cause discomfort. Proper ventilation should be provided to ensure circulation of fresh air, and maintenance of comfortable working temperature.

Noise

It needs to be ensured that noisy equipment if any is located away from the place of work since noise not only affects concentration, but can also cause hearing problems. To control noise in an office environment the following aspects need attention :

- Use a layout which separates noise generating activities or equipment from tasks requiring concentration
- Use sound-absorbent materials, including suitable floor coverings, wall panels, ceiling panels and diving screens
- Lower the volume setting on a telephone. This is a simple way to reduce existing noise levels
- Adopt administrative controls such as encouraging employees to use meeting areas away from work areas for conversations

Colour

Choice of colours can determine the mood of an environment and the level of reflection from a surface. Ceilings should have high reflectance (reflecting around 80% of light) and should be white or off- white. Walls should have 50-70% reflectance (subdued cool colors) and a gloss or semi-gloss finish. Floors should have low (less than 20% reflectance) and therefore should be darker and not glossy. The use of colorful posters or non- reflective paintings can relieve monotony and provide visual relief (yellow generally) in the form of table lamps. This ensures less stress on eyes even with continuous working. However, general illumination in the office shall be perfectly white light, so that different colours are distinguished. Economic lighting e.g., Compact Fluorescent Lamps (CFLs), are recommended in general areas for energy conservation.

Business Centres

A business centre provides office facilities and services. A CA firm can use a business centre where there is a reception to handle queries, some staff to work on and the meeting room to conduct meetings with the client and the CA. This would be similar to having one's own office. Business Centres are established to get a foothold in addition to their regular office.

A business centre can be useful for:

1. **A startup practice:** It might make better business sense to run an outfit

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from a business centre rather than investing in a full-fledged office space (in fact many start ups use coffee shops where WIFI is available as their offices for client meetings

2. If a CA decides to work from a residential or suburban area, to take advantage of lower rents, then for specific client meetings he / she can use a business center. These virtual offices can be positioned as the city office to clients and the full-fledged office as the delivery center.

Pantry.

One cannot think well, work well, love well, sleep well, if one has not dined well.

VIRGINIA WOLF

A professional spends most of the day in an office. A pantry facility for the staff and others will be most welcome and desirable . Are lighting levels suitable for the tasks being performed? Lighting problems such as flickering lights, glare and a lack of natural light, can cause eyestrain and vision problems. Proper illumination should be ensured on working surfaces. Natural light is preferred in almost all theories of interior designing, however if natural light is not available, proper artificial light should be arranged. Out of so many types of artificial lighting available commercially preference shall be given to incandescent for coffee, tea or a lunch and snacks at the pantry, accompanied by some informal chat can provide a lighter moment. This facility will also help to maintain cleaner workstations without messy food stuff.

Please check the above para. It is titled Pantry but deals with lighting. The discussion is confusing.



Common Areas

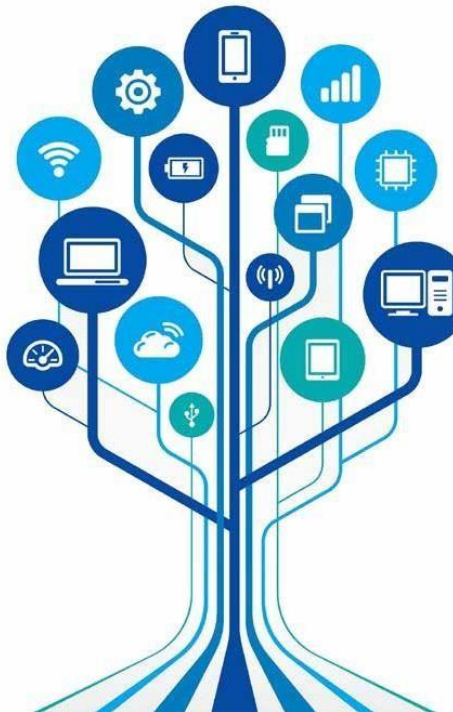
With increasing pressure on CA firms to deliver, if an office allocates space for the staff for a recreational facility, or simply to relax for a while, it would

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reduce the work stress and energise the staff.

Networking

(Subject to the ICAI Regulations)*

Explanation for * ??



Don't start a chapter with a picture abruptly. Shift the picture

Networking strategies help a firm to be recognized and taken note of. It can be used very effectively by young CAs to create customer loyalty and increase revenue. In today's competitive environment where economic uncertainty is never far ahead and competition is intense it is important to promote your services in a way that your practice stands out and is seen.

Use Social Media

- Set up a website, with details of services offered
- Share content in CA related LinkedIn group, ask questions and engage in notable discussions

PR and Networking (Subject to CA Code of Ethics)

In today's world, managing public relations and networking with people are vital to anyone who wishes to gain visibility and grow. Some areas where information technology crosses paths with PR and networking are highlighted below:

Your Firms Website

Ask yourself:

- Do you have a website?
- What does the website say about you?
- Do you know how well it performs?
- Have you paid attention to SEO?
- Have you considered redesigning it?
- Could you use it for sourcing staff?

What does a web strategy really involve?

- *Obtaining traffic* : Turning browsers into users
- *Converting*: Users into customers
- *Satisfy & Retain*: Turning customers into clients
- *Monitor & Improve*: Increase traffic, conversions and customers

While creating the website, consider

- What questions do the browsers/clients need answers ?
- What tasks are they trying to accomplish?
- What motivates them?

Don't forget. Every page needs

- A focus and a call to action
- Social Validation

Finally, remember, less is more!

E- Newsletters

- Firms usually send out external and internal e-newsletters, which contain partners' insights (editorial notes), relevant academic updates and quizzes to educate, inspire and engage the employees and clients
- Sending e-newsletters rather than in paper format is convenient, less expensive and eco-friendly

Social Media

Social media is a type of online media that expedites conversation as opposed to traditional media, which delivers content but doesn't allow readers / viewers / listeners to participate in the creation or development of the content. Be active in Social Media.

Network to Increase Net Worth

- Develop associates with other CAs
- Attend forums / seminars/ conferences
- Collaborate with like-minded professionals for rendering different types of services to prospective clients
- Provide multi disciplinary services
- covered under next Heading Develop associates with practicing CAs in other cities / towns, thus mutually expanding existing practice and increasing professional assistance in places where you don't have exposure
- Decide on a Lead Associate in other cities, in case of multiple associates. This will enable you to co-ordinate between the other CAs in that city, and also provide the necessary infrastructure support to meet clients and develop business.

Constant Innovation and Evolution

- Empanel with various authorities
- Find ways and means of working together and increasing revenue: pool resources, with some taking responsibility for developing them and some for increasing the knowledge base. This will allow you to

take on larger assignments in the corporate sector.

- Attune yourselves to the changing economy and business structure
- Collaborate with like-minded professionals and evolve a working relationship which can sustain in the long run
- Create and develop a visible brand. Image

Client Relationships

Though marketing and branding gives one's practice a distinct edge over the competitors', developing trust through personal interaction is even more important



A customer becomes a client only if he is satisfied consistently. To make any client happy, it is important to take their feedback and suggestions which will help in identifying the strengths and areas where improvement is required and at the same time provide an opportunity to seek clarifications.

CHALLENGES OF CA-CLIENT RELATIONSHIPS

- Ever changing needs of clients
- Increasing demand for specialized services
- New emphasis on pricing and value
- Clients have more options than ever to choose from
- Increasingly being prospected (impacted?) by other firms ??not clear
- Service expectations are being driven by their other consumer-based experiences

From a client's point of view, what makes an organization different from its competitors is its X factor. Hence, clients should be given some relevant value

addition apart from the services provided to them that are unique to the organization. The feeling that they get their money's worth and receive a little more from us, is what makes them come back to us or recommend us among their network.

Communication and dealings with clients is the most crucial part of client relationship. Sensitive clients should be handled with tact and care and it is also a good idea to send a token of appreciation to the long-lasting clients like a diary or calendar on New Year's Day.

Since the client may not be aware of the latest updates in fields like accounts, tax and audit it will prove helpful if we send handbills with the latest updates to the clients.

What do clients want?

- Overall expertise of the CA Firm
- Delivery as per promise
- Responsive partners and staff who are easy to reach
- Help to enable their business to succeed
- Understand their business and their industry
- Understand their perspective, listen to them
- Be collaborative and honest at the same time
- Understand their current situation — including their issues and goals
- Experience of helping clients overcome similar problems or achieve similar goals
- Proactive relationship
- Ongoing new insight as against strictly a commodity-type service
- Accurate and authoritative information
- To see the team's leader often
- Team stability
- Scalability of operations
- Timing of service as per client convenience

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- Ability to serve at multiple geographies
- Ability to provide cross functional service
- Leveraging technology usage
- Increased productivity and efficiency
- Visibility in the profession, updated with latest happenings

Relevant and timely updates to clients

HOW CLIENTS SELECT A FIRM	
ATTRIBUTES	WHAT WE NEED TO DO
<ul style="list-style-type: none"> • Easily accessible, responsive partners / staff • Timelines are met • Efficiency • Availability of accurate, authoritative information • Firm active in the profession, in tune with changing regulations • Confidence that the firm will be able to deliver 	<ul style="list-style-type: none"> • Demonstrate knowledge and experience – specific to client and not generic • Provide reasonable fee • Invest in staff • Equip staff with the right tools to perform work • Deliver efficient & quick service Integrate technology into practice •??????

Staffing and HR Management

Across all sizes of firms, finding and retaining talent is a key issue. Firms are looking for ways to find smart professionals, recruit them and utilise their skills effectively. Competition for the best talent is intense. The difficulty in finding and recruiting new professionals further highlights the importance of making the most of your existing staff in terms of productivity and efficiency.

Common Staffing Challenges

Human resources are like natural resources; they're often buried deep.

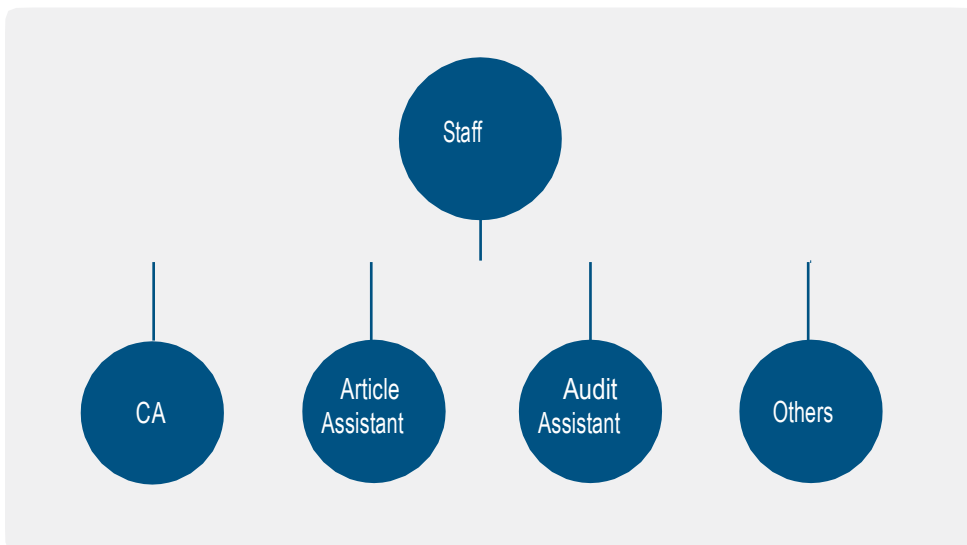
You have to go looking for them, they're not just lying around on the surface. You have to create the circumstances where they show themselves.

CA firms face some unique staffing challenges compared to other professional services industries. In tax firms, demand for services is highly seasonal and so is the need for additional staff. Firms are meeting the challenge for seasonal staffing in several ways. Some firms focus on taking on temporary staff during tax season. These types of professionals really value flexibility and work/life balance. Letting the seasonal staff members set their own schedules and letting them work from home are two perks that can make your firm especially attractive to temporary, seasonal or part-time accounting professionals.

In the light of seasonality, you need to be able to take a look at exactly what you will need in staffing, so you can plan for gaps. For example, it's good to be able to look out over months or a year to make informed staffing decisions and plan for when your firm might need to staff up or staff down.

Forecasting tools can be used to anticipate staffing needs and empower the employees.

Staff Required at a CA Office



Chartered Accountant

Based on the size of the firm and the work load, a firm can employ the required number of Chartered Accountants. They would provide professional expertise and skills to the firm. They also act as a guide to the Article Assistants and help them in carrying on their work and train them on various aspects.

Article Assistant

A CA can have an Article Assistant working under him as per Regulation No 43 of Chartered Accountants Regulations, 1988. Engaging Article Assistant is an integral part in a CA Firm. The Article Assistants are being trained in the field of Audit, Accounts & Tax. Such training in a CA firm will help to gain experience and provide practical exposure in various fields to the Article Assistant. By training an Article Assistant, a Firm (Partner/CA) provides a potential candidate to the CA fraternity.

Audit Assistant

They are employed in a CA firm as “Assistants” and are employees of the firm. In most of the cases, persons who have completed their B.Com / M.Com / LLB or persons who have commerce background or persons

having an interest in the field of taxes or Certificate Holders who have completed certified courses like Accounting Technician Course, CFT-Chartered Financial Planner or persons pursuing professional qualification can become potential Audit Assistants in a CA Firm. They take part in the day to day conduct of firm's activities. They work parallel with the Article Assistants and the CAs.

Others

This category includes the Receptionist, Office Boy, Clerk and File Administrator. They support the firm and its maintenance and also help in miscellaneous work and carry on the firm's correspondence, bank work, etc.

Every CA Firm is required to assign a separate 'File Administrator' who is responsible for the systematic organization of the files and the documents. Most of the firms do not opt for a file administrator as it involves cost of employing an additional person and the resource remains idle once the work is completed. These days the role of the file administrator has been clubbed with the receptionist or the office boy and at times the Article Assistants themselves are involved in creating and maintaining files and documents. This segregates the responsibility amongst various persons and no single person can be held liable in case of misplacement or loss of documents.



Human Resource Management

Human resources are the most valuable assets of any organisation. Therefore, the role of human resource management in the growth of an entity is crucial.

Recruitment – Sourcing

In addition to traditional methods of recruitment, use job portals for finding the best people for the job. Registering as an employer on these websites not only increases the options available, but also expands the geographical reach and visibility in the market.

Employee Records and Leave Management

To facilitate maintenance of employee records and leave management, an online HR portal can be created. It can be used in the following ways:

Attendance Records

Other than the conventional attendance register where manual entry by each employee is required, biometric systems can be used to track attendance – each time they enter or leave the office premises.

Benefits of the biometric system:

- No tinkering possible
- Accurate
- Connected to the PC and hence MIS reports can be generated
- Connected to payroll systems

This could be linked to a centralised online timesheet, where the employee is required to account for the time spent at work – tasks allotted versus time taken.

Further, the number of hours worked can be used to identify over-worked and under-worked employees so that work can be reallocated appropriately

As efficiency can be judged, managerial decision making will be facilitated

Leave Management

Applications for leave can be made through the firm's HR Portal to obtain the requisite approval. This will efficiently track the number of days leave taken by each employee.

Other Employee Records

- Employees can keep track of their salaries here and in case of any reimbursements, bills can be uploaded to claim them
- A list of approved holidays could also be uploaded on the portal, enabling employees to plan and manage leave.

Working From Home

There are times when it becomes inevitable to work from home. In such situations, the following steps can be taken to enable employees to operate from their homes:

- Remote access to the firms server (Virtual Private Network Connectivity) can be given to employees for specific periods of time, when required.
- Applications like Dropbox and Google Drive can be used for transferring documents and information, when email systems can't support the same. Team Viewer and Skype can help in better understanding and communication, despite the physical distance between people.

Other Key Aspects Relating to Human Resources

It is important that the right staff is allocated the right Job. This will increase the productivity and efficiency in work.

Planning

Some firms assign projects randomly based on the availability of staff; they do not consider the background or the knowledge required to complete a particular project. This makes work tedious, complex and it results in a sub-standard quality of work. The work in the firm has to be assigned on the basis of an organized planning with respect to their staff and their capabilities. This can avoid duplication of work.

The greater the loyalty of a group toward the group, the greater is the motivation among the members to achieve the goals of the group, and the greater the probability that the group will achieve its goals.

-RENSIS LIKERT

Staff Work flow Document

Each employee at the office is involved in various kinds of work. A Staff Document provides a track record of the work done by each staff and details can be updated by them on a daily basis. This document also serves as a record for work done by the staff and the partners can review this document at regular intervals. For the said purpose, the document can be maintained in the form of excel spread sheet or a suitable software can be used.

Discussions and Training

For a better understanding, clarity and responsibility amongst the staff, timely meetings can be conducted where they can be updated with new information and happenings in the office, as well as air their opinions. Training sessions and seminars would provide an opportunity for the staff to interact effectively.

Incentives and Motivation

Apart from paying a monthly salary / stipend, an incentive in the form of cash or kind can keep the staff loyal to the firm and motivate them to put in extra effort towards the working of the firm.

Never doubt that a small group of thoughtful, committed people can change the world. Indeed. It is the only thing that ever has.

MARGARET MEAD

OVERALL SKILLS REQUIRED FOR HUMAN RESOURCES IN A CA FIRM

- Good oral and written communication skills
- Interpersonal skills and professional appearance
- Rational and logical thinking
- Organized and strategic planner
- Extended math knowledge ??
- Team working
- Result oriented
- Ability to analyse and interpret data

- Computer skills
- Multi tasking
- Proactive attitude
- Business awareness
- Stress management
- Ability to work with deadlines and without close supervision
- Knowledge about accounting principles, practices and methods
- Quick learner and adaptability

To conclude, effective leadership is necessary in any firm. If you want your human resources to operate at peak efficiency, you need to exhibit strong leadership qualities yourself. It is your leadership that sets up an example that truly makes the difference in the day-to-day operations.

"Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work."

Revenue Management

Not only is it important to generate revenue, but management for the same is also crucial.

Time Sheet and Billing

The time sheet filled by the employees on the firm's HR portal can be used as a basis for billing. By linking the number of hours spent on each service provided to the client, to the bill raised, accountability can be established,

Analysing Billing and Collection

To keep track of billing and collection, accounting software in which transactions have been recorded, can be used to generate MIS reports. Further, pivot tables can be created to find client-wise / partner-wise / function-wise billing to identify areas of high / low revenues and take strategic decisions to enhance revenue.

Client Satisfaction

A customer becomes a client only if he is satisfied consistently. To make any client happy, it is important to take feedback and suggestions from him. This will help in identifying the strengths and areas where improvement is required.

Work Flow Management

The processes that are part of a typical CA office need to be managed so as to effectively execute assignments taken with efficient utilization of time and human resources. A process, manual or automated, is required to be set up to:

- Maintain client details in one place
- Assign work to the relevant resources
- Track due dates of work assigned / assignment
- Time sheet system to track and monitor time and efforts of the resources.
- Track the completion thereof
- Raise invoices for each completed billable event
- Track pending amount for work completed before taking on fresh assignments
- Retrieval of documents in respect of repeat assignments
- Identify and track similar assignments handled earlier by the office
- Track the team which executed the assignment or a similar one any time earlier
- Share files within the team assigned to execute the work
- Track the status of completion of work assigned to each of the team members
- Create / compile repetitive processes in the form of templates to enable easy and effective execution of a repetitive or similar assignment

These measures will ensure that resources are utilized optimally.

Document Management Process

Filing and record maintenance –

The work flow and record / file / document management process of a Chartered Accountant's firm, plays a vital role in its success.

This is especially true of professionals conducting attest functions with obvious responsibility and accountability being inherent in those activities. Further, ever-increasing corporate frauds, small and big, necessitate proper and efficient documentation.

Take care of the little things , the big things will take care of themselves

Effective documentation helps Chartered Accountants to substantiate with certainty, in respect of assignments undertaken, the process adopted, procedures involved, and representations and records considered, in arriving at the conclusion. It also ensures transparency so that the CA profession is always respected and looked upon for its integrity, transparency and professionalism.

Client File : Management and Retention

Objective

Why is record / file / document management important?

- Statutory compliance requirement
- Auditing and assurance standards
- Peer review
- It's the CA firm's responsibility to protect records in their custody
- Improves access to information
- Helps manage increased clientele and growth as well as optimises storage space.

- Reduces operating costs
- Minimises document loss risks
- Safeguards critical and confidential information
- Preserves client history

The rules and regulations laid down by various laws are becoming more and more stringent / cumbersome and the CAs have to keep pace with the latest developments. Concepts like Peer Review is a welcome development.

Predominantly, documentation in a CA office refers to working papers prepared or obtained by the auditor and retained by him, in connection with the performance of his audit, tax representation matters, etc.

What are current and permanent audit files?

In cases of recurring audits, there can be two types of files, permanent audit files and current audit files. Some working paper files may be classified as permanent audit files, which are updated regularly with the information of continuing importance to succeeding audits, as distinct from current audit files which contain information relating primarily to the audit of a single period.

A permanent file is a potential tool that aids in:

- Planning the course of your subsequent year's audit, thereby eliminating the necessity and pain of having to maintain the same records twice. You also avoid seeking repetitive information of a permanent nature from the client
- Training of the audit team so as to make the audit cost effective, time bound and objective oriented.

A permanent audit file normally includes:

- Information concerning the legal and organizational structure of the entity. In the case of a company, this includes the Memorandum and Articles of Association. In the case of a statutory corporation, this includes the Act and Regulations under which the corporation functions.
- Extracts or copies of important legal documents, agreements and minutes relevant to the audit.

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- A record of the study and the evaluation of the internal controls related to the accounting system. This might be in the form of narrative descriptions, questionnaires, flow charts, or some combination thereof.
- Copies of audited financial statements for the previous years. Analysis of significant ratios and trends.
- Copies of management letters issued by the auditor, if any. Record of communication with the retiring auditor, if any, before acceptance of the appointment as auditor.
- Notes regarding significant accounting policies.
- Significant audit observations of earlier years.

The current file facilitates the recording of the planning process, procedures performed, evidence obtained, evaluation thereof and conclusions reached, with respect to assertions made in the financial statement, so as to demonstrate that the work was in fact performed. This normally includes:

- Correspondence relating to the acceptance of annual reappointment.
- Extracts of important matters in the minutes of Board Meetings and General Meetings that are relevant to the audit.
- Evidence of the planning process of the audit and audit program.
- Analysis of transactions and balances.
- A record of the nature, timing and extent of auditing procedures performed, and the results of such procedures.
- Evidence that the work performed by assistants was supervised and reviewed
- Copies of communications with other auditors, experts and third parties.
- Letters of representation or confirmation received from the client.
- Conclusions reached by the auditor concerning significant aspects of the audit, including the manner in which exceptions and unusual matters, if any, disclosed by the auditor's procedures were resolved or treated.
- Copies of financial information reported and the related audit reports.

Tackle the challenge of filing with ease

Filing documents for fast and convenient retrieval and use takes considerable time. Add to that the time spent on browsing through files for a particular document or information and most of the time is gone.

CA's profession is predominantly considered to be paper-intensive. If not handled efficiently, the paperwork will take over any filing system. Software applications such as word processing applications, document managers etc., provide solutions to keep tabs on effective filing and digitalizing documents which contributes to an efficient manner in managing records and documents and saves significant time in searching and locating them when needed. Manual or automated filing and documentation system will work best only if supported by defined filing procedures, consistent filing practices and most importantly, compliance with those procedures.

A place for everything and everything in its place.

Ensure appropriate preservation and identification of files to meet statutory or other contingencies. Put into place a proper method of labeling client files, continuous filing and returning of documents to files and files to their proper location to ensure efficient retrieval, when required, of the relevant file and documents contained therein. An indicative file management plan can be as under :

1. Physical filing

- i) Filing should be consistent
- ii) Files should be named consistently by name, number or a combination of both
- iii) Labelling should be consistent for all files in the office – for e.g., a specific labeling system assignment wise or area wise
- iv) All files should be set up to include various folders for the different types of documents maintained therein, i.e.:
 - Client information
 - Brief about the assignment
 - Records
 - Correspondence
 - Discussion notes

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- Invoices
- Other information

Documents, notes and other correspondence that belong to the firm and that are not reasonably required to be returned to the client at the end of the assignment / representation should be filed in a separate folder of the client file as against those that are required to be returned upon completion of the assignment.

2. Electronic file / folder

Ensure the same consistency in the electronic filing (saving) of documents within the firm's Word processing system. The firm should discuss and agree upon a standard protocol for saving documents so that they can be easily accessed by all the users in the firm. To illustrate, a simple protocol for a letter drafted to be filed with the Income Tax Department may be named thus: "(Audit Managers/ Partner / In-charge's) name /client/ assignment name (or number) / correspondence / letter, date.doc"

You might choose other protocols which may start with the client's name or the document name or type. You may also create a file for forms / documents that can be reused in various matters. Regardless of the protocol, it is important that all users understand the protocol and consistently name (save) their documents accordingly.

It would also help to place the file name at the bottom of your documents. This helps in retrieving documents; further, it would speed up filing (particularly when you are handling more than one assignment of the same client).

3. Concurrent filing

- File documents as soon as a task is completed, or at least by the end of the day
- Documents should be filed in reverse-chronological order
- All documents or files that are ready for re-filing should be placed in a prescribed location – centralized or decentralized (e.g., work stations, manager's desk, etc.)
- Consider scanning incoming documents into the concerned client's

computerized file, as this allows for a complete electronic version of the client's file and reduces the need to pull out the physical file to review a document or file status.

4. File location

Maintenance of all active files in a separate location is recommended, but the same may not be practicable due to lack of space. Irrespective of files centrally located or located division / assignment wise, a file check-out system (similar to that maintained in libraries) should be in place so that files can be easily located. The use of a check-out card indicates that the file was removed intentionally by a specific person, department or division.

5. File status checklist

Use an opening checklist and / or a note sheet in each of the file to enable the partner / manager / executor of the task to quickly ascertain the brief of the assignment and the status thereof.

- The checklist may be improvised to indicate all critical dates associated with the file
- Tasks, activities or events identified at file opening which are required to "work" the file to completion and their associated due dates may also be indicated in the checklist
- The checklist form should have a place where the tasks can be checked off as having been completed and by whom
- Correspondences such as requests for records, their receipt, meetings with the client and any other pertinent information can also be listed
- The note sheet or check list sheet can be color coded for easy access

6. Document / client confidentiality

It is the duty of the CA firm to protect the confidentiality of the client and the same extends to the management of the client's documents and records.

The staff may not always realise that an office environment with files and documents strewn around not only indicates inefficiency but also exposes the firm to the risk of compromising client confidentiality.

In order to ensure that the client's confidentiality is not compromised the following should be ensured:

- a) File daily
- b) Replace files not being worked in the designated cabinets—permanent and/or current

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- c) Don't ever leave client files or documents in public areas or meeting rooms
- d) Persons not associated with the firm should not be allowed access to meeting or conference rooms or the work desk until unrelated files have been moved back to the designated location

7. Client file retention

There are two aspects to file retention – returning files to clients; and period of time to retain files once the assignment is complete. There are both ethical and statutory requirements..

The firm should have a clear file retention policy that should address and instruct staff the circumstances under which client files or information can be returned to the client. Such a policy should include the following:

- a) Client files should be returned promptly at the client's request.
- b) Authorisation to return the file should be obtained (if possible) from the partner prior to returning the file.
- c) The file should be organised so that documentation or notes belonging to the firm can be easily removed.
- d) A copy of the client file, for the firm's records, should be made prior to returning it to the client.
- e) Original documents should be returned to the client.
- f) Before returning the file, a receipt listing the files and its contents should be signed by the client and retained by the firm.

Audit Techniques and Tools

**Change is the only constant in this existence.
To grow, change we must.**

**To improve is to change; to be perfect is to change often.
WINSTON CHURCHILL**

The practice scenario looked different in 1990s than it did in 1980s. A CA office of 1990s was quite different from a CA office of today. Ledger books, calculators, colour pencils have given way to computers. Hard bound ITR books have been replaced with sleek CDs. Information technology is changing not only how we work but also where we work and when we work. 'Work from home' is order of the day in many IT companies. Leveraging timing difference, an American multinational having its branch in India works literally 24 hours a day. Disruptive technologies have made products and services obsolete within a short span of time. Do you remember when you last used an alarm clock to set a wake-up call? How often do we visit post office to drop a hand written letter in a red post box?

That which does not change does not grow; that which does not grow dies. Therefore, change is imperative. Let us change... not for the sake of change but with a definite purpose.

Audit report formats have undergone a significant change in the current era. We are required to do risk assessment of material misstatements in the financial statements, whether due to fraud or error. On the one hand the expectations of both, the regulators and the general public, from CAs have changed substantially, on the other hand the quantum of transactions constituting the subject matter of an audit has increased significantly, creating a pandemic called 'in obesity' – a condition where organizations (like human beings) are bloated with data, yet starved for actionable insights. For a CA signing financial statements of an info, obese organization is certainly risky as the traces of fraud and error are concealed in bloated data. When so much has changed around audit, the question that we should ask ourselves is whether we have changed our approach to audit or it has remained the same?

If audit expectations have changed, it is obvious that audit approach has to

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change. Doing the same thing and expecting new results would be insanity. If we have to assess the risk of fraud, we need to verify 100% of the transactions. In a conventional audit it is impossible to verify 100% of the transactions in large organizations within a limited time span. Fortunately, technology comes to the rescue. Data analytics tools are uniquely powerful and can examine large volumes of transactions to detect frauds and errors. You can rely on them to discharge your attesting functions, providing insights into what went wrong, what is going wrong and more importantly what is likely to go wrong. Thus it provides hindsight, insight and foresight from the data and generates actionable items, creating value to clients and contributing to their growth. Traditionally analytical tools were reserved only for Data Analysts within the organization. Now they are readily available for everyone.

Clients are becoming tech savvy and seek information. Coupled with this the regulators and general public are demanding more accountability from the CA fraternity. We are, therefore, required to provide more and more information from the available data. Data Analytics tools / audit tools can help us bring in the desired change in our audit approach. It may be a small change to integrate data analytics into audit but in the long run, the effect of this change will be monumental.

- Audit tools are used for independent data extraction and analysis for the detection and investigation of frauds in a computerized environment. As corporate transactions' data grow astronomically amounting to terabytes of data, the audit tool is essential to analyze such voluminous data and detect exceptions.
- These cost-effective tools are used to view, explore, and analyze data efficiently. With them CAs can effectively conduct a variety of analyses on systems, including payroll, employee expense accounts, accounts payables, and accounts receivables. They also enable audit teams to mine large volumes of data and draw conclusions that never could have been reached through traditional manual approaches
- They allow analyzing 100% of data, guarantee data integrity and provide easy analysis
- They allow you to quickly import an infinite amount of records from practically any source, including spreadsheet and database software, mid-range accounting programs, ERP systems, legacy mainframes, telecom switches, travel and expenses applications, flat and printed files such as PDFs, plain text (.txt), and print-report (.prn) files.

Chapter 12

Audit Programmes

No para numbering in earlier Chapters. Follow uniform style. Either delete para numbering here or number the paras in all earlier Chapters>

12.1 General Audit

The following Standards issued by the Auditing and Assurance Standards Board under the authority of the Council of the ICAI are collectively known as the Engagement Standards:

- a) Standards on Auditing (SAs), to be applied in the audit of historical financial information.
- b) Standards on Review Engagements (SREs), to be applied in the review of historical financial information.
- c) Standards on Assurance Engagements (SAEs), to be applied in assurance engagements, other than audits and reviews of historical financial information.
- d) Standards on Related Services (SRSs), to be applied to engagements involving application of agreed-upon procedures to information, compilation engagements and other related services engagements, as may be specified by the ICAI.

Audit documentation that meets the requirements of the SA on Audit Documentation and the specific documentation requirements of other relevant SAs provide evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor, and evidence that the audit was planned and performed in accordance with SAs and applicable legal and regulatory requirements.

Audit documentation serves a number of additional purposes, including the following:

- Assisting the engagement team to plan and perform the audit
- Assisting members of the engagement team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities in accordance with SA 220 (Revised)

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- Enabling the engagement team to be accountable for its work
- Retaining a record of matters of continuing significance to future audits
- Enabling the conduct of quality control reviews and inspections in accordance with SQC

Appendix 2 provides an audit programme checklist which should serve as minimum requirement for audit documentation.

12.2 Bank Audit

There are two key risks associated with Bank Audits. One, the audit risk that a material misstatement could go undetected and two, a professional risk which may arise due to the non-performance of appropriate and relevant audit procedures or maintenance of working papers to demonstrate the work done. This standard template of work paper document will minimise, if not eliminate, such risks.

A model working paper on “Audit planning, audit program and a template of a working paper document file” has been designed to assist the small and medium practitioners in the performance and documentation of Bank Branch audit engagements and to enable Peer Review processes.

This is intended to ensure process standardization that will assure a base line quality in the work we do as well as common minimum standard that we will be able to display as a profession to mitigate the above risks. This is an indicative document that helps us to approach the work we do on a top down basis as well as to ensure that we comprehensively cover and document the engagement correctly and consistently. User discretion is recommended to modify this document to suit the needs of the entity you are auditing.

There is a tremendous volume of published data on Bank Branch Audits and we have merely attempted to consolidate and compile some of this into an integrated template. This may not necessarily reflect all best practices in audit planning and work paper management that are unique to every practicing professional.

This document will also enable an acceptable level of documentation for Peer Reviews whose key expectation in a Bank Audit Peer Review process would be the ability of the working papers to demonstrate adequate work done to ensure:

- Financial statements being true and fair and free from material misrepresentations
- Compliance with RBI norms including Master and other Circulars
- Compliance with relevant Accounting Standards as relevant to Bank Branches
- Compliance with Audit, Review and Other Standards of the ICAI as relevant

One of the key changes in reporting as compared to the previous year is the introduction of a new reporting format in line with SA700, SA705 and SA706. In addition to this we are required to provide data on the number and value of Memorandum of Changes proposed by us on the face of the Main Audit Report, a measurable output of the Branch Audit exercise.

Appendix 3 gives the Bank Audit Programme Checklist which should serve as the minimum requirement for audit documentation. The entire document may be printed at the end of the audit and working papers be organized and cross referenced in the respective sections for user and reviewer convenience.

Opportunities for Young CAs

There are endless opportunities for the young Members in practice. The list is only indicative in nature and not exhaustive.

1. Financial Accounting

The young Chartered Accountants can start their practice with financial accounting advisory and management services. It is our core area of profession and is the base of strengthening the practice area.

- IFRS/IND-AS Accounting
- System study & design
- Supervising the implementation of accounting system
- Preparation of Accounting Manual
- Bookkeeping services

2. Financial Management Advisory

In our country, the Individuals HNI or MNI or SNI are not aware of the importance of financial management. Chartered Accountants being experts in the various subjects can advise the individuals as to how to manage their financials. It includes initial investment advisory/expenditure advisory/saving consultancy and wealth management.

3. Corporate Business Advisory

- Corporate planning
- Business transformation
- Competition analysis
- Market study
- Feasibility study
- Cost optimization
- Performance improvement
- IPO Consultation

4. Auditing

Chartered Accountants are known to be experts in the auditing sector and there are various opportunities in the field of auditing which are as follows:

- Statutory audit under the Companies Act
- Audit of LLPs
- Tax Audit under section 44AB of Income Tax Act
- GST Audit
- Internal Audit
- Audit of Banks, NBFCs
- Government/ Public Sector Undertaking (PSU) Audits
- ABC Audits
- Concurrent Audit
- Special audit under the provision of Income Tax Act and other Act
- Information System Audit
- Statutory audit of the Mutual Funds
- Various types of Certification work

Young Chartered Accountants may find difficulty in getting the audit work in their initial years of practice. But patience and focused approach will yield results in the long run and they can get all types of audit assignments.

5. International taxation

Opportunity to Chartered Accountants in international taxation matters include the following: :

- Obtaining tax registrations – Assist in obtaining tax identification number (Permanent Account Number) for the expatriates from the income-tax authorities;
- Determine residential status – Based on the duration presence of the expat in India, the residential status of such expat may be determined under the Act;
- Monthly withholding tax calculation – Assist in computing the monthly tax liability of the expatriate in order to enable the company to

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withhold applicable taxes in India including tax equalization amounts for grossing up tax;

- Annual Income tax return preparation and filing – Prepare the computation of income and assist in filing the annual income tax return of the expatriate in India.
- Representation before the revenue authorities including appellate authority and Tribunal and assistance on litigation management including strategic advisory.
- Evaluating the applicability of the double taxation avoidance agreement with the relevant country, in relation to relevant streams of income.
- Property and investment transaction advisory – This would include advise to NRIs on acquisition and disposal of investments as well immovable property and associated tax compliances if any.
- Pre and post NRI status advisory – Advise in relation to income tax disclosures pre and post NRI status including disclosures if any, under Undisclosed Foreign Investments and Assets Act 2015.
- Assistance in relation to claim of foreign tax credits, based on relevance;
- Issuance of remittance certificates under Form 15CA/ Form 15CB and other compliance certificates if any.
- Corporate re-organisations – Suggest suitable investment structure for the overseas entities especially from Indian income-tax perspective including recommending suitable jurisdictions to locate the overseas holding company for the proposed investments in India and suitable modes of investments in the Indian companies.
- Capital reorganisations – Suggest appropriate alternatives viz. capital reductions, bonus issues, rights issues, preferential and debenture and bonds issues, share buybacks etc., involving non-resident stake holders. This aspect is relevant from overseas funding perspective as well.
- Fair Market Valuation of shares and investments – In case of associated enterprises or deemed to be associated enterprises, international or deemed international transactions, there could be scope for advisory on the aspects of valuation from Indian transfer pricing regulations perspective.

- Transfer pricing compliance review including profit attribution study in case of cross border transactions between related parties.
- Tax due diligence – Conduct a vendor/buyer tax due diligence which shall involve review of the past records of the company in order to find any gaps/observations which may have financial or other impact.
- Advising on profit repatriation and exit options – Assistance in analyzing various possible modes of profit repatriation and exit of investments from India, based on the analysis of the tax laws and treaty provisions.
- IP/Intangibles Planning – Advising and evaluating alternatives for the location of the IP/intangibles owned by the group in appropriate jurisdiction in order to achieve tax efficiency;
- GAAR evaluation/Anti Avoidance major – Evaluate a transaction/structure from GAAR perspective in order to determine if there is any exposure of the said transaction/structure being considered as having been entered into with the intention of avoiding or evading taxes in India.
- Double Taxation Avoidance Agreements.? repetition
- Tax information exchange Agreements.
- Issuance of technical opinions on questions of law.

6. Direct Taxation

Chartered Accountants are also competent enough to provide Income Tax related consultancy services to their clients. With increasing complexity around Income Tax Laws, following services can be rendered:

- Income tax Return filing and other tax compliances
- Tax planning and tax management
- Valuation of assets
- Assessment procedures
- Domestic transfer pricing
- Tax litigation – Appearance before with Commissioner (Appeals).
- Tax litigation –Appearing before ITAT.
- Corporate tax – compliances, advisory, planning and litigation.

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- Minimum alternate tax.
- Security transaction tax.
- Tax planning through family trust, HUF, successors.
- Opportunity to become Accountant Members of ITAT.??? Only seniors eligible
- Taxation of Charitable Trusts, drafting of Trust deed and registration of Trust with various authorities.
- Advisory role in survey, search and seizure.
- Various types of certification work
- GAAR Provisions

7. Indirect Taxes (GST, Custom, etc.)VAT has gone?

Goods and Services Tax, a comprehensive indirect tax levy on supply of goods as well as services was implemented in India from 1st July, 2017 (State of J&K implemented it from 8th July, 2017) with the main objective to consolidate all indirect tax levies into a single tax, except customs duty (excluding SAD) replacing multiple tax levies, overcoming the limitations of earlier indirect tax structure and creating efficiencies in tax administration. The biggest positive from the introduction of GST would be higher revenue for the government that would come from broadening the tax base and increasing compliance.

There is a wide scope of opportunity for Chartered Accountants in the wake of GST, Custom, etc such as:

- Tax return filing & other tax compliance
- Tax planning and tax management
- Input tax credit review audit
- Litigation –Appearing before Commissioner (Appeals) and Tribunal.
- GST Advisory
- GST Audit
- Other State Indirect Taxes like Stamp Duty, Excise Duty on liquor etc.
- Dispute avoidance and resolution
- Special Audit by Chartered Accountant *on the Directions of the GST Officer*

- Filing of returns ?? repetition
- Engage in study of selling and distribution patterns / chains
- Impact analysis
- Contract vetting
- Refund advisory and assistance
- various Certification work
- Assistance in import & export compliances
- Import and export benefits consultancy
- VAT Advisory, compliances and litigations.
- Preparation and filing of applications with the Directorate General of Anti Dumping (DGAD)

8. Insolvency Professional

Chartered Accountants have been in the forefront of IBC related work. Many of the Chartered Accountants have become qualified Insolvency Professionals (IPs) since Insolvency and Bankruptcy Code came into force. Being already in the field and having experience derived out of wide-ranging engagements from finance to advisory and management to audit available to them. CA having 10 years of experience can clear the Insolvency exam and become Insolvency Professionals (IPs). These professionals are duly enrolled by Insolvency Professional Agencies (IPAs) and registered for licensing with the regulatory body, i.e., the Insolvency and Bankruptcy Board of India (IBBI).

Some of the areas where Chartered Accountants may find opportunities within the ambit of IBC are:

- Advising on Corporate Insolvency from the perspective of creditors and company itself.
- Assisting IP for pre-CIRP preparation.
- Reviewing the various risks involved in restructuring.
- Developing risk mitigation strategies.
- Working out a detailed bankable financial structure of the business.
- Working out a detailed plan for restructuring the business from all angles.

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- Assessment of distressed assets, cash position, due diligence and turnaround feasibility.
- Advice on optimum utilisation of resources.
- Assessing Cross Border Insolvency transactions*.
- Representation before the Debt Recovery Tribunals– particularly after notification of individual/firm bankruptcies*.
- Representation before the NCLT or NCLAT, High Courts or Supreme Court.
- Negotiating settlements with creditors and suspended management.
- Advisory in relation to a merger, acquisition or takeover under IBC.
- Advising on Resolution plans for company under Insolvency.
- Advisory services to manage corporate debtor as going-concern.
- Bankruptcy of personal guarantors, firms* and individuals*.
- Handling the liquidation process.
- Sale of assets under liquidation via different modes and tax planning on sale models like slump sale, piecemeal sale or through the Scheme of arrangement etc.

(Some of the services are mutually exclusive and if the professional is acting as IP of the corporate debtor, he/she can't provide those services to that corporate debtor.)

*Yet to be notified [Website: - <https://www.ibbi.gov.in/>]

9. Registered Valuer

ICAI Registered Valuers Organisation

The Institute of Chartered Accountants of India has formed a Section 8 private company which has been recognized by the IBBI as a Registered Valuers Organisation (ICAI RVO) to enroll and regulate registered valuers or valuer member as its members in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017, and functions incidental thereto. ICAI RVO is registered for Securities or Financial Assets Class.

Important roles of ICAI RVO

Following are some of the important functions of the ICAI RVO :

- To ensure compliance with the Companies Act, 2013 and rules, regulations and guidelines issued thereunder governing the conduct of registered valuers organization and registered valuers.
- To employ fair, reasonable, just, and non-discriminatory practices for the enrolment and regulation of its members.
- Be accountable to the Authority in relation to all bye-laws and directions issued to its members.
- Develop the profession of registered valuers.
- Promote continuous professional development of its members.
- Continuously improve upon its internal regulations and guidelines to ensure that high standards of professional and ethical conduct are maintained by its members.
- Provide information about its activities to the Authority.

While the law provides opportunities to all professionals for enrolling as Registered Valuers, valuation is a highly specialized field which can be performed by the professionals having a blend of finance, accounting and law and hence Chartered accountants are best suited for valuation as at different levels of Chartered Accountancy, the syllabus includes various topics and methodology of valuation which creates a strong knowledge base for Chartered Accountants.

[Website: - <https://ibbi.gov.in/service-provider/registered-valuers>]

10. RERA

Following are the important roles which a CA could have in respect of the Real Estate (Regulation and Development) Act, 2016 (RERA):

a. Compliance

- Application for registration of real estate project with Real Estate Regulatory Authority Certification (Sections 3 and 4 of RERA).
- Quarterly return filing in respect of real estate projects (i.e. quarterly updation of projects) [Section 11(1)]

b. Certification

- Withdrawal of money [Section 4(2)(l)(d)]

- Annual statement of accounts of real estate projects (Section 4(2)(l)(d))

c. **Consultancy and advisory services**

Structuring of project, financial management planning, financial policy determination, viability and feasibility of the project, funding, maintaining financial records for the purpose of RERA, Arbitration, Mediation & Conciliation services.

d. **Drafting and Documentation**

Drafting of complaint, drafting of land agreement, drafting of joint development agreement, drafting of appeal, drafting of sale agreement etc.

e. **Representation before the RERA Authority and Appellate Tribunal**

CA can appear before the RERA authority and Appellate tribunal to represent his client (allottee/agent/promoter)-(Section 56 of RERA)

States where RERA has been implemented have their website which may be referred [like www.rera.rajasthan.gov.in , www.rera.punjab.gov.in , www.gujrera.gujrat.gov.in]

11. Information Technology

In recent times the hi-tech boom and emergence of ABCD of technology [Artificial Intelligence, Blockchain, Cyber Security and Data Analytics] is ushering a new era in the history of accountancy across the globe. The present digital and knowledge era, that also includes robotic process automation, cloud computing and Internet among others, is landing new skill-sets and new domains for Chartered Accountants who are ready to learn and upgrade in tune with the times, in addition to their core areas of expertise.

Future Role of Chartered Accountants in Blockchain Ecosystem

Following is a list of potential new roles for Chartered Accountants in Blockchain landscape, which is illustrative only and not all inclusive:

- a) **Audit of Smart Contracts:** A Professional Accountant auditing an entity with smart contracts/Blockchain is likely to consider management's controls over the smart contract code. Many companies may choose to reuse smart contracts built by other entities already active on a Blockchain. Future Auditing Standards and auditing guidance may need to contemplate this technology and thereby bring clarity to the role of the professional

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accountants in those scenarios.

- b) Service Auditor of Consortium Blockchain:** Prior to launching a new application on an existing Blockchain platform or leveraging/subscribing to an existing Blockchain product, users of the system may desire independent assurance as to the stability and robustness of its architecture. Instead of each participant performing their own due diligence, it may be more efficient to assign this task to a professional Accountant to achieve these objectives. Critical Blockchain elements (e.g., cryptographic key management) should be designed to include sophisticated General Information Technology Controls (GITCs) that provide ongoing protection for sensitive information, as well as processing controls over security, availability, processing integrity, privacy and confidentiality. On an ongoing basis, a trusted and independent third party may be needed to provide assurance as to the effectiveness of controls over a private Blockchain.
- c) Central Access Granting Administrator:** Permissioned (permitted ??) Blockchain solutions may benefit from a trusted, independent and unbiased third party to perform the functions of a central access-granting administrator. This function could be responsible for verification of identity or a further vetting process to be completed by a participant before they are granted access to a Blockchain. This central administrator could validate the enforcement and monitoring of Blockchain's protocols. If this function is performed by a user/node of the Blockchain, then an undue advantage could exist and trust among consortium members could get weakened. Since this role would be designed to create trust for the Blockchain as a whole, due care will be needed when establishing both its function and its legal responsibilities. As a trusted professional, professional Accountant is capable of carrying out this responsibilities.
- d) Arbitration Function:** Business arrangements can be complex and result in disputes between even the most well-intentioned parties. For a permissioned Blockchain, an arbitration function might be needed in the future to settle disputes among the consortium Blockchain participants. This function is analogous to the executor of an estate, a role typically filled by various qualified professionals, including professional Accountants. Participants on the Blockchain may require this type of function to enforce contract terms where the spirit of the smart contract departs from a legal document, contractual agreement or letter.

Robotic Process Automation

RPA can provide an opportunity to professional accountants to automate their process and deliver client services in an efficient, error-free and faster way. PAO can deploy RPA:

- For tax filing,
- For GST compliance and reconciliation,
- For reminder mailers,
- MIS reporting,
- For managed services of a client

Under Information Technology, various Audits And Reviews are to be undertaken by Chartered Accountants:

- Financial Audits or Reviews
- Operational Audits
- Department Reviews
- Information Systems Audits
- Integrated Audits
- Investigative Audits or Reviews
- Information Security
- Business continuity management
- Mobile
- Cloud
- IT risk management

12. Forensic audit and fraud detection

It is a well known fact that in our country corporate frauds, especially with Banks, money laundering and cybercrimes are increasing and therefore the need for forensic audit has also increased significantly. RBI has also advised forensic audit in case of large advances and in restructuring of large advances. ICAI is also conducting certificate course on forensic audit and fraud detection.

13. Arbitration including International Commercial Arbitration

Professional Opportunities under Alternative Dispute Resolution

Section 2(2)(iv) of the Chartered Accountants' Act, 1949 read with Regulation 191 of the Chartered Accountants' Regulations, 1988 specifically provides that a Chartered Accountant in his professional capacity is allowed to act as an Arbitrator. Chartered Accountants with their objective, independent and balanced approach to a problem can be ideally placed to act as arbitrators or conciliators and play a mediator's role in resolving conflict situations between partners, business associates, employers and employees etc.

a) Representing the Client in the Arbitral Proceedings

A Chartered Accountant normally represents the cases of his clients before various authorities including the Tribunals, Company Law Benches, SEBI, and RBI etc. He can definitely specialize in arbitration matters particularly those connected with breach of contracts, insurance claims, loss of profit, securities fraud, commercial disputes, rights of properties; lease transactions etc. and represent his clients in Arbitral proceedings.

b) As an Expert

A Chartered Accountant can help the Arbitral Tribunal in the capacity of an expert in matters relating to accounts, commercial transactions, lease transactions etc., where he has sufficient domain knowledge.

c) As A Conciliator

A Chartered Accountant in his day- to-day practice often helps his clients in settling their disputes through conciliation. CAs can serve as professional conciliators. With the acquisition of thorough knowledge on the process of mediation, negotiating skills and related techniques of conciliation, a Chartered Accountant can act as a successful professional conciliator thereby adding to the array of services he provides.

d) Other Areas

- Drafting of Arbitration Agreements and Commercial Trade Agreements
- To act as Member of the Arbitral Tribunal
- Acting as an arbitrator

- Acting as Arbitrator in different countries.
- Guidance to clients

14. Prevention of Money Laundering Act, 2002

Chartered Accountants with their inherent abilities sharpened by the specialized knowledge of accounts, finance & law, experience and attention to detail can provide the following services to their clients, being reporting entities, law enforcement agencies and others in relation to the Prevention of Money Laundering Act, 2002

Professional opportunities in this area include the following :

A. As Consultants

- (a) By their vast expertise in handling huge volume of data for verification of the exact nature of transactions.
- (b) Developing data marts to track and monitor deviant patterns and analyzing customer behavior pattern.
- (c) By building effective AML programs for the financial organizations to protect them from the potential threats.

B. Conducting KYC Audit

- (a) By using customers due diligence procedures to confirm the identity of clients from the records produced by him.
- (b) By systems audit for checking customer's identity from external database.
- (c) By formulating and implementing the programme of KYC and forwarding it to the Director appointed under PMLA as required under the PML (Maintenance of Records) Rules 2005.

C. Advisory services

By identifying the risk and mitigating controls in the customer area of acceptance, retail, banking and sales channel management.

D. General role

- (a) Special reviews, inspections and investigations arising from Suspicious Transaction Reporting (STR).
- (b) As compliance advisors: by interpreting various provisions of law and procedures and drafting documents.
- (c) Functional Consultants as implementers of AML systems.

E. Other opportunities to CAs under PMLA

- (a) CAs having specialized qualifications as may be prescribed and having experience in the field of finance and accounts, can be appointed as members of the Adjudicating Authority constituted under section . 6 of the PMLA.
- (b) A CA can be an “authorised representative” [as defied under section 288(2) of the Income-tax Act, 1961] and can appear on behalf of its client in respect of an appeal preferred before the Appellate Tribunal [Section 39 of PMLA.]

F. Audit under PMLA Act, 2002

This is another new vista opened for Chartered Accountants

15. Local Bodies

Accounting reforms are underway in the local bodies. Accrual based financial statements are also one of the requirement of raising funds from capital market through issuance of municipal bonds. The opportunities to the Chartered Accountants in this emerging area are as under:

Conversion of Accounts to Accrual Based Double Entry Accounting System

- Assessment of existing system and requirements including review of legislative framework with reference to existing laws for smooth transition into double entry accounting system and issuance of municipal bonds.
- Review of existing State Municipal Accounts Manual/ support in preparation of State Municipal Accounts Manual for Local Bodies.
- Business process re-engineering with reference to implementation of accrual system of accounting and municipal bond issuance.
- Categorization, grouping and sub-grouping of assets and liabilities.
- Design of chart of accounts with Accounting Codes.
- Determination and valuation of fixed assets including infrastructure assets, current assets, investments, long- term liabilities, current liabilities and net worth as on opening balance sheet date.
- Preparing of accounting policies, formats of financial statements and voucher format under accrual accounting system.

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- Preparation of opening balance sheet and financial statements for the transition period.
- Design and implementation of double entry accrual accounting System for Local Bodies.

Auditing and Assurance Services

- Assignment such as Internal Audit, Statutory Audit, and Special Audit of Local Bodies and Audit of Corporate Municipal Entities (CMEs), Escrow Account and the Project Account as per relevant Municipal bonds guidelines/ regulations.

Management Consultancy Services

- Providing assistance as domain experts to the agencies designated by the Government for computerization of records and accounting system.
- Advising the Local Bodies on statutory compliances, preparation of detailed project feasibility reports required to be submitted to the funding agencies/ programmes such as World Bank, Asian Development Bank and under any government scheme for enabling them to access capital market and financial institutions for the capital investment.
- Design and implementation of budgetary control system in line with the accrual accounting system and linkage among budgetary system and financial Management information System and Decision making system.
- Revenue system assessment and financial analysis of revenue and expenditure exploring potential for raising debt capital for projects, assessing financial viability of investment plans, preparation of financial projections, revenue mobilisation plans and project feasibility reports of Local Bodies, undertaking detailed revenue potential assessments, cost determination, control and reduction analysis, facilitating public private partnership in new projects and assist in bid process management, negotiations, etc.
- In the area of Municipal bond issuance, providing assistance to the Municipalities for creating Corporate Municipal Entities (CMEs) as per norms and providing assistance in rating of bonds by providing required information to the rating agencies to rate the bond issue.

16. Special Economic Zones (SEZ)

The opportunities for Chartered Accountants in SEZ entities are as follows:

- Assistance in the preparation of project report: A project report outlining the economic and commercial viability of the project needs to be attached along with Form A i.e. Application for setting up a unit in Special Economic Zone.
- Assistance in connection with necessary applications, compliances etc. with the Board of Approval State Government, Development Commissioner, Approval Committee, etc.
- covered by next item Consultancy services for setting up /developing units in Special Economic Zones.
- Representation before Board of Approval on behalf of any person aggrieved by an order passed by the Approval Committee.
- Rule 55 of Special Economic Zones Rules, 2006 states that any person aggrieved by an order passed by the Approval Committee under section 15 of the Special Economic Zones Act, 2005 or against cancellation of Letter of Permission under section 16, may prefer an appeal to the Board in the Form J.
- Rule 61 of the Special Economic Zones Rules, 2006 states that every appellant may appear before the Board in person or authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of his or its officers to present his or its case before the Board.
- Certification of reports – Form I (Annual performance reports for Units).
- There is a requirement under Rule 22 of the Special Economic Zones Rules, 2006 that the grant of exemptions, drawbacks and concession to the entrepreneur or developer of a Special Economic Zone will be subject to the condition that the Unit submits an Annual Performance Report in Form I to the Development Commissioner who in turn will submit it to the Approval Committee for its consideration. The information given in the form should be authenticated by the authorized signatory of the unit and certified by a Chartered Accountant.

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- Audit report under section 80-I (7)/80-IA (7)/80-IB/80-IC of the Income-tax Act, 1961 in Form 10CCB.
- Report under section 10A(5) and section 10B(5) of the Income-tax Act, 1961 in FORM. 56F and Form . 56G respectively certifying that the deduction has been made in accordance with the corresponding section.
- Report under section 80LA (3) of the Income-tax Act, 1961 in Form 10CCF.
- Report on Annual performance of units -The information given in the formats for APRs should be authenticated by the authorized signatory of the unit and should be certified for its correctness by a Chartered Accountant with reference to the account records and registers maintained by the unit (Appendix 14-I-F Handbook of Procedures of Foreign Trade Policy).

There is certain eligibility extension for CA firms for which Handbook of Procedures of Foreign Trade Policy can be referred.

17. Companies Act, 2013

- Formation and Management of the Company
- Regular Compliances under the Companies Act
- Advisory regarding company secretarial work, maintenance of statutory recorded and guidance
- Chartered Accountants as Independent Directors
- Women Directors on the Board
- Chartered Accountant as Key Managerial Personnel
- Other Services by Auditors (Section 144)
- Other Certification work
- *Section 275 of the Companies Act, 2013* : The Provisional Liquidator or the Company Liquidator, as the case may be, shall be appointed from a panel maintained by the Central Government consisting of the names of Chartered Accountants, Advocates, Company Secretaries, Cost Accountants or firms or bodies corporate having such Chartered Accountants, Advocates, Company Secretaries, Cost Accountants and

such other professionals as may be notified by the Central Government or from a firm or a body corporate of persons having a combination of such professionals as may be prescribed and having at least ten years' experience in company matters.

- *Professional Assistance to Company Liquidator* : As per Section 291 of the Companies Act, 2013, the Company Liquidator may, with the sanction of the Tribunal, appoint one or more Chartered Accountants on such terms and conditions, as may be necessary, to assist him in the performance of his duties and functions under this Act.
- *Right to Legal Representation*: As per Section 432, a party to any proceeding or appeal before the Tribunal or the Appellate Tribunal, as the case may be, may either appear in person or authorize one or more Chartered Accountants or Company Secretaries or Cost Accountants or legal practitioners or any other person to present his case before the Tribunal or the Appellate Tribunal, as the case may be.
- *Appointment of Chartered Accountants as Auditors*: Sections 139 to 148 of the Companies Act, 2013 deal with provisions relating to Statutory Auditor. This being the core area of practice of a Chartered Accountant needs no introduction or advertisement. Once an individual is qualified as a Chartered Accountant, he is given the advantage of being an Auditor and opportunity to deliver the best of services

18. Virtual CFO Services

Many small to medium businesses require CFO services to help manage their growing businesses. However with constraints on financial resources, affordability becomes a challenge. SMEs cannot afford a full time CA, nor can they afford not to have one. Young CAs with a reasonable degree of experience and exposure will be able to fill this gap. The concept is gaining acceptance of late.

Opportunities

- Defining entry strategy
- Incubation services such as company incorporations, office setup and initial team for accounting, reporting and compliance
- Relationship management with investors, lenders and bankers
- Managing government authorities

- Review and analysis of management reports
- Statutory compliance management and advisory

19. Indian Accounting Standards (Ind AS)

IND AS have been brought in the line of IFRS to enable Indian companies to bring their financial statements reporting according to International Standards. All the listed companies or the companies which are in the process of listing or the companies whose net worth is greater than or equal to Rs 250 crores are mandatorily required to adopt IND AS. SEBI has also clarified that in the offer document, disclosures for all the previous five financial years will have to be made as per IND AS principles. IND AS expertise will provide global opportunity. The ICAI conducts IFRS certification course.

20. FEMA/Inbound and Outbound Investments - Advisory

The current state of the Indian economy has, to an extent, impacted in attracting Foreign Direct Investments (FDI) into the country. However, FDI is bound to gain momentum in the near future once there is certainty and stability on the Indian political front. In case the expected further liberalisation in the FDI policy materialises, foreign investors could tap into many sectors that have currently opened up for investment with minimum or no government inference. Similarly, Indian companies will continue to tap into resources and opportunities available overseas.

Opportunities

- Advisory, consultancy and compliances services on FEMA Regulations
- Representing clients under the FEMA Regulations (adjudication proceeding and appeals) before the Special Director (Appeals)
- Certification work: Borrowing and lending in foreign exchange, deposits, remittance of Indian assets by NRIs, export / import of goods and services, to name a few
- FEMA compliance audit
- Financial and legal due diligence
- Advise on private equity financing and structuring
- Advisory on debt structuring and other financial options

- Advisory and analysis on financial options
- Regulatory approvals before competent authorities, for example RBI/SIA/FIPB
- Setting up of SEZ/EOU/STP
- Formation of subsidiary companies of foreign companies, including branches and liaison offices
- Valuation of shares for regulatory purposes governed by the Central Bank's circulars.

21. Securities and Exchange Board of India (SEBI)

- Audit of mutual funds
- Limited review under Clause 41 of the Listing Agreement of Securities And Exchange Board of India
- Capital market-Chartered Accountants play the following roles in the Capital Market:
 - Advisory role
 - Audit role
 - Entrepreneurial role
 - Supporting services
 - Emerging employment role
 - Emerging practice role
 - Role in the IPO process.
 - Undertaking due diligence

A Chartered Accountant may assist in private equity funding in a number of ways including:

- Undertaking an Initial appraisal of management's financing proposition
- Preparation and advising on business plan

- Business valuation
- Preparing financial model
- Planning the capital/ funding structure
- Review and appraisal of the terms of deal
- Negotiation on terms of deal
- Project management of transaction
- Advising on the future plans/ exit route etc.

22. Project financing

A large number of Chartered Accountants in practice are involved in project financing consultancy to their clients and liaising with different financial institutions. Chartered Accountants are playing a leading role in the society and are considered as financial advisors, who assist their clients in every field relating to finance, tax, accounts and banking. Chartered Accountants, who desire to engage in such line of activity, should know all the financial institutions, which provide finances.

23. Internal audit

This important activity helps the management of companies with an insight into several areas of improvement: systems and processes, effectiveness of internal controls, performance and risk management, statutory compliance management, reduction in costs, revenue enhancement opportunities, and more.

Chartered Accountants conduct the following Internal Audits:

- Financial Audits
- Operational Audits
- Compliance Audits
- Information Systems (IS) Audits
- Investigative Audits
- Management Audit
- Special Reviews

Specific Internal audit activities include

- Internal audit requirements under Companies (Auditor's Report) Order, 2016
- Internal Audit of Enterprise Risk Management process
- Internal Audit of Corporate Governance
- Internal Audit of Transactions of Depository Participants
- Internal Audit in Banks
- Internal Audit of Treasury Operations
- Internal Audit of plastic money operations
- Internal Audit of Mutual Funds
- Internal Audit of compliance with KYC requirements/ Anti-money Laundering policy
- Internal Audit in Infrastructure Enterprises
- Internal Audit of a Not-for-Profit Organisation
- Risk based Internal Audit
- Internal Audit of Intellectual property
- Internal Audit of Stock and Inventories
- Internal Audit of adherence to Competition Law
- Internal Audit - Controls due Diligence Reviews
- Internal Audit of ESOP Transactions
- Internal Audit of NBFCs
- Internal Audit of compliance with FEMA laws
- Internal Audit of compliance with Labour Law
- Internal Audit of Financial Instruments.

24. Insurance Management/Advisory Services

Chartered Accountants can render advise on the various insurance policies to mitigate their risk and can also advice the level of insurance. Chartered Accountants can provide their services to insurance enterprises in the field of risk

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management, insurance management, insurance fund management, insurance marketing, underwriting management, claims management, loss adjustment, re-insurance, product development, actuarial science and many allied areas such as:

- **New Product Creation**

CAs with appropriate customer understanding can design appropriate products, determine price correctly and increase profitability. They can advise on premiums, rebates and the like for products unique to specific industries/companies and suggest risk-mitigating measures

- **Underwriting**

Underwriting, a core insurance activity, involves classification of risks on the basis of risk characteristics so that insured parties pay premiums proportionate to the risk. CAs can provide their services in analysing the information to determine the right prospect and also secure profitable business to the insurer.

- **Policy Owner Services**

It has been accepted fact that notable new insurance business are generated through the existing policy holders and the principles of Customer Relationship Management has to be adopted which warrants the involvement of professionals like CAs.

- **Claims Administration**

This is a structured method of managing claims right from the initial report to the final payment or appeal - typically following an existing system. Claims processing is highly data intensive and time sensitive. CAs can provide their services in effective management and understanding the system and interaction with the concerned parties.

- **Marketing And Distribution Channels**

CAs with appropriate public interface can help the public to appreciate the need for personal financial planning, estate and retirement planning. Chartered Accountants as Insurance Advisors can render valuable advice to his clients/customers in selecting among various Non- Life Insurance Policies. They can, based on the needs and risk profile of the client, advise them the best Insurance Policy to cover the risks to their life and property.

- **Claims Audit Service**

This area calls for specialised knowledge in risk management, audit of outsourced claims service providers and cost containment measures in relation to the overall claims spend. With their traditional audit knowledge and experience, CAs, can fit into this role with ease.

- **Actuary**

Chartered Accountants with expert knowledge on actuarial science can be of immense help and help in carrying out actuarial services such as complying with the provisions with respect to the bases of premium, ensuring that the policyholders' reasonable expectations have been considered in the matter of valuation of liabilities and distribution of surplus to the participating policyholders who are entitled for a share of surplus etc

- **Surveyor Or Loss Assessor**

An insurance surveyor is a technical expert who inspects the damage or loss of an insurance company. There are advocacies for survey and loss assessment job should be carried out by an independent, third party, licensed and categorised surveyors only. A Chartered Accountant can be of immense help in assessing the damage or the loss to the object of insurance. This area includes general functions like conducting inspections, estimating and valuing the subject under loss Charter.

25. Bank audits

Chartered Accountants conduct the following Audits of Bank:

- Inventory and receivables audit
- Concurrent audit
- Information system (IS) audit
- Statutory audit and revenue audit.
- Stock Audit
- NPA Audit
- Forensic Audit

26. Role as subsidy facilitator

There are various kinds of subsidies given by the Government. Chartered Accountants after going through all the norms can advise their client about the subsidy available for their respective business.

27. Business Setup Consultancy

Young Chartered Accountants having knowledge of industry, related regulatory framework, market research and technology advancement can work as a business setup consultant also.

28. Business Advisory

Young Chartered Accountants having knowledge of all the fields can work as a business advisors also.

29. Payroll Accounting and Related Compliance

Every industry & business has to deal with legal formalities and compliance in regard to various laws relating to employees. As Chartered Accountants have good knowledge of Provident Fund, ESI and income tax laws can work as advisors or consultants in this field.

30. Prohibition of Benami Transactions Act, 1988- Advisory & Consultancy

With effect from 1st November 2016 major changes have been made in the Benami Transactions (Prohibition) Act, 1988 and more teeth has been given to the statute. Therefore it now offers good opportunities for Chartered Accountant to practice ..

31. Opportunity in Export / Import trade consultancy

Certain concessions/incentives are available to various importers and exporters on fulfilling of certain conditions. Having knowledge of all those provisions, provides very good opportunity for Chartered Accountants to deal with some of the services relating to exports and imports like the following::

1. Advisory on Foreign Trade Policy and Procedures.
2. Compliance with Foreign Trade Procedures.
3. Advisory and Assistance in setting up 100% EOU / STP / EHTP/ BTP/ SEZ Units.

4. Consultancy & assistance in licensing requirements and government clearances.
5. Documentation, risk assessment, liasoning, comparative study in regard to concessions and export benefits.
6. Representation before DGFT and other authorities.

32. State Investment Promotion scheme -Advisory & Consultancy

Many States have put in place Investment Promotion schemes and Industrial development policies. These provide good opportunities to Chartered Accountant render advice and consultancy..

33. Various Schemes framed by Government of India- Advisory & Consultancy

By having good knowledge on the various schemes of the Government of India in different sectors, Chartered Accountants can render advisory work thus tapping yet another area of practice. .

34. Consolidation of Final Accounts

Now a day's small and medium industries require the services of Chartered Accountant for consolidating their final accounts.

35. Current Assets Management Services

Industry being a borrower from financial institutions and banks are required to maintain their current ratio. Inventory and debtor management if not done properly would increase their losses. Chartered Accountants having knowledge on this field can advisory services to this sector. .

36. CSR Consultancy

With more and more companies coming into existence every day throughout the world, corporate governance backed by the concept of corporate social responsibility has become the key to business success. CSR-based policies are fast emerging as the corner stone of corporate governance. The law now requires corporate of certain size to spend compulsorily a specified minimum of their profits on CSR activities This area therefore presents a great challenge and provides opportunity for the Chartered Accountants who can be of great help in creating an enabling environment for better CSR and corporate governance.

37. Corporate finance (Mergers, Acquisitions and liquidity Consultants)

Corporate finance will continue to be major growth area for Chartered Accountants in both business and practice, underpinned by the continuing high level of deal activity. Corporate restructuring under competitive pressures, in particular, will create many opportunities to advise on mergers and acquisitions, share issues and listings, and management buy-outs and buy-ins. Firms will profit from associated due diligence work, valuation work, advisory, ipr valuation, debt restructuring, equity financing, tax advisory, regulatory approvals, draft of agreement etc.

38. Opportunity in Family Business and other Independent Businesses

Being experts in accountancy, auditing, tax and various laws and to some extend management and communication skills, Chartered Accountants can also be a part of family businesses and establish independent business.

39. Opportunities available at ICAI

Empanelment as a Technical Reviewer At Financial Reporting Review Board: To improve the financial reporting practices in the country, the ICAI has constituted Financial Reporting Review Board (FRRB). The Board reviews the General Purpose Financial statements of enterprises with a view to determine compliance with the reporting requirements of various applicable statutes, accounting standards and standards on auditing. The objectives of the FRRB are achieved through a systematic process of review, which include preliminary review of general purpose financial statements by Technical Reviewers.

Engagement Of Technical Reviewers Quality Review Board: Government of India has in exercise of the powers conferred under Section 28A of the Chartered Accountants Act, 1949, constituted a Quality Review Board (the 'Board') to recommend to the Council, review and guide the members regarding the quality of services provided by the members of the Institute including audit services as per Section 28B of the Chartered Accountants Act, 1949. The Board in order to discharge its functions has issued the 'Procedure for Quality Review of Audit Services of Audit Firms' (the 'Procedure').

In terms of the aforesaid Procedure, since FY 2012-13 the Board has initiated a system of review of statutory audit services of the audit firms, selection of audit firms for review and engagement of Technical Reviewers (TRs).

Engagement as Peer Reviewer: Peer Review entails a review of attestation engagement records and related financial and other statements to ascertain that the Practice Unit is adhering to Technical Standards already issued by the Institute. The main objective of Peer Review is to ensure that in carrying out the assurance service assignments, the members of the Institute (a) comply with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto and (b) have in place proper systems including documentation thereof, to amply demonstrate the quality of the assurance services. The Statement on Peer Review was released to meet the demands of high quality assurance, consistency and greater transparency. The purpose of the Peer Review statement is to provide a framework for, planning, performing, reporting and administration of the Peer Review process.

A young CA, meaning a new member cannot be a Peer Reviewer ?????

Examination committee

Exam Paper Setting

ICAI also empanels Chartered Accountants as Exam Paper setters at all levels.

Experience: An person who has a consistent good track record for more than 5 years is eligible to take up such an assignment.

Exam Paper Evaluation

The services of Chartered Accountants are also utilized by ICAI as Evaluators for the Exam Papers

Technical Reviewer (For Tax Audit Review Board)

The Institute has constituted the Taxation Audits Quality Review Board in the year 2018 with an objective to review any report prescribed under the Income-tax Act, 1961 and Rules framed thereunder and any report prescribed under the Indirect Tax Laws including GST Law which are certified by a Chartered Accountant with a view to determine, to the extent possible, compliance with the reporting requirements prescribed under the respective Acts and related Rules and pronouncements, guidance notes issued, if any, by ICAI in respect of the same. To conduct the detailed reviews, the Board is in the process of Empanelling Technical Reviewers having expertise in taxation (both direct as

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well as indirect). For empanelling as a Technical Reviewer with TAQRB, a member needs to satisfy the following conditions:

- (a) Possess at least ten years' Post Qualification experience in the practice of taxation (Direct and/or Indirect); and
- (b) Be currently active in the practice of taxation.

Board of studies

Opportunities in Board of Studies

- Visiting faculty in IT labs run by Board of Studies.
- Video lecturing Students of CPT, Inter and Final –
- Contributing Articles in ICAI Journal
- Articles in Students Newsletter.
- Review of article to be published *in Students' Newsletter*

Other opportunities in ICAI

- One can act as Resource Person in Study Groups.
- Faculty in in-house Executive Development Programmes.
- For contribution on Technical Publications on varied subjects a honorarium ranging from Rs.25,000 to 60,000 is payable.
- Eligible to act as Faculty in Certificate courses and PQ courses conducted by ICAI, Honorarium of 1,000- to 3,000 per hour. CAs can act as Paper Setter and Examiner in the examinations conducted arising out of above PQ and Certificate Courses – Honorarium ranges around 6000 to 1000 for paper setting, 50-100 for examination paper correction

40. WTO Consultancy

Anti-dumping duties, anti- subsidy duties, safe guard duties, WTO disputes settlement proceedings

A huge opportunity is available for CA's in this field. Its includes preparation and execution of well organized business plan, strategic planning, market research, analysis of substantive energy to industry, dumping calculations, preparing price and adjustment data, analyzing cost of production, cost analysis, competitive analysis, statistical analysis, representation before authorities, examining the legal and economic aspects of various subsidy programmes, representation before WTO etc.

41. Intellectual Property Rights

This is yet another promising area of practice for Chartered Accountants. IPRs mainly comprise of trade marks, patents, copyrights etc. Opportunities available in this field are as follows:

1. Registration
2. Representation
3. Advisory
4. Accounting and Valuation
5. Audit etc.

42. FDI - Advisory

1. Drafting of FDI Agreement
2. Vetting of FDI Agreement
3. Representation before Authorities
4. Valuation in case of settlement of disputes
5. Comparative Analysis

43. TIN Facilitation Centers

- Receive e-TDS/TCS returns from deductors/collectors and upload them to the TIN central system.
- Receive TDS/TCS returns in paper format from non-corporate, non-government deductors/collectors and upload them to the TIN central system.
- Receive Annual Information Returns from filers and upload them to the TIN central system.
- Receive 'applications for allotment of new TAN (Form 49B)' and 'Request for Changes or Correction in TAN data for TAN allotted' from TAN applicants.
- Receive 'applications for allotment of new PAN (Form 49A, Form 49AA)' and 'Request for new PAN Card or/and changes or Correction in PAN data' from PAN applicants.

- Receive Form 24G statements from Account Offices (AO) and upload them to the TIN central system.

44. Consultancy related to Labour Laws :-

A CA can provide consultancy related to the following labour laws:-

- Workmens Compensation Act, 1923
- Payment of Wages Act, 1936
- Industrial Disputes Act, 1947
- Minimum Wages Act, 1948
- Factories Act, 1948
- The Payments of Gratuity Act, 1972
- Others Labour Laws

45. Other areas

- Faculty assignments in professional institutions
- Nominee directorship for foreign companies setting up offices in India
- Business structuring assignments / consulting
- Drafting and conveyancing ;
- Contract tendering (negotiation)
- Setting up practice in the areas of other minor Acts/Laws.
- Competition Law

46. Global Opportunity for Indian Chartered Accountants

Huge opportunities are available for professionals with specialist knowledge and skills in global organizations. However, the international arena presents even greater opportunities, not just to the large accounting firms and businesses, but to individual Chartered Accountants and small firms and businesses providing specialist services in functional areas, niche industries and geographic markets.

Best Practices — Mapping with other Global Accounting Bodies

1. Use licensed software. Have reliable IT Consultants to take care of your IT requirements.
2. Take due care of security risks. Use good antivirus software and firewalls.
3. Use Database Management Systems to organize the files and retrieve them easily.
4. Use templates for standard correspondence – Submissions to the Income Tax authorities, Ministry of Corporate Affairs, Registrar of Companies and any other authorities. Save them as templates for future use.
5. *Data Backup and Recovery:* Since CA firms deal with large volume of data, backup and recovery are crucial. Back-ups can be taken on a regular basis, depending on the rate at which data is added, altered or deleted from the database. It's important to automate such back-ups so they can be taken at scheduled times, without human intervention. The data backed up should be stored correctly to protect from corruption. If the data back-up strategy is efficient, recovery becomes easier. It's important to have a data recovery plan or strategy to avoid disruption of work, in the event of catastrophes.
6. *Research:* In the CA profession, clients cannot be advised appropriately and decisions cannot be taken unless a professional is up to date and has knowledge of the latest laws and procedures. . Keep updated with recent developments in the laws. Traditionally, we refer to books, journals and magazines to find relevant information. With the advent of the technology, information is now available on websites and CDs. In particular, research for case laws, financial information of companies, latest financial and market trends can be done using a variety of CDs. Since these CDs can easily be used by junior assistants, only relevant filtered information can be provided to the decision makers, thereby saving time.

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7. *E-Library*: As CA firms have many reference books, journals and magazines, E-library software can be used to keep track of the collection of books and help in finding them with ease.

Appendices

See my earlier comments on para numbering

15.1 Checklist for Preparing A Partnership Agreement

1. **Core partners** may be given authority to determine how often they meet, what should be the quorum, how their decisions are made and other matters.

E.g. Conduct of their meetings; alternatively, all the partners may wish to determine these matters themselves at the outset of the venture.

2. **All the partners** should address at the outset the extent of specific partners' powers; partners may wish to reserve certain important matters to the unanimous decision of all partners. These reserved matters may cover, for example, the following :

2.1 Company borrowings or transactions generally in excess of a particular limit

2.2 Joint ventures with other companies

2.3 Any changes in the scope or nature of the company's business

2.4 Bringing in new partners or any change in its capital or profit structure

2.5 Choice of auditors

2.6 Commencement or settlement of litigation

3. **Transfer of shares** in firm's assets and profits *inter se* amongst partners or new partners and how it can be dealt with

4. **Financing**, which should discuss:

a) How further capital requirements are to be provided, i.e. by the partners themselves or through loans from third parties.

b) If by partners in what proportion and if a particular partner can't bring such funds, how it will be addressed.

c) Whether security for loans will be granted and

if so, the type of security that will be provided, e.g. by way of charges over assets, or partners' guarantees.

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5. Profit Distribution which would include:

- a) The means of calculating net profits
- b) Percentage of the net profits that must be distributed / withdrawn annually
- c) Any restrictions on distribution of net profits -
e.g. no distribution until certain loans have been repaid

6. Confidentiality

Partners may wish to impose duties on each other not to disclose to third parties their own and / or the firm's confidential information; this obligation is usually expressed to continue for a period of time even after the termination of the venture or the exit by a particular Partner.

7. Management Disputes

When, in relation to certain specific issues of importance, the partners cannot agree, and a "deadlock" occurs, it is often agreed by the partners at the outset what should be done. A solution often adopted is for a partner to offer to sell its shares or purchase the other partners' shares at a particular price. These solutions are sometimes known as the "Russian Roulette" or "Texas Shootout" provision.

8. Dispute Resolution And Governing Law

It is usual to agree to a method of resolving disputes between partners that arise out of the agreement. Partners may wish to have disputes resolved by arbitration, or leave it to the courts. Sometimes they may have disputes referred to mediation or disputes on a particular topic - e.g. financial matters - to be determined by an independent expert. It is also usual to select the system of law by reference to which the agreement will be considered and the jurisdiction in which the dispute will be heard, if no arbitration clause is incorporated in the agreement.

Following are some important questions that can be answered keeping the above in mind:

The Profession

- What is the nature of the profession?
- Is it existing or a start-up?

- If existing, what has each partner contributed so far? Have they been fairly rewarded? Does the existing share structure fairly reflect those contributions?
- What adjustments need to be made?
- What vision do you have for its future?
- What are the key issues related to operating and building the business?
- How or what will each partner contribute to the vision, operations and building?
- How the business is going to make money for the partners? Giving them jobs or paying them profits annually or building a valuable business that can be sold at a later date?
- How long do the partners plan to be involved in the business operationally?
- How long do the partners plan to be involved in the business as investing partners?
- Will the partners ultimately sell the business? When? To whom?
- Or will they simply wind up? Or pass the business on to their children or other family members?
- Is there a business plan? If not, why? When will there be one?
- What must the partnership agreement do to support the business vision / plan set out above?

The Core Team

There must be at least two to three core partners (such as directors). The team, elected by the partners, directs the affairs of the business. They also hire / appoint / fire / replace the officers of the firm/company.

The Officers

Officers manage the day to day business of the firm / company:

- How many? What are their titles?
- How are they selected?

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- Who are they? Esp. Chairman and CEO?
- Full names and home addresses?

Financing The firm/Company

- How is the firm/ company going to be financed?
- What are the partners putting in?
- Is that to be loans or equity?
- Are the loans going to bear interest?
- Are they going to be secured?
- What are the repayment terms?
- What third party financing is going to be used?
- What if more money is needed?
- How will future funding be proposed?

Personal Commitment

- What do partners contribute other than money?
- Who are working in the business?
- On what basis?
- How are the responsibilities being divided?
- How are the partners' salaries going to be determined?
- What kind of special covenants apply while you are a partner? E.g. non competition, company owns all inventions
- What kind of special covenants will apply after you cease to be a partner? E.g. non-solicitation, non- competition

Decision Making: Strategic and Operational

How will decisions be made? Will there be different kinds of decisions that get made in different ways? Are there things that could deadlock the partners? Consider both strategic issues (e.g. new partners, buying new businesses, selling the business) and operational (e.g. signing authorities on contracts and bank accounts, ability to make binding commitments on behalf of the company, hiring and firing, purchasing, selling, etc.).

- Who will make decisions?
- How will voting rights be handled?
- What will constitute a quorum of decision makers?
- Any general principles for making decisions already discussed amongst you?
- Is the general rule a simple majority vote or something else?
- Are there things that require unanimous approval?
- Of these, are there any that you would be willing to have resolved by arbitration, etc. to avoid having a deadlock?
- Of things that involve a unanimous agreement, are there certain decisions you would be willing to resolve by some kind of super majority (e.g. 75%) to avoid a deadlock?
- Which are the things that require a unanimous agreement, with no compromise?

Distributing Profits

- Who will decide when to distribute profits to partners, and how much?
- What if they can't agree? Arbitration? Deadlock?
- Are profits distributed basis profit % only, or something else too?
- What if you can't agree on splitting profits? Arbitration? Deadlock?

Resolving Deadlocks

- How will deadlocks be resolved, if they arise?
- Arbitration on some issues? If yes, which ones?
- Second vote by super majority? If yes, which ones?
- Shot gun buy / sell?
- Sale of whole business with any partner / group entitled to match good faith third party offer? (Details to be worked out)
- Winding up of company?

Voluntary Withdrawal

Can a partner withdraw from the deal if he / she wants to exit?

- If yes, how? If not, what do you do with such a
- partner? Consider what if: they are relocating, the deal is not going the way they planned, or they simply want to cash in?
- Others forced to buy?
- Sale of whole business with any partner entitled to match good faith third party offer? (Details to be worked out)
- Winding up of firm?
- Partners can sell to third party, with others having right of first refusal?
- Some combination of the above?
- How will the shares be valued?
- How will the purchase price be determined?
- What will be the payment terms?
- Any restrictions on going this way? E.g. withdrawal within first two years of starting out not allowed?

Involuntary Withdrawal

- What if the other partners want to force out a partner?
- Others forced to buy?
- Sale of whole business with any partner entitled to match good faith third party offer? (Details to be worked out)
- Winding up of firm?
- Some combination of the above?
- How will the shares be valued?
- How will the purchase price be determined?
- What will be the payment terms?
- Any restrictions? E.g. can't be forced out within first two years of starting out unless in default?

Other Special Considerations

- Can majority partners force the minority to sell to them?
- If yes, what conditions, terms, etc. See above for sample issues to be considered
- Can a majority force the sale of the whole firm?
- Would that include a carry along provision, whereby the minority would be forced to sell on the same terms the majority is selling on?
- What about a piggyback provision, whereby the minority can force any buyer who is buying a majority interest to buy the minority interest at the same terms?

How To Manage A Partner In Default?

- What do we do if a partner defaults on their obligations under this agreement?
- How does it affect their profits?
- How do we get them out of the company? What happens to their profits?
- How does this compare to the Involuntary Buyout provisions above?
- Disability of a partner
What if a partner becomes sick or disabled for an extended period of time?
How long before we question whether they can stay involved in the firm?
How will we deal with their salary? Profit share? Shareholdings?

Death of A Partner

- This is a complex area that may require input from a life insurance representative.
- General principles:
- Do they have to be bought out?
- Do the other partners buy them out, or does the firm pay out?

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- How are the shares valued?
- How is purchase price calculated?
- What are the payment terms?
- Do we minimize tax consequences for estate of deceased partner?

Use of Insurance

- Do we fund this with insurance?
- How much insurance, and how is that updated?
- Who owns the insurance?
- Who pays the premiums?
- How do the funds flow?
- Do we set the price at the amount of insurance in place, irrespective of value?
- What do we do if a shareholder is not insurable?
- What if the insurance is expensive?
- How do we determine what is too expensive and therefore won't buy the insurance?

Any other consideration that you would like to be addressed in your agreement.

15.2 Enrolment of Chartered Accountant as a Practising Chartered Accountant

Membership

Members of the Institute are known as Chartered Accountants. Becoming a member requires passing the prescribed examinations, completing three years of practical training and meeting other requirements under the Act and Regulations. A member of ICAI can use the title CA before his name. A member of ICAI may either be an Associate Chartered Accountant (A.C.A.) or a Fellow Chartered Accountant (F.C.A.) based on his experience. Further based on holding a Certificate of Practice, they may also be classified as practicing and non -practicing Chartered Accountants.

Associates and fellows

Any person who is granted membership of the Institute becomes an Associate Chartered Accountant and is entitled to use the letters A.C.A. after his name. Generally, Associates are members of the Institute with less than 5 years of membership after which they become entitled to apply for being a Fellow Member. An Associate Member who has been in continuous practice in India or has worked for a commercial or government organisation for at least five years and meets other conditions as prescribed can apply to the Institute to get designated as a "Fellow". A Fellow Chartered Accountant is entitled to use the letters FCA. after his name.

Practising Chartered Accountants

Any member wanting to engage in public practice has to first apply for and obtain a Certificate of Practice from the Council of ICAI. Only members holding a Certificate of Practice may act as auditors or certify documents required by various tax and financial regulatory authorities in India. Once a member obtains a Certificate of Practice, his responsibility to the society increases manifold. The ethical principles applicable to a practicing CA provided in the First And Second Schedules to the Chartered Accountants Act, 1949 are more rigorous than the ones applicable to non-practicing CAs or both.

In India an individual Chartered Accountant or a firm of Chartered Accountants can practice the profession of Chartered Accountancy. Corporation, companies and other bodies corporate are prohibited from practicing as Chartered Accountants in India.

Certificate of Practice

Eligibility

1. As Associate/Fellow member of the Institute can apply for grant of Certificate of Practice in the prescribed Form '6' together with requisite fee.
2. A member engaged in the categories of business/occupation as defined in Appendix (9) under Regulation 190A is eligible to apply for Certificate of Practice.

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Requirements

1. The member is required to apply for Certificate of Practice in Form 6. The Form complete in all respect and signed is required to be submitted.
2. An account payee Cheque/Demand Draft for ` 2,000/- w.e.f. 1.4.2011 along with annual membership fee of the relevant year should be submitted.
3. If the member is engaged in other business/occupation, he is required to apply for permission of the Council, by submitting application in the prescribed Form.

After obtaining Certificate of Practice

1. Members holding Certificate of Practice and intending to practice under a trade/firm name, are required to make application for approval of the trade/firm name in Form 117. The member can seek approval of the firm name while applying for membership of the Institute in Form 2.
2. *Practice in Own Name* : An Associate and a Fellow Member holding Certificate of Practice is eligible to practice in his own name. He is not required to apply for approval. However intimation to that effect may be sent to the concerned Decentralised office. Practicing the profession of chartered accountancy in own name is subject to holding Certificate of Practice. The entry of personal name of the member is not published in the List of Firms.
3. *Practice as a partner of a firm* : The details regarding change in particulars of the firm in Form 18 are required to be submitted to the Institute's office within 30 days from the date of such change.

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



CA. Atul Kumar Gupta
President, ICAI



CA. Nihar Niranjn Jambusaria
Vice President, ICAI



CA. Satish K. Gupta
*Central Council Member and Chairman
CMP, ICAI*



CA. Prasanna Kumar D.
*Central Council Member and Vice-Chairman
CMP, ICAI*

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CA. Prasanna Kumar D	Vice-Chairman, CMP, ICAI	CA. (Dr.) Debashis Mitra	Member, CMP, ICAI
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CA. Mukesh Chaudhary
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