

Red Colour --- Video links for the content

Brown Colour --- New Addition in current RTP

SA 299 (Revised) JOINT AUDIT OF FINANCIAL STATEMENTS

You can watch video of SA 299 on this link <https://youtu.be/N5ajLUcuCvk> . We have included charts of SA 299 in below notes, same is used for teaching in video also, if you want detailed theory notes also you can see description of this video.

1. WHAT DO YOU MEAN BY JOINT AUDIT, ALSO ADVANTAGES & DISADVANTAGES?

The practice of appointing more than one auditor to conduct the audit of large entities has been in vogue (Trend) for a long time, sometimes voluntarily by the shareholders or sometimes due to the requirements of laws or regulations. Such auditors, known as joint auditors, conduct the audit jointly and report on the financial statements of the entity.

This Standard lays down the principles for effective conduct of joint audit to achieve the overall objectives of the auditor as laid down in SA 200 "Overall Objectives of the Independent Auditor and the conduct of an audit in accordance with Standards on Auditing". This Standard deals with the special considerations in carrying out audit by joint auditors. Accordingly, in addition to the requirements enunciated in this Standard, the joint auditors also need to comply with all the relevant requirements of other applicable Standards on Auditing.

This Standard does not deal with the relationship between a principal auditor who is appointed to report on the financial statements of an entity and another auditor who is appointed to report on the financial statements of one or more component (divisions, branches, subsidiary, joint venture, associates, other entity) included in the financial statements of the entity.

Advantages

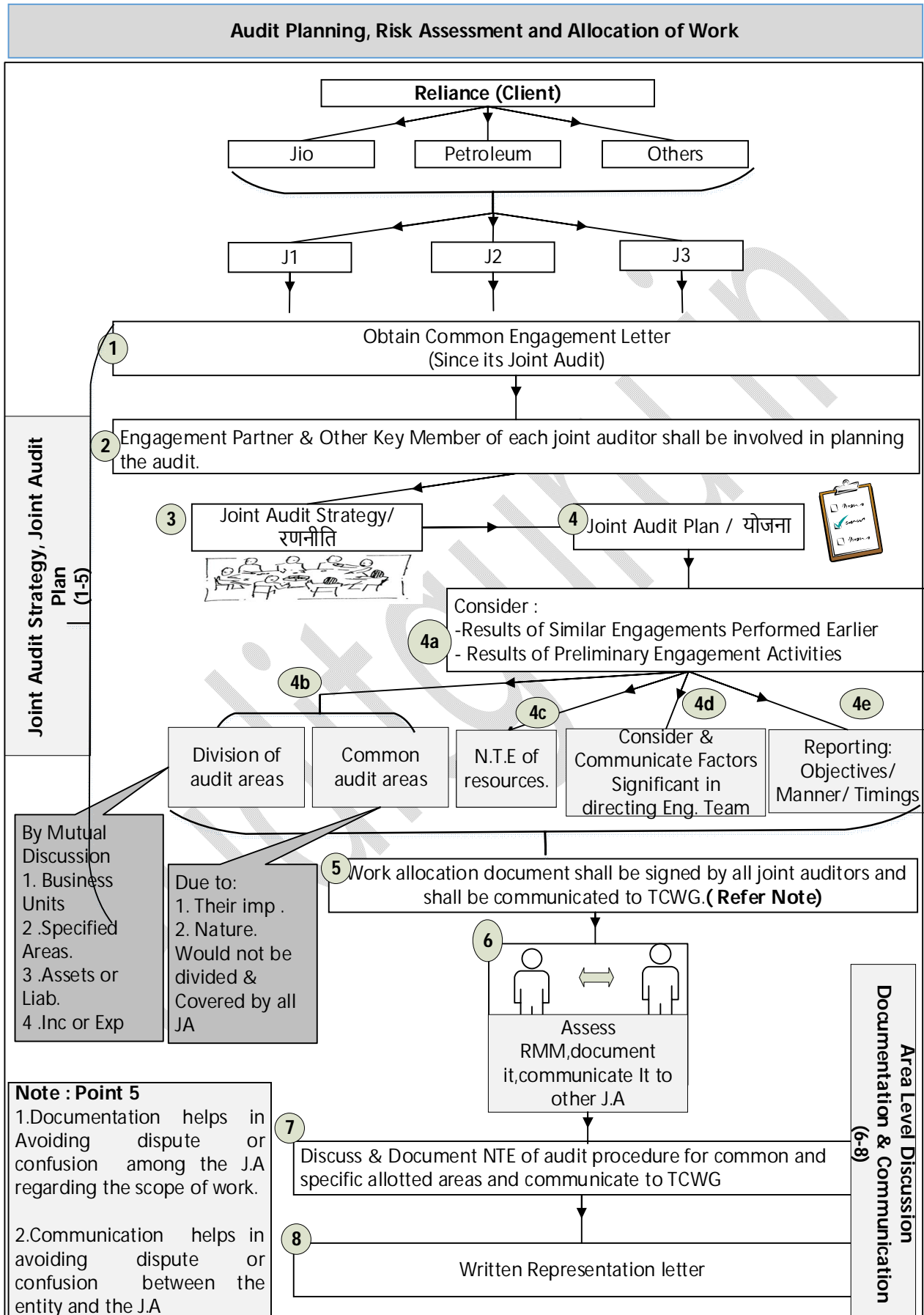
- (a) Pooling and sharing of resources [like equipment, team member]
- (b) Pooling of expertise in different area
- (c) Advantage of mutual consultation;
- (d) Better quality of work performance;
- (e) Lower costs to carry out the audit work.

- (f) If one auditor leaves the audit than other will continue
- (g) Rotation of auditor becomes easy to manage

Disadvantages

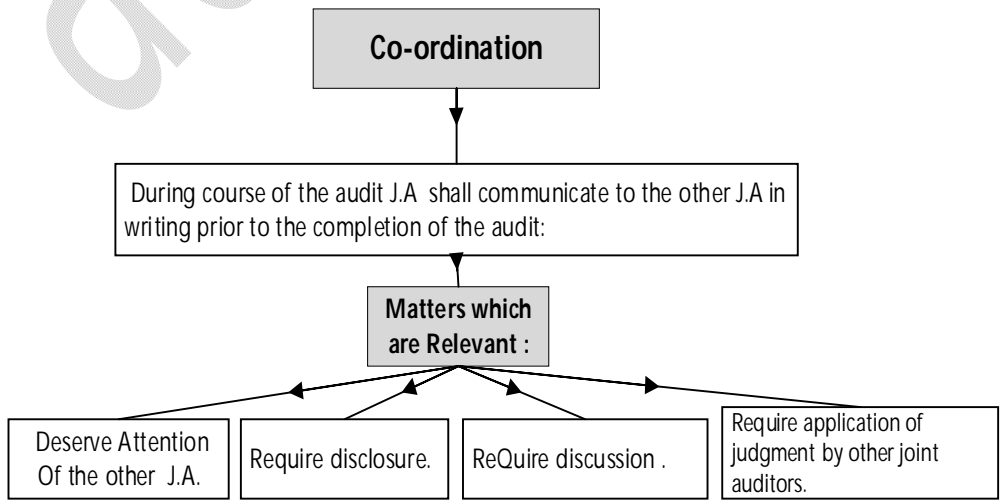
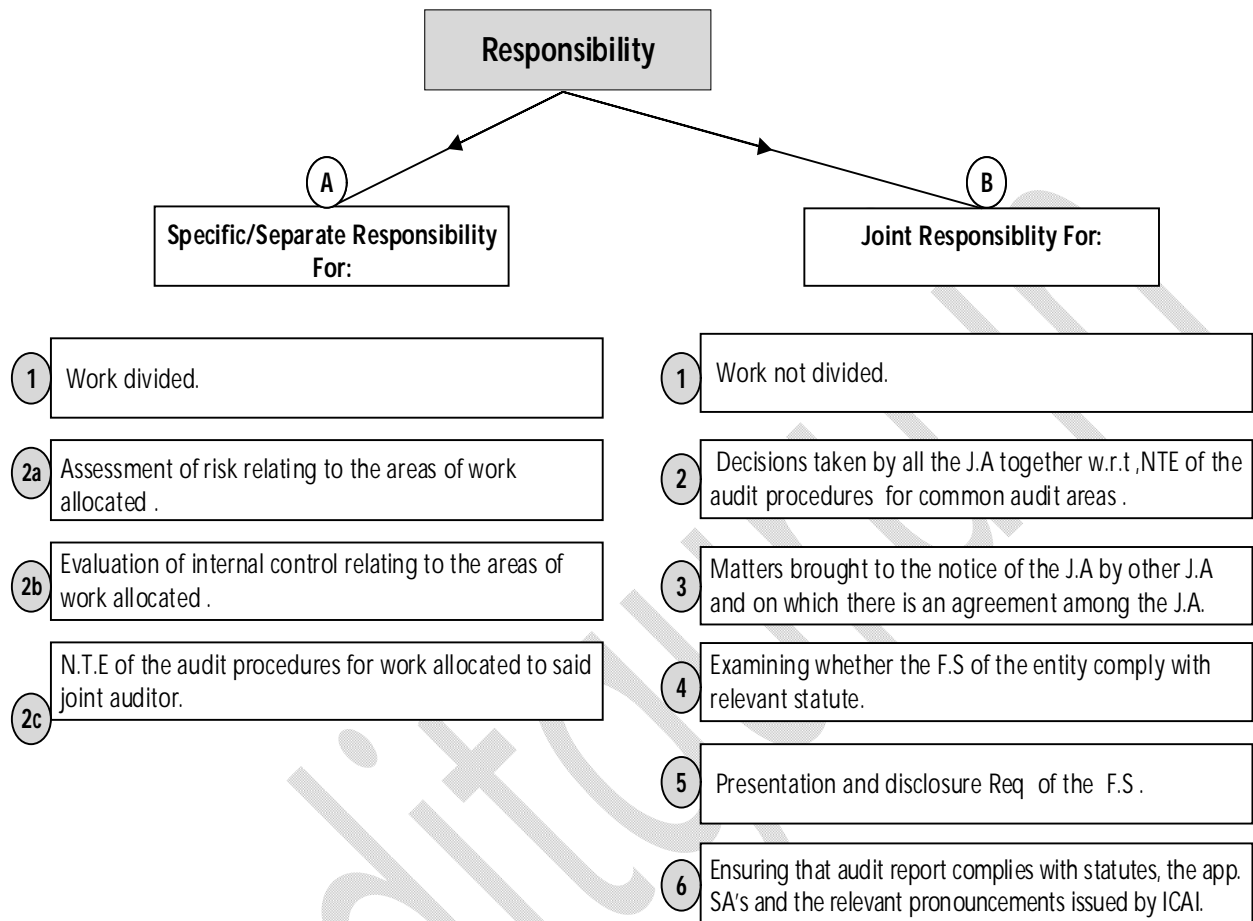
- (a) Problems when Firms of different standing are associated; [e.g. many times people do not work with other people because of ego issues.]
- (b) Lack of clear definition in case of joint responsibility;
- (c) Areas of common concern being neglected;
- (d) Co-ordination problems in conduct of work;
- (e) Sharing of fees.

2. AUDIT PLANNING, RISK ASSESSMENT AND ALLOCATION OF WORK

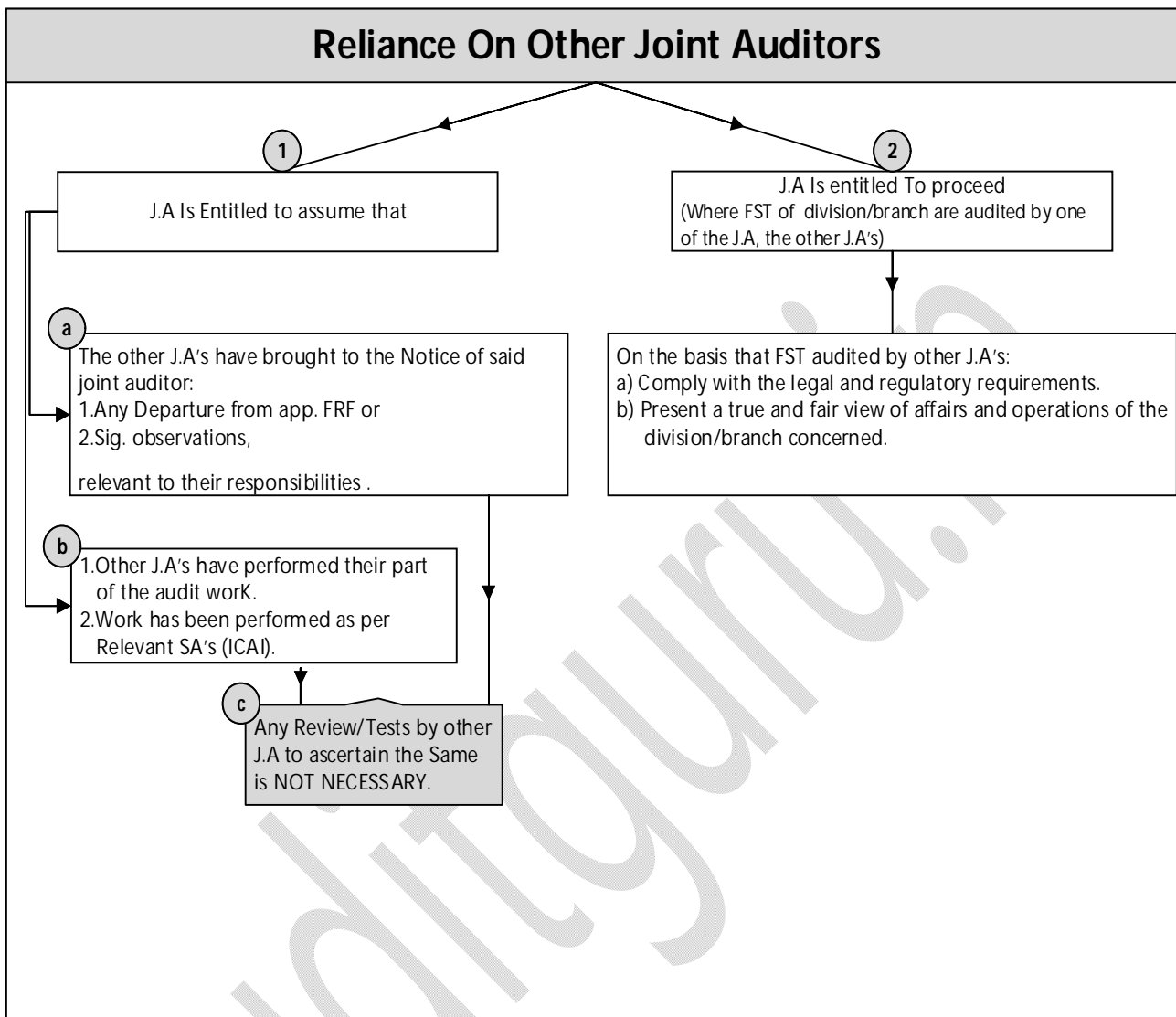


3. RESPONSIBILITY AND CO-ORDINATION AMONG JOINT AUDITORS

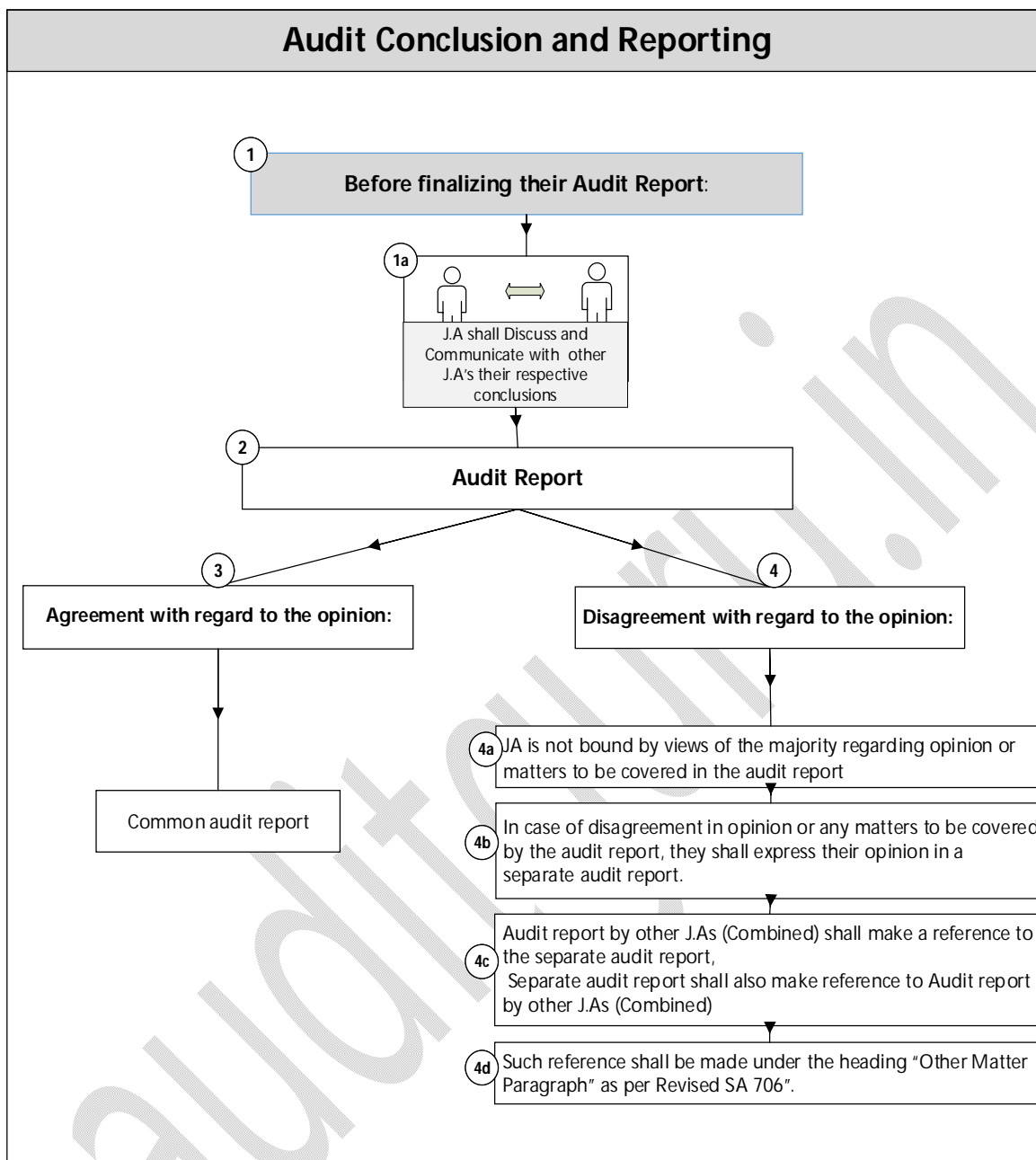
Responsibility and Co-ordination Among Joint Auditors



4. RELIANCE



5. AUDIT CONCLUSION AND REPORTING



6. COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**Note: Communication with TCWG**

J.A's shall communicate with TCWG the following:

In case J.A's expect to modify the Report:

Circumstances that led to the expected modification and the proposed wording of the modification to ensure compliance with Revised SA 705.

In case J.A's expect to include an EOM or an OM paragraph in the Report:

Expectation and the proposed wording of this paragraph to ensure compliance with Revised SA 706.

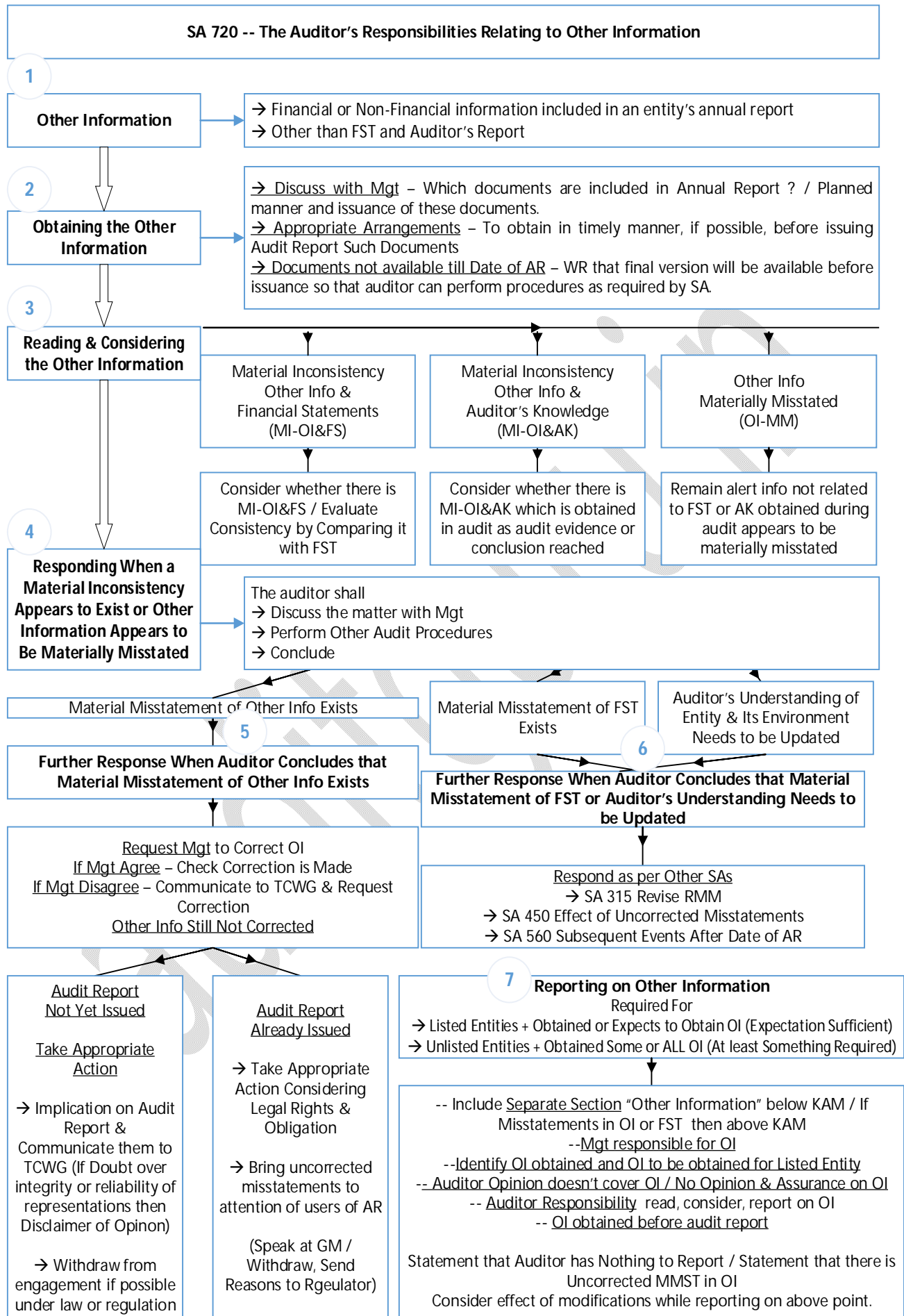
7. OBJECTIVES

The objectives of this Standard are:

- (a) To lay down broad principles for the joint auditors in conducting the joint audit.
- (b) To identify the distinct areas of work and coverage thereof by each joint auditor.
- (c) To provide a uniform approach to the process of joint audit.
- (d) To identify individual responsibility and joint responsibility of the joint auditors in relation

(SA) 720 (REVISED)**THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION**

You can watch video of SA 720 on this link <https://youtu.be/zGr3z917GcE>. We have included charts of SA 720 in below notes, same is used for teaching in video also, if you want detailed theory notes also you can see description of this video.



COMPANY AUDIT

No new change in company audit, below given changes are cumulative changes of past attempts. If you see videos in below given links, you will be able to cover all changes. If you want notes for these amendments, you can see description of videos or go to www.Auditguru.in/downloads there is separate section for amendment notes.

May 19 Company Audit Amendment

<https://youtu.be/IS6WYiyHC3A>

Nov 18 Company Audit Amendment

<https://youtu.be/DoKulRDbg1U>

https://youtu.be/CeI_Zw2_fEs

<https://youtu.be/8o4tHYQZTvk>

<https://youtu.be/LztpIz-polg>

May 18 Company Audit Amendment

<https://youtu.be/sV27k7TaHDc>

<https://youtu.be/sRRsmutzfPE>

LIABILITIES OF AUDITOR

1. CIVIL LIABILITIES UNDER COMPANIES ACT SECTION 35

Section 35 got amended so this amendment is included in RTP. Section 35 specifies exemptions to people from punishments, now one additional exemption is added below is the text for the same.

In Short

Person subscribes securities + On the basis of false information in prospectus then company / director / to be director / authoriser / expert will be liable to pay loss or damage.

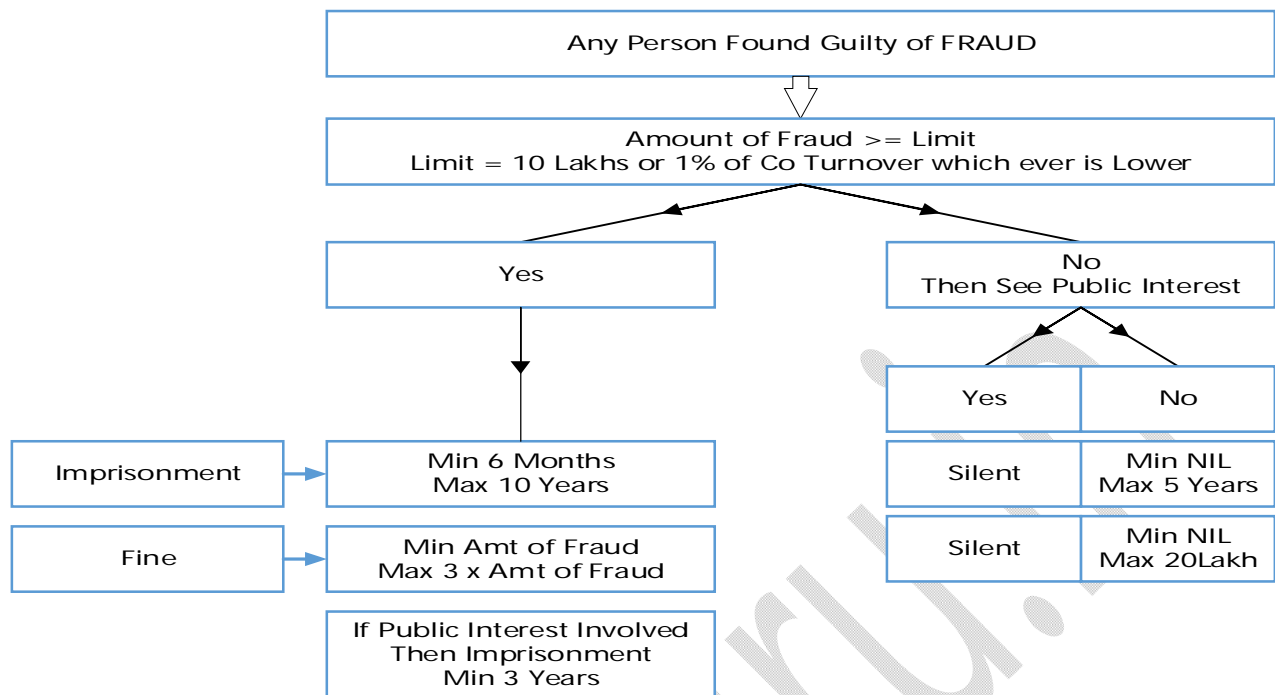
If any of above people prove that misleading statement / report / extract of report is made by expert and he has reason to believe that such expert was competent and given consent to prospectus and has not withdrawn it or informed to such defendant, then he will not be responsible and punishable.

In Detail

No person shall be liable under sub-section (1), if he proves (*Promoter / Director / To be Director / Authoriser / Other Expert*)

That, as regards every misleading statement purported to be made by an expert or contained in what purports to be a copy of or an extract from a report or valuation of an expert, it was a correct and fair representation of the statement, or a correct copy of, or a correct and fair extract from, the report or valuation; and he had reasonable ground to believe and did up to the time of the issue of the prospectus believe, that the person making the statement was competent to make it and that the said person had given the consent required by sub-section (5) of section 26 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration or, to the defendant's knowledge, before allotment thereunder.

SECTION 447



1. LIABILITIES UNDER INCOME TAXACT 1961

Rule 12A

(iii) Under Rule 12A of the Income Tax Rules: Under this rule a Chartered Accountant who as an authorised representative has prepared the return filed by the assessee, has to furnish to the Assessing Officer, the particulars of accounts, statements and other documents supplied to him by the assessee for the preparation of the return.

Where the Chartered Accountant has conducted an examination of such records, he has also to submit a report on the scope and results of such examination. The report to be submitted will be a statement within the meaning of Section 277 of the Income Tax Act. Thus, if this report contains any information which is false and which the Chartered Accountant either knows or believes to be false or untrue, he would be liable to rigorous imprisonment which may extend to seven years and to a fine.

271J

(iv) Under Section 271J of the Income Tax Act: As per new section inserted by the Finance Act, 2017 if an accountant or a merchant banker or a registered valuer, furnishes incorrect information in a report or certificate under any provisions of the Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals) may direct him to pay a sum of ten thousand rupees for each such report or certificate by way of penalty. [section 271J]

277 & 288

(ii) Under Section 277 & 278: Any person who acts or induces, in any manner another person to make and deliver to the Income Tax Authorities a false account, statement, or declaration, relating to any income chargeable to tax which he knows to be false or does not believe to be true. *he shall be punishable,*

- ❖ *in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is willfully attempted to be*

evaded, exceeds Rs 25,00,000, with rigorous imprisonment for a term which shall not be less than 6 months, but which may extend to 7 years and with fine;

- ❖ *in any other case, with rigorous imprisonment for a term which shall not be less than 3 months, but which may extend to 2 years and with fine.*

288

In connection with proceedings under the Income Tax Act 1961, a Chartered Accountant often acts as the authorised representative of his clients and attends before an Income Tax Authority or the appellate tribunal. His liabilities under the Income Tax Act of 1961 are as below:

Section 288 (4) & (5) of the Income Tax Act, 1961

Sub section 4 of Section 288 of the Income Tax Act:

No person-

- (a) who has been dismissed or removed from Government service after the 1st day of April, 1938; or?
- (b) Who has been convicted of any offence connected with any Income Tax proceeding or on whom a penalty has been imposed under the said Act (except under clause (ii) of sub section (1) of Section 271) (Nominal Penalty of 10,000 when failed to comply with some notices) [or clause(d) of sub-section (1) of section 272A]; (*Inquiry before assessment / Attendance during assessment / Special Audit*) or
- (c) who has become an insolvent; or
- (d) who has been convicted by a court for an offence involving fraud,

shall be qualified to represent an assessee under sub-section (1).

(Time Limits)

for all times in the case of a person referred to in clause(a),
for such time as the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, by order determine in the case of a person referred to in clause (b),
for the period during which the insolvency continues in the case of a person referred to in clause (c),
and for a period of ten years from the date of conviction in the case of a person referred to in clause (d).

Sub section 5 of Section 288 of the Income Tax Act:

If any person-

- (a) who is a legal practitioner or an accountant is found guilty of misconduct in his professional capacity by any authority entitled to institute disciplinary proceedings against him, an order passed by that authority shall have effect in relation to his right to attend before an income-tax authority as it has in relation to his right to practice as a legal practitioner or account, as the case may be;
- (b) Who is not a legal practitioner or an accountant, is found guilty of misconduct in connection with any income-tax proceedings by the prescribed authority, the prescribed authority (Chief Commissioner or Commissioner having requisite jurisdiction) may direct that he shall thenceforth be disqualified to represent an assessee under sub section (1).

LODR REGULATION

1. APPLICABILITY OF LODR REGULATIONS [REGULATION 3]

Unless otherwise provided, these regulations shall apply to the listed entity who has listed any of the following designated securities on recognised stock exchange(s):

- (a) Specified securities (Equity Shares & Convertible Securities) listed on main board or SME Exchange or institutional trading platform;
- (b) non-convertible redeemable preference shares, Non-convertible debt securities, perpetual non-cumulative preference shares; perpetual debt instrument,
- (c) Indian Depository receipts;
- (d) Security Receipts (Added from 6th Sept 2018)
- (e) Securitised Debt Instruments;
- (f) units issued by mutual funds;
- (g) Any other securities as may be specified by the Board.

2. SEC 177 – AUDIT COMMITTEE

As per section 177 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, every **listed public company** and the following classes of companies shall constitute an Audit Committee –

- (a) all public companies with a paid-up capital of ten crore rupees or more;
- (b) all public companies having turnover of one hundred crore rupees or more;
- (c) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees

Functions of The Audit Committee: The Audit Committee performs various important functions like investigating the matters referred by board, discuss about internal control system etc. These sub-sections of Section 177 are reproduced hereunder which specify the terms of reference as well as functions of the Audit Committee:

Sub Section 4: “Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include, —

(Start of the year)

- (i) evaluation of internal financial controls and risk management systems;
- (ii) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(During the year)

- (iii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iv) approval or any subsequent modification of transactions of the company with related parties;

- **(However, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed.**
- **In case of transactions other than transactions referred to in section 188 of the Companies Act 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.**

- These provisions shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.
- Also, in case any transaction involving an amount not exceeding Rupees 1 crore is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

(End of the year)

- (v) examination of the financial statement and the auditors' report thereon;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) scrutiny of inter-corporate loans and investments;
- (viii) monitoring the end use of funds raised through public offers and related matters."

Sub Section 7: The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

Sub Section 8: The Board's report under sub-section (3) of section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons, therefore.

3. NOMINATION & REMUNERATION COMMITTEE

Nomination and Remuneration Committee [Regulation 19 and Part D of Schedule II]: The Board of Directors of every listed public company shall constitute the Nomination and Remuneration Committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairperson of the committee shall be an independent director. It may be noted that the Chairperson of the company (whether executive or nonexecutive) maybe appointed as a member of the Nomination and Remuneration Committee but shall not chair such committee.

AUDIT OF NBFCS

1. AUDIT REPORT TO BOARD OF DIRECTORS

This is an old amendment, nothing has changed. Video of this portion is not available on YouTube, it is available in video lectures.

As per Rule 4 (1)(iv) of the Companies (Indian Accounting Standards) Rules, 2015 and as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016, NBFCS are required to comply with Indian Accounting Standards (Ind- AS) as under-

2. APPLICABILITY OF INDIAN ACCOUNTING STANDARDS (IND- AS) ON NBFCs

Accounting periods beginning 1 April 2018: Listed and unlisted NBFCs having a net worth of Rs 500 crore or more and holding, subsidiary, joint venture or associate companies of such NBFCs;

APPLICABILITY OF INDIAN ACCOUNTING STANDARDS (IND- AS) ON NBFCs

Accounting periods beginning 1 April 2019: All other listed NBFCs, unlisted NBFCs having a net worth of Rs 250 crore or more but less than Rs 500 crore and holding, subsidiary, joint venture or associate companies of such NBFCs.

The net worth shall be calculated in accordance with the standalone financial statements of the NBFCs as on 31st March 2016 or the first audited financial statements for accounting period which ends after that date.

Format for preparation of financial statements by NBFCs under Ind- AS – The Ministry of Corporate Affairs (MCA) vide notification dated October 11, 2018 introduced Division III under Schedule III of the Companies Act, 2013, wherein a format for preparation of financial statements by NBFCs complying with Ind-AS has been prescribed.

Every NBFC required to comply with Ind - AS shall prepare its financial statements as per below format:

Illustrative format of Balance Sheet under Division III of Schedule III-

Particulars	Notes No.	Figures as at the end of current reporting period (Rs)	Figures as at the end of previous reporting period (Rs)
ASSETS			
Financial Assets			
--Cash and cash equivalents			
--Bank balance other than (a) above			
--Derivative financial instruments			
--Receivables			
Trade Receivables			
Other Receivables			
--Loans			
--Investments			
--Other Financial assets			
Non-Financial Assets			
--Inventories			
--Current tax assets (net)			
--Deferred tax assets (net)			
--Investment property			
--Biological assets other than bearer plants			
--Property, Plant and Equipment			
--Capital work-in-progress			
--Intangible assets under development			
--Goodwill			
--Other intangible assets			
--Other non-financial assets (to be specified)			

Particulars	Notes No.	Figures as at the end of current reporting period (Rs)	Figures as at the end of previous reporting period (Rs)
Total Assets			
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
--Derivative financial instruments			
--Payables			
Trade Payables			
total outstanding dues of micro enterprises and small enterprises			
total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Payables			
total outstanding dues of micro enterprises and small enterprises			
total outstanding dues of creditors other than micro enterprises and small enterprises			
--Debt Securities			
--Borrowings (other than debt securities)			
--Deposits			
--Subordinated liabilities			
--Other financial liabilities (to be specified)			
Non-financial Liabilities			
--Current tax liabilities (net)			
--Provisions			
--Deferred Tax Liabilities (net)			
--Other non-financial liabilities (to be specified)			
Particulars	Notes No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period (Rs)
Non-financial Liabilities			
Equity share capital			
Other equity			
Total Liabilities and Equity			

Illustrative format of Statement of Profit and Loss prescribed under Division III of Schedule III-

Particulars	Notes No.	Figures as at the end of current reporting period (Rs)	Figures as at the end of previous reporting period (Rs)
Revenue from operations --Interest Income --Dividend income --Rental income --Fee and commission income --Net gain on fair value changes --Net gain on derecognition of financial instruments under amortized category --Sale of products (including Excise duty) --Sale of services --Others (to be specified)			
Total revenue from operations (I)			
Other income (to be specified) (II)			
Total Income (III= I + II)			
Expenses --Finance costs --Fees and commission expense --Net loss on fair value changes --Net loss on derecognition of financial instruments under amortized category --Impairment on financial instruments			
Particulars	Notes No.	Figures as at the end of current reporting period (Rs)	Figures as at the end of previous reporting period (Rs)
-- Cost of material consumed -- Purchases of stock-in-trade Changes in Inventories of finished goods, stock-in-trade and work-in-progress -- Employee Benefits Expenses Depreciation, amortization and impairment Other expenses (to be specified)			
Total Expenses (IV)			
Profit / (loss) before exceptional items and tax (V= III - IV)			
Exceptional items (VI)			
Profit / (loss) before tax (VII= V - VI)			

Tax Expense (VIII): Current tax Deferred tax			
Profit / (loss) for the period from continuing operations (IX= VII - VIII)			
Profit / (loss) for the period from discontinued operations (X)			
Tax Expense of discontinued operations (XI)			
Profit / (loss) for the period from discontinued operations after tax (XII= X - XI)			
Profit / (loss) for the period (XIII = IX + XII)			
Other Comprehensive Income (XIV)			
(A) (i) Items that will not be reclassified to profit or loss (specify items and amounts) income tax relating to items that will not be reclassified to profit or loss SUB-TOTAL (A)			
Particulars	Notes No.	Figures as at the end of current reporting period (Rs)	Figures as at the end of previous reporting period (Rs)
(B) (i) Items that will be reclassified to profit or loss (specify items and amounts) income tax relating to items that will be reclassified to profit or loss SUB-TOTAL (B)			
Other Comprehensive Income (A+B)			
Total Comprehensive Income for the period (XV = XIII + XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)			
Earnings per equity share (for continuing operations) (XVI) Basic (Rs) Diluted (Rs)			
Earnings per equity share (for discontinued operations) (XVII) Basic (Rs) Diluted (Rs)			
Earnings per equity share (for continuing and discontinued operations) (XVIII) Basic (Rs)			

Note: Student may refer illustrative format of Statement of Changes in equity prescribed under Division III of Schedule III for more understanding.

3. DIFFERENCES BETWEEN DIVISION II (IND- AS- OTHER THAN NBFCs) AND DIVISION III (IND- AS- NBFCs) OF SCHEDULE III

The presentation requirements under Division III for NBFCs are similar to Division II (Non NBFC) to a large extent except for the following:

Classification & Order in Balance Sheet

(a) NBFCs have been allowed to present the items of the balance sheet in order of their liquidity which is not allowed to companies required to follow Division II. Additionally, NBFCs are required to classify items of the balance sheet into financial and non-financial where as other companies are required to classify the items into current and non-current.

Material Items Disclosure

(b) An NBFC is required to separately disclose by way of a note any item of 'other income' or 'other expenditure' which exceeds 1 per cent of the total income. Division II, on the other hand, requires disclosure for any item of income or expenditure which exceeds 1 per cent of the revenue from operations or Rs10 lakhs, whichever is higher.

Separate Disclosures

(c) NBFCs are required to separately disclose under 'receivables', the debts due from any Limited Liability Partnership (LLP) in which its director is a partner or member.

Common Point

NBFCs are also required to disclose items comprising 'revenue from operations' and 'other comprehensive income' on the face of the Statement of profit and loss instead of as part of the notes.

AUDIT UNDER FISCAL LAWS

You can watch video of Tax Audit amendments on this link <https://youtu.be/QXT1eZsQYGU>. If you want detailed theory notes also you can see description of this video.

1. APPLICABILITY OF TAX AUDIT PROVISIONS

Mr. Vishal Raka, owning an Agency of Samsung Mobile for the city of Pune and makes the turnover of Rs 87 lacs during the FY 2018-19.

- ✓ Though Section 44AD is applicable to an Individual, it is not applicable to Commission income. In the given case, since, Mr. Vishal earns the commission income, he cannot take the benefit of section 44AD. His total turnover during the FY 2018-19 in respect of commission income does not exceeds Rs 1 crore, therefore, he need not to get his books of accounts audited u/s 44AB of the Act.

Mr. Anand Khater, a Commission Agent has commission receipts of Rs 137 lacs during the FY 2018-

19.

- ✓ Though Section 44AD is applicable to an Individual, it is not applicable to Commission income. In the given case, since, Mr. Anand earns the commission income, he cannot take the benefit of section 44AD. His total turnover during the FY 2018-19 in respect of commission income exceeds Rs 1 crore, he has to get his books of accounts audited u/s 44AB of the Act.

2. SEPARATE AUDIT

Whether separate Audit Required?

A question may arise in the case of an assessee who is eligible to claim deductions under sections 80-IA, 80-IB, 80-IC etc., as to whether, it will be necessary for him to get separate audit reports/certificates under these sections in addition to an audit report under Section 44AB.

Consolidated Vs Unit wise

The requirement of section 44AB is a general requirement covering the overall position of the accounts of the assessee. This applies to the consolidated accounts of the assessee for the relevant previous year covering the results of all the units owned by the assessee whether situated at one place or at different places. If turnover of all the units put together exceeds prescribed limits, the assessee would be required to get a separate audit report/certificate under above said sections he wants to avail deduction under the respective sections.

Yes, Separate Audit

Therefore, it will be necessary for an assessee to get separate audit reports/certificates under above said sections in addition to an audit report, if any, required under section 44AB.

3. APPLICABILITY OF CLAUSE 44

*Note: Applicability of Clause 44 is deferred till April 1, 2019.

GST AUDIT

Covered in Part II to be released in next few days

AUDIT OF PUBLIC SECTOR UNDERTAKINGS

This is old amendment of May 18 attempt. You can watch video of amendment in PSU on this link <https://youtu.be/nFoYPiRa0y4>. if you want detailed theory notes also you can see description of this video.

CODE OF ETHICS

KYC Norms for CA in Practice: The financial services industry globally is required to obtain information of their clients and comply with Know Your Client Norms (KYC norms). Keeping in mind the highest standards of Chartered Accountancy profession in India, the Council of ICAI thought it necessary to issue such norms to be observed by the members of the profession who are in practice.

In light of this background, the Council of ICAI approved the following KYC Norms which are mandatory in nature and shall apply in all assignments pertaining to attest functions.

Explanation: "Attest Functions" for the purpose of this Announcement will include services pertaining to Audit, Review, Agreed upon Procedures and Compilation of Financial Statements.

These KYC Norms shall be mandatorily applicable for engagements accepted on or after 1st January 2017.

1. WHERE CLIENT IS AN INDIVIDUAL/ PROPRIETOR

A. GENERAL INFORMATION

Name of the Individual

PAN No. or Aadhar Card No. of the Individual

Business Description

Copy of last Audited Financial Statement

B. ENGAGEMENT INFORMATION

Type of Engagement

2. WHERE CLIENT IS A CORPORATE ENTITY

A. GENERAL INFORMATION

Name and Address of the Entity

Name of the Parent Company in case of Subsidiary

Business Description

Copy of last Audited Financial Statement

B. REGULATORY INFORMATION

Company Identification No.

Company PAN No.

Directors' Names & Addresses

Directors' Identification No.

C. ENGAGEMENT INFORMATION

Type of Engagement

3. WHERE CLIENT IS A NON-CORPORATE ENTITY

A. GENERAL INFORMATION

Name and Address of the Entity

Partner's Names & Addresses (with their PAN/Aadhar Card/DIN No.)

Copy of PAN No.

Business Description

Copy of last Audited Financial Statement

B. ENGAGEMENT INFORMATION

Type of Engagement

RECENT DECISIONS OF ETHICAL STANDARDS BOARD

Section 6

A Chartered accountant in service may appear as tax representative before tax authorities on behalf of his employer, but not on behalf of other employees of the employer.

First Schedule Part 1 Clause 6

It is not permissible for CA Firm to print its vision and values behind the visiting cards, as it would result in solicitation and therefore would be violative of the provisions of Clause (6) of Part-I of First Schedule to the Chartered Accountants Act, 1949.

First Schedule Part 1 Clause 11

Law Related

1. The Ethical Standards Board while noting that there is requirement for a Director u/s 149(3) of the Companies Act, 2013 to reside in India for a minimum period of 182 days in the previous calendar year, decided that such a Director would be within the scope of Director Simplificitor (which is generally permitted as per ICAI norms), if he is non – executive director, required in the Board Meetings only, and not paid any remuneration except for attending such Board Meetings.
2. A member in practice cannot hold Customs Brokers License under section 146 of the Customs Act, 1962 read with Customs Brokers Licensing Regulations, 2013 in terms of the provisions of Code of Ethics.
3. A Chartered Accountant in practice may engage himself as Registration Authority (RA) for obtaining digital signatures for clients.

Court Related

1. A Chartered Accountant in practice can act as mediator in Court, since acting as a “mediator” would be deemed to be covered within the meaning of “arbitrator”; which is inter - alia permitted to members in practice as per Regulation 191 of the Chartered Accountants Regulations, 1988.

Trust Related

It is permissible for a member in practice to be a settlor of a trust.

Finance Related

1. A Chartered Accountant in practice may be an equity research adviser, but he cannot publish retail report, as it would amount to other business or occupation.
2. A chartered accountant in practice cannot become Financial Advisors and receive fees/commission from Financial Institutions such as Mutual Funds, Insurance Companies, NBFCs etc.
3. It is not permissible for chartered accountants in practice to take agencies of UTI, GIC or NSDL.

Second Schedule Part 1 Clause 4**GST**

Internal Auditor not to undertake GST Audit simultaneously.

Bank Related

1. A Chartered accountant can hold the credit card of a bank when he is also the auditor of the bank, provided the outstanding balance on the said card does not exceed Rs 10000 beyond the prescribed credit period limit on credit card given to him.
2. A Chartered Accountant in practice is not permitted to accept audit assignment of a bank in case he has taken loan against a Fixed Deposit held by him in that bank.
3. A chartered accountant who is the statutory auditor of a bank cannot for the same financial year accept stock audit of the same branch of the bank or any of the branches of the same bank or sister concern of the bank, for the same financial year.
4. A concurrent auditor of a bank ‘X’ cannot be appointed as statutory auditor of bank ‘Y’, which is sponsored by ‘X’.

Company Related

1. The Ethical Standards Board in 2013 generally apply the stipulations contained in the then amended Rule 11U of Income Tax generally, wherein statutory auditor /tax auditor cannot be the valuer of unquoted equity shares of the same entity.

The Board has at its recent Meeting (January, 2017) has reviewed the above, and decided that where law prohibits for instance in the Income Tax Act and the rules framed thereunder, such prohibition on statutory auditor/tax auditor to be the valuer will continue, but where there is no

specific restriction under any law, the said eventuality will be permissible, subject to compliance with the provisions, as contained in the Code of Ethics relating to independence.

2. The Ethical Standards Board had in 2011 decided that it is not permissible for a member who has been Director of a Company, upon resignation from the Company to be appointed as an auditor of the said Company, and the cooling period for the same may be 2 years.

The Board has at its recent Meeting (January 2017) has reviewed the above, and noted that the Section 141 of Companies Act, 2013 on disqualification of auditors does not mention such prohibition; though threats pertaining to the said eventuality have been mentioned in Code of Ethics.

Further, the Board was of the view that a member may take decision in such situation based on the provisions of Companies Act, 2013 and provisions of Code of Ethics.

Trust & Fund Related

1. A Chartered Accountant, who is a member of a Trust, cannot be the auditor of the said trust.
2. A CA Firm which has been appointed as the internal auditor of a PF Trust by a Government Company cannot be appointed as its Statutory Auditor.
3. A CA/CA Firm can act as the internal auditor of a company & statutory auditor of its employees PF Fund under the new Companies Act (2013).

Second Schedule Part II Clause 1

A chartered accountant cannot exercise lien over the client documents/records for non-payment of his fees.