



The Institute
of Chartered
Accountants of
India
(Set up by an act of
Parliament)

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

Final
Advanced Auditing
and Professional Ethics



Intermediate
Economics for Finance

Foundation
Principles and Practice
of Accounting



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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

PRESIDENT'S COMMUNICATION



Dear Students

As our nation celebrates birth anniversary of the Father of the Nation, Mahatma Gandhi on 2nd October, the energetic and dynamic youth of a vibrant and rising India must draw inspiration from teachings and life philosophy of the Father of the Nation whose life is full of grit, dedication and determination. You may face innumerable hurdles in chasing your dreams, but you must always learn to look at the silver lining and be optimistic of your future.

While working towards achieving your life goals, Mahatma Gandhi's precious words hold so much relevance for young minds like you even today, *"Your beliefs become your thoughts. Your thoughts become your words. Your words become your actions. Your actions become your habits. Your habits become your values. Your values become your destiny."*

Ushering a New Dawn in CA Education

It gives me immense pleasure to share with you that the Council has deliberated at length the pros and cons of suggestions received from all stakeholders, including the student fraternity, and approved the Proposed Scheme of Education and Training with some changes. We have submitted the same, along with corresponding amendments in Regulations, to the Ministry of Corporate Affairs for final approval. Expert groups have been formed for each subject of the Chartered Accountancy course to formulate the syllabi.

However, I would like to emphasize here that you will continue to study the existing course content and examinations shall be conducted with the same syllabi. The proposed changes in the course curriculum will be communicated to you well in advance and through proper announcement.

The new scheme is a refreshing and revolutionary one. It will provide an integrated learning system that will not only offer internationally valued quality education and vocational training opportunities but also equip you with the much-required employable skills upon completing the course.

In this connection the following words from Sadhguru are relevant: *"The education system should always be an evolving process by itself."*

National Education Summit on Commerce & Accounting (NES-CA)

As part of its effort to build a consensus among the guardians of academic institutions of the country, the Board of Studies (BoS) proposes to organise a 2-day National Education Summit on Commerce & Accounting this year. It aims to bring together leading academicians, researchers, and scholars from the field of Commerce and Management across India to share

their thoughts on ways of skilling the Commerce graduates to make them employable in India and worldwide. The Summit will eventually benefit you as the deliberations by senior academicians and subject experts will result in enhancing the teaching-learning standards to make you globally competitive accounting professionals.

BoS For Your Success to be Continued

You are all aware that the Board conducted 'BoS For Your Success' session on 1st September for the students of Intermediate and Final levels appearing in November 2022 exams, where myself, Vice-President, ICAI; Chairman and Vice-Chairman, BoS, guided you about ways to hone your skills for exam time and how to overcome the commonly occurring errors while writing your papers. From 5th to 26th September, the faculties conducted subject-wise sessions, which must have been really helpful and beneficial in strategizing your study plans. The sessions also provided you with subject-specific tips, cleared your doubts and provided tips to write your exams meticulously. Seeing the overwhelming success of these sessions, the Board will conduct similar sessions in future as well to make you exam ready.

International Conference for CA students

I am pleased to inform you that the Students Skills Enrichment Board (SSEB) is proposing to organise an International Conference for CA Students at Hyderabad in the month of December 2022. Such conferences provide an excellent platform to learn, discuss and share ideas apart from networking opportunities with the peer group. You should participate to showcase your ability, ideas and thought process to the outside world as well learn from them.

Gear up for November 2022 Exams

The November 2022 exams for Intermediate and Final courses are around the corner, and it is time to accelerate and start preparations in full swing. You must set specific goals as it helps in staying focused. The determination to achieve your goals will drive you towards working hard with singular focus and thus excelling in your exams. You must also indulge yourself in regular physical exercise or even yoga as it keeps your body and mind active and energised. It also brings relief from exam anxiety.

Balancing Studies with Festive Celebrations

The month of October is full of festivities. I extend my warmest wishes to you and your family for the same. May the Gods and Goddesses bless and empower you to shine brighter in your studies. Make the most of these festivals by celebrating it with your loved ones so that you have greater energy to devote to your studies.

The following words of Swami Vivekananda are relevant:

"When you are doing any work, do not think of anything beyond. Do it as worship, as the highest worship, and devote your whole life to it for the time being."

Wish you all the best for your future endeavours!

Yours sincerely,

Debashis Mitra

CA. (Dr.) DEBASHIS MITRA
PRESIDENT, ICAI



Dear Students,

The Light of Knowledge is the one that ultimately shines Bright.

This month, October 2022 marks the beginning of festivities and auspicious celebrations across the country. Deepawali: The Festival of Lights that denotes the triumph of light over darkness and righteousness over evil, shall also be celebrated this month.

For CA students, this is an extremely crucial time when their examinations are round the corner. The Chartered Accountancy course curriculum requires exhaustive learning with a grasp over the real-life implications of theoretical concepts. With only about a month to go for the exams, it is the ideal time to revise the concepts already learned. Mock tests shall help you test your potential in exam like conditions and would give you a fair idea of your preparation. You can appear in mock tests at home, or the ones organised by the branches and regional councils of ICAI. The world is undergoing a digital change, thus the future will be focused on technology. As a student, one's ability to learn and imbibe new skills is relatively high. I personally believe that you can utilise the technology productively and update yourself consistently through the ICAI's Digital Learning Hub, Revamped BoS Knowledge Portal and Mobile App for students and members.

BoS: The Perfect Learning Stimulator

As you all are aware that the proposed scheme of education and training is under process, an Expert group has been constituted to study as to how Ethics and Information Technology can be effectively integrated with the core subjects of the Final Course. The Expert Group shall formulate the syllabi based on the curriculum followed by leading international accountancy bodies; the requirements of National Education Policy, 2020; keeping in mind; the expectations of the stakeholders and industry from the profession.

BoS- For Your Success

It is heartening to note that Board of Studies has launched 'BoS For Your Success' Sessions for the students of Final & Intermediate appearing for November 2022 examination. In these sessions, the BoS faculties endeavour to connect with the students specifically emphasising on the areas where the

students face difficulties. The main pillars of 'BoS For Your Success' Sessions are optimum utilisation of study time, tips of last-minute preparation, subject specific tips, avoiding common/repeated mistakes, etc. With a view to benefit the students at large, the queries raised by students were also addressed by the concerned BoS faculties.

Final & Intermediate students are gaining enormous knowledge from these sessions towards their preparation for the Nov'22 exams. More than one lakh plus students have viewed these sessions and have appreciated the learning methodology adopted therein.

Mock Test Paper Series I- The Preparation Assessment

Board of Studies of ICAI is commencing Mock Test Papers Series-I from September 27th, 2022 for students appearing in CA Intermediate & Final for November, 2022 examination. You can view complete schedule of these mock tests at: <https://resource.cdn.icai.org/71413bos57442.pdf>. These are being organised as a regular practice test for helping in assessing the performance and preparation of students. The exercise enables you to get a reality check on your preparation not only in terms of clarity of technical concepts but also for getting psychological readiness. I advise you to participate in this exercise to find out your learning gaps and consult the experts to overcome them effectively for better results.

Live Coaching Classes: New batch for Intermediate May 2023 & Final May & Nov 2023

Board of Studies will be launching the new batches for Intermediate May 2023 and Final May & Nov 2023 examinations. I advise you all to visit Institute's website regularly for the details and the schedule of upcoming classes.

Before I conclude, on behalf of the Institute, I would like to pay our heartfelt tribute to the Father of the Nation, Mahatma Gandhi, on his 153rd birth anniversary which falls on October 2, 2022. Mahatma Gandhi was a remarkable man who led our nation's fight for independence from foreign domination and inspired people across the world with his belief in truth and fairness for all. The doctrine of non-violence that he propounded has changed the value system of many and is regarded as one of the best beliefs which has emphasized the importance of sensitivity and compassion in our everyday lives.

"Satisfaction lies in the effort, not in the attainment, full effort is full victory"

- Mahatma Gandhi

Enjoy the Festive Spirit and Keep up with your Study Plan.
Wish you Great Success and Fulfilment.

Yours sincerely,

CA. ANIKET SUNIL TALATI
VICE PRESIDENT, ICAI



**Dear Students,
Warm Greetings!!**

The month of October embarks the beginning of the season of festivities' all over India. However, it also reminds you that November examinations are imminent and therefore it's time for you to fasten your belts and give your best efforts.

Sessions of BoS For Your Success

I, along with Vice Chairman, CA. Vishal Doshi feel immense pleasure in sharing the overwhelming response received from the students for the series of sessions - BoS for Your Success - conducted from 5th September till 26th September 2022. All through these sessions, Central Council Members shared their valuable experience with students to steer you towards success in the forthcoming November examinations.

For each subject, the Director and BoS faculty members comprehensively guided you to assess your study plan and shared numerous useful examination tips. The students participated in large numbers and also shared their feedback on how they benefitted from these subject-wise sessions. For those students who could not take the sessions live, recorded lectures are available on ICAI CA Tube Channel and BoS Mobile app for your ready reference. Seeing the overwhelming response from the students, we would definitely conduct such sessions in the future. We will also shortly release BoS For Your Success tips to make you exam ready.

National Education Summit on Commerce and Accounting (NES-CA)

The ICAI has predominantly been playing an instrumental role in streamlining the Commerce education by coordinating with various universities across the nation. There has been an upcoming trend of Commerce graduates to be well equipped with requisite skillsets. Keeping this in mind, the BoS(A) has initiated to propose a Model Curriculum to State Education Boards and various universities/colleges through its booklet "ICAI Exemplar: Preparing Future-ready Commerce Graduates", which will be launched at National Education Summit on Commerce and Accounting (NES-CA) this year. The Summit will bring together senior academicians from across universities to share their views on upgrading Commerce education in the country.

Asses Yourself – Mock Test Papers for your Exam Preparedness

BoS(A) has been organising Mock Test Paper (MTP) series in physical as well as virtual mode for its students before each

examination. The first series of these Mock Test Papers for its Intermediate and Final level students appearing in November 2022 examinations has commenced from 27th September and the second series would commence from 12th October 2022. These trial exams conducted at Regional Councils and Branches are meant for the students to help them assess their level of exam preparedness. Students must attempt the MTP series as it increases their chances of success.

Suggested Answers

The suggested answers for May 2022 examinations for each level, Foundation, Intermediate and Final have been webhosted for students' ready reference. You are advised to refer to these suggested answers to understand the way answers need to be presented in the examination and can prepare accordingly.

Live Coaching Classes (LCC)

The Board of Studies has been conducting Free Live Coaching Classes since July 1, 2020. The 6th & 5th batches of Free Live Coaching Classes for students of Intermediate & Final levels respectively appearing in May 2023 examinations will commence in the month of October. You may attend these classes through web portal <https://boslive.icaig.org/> or ICAI – BoS Mobile App and can also view at ICAI CA Tube/YouTube Channel.

Proposed Scheme of Education and Training under CRET

As you are aware that the response of our stakeholders was discussed extensively at the high-level meeting of the BoS and the ICAI Council. Subsequent the deliberations in these meetings, requisite changes have been made in the new scheme of education and training and submitted to MCA, along with the corresponding amendments in regulations, for its final approval. Furthermore, Expert Groups for various subjects have been constituted to formulate their syllabi based on the syllabi of subjects of leading international accountancy bodies, the requirements of National Education Policy 2020 and the expectations of stakeholders and industry from qualifying chartered accountants. An Expert group has also been formulated to deliberate on the way Ethics and Information Technology can be effectively integrated with the core subjects of the Final Course.

Subject-wise Capsules – Your Summary Revision

I suggest students to go through the subject-wise Capsules available in the ICAI BOS Mobile App/BOS Knowledge Portal. It enables students to do last-minute revision of respective subjects before the examinations and keep you ahead in the learning curve. In the end, I would advise you to take the Mock Tests, Suggested Answers, attend Live Coaching Classes, and go through the Capsules regularly and above all have confidence in yourself which is the key to success.

"Success does not come from what you do occasionally. It comes from what you do consistently."

All the best for your future endeavours!!!

CA. DAYANIWAS SHARMA
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)



My Dear Students,

October is the month that marks the onset of the festive season in India. It is the time when the entire nation is donning the colours of celebration, enthusiasm, and devotion. It also reminds you that your examinations are around the corner, and I am sure that those who are appearing for the November 2022 examinations have already started their preparations on a war footing and I take this opportunity to convey my best wishes for your success. Confidence backed by sound preparation and supplemented by the adequate revision is the key to qualifying your examinations with flying colours.

I am pleased to inform you that the Students Skills Enrichment Board is organising various activities to help grow your skill sets alongside your technical excellence. Development of these skill sets is part of the CA Course journey and helps in building the confidence, agility, flexibility, and acumen needed to evolve as a complete business solution provider.

International Conference

With great pleasure, I would like to inform you that this year the International Student Conference, 2022 on the theme **FACING THE FUTURE- INNOVATE, INTEGRATE, MOTIVATE** is being organised in the city of pearls, Hyderabad on **2nd & 3rd December 2022**. The International Conference provides an excellent platform to interact and learn from eminent speakers and helps to integrate your functional skills with soft skills to become a well-rounded professional. It will give you an opportunity to assemble and share your knowledge on contemporary topics and topical issues and is an ideal window for students to learn and appreciate the impact of innovations & emerging technologies in finance across borders, as the students of major International Accounting Bodies, especially SAFA nations, also joins the conference. It is my humble appeal to the students to get themselves registered and get benefitted from the opportunity.

Teachers' Day Celebration on 5th September 2022

As a mark of respect to the Teachers in our profession as well as society at large, a special programme was organised on Teachers' Day by SSEB on the pan India level. An overwhelming response was received to the programme wherein the presentation on the theme "Role of Guru in My Life" was organised by 93 branches

at their respective locations. On this historic occasion Shri Balwinder Singh Sandhu, former Indian cricketer who played in the 83 World Cup addressed the CA students along with ICAI leadership.

CA Students' National Talent (II), 2022 – Quiz Contest and Best Presenter (PPT)

I am pleased to inform you that SSEB is also organising CA Students' National Talent (II) 2022 Best Presenter and Quiz Competition, wherein the competitions are being organised at three tier levels i.e., branch, regional and national level. The winners at the Branch Level participated at the Regional Level contest and finally, the winners of the Regional Level will participate at the National Level contest. The Grand Finale at National Level will be held on 8th October 2022. CA Students National Talent Competitions lays particular emphasis on the development of the creative potential of the participants and provides an excellent platform to develop hidden talent.

Practical Training Modules for Article Students through Live Webinars

The Board, with an aim to train the practical aspects required for the articleship training for CA Students, has started a series of live Webinars every Sunday from 10.30 AM to 1.00 PM. Till now 20 webinars have been conducted on topics of professional relevance to gain practical insights from eminent experts. Students must join these webinars to enhance their technical knowledge and spread the good word amongst their peers about such programs. The recorded sessions of the webinars conducted so far are also available on the DLH and can be accessed at your convenience.

I take this opportunity to convey my best wishes for your ensuing November 2022 examinations. Dear students, you ultimately become what you want to be, therefore, you should gear up with determination and proceed to leave no stone unturned until the goal is achieved. Please remember that the success of our great profession largely depends upon your conscientious efforts. We should also remain ever grateful to our profession which has given us so much and demanded very little in return.

My best wishes to all.

Regards,

CA SUSHIL KUMAR GOYAL
CHAIRMAN, STUDENTS SKILLS ENRICHMENT BOARD
(BOARD OF STUDIES-OPERATIONS)

CA FINAL - PAPER 3 - ADVANCED AUDITING AND PROFESSIONAL ETHICS

This Capsule on Paper 3: Advanced Auditing & Professional Ethics at Final Level covers selected Topics of Chapter 18 on Professional Ethics and this should not be taken as a substitute for the detailed study of the Chapter. Students are advised to refer to the relevant Study Material, MCQs & Case Scenarios Booklet and RTP for comprehensive study & revision.

Ethics

means moral principles which govern a person's behaviour or the conducting of an activity.

Professional Ethics

consist of personal, organisational and corporate standards of behaviour expected for professionals.

Code of Ethics

A distinguishing feature of the accountancy profession is its acceptance of the responsibility to act in the public interest.

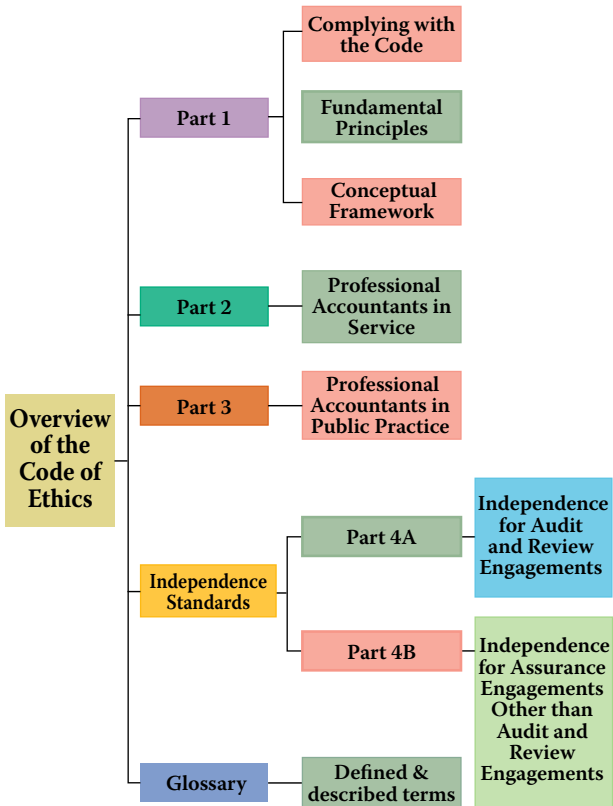
Code of Ethics seeks to protect the interests of the profession as a whole.

It is a shield that enables us to command respect.

The Code contains sections which address specific topics. Some sections contain subsections dealing with specific aspects of those topics. Each section of the Code is structured, where appropriate, as follows:

Introduction	Requirements	Application material
Sets out the subject matter addressed within the section and introduces the requirements and application material in the context of the conceptual framework.	Establish general and specific obligations with respect to the subject matter addressed.	Provides context, explanations, suggestions for actions or matters to consider illustrations and other guidance to assist in complying with the requirements.

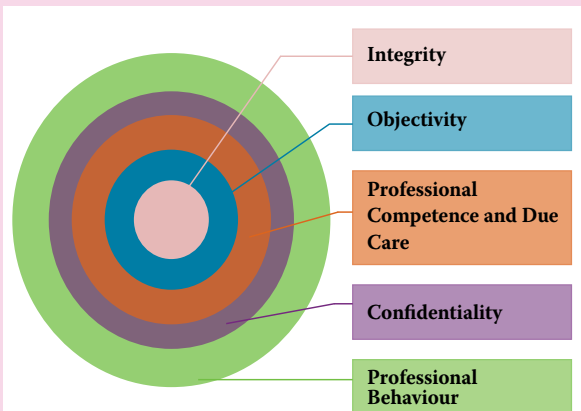
OVERVIEW OF THE CODE OF ETHICS



Introductory material contains information, including an explanation of terms used, which is important to the understanding and application of each Part and its sections.

A professional accountant shall comply with the Code. There might be circumstances where laws or regulations preclude an accountant from complying with certain parts of the Code. In such circumstances, those laws and regulations prevail, and the accountant shall comply with all other parts of the Code.

Fundamental Principles: In order to achieve the objectives of the accountancy profession, professional accountants have to observe a number of prerequisites or fundamental principles.



"If you don't design your own life plan, chances are you'll fall into someone else's plan. And guess what they have planned for you? Not much."

– Jim Rohn

I. Integrity – Subsection 111: A professional accountant shall

Comply with the principle of integrity, which requires an accountant to be straightforward and honest in all professional and business relationships;

not knowingly be associated with reports, returns, communications or other information where the accountant believes that the information:

contains a materially false or misleading statement;

contains statements or information provided negligently; or

omits or obscures required information where such omission or obscurity would be misleading.

if the professional accountant, provides a modified report, it will not be considered to be in breach of matters mentioned above.

When a professional accountant becomes aware of having been associated with information described above, the accountant shall *take steps to be disassociated* from that information.

II. Objectivity- Subsection 112: A professional accountant shall

comply with the principle of objectivity, which requires an accountant not to compromise professional or business judgment because of bias, conflict of interest or undue influence of others.

not undertake a professional activity if a circumstance or relationship unduly influences the accountant's professional judgment regarding that activity.

III. Professional Competence and Due Care – Subsection 113: A professional accountant shall

comply with the principle of professional competence and due care, which requires an accountant to:

Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service, based on current technical and professional standards and relevant legislation; and

act diligently in accordance with applicable technical and professional standards.

IV. Confidentiality- Subsection 114 : A professional accountant shall

comply with the principle of confidentiality, which requires an accountant to respect the confidentiality of information acquired as a result of professional and employment relationships.

An accountant shall:

Be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an immediate or a close family member;

Maintain confidentiality of information within the firm or employing organisation;

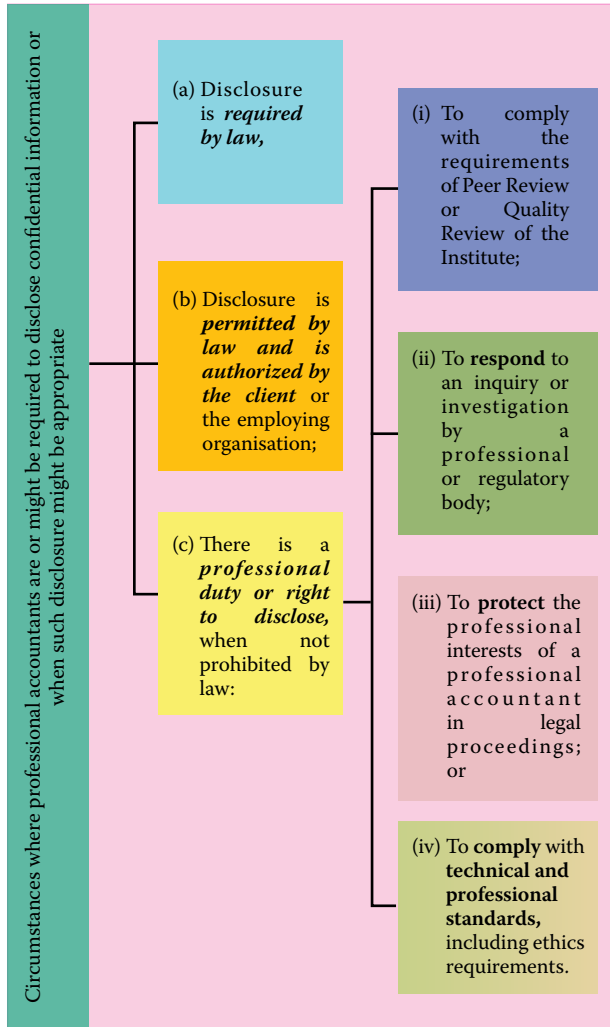
Maintain confidentiality of information disclosed by a prospective client or employing organisation;

Not disclose confidential information acquired as a result of professional and employment relationships outside the firm or employing organisation without proper and specific authority, unless there is a legal or professional duty or right to disclose;

Not use confidential information acquired as a result of professional and employment relationships for the personal advantage of the accountant or for the advantage of a third party;

Not use or disclose any confidential information, either acquired or received as a result of a professional or employment relationship, after that relationship has ended; and

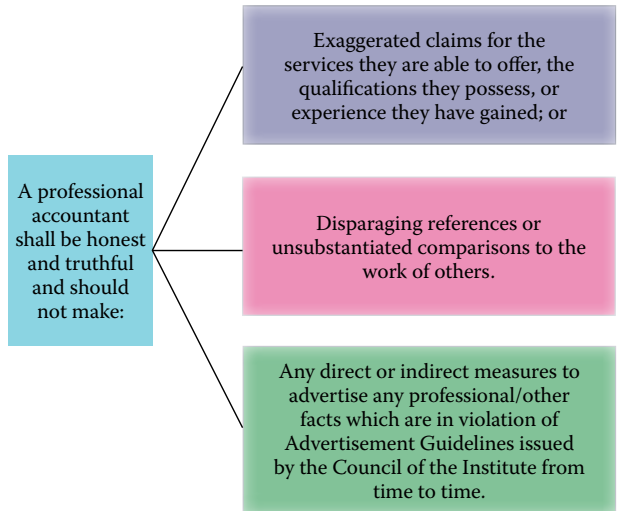
Take reasonable steps to ensure that personnel under the accountant's control, and individuals from whom advice and assistance are obtained, respect the accountant's duty of confidentiality.



A professional accountant shall continue to comply with the principle of confidentiality even after the end of the relationship between the accountant and a client or employing organisation.

V. Professional Behaviour Subsection 115: A professional accountant shall

comply with the principle of professional behaviour, which requires an accountant to comply with relevant laws and regulations and avoid any **conduct** that accountant knows or should know might discredit the profession.



A professional accountant shall comply with each of the fundamental principles.

The fundamental principles of ethics establish the standard of behaviour expected of a professional accountant.

The conceptual framework establishes the approach which an accountant is required to apply to assist in complying with those fundamental principles.

Whether to disclose confidential information, professional accountants should consider:

(a) Whether the interests of any party, including third parties whose interests might be affected, could be harmed if the client or employing organisation consents to the disclosure of information by the professional accountant;	(b) Whether all the relevant information is known and substantiated, to the extent it is practicable; and
(c) The proposed type of communication, and to whom it is addressed;	(d) Whether the parties to whom the communication is addressed are appropriate recipients.

A professional accountant might face a situation in which complying with one fundamental principle conflicts with complying with one or more other fundamental principles. In such a situation, the accountant might consider consulting, with:

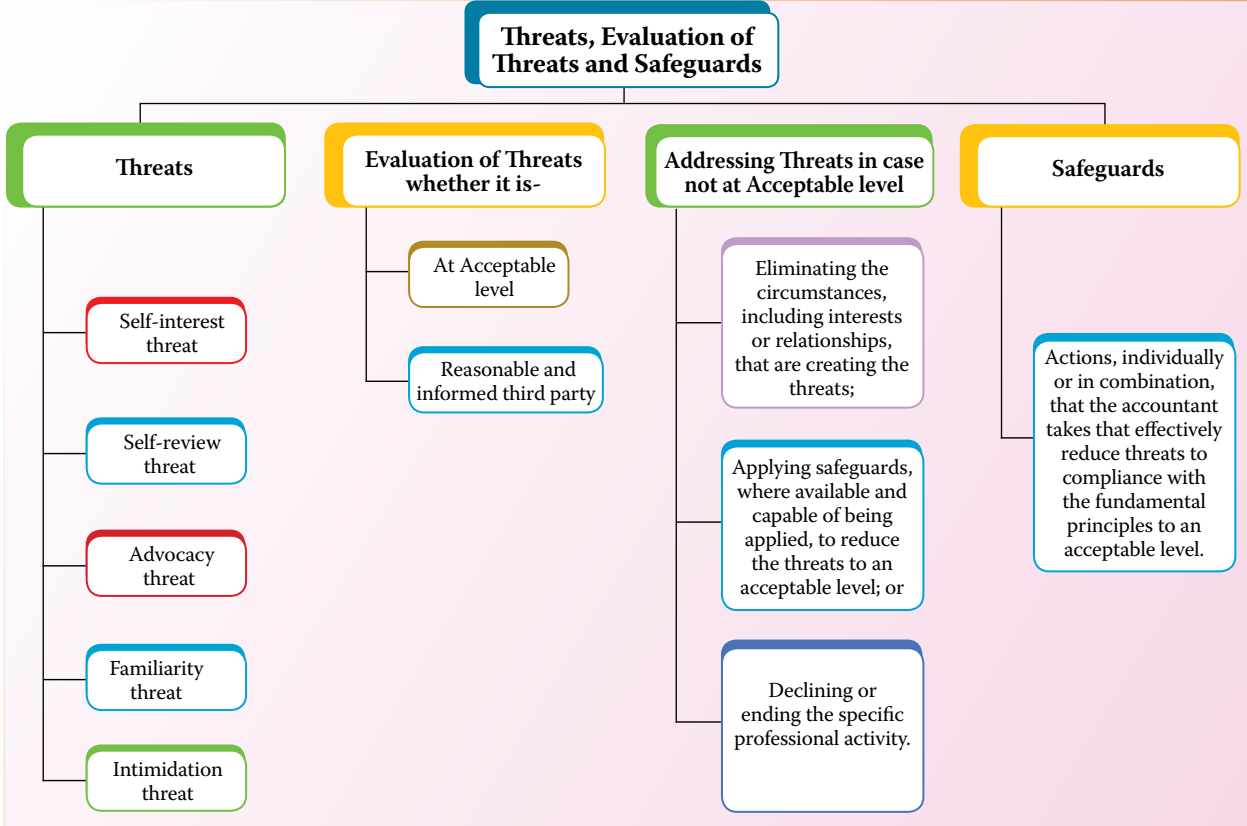
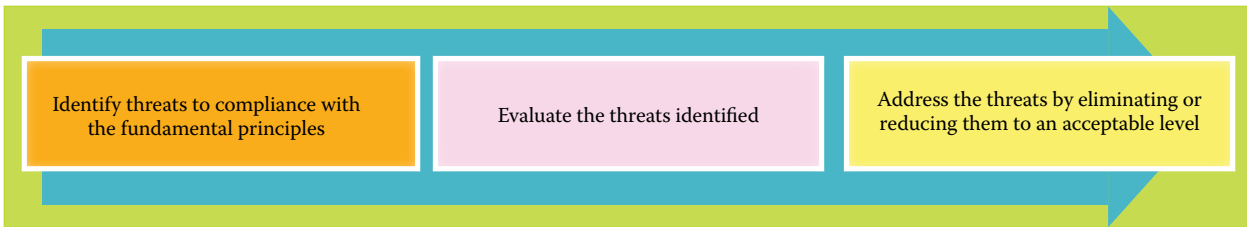


However, such consultation does not relieve the accountant from the responsibility to exercise professional judgment to resolve the conflict or, if necessary, and unless prohibited by law or regulation, disassociate from the matter creating the conflict.

The professional accountant is encouraged to document the substance of the issue, the details of any discussions, the decisions made and the rationale for those decisions.

ADVANCED AUDITING AND PROFESSIONAL ETHICS

Threats, Evaluation of Threats and Safeguards : The conceptual framework specifies an approach for a professional accountant to:

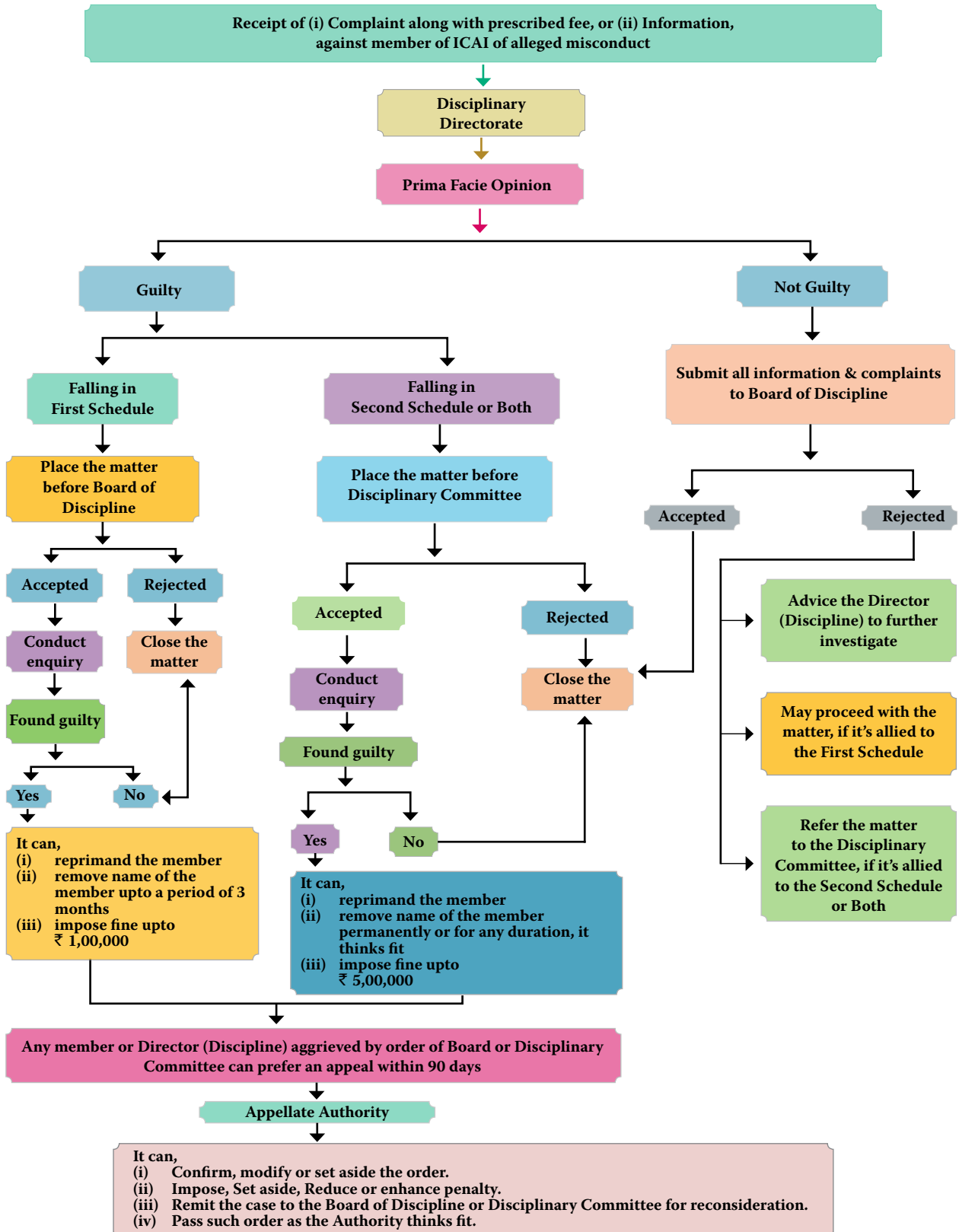


SCHEDULES TO THE ACT :

Types of Schedules

First Schedule				Second Schedule		
Part I: Professional misconduct in relation to Chartered Accountants in practice	Part II: Professional misconduct in relation to Members of the Institute in service	Part III: Professional misconduct in relation to Members of the Institute generally	Part IV: Other misconduct in relation to Members of the Institute generally	Part I: Professional misconduct in relation to Chartered Accountants in practice	Part II: Professional misconduct in relation to Members of the Institute generally	Part III: Other misconduct in relation to Members of the Institute generally
No. of Clauses: 12	No. of Clauses: 2	No. of Clauses: 3	No. of Clauses: 2	No. of Clauses: 10	No. of Clauses: 4	No. of Clause: 1

FLOW CHART OF DISCIPLINARY PROCEDURE MECHANISM

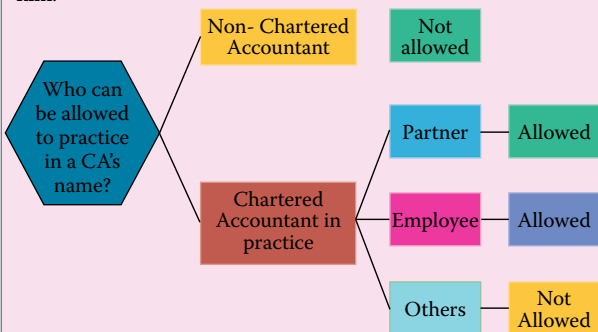


THE FIRST SCHEDULE: Where the Director (Discipline) is of the opinion that member is guilty of any professional or other misconduct mentioned in the First Schedule; he shall place the matter before the Board of Discipline.

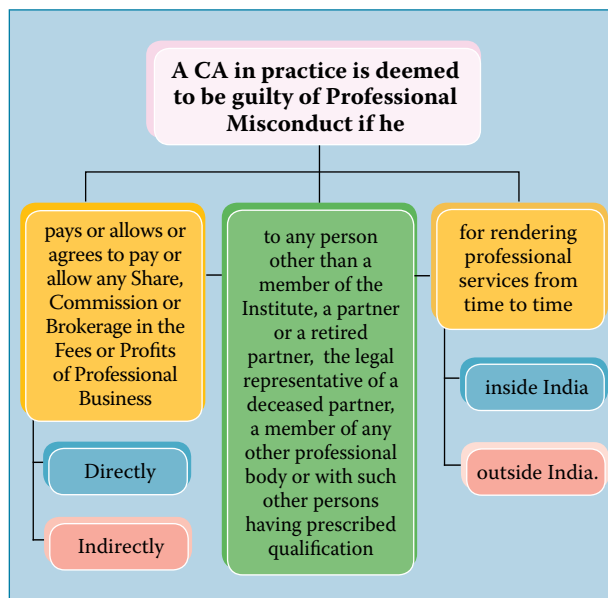
PART I - Professional misconduct in relation to Chartered Accountants in practice

A Chartered Accountant in practice is deemed to be guilty of professional misconduct if he:

Clause (1) Allows any person to practice in his name as a chartered accountant unless such person is also a chartered accountant in practice and is in partnership with or employed by him.



Clause (2) Pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner, or a member of any other professional body or with such other persons having such qualification as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.



Clause (3)

A CA in practice is deemed to be guilty of Professional Misconduct if he

accepts or

agrees to accept

any part of the profits of the professional work

of a person who is not a member of the Institute.

Referral Fees amongst members: It is not prohibited for a member in practice to charge Referral Fees, being the fees obtained by a member in practice from another member in practice in relation to referring a client to him.

Clause (4) Enters into partnership, in or outside India, with any person other than Chartered Accountant in practice or such other person who is a member of any other professional body having such qualifications as may be prescribed, including a resident who but for his residence abroad would be entitled to be registered as a member under clause (v) of sub-section (1) of section 4 or whose qualifications are recognised by the Central Government or the Council for the purpose of permitting such partnerships.

A Chartered Accountant in practice is not permitted to enter into partnership with any person other than a Chartered Accountant in practice or such other persons as may be prescribed by the Council from time to time. The members may, however, take note of the fact that they cannot form Multi-Disciplinary partnerships till such time that Regulators of such other professionals also permit partnership with chartered accountants, and guidelines in this regard are issued by the Council.

Clause (5) Secures either through the services of a person who is not an employee of such Chartered Accountant or who is not his partner or by means which are not open to a Chartered Accountant, any professional business. Provided that nothing herein contained shall be construed as prohibiting any agreement permitted in terms of item (2), (3) and (4) of this part.

It may further be noted that the acts of partners and employees of the firm towards securing professional work are subject to the provisions of Clauses (6) and (7) of Part-I of First Schedule of Chartered Accountants Act, 1949.

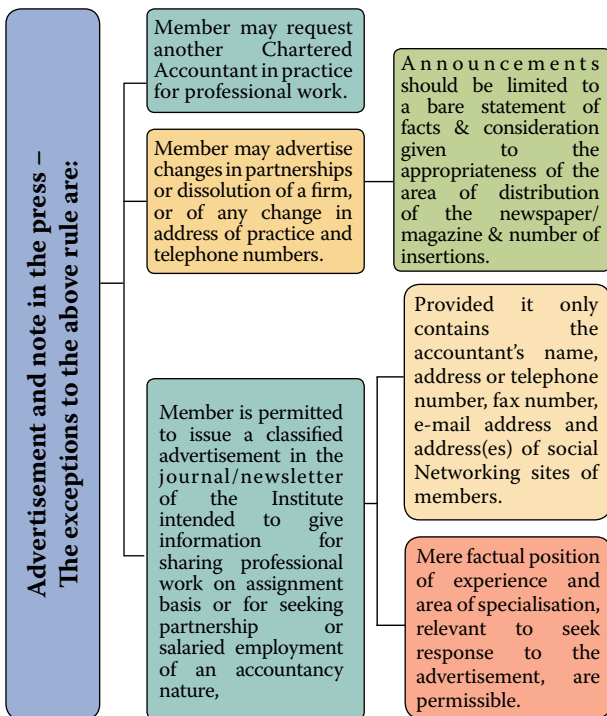
Clause (6) Solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means.

Provided that nothing herein contained shall be construed as preventing or prohibiting -

- (i) Any Chartered Accountant from applying or requesting for or inviting or securing professional work from another chartered accountant in practice; or
- (ii) A member from responding to tenders or enquiries issued by various users of professional services or organisations from time to time and securing professional work as a consequence.

Further, keeping in view the broad purview of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949, an advertisement of Coaching/teaching activities by a member in practice may amount to indirect solicitation, as well as solicitation by any other means, and may therefore be violative of the provisions of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

Some forms of soliciting work which the Council has prohibited are discussed below:



Responding to Tenders, Advertisements and Circulars: The Council has issued Guidelines which stipulate that a member of the Institute in practice shall not respond to any tender issued by an organisation or user of professional services in areas of services which are exclusively reserved for Chartered Accountants, such as audit and attestation services.

However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals along with the Chartered Accountants. The 'minimum fee' for this purpose should be such that it commensurates with size, value, volume, manpower requirement and nature of work.

Application for empanelment for allotment of audit and other professional work—to make roving enquiries by applying to any such organisation for having his name included in any such panel is prohibited. It is permissible to quote fees on enquiries being received from such bodies, which maintain such panel.

Publication of Books, Articles or Presentation: It is **not permissible** to mention in a book or an article published by him, or a presentation made by him, **any professional attainment(s)**, whether of the member or the firm of chartered accountants, with which he is associated. However, **designation 'Chartered Accountant' as well as the name of the firm may be indicated in the same.**

Issue of Greeting Cards or Invitations: The Council is of the view that the designation 'Chartered Accountant' as well as the name of the firm may be used in greeting cards, invitations for marriages and religious ceremonies and any invitations for opening or inauguration of office of the members, change in office premises and change in telephone numbers, **provided that such greeting cards or invitations etc. are sent only to clients, relatives and friends of the members concerned.**

Advertisement for Silver, Golden, Platinum or Centenary celebrations is not permitted. However, considering the need of interpersonal socialisation/relationship of the members through such get-together occasions, the advertisement for Silver, Golden, Diamond, Platinum or Centenary celebrations of the Chartered Accountants Firms may be published in newspaper or newsletter.

Advertisement of Teaching/Coaching activities by members: The members engaged in teaching /coaching activities, while advertising such teaching /coaching activities, shall comply with the Regulation 190A of the Chartered Accountants Regulations, 1988.

An advertisement of Coaching/teaching activities by a member in practice may amount to indirect solicitation, as well as solicitation by any other means, and may therefore be violative of the provisions of Clause (6) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

However, such members may put, outside their Coaching/teaching premises, sign board mentioning the name of Coaching/teaching Institute, contact details and subjects taught therein only. As regards the size and type of sign board, the Council Guidelines as applicable to Firms of Chartered Accountants would apply.

Sharing Firm Profile with prospective Client is not permitted unless it is in response to a proposed client's specific query, and otherwise not prohibited to be used by the client.

While sharing name of the member or Firm of Chartered Accountants for inclusion in Television or Movie Credits, it must be taken care of that exhibition of name is not made differently as compared to other entries in the credits.

Soliciting professional work by making roving enquiries is not permissible.

The issue of an advertisement or a circular by a Chartered Accountant, **seeking work from professional colleagues** on any basis whatsoever except as provided above would be in violation of this clause.

Scope of representation which an auditor is entitled to make under Section 225(3) of the Companies Act, 1956 (Section 140(4) of the Companies Act, 2013). The wording of his representation should be such that, apart from the opportunity not being abused to secure needless publicity, it does not tantamount directly or indirectly to canvassing or soliciting for his continuance as an auditor.

The letter should merely set out in a dignified manner, how he has been acting independently and conscientiously through the term of office and may, in addition, indicate if he so chooses, his willingness to continue as auditor if reappointed by the shareholders.

The Council has decided that a member should not accept the original professional work emanating from a client introduced to him by another member. If any professional work of such client comes to him directly, it should be his duty to ask the client that he should come through the other member dealing generally with his original work.

The members should ensure that giving public interviews, should not result in publicity, highlighting their professional attainments.

Members and/or firms who publish advertisements under Box numbers: Members/Firms are prohibited from inserting advertisements for soliciting clients or professional work under box numbers in the newspapers. This practice is in violation of this clause.

Educational Videos may be uploaded on the internet by members, and no reference should be made to the Chartered Accountants Firm wherein the member is a partner/proprietor. Further, it should not contain any contact details or website address.

Clause (7) Advertises his professional attainments or services, or uses any designation or expressions other than the Chartered Accountant on professional documents, visiting cards, letter heads or sign boards unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute of Chartered Accountants or of any other institution that has been recognised by the Central Government or may be recognized by the Council.

Provided that a member in practice may advertise through a write up, setting out the service provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council.

A member empanelled as Insolvency Professional or Registered Valuer can mention 'Insolvency Professional' or 'Registered Valuer' respectively on his visiting card and letter head.

Date of setting-up practice by a member or the date of establishment of the firm on the letter heads and other professional documents etc. should not be mentioned.

Practice as Advocate: Members of the Institute in practice who are otherwise eligible may practise as advocates subject to the permission of the Bar Council but in such case, they should not use designation 'Chartered Accountant' in respect of the matters involving the practice as an advocate.

In respect of other matters they should use the designation 'Chartered Accountant' but they should not use the designation 'Chartered Accountant' and 'Advocate' simultaneously.

Practice as Company Secretary/Cost Management Accountant: Members of the Institute in practice who are otherwise eligible may also practice as Company Secretaries and/or Cost Management Accountants. Such members shall, however, not use designation/s of the aforesaid Institute/s simultaneously with the designation 'Chartered Accountant'.

It is clarified that in the event of the permission being granted to a member in practice to also hold COP of sister Institute(s)/ Bar Council, such a member be treated as a member in full-time practice.

Mention of Firm name except on Professional Documents: It is not proper for a Firm of Chartered Accountants to use the designation 'Chartered Accountant' except on professional documents, visiting cards, letter heads or sign boards and under the circumstances clarified under Clause (6). However, an individual member may use the prefix "CA" with his name.

Notice in the Press relating to the Success in an Examination: Notice in the press relating to the success in an examination of an individual candidate, should not contain any element of undesirable publicity either in relation to the article/audit assistant or an employee or the member or the firm with whom he was served.

Other Designation

Chartered Accountant in practice not to state on his professional documents that he is an Income-taxw Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant.

Members are allowed to appear before the various authorities including Company Law Board, Income Tax Appellate Tribunal, Sales Tax Tribunal where the law has permitted the same, a Chartered Accountant in practice is not entitled to use the designation 'Corporate Lawyer'.

A member must not use the designation such as 'Member of Parliament', 'Municipal Councillor' nor any other functionary in addition to that of Chartered Accountant.

Members are permitted to mention a title on their visiting cards to indicate membership of a foreign Institute of Accountancy, which has been recognised by the Council e.g. South African Institute of Chartered Accountants (SAICA), Institute of Certified Public Accountants (CPA Ireland) and Institute of Chartered Accountants in England and Wales (ICAEW).

Reports and Certificates : The reports and certificates issued by a Chartered Accountant bring him to the notice of the public in a greater or lesser degree. It is therefore incumbent upon him to ensure that the extent and manner of publication of certificates are limited to what is necessary to enable the report or certificate to serve its proper purpose.

The members, may, however note that they should use letterhead of their Firm for issuing reports and certificates.

Appearance of Chartered Accountants on Electronic Media (including Internet): Members may appear on television, films and Internet and agree to broadcast in the Radio or give lectures at forums and may give their names and describe themselves as Chartered Accountants.

Special qualifications or specialised knowledge directly relevant to the subject matter of the programme may also be given.

Firm name may also be mentioned, however, any exaggerated claim or any kind of comparison is not permissible.

What he may say or write must not be promotional of him or his firm but must be an objective professional view of the topic under consideration.

However, reference to the professional firm of the member should not be given.

Organising Training Courses, Seminars etc. for his staff: may also invite the staff of other Chartered Accountants and clients to attend the same. **However, undue prominence should not be given to the name of the Chartered Accountant in any booklet or document issued in connection therewith.**

Members writing articles or letters to the Press on subjects connected with the profession may give their names and use the description Chartered Accountants.

Size of Signboard: With regard to the size of signboard for his office that a member can put up, it is a matter in which the members should exercise their own discretion and good taste while keeping in mind the appropriate visibility and illumination (limited to the sake of visibility).

However, use of glow signs or lights on large-sized boards as is used by traders or shop-keepers is not permissible.

A member can have a name board at the place of his residence with the designation of a Chartered Accountant, provided it is a name plate or name board of an individual member and not of the firm

Public Announcements with details of Directors: It is advisable for a member that as soon as he is appointed as a director on the Board of a Company, he should specifically invite the attention of the management of the Company to the aforesaid provisions and should request that before any such prospectus or public announcements or public communication mentioning the name of the member concerned, is issued, the material pertaining to the member concerned should, as far as practicable be got approved by him. The use of the expression 'Chartered Accountant' is permissible.

However, the member must ensure that descriptions about his expertise, specialisation and knowledge in any particular field or other appellations or adjectives are not published with his name. Particulars about directorships held by the member in other Companies can, however, be given, but the name of the firm of Chartered Accountants in which the member is a partner, should not be given.

Network Firms and Networking Guidelines : *The Council has permitted Network amongst the Firms registered with the Institute. A member of the Network may advertise to the extent permitted by the Advertisement Guidelines issued by Institute.*

Use of Logo: For use of logos by Members on letter heads, visiting cards, etc. the Council had decided that the logos unconnected with the first letter of the name of the firm or its partners or proprietors would not be permitted.

The members/firms by themselves or through engineered name had been seeking to obtain firm name approval based on the name of the partner/s selected in the manner that logo of the firm would be identical to the firm name which would have not otherwise been permissible as firm name under Regulation 190.

In order to ensure compliance with the Regulations, the Council decided that the use of logo/monogram of any kind/ form/ style/ design/ colour etc. whatsoever on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, sign board, by the members in practice and/or the firm of Chartered Accountants, be prohibited. Use/printing of member/ firm name in any other manner tantamounting to logo/monogram was also prohibited.

Common CA Logo : The logo consists of the letters 'CA' with a tick mark (upside down) inside a rounded rectangle with white background. The letters 'CA' have been put in blue, the corporate colour which not only stands out on any background but also denotes creativity, innovativeness, knowledge, integrity, trust, truth, stability and depth. The upside down tick mark, typically used by the chartered accountants, has been included to symbolise the wisdom and value of the professional. The green colour in the tick mark signifies growth, prosperity, harmony and freshness. Members are encouraged to use this logo. The Council has decided that use of CA logo in the stamp is permissible, subject to CA logo guidelines.

Clause (8) Accepts a position as auditor previously held by another chartered accountant or a certified auditor who has been issued certificate under the Restricted Certificate Rules, 1932 without first communicating with him in writing.

Important Highlights:

The professional reasons for not accepting an audit would be:

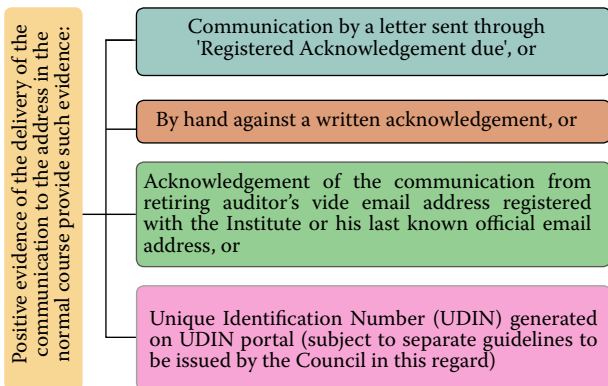
Non-compliance of the provisions of Sections 139 and 140 of the Companies Act, 2013 as mentioned in Clause (9) of the Part - I of First Schedule to The Chartered Accountants Act, 1949 ; and

Non-payment of undisputed Audit Fees by auditees other than in case of Sick Units for carrying out the Statutory Audit under the Companies Act, 2013 or various other statutes; and

Issuance of a qualified report.

"Success is most often achieved by those who don't know that failure is inevitable."
 – Coco Chanel

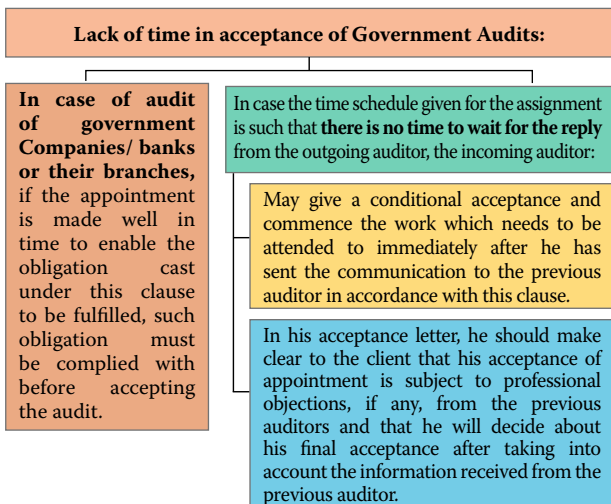
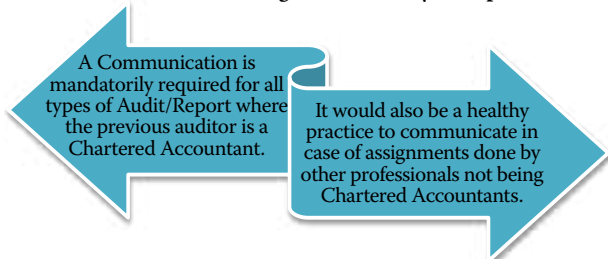
ADVANCED AUDITING AND PROFESSIONAL ETHICS



Premises found Locked	Firm not found at the given Registered address and the address of communication is the same as registered with the Institute on the date of dispatch	Special Audit under Income Tax Act, 1961
The communication received back by the Incoming Auditor with 'Office found Locked' written on the Acknowledgement Due shall be deemed as having been delivered to the retiring auditor.	The letter will be deemed to be delivered, unless the retiring auditor proves that it was not really served and that he was not responsible for such non-service.	It would be a healthy practice if a Tax Auditor appointed for conducting special audit as per Income Tax Act communicates with the member who has conducted the Statutory Audit.

Communication required for all kinds of audit such as Statutory Audit, Tax Audit, Internal Audit, Concurrent Audit or any other kind of audit.

Communication in case of Assignments done by other professionals:



Clause (9) Accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of Section 225 of the Companies Act, 1956 (1 of 1956), in respect of such appointment have been duly complied with;

In other words, Clause (9) of Part I of the First Schedule to Chartered Accountants Act, 1949 provides that a member in practice shall be deemed to be guilty of professional misconduct if he accepts an appointment as auditor of a Company without first ascertaining from it whether the requirements of Sections 139 and 140 of the Companies Act, 2013, in respect of such appointment have been duly complied with. Under this clause it is obligatory on the incoming auditor to ascertain from the Company that the appropriate procedure in the matter of his appointment has been duly complied with so that no shareholder or retiring auditor may, at a later date, challenge the validity of such appointment.

Clause (10) Charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profits or which are contingent upon the findings, or results of such employment, except as permitted under any regulations made under this Act.

The Council of the Institute has, however, framed Regulation 192 which exempts members from the operation of this clause in certain professional services. The said Regulation 192 is reproduced -

Regulation 192. Restriction on fees - No Chartered Accountant in practice shall charge or offer to charge, accept or offer to accept, in respect of any professional work, fees which are based on a percentage of profits, or which are contingent upon the findings or results of such work, provided that:

In the case of a receiver or a liquidator, the fees may be based on a percentage of the realisation or disbursement of the assets;

In case of an auditor of a co-operative society, the fees may be based on a percentage of the paid up capital or the working capital or the gross or net income or profits;

In case of a valuer for the purposes of direct taxes and duties, the fees may be based on a percentage of the value of property valued;

In the case of certain management consultancy services as may be decided by the resolution of the Council from time to time, the fees may be based on percentage basis which may be contingent upon the findings, or results of such work;

In case of certain fund raising services, the fees may be based on a percentage of the fund raised;

In case of debt recovery services, the fees may be based on a percentage of the debt recovered;

In case of services related to cost optimisation, the fees may be based on a percentage of the benefit derived; and

Any other service or audit as may be decided by the Council including

- Acting as Insolvency Professional;
- Non-Assurance Services to Non-Audit Clients

Clause (11) Engages in any business or occupation other than the profession of chartered accountant unless permitted by the Council so to engage.

Provided that nothing contained herein shall disentitle a chartered accountant from being a director of a company (Not being managing director or a whole time director) unless he or any of his partners is interested in such company as an auditor.

The Council, on a very careful consideration of the matter, has formulated Regulation, 190A and 191 which are reproduced below, specifying the activities with which a member in practice can associate himself with or without the permission of the Council.

Regulation 190A. Chartered Accountant in practice not to engage in any other business or occupation: "A chartered accountant in practice not to engage in any other business or occupation other than the profession of accountancy except with the permission granted in accordance with a resolution of the Council".

Regulation 191. Part-time employment a Chartered Accountant in practice may accept: "Notwithstanding anything contained in Regulation 190A but subject to the control of the Council, a Chartered Accountant in practice may act as a liquidator, trustee, executor, administrator, arbitrator, receiver, adviser or representative for costing, financial or taxation matter, or may take up an appointment that may be made by the Central Government or a State Government or a court of law or any other legal authority or may act as a Secretary in his professional capacity, provided his employment is not on a salary-cum-full-time basis".

General Resolution (generally permitted to engage-no specific permission from the Council would be necessary)

Employment under Chartered Accountants in practice or firms of such chartered accountants.

Private tutorship.

Authorship of books and articles.

Holding of Life Insurance Agency License for the limited purpose of getting renewal commission.

Attending classes and appearing for any examination.

Holding of public elective offices such as M.P., M.L.A. and M.L.C.

Honorary office leadership of charitable-educational or other non-commercial organisations.

Acting as Notary Public, Justice of the Peace, Special Executive Magistrate and the like.

Part-time tutorship under the coaching organisation of the Institute.

Valuation of papers, acting as paper-setter, head-examiner or a moderator, for any examination.

Editorship of professional journals.

Acting as Surveyor and Loss Assessor under the Insurance Act, 1938 provided they are otherwise eligible.

Acting as recovery consultant in the banking sector

Owning agricultural land and carrying out agricultural activity (w.e.f. August 9th, 2008).

Specific Resolution - (may engage after obtaining the specific and prior approval of the Council)

Full-time or part-time employment in business concerns provided that the member and/or his relatives do not hold "substantial interest" in such concerns.

Full-time or part-time employment in non-business concern.

Office of managing director or a whole-time director of a body corporate within the meaning of the Companies Act, provided that the member and/or any of his relatives do not hold substantial interest in such concern.

Interest in family business concerns (including such interest devolving on the members as a result of inheritance / succession / partition of the family business) or concerns in which interest has been acquired as a result of relationships and in the management of which no active part is taken.

Interest in an educational institution.

Part-time or full-time lectureship for courses other than those relating to the Institute's examinations conducted under the auspices of the Institute or the Regional councils or their branches.

Part-time or full-time tutorship under any educational institution other than the coaching organisation of the Institute.

Editorship of journals other than professional journals.

Any other business or occupation for which the Executive Committee considers that permission may be granted.

Clause (12) Allows a person not being a member of the institute in practice or a member not being his partner to sign on his behalf or on behalf of his firm, any balance sheet, profit and loss account, report or financial statements.

The Council has clarified that the power to sign routine documents on which a professional opinion or authentication is not required to be expressed may be delegated in the following instances and such delegation will not attract provisions of this clause:

Issue of audit queries during the course of audit.	Asking for information or issue of questionnaire.	Letter forwarding draft observations/ financial statements.
Initiating and stamping of vouchers and of schedules prepared for the purpose of audit.	Acknowledging and carrying on routine correspondence with clients.	Issue of memorandum of cash verification and other physical verification or recording the results thereof in the books of the clients.
Issuing acknowledgements for records produced.	Raising of bills and issuing acknowledgements for money receipts.	Attending to routine matters in tax practice, subject to provisions of Section 288 of Income Tax Act.
Any other matter incidental to the office administration and routine work involved in practice of accountancy.		

It is also clarified that where the authority to sign documents given above is delegated by a chartered accountant or by a firm of chartered accountants the fact that the documents have not been signed by a chartered accountant is not a defence to him or to the firm in an enquiry relating to professional misconduct.

However, the Council has decided that where a Chartered Accountant while signing a report or, a financial statement or any other document is statutorily required to disclose his name, the member should disclose his name while appending his signature on the report or document. Where there is no such statutory requirement, the member may sign in the name of the firm.

It may be noted that the revised SA 700 mandates mentioning of Membership No. and Firm Registration No. Members' attention is also drawn towards UDIN Guidelines of the Institute in 2018.

PART II - Professional misconduct in relation to members of the Institute in service

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person:

Clause (1) pays or allows or agrees to pay directly or indirectly to any person any share in the emoluments of the employment undertaken by him.

Clause (2) accepts or agrees to accept any part of fees, profits or gains from a lawyer, a chartered accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification.

[Note: A member in the foregoing circumstances would be guilty of misconduct regardless of the fact that he was in whole-time or part-time employment or that he was holding Certificate of Practice along with his employment.]

PART III - Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he:

Clause (1) not being a fellow of the Institute, acts as a fellow of the Institute.

Clause (2) does not supply the information called for, or does not comply with the requirements asked for, by the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority.

Clause (3) while inviting professional work from another chartered accountant or while responding to tenders or enquiries or while advertising through a write up, or anything as provided for in items (6) and (7) of Part I of this Schedule, gives information knowing it to be false.

PART IV - Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

Clause (1) - is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months.

Clause (2) - in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.

Clause (1) & (2) are self explanatory and any of the member of the Institute is found guilty by any civil or criminal court and prosecuted for an imprisonment in an offence involving moral turpitude or his acts bring disrepute to the profession or the Institute, irrespective of the fact whether such acts are related to profession or not, such member will be deemed to be guilty of other misconduct in Part IV of Schedule I.

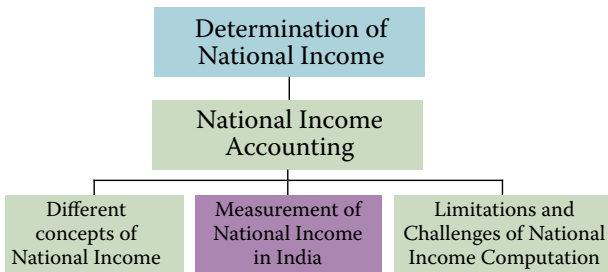
The important point to note is that if imprisonment tenure exceeds six months, this case will be covered in the clause of Part III of Schedule II.

CA INTERMEDIATE - PAPER 8(B) - ECONOMICS FOR FINANCE

At the Intermediate level, students are expected to not only acquire professional knowledge but also the ability to apply such knowledge in problem solving. In this capsule for students, an attempt has been made to capture the significance and importance of the subject of Economics for Finance with the intention to assist in revision of concepts discussed in the study material.

UNIT - I

National Income Accounting



Introduction

Just as there are accounting conventions which measure the performance of business, there are conventions for measuring and analysing the economic performance of a nation.

National Income Accounting, pioneered by the Nobel prize-winning economists Simon Kuznets and Richard Stone, is one such measure.

National income

National Income is defined as the net value of all economic goods and services produced within the domestic territory of a country in an accounting year plus the net factor income from abroad

Important Concepts

GNP_{MP}
= GDP_{MP} + Net Factor Income from Abroad

NDP_{MP}
= GDP_{MP} - Depreciation
= NNP_{MP} - Net Factor Income from Abroad

NNP_{MP}
= GNP_{MP} - Depreciation
= NNP_{MP} = NDP_{MP} + Net Factor Income from abroad
= NNP_{MP} = GDP_{MP} + Net Factor Income from Abroad - Depreciation

Market Price
= Factor Cost + Net Indirect Taxes = Factor Cost + Indirect Taxes - Subsidies

Factor Cost = Market Price - Net Indirect Taxes = Market Price - Indirect Taxes + Subsidies

Gross Domestic Product at Factor Cost (GDP_{FC})
= GDP_{MP} - Indirect Taxes + Subsidies

Net Domestic Product at Factor Cost (NDP_{FC}) is defined as the total factor incomes earned by the factors of production.
= NDP_{FC} = NDP_{MP} - Net Indirect Taxes

Private Income = Factor income from net domestic product accruing to the private sector + Net factor income from abroad + National debt interest + Current transfers from government + Other net transfers from the rest of the world.

Personal income is a measure of the actual current income receipt of persons from all sources.
 $PI = NI +$ income received but not earned - income earned but not received.

Disposable Personal Income (DI) that is available for their consumption or savings $DI = PI -$ Personal Income Taxes - Non Tax Payments

Usefulness and Significance of National Income Estimate

National income accounts provide a comprehensive, conceptual and accounting framework for analysing and evaluating the short-run performance of an economy

The distribution pattern of national income determines the pattern of demand for goods and services and enables businesses to forecast the future demand for their products.

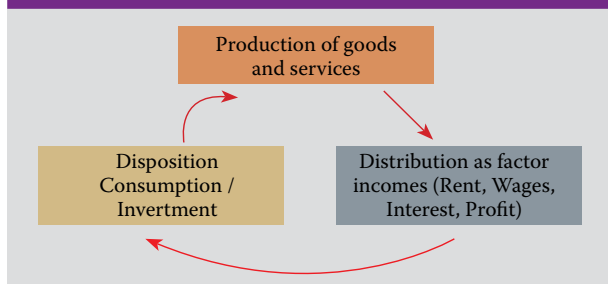
Economic welfare depends to a considerable extent on the magnitude and distribution of national income, size of per capita income and the growth of these over time

National income estimates throw light on income distribution and the possible inequality in the distribution among different categories of income earners

Combined with financial and monetary data, national income data provides a guide to make policies for growth and inflation

Circular flow of income refers to the continuous circulation of production, income generation and expenditure involving different sectors of the economy.

Circular Flow of Income



Data requirements and Outcomes of Different Methods of National Income Calculation

Method	Date required	What is measured
Phase of Output: Value added method (Product Method)	The sum of net values added by all the producing enterprises of the country	Contribution of production units
Phase of income: Income Method	Total factor incomes generated in the production of goods and services	Relative contribution of factor owners
Phase of income: Income Method	Sum of expenditures of the three spending units in the economy, namely, government, consumer households, and production enterprises	Flow of consumption and investment expenditures

The System of Regional Accounts in India

At present, practically all the states and union territories of India compute state income estimates and district level estimates. State Income or Net State Domestic Product (NSDP) is a measure in monetary terms of the volume of all goods and services produced in the state within a given period of time (generally a year) accounted without duplication.

Production Method

Gross value added (GVA_{MP}) = Value of output – Intermediate consumption = (Sales + change in stock) – Intermediate consumption

Income Method

• NNP_{FC} or National Income =
 • Compensation of employees +
 • Operating Surplus (rent + interest + profit) + Mixed Income of Self-employed + Net Factor Income from Abroad

Expenditure Method

• GDP_{MP}
 • = Private final consumption expenditure + Government final consumption expenditure + Gross domestic capital formation (Net domestic capital formation + depreciation) + Net export

In agricultural sector, net value added is estimated by the production method, in small scale sector net value added is estimated by the income method and in the construction sector net value added is estimated by the expenditure method.

Limitation of National Income

- Lack of an agreed definition of national income.
- Accurate distinction between final goods and intermediate goods.
- Issue of transfer payments.
- Services of durable goods.
- Difficulty of incorporating distribution of income.
- Valuation of a new good at constant prices, and valuation of government services.

Challenges

- Inadequacy of data and lack of reliability of available data.
- Presence of non-monetized sector.
- Production for self-consumption.
- Absence of recording of incomes due to illiteracy and ignorance.
- Lack of proper occupational classification and
- Accurate estimation of consumption of fixed capital.

UNIT- II

Keynesian Theory of Determination of National Income

- The classical economists maintained that the economy is self-regulating and is always capable of automatically achieving equilibrium at the 'natural level' of real GDP or output, which is the level of real GDP that is obtained when the economy's resources are fully employed. While circumstances arise from time to time that cause the economy to fall below or to exceed the natural level of real GDP, wage and price flexibility will bring the economy back to the natural level of real GDP.
- Keynes argued that markets would not automatically lead to full-employment equilibrium and the resulting natural level of real GDP. The economy could settle in equilibrium at any level of unemployment. Keynesians believe that prices and wages are not so flexible; they are sticky, especially downward.

BASIC CONCEPTS AND FUNCTIONS

Aggregate Demand Function

Aggregate demand (AD) is what economists call total planned expenditure. In a simple two-sector economy, the ex-ante aggregate demand (AD) for final goods or aggregate expenditure consists of only two components:

- Ex ante aggregate demand for consumer goods (C), and
- Ex ante aggregate demand for investment goods (I)

$$AD = C + I$$

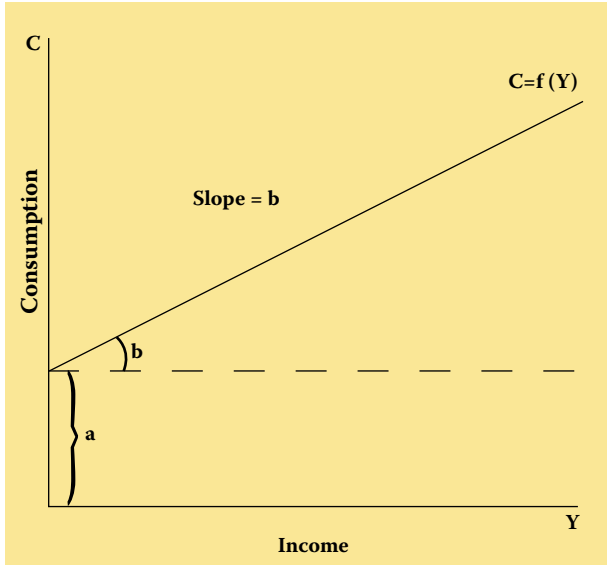
The Consumption Function

Consumption function expresses the functional relationship between aggregate consumption expenditure and aggregate disposable income, expressed as:

$$C = f(Y)$$

Keynesian Consumption Function

The Keynesian assumption is that consumption increases with an increase in disposable income, but that the increase in consumption will be less than the increase in disposable income ($b < 1$). i.e. $0 < b < 1$. This fundamental relationship between income and consumption plays a crucial role in the Keynesian theory of income determination.



Marginal Propensity to Consume (MPC)

The concept of MPC describes the relationship between change in consumption (ΔC) and the change in income (ΔY). The value of the increment to consumer expenditure per unit of increment to income is termed the Marginal Propensity to Consume (MPC).

Average Propensity to Consume (APC)

The concept of APC describes the relationship between change in consumption (ΔC) and the change in income (ΔY). The value of the increment to consumer expenditure per unit of increment to income is termed the Marginal Propensity to Consume (MPC).

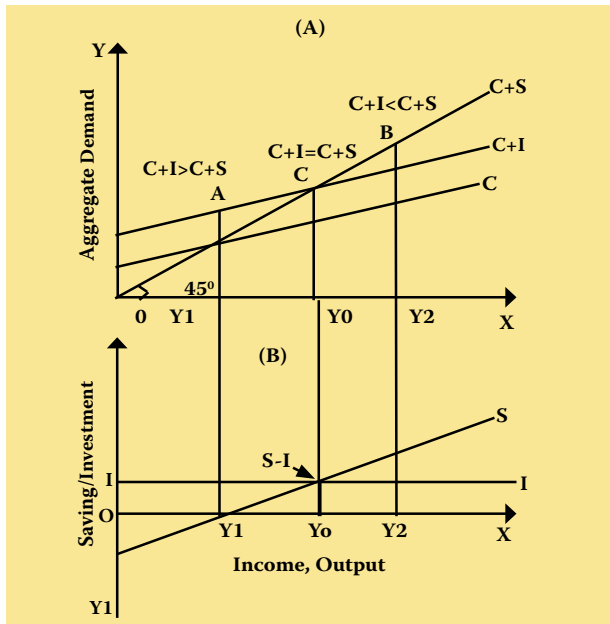
Average Propensity to Consume (APC)

Just as marginal propensity to consume, the average propensity to consume is a ratio of consumption defining income consumption relationship. The ratio of total consumption to total income is known as the average propensity to consume (APC).

Two Sector Model

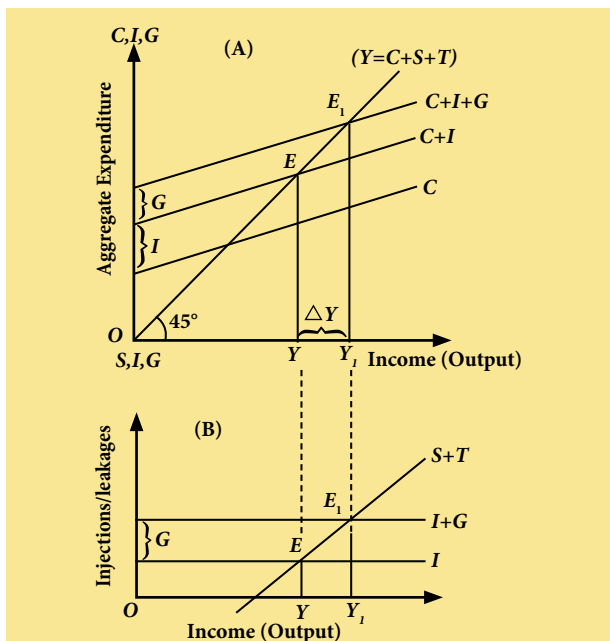
- In the two-sector economy aggregate demand (AD) or aggregate expenditure consists of only two components: aggregate demand for consumer goods and aggregate demand for investment goods, I being determined exogenously and constant in the short run.
- Consumption function expresses the functional relationship between aggregate consumption expenditure and aggregate disposable income, expressed as $C = f(Y)$. The specific form consumption function, proposed by Keynes $C = a + bY$
- The value of the increment to consumer expenditure per unit of increment to income (b) is termed the Marginal Propensity to Consume (MPC).

Determination of Equilibrium Income: Two Sector Model



Three Sector Economy

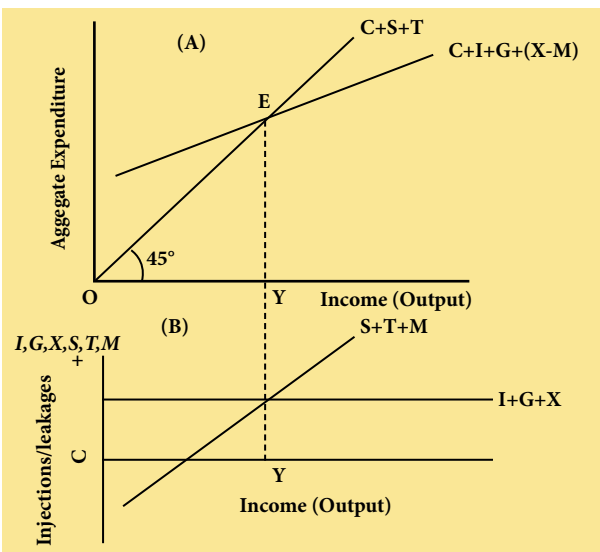
- Aggregate demand in the three-sector model of closed economy (neglecting foreign trade) consists of three components namely, household consumption (C), desired business investment demand (I) and the government sector's demand for goods and services (G).
- The government sector imposes taxes on households and business sector, effects transfer payments to household sector and subsidy payments to the business sector, purchases goods and services and borrows from financial markets.
- In equilibrium, it is also true that the $(S + T)$ schedule intersects the $(I + G)$ horizontal Schedule.



Four Sector Model

- The four-sector model includes all four macroeconomic sectors, the household sector, the business sector, the government sector, and the foreign sector and in equilibrium, we have $Y = C + I + G + (X - M)$
- The domestic economy trades goods with the foreign sector through exports and imports.
- Imports are subtracted from exports to derive net exports, which is the foreign sector's contribution to aggregate expenditures. If net exports are positive ($X > M$), there is net injection and national income increases. Conversely, if $X < M$, there is net withdrawal and national income decreases.

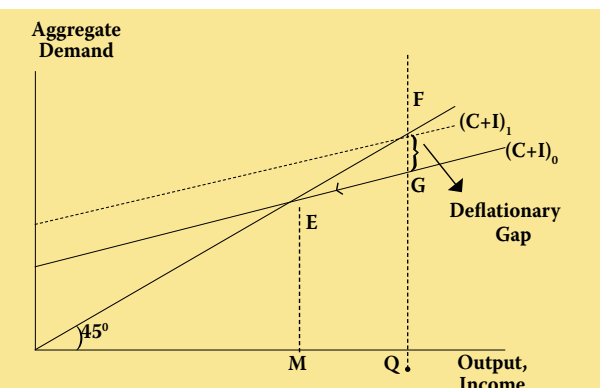
Determination of Equilibrium Income: Four Sector Model



Deflationary Gap

If the aggregate demand is for an amount of output less than the full employment level of output, then we say there is deficient demand. Deficient demand gives rise to a 'deflationary gap' or 'recessionary gap'

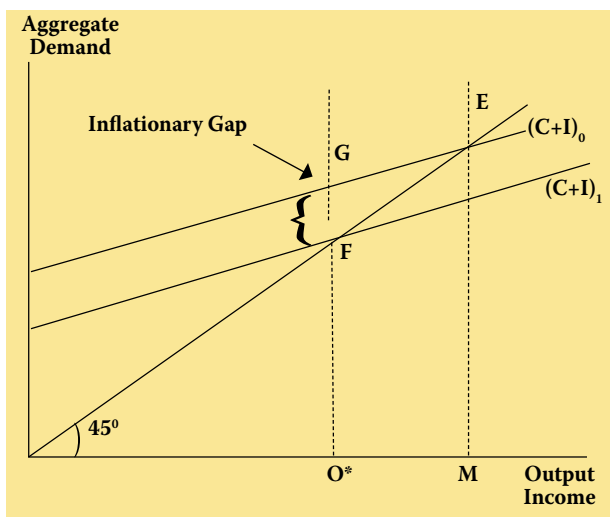
Deficient Demand – Deflationary Gap



Inflationary Gap

- If the aggregate demand is for an amount of output greater than the full employment level of output, then we say there is excess demand. Excess demand gives rise to 'inflationary gap' which is the amount by which actual aggregate demand exceeds the level of aggregate demand required to establish the full employment equilibrium.
- This is the sort of gap that tends to occur during a business-cycle expansion and sets in motion forces that will cause demand pull inflation.

Excess Demand – Inflationary Gap



Public Finance

Public Finance

- Since the 1930s, the traditional functions of the state have been supplemented with the economic functions (also called the fiscal functions or the public finance function)
- Richard Musgrave (1959) introduced the three branch taxonomy of the role of government in a market economy namely, resource allocation, income redistribution and macroeconomic stabilisation

Government Intervention

- Government intervention to direct the functioning of the economy is based on the belief that the objective of the economic system and the role of government is to improve the wellbeing of individuals and households.

Allocation Function

- The allocation responsibility of the governments involves appropriate corrective action when private markets fail to provide the right and desirable combination of goods and services

Market Failures

- Market failures, which hold back the efficient allocation of resources, occur mainly due to imperfect competition, presence of monopoly power, collectively consumed public goods, externalities, factor immobility, imperfect information, and inequalities in the distribution of income and wealth.

Causes of Externalities

- Externalities cause market inefficiencies because they hinder the ability of market prices to convey accurate information about how much to produce and how much to buy. Since externalities are not reflected in market prices, they can be a source of economic inefficiency.

Distribution Function

- The distribution function aims at redistribution of income so as to ensure equity and fairness to promote the wellbeing of all sections of people and is achieved through taxation public expenditure, regulation and preferential treatment of target populations.

Public Goods

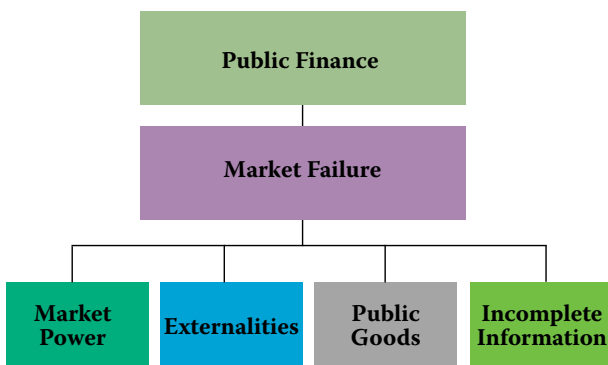
- Public goods do not conform to the settings of market exchange and left to the market, they will not be produced at all or will be underproduced. This is because the price becomes zero.

Stabilisation Function

- The stabilisation function is concerned with the performance of the aggregate economy in terms of labour employment and capital utilization, overall output and income, general price levels, economic growth and balance of international payments.

Private Good

- Private goods are 'rivalrous' and 'excludable' and less likely to have the free rider problem. Additional resource costs are involved for providing to another individual.



Quasi Public Goods

- The quasi-public goods or services, also called a near public good (for e.g. education, health services) possess nearly all of the qualities of the private goods and some of the benefits of public good.

Common Access Resources

Common access resources or common pool resources are a special class of impure public goods which are non-excludable as people cannot be excluded from using them. These are rival in nature and their consumption lessens the benefits available for others. Examples of common access resources are fisheries, forests, backwater, etc.

Market Power

Market power or monopoly power is the ability of a firm to profitably raise the market price of a good or service over its marginal cost. Firms that have market power are price makers and therefore, can charge a price that gives them positive economic profits.

Tragedy of the Commons

'The Tragedy of the Commons' (1968). Economists use the term to describe the problem which occurs when rivalrous but non-excludable goods are overused to the disadvantage of the entire world.

Externalities

Externalities, also referred to as 'spillover effects', 'neighbourhood effects' 'third-party effects' or 'side-effects', occur when the actions of either consumers or producers result in costs or benefits that do not reflect as part of the market therefore are external to the market.

Global Public Goods

Global public goods are those public goods with benefits/costs that potentially extend to everyone in the world. These goods have widespread impact on different countries and regions, population groups and generations throughout the entire globe.

Types of Externalities

- Negative production externalities
- Positive Production externalities
- Negative consumption externalities
- Positive consumption externalities

The Free Rider Problem

A free rider is a person who benefits from something without expending effort or paying for it. In other words, free riders are those who utilize goods without paying for their use. Example is Wikipedia

Incomplete Information

Complete information is an important element of competitive market. Perfect information implies that both buyers and sellers have complete information about anything that may influence their decision making.

Asymmetric Information

Asymmetric information occurs when there is an imbalance in information between the buyer and the seller i.e., when the buyer knows more than the seller, or the seller knows more than the buyer. This can distort choices.

Adverse Selection

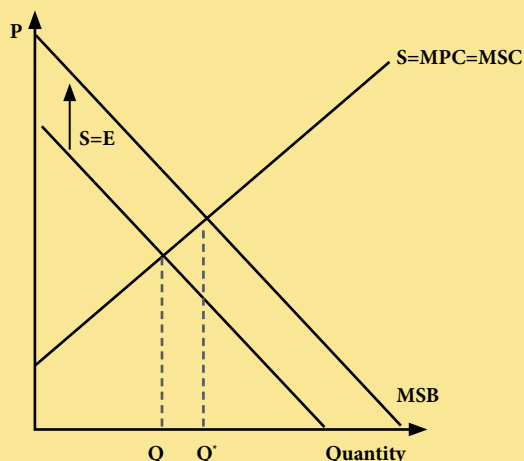
Adverse selection generally refers to any situation in which one party to a contract or negotiation, such as a seller, possesses information relevant to the contract or negotiation that the corresponding party, such as a buyer, does not have; this asymmetric information leads the party lacking relevant knowledge to make suboptimal decisions and suffer adverse effects.

Moral Hazard

Moral hazard is opportunism characterised by an informed person's taking advantage of a less-informed person through an unobserved action.

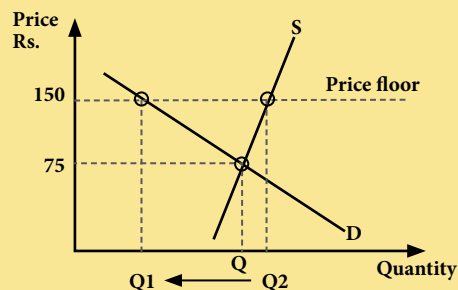
Effect of Subsidy on Output

- Subsidy is market-based policy and involves the government paying part of the cost to the firms in order to promote the production of goods having positive externalities.
- Two of the most common types of individual subsidies are welfare payments and unemployment benefits.



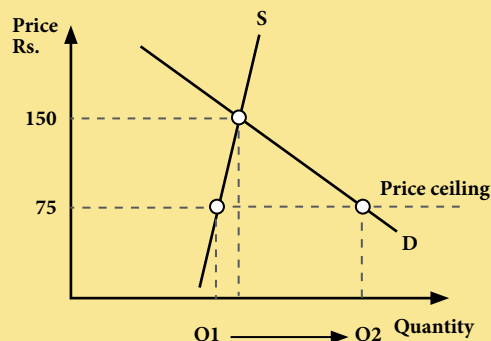
Market Outcome of Minimum Support Price

Government usually intervenes in many primary markets which are subject to extreme as well as unpredictable fluctuations in price. For example, in India, in the case of many crops the government has initiated the Minimum Support Price (MSP) programme as well as procurement by government agencies at the set support prices.



Market Outcome of Price Ceiling

Price ceilings prevent a price from rising above a certain level. When a price ceiling is set below the equilibrium price, quantity demanded will exceed quantity supplied, and excess demand or shortages will result. For example: maximum prices of food grains and essential items are set by government during times of scarcity. A price ceiling which is set below the prevailing market clearing price will generate excess demand over supply.

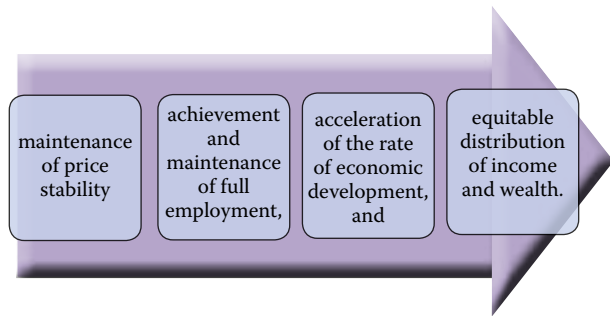


FISCAL POLICY

- Fiscal policy involves the use of government spending, taxation and borrowing to influence both the pattern of economic activity and level of growth of aggregate demand, output, and employment.
- The significance of fiscal policy as a strategy for achieving certain socio-economic objectives was not recognised or widely acknowledged before 1930 due to the faith in the limited role of government advocated by the then prevailing laissez-faire approach.
- Fiscal policy is in the nature of a demand-side policy.

"It's not whether you get knocked down, it's whether you get back up."
– Vince Lombardi

Objective of Fiscal Policy



Tools of Fiscal Policy

The tools of fiscal policy are taxes, government expenditure, public debt and the government budget.

Expansionary Fiscal Policy

Expansionary fiscal policy is designed to stimulate the economy during the contractionary phase of a business cycle and is accomplished by increasing aggregate expenditures and aggregate demand through an increase in all types of government spending and / or a decrease in taxes.

Contractionary Fiscal Policy

Contractionary fiscal policy is designed to restrain the levels of economic activity of the economy during an inflationary phase by decreasing the aggregate expenditures and aggregate demand through a decrease in all types of government spending and/ or an increase in taxes.

Pump Priming

Pump priming involves a one-shot injection of government expenditure into a depressed economy with the aim of boosting business confidence and encouraging larger private investment. It is a temporary fiscal stimulus in order to set off the multiplier process.

CROSSWORD SOLUTION – SEPTEMBER 2022

¹ C	² A	³ S	⁴ A		⁵ F	R	⁶ E	E	⁷ D	⁸ O	⁹ M
¹⁰ U	N	I	C	E	F		D		¹¹ E	M	I
R			¹² E	F	T	A		¹³ R	O	B	B
¹⁴ R	¹⁵ N	¹⁶ S	R				¹⁷ D	A			O
¹⁸ E	A	H		¹⁹ C	²⁰ R	²¹ R		²² T	²³ I	²⁴ F	R
²⁵ N	T	A	²⁶ B		²⁷ C	A	²⁸ P	I	T	A	
²⁹ C	O	R	R	U	P	T	I	O	N		³⁰ E
Y		³¹ p	E			E		N		³² O	B
			³³ X	³⁴ I	C			³⁵ I	³⁶ F	C	I
³⁷ E		³⁸ I	I	P		³⁹ G		⁴⁰ N	E	E	T
U		⁴¹ B	T	C		I		⁴² G	M	A	A
⁴³ R	⁴⁴ O	E			⁴⁵ C	I	⁴⁶ I		A	N	
⁴⁷ O	C	F		⁴⁸ S	A	F	T	A			

“Successful and unsuccessful people do not vary greatly in their abilities. They vary in their desires to reach their potential.”

– John Maxwell

Accounting plays a vital role for developing a strong base for Chartered Accountants to enable them to understand how the accounting information can fit into the process of Financial Reporting. Considering this objective, it has been decided to bring forth a crisp and concise capsule on the topics of Subsidiary Books and Cash Book covered in the syllabus of Paper 1: Principles and Practice of Accounting. The purpose of above topics is to enable the students to record the transactions of a business entity in different books in line with the nature of transactions. The concepts involved in these topics have been gathered and presented through pictorial presentations in this capsule which will help the students for quick revision. Under no circumstances, such revision can substitute the detailed study of the material provided by the Board of Studies. Students are advised to refer the Study Material for comprehensive study.

CHAPTER 2 - ACCOUNTING PROCESS UNIT 4 - SUBSIDIARY BOOKS

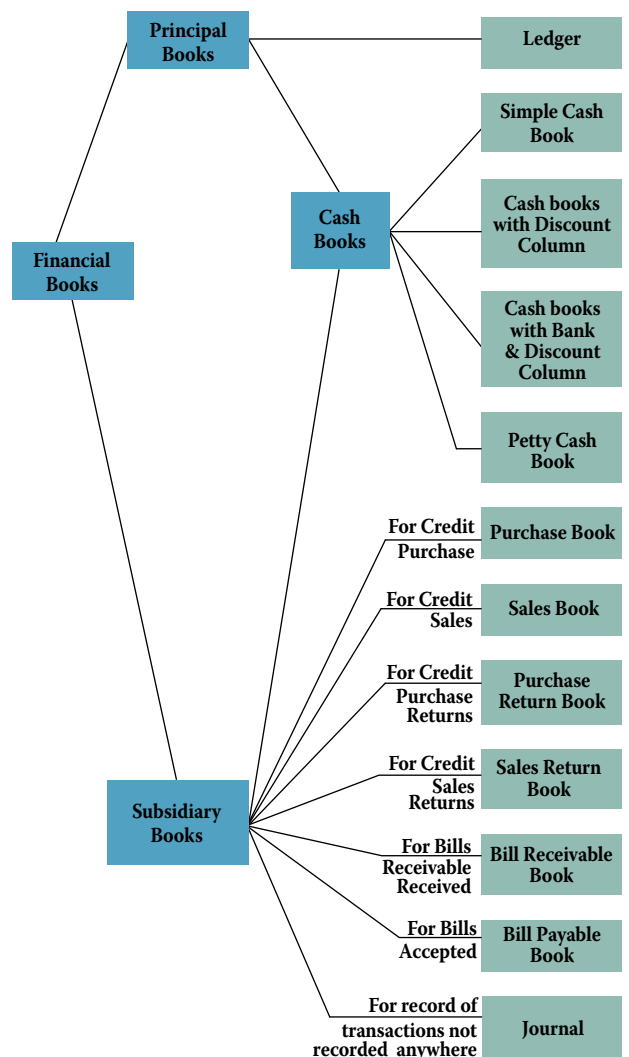
In a business, most of the transactions generally relate to receipts and payments of cash, purchases and sales of goods. It is convenient to keep a separate register for each such class of transactions one for receipts and payments of cash, one for purchase of goods and one for sale of goods. Such register is called a book of original entry or prime entry.

The books of original or prime entry are also called **Subsidiary Books** since ledger accounts are prepared on the basis of these books and without ledger posting, a trial balance cannot be taken out.

Normally, the following subsidiary books are used in a business:

- Cash Book** to record cash receipts and payments, including receipts into and payments out of the bank.
- Purchases Book** to record credit purchases of goods dealt in or of the materials and stores required in the factory.
- Purchase Returns Book** to record the returns of goods and materials previously purchased.
- Sales Book** to record the sales of the goods dealt in by the firm.
- Sale Returns Book** to record the returns made by the customers.
- Bills Receivable Book** to record the receipts of promissory notes or hundies from various parties.
- Bills Payable Book** to record the issue of the promissory notes or hundies to other parties.
- Journal** to record the transactions which cannot be recorded in any of the above books mentioned above.

Distinction Between Subsidiary Books and Principal Books



*"Self-belief and hard work will always earn you success."
- Virat Kohli*

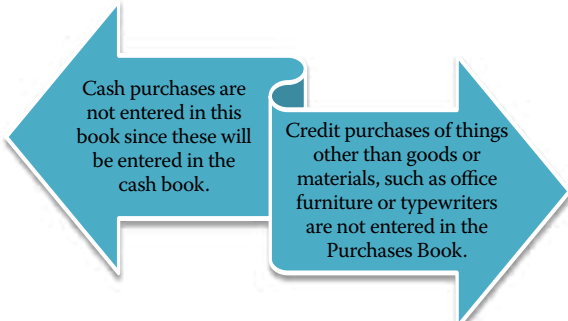
Advantages of Subsidiary Books

Division of work	Specialisation and efficiency	Saving of the time	Availability of information	Facility in checking
Since in the place of one journal there will be so many subsidiary books, the accounting work can be divided.	When the same work is allotted to a particular person over a period of time, he becomes efficient in handling it. Thus the accounting work will be done efficiently.	Various accounting processes can be undertaken simultaneously because of the use of a number of books. This will lead to completing the work quickly.	Since a separate register or book is kept for each class of transactions, the information relating to each transaction will be available at one place.	When the trial balance does not agree, the location of the error or errors is facilitated by the existence of separate books. Even the commission of errors and frauds will be checked by various subsidiary books.

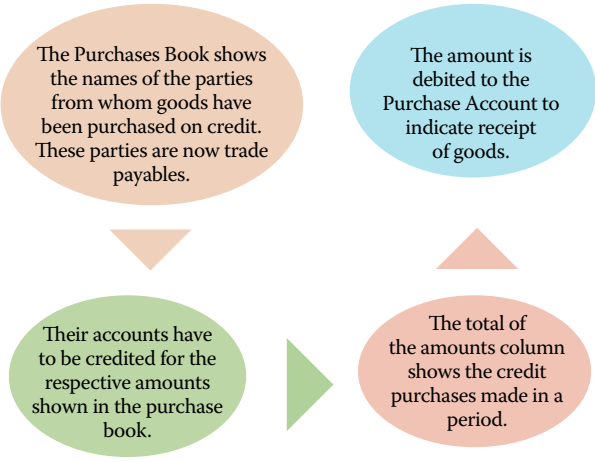
Purchase Book

To record the credit purchases of goods dealt in or materials used in the factory, a separate register called the Purchases Book or the Purchases Journal, is usually maintained by firms.

Points to Remember



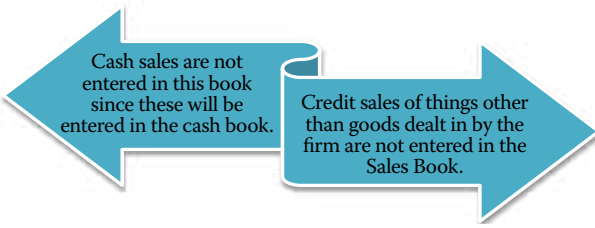
Posting the Purchase Book



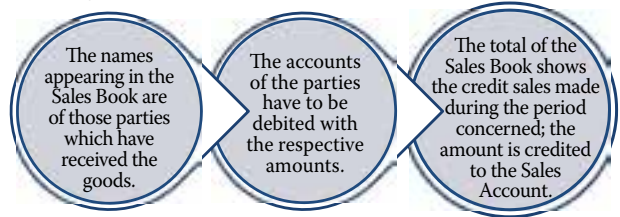
Sales Book

The Sales Book is a register specially kept to record credit sales of goods dealt in by the firm.

Points to Remember



Posting the Sales Book



<p>Sales Return or Return Inward Book</p> <p>If customers frequently return the goods sold to them, it would be convenient to record the returns in a separate book, which is named as the Sales Returns Book or the Returns Inward Book.</p> <p>This Book is similar to the Sales Book and entries are also made in the same manner.</p>	<p>Purchase Return or Return Outward Book</p> <p>Such a book conveniently records return of goods or material purchased to the suppliers if however, the returns are not frequent, it may be sufficient to record the transaction in the journal.</p> <p>This Book is similar to the Purchases Book and entries are also made in the same manner.</p>	<p>Bills Receivable and Bills Payable Book</p> <p>If the firm usually receives /issues a number of promissory notes or hundies, it would be convenient to record the transaction in a separate book called the Bills Receivable/ Bills Payable Book.</p>
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PRINCIPLES AND PRACTICE OF ACCOUNTING

Except the above transactions, there are some entries also which have to be recorded. For them the proper place is the journal. In fact, if there is no special book meant to record a transaction, it is recorded in the journal.

The role of the journal is thus restricted to the following types of entries:

<p align="center">Opening entries</p> <p>When books are started for the new year, the opening balance of assets and liabilities are journalised.</p>
<p align="center">Closing entries</p> <p>At the end of the year the profit and loss account has to be prepared. For this purpose, the nominal accounts are transferred to this account. This is done through journal entries called closing entries.</p>
<p align="center">Rectification entries</p> <p>If an error has been committed, it is rectified through a journal entry.</p>
<p align="center">Transfer entries</p> <p>If some amount is to be transferred from one account to another, the transfer will be made through a journal entry.</p>
<p align="center">Adjusting entries</p> <p>At the end of the year, expenses or income may have to be adjusted for amounts received in advance or for amounts not yet settled in cash. Such adjustments are done through journal entries. Usually, the entries pertain to outstanding expenses, prepaid expenses, interest on capital and depreciation.</p>

Entries on dishonour of Bills

If a promissory note (or bill) is dishonored on the due date, a journal entry will be necessary to record the non-payment or dishonour.

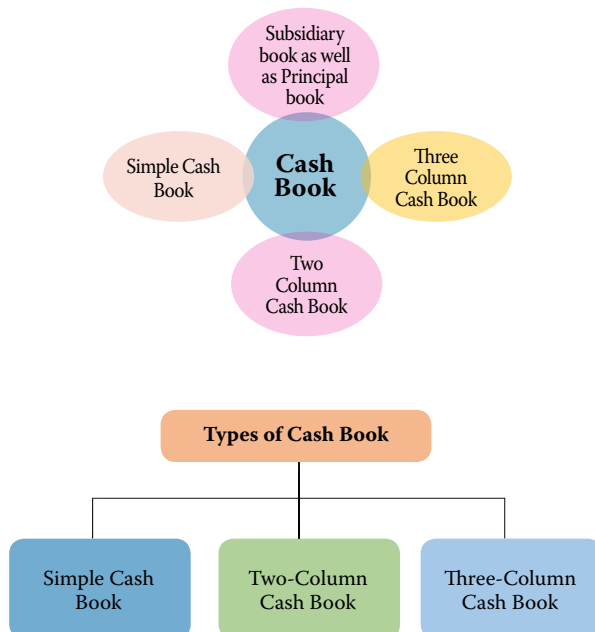
Apart from above few, other miscellaneous entries are also entered in Journal

Miscellaneous entries

- Credit purchase other than goods or materials required for production of goods. e.g. credit purchase of furniture or machinery.
- An allowance given to the customers or a charge to be made to them after the issue of the invoice.
- Receipt or issue of promissory notes if separate bill books are not maintained.
- An amount becoming irrecoverable, say, because, customer becoming insolvent.
- Effects of accidents such as loss of property by fire.
- Transfer of net profit to capital account.

UNIT-5 CASH BOOK

Cash Book is a subsidiary book. All cash transactions are recorded in the Cash Book. It serves as basis for preparing ledger accounts. It acts as the cash account and the bank account; the balances are directly entered in the trial balance. The Cash Book, therefore, is part of the ledger also. Hence, it is also to be treated as the principal book. Thus Cash Book is both a subsidiary book and a principal book.

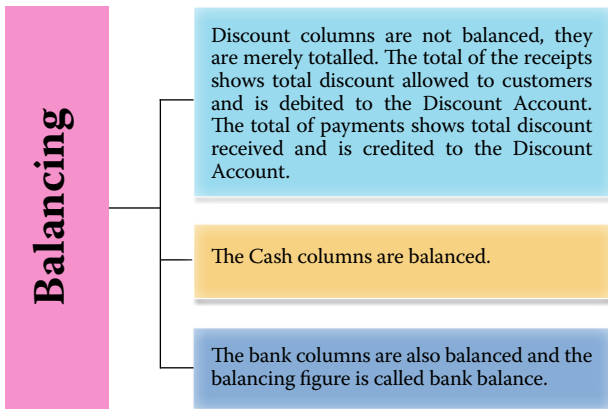
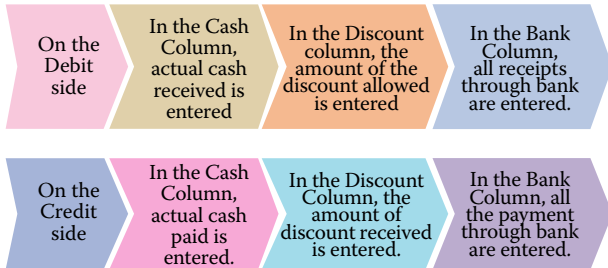


Simple Cash Book

- Only the cash receipts and cash payments are recorded.
- The left-hand side records receipts of cash and the right-hand side the payments.
- The total of Dr. side is always greater than the total of Cr. side since the payment cannot exceed the available cash.
- The simple cash book is like an ordinary account and is balanced in the same way as other accounts.
- The difference is written on the credit side as 'By balance c/d'.
- The totals are then entered in the two columns opposite to one another and then on the debit side the balance is written as "To Balance b/d", to show cash balance in hand in the beginning of next period.

Double Column Cash Book

If along with columns to record cash receipts and cash payments another column is added on each side to record the cash discount allowed or the discount received, or another column is added on each side to record bank payments or the bank receipts. It is a double-column cash book.



Thus, a double column cash book should have two columns on each side comprising of either cash and discount transaction or cash and bank transactions.

Three Column Cash Book

A firm normally keeps the bulk of its funds at a bank. Probably payments into and out of the bank are more numerous than strict cash transactions. Therefore, it is very convenient if, on each side in the cash book, another column is added to record cash deposited at bank (on the receipt side of the cash book) and payments out of the bank (on the payment side of the cash book).

For writing up the three-column cash book the following points should be noted:

While commencing a new business, the amount is written in the cash column if cash is introduced and in the bank column if it is directly put into the bank with the description "To Capital Account". If a new cash book is being started for an existing business, the opening balances are written as : "To Balance b/d".

All receipts are written on the receipts side, cash in the cash column and cheques in the bank column. Discount allowed is entered in the discount column.

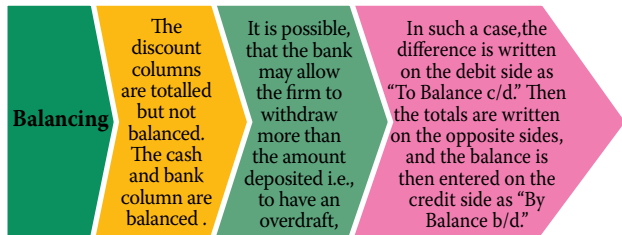
All payments are written on the payments side, cash payment in the cash column and payments by cheques in the bank column. Discount received is entered in the discount Column.

Often cash is withdrawn from bank for use in the office or cash is sent to the bank. In such a cases the entries entered with the letter "C" should be written in the L.F. column, to indicate that these are contra transaction and no further posting is required for them.

If cheque sent to the bank is dishonoured, it is entered in the bank column on the credit side with the name of the related party in the particulars column.

If cheque issued by the firm is not paid on presentation, it is entered in the Bank column on the debit side with the name of the party to whom the cheque was given.

Incase, a cheque received may be given to some other party, i.e., endorsed. On receipt, it must have been entered in the bank column on the debit side; on endorsement the amount will be written in the bank column on the credit side.



Petty Cash Book

In a business, a number of small payments, such as for conveyance, taxi fare, cartage, etc., have to be made. If all these payments are recorded in the cash book, it will become unnecessarily heavy. Therefore, it is usual for firms to appoint a person as 'Petty Cashier' and to entrust the task of making small payments say below a definite amount to him. Later on, he will be reimbursed for the payments made and the respective account may be debited.

It is convenient to entrust a definite sum of money to the petty cashier in the beginning of a period and to reimburse him for payments made at the end of the period.

Thus, he will again have the fixed amount in the beginning of the new period.

Such a system is known as the **Imprest System of Petty Cash.**

Advantages of Petty Cash Book

Saving of time of the chief cashier

Saving in labour in writing up the cash book and posting into the ledger

Control over small payments



9th September, 2022

IMPORTANT ANNOUNCEMENT

No. 13-CA (EXAM)/December/2022: In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to announce that the next Chartered Accountants Foundation Examination will be held on the dates and places which are given below provided that sufficient number of candidates offer themselves to appear from each of the below mentioned places.

FOUNDATION COURSE EXAMINATION

[As per syllabus contained in the scheme notified by the Council under Regulation 25 F (3) of the Chartered Accountants Regulations, 1988.]

14th, 16th, 18th & 20th December 2022

PLACES OF EXAMINATION CENTRES:

The Chartered Accountants Examinations, December 2022 will be held in the following Indian cities:

Name of the State (No. of Cities)	Name of the Examination City
Andaman and Nicobar Islands (1)	Port Blair
Andhra Pradesh (14)	Anantapur, Eluru, Guntur, Kadapa, Kakinada, Kurnool, Nellore, Ongole, Rajamahendravaram, Srikakulam, Tirupati, Vijayawada, Visakhapatnam and Vizianagaram
Assam (5)	Dibrugarh, Guwahati, Jorhat, Silchar and Tinsukia
Bihar (12)	Begusarai, Bhagalpur, Darbhanga, Gaya, Madhubani, Motihari, Muzaffarpur, Patna, Purnea, Samastipur, Sitamarhi and Siwan
Chattisgarh (5)	Bilaspur, Durg, Raigarh, Raipur and Rajnandgaon
Chandigarh (1)	Chandigarh
Delhi / New Delhi (1)	Delhi / New Delhi
Goa (2)	Mapusa and Margao
Gujarat (20)	Ahmedabad, Anand, Bharuch, Bhavnagar, Bhuj, Gandhidham, Gandhinagar, Himatnagar, Jamnagar, Junagadh, Mehsana, Nadiad, Navsari, Palanpur, Porbandar, Rajkot, Surat, Surendranagar, Vadodara and Vapi
Haryana (18)	Ambala, Bahadurgarh, Bhiwani, Faridabad, Fatehabad, Gurgaon (Gurugram), Hisar, Jind, Kaithal, Karnal, Kurukshetra, Narnaul, Panipat, Rewari, Rohtak, Sirsa, Sonapat and Yamuna Nagar
Himachal Pradesh (1)	Shimla
Jammu & Kashmir (2)	Jammu and Srinagar
Jharkhand (7)	Bokaro Steel City, Deoghar, Dhanbad, Hazaribagh, Jamshedpur, Ramgarh and Ranchi
Karnataka (23)	Bagalkot, Belgaum, Bellary, Bengaluru, Chikkaballapur, Chitradurga, Davangere, Gadag, Hassan, Haveri, Hubli, Kalaburgi (Gulbarga), Kolar, Koppal, Mandya, Mangalore, Mysore, Raichur, Shimoga, Sirsi, Tumakuru, Udipi and Vijayapura
Kerala (14)	Adoor, Alappuzha, Ernakulam, Idukki, Kalpetta, Kannur, Kasaragod, Kollam (Quilon), Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram and Thrissur
Madhya Pradesh (15)	Bhopal, Burhanpur, Chhindwara Gwalior, Indore, Jabalpur, Katni, Khandwa, Mandsaur, Neemuch, Ratlam, Rewa, Sagar, Satna and Ujjain
Maharashtra (36)	Ahmednagar, Akola, Amravati, Aurangabad, Badlapur, Beed, Bhiwandi, Khamgaon (Buldhana), Chandrapur, Dhule, Gondia, Ichalkaranji, Jalgaon, Jalna, Kolhapur, Latur, Mumbai, Nagpur, Nanded, Nandurbar, Nasik, Navi Mumbai, Palghar, Panvel, Parbhani, Pimpri-Chinchwad, Pune, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Thane, Vasai, Wardha and Yavatmal
Meghalaya (1)	Shillong
Odisha (8)	Balangir, Berhampur (Brahmapur), Bhubaneswar, Cuttack, Jharsuguda, Rayagada, Rourkela and Sambalpur

It may be emphasized that there would be no change in the examination schedule in the event of any day of the examination schedule being declared a Public Holiday by the Central Government or any State Government / Local Holiday.

Paper(s) 3 & 4 of Foundation Examination are of 2 hours duration. The examination wise timing(s) are given below:

Examination	Paper(s)	Exam. Timings (IST)	Duration
Foundation Course	Paper 1 & 2	2 PM to 5 PM	3 Hours
	Paper 3 & 4*	2 PM to 4 PM	2 Hours

*In Paper 3 and 4 of Foundation Examination, there will not be any advance reading time, whereas in Paper 1 & 2, an advance reading time of 15 minutes will be given from 1.45 PM (IST) to 2 PM (IST).

Name of the State (No. of Cities)	Name of the Examination City
Puducherry (1)	Puducherry
Punjab (8)	Amritsar, Bathinda, Jalandhar, Ludhiana, Mandi Gobindgarh, Pathankot, Patiala and Sangrur
Rajasthan (22)	Ajmer, Alwar, Banswara, Beawar, Bharatpur, Bhilwara, Bikaner, Bundi Chittorgarh, Churu, Jaipur, Jhunjhunu, Jodhpur, Kishangarh, Kota, Nagaur, Pali - Marwar, Rajsamand, Sikar, Sirohi, Sri Ganganagar and Udaipur
Sikkim (1)	Gangtok
Tamil Nadu (27)	Chennai, Coimbatore, Cuddalore, Dharmapuri, Dindigul, Erode, Hosur, Kancheepuram, Karaikudi, Karur, Kumbakonam, Madurai, Nagapattinam, Nagercoil, Namakkal, Pudukkottai, Salem, Sivakasi, Theni, Tiruchirapalli, Tirunelveli, Tirupur, Tiruvallur, Tiruvannamalai, Tuticorin, Vellore and Villupuram
Telangana (8)	Adilabad, Hyderabad, Karimnagar, Khammam, Mahabubnagar, Nalgonda, Nizamabad and Warangal
Tripura (1)	Agartala
Uttar Pradesh (18)	Agra, Aligarh, Allahabad (Prayagraj), Bareilly, Bulandshahr, Firozabad, Ghaziabad, Gorakhpur, Jhansi, Kanpur, Lucknow, Mathura, Meerut, Moradabad, Muzaffarnagar, Noida, Saharanpur and Varanasi
Uttarakhand (4)	Dehradun, Haldwani, Haridwar and Kashipur
West Bengal (7)	Asansol, Durgapur, Hooghly, Kharagpur, Kolkata, Raniganj and Siliguri

PLACES OF EXAMINATION CENTRES OVERSEAS:

The December 2022 Examinations will also be held at the 8 (Eight) overseas examination centres, namely:

Overseas (8)	Abu Dhabi, Bahrain, Thimphu (Bhutan), Doha, Dubai, Kathmandu (Nepal), Kuwait and Muscat
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The Examination commencement timings at Abu Dhabi, Dubai and Muscat Centres will be 12.30 PM i.e. Abu Dhabi, Dubai and Muscat local time corresponding / equivalent to 2 PM. (IST). The Examination commencement timing at Bahrain, Doha, and Kuwait Centre will be 11.30 AM i.e. Bahrain / Doha / Kuwait local time corresponding / equivalent to 2 PM. (IST). The Examination commencement Timing at Kathmandu (Nepal) Centre will be 2.15 PM Nepal local time corresponding / equivalent to 2 PM (IST). The Examination commencement Timing at Thimphu (Bhutan) Centre will be 2.30 PM Bhutan local time corresponding / equivalent to 2 PM (IST).

The Council reserves the right to withdraw any city / centre at any stage without assigning any reason.

Online filling up of examination forms:

As a part of automation and platform consolidation, ICAI is pleased to announce that all candidates in respect of Foundation Examination will be required to apply online at <https://eservices.icai.org> (Self Service Portal - SSP) for December 2022 Exam onwards and also pay the requisite examination fee online. These forms are based on your eligibility of your course based on announcements and regulations. These forms will be available on SSP, and you are requested to login with your credentials (Username <SRN@icai.org> and password). These Exam forms will be available in SSP effective designated dates as would be announced on www.icai.org

Kindly Note:

If you have never registered as a user in SSP, Kindly open the following URL: <https://eservices.icai.org>
Please use forgot password option in case you have forgotten or lost your password. Students are also requested to Create User Name, Register Course, Convert Course, Revalidate, Update Photo, Signature and Address on SSP only.

Examination fee can be remitted on-line by using VISA or MASTER or MAESTRO Credit / Debit Card / Rupay Card / Net Banking / Bhim UPI.

Opening and Closing of online window for submission of examination application forms.

The following dates(s) may be noted:

Details	For Foundation Exam [December 2022]
Commencement of submission of online examination application forms	14th September 2022 [Wednesday]
Last date for submission of online examination application forms (without late fees)	4th October 2022 [Tuesday]
Last date for submission of online examination application forms (with late fees of ₹ 600/- or US \$ 10)	9th October 2022 [Sunday]

Furthermore, for students seeking change of examination city / medium for the Chartered Accountants Foundation Examination - December 2022, the correction window for the examination forms already filled shall be available during 8th October 2022 [Saturday] to 13th October 2022 [Thursday].

Examination Fee

The examination fee(s) for foundation course is as under:--

Foundation Course Examination	
For Indian Centre(s)	₹ 1500/-
For Overseas Centre(s) – Excluding Bhutan & Kathmandu Centre(s)	US \$ 325
For Bhutan & Kathmandu Centre(s)	INR ₹ 2200/-

The late fee for submission of examination application form after the scheduled last date would be ₹ 600/- (for Indian / Kathmandu / Bhutan Centres) and US \$ 10 (for Abroad Centres) as decided by the Council.

OPTION TO ANSWER PAPERS IN HINDI:

Candidates of Foundation Examinations will be allowed to opt for English / Hindi medium for answering papers. Detailed information will be found in guidance notes hosted at <https://www.icai.org>

The Candidates are advised to note the above and stay in touch with the website of the Institute, www.icai.org

(S. K. GARG)
ADDITIONAL SECRETARY (EXAMINATIONS)



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



PRACTICAL TRAINING MODULES

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Recorded Webcasts are now available on ICAI DLH Platform



- ★ GST Registration
- ★ GSTR - 1
- ★ Input Tax Credit & Accounting Series
- ★ Reconciliation of Input Tax Credit on GSTR Portal
- ★ GSTR 3B
- ★ GST Refund
- ★ GST Refund Part II
- ★ All about PAN
- ★ Guided Tour on Income Tax Portal
- ★ ITR - 1 - Salaries Part
- ★ Income from House Property and Other Sources
- ★ ITR - 3 - Business Income
- ★ Capital Gains
- ★ Income from Business Profession
- ★ Guided Tour of MCA Portal
- ★ Tax Audit
- ★ Tax Audit from Practical Perspective
- ★ Tax Audit
- ★ Automation Techniques of Effective Audit via Different tools
- ★ Practical Aspects related to Applicability of Accounting Standards for Finalisation and Auditing of Financial Statements

Link to view

<https://learning.icai.org/iDH/icai/>



30 Minutes
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FOR MORE DETAILS CONNECT





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Date : 2nd & 3rd December, 2022

Venue : Shilpakala Vedika,
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Organized by:

SSEB, Board of Studies-Operations

Hosted by:

Hyderabad Branch of SIRC of ICAI &
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Link for Registration:

<https://bosactivities.icai.org>

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8th October, 2022



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Organised by Students Skills Enrichment Board (Board of Studies-Operations)

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- Develop Methodology to Remember what has been Learned
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Winners of Grand Finale Quiz Contest
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CROSSWORD - OCTOBER 2022

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ACROSS

- An amount of money given or allotted usually at regular intervals for a specific purpose.
- A type of account in which one can withdraw amount even if there is no fund in account.
- The study of how people interact within groups.
- _____ is helping to maintain all voucher input in accounting system in daily basis.
- _____ ratio is the measure of the share price relative to the annual net income earned by the firm per share.
- _____ Brands Corporation is an American manufacturer of office products.
- Also known as application-based routing.
- A non-full-service firm that focuses on M&A Advisory or Restructuring.
- A symbol to indicate that the preceding mark is a trademark, specifically an unregistered trademark.
- Defined as selling price minus variable cost.
- _____ marking is a conformity mark used to monitor and regulate goods sold within the European Union.
- A voluntary transfer of resources from one country to another.
- A low-risk financial instrument offered by banks, post offices or Non-banking Financial Companies (NBFCs).
- The use of computers to aid in the creation, modification, analysis, or optimisation of a design.
- The action of joining.
- _____ are a group of disorders that affect a person's ability to either interpret what they see and hear.
- Something, usually money, owed by one party to another.
- A form of private equity and a type of financing that investors provide to start-up companies and small businesses that are believed to have long-term growth potential.
- The technical name for the neck.
- _____ are employees who receive service under a corporate account for which their company has financial responsibility.
- An investor or investment fund investing in a country outside of the one in which it is registered or headquartered.
- _____ means before midday.
- An anti-tax avoidance law in India to

curb tax evasion and avoid tax leaks.

- _____ Paribas is the second largest banking group in Europe.
- Abbr: North East.
- An investment position intended to offset potential losses or gains that may be incurred by a companion investment.
- The method or protocol by which data is sent from one computer to another on the internet.
- Abbr: Combined Defence Services Examination.
- Entrance test at undergraduate level for medical education.
- An initiative of the Government of India to make all government services available to the citizens of India via electronic media.
- The value that is repeatedly occurring in a given set.
- Abbr: Additional Solicitor General of India.
- A recovery mechanism made available to creditors as under the Insolvency and Bankruptcy Code.

DOWNWARD

- An arrangement according to which a person or company is obliged to deal only with a specific company.
- One company's acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition.
- A government organisation in India that assesses and accredits Higher Education Institutions.
- Used to determine a theoretically appropriate required rate of return of an asset.
- _____ are loans in India made by non-resident lenders in foreign currency to Indian borrowers.
- The difference between two prices, rates, or yields.
- A cartel consisting of 13 of the world's major oil-exporting nations.
- Unsecured bonds or debt instruments released by a government authority.
- An allied health profession that involves the therapeutic use of everyday activities.
- A status or level of treatment accorded by one state to another in international trade.

- A political party active in the Indian state of Assam.
- A distribution of profits by a corporation to its shareholders.
- A decimal unit prefix in the metric system denoting a factor of ten.
- A document certifying that the building has been constructed as per the approved plan and is now ready to be occupied.
- A form of debt incurred by an individual or other entity.
- In the financial world occurs when a company or a country exports its products at a price lower than its domestic price.
- A type of product manufactured by a particular company under a particular name.
- A numeric value that measures the fluctuations of a stock to changes in the overall stock market.
- The nodal department of the NCERT to advise the Government of India on policies and programmes pertaining to elementary education.
- An American multinational conglomerate.
- _____ ratio is one of the most popular valuation metric of stocks.
- A price index, the price of a weighted average market basket of consumer goods and services purchased by households.
- _____ curve depicts the set of all levels of income (GDP) and interest rates at which money supply equals money (liquidity) demand.
- A common analytical technique used to separate and analyse volatile and semi-volatile compounds in a mixture.

If undelivered, please return to: The
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India, ICAI Bhawan, Indraprastha Marg,
New Delhi-110002