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# INTRODUCTION

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## 1.1 About the Institute

The Institute of Chartered Accountants of India (hereinafter referred to as the 'Institute') was set up in 1949 as a statutory body to regulate the profession of chartered accountancy. The Institute is governed by the Council in accordance with provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988 made thereunder. The Council consists of 32 elected members from among the members of the Institute and eight members nominated by the Government of India.

The Institute has its headquarter at New Delhi. In addition, it has five Regional Councils located in Mumbai, Chennai, Kolkata, Kanpur and New Delhi and 128 Branches spread all over the country. The Institute has also 21 Chapters outside India located in Abu Dhabi, Bahrain, Botswana, Doha, Dubai, Indonesia, Jeddah, Kuwait, London, Melbourne (Australia), Muscat, New York, Nairobi, Nigeria, Port Moresby (Papua New Guinea), Riyadh, Eastern Province (Saudi Arabia), Singapore, Sydney (Australia), Toronto and Zambia.

It conducts examinations, grants membership and regulates the profession. Responsibility of conducting the Chartered Accountancy course also vests with the Institute. The chartered accountancy course comprises of an integrated theoretical education and practical training with the objective of equipping a student with knowledge, ability, skills and other qualities required of a professional accountant. On successful completion of the course, the student is entitled to apply for membership of the Institute and are entitled to use the professional description of "Chartered Accountant".

## 1.2 Scope and Purpose of the Training Guide

The Institute has devised this Training Guide to provide guidance to all those who are responsible for imparting practical training to students pursuing chartered accountancy course and also to those students who are undergoing practical training. This Guide covers various aspects of practical training which are required to be imparted to the students registered for the Chartered Accountancy course in the office of the Chartered Accountants and / or industrial / commercial / financial organisations for the purpose of Chartered Accountants Regulations, 1988. The basic aims of the Training Guide is as under:

- (i) Advising members in practice of their obligations under the Deed of Articles entered into by them with their trainees and to help them in carrying out these obligations and responsibilities.
- (ii) Assisting members in practice to comply with the requirements as laid down in the Statement on Peer Review.
- (iii) Endeavouring that the trainees receive proper, planned and co-ordinated training including industrial training, structured in such a way that there is a blend of work experience and theoretical education.
- (iv) Suggesting nature and scope of practical training and formulating guidelines specifying technical content and progression in a systematic and structured manner.
- (v) Identifying and laying down duties of a Member-in-Charge (Training) responsible for imparting adequate practical training to trainees of the firm.
- (vi) Prescribing format of Students' Training Records to be maintained by all firms of Chartered Accountants

which undertake to engage trainees.

- (vii) Recommending a suitable format of report on practical training to be submitted to the Council as and when called for.

The Training Guide is divided into five Chapters. Chapter 1 apart from giving general background, lists in detail the important requirements of the Chartered Accountants Regulations, 1988 (herein after referred to as the Regulations) relating to Practical Training. Different aspects of Practical Training, its significance including duties of members imparting training are outlined in Chapter 2. The Training Programme discussed in Chapter 3 intends to ensure a balanced exposure to trainees to the regular work connected with the professional practice of the Principals as also the additional features of in-house theoretical training. Monitoring of Practical Training forms is the subject matter of Chapter 4. Finally, Chapter 5 elaborates various aspects of Industrial Training.

### **1.3 Practical Training – Regulatory Framework**

Section 15 of the Chartered Accountants Act, 1949 dealing with “Functions of the Council” prescribes that duties of the Council amongst others, shall include, “the regulation of the engagement and training of articled and audit assistants”. Accordingly, Chapter IV titled “Articled Assistants and Audit Assistants” of the Chartered Accountants Regulations, 1988 divided into two parts, namely, “A” dealing with “Articled Assistants” and “B” dealing with “Audit Assistants” provides in detail various Regulations relating to engagement and training of articled and audit assistants. Thus, the Regulations provide an option to students pursuing chartered accountancy course to undergo practical training either as an “articled assistant” or “audit assistant”.

In the following paragraphs, provisions relating to “Articled Assistants” only have been discussed in detail since normally all these provision apply to “Audit Assistants” as well. For further details relating to Audit Assistant, Attention is invited to **Appendix** given at the end.

### **1.4 Admission to Articleship**

Regulation 45 requires that a member engaging articled assistants shall before accepting a person as an articled assistant satisfy himself that he is entitled to train articled assistants under Regulation 43, and his professional practice or that of his employer, if he is an employee of chartered accountant in practice or a firm of such chartered accountants, is suitable for the purpose of training articled assistants. Thus, the Regulations contemplate that it is obligatory for the member planning to engage articled students must ensure on the one hand, that the professional practice is suitable for imparting such training; and on the other hand that such an articled assistant has successfully complied with eligibility conditions prescribed by the Institute.

### **1.5 Registration of Articled Assistants**

Regulation 46 requires that the articles shall be executed in Forms 102 and 103. Form 102 is a Deed of Article, the significance of which is explained in the next chapter. Form 103 contains various particulars which alongwith documentary evidence of compliance with Regulation 45 is required to be sent to the Institute within thirty days of the commencement of articles. Regulation 46(4) also requires articled assistants to register for undergoing theoretical education as well.

### **1.6 Stipend**

Every principal engaging an articled assistant shall pay to such an assistant every month a minimum monthly stipend at the specified rates as per Regulation 48.

A person registered as an articled assistant is entitled to receive a minimum monthly stipend as per the rates specified under the Regulations, from time to time. The current minimum rates of monthly stipend payable, depending on the situation of the normal place of services of the articled assistants, are as follows:

| <b>Classification of the normal place of service of the articled assistant</b>       | <b>During the first year of training</b> | <b>During the second year of training</b> | <b>During the remaining period of training</b> |
|--------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------------|
| Cities/towns having a population of twenty lakhs and above.                          | Rs. 1,000/-                              | Rs. 1,250/-                               | Rs. 1,500/-                                    |
| Cities/towns having a population of four lakhs and above but less than twenty lakhs. | Rs. 750/-                                | Rs. 1,000/-                               | Rs. 1,250/-                                    |
| Cities/towns having a population of less than four lakhs.                            | Rs. 500/-                                | Rs. 750/-                                 | Rs. 1,000/-                                    |

The stipend under the Regulations shall be paid by the principal to the articled assistant either (a) by a crossed account payee cheque every month against a stamped receipt to be obtained from the articled assistant; or (b) by depositing the amount every month in an account opened by the articled assistant in his own name with a branch of the bank to be specified by the principal.

### **1.7 Period of Practical Training**

A student has to serve as an articled assistant for a period of three years under Regulation 50. Alternatively, a student can serve as an audit assistant for a period of forty eight months under Regulation 71. It is also permitted to undergo training partly as an articled assistant and partly as an audit assistant. For this purpose, a service of eight months as an audit assistant shall be reckoned as six months of service as an articled assistant. Any fraction of a period of less than eight months as an audit assistant is ignored. In other words, a forty eight months of service as an audit assistant is required to be completed to become eligible for membership of the Institute, whereas a period of three years of service as an articled assistant is required to become eligible for the membership subject to the fulfillment of other conditions.

It may be noted that Training Programme outlined in the Training Guide focuses on articled assistants. The requirements may be suitably modified in respect of audit assistants having regard to four years of training period and being paid employees, they may also be entrusted with other secretarial and office work of the firm as well.

Recently, the Council of the Institute also permitted articled assistants to undergo practical training outside India for the entire period of three years under an eligible member of the Institute. The guidelines for Training of Articled Assistants outside India are given at the end of the Chapter as Annexure to Chapter 1.

### **1.8 Part of Practical Training Under Eligible Members Outside India**

Regulation 54A contains a provision whereby a Principal can depute an articled assistant not exceeding six months to any member outside India who is eligible to engage and train such trainees under the bye-laws of institution or body, etc. set up in the respective country under the relevant statutes. It may be noted that in such cases no deed of articles need to be executed for such training nor any intimation be sent to the Institute in this regard. Further, the Principal remains responsible for submitting Report to the Council in terms of

Regulation 64. It is an excellent opportunity for articled assistants who are undergoing training in India to get exposure outside India as well. It is not necessary that articled assistant is deputed only to a member of the Institute located in that country. In fact, articled assistant can be deputed to any member of that country's accounting institution or body set-up under the relevant statute provided such member is entitled to train articled assistants (by whatever name called) in that country.

### **1.9 Industrial Training**

With a view to provide diversity as well as an opportunity to those articled assistants who prefer to join industry after qualifying as a chartered accountancy, Regulation 51 provides an option to PCE/IPCE/Intermediate (IPC) Examination passed students to undergo industrial training in approved Industrial Organisations which may range between nine months and twelve months during the last year of prescribed practical training. The articled assistant is required to inform his principal his intention to take such industrial training at least three months before the date on which such training is to commence. Further, industrial training shall be received under a member of the Institute. An Associate who has been a member for a continuous period of at least three years shall be entitled to train one industrial trainee at a time and a fellow shall be entitled to train two industrial trainees at a time, whether such trainees be articled assistants or audit assistants.

### **1.10 Secondment of Articled Assistants**

Regulation 54 specifically provides for secondment of articles with a view to provide the articled assistant the opportunity of gaining practical experience in areas where the principal may not be in a position to provide the same. The Regulation also provides as under:-

- Secondment is allowed with the consent of the articled trainee.
- The articled assistant shall be seconded only to a member who is entitled to train one or more articled assistants in his own right or to a member in industry who is entitled to train one or more industrial trainees.
- The member to whom the articled assistant is seconded will not be entitled to train more than two such assistants on secondment at a time.
- The maximum period of secondment shall be one year which may be served with a single eligible member. The Council may permit secondment with more than one such member provided the minimum period of secondment shall be four months and the aggregate period served on secondment with such members shall not exceed one year. Where an articled trainee is seconded to a member in industry, the total period spent in industry including the period of Industrial Training should not exceed one year.
- During the secondment the member with whom the articled assistant is seconded shall be required to pay the stipend and is responsible for imparting training and maintaining records and also required to forward the records to the Principal on completion of period of secondment.

Apart from the secondment of a trainee from one firm to another firm or to an industry, firms may exchange trainees on mutual basis for a limited period to the advantage of firms and trainees. Such an arrangement is also quite flexible like the scheme of secondment and enables the firms to overcome deficiency, if any, in practical training imparted to trainees.

### **1.11 Leave to an Articled Assistant**

Regulation 59 provides that an articled assistant earns leave at the rate of one - sixth of the period actually served excluding from such period, the period for which he has been on leave subject to a maximum of 180 days. Leave due shall ordinarily be granted, if reasonable notice has been given to the Principal by the trainee.

- In order to prepare for the examinations of the Institute, the trainees shall be granted leave for three months or to the extent of leave due, whichever is less, provided an application for the leave has been made at least 15 days in advance.
- The days on which a trainee appears for the examination conducted by the Institute (including intervening holidays) are counted as a period actually served under the Articles.
- Illustrative cases of computation of leave of Trainee are shown in **Annexure I**.
- The attendance by a trainee, with the consent of the principal, at a conference including courses on ITT and GMCS or seminars organised by the Institute, including a Regional Council or a Students' Association or a Branch of a Regional Council for the benefit of students, is treated as a part of the training period actually served.
- The Principal should also encourage trainees during the practical training to attend conferences, seminars, etc., relevant to the chartered accountancy course.
- The details of the Seminars/Conferences attended by the student should be submitted to the Institute alongwith the Diary/Summary Report of Diary on completion of the Training period.
- A trainee who takes leave in excess of the leave to which he / she is entitled is required to serve for a further period equivalent to the excess leave taken by him / her.

### **1.12 Working Hours**

Regulation 60 stipulates that the minimum working hours of an articulated assistant shall be 35 hours per week (excluding lunch break) to be regulated by the Principal from time to time "Subject to such directions and guidelines as may be issued by the Council". Guidelines issued by the Council at 274<sup>th</sup> Meeting held from 20<sup>th</sup> – 22<sup>nd</sup> December, 2007 are as under:-

- i. The working hours for the articulated assistants shall be 35 hours in a week, excluding the lunch break.
- ii. The office hours of the Principal for providing articulated training to the articulated assistants shall not generally be before 9.00 A.M. or after 7.00 P.M.
- iii. The normal working hours for the articulated assistants shall not start after 11.00 A.M. or end before 5.00 P.M.
- iv. The working hours for the articulated assistants should not exceed 35 hours in a week excluding the lunch break and normally an articulated assistant be required to work during the normal working hours fixed for articulated assistants.
- v. In case of the exigencies of work, an articulated assistant may be required to work beyond his/her normal working hours. However, under such circumstances, the aggregate number of working hours shall not exceed 45 hours per week. The requirement to work beyond 35 hours in a week should not be a practice but only in exceptional circumstances. Further, where the articulated assistant is required to work beyond normal working hours, and aggregate of such hours exceed 35 hours per week, he/she shall be entitled to compensatory leave calculated with reference to number of completed working hours, over and above, 35 hours per week.

### **1.13 Articled Assistant Not to Engage in Any Other Occupation**

Under Regulation 65, an articulated assistant cannot take up any other course of study or training, whether academic or professional, without prior permission of the Council. The permission may be granted to an articulated assistant, for pursuing one additional course of study at a time during the period of practical training on submission of request in the prescribed Form.

#### **(A) Permission to Pursue Other Courses**

During the working hours, the articled assistant is not permitted to attend college/other institutions for pursuing any course including graduation. Accordingly, college timings of such course should not be such (after taking into account the time required to commute) which clash with the normal working hours of the articled training.

To ensure that the working hours do not clash with the graduation or any other course, if any, pursued by the articled assistant, each articled assistant registered on or after 1<sup>st</sup> April, 2008 shall now be required to obtain specific permission from the ICAI for pursuing graduation or other course as permitted under the Chartered Accountants Regulations by submitting Form No.112, within one month from the date of joining the college or course to the ICAI.

The articled assistant registered prior to 1.4.2008 and undergoing graduation or any other course and who has obtained specific permission shall not be required to obtain the specific permission from the ICAI by submitting Form No.112 and the permission so granted shall continue to be valid.

The Certificate in Form No. 112 indicating college timings etc. shall be counter-signed by the concerned Principal of the college with the seal and stamp of the College and also indicating the telephone number/s and full address of the College.

Guidelines for Condonation of breach of Regulation 65 for pursuing other courses during articleship without seeking prior permission are as under:

| Description                                                                                                                        | Period of Delay                                                                                                                                        | Condoning Authority                                        | Remarks                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Submission of Form 112 to pursue other courses by correspondence mode                                                              | Any period of delay                                                                                                                                    | DCO Head                                                   | Irrespective number of correspondence courses pursued by the articled assistant                                                                                                                                                                                             |
| Submission of Form 112 for permission to pursue other course by attending regular classes in a College / Institutions / University | <ul style="list-style-type: none"> <li>Beyond 30 days and up to one year</li> <li>Beyond one year up to two years</li> <li>Beyond two years</li> </ul> | DCO Head<br><br>Secretary<br><br>President/Vice- President | If any overlapping period between the college timings and the employer's office timings up to half an hour may be condoned by the respective condoning authorities.<br><br>Cases of overlapping period beyond half an hour should be brought before the Executive Committee |

It has been noticed that the students/articled assistants have not been adhering to the requirements of the aforesaid Regulations while pursuing another course alongwith articleship and have been declaring such a fact while applying for enrolment as a Member of the Institute and seeking condonation for Breach of Regulation 65 for having not taken the permission at the appropriate time. The Executive Committee while considering such cases insisted that articled assistants to pursue only one course alongwith articleship, even that be a graduation course and seek permission of the Council by filing of Form 112 duly certified by the Principal i.e. Chartered Accountant and the Principal of the College concerned within 30 days of taking admission. The Executive Committee has further noted that the additional course(s) has/have been pursued by the students/articled assistants in violation of the provisions of Regulation 65 and directed that all requests be dealt with, in terms of the guidelines, provided herein below:

| <b>Period of Delay</b>              | <b>Condition(s) to be complied with by the student for condonation of delay in filing of Form 112.</b>                                                                                                       |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Upto 1 year                         | Condone the breach of Regulation 65 and enroll after three months from the date of the meeting at which a decision is taken for condonation.                                                                 |
| More than 1 year but upto 3 years   | Condone the breach of Regulation 65 and enroll after six months from the date of the meeting at which a decision is taken for condonation.                                                                   |
| More than 3 years but upto 5 years  | Condone the breach of Regulation 65 and enroll after one year from the date of the meeting at which a decision is taken for condonation.                                                                     |
| More than 5 years but upto 7 years  | Condone the breach of Regulation 65 and enroll after two years from the date of the meeting at which a decision is taken for condonation.                                                                    |
| More than 7 years but upto 10 years | Condone the breach of Regulation 65 and enroll after two years from the date of the meeting at which a decision is taken for condonation as well as on completion of the Three Months' Residential Course.   |
| More than 10 years                  | Condone the breach of Regulation 65 and enroll after three years from the date of the meeting at which a decision is taken for condonation as well as on completion of the Three Months' Residential Course. |

## **(B) Engaging in Other Occupations**

Under Regulation 65, an articulated trainee cannot engage in any other occupation without prior permission of the Council. The Council's guidelines regarding (i) Permission to be engaged as Director in a company, (ii) Permission to be engaged as sleeping partner in a business and (iii) Permission to be engaged as a lecturer in a commerce college or a private tutor in commerce subjects are as follows:

### **I. Permission to engage as Director in a company**

An articulated/audit assistant may be permitted to be a director in a limited company subject to his satisfying the following conditions:

- The company in which the assistant proposes to be appointed as a Director should be a family company, that is, a majority of the capital of the company is held by the members of the family of the articulated/audit assistant.
- The company should have been in existence before the assistant had entered into service.
- Neither the principal nor the firm in which he is employed is a partner or an auditor of the company.
- The assistant should not be entitled to receive any allowance apart from the sitting fee for attending the directors' meeting.
- The assistant should give an undertaking on a stamp paper duly sworn in before a Magistrate that he would not take any active part in the business of the company apart from attending the Directors' meeting.
- The other directors should confirm that such an undertaking would not interfere with the normal functioning of the company.

### **II. Permission to engage as sleeping partner in a business**

Permission may be granted to an articulated/audit assistant to engage only as sleeping partner in a business concern if there is a clear recital in the deed of partnership that he is a sleeping partner. The articulated/audit

assistant applying for permission in such cases must send with the application for permission the following documents:

- Certified true copy of the partnership deed containing a clear recital that the applicant is a sleeping partner.
- Affidavit of all partners including the articulated/audit assistant concerned that the articulated/audit assistant is neither taking active part nor will be entitled to take active part in the management of the business.
- Declaration of the principal of the articulated/audit assistant that the latter is a sleeping partner and in case any change in his status in the partnership comes to his attention, he shall inform the Institute.

If the above documents are not furnished to the Institute's office alongwith the application of the articulated/audit assistant, permission to engage as sleeping partner shall be refused summarily. It will therefore be in the interest of the articulated/audit assistants themselves to send all the above referred documents alongwith their application for permission.

### **III. Permission to engage as a Lecturer in a Commerce College or as a private tutor in commercial subjects**

An articulated/audit assistant may be permitted to engage in other occupation of the nature of teaching in a Commerce College or in private tuitions in commercial subjects which are likely to be useful for the course of the Institute's examination, upto 9 hours per week, basing @ 1 1/2 hours 6 days in a week. The following conditions should be fulfilled and the following certificates should be furnished by the assistant in this regard:

- The engagement should be either before or after normal office hours of the Principal.
- An application should be clearly made mentioning the office hours and the timings of the lectures on each day of the week.
- The Institution wherein he is to be engaged should be in the same town/city wherein he undertakes training.
- A certificate from the Principal to the effect that such engagement does not interfere with his training as an articulated assistant under him.
- A certificate regarding the time required to be spent/to be devoted per week by the articulated assistant from the concerned authorities for the engagement.
- Permission is not granted where the number of hours prescribed is exceeded.

#### **1.14 Enquiries Against Articled Assistant**

The procedure in case of an enquiry against articulated assistant is as under:-

(1) Where a complaint or information of any misconduct or breach of Regulation 65 or breach of any of the covenants contained in the articles is received against an articulated assistant from his principal or any other person, the President or the Vice- President, as the Executive Committee may decide from time to time, may cause an investigation to be made.

(2) The Executive Committee may, on a consideration of the report of the investigation and after giving the articulated assistant an opportunity of being heard, make any of the following orders, namely:-

i. direct that the papers be filed and the complaint be dismissed, if the Executive Committee finds that the articulated assistant is not guilty of any misconduct or breach of Regulation 65 or breach of any of the covenants contained in the articles; or

ii. if the articled assistant is found guilty, reprimand the articled assistant or cancel the registration of articles or direct that any period already served under such articles shall not be reckoned as service for the purpose of the period of practical training specified in Regulation 50.

(3) The articled assistant, the registration of whose articles has been cancelled under this regulation, shall not, except with the permission of the Executive Committee be retained or taken as an articled assistant or audit assistant by any member”.

### **1.15 Transfer/ Termination of Articleship:**

Transfer/termination of articleship in terms of Regulation 56(1) of the Chartered Accountants Regulations, 1988 shall be permissible on the grounds as stated below:-

I. Transfer /termination of articles is permitted without any restriction during the first year of articles.

II. During rest of the articleship period on satisfying any one or more of the conditions as stated below: -

1. Medical grounds requiring discontinuance of articles for a minimum period of three months (on production of a Medical Certificate issued by a Government Hospital).

2. Transfer of parent(s) to another city.

3. Misconduct involving moral turpitude.

4. Other justifiable circumstances / reasons: -

(ii) Grounds already permissible in the Chartered Accountants Regulations, 1988 (on submission of requisite proof of the act warranting transfer/termination of articleship): -

a. Industrial Training (Regulation 51)

b. Secondment of articles (Regulation 54)

c. Conversion from PCC to IPCC (for termination of articles only. Re- registration of articles to be allowed only after passing Group-I of IPCC)

d. Death of Principal [Regulation 57(1)(c)]

e. Ceasing of practice by the Principal [Regulation 57(1)(a)]

f. Removal of name of the Principal from the Register of Member due to any reason [Regulation 57(1)(b)]

(iii) Marriage basis (only if there is relocation to another city involving distance of 50 kms).

(iv) Irregular payment or non payment of stipend with reference to Regulation 67.

(v) Articled assistant desires to serve balance period of training outside India.

(vi) Shifting by the Principal to another city involving distance more than 50 kms.

The articled assistants are required to get the consent of the Institute before getting Form 109 signed by the Principal in their own interest.

The request, on any one or more of the aforesaid grounds, of an articled assistant on a plain paper alongwith the recommendation/ consent of the Principal for transfer / termination of articleship accompanied by evidence/proof (self-attested by the articled assistant) to the satisfaction of the Institute be made. Request for transfer not accompanied by consent of Principal shall not be accepted.

### 1.16 Action in Case of Misconduct

In the event of any misconduct or breach of the Regulations or the Code of Conduct by a trainee, the Council is empowered to reprimand the trainee or cancel his registration or direct that any period already served under such articles shall not be reckoned as service for the purpose of the period of practical training specified in Regulation 50.

### 1.17 Engagement of Articled Assistants

Regulation 43 provides that subject to such terms and conditions, as the Council may deem fit to impose in this behalf, the members designated as an associate or a fellow, who has been in practice continuously, whether in India or elsewhere or an associate or a fellow, who is deemed to be in practice within the meaning of Explanation to sub-section (2) of section 2 of the Act, shall only be eligible to engage an articled assistant or assistants. An associate or a fellow, shall be entitled to train such number of articled assistant or assistants, under such terms and conditions, as are specified in Tables I and II given hereinafter:

**TABLE - I**

*((Applicable to members practising the profession of chartered accountants in his individual name or as proprietor or as partner))*

| Category | Period of continuous practice                                                         | Entitlement of articled assistant or assistants |
|----------|---------------------------------------------------------------------------------------|-------------------------------------------------|
| (i)      | An associate or fellow in continuous practice for a period upto 3 years               | 1                                               |
| (ii)     | An associate or fellow in continuous practice for any period from 3 years to 5 years  | 3                                               |
| (iii)    | An associate or fellow in continuous practice for any period from 5 years to 10 years | 7                                               |
| (iv)     | An associate or fellow in continuous practice for any period from 10 years            | 10                                              |

**TABLE - II**

*((Applicable to members who are in full time salaried employment under a chartered accountant in practice or a firm of such chartered accountants))*

| Category | Number of full time salaried employees – irrespective of whether associate or fellow | Entitlement of articled assistant or assistants                              |
|----------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| (i)      | Upto 100                                                                             | 1 per employee                                                               |
| (ii)     | Between 101 and 500                                                                  | 100 + 50% of the number of such employees above 100 (i.e., a maximum of 300) |
| (iii)    | From 501 or more                                                                     | 300 + 20% of the number of such employees above 500                          |

In context of the above, it may be noted that member in full time employment with a firm of chartered accountants shall be entitled to train one articled assistant provided he has been in employment with the same firm for a continuous period of three years.

### **1.18 Certificate of Service**

Regulation 61 requires that the Principal shall, on completion of the service of an articled assistant, forthwith issue a certificate in respect of the service, rendered under him in the Form 108 and forward a copy thereof, duly signed by both the principal and the articled assistant to the Institute.

In the event of discontinuance or termination of the service of an articled assistant before the expiry of the full period of service, the principal shall issue to the articled assistant, a certificate in the Form 109 and forward forthwith a copy thereof duly signed by the principal and the articled assistant, to the Institute. A printed copy of such form shall be obtained on request from the Secretary and shall bear the stamp of the Institute and date of its issue and shall be valid only for sixty days thereafter.

Where the principal is unable to obtain the signatures of articled assistant within thirty days of completion of the service, he may forward the certificate to the Secretary duly signed by himself, without the requisite signatures of the articled assistant, within forty five days of the completion of the service and send two copies thereof to the last known address of the articled assistant by registered post.

The articled assistant shall, upon receipt of the certificate referred above, sign one copy thereof and forward the same to the Secretary forthwith.

### **1.19 Report to the Council**

Regulation 64 deals with quite significant provision since it requires the principal to not only maintain training records but also submit the same to the Council as and when called for. As per the Regulation, the principal imparting training to articled assistants shall ensure that the training imparted is of such an order that the quality and standing of the profession are maintained as well as enhanced. For that purpose, he shall maintain a record about the progress and nature of training imparted by him to the articled assistant, in such form and manner, as may be determined by the Council. Further, the principal shall submit the records of training maintained as and when required by the Council. In the event of the death of the principal his legal representative or the surviving partner shall submit the records, as and when required by the Council.

### **1.20 Review of Practical Training under Peer Review**

Scope of Peer Review as stated in the Statement of Peer Review mandates that the Peer Review in relation to Practical Training shall cover:

- (i) Training programmes for staff (including articled and audit assistants) concerned with assurance functions, including availability of appropriate infrastructure.
- (ii) Compliance with directions and / or guidelines issued by the Council relating to article assistants and / or audit assistants, including attendance register, work diaries, stipend payments, and such other related records.

### **1.21 Important Forms**

Given below is the list of Forms relevant for training:

|            |                            |
|------------|----------------------------|
| <b>102</b> | Deed of Articles           |
| <b>103</b> | Articles Registration Form |

|     |                                                                                                                                                   |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 104 | Articleship Deed for Industrial Training                                                                                                          |
| 105 | Service certificate for Industrial Training                                                                                                       |
| 106 | Assignment of Articles                                                                                                                            |
| 107 | Deed of Supplementary Articles - To complete Excess Leave                                                                                         |
| 108 | Service Certificate for Articleship                                                                                                               |
| 109 | Termination of Articled Service <ul style="list-style-type: none"> <li>• by mutual consent</li> <li>• in the case of death of employee</li> </ul> |
| 110 | Termination of Articles - To be issued by Legal Representative                                                                                    |
| 111 | Termination of Articles – To be issued by a surviving partner                                                                                     |
| 112 | Application for permission to study other course / engagement in business                                                                         |
| 113 | Particulars of the Audit Assistant to be submitted for registration                                                                               |
| 114 | Service Certificate of audit service in the case of death of employer                                                                             |
| 115 | Service Certificate in case of death of employer - To be issued by the legal representative                                                       |
| 116 | Service Certificate - In case of Death - To be issued by a surviving partner                                                                      |
| 118 | Form for intimation of change of status of Principal.                                                                                             |
| 119 | Form for request by the Articled Assistant to his Principal for issuance of Service Certificate in event of Completion of articles                |
| 120 | Form for request by the Articled Assistant to his Principal for issuance of Service Certificate in event of termination of articles               |
| --  | Form for intimation of Secondment of articles                                                                                                     |
| --  | Application for inclusion of name of the organisation abroad for imparting Industrial Training to CA Students                                     |
| --  | Application for inclusion of name of the organisation for imparting Industrial Training to CA Students                                            |
| --  | Format of undertaking & affidavit                                                                                                                 |

Printed copy of these forms are available in all offices of the Institute which should be used. Same can be downloaded from the ICAI website as well.

# Annexure to Chapter 1

## GUIDELINES FOR TRAINING OF ARTICLED ASSISTANTS OUTSIDE INDIA

- (i) A Chartered Accountant is eligible to train an articled assistant provided his main occupation is the practice of the profession of Accountancy at the time of engaging articled assistants as well as in each of the qualifying years on the basis of which he claims eligibility to train articled assistants.
- (ii) Any member engaged in any other business, occupation or holding part time certificate of practice is not entitled to train articled assistant.
- (iii) Any member employed as a Paid Assistant or engaged as a partner in a foreign firm of Chartered Accountants will also be eligible to train articled assistants at par with the paid assistants with a firm of Chartered Accountants in India. All conditions applicable to the Paid Assistants in India would be applicable to them as well. However, in case of a foreign firm, such a foreign firm shall have at least one partner who is either a member of the Institute or who is eligible to become a member of the Institute, in terms of MRA.
- (iv) The members shall provide a professional address as envisaged in Regulation 2(1)(xiii) as well as an address in India.

(As per the said Regulation, professional address means: -

- a. an address of the place where the member is carrying on his profession ( or where he is carrying on his profession at more than one place, the principal place), or
- b. if a member is employed, the place of employment or at his option the place of his residence
- c. the place of residence, if the member neither carried on the profession nor is employed.

It may please be noted that an address in India is essential in any of the situation)

- (v) The terms and conditions that may be made applicable for training articled assistant in India from time to time shall mutatis mutandis apply for training of articled assistant abroad.
- (vi) The period of practical training shall be 3 years or 3 ½ years, as applicable, under a practising chartered accountant abroad. However, the articled / audit assistants should have an option to undergo industrial training in accordance with the Regulations 51 & 72 of the Chartered Accountants Regulations, 1988 during the last one year of training.
- (vii) The Industrial Training may be imparted by the Chartered Accountants working abroad in a financial, commercial or industrial undertaking with minimum fixed assets & minimum total turnover or minimum paid up capital as may be specified by the Council (whatever the value specified in terms of Indian currency may be deemed as applicable in foreign countries in their respective currencies) or such other organization or institution approved by the Council. In case of a member employed outside India, and eligible to impart Industrial training outside India, is unable to submit Annual Report/Balance sheet of the corporate/undertaking the member is working with, the member may submit a self declaration about the particulars of the undertaking alongwith the application.
- (viii) The terms & conditions contained in Regulation 54 and Regulation 54A dealing with secondment shall be applicable to the articled assistants receiving training abroad.
- (ix) The Principal shall send training reports as prescribed alongwith the service certificate to be issued in Form 109 & 108 as the case may be.
- (x) The principal shall impart training in accordance with the guidelines contained in Training Guide. He shall maintain a record of practical training imparted by him to the articled assistant and report to the Council in the form prescribed in the

training guide.

- (xi) The rates, terms and conditions of stipend prescribed as payable to the articled assistants receiving training in India shall be applicable to the articled assistants receiving training abroad except that the same rate of stipend in equivalent terms specified in respective national currencies of the countries concerned instead of Indian rupees.
- (xii) Regulation of training in terms of office hours and working days holidays will be applicable as per local office timings and laws. However, requirements of total training hours will be the same as applicable in India, the terms of which are given hereunder: -
  - a. The working hours for the articled assistants shall be 35 hours in a week excluding the lunch break.
  - b. The office hours of the Principal for providing article training to the articled assistant shall not be generally before 9.00 a.m. or after 7.00 p.m.
  - c. The normal working hours for the articled assistant shall not start after 11.00 a.m. or end before 5.00 p.m.
  - d. The working hours for the articled assistants should not exceed 35 hours in a week excluding the lunch break and normally an articled assistant be required to work during the normal working hours fixed for articled assistants.
  - e. In case of exigencies of work with Principal, an article assistant may be required to work beyond his / her normal working hours. However, under such circumstances, the aggregate number of working hours shall not exceed 45 hours per week. The requirement to work beyond 35 hours in a week should not be a practice but only in exceptional circumstances.

Further, where the articled assistant is required to work beyond normal working hours, and aggregate of such hours exceed 35 hours per week, he / she shall be entitled to compensatory leave calculated with reference to number of completed working hours, over and above, 35 hours per week.

Further conduct of training will be regulated as per provisions of the relevant Regulations as follows:-

**Regulation 60: Working Hours of an Articled Assistant**

"Subject to such directions as may be issued by the Council, the working hours of an articled assistant shall be 35 hours per week to be regulated by the Principal from time to time".

**Regulation 65: Articled Assistant Not To Engage In Any Other Occupation**

"Without the previous permission of the Council, obtained on application made in the \*approved form, no articled assistant shall, during the period of his service as an articled assistant, take any other course of study or training, whether academic or professional, or engage in any business or occupation."

**Regulation 66: Enquiries Against Articled Assistant**

- (1) Where a complaint or information of any misconduct or breach of Regulation 65 or breach of any of the covenants contained in the articles is received against an articled assistant from his principal or any other person, the President or the Vice-President as the Executive Committee may decide from time to time, may cause an investigation to be made.
- (2) The Executive Committee may, on a consideration of the report of the investigation and after giving the articled assistant an opportunity of being heard, make any of the following orders, namely:-
  - i. direct that the papers be filed and the complaint be dismissed, if the Executive Committee finds that the articled assistant is not guilty of any misconduct or breach of Regulation 65 or breach of any of the covenants contained in the articles; or
  - ii. if the articled assistant is found guilty, reprimand the articled assistant or cancel the registration of articles or direct that any period already served under such articles shall not be reckoned as service for the purpose of the period of practical training specified in Regulation 50.
- (3) The articled assistant, the registration of whose articles has been cancelled under this regulation, shall not, except

*with the permission of the Executive Committee be retained or taken as an articulated assistant or audit assistant by any member.*

***Regulation 67: Complaint Against the Principal***

- (1) Where an articulated assistant makes a complaint against his principal on a matter concerning his training as an articulated assistant, the President or the Vice- President as the Executive Committee may decide from time to time, may cause an investigation to be made and submit a report to the Executive Committee.*
- (2) The Executive Committee shall submit the report of the investigation to the Council with its recommendations.*
- (3) The Council may, on a consideration of the report of the Executive Committee, pass such order as it may consider expedient, including an order withdrawing the entitlement of the principal to train one or more articulated assistants either permanently or for a specified period.*
- (4) The President or the Vice-President as the Executive Committee may decide from time to time, may, pending an investigation of the complaint, either terminate or suspend the articles and allow the articulated assistant to be accepted as additional articulated assistant by a member, notwithstanding anything contained in Regulation 43.*

# PRACTICAL TRAINING

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## 2.1 Significance of Practical Training

The compulsory provision of practical training is an integral feature of the scheme of education and training for the chartered accountancy course. Such a provision, indeed, goes much deeper to the roots of professional ethics and outlook and is the foundation of the Institute's high standing. The provision of practical training concurrently with theoretical education in professional subjects exposes students to diverse practical situations and enables them to acquire skills and expertise which this profession requires. A distinctive characteristic of a chartered accountant is his proven ability to apply his theoretical knowledge to practical situation – a skill which he acquires largely through the practical training which he receives before being admitted as a member of the Institute. Since the inception of the Institute, the provision of compulsory practical training has been central to the overall scheme of education and training.

Some of the obvious advantages of practical training are as under:-

- Builds on the academic qualifications by applying theoretical knowledge in practical situations.
- Exposes the candidates for the dynamic and demanding world of business and helps them to balance their study and work commitments.
- Helps in developing various skills like inter-personal skills in dealing with peers, seniors, clients, initiation, objectivity, communication skills, self-management skills, etc.
- Enhances understanding of different organizations, of how business work, and of work relationships.
- Helps to relate accounting work to other business functions and activities.
- Develops the appropriate professional values, ethics and attitudes in practical, real-life situations.
- Helps in understanding the practical issues faced by businesses.
- Helps in increasing the overall business knowledge.
- Provides broad exposure to variety of areas-accounting, taxation, auditing, finance etc.
- Helps in appreciating the problems in the examinations from a broader perspective.

As per IES 5, "Practical Experience Requirements", practical experience, gained by performing the work of professional accountants, in addition to the acquisition of knowledge through professional accounting education programmes, is considered necessary before candidates can present themselves to the public as professional accountants. Further, it specifies that, "the period of practical experience in performing the work of professional accountants should be a part of the pre-qualification programme. This period should be long enough and intensive enough to permit candidates to demonstrate they have gained the professional knowledge,

professional skills, and professional values, ethics and attitudes required for performing their work with professional competence and for continuing to grow throughout their careers."

## **2.2 Deed of Articles**

The training relationship between the Principal and the articled assistant is embodied in the Deed of Articles executed by them. Form 102 is the main contract between the articled assistant and the Principal. Under this contract, the trainee binds himself to serve his Principal diligently and faithfully and the Principal covenants to instruct the trainee in the best ways and means within his power and to the utmost of his skill and knowledge, and afford him reasonable opportunities and work as may be required to enable him to acquire the art, science and knowledge of Accountancy. The Principal has also to ensure that professional practice is his main occupation and is suitable for him to discharge his obligation. Registration of Articles by the Institute is designed to safeguard the interests of the Principal and the trainee and to ensure that the training is conducted under regulated conditions. A Deed of Articles being a contract envisages performance from both parties. In case any party fails to fulfill his / her obligations under the terms of contract, the same shall amount to breach of contract.

The provision of practical training exposes trainees to diverse practical situations and enables them to acquire skills and expertise which this profession requires. In order to successfully achieve this objective it is incumbent upon the trainee to develop a disciplined attitude, and to be prepared to work hard and acquire necessary skills in applying theoretical knowledge to practical situations. Above all, he should approach the practical training with an open mind and with the objective of achieving the most that he can out of the available opportunities. In fact, the relationship between principal and trainee should be that of Guru - Shishya in the true sense. The trainee should realise his role and discharge his obligations and responsibilities in such a manner as to achieve the objectives of the practical training. The minimum obligations which the trainee is required to accept and confirm as a part of training contract are spelt out in Form 102.

The Regulations of the Institute do not require any Deed between the employer and the audit trainee, since the latter is basically a paid employee of the former. For registering his training, Form No. 113 is required to be filled up and sent to the Institute for registration.

Under the scheme for industrial training, a tripartite agreement in Form No. 104 has to be executed by : (i) the chartered accountant employed by the concern with whom the trainee is to be attached for the purpose of industrial training; (ii) the industrial entity; and (iii) the trainee. This agreement is required to be properly stamped and registered with the Institute.

## **2.3 Secondment/Exchange**

In order to expose the trainees at large to multi-disciplinary work and variety of business situations, the arrangement of secondment has been provided in the Regulation 54. The procedure relating to secondment enables an articled trainee to gain practical experience, in areas where the Principal may not be in a position to provide the same, in the office of another member in practice on the basis of a mutually agreed arrangement.

Secondment is allowed with the consent of the articled trainee from one employer to a member who is entitled to train articled trainees in his own right or to a member in industry who is entitled to train industrial trainees. The member to whom the trainee is seconded is not entitled to train more than two such trainees on secondment at a time. The aggregate period of secondment cannot exceed one year which may be served with a single eligible member. The Council may permit secondment with more than one such member provided the minimum period of secondment with any member may be four months and the aggregate period served on secondment with such member does not exceed one year. Where an articled trainee is seconded to a member in industry, the total period spent in industry including the period of industrial training should not exceed one

year. During secondment the member with whom the articulated trainee is seconded is required to pay the stipend. The member with whom the articulated trainee is seconded is responsible for imparting training during the secondment and has to maintain records of practical training undergone by the articulated trainee during the secondment and required to forward the same to the principal on completion of period of secondment and the Principal has to include its particulars in the report to the Council under Regulation 64. A statement in the approved form be sent to the Secretary for records within 30 days from the date of commencement of training on secondment.

Apart from the secondment of a trainee from one firm to another firm or to an industry, firms may exchange trainees on mutual basis for a limited period to the advantage of firms and trainees. Such an arrangement is also quite flexible like the scheme of secondment and enables the firms to overcome deficiency, if any, in practical training imparted to trainees.

## **2.4 Imparting Technical and Soft Skills**

The Institute has always been conscious of the fact that all those potential students intending to join the Chartered Accountancy Course should be imparted formal training in Information Technology (IT) skills as well as communication skills so as to enhance the effectiveness of Practical Training. As a first step towards this, the Education and Training Scheme for the Chartered Accountancy Course envisages a 35 hours Orientation Programme and 100 hours IT Training before a student is eligible to commence the Practical Training. Having visualized the strength of both these schemes which have been imparted since about last so many years to all students joining the course, the Institute as a proactive measure has decided to give more emphasis on the Information Technology and Communication Skills. Accordingly, students joining articles on or after 1<sup>st</sup> May, 2012 shall be required to undergo two stage GMCS (GMCS-I and II) instead of only one GMCS as at present for students before enrolment as a member of the Institute. GMCS-I shall have to be undergone by students during first 12 months of Practical Training while GMCS-II can be completed during last 18 months of Practical Training. It is expected that with the introduction of these programmes concurrently with the practical training would sharpen their skills further and considerably enhance their personality development as well. Further, Regulation 51C provides that students shall be required to undergo an Advanced Course on Information Technology Training as per guidelines laid down by the Council of the Institute. It is in this context, a scheme of about 150 hours of Advanced ITT is being formulated for those students who are joining Practical Training on or after 1<sup>st</sup> August, 2012. They shall be required to undergo 150 hours of Advanced IT Training during their last year of Practical Training but before appearing in the Final Examination. The aim of such advanced training in Information Technology is to provide exposure to the latest updation in softwares like SAP, ERP, etc. Such exposure would not only enhance technical skills of CA students in their attestation work but is also likely to enhance their employability by the industry as well. Accordingly, members are expected to monitor their articulated assistants closely so that they undergo GMCS- I & II and Advanced ITT well in time so that they can also reap benefit of the same.

## **2.5 Need for Effective Training**

The Institute, the Principal and the trainee each have a definite interest in the scheme of training embodied in the Chartered Accountancy Course. The Institute is concerned with ensuring that the training imparted to the trainees is of such an order that the quality and standing of the profession is maintained as well as enhanced. The Principal has an interest in seeing that the trainee works effectively and contributes to the good of his practice. The trainee's interest is in obtaining the best possible education and training.

## **2.6 Member-in-Charge of Training (MIT)/Principal**

The success of any type of training programme ultimately depends upon the firm as it is responsible for implementation of the programme. The Principal who signs the deed of articles shall be deemed to be a

Member-in-charge (Training)/ Principal (hereinafter referred to as "MIT"). However, in the case of a firm, with a view to regulate and supervise training programme on a continuous basis in the over all interests of the firm, the firm may nominate any of its partner/s as MIT.

Although the concept of designating any one partner of the firm as MIT/ Principal has been recommended, it is not being suggested that the responsibility of other partners to impart proper training will cease. The MIT / Principal would need the full support of other partners in the office to impart adequate practical training.

The responsibilities of a MIT / Principal include the following:

- (i) To endeavour that trainees are given a balanced and complete exposure by way of practical experience.
- (ii) To draw up a programme of training for each trainee and modify as per progress report periodically.
- (iii) To maintain training records to ascertain progress of the trainees. Reference may be made to the format of the DIARY reproduced in **Annexure II**, which includes inter alia details of work undertaken and training received and a Summary of the various Training Programmes – Professional as well as self-development - attended by Student (SOPTAS) which should be prepared by the student and this should be confirmed by MIT/ Principal.
- (iv) To conduct periodic meetings and sessions with trainees in order to supplement theoretical education imparted by the Institute and to assess their knowledge of contemporary environment and preparation for examination.
- (v) To act as a guide and counselor to the trainee throughout the training period and inculcate professional attitude so as to prepare him to meet the demands of the profession and the environment.
- (vi) Inter – Firm / Intra – Firm Technical Training Sessions.

**Note:**

1. The above responsibilities may be fulfilled either personally by the Principal himself or by designating any partner of the firm as MIT.
2. The delegation of the responsibilities by the Principal to another shall be an internal matter of the firm between the Principal and MIT.
3. Notwithstanding anything contained in regard to the delegation of responsibility, the Principal shall be primarily and jointly responsible alongwith the MIT and shall not be absolved from his liabilities as such on appointment of another member as MIT.

## **2.7 e-Diary (Students Work Diary)**

With a view to leverage technology, it is proposed to introduce the e-Diary. The e-Diary (Students' Work Diary) online system aims to enhance the practical education and training of article trainees through a mechanism of capturing the work done by students, review by Principal, alerts for due dates and monitoring at the Institute level. Work Diary would contain Training Records consisting of (a) Attendance Register including Leave Record (in any case, it will correspond with monthly practical training record) and (b) Periodical Practical Training Record. Features of e-Diary include Student Login requirements, IT/Principal Login requirements, ICAI Login requirements, other guidelines etc.

# TRAINING PROGRAMME

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IES 3, “Professional Skills” specifies that “Skills are part of the set of capabilities required by professional accountants to demonstrate competence. These capabilities include knowledge, skills, professional values, ethics and attitudes. Capabilities are an indication of potential competence that can be transferred across different environments. It is important to ensure that professional accounting education programmes integrate the development of knowledge, skills, professional values, ethics and attitudes”.

## 3.1 Objectives of Training Programme

The main objectives of the training programme include the following:

(a) **Acquisition of adequate theoretical knowledge:** The objectives of the theoretical education meant for the Chartered Accountancy course are –

- to impart necessary technical knowledge in relevant fields;
- to build up necessary comprehension and analytical skills; and
- to inculcate a professional and ethical approach.

The primary responsibility of imparting theoretical education rests with the Board of Studies through distance learning mode. Various aspects of theoretical education imparted by Board of Studies include:

- Supply of study materials;
- Supply of other academic inputs in the form of Revisionary Test Papers, Suggested Answers, Compilation of Suggested Answers of the previous examinations conducted by the Institute, Compilation of question papers set at the previous examinations conducted by the Institute;
- Academic updates and supplementary study materials;
- Students' Newsletter;
- Case studies;
- Audio cassettes and Video-CDs;
- Self-development Booklet Series;
- Guidance through e-mails at [guidance@icai.org](mailto:guidance@icai.org) and individual guidance at BOS Noida and various Decentralized Offices;
- Organising oral coaching classes through Accredited Institutes;
- Organising crash course in select centres
- Lecture CDs covering lectures of various subject experts;
- E-Learning.

It is also incumbent upon the MIT/Principal to ensure on a day-to-day basis that trainees acquire and

assimilate adequate theoretical knowledge with a view to providing strong foundation for building up of a professional chartered accountant. Such a theoretical knowledge can be supplemented by the firm directly by organising group meetings, inter-firm/intra-firm, etc.

- (b) **Developing skills in applying theoretical knowledge to practical situations:** A professional accountant is not only required to acquire the necessary theoretical knowledge but also to possess the necessary skill to apply that knowledge to practical problems encountered by him. Practical training, encompassing a sufficient range and depth of work experience, enables a trainee to acquire knowledge and skill by participation in activities performed by professional accountants. The ability to develop solutions to practical problems through application of theoretical knowledge is acquired by the trainees in the course of their practical training. Thus, a training programme must blend theoretical knowledge and practical training.
- (c) **Inculcating a disciplined attitude:** Practical training scheme also has the effect of disciplining and conditioning the mind of the trainee so that he gets attuned to the work environment and learns the virtues of patience and methodical work. The sincerity, integrity, objectivity and hard work of individual members of the Institute contribute to the position and prestige of the whole profession.
- (d) **Imbibing due professional orientation:** Practical training imparted by a firm of chartered accountants must aim to endow due professional orientation amongst trainees. Apart from virtues of independence and integrity, trainees must imbibe professional orientation towards clients and social consciousness. Ability to communicate and articulate effectively with the client must also be developed as a part of the training programme.
- (e) **Developing ethical values:** Practical training also helps the trainees to develop professional competence and related skills as also to acquire certain ethical values and norms expected of professional accountants. Since the trainee, on completion of practical training and on passing the required examination, will become a member of the Institute, it is imperative that he must be acquainted with the role of Chartered Accountants and the Code of Ethics.
  - (i) **Professional skepticism and Professional judgment** - Application of a skeptical mindset to critically assess financial and other data and application of professional judgment to reach well reasoned conclusions based on all relevant facts and circumstances.
  - (ii) **Acquisition of professional skills** - Professional skills include intellectual skills, interpersonal and communication skills as well as personal skills. Intellectual skills relate to the ability to solve problems, to make decisions, and to exercise good judgment. Interpersonal and communication skills relate to the ability to work effectively with others. Personal skills relate to the personal attitudes and behavior.

### 3.2 Design of Training Programme

The MIT/Principal may make a detailed assessment of the training environment so as to identify the areas in which the firm must provide training and the contribution which the firm can expect from trainees. Such an assessment will ensure that the training programme is relevant to the needs of the trainees and the firm. The following factors may be considered in this context:

- (i) a review of the timing, type and total amount of work generated by the firm;
- (ii) an assessment of the partners and staff with the experience, skills and qualifications needed to undertake the work and to provide supervision to trainees;
- (iii) availability or otherwise of senior trainees for supervising the work done by junior trainees;
- (iv) reviewing the arrangements for instructions, particularly experience needs to be supplemented by theoretical training;

- (v) The period for which trainees will be available for work. (The effect of releasing trainees from assignments for courses or study leave must be taken into account); and
- (vi) whether there are any deficiencies in the work experience available to trainees and how these might be overcome e.g. by secondment, exchange, etc.

**Components of Training Programme :** In designing the training programme, the following components are to be considered simultaneously so as to make it meaningful:

- a. Categories of Work Experience
- b. In-House Theoretical Training
- c. Development of Professional Attitude
- d. Phasing of Training Programme

The training programme must be planned properly to ensure that the above components are included therein. The above components which are integrated into a logical sequence and which will provide trainees with the skills expected of them, are considered in detail in later paragraphs.

While considering integration of various components of a training programme the following elements are noteworthy:

- a. Assigning progressive work experience commensurate with the expanding abilities of the trainees around:-
  - (i) a number of 'core' assignments for each trainee; and
  - (ii) further assignments selected to broaden the trainee's experience which will not necessarily be repeated.
- b. Designing a study plan to ensure that trainees are fully prepared to take examinations for which they are eligible.
- c. Ensuring that work experience is preceded and backed by practical instruction including briefing before each assignment to ensure that the requirements of Accounting Standards and Auditing and Assurance Standards relevant to the business of the auditee, etc. are fulfilled and that application of practical techniques to the circumstances of individual clients is properly understood.
- d. Ensuring that any in-house theoretical training is integrated with practical work experience, which will update the Trainees/Students with latest knowledge and developments.
- e. Assigning higher levels of technical and supervisory responsibility and client contact designed to ensure that personal and managerial skills are developed.
- f. Ensuring that professional attitude and an understanding of professional ethics are developed by all trainees.

### **3.3 Categories of Work Experience**

The categories of work experience are generally grouped as under:

- Accounting
- Auditing (including internal audit)
- Taxation (Direct and Indirect)
- Corporate and Allied Laws
- Management Services (including services in the field of Financial Management like business

valuation, mergers and acquisition, portfolio managements equity research etc.)

- Information Technology
- Other areas, if any

The aforesaid areas generally include the following:

(a) **Accounting** includes Financial Accounting and Management Accounting:

- Maintaining of books of accounts, manual or computerised
- Preparing final accounts
- Application of statutory provisions, compliances with of Accounting Standards and other pronouncements of the Institute, etc.
- Analysis and Interpretation of financial statements
- Preparing and reviewing budgets
- Preparing and reviewing fund flow and cash flow statements.

(b) **Auditing** includes statutory audits, audit of various type of business and non-business organisations, tax audit, EDP audit, internal audit, operational audit, management audit and certification work:

- Preparing audit programmes
- Audit working papers and documentation
- Understanding, recording and evaluating internal control system
- Performing substantive audit procedures
- Scrutinising financial statements
- Compliance with auditing and assurance standards
- Drafting audit report.

(c) **Taxation** includes both direct and indirect taxes:

- Computation of total income and tax liability under the Income-tax Act, 1961
- Computation of net wealth and tax liability under the Wealth-tax Act, 1957
- Preparation and filing of returns (including TDS returns) and statements under the income-tax law and wealth-tax law
- Valuation of stocks, securities, etc. for the purpose of various direct tax laws e.g. Wealth Tax, Income from Capital Gains, etc.
- Tax Planning
- Drafting of relevant deeds, documents, schemes etc.
- Preparation and filing of returns including e-filing under various indirect tax laws like Excise Law, Central Sales Tax, State Sales Tax, Service Tax, Expenditure Tax, etc.
- Classification and valuation under various indirect tax laws like Excise Law, etc.
- Procedural compliance under various direct and indirect tax laws e.g. Tax deduction/collection at source, interest for late payment of taxes, appeals etc.

- Preparation and filing of application for registration and procedures relating to it under various indirect tax laws.
- e-payment of service tax, excise duty, customs duty etc.
- Computation of tax liability under various Indirect Tax laws, e.g. Service tax liability, excise duty liability, VAT liability etc.

**(d) Information Technology including computer applications:**

Use of skills acquired by the students during 100 Hours Information Technology Training in their actual work areas such as:

- Use of customised or standards accounting packages, Enterprise Resource Planning, etc.
- Developing and maintaining data bases
- Data Extraction and analysis techniques
- E-commerce – audit and legal considerations
- System development life cycle
- Business Continuity Planning and Disaster Recovery Planning
- Information Security
- Information Systems Audit
- Cyber Laws and Information Technology.
- Management of Information Systems,
- Risk Assessment and Mitigation Strategies,
- Adoption of controls and their audit,
- Application of emerging technologies on business processes.

**(e) Management Consultancy and other services including services in the field of financial management and corporate affairs such as:**

- Preparation of fund flow and cash flow statements and forecasts
- Projection of working capital requirements
- Preparation of project reports
- Preparation and processing of loan applications
- Amalgamation and merger schemes
- Planning capital structure
- Drafting of Memorandum and Articles of Association
- Formation of companies
- Preparation and analysis of prospectus
- Raising of capital, new issues and matters concerned therewith including SEBI Guidelines
- Drafting of minutes

- Insolvency/Liquidation proceedings.
  - Drafting of Annual reports
  - Preparation of book of Accounts
  - Preparation of Annual accounts
  - Preparation of Directors' Report
  - Drafting of Compliance Certificate
  - Preparation of Corporate Governance Report
  - Familiar with XBRL filing of documents.
- (f) Other areas may include work study, organisational structure, design and conduct of training programmes, corporate planning.

The categorization of work experience as above should not be considered exhaustive or rigid as it is quite likely that working in a particular field may also overlap with other areas. For instance, work experience in the area of accounting and auditing may not be distinguishable in actual practice as both areas are quite inseparable and are studied in juxtaposition. Further, application of knowledge of information technology is inseparable from training in accounting and auditing.

### **3.4 Providing Effective Work Experience**

To make work experience effective, the following procedures may be observed:-

- (i) The trainee's academic and other background should be ascertained and the work assigned should be such as would give him new experience. It is also preferable to assign all aspects of the work to a trainee in progressive stages rather than small portions of unrelated jobs. Necessary additional briefing should be given to such trainees who do not possess an educational background like a degree in Commerce. The assignment should be discussed with the trainee in advance and he should be informed about the nature of the client's business, the general economic conditions in which client operates and special features, if any, regarding the assignment. The following steps may be taken in this direction:
  - a. ensuring that before undertaking new work, trainees receive the knowledge, skill and understanding required to perform that work effectively;
  - b. providing any further explanation, instruction or correction as may be necessary, as a normal part of the supervisory process;
  - c. clarifying relevant issues during the review of completed work.
- (ii) In the case of an audit assignment, the trainee should be encouraged to study the audit reports of previous years to acquaint himself with all the relevant facts. Wherever possible, a visit to the client's works should also be arranged. The importance of working papers should also be explained to the trainee.
- (iii) In the case of a tax assignment, the trainees who have acquired sufficient background of tax laws may be briefed about peculiar features of transactions of a client requiring special tax considerations, etc. The trainee may be encouraged to study and analyse prior years' assessments, familiarise himself with various admissible and inadmissible deductions and prepare comprehensive draft tax returns, refer relevant case laws, etc.
- (iv) For achieving maximum benefit, a review of the working papers must be conducted in the presence of the trainee and additional work or enquiry should be assigned to the same trainee. The review gives a good opportunity to transmit to the trainee the benefit of a senior's skill, experience and knowledge and when

conducted on a friendly basis, encourages the trainee to ask questions to appreciate the relationship of his work to the entire assignment and to understand other related aspects of work which might have been overlooked. In brief, it induces the trainee to understand the “why and how” of the matters under consideration. It needs little emphasis that work experience should not be confined to particular areas of work, but should cover all aspects of work in a chartered accountant’s office.

(v) Review of the work experience by MIT/Principal on a continuous basis would ensure that work performed by the trainee is of requisite standard. Deficiencies in the work experience, if any, noted by the MIT/Principal can be taken care of while allocating subsequent assignments. Such a review would also assist the MIT/Principal in subsequent completion of Training Records.

### 3.5 In-House Theoretical Training

It is another important component of practical training as practical work experience can be supplemented by arranging in- house theoretical training. Such training involves laying the foundation of knowledge and skills on which the work experience is built-up. It is not an alternative to work experience and it cannot compensate for any deficiencies in the quality or extent of work experience within the office. Theoretical training may be provided by the firm or through a group training scheme organised by two or more firms. Some of the advantages may be listed as follows:

- a. Sharing of work experience by one set of trainees with another batch leads to enhancement in overall level of knowledge;
- b. Group-discussion and presentation by trainees in the presence of MIT/Principal not only helps in sorting out ticklish points of a particular client but also in broadening the vision of trainees;
- c. **Case study group assignments and workshops** may be conducted to assess professional knowledge, professional skills and professional ethics.
- d. **A case analysis system requiring trainees to maintain journals and notes on specific public domain cases** may also be used to assess their professional competence.
- c. A number of trainees can acquire practical knowledge and practise technical skills simultaneously. This may be more cost-effective than providing individual instruction;
- d. Communication becomes more effective;
- e. Trainees can be exposed to latest developments in the field and asked to apply these developments in real life situations;
- f. The total time devoted by supervisors is reduced as trainees tend to perform better.

**Contents of Theoretical Training:** A theoretical training programme would include the following :-

An induction course for new trainees introducing the office, the Institute (in particular its ethical standards), student training records, basic book-keeping, accounting, theory of auditing and taxation;

Periodic courses throughout the training period, for example:

- Preparation of statutory accounts;
- Analytical review of accounts;
- Preparation of working papers;
- Basic supervisory skills;
- Hands-on computer training; and

- Flow-charting internal control system.

In-house theoretical training may be carried out internally by firms or by groups of firms where the size of each such firm does not permit conducting the training programme individually. Such formation of groups would be both economical and effective.

### **3.6 Developing Professional Attitude**

Besides the programmes and courses conducted by the Institute, Students should attend various seminars, conferences, workshops etc. conducted at various levels, namely, Regional, Branch as well as Study Circle levels, to hone their skills.

The student is also required to read and refer various relevant magazines/journals and other periodicals etc in order to further his knowledge and competency.

The development of professional attitude is an area which should be introduced in the induction course and re-inforced throughout the period of training. The MIT should monitor trainees' understanding of ethical concepts at quarterly reviews of Training Records.

The firm must, of course, itself observe the Institute's Code of Ethics, Accounting Standards and the seniors should be aware of the need to identify and explain these matters as they arise during the normal work of the firm. The MIT/Principal should also discuss the Institute's ethical and technical standards together with such matters as:

- Confidentiality of client's affairs;
- Peer Review of the auditor's' work;
- Publicity;
- Advertising;
- Soliciting professional work.

### **3.7 Phasing of Training Programme**

Since the period of practical training is limited, the training programme should be so formulated as to ensure that the trainee progressively and in distinct phases receives the necessary instruction and experience in all aspects of the firm's work. The programme should provide an opportunity to the trainee to handle audit and other assignments independently so that when qualified, he has the confidence and ability to function independently. It is not adequate if the trainee is given instruction only in the work handled by his firm and, therefore, MIT/Principal may encourage the trainee in acquiring skill and experience in other relevant aspects of a chartered accountant's work. This can be accomplished through the mechanism of secondment referred to earlier.

It is suggested that the MIT/Principal may ascertain from the trainee before the commencement of practical training whether the trainee desires to spend the entire period of training under him or whether he desires to undergo industrial training during the last 12 months of the training period. If the trainee informs about his intention of going in for industrial training during the last year of his training period, the training programme may be suitably modified.

The programme should assume that trainees will make normal progress and thus will be standard for the majority of trainees in the firm. However, it should be sufficiently flexible to encompass the particular needs of individuals when required as the timing of several key elements is predictable (e.g. study leave, examination dates, course dates, holidays, etc.). In addition, the MIT/Principal will normally also know the timing and likely

duration of assignments and that certain types of work are concentrated at particular times of the year; these elements should also be built into the training programme.

### 3.8 Prescribing Areas of Work Experience

It may not be feasible to ensure that all trainees are exposed to all areas of work experience listed above during the training period because some of the areas like accounting, auditing and professional ethics constitute the core of the public accounting profession while certain other areas such as financial management, secretarial services etc. are emerging areas as a part of professional practice.

The guiding principle in this regard has been aptly summed up in the Report of the Review Committee for Accounting Education, (1978) as follows:

“In laying down our practical experience requirement, a distinction should be made between the ‘essential areas’ and the ‘permitted areas’. Practical experience in the ‘essential areas’ must be regarded as mandatory while practical experience in the ‘permitted areas’ may be considered desirable but not compulsory. Accordingly, Practical experience must essentially include the art and science of accounting and the techniques of auditing. In view of its growing importance, experience in computer applications is certainly desirable.

Practical experience in various other areas of diversified professional services – including taxation and management services including corporate affairs and secretarial services would be desirable but it cannot be regarded as mandatory. Firms which render such diversified services should be encouraged to provide their articled assistants opportunities of practical experience in these areas.”

The Committee for Review of Education and Training (CRET) in its Report submitted in 1998 also recognised the fact that imbalances arise in the range and depth of practical experience imparted to students mainly due to different types of work available with various Chartered Accountant firms depending upon their size, nature of work, location, etc.

The Committee felt that “amongst other measures, compulsory practical training in computers, evolving methods for assessment of work available with practising chartered accountants before granting articles, monitoring the practical training on a continuous basis, implementation of training programme as outlined in the training guide, and popularising secondment would go a long way in strengthening the practical training.”

Keeping in view the aforesaid observations as well as the categories of work experience (Para 3.3) it is desirable that a trainee is given adequate work experience in accounting and auditing, which is treated as one composite area for the purpose of meeting minimum work experience requirements. However, work experience in accounting and auditing should be recorded separately. In this category, the experience must be in sufficient depth for trainees to develop an ability to identify, analyse, explain and resolve problems from within the area concerned. In addition to this, it is also desirable that a trainee is reasonably exposed to one more area amongst the remaining areas. Preferably, it is intended that a trainee is exposed to computer related activities, particularly in view of the availability and widespread use of computers in many firms of chartered accountants. The Institute through its Regional Councils also offers wide range of programmes for the benefit of students undergoing Chartered Accountancy course. Further, in the case of a trainee who is exposed to more than one area amongst the remaining areas, training in Accounting and Auditing areas may be suitably adjusted.

An illustrative training programme listing detailed contents of work to be performed under different categories of work experience covering three years of practical training is given in **Annexure III**. The Training programme is divided in two parts viz. A: In-house Theoretical Training and B: Practical Work Experience. Detailed contents of work as far as practicable, have been stated to indicate the progression during the period of practical training. As stated earlier, depending upon the knowledge level and aptitude of a trainee, his training may be planned. Therefore, the training programme is illustrative in nature and provides enough flexibility to

meet different situations arising out of diverse areas of work performed by different firms of chartered accountants.

Part 'A' of **Annexure III** deals with In-House Theoretical Training Programme, to implement, the following may be considered:

- (a) Theoretical knowledge in each subject, say, accounting, auditing and taxation etc. is intended to supplement the academic inputs made available by the Board of Studies.
- (b) MIT/Principal may organise formal meetings at least twice a month, say, for two to three hours; alternatively, small firms may join and appoint a suitable person to impart theoretical training in different subjects.
- (c) Manuals in different subjects like accounting, auditing, taxation etc. may be developed over a period of time in order to standardise the training as a whole.

Part 'B' of **Annexure III** deals with practical work experience. To implement whereof in this programme, inter alia, the following aspects may be considered:

- (a) Range and depth of work experience in different types of assignments within the same category is adequate; and
- (b) Manuals in different areas like manufacturing, service and trading organisations may be developed.
- (c) Training in practical areas may also be possible by holding Mock Annual General Meeting, Mock Board of Directors Meeting, Mock Drafting of Prospectus/Memorandum and Articles of Association, Mock income tax hearing before Assessing Officers as well as Tribunal etc.,
- (d) Study of Printed Prospectus, Printed Annual Reports of Companies, Articles and Resolutions for Merger, Amalgamations and Demergers, etc.

# **MONITORING PRACTICAL TRAINING**

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## **4.1 Need for Monitoring Practical Training**

The need for monitoring the practical training is felt desirable by the Council by adopting a uniform and suitable approach for the entire profession on the following lines:

- (a) Developing a structured and systematic programme of practical training;
- (b) Prescribing nature and scope of practical training and formulating guidelines specifying technical content and progression;
- (c) Devising a suitable control mechanism to ensure effectiveness of practical training imparted to trainees;
- (d) Prescribing compulsory maintenance of students' training records by all firms of chartered accountants and monitoring the same;
- (e) Holding MIT/Principal responsible for imparting adequate practical training to trainees of the firm; and
- (f) Monitoring and reviewing the practical training imparted in the industry on the same lines as suggested in the case of a member in public practice.

## **4.2 Report to the Council**

Regulation 64 dealing with report to the Council reads as under:

- "1. The Principal shall maintain a record about the progress of training imparted by him to the articled assistant, in such form and manner as may be determined by the Council from time to time.
- 2. The Principal shall submit the records of training maintained as and when required by the Council. In the event of the death of the Principal his legal representative or the surviving partner shall submit the records, as and when required by the Council."

The Council presently requires the submission of a report of training at the time of completion/termination of articles (refer to para 4.4) in Form and no conditions have been prescribed for submitting the entire records of training.

## **4.3 Students' Training Records**

The purpose of maintaining training records is as under:

- To record students' progress to membership as reflected in terms of both progression of work experience and personal development during the training period.
- To provide the means for regular reviews of that progress.

Training Records may comprise the following:

- I. Attendance Register including Leave Record

For this purpose, no specific format is being prescribed as any standard register may be used and a

separate record of leave applications may be maintained. In any case, it should correspond with monthly practical training record.

## II. Periodical Practical Training Record

- The Format of Periodical practical training record is given in **Annexure IV**;
- The Format is intended to be flexible and firms may modify it according to their needs.

Firms may develop their own monitoring procedures and documentation. However, training records must be kept in a manner so that information to be submitted to the Institute in the training report is easily ascertainable.

The records so maintained shall be kept by the firm for a period of one year from the date of taking on record the Training Completion Certificate by the Institute.

### 4.4 Submission of Reports of Practical Training

Pursuant to Regulation 64, the report of practical training shall be submitted by the Principal/MIT to the Institute as and when required by the Council in the prescribed Format.

Accordingly, the Council has decided that the report of practical training shall be submitted by the Principal/MIT to the Institute after completion/termination of articles as an Annexure to Form Nos. 108 and/or 109 under the Chartered Accountants Regulations, 1988. Provided that where any partner is designated as MIT, the Annexure to Form 108 and/or 109 shall be signed by both the Principal as well as the MIT. In case of reports being submitted by a legal representative or surviving partner, the report shall be submitted as an Annexure to Form Nos. 110 or 111. Refer Footnotes regarding Council Decisions<sup>1</sup>

The prescribed formats of the Forms stated above are given. However, it may be noted that the forms duly issued by the Institute can only be used and submitted.

The prescribed formats of the Forms as stated above may be downloaded from the Institute's website [www.icaai.org](http://www.icaai.org). However, it may be noted that the forms duly issued by the Institute can only be used and submitted.

The information contained in the 'Report of Practical Training' must be based on the students' training records.

### 4.5 Monitoring By MIT/Principal

The MIT/Principal should monitor the following on a regular basis:

- The work experience gained in a variety of circumstances involving mix of clients;
- Review academic progress of students to assess the preparation for examination including whether a student is writing two mock testes in each subject released by the Board of Studies immediately before

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1. "Pursuant to Regulation 64(1) the Council notifies the practical training record (as set out at Annexure IV to the Training Guide) as the record required to be maintained under the said Regulation. The record may be maintained in the specified format or as near thereto as is considered relevant. The requirement has come into force from 1<sup>st</sup> January, 2003 and is applicable to all Articled Trainees who are registering on or after 1<sup>st</sup> January, 2003".

2. "Pursuant to Regulation 64(2) the Council also notifies that every member training Articled Assistants shall at the time of termination/completion of articles submit a report (in respect of articled assistants registered on or after 1<sup>st</sup> January, 2003) called "Report of Practical Training" to the Council for the training imparted to the Articled Assistant in the form set out in Forms 105, 108, 109 & 111 or in a form as near thereto as circumstances permit.

Where such reports are required to be submitted by legal representatives or surviving partner, the report of practical training shall be annexed thereto in Form 111. In the case of Industrial Training, the Report of Practical Training shall be in the Form 105 of C.A. Regulations, 1988".

each exam.

- Personal development including communication and managerial skills;
- Professional attributes in terms of independence of mind and objectivity.

He may also discuss periodically with the trainees their progress and point out areas of work experience where they are deficient and suggest steps for improvement.

The MIT/Principal should monitor the training performance of a trainee taking into account both the success of individual trainee and the effectiveness of the training programme as a whole.

#### **4.6 Monitoring by the Institute**

The monitoring of practical training by the Institute may be broadly divided under the following heads:

- Maintenance of Students' Training Records ; and
- Review of Training Reports.

Maintenance of Students' Training Record in respect of each trainee will enable the Institute to call for and make inspection of records as and when need arises.

Report of practical training submitted as per Para 4.2 shall form the basis of monitoring by the Institute.

The following emails ids have been configured by the Institute for lodging complaints relating to matters of dummy articles and coaching classes during non-permissible hours:

|                                                                                        |                                                                                                                     |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <a href="mailto:complaints.dummyarticles@icai.in">complaints.dummyarticles@icai.in</a> | Complaints/ matters relating to dummy articles                                                                      |
| <a href="mailto:complaints.coachinghours@icai.in">complaints.coachinghours@icai.in</a> | Complaints/ matters relating to coaching classes during non-permissible hours (i.e. between 9.30 A.M. and 5.30 P.M) |

#### **4.7 e- Diary (Students Work Diary)**

##### **A. Objective**

The e-Diary (Student's Work Diary) online system aims to enhance the practical education and training of article trainees through a mechanism of capturing the work done by students, review by principal, alerts for due dates and monitoring at the Institute level.

Work Diary would maintain Training Records consisting of (a) Attendance Register including Leave Record (In any case, it will correspond with monthly practical training record.) and (b) Periodical Practical Training Record.

##### **B. Features and Processes**

###### **1. Student Login Requirements**

- a) Online facility to login and enter details of work performed on daily basis. Work done by articled assistant to be classified into categories like Statutory Audit/ Internal Audit/ Accounting/ Taxation etc., as available in Annexure II. System to record the date of filing by the student automatically. Student would be allowed to modify entries till they are approved by the Principal/ Member Inc-Charge Training (MIT).
- b) Work Diary would also enable articled assistants to enter leaves taken by them
- c) Student must file work diary entry within a fortnight. That is, a student must fill his/ her work diary by January 15 for work done on January 1. System would not allow entries for dates before 15 days or after the current date (post dated).

- d) E-Mail Alert to Student and his principal in case the diary is not filled for 7 consecutive days.
- e) Online facility to record stipend received within first 10 days of the month. If information is not filled in, an alert to be activated in the Student Login and Principal/ MIT Login; and an auto generated mail and SMS to be sent to both the article assistant and his Principal/ MIT.
- f) Secondment/ Transfer of Articles: System to allow 30 Days gap in filing work diary in these cases. Facility in Member/ MIT Login, to register secondment/ Transfer of Articles.
- g) Work Diary to also cover work done as a part of Industrial Training
- h) Students are allowed to submit Article Registration papers within 30 Days, as per procedure. In addition, some time is required by the office to process the papers and send articles registration letter to the Students. The student also requires some time to understand and start working. Hence, the online eDiary System to allow entry of work records within 90 days.
- i) Facility to Generate Form 108 – Completion of Articles
- j) Facility to Record Other Courses (Form 112) being pursued by Articled Assistant; along with pertinent details thereof, including class timings.
- k) Articled Assistant would be able to modify the entries made in the diary till (a) they are sent for approval and till (b) final review/ approval by Principal/ MIT.
- l) Provision to view, print and get PDF of Student Work Diary Report (Complete and for given Date Range)
- m) Online Diary to also have provision for students to enter details Summary of -Professional (and Other) Training Programmes Attended by Students (SOPTAS); which have to be maintained on the system in the following format:

| Sr. No. | Title of the Seminar/ Programme | No. of Hrs | Organised By | Remarks |
|---------|---------------------------------|------------|--------------|---------|
| 1       |                                 |            |              |         |
| 2       |                                 |            |              |         |
| 3       |                                 |            |              |         |

## 2. Principal/ Member In-Charge of Training (MIT) Login Requirements

- a) Confirm work done by student within one fortnight. System to give automatic alert in Principal/ MIT Login and auto E-Mail alert to him/ her in case confirmation is not done on 10<sup>th</sup>, 12<sup>th</sup> and 14<sup>th</sup> Day. System to also record approval date by Principal/ MIT.
- b) Stipend Payment Record – Bank, Cheque No., Date and Amount.
- c) Secondment of Articles – Facility to record and allow other Chartered Accountant to Certify work done.
- d) Principal of Industrial Trainee to also certify work done.
- e) Online system to have provision of signing of reports by legal representative or surviving partners, in case required.
- f) Principal/ MIT would be able to modify the work diary entries of trainees at the time of approval. The changes/ updates would be reflected in the Students Work Diary as ~~Strikethrough~~ for deletions and underlined for insertions.
- g) Student Work Diary Report – By Articled Assistant, Group of Articled Assistants or All Articled Assistants for Date Range or Complete. Provision to get PDF File of Work Diary.

## 3. ICAI Login Requirements

- a) Quarterly/ Periodical Review of diary by Institute with reference to non-submission and quality of work undertaken by the article assistant/ student. Student selected for review would be on random basis for test checking.
- b) Yearly Review of training undergone by each student by ICAI

- c) Industrial Training – Provision to maintain proper record of Industrial Training undertaken by the Student.
  - d) Any Other Courses (Form 112) – Record and Review by ICAI
  - e) Assessment of Training undergone by the Student at the end of training period.
  - f) Delay on the part of ICAI or other exceptional circumstances, the administrator can condone the delay or entries can be allowed since beginning in the first or further entries. Back dated entries are to be allowed at admin level.
  - g) Article Assistant Work Diary Reports
    - 1) Article Assistant Work Diary Report – Complete and for Date Range
    - 2) CA Firm Work Diary Report (All Article Assistants or Selected) - Complete and for Date Range
    - 3) Exception Reports
      - i. Frequency of Alerts Sent (Descending Order) by Article Assistants, Principals/ MIT giving frequencies
      - ii. Work Performed Category Wise (Accounting, Auditing, Taxation, IT etc) by Article Assistant, CA Firm, City, Region and Complete giving Total Time Spent, Average Time Spent. , for Date Range or Complete. Also Summary Report and PDF File generation thereof.
      - iii. Training Records Redundancy (Duplicate) Report – For Articled Assistants, CA Firms.
      - iv. CA Firms with High Pendency in Work Diary Filing by Articled Assistants and Approvals.
- System to have provision to forward these reports to Articled Assistants and CA Firms for needful compliance by them. System to keep record of such discrepancies and time period taken to comply.

#### 4. Student Training Report

The eDiary system would generate a Training Report for the Student in the following draft format:

| Summary Report<br>Form Commencement Till Date |             |
|-----------------------------------------------|-------------|
| Name of trainee:                              | ABCD        |
| Registration No:                              | WRO123456   |
| Date of Commencement of articleship training: | 5/1/2009    |
| Categories of work experience                 | No of weeks |
| Accounting                                    | 3           |
| Auditing (including internal audit)           | 4           |
| Taxation (Direct and Indirect)                | 1           |
| Information Technology                        | 1           |
| ITT training                                  | 3           |
| Exam Leave                                    | 2           |
| Study leave                                   | 8           |
| Taxation (Direct and Indirect)                | 7           |
| Professional Development Program              | 1           |

|                                                   |      |
|---------------------------------------------------|------|
| a) Total number of days served                    | 1095 |
| b) Total leave taken (other than weekly holidays) | 188  |
| c) Actual Period served                           | 907  |
| d) Entitlement of leave                           | 151  |
| e) Excess Leave                                   | 37   |

# INDUSTRIAL TRAINING

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## 5.1 Objectives of Industrial Training

The Institute, in furtherance of its objectives of providing to the industries, members with adequate knowledge and background of industrial functioning, conceived the concept of industrial training. The concept, inter alia, envisages the preparation of trainees, who intend to build their careers in industries, after becoming chartered accountants, in a manner mutually beneficial.

Training in an industrial/commercial/financial environment provides the trainees with the opportunity to develop a problem-solving attitude and to have an insight into the functioning of the accounts department. It also diversifies their practical experience and helps them in developing the attributes of team work and correlation with members of other professions and disciplines. It is intended to provide the trainees with a new dimension to their experience. This would necessarily involve exposure of trainees to the entire gamut of activities of industrial establishments in a phased and systematic manner. An exposure to the working environment of a large commercial organisation will give them an integrated view of its operations. It is essential that the member imparting training in industrial including commercial and financial enterprises, recognises that perception of the overall business environment is the prime objective of such training.

## 5.2 Nature of Industrial Training

It may be appreciated that the scheme of industrial training is unique in its character in as much as a trainee gets wide exposure in the areas of professional practice for 24 months or more and thereafter through the industrial training gets a thorough insight of commercial working from within a specific business unit. He will perceive and realise the commercial way of working and how a business unit practically responds to the framework of theories and laws, to which it is subjected. It may also be noted that the type of industrial training to be received by a trainee largely depends on the nature of the organisation and facilities available there. Normally, large-sized and professionally managed companies offer to impart such training. Such organisations work on the basis of well-defined policies, objectives, controls, systems and procedures. For example, a trainee in a bank naturally can acquire practical exposure in one or more of the distinct activities carried on by the bank depending upon his initiative and facilities made available to him.

Industrial training also affords an opportunity to the trainees to take part in specialised accounting exercises. Thus, for instance, the closing of accounts provides an opportunity for them to acquire the skills necessary as a concomitant to the theoretical knowledge which they have acquired earlier. Industrial training may also expose the trainees to management accounting, cost accounting, management information system, EDP etc. It also provides an opportunity to them to participate in the work relating to corporate laws, taxation and secretarial practice.

## 5.3 Scope of Industrial Training

An outline of the scope of training that can be imparted by a member in industry to an industrial trainee registered under him is given in As per Regulation 51, reproduced in **Appendix V** hereto, it is to be noted that

diverse types of industrial units, financial institutions and commercial houses are recognised by the Institute for the purpose of this training. For example, industries may be as diverse as iron and steel, cement, textiles, cosmetics and newspaper. Fields of banking, financing, insurance, shipping, etc. each having distinct nature and content of operation are also recognised for the purpose of industrial training. As such, it is not practicable to provide special features of training in each distinct area. Therefore, a programme outline covering points of general application is given to aid the members in planning their respective training programme. Members may suitably modify the given programme outline to meet their individual needs consistent with the responsibility undertaken to enable the trainee to acquire the art, science and knowledge of accountancy. In the industrial training scheme, it is implicit that a thorough and well-rounded training to the trainee, within the unit's parameters, is intended. Employing the trainee for routine jobs will be inconsistent with such an objective.

#### **5.4 Training Report**

The Industrial undertaking will be required to maintain training records (refer to para 4.3) as specified for an articulated assistant to the extent practicable. See **Annexure VI**.

In the case of an industrial undertaking, the training report shall be submitted by MIT as an Annexure to Form No. 105 under the Chartered Accountants Regulations, 1988 after completion of industrial training as per Form No. 105.

# ANNEXURE I

[Refer Para 1.11]

## Illustrative cases of computation of leave for 3 years of aticleship training

| Case I   |                                                          |           | Days       |
|----------|----------------------------------------------------------|-----------|------------|
| A.       | Total number of days served                              | (365×3)   | 1095       |
| B.       | Less: Total leave taken (other than weekly holidays)     |           | <u>188</u> |
| C.       | Actual Period served                                     |           | 907        |
| D.       | Entitlement of leave (1/6th of the actual period served) | (907/6)   | 151        |
|          | EXCESS LEAVE: (B - D)                                    |           | 37         |
| Case II  |                                                          |           |            |
| A.       | Total number of days served                              | (365 × 3) | 1095       |
| B.       | Less: Total leave taken (other than weekly holidays)     |           | 137        |
| C.       | Actual Period served                                     |           | 958        |
| D.       | Entitlement of leave (1/6th of the actual period served) | (958/6)   | <u>160</u> |
|          | EXCESS LEAVE: (B-D)                                      |           | NIL        |
| Case III |                                                          |           |            |
| A.       | Total number of days served                              |           | 700        |
| B.       | Less: Total leave taken (other than weekly holidays)     |           | <u>140</u> |
| C.       | Actual Period served                                     |           | 560        |
| D.       | Entitlement of leave (1/6th of the actual period served) | (560/6)   | 93         |
|          | EXCESS LEAVE: (B-D)                                      |           | 47         |

### Illustrative cases of computation of leave for 3 ½ years of articleship training

|                |                                                                           |             | Days       |
|----------------|---------------------------------------------------------------------------|-------------|------------|
| <b>Case IV</b> |                                                                           |             |            |
| A.             | Total number of days served                                               | (365×3.5)   | 1277       |
| B.             | Less: Total leave taken (other than weekly holidays)                      |             | <u>200</u> |
| C.             | Actual Period served                                                      |             | 1077       |
| D.             | Entitlement of leave (1/6th of the actual period served)                  | (1077/6)    | 180        |
|                | EXCESS LEAVE: (B - D)                                                     |             | 20         |
| <b>Case V</b>  |                                                                           |             |            |
| A.             | Total number of days served                                               | (365 × 3.5) | 1277       |
| B.             | Less: Total leave taken (other than weekly holidays)                      |             | 170        |
| C.             | Actual Period served                                                      |             | 1107       |
| D.             | Entitlement of leave (1/6th of the actual period served) <u>(maximum)</u> | (1107/6)    | <u>180</u> |
|                | EXCESS LEAVE: (B-D)                                                       |             | NIL        |

# ANNEXURE II

[Refer Para 2.6]

## SUGGESTED FORMAT OF DIARY

### I. Personal Details

Registration No:

Name of the Trainee:

Date of Commencement of articleship training:

Name of the Member-in-Charge (Training):

Membership No:

Name of the Principal

Membership No.

Name of the Organisation

Firm No.:

Period from \_\_\_\_\_ to \_\_\_\_\_

### II. Details of Work Undertaken and Training Received:

|   | Sr. No. | Nature of work done | No. of Hrs | Remarks |
|---|---------|---------------------|------------|---------|
| 1 |         |                     |            |         |
| 2 |         |                     |            |         |
| 3 |         |                     |            |         |

### III. Summary-Professional (and Other) Training Programmes Attended by Students (SOPTAS)

|   | Sr. No. | Title of the Seminar etc. | No. of Hrs | Remarks |
|---|---------|---------------------------|------------|---------|
| 1 |         |                           |            |         |
| 2 |         |                           |            |         |
| 3 |         |                           |            |         |

Signature

Student/Trainee

Place/Date

Signature

Member-in-charge (Training)

Place/Date

### Notes:

1. Suggested headings under Column 2 above

### I Accounting

- (a) Maintaining books of account
- (b) Preparing Final accounts
- (c) Compliances with Accounting Standards and other pronouncements

- (d) Analysis and interpretation
- (e) Preparing and Reviewing budgets, fund-flow and cash flow statements
- (f) Others (to be specified)

## **II Audit – Statutory/Internal/Concurrent**

- (a) Routine audit work
- (b) Review of General Ledger
- (c) Scrutiny of provisional entries
- (d) Verification and Valuation of Stocks
- (e) Preparation of Audit sampling
- (f) Evaluation of Internal Control System
- (g) Maintenance of Audit Working Papers
- (h) Preparation of Audit Program
- (i) Others (to be specified)

## **III Taxation**

- (a) Computation of total income and tax liability.
- (b) Filing of returns of income under Income-tax Laws.
- (c) Filing of TDS returns, other returns and statements under Income-tax Laws.
- (d) Preparation of Tax Audit reports
- (e) Computation of wealth and wealth tax liability under the Wealth-tax Laws.
- (f) Filing of wealth-tax returns and other statements under the Wealth-tax Laws.
- (g) Assisting in preparation and submission of documents and statements relating to assessment proceedings under the Income-tax and Wealth-tax laws.
- (h) Computation of tax liability under various Indirect Tax laws, e.g. Service tax liability, excise duty liability, VAT liability etc.
- (i) Filing of returns under Indirect tax laws
- (j) Preparation of appeal documents
- (k) Filing appeal (Mention Appellate Authority)
- (l) Attending and Assisting in the conduct of hearing of appeal
- (m) Filing of application for registration under various Indirect Tax Laws.
- (n) Others (to be specified)

## **IV Information Technology**

- (a) Computer applications such as use of accounting packages
- (b) Developing and maintaining data-base
- (c) Data Extraction and Analysis

- (d) Information Systems Audits
- (e) Others (to be specified)

**V Company Law**

- (a) Filing of documents and returns under Companies Act, 1956
- (b) Minute Book writing
- (c) Maintenance of Other Statutory Registers
- (d) Others (to be specified)

**VI Others (to be specified)**

- (a) Assisting in devising Management Information System
  - (b) Specific Management Audit
  - (c) Others (to be specified)
2. In the Remarks column, of Summary of Professional (and Other) Training Programmes Attended by Students (SOPTAS), state the name of the organiser and other details considered relevant.
  3. The diary may be suitably altered to cater to the needs of the Student/Principal/Firm, as the case may be, but shall include at least the details specified herein.
  4. The diary should be maintained regularly, preferably on a weekly basis.

# ANNEXURE III

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*[Refer Chapter 3]*

## **AN INTEGRATED TRAINING PROGRAMME**

### **PART A: IN-HOUSE THEORETICAL TRAINING**

1. Introduction to the profession, its general role in the contemporary social environment, services offered by the firm, the Institute's activities including the functions of the Board of Studies and its role.
2. Office procedures and systems including time regulation, leave, preparation of working papers and maintenance of the same.
3. Introduction to accounting, accounting concepts, accounting theory, relevance of accounting standards, different types of accounting statements, applications of accounting concepts and standards, special features of management accounting and cost accounting, special features of computerised accounting, requirements of various Acts, like the Companies Act, 1956, the Banking Regulation Act, 1949, the Insurance Companies Act, 1938, in preparation of accounts and

Professional pronouncements issued by the Institute on various accounting matters including opinions expressed by Expert Advisory Committee.

#### **4. Auditing**

- Nature and objectives of auditing;
- Duties and responsibilities of an auditor, role of an auditor and society's expectation;
- Audit evidence, Internal Control - understanding, recording and evaluation procedure, flow-charting;
- Standard audit practices for various items such as purchases, sales, pay rolls, fixed assets, stocks, etc.;
- Verification procedure with reference to pronouncements of the Institute;
- Statutory provisions relating to audit in various Acts, like Income tax Act, Companies Act, Banking Regulation Act, Societies Registration Act, Insurance Act etc. as amended from time to time;
- Terminology and peculiar features relating to Banking and Insurance Companies;
- Documentation procedure, audit working papers;
- Analytical review;
- Events occurring after the Balance Sheet date;
- Form and content of audit reports-qualified, disclaimer of opinion, adverse report;
- Draft of Audit Reports;
- Review of Accounting records for safeguarding the assets and for preventing and detecting fraud and other irregularities;
- Refer Statements on Standard Auditing Practices, Guidance Notes with reference to Accounting Standards, opinions expressed by Expert Advisory Committee.

**5. "Overview of the provisions of the Direct Taxes relating to individuals, H.U.F., Partnership firms, Companies, Trusts, etc.**

- Preparation and filing of returns of income, TDS returns and other documents and papers under the Income tax/Wealth tax law;
- Assessment Procedures;
- Filing of Appeals;
- Study of Tax Reports;
- Tax Planning;
- Valuation of stocks, securities, etc. for Wealth-tax purposes;
- Referral of circulars and clarifications and Notifications issued under Tax Laws.

**6. Overview of the provisions of the Indirect Taxes**

Preparation and filing of returns and other documents and papers under the various Indirect Tax Laws namely – Excise Law, Sales Tax (Central as well as State), Customs Duty Law, Service Tax, Octroi etc.

- Assessment procedures under respective laws;
- Classification and valuation of goods;
- Computation of tax liability;
- Filing of Tax Appeals;
- Tax Planning;
- Study of Tax Reports;
- Referral circulars and clarifications and notifications issued.
- Application for registration (electronically and otherwise)
- Procedure of e-payment of service tax, excise duty, customs duty etc.
- E-filing of returns under various Indirect Tax Laws
- Negative list approach of taxation of services

**7. Knowledge of various other laws as may be applicable like – Corporate Laws, Commercial and Economics Law, Information Technology Law, Public Trusts and Societies Registration Law etc.,**

**8. Financial Management**

- Ratio analysis and preparation of fund flow and cash flow statements;
- Methods of preparation of projected financial statements;
- Understanding principles of working capital requirements;
- Manner of preparing project reports;
- Capital budgeting techniques;
- Methods of analysis of Prospectus;
- Application of principles of financial management;
- Types of principles of financial management ;

- Amalgamation, reconstruction, merger and demergers.

## **9. Information Technology**

The skills acquired during 250 Hours Compulsory Computer Training / 100 Hours Information Technology Training may be further enhanced in following areas:

- Knowledge of various softwares, standards as well as customized;
- Latest developments in the field of information technology;
- Data Management;
- Knowledge of data extraction and analysis techniques;
- Computer management;
- Reports generation using structural query languages;
- Enterprise Resource Planning;
- Commercial Applications;
- Knowledge of Cyber Laws and Information Technology Act.

### **Notes:**

- As far as practicable, the sequence of items under each item indicates desirable progression.
- Theoretical instruction to be imparted by the firms is supplementary to the efforts of the Board of Studies.
- Firms may organise regular meeting of trainees at least twice a month for about 2 to 3 hours.
- In case of small firms, more than one firm may join together to organise such meetings.
- Firms may also take help of suitable experienced personnel to conduct theoretical training programmes.
- Literature may be developed by firms over a time period so that such programmes may become more meaningful.

## **PART – B : PRACTICAL WORK EXPERIENCE**

### **1. Accounting**

- Maintaining of primary books of account, manual or computerised;
- Preparation of reconciliations;
- Preparation of accounts from incomplete records;
- Finalisation of accounts; and
- Application of Accounting Standards and Guidance Notes and other monographs, research studies etc. on Accounting issued by the Institute.

### **2. Auditing (Including Internal Auditing)**

- Vouching of petty cash book and cash book of a simple type of business, say, proprietorship or partnership or of a society;
- Participation in stock taking;
- Vouching of cash for complex organisations involving legal and contractual considerations;
- Checking of the bank reconciliation statement;

- Verification of entries in Stock records, Fixed Assets records, etc.;
- Verification of entries in journal including opening balances;
- Drawing up and/or verification of trial balances of entities like sole-traders, partnerships, societies, etc.;
- Preparation of audit programme. Review of previous audit programme;
- Study of the partnership deeds, loan agreements, regulations, bylaws, etc.;
- Proper maintenance of working papers. Physical verification of stocks and their valuation;
- Review of internal controls;
- Preparation of comprehensive audit notes for discussion with the MIT, including the observations of internal controls and on the follow-up of weaknesses;
- Supervision of the work done by the beginners and review of their audit notes;
- Discussion of audit notes with officials of the client; Independent charge for audit of small and medium-sized companies and large partnerships-including independent review of internal controls, preparation/ review of audit programme;
- Bases of valuation, bases of adjustments in accounts, e.g. depreciation method, etc.;
- Drafting letters of representation, review of the work of juniors and their working papers and notes;
- Verifying the compliances with the requirements under any law for the time being in force as may be applicable like, Corporate Laws, Commercial & Economics Laws, Co-operative Societies Law, the Banking Regulations, Insurance Act, etc.;
- Verification of the provision for taxation, bonus, etc., other provisions and reserves;
- Compliance with the Statements on Standard Auditing Practices issued by the Institute from time to time;
- Audit of banks, insurance companies and other large companies and their branches;
- Handling large-sized company audits including computerised accounts;
- Verifying incorporation of branch/departmental/divisional accounts in the main accounts and elimination of profits, if any, arising in inter-branch, inter- departmental and inter-divisional transactions;
- Audits of government companies and other statutory corporations;
- Reviewing minutes books of the Board as well as of the general meetings;
- Conducting certification work, i.e. certificate for import/export business, bonus, prospectus, stock/debt statements to bankers/financial institutions, etc.;
- Formulating draft audit report;
- Audit in case of amalgamations/merger, demerger, conversion of partnership firm or sole proprietary concern into a company;
- Audit of service providers;
- Systems Audit.

### **3. Taxation**

- Reading and understanding the tax files of clients;
- Computation of Total Income, Deductions, rebates, reliefs and tax payable by various assesseees like individuals, firms, companies, HUFs, etc. under Income-tax Laws;
- Preparation and filing of Return of Income, TDS returns and other documents and papers under the Income tax/ Wealth tax law;
- Computation of wealth and wealth-tax liability under the Wealth-tax Laws.
- Classification and valuation of goods under Excise law;
- Preparing and filing returns and other documents and papers under the various Indirect tax laws namely – Excise Law, Sales Tax (Central as well as State), Customs Duty Law, Service Tax, Octroi etc.;
- Attending the various tax proceedings alongwith the Principal before the Assessing authorities;
- Preparing and verifying various details to be filed with the Assessing authorities;
- Assisting in Drafting and filing of appeals;
- Valuation of Stocks, Securities, etc. for Wealth Tax purposes;
- Attending to client's tax files, tax problems and tax planning;
- Determining the applicability of the latest decisions by various courts to the client.

### **4. Information Technology**

- Knowledge of system development life cycle;
- Using Computer Assisted Audit Techniques;
- Data extraction and analysis using data bases and spread sheet programs;
- Evaluating EDP Controls including Internet controls;
- Developing Business continuity and Disaster Recovery Plans;
- Computer applications in areas like inventory control, financial accounting, share accounting, payrolls, sales accounting, invoicing, etc.;
- Preparing system flow chart;
- Designing databases;
- Understanding Enterprise Resource Planning and the embedded controls;
- Evaluating hardware and software;
- Evaluating Information Security;
- Evaluating the output (reports, statements etc.) generated;
- Knowledge of Intranets/Extranets;
- Knowledge of computer frauds detection techniques.
- Management of Information Systems,
- Risk Assessment and Mitigation Strategies,

- Adoption of controls and their audit,
  - Application of emerging technologies on business processes.
- 5. Management Consultancy and other Services (including financial management and corporate affairs)**
- A. Financial Management**
- Ratio analysis and preparation of fund flow and cash flow statements;
  - Preparation of projected financial statements;
  - Projection of working capital and computation of working capital requirements;
  - Preparation of project reports;
  - Application of capital budgeting techniques to new projects;
  - Processing of loan applications with banks, financial institutions, etc.;
  - Assistance in the preparation of valuation reports;
  - Working out inflation adjusted figures; and
  - Amalgamation, reconstruction and mergers.
- B. Company Law Matters**
- Applying for and obtaining approval of name;
  - Drafting of Memorandum and Articles of Association;
  - Formation and registration of companies;
  - Preparation/Analysis of the Prospectus;
  - Obtaining Certificate of Commencement of Business;
  - Organising Meetings;
  - Filing of forms/documents with the concerned Registrar of Companies and other Authorities under the Companies Act, 1956;
  - Drafting of Minutes;
  - Handling liquidation proceedings.
  - E-filing of documents with the Ministry of Corporate Affairs i.e. [www.mca.gov.in](http://www.mca.gov.in)
- C. Other Corporate Affairs**
- Evaluating the systems;
  - Designing Management Information Systems;
  - Specific investigations;
  - Preparation and evaluation of proposed projects;
  - Preparation of Budgets.

# ANNEXURE IV

[Refer Paragraph 4.3]

## PRACTICAL TRAINING RECORD

Personal Details

Registration No:

Name of the Trainee:

Date of Commencement of articleship training:

Name of the Member-in-Charge (Training):

Membership No:

Name of the Principal

Membership No.

Name of the Organisation

Firm No:

Period from \_\_\_\_\_ to \_\_\_\_\_

### A. Details of Work Undertaken and Training Received:

| Sr. No. | Particulars                                                                                                | No. of Days/Weeks |
|---------|------------------------------------------------------------------------------------------------------------|-------------------|
| I.      | Accounting                                                                                                 |                   |
| II.     | Auditing                                                                                                   |                   |
| III.    | Taxation                                                                                                   |                   |
| IV.     | Information Technology                                                                                     |                   |
| V.      | Management Consultancy<br>& Other Services<br>(including<br>financial management<br>and corporate affairs) |                   |
| VI.     | Other Areas (to be specified)                                                                              |                   |

### B. Summary of Professional (and Other) Training Programmes Attended by Students (SOPTAS)

| Sr. No. | Title of the Seminar etc | No. of Hrs | Remarks |
|---------|--------------------------|------------|---------|
| 1       |                          |            |         |
| 2       |                          |            |         |
| 3       |                          |            |         |

Signature

Signature

Student/Trainee

Principal/Member-in-charge (Training)

Place/Date

Place/Date

**Notes:**

- (i) Any other area of work experience/theoretical training, not falling under the captions given, be specified.
- (ii) The number of days/weeks may be indicated on the basis of basic records such as daily time sheets, diaries etc. and in the absence of any such records, it should be based on the best estimate. The number of days/weeks related to each category may be equated based on the standard number of working hours/days per day/week.
- (iii) Separate record should be preferably maintained in regard to the work experience during secondment/exchange and should be counter-signed by such other member under whom the trainee has had the work-experience.
- (iv) In the Remarks column, of Summary of Professional (and Other) Training Programmes Attended by Students (SOPTAS), state the name of the organiser and other details considered relevant.
- (v) The record should be maintained regularly, preferably on a weekly basis.

# ANNEXURE V

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*[Refer Chapter 5]*

## AN INDUSTRIAL TRAINING PROGRAMME

### I. Familiarisation

- Study of the industry to which the organisation/enterprise belongs and its salient characteristics.
- Study the history of the organisation/enterprise as also its objectives and goals.
- Analysis of the organisational structure.
- Study the flow of transactions with regard to each department separately and also for the company as a whole.
- Study of the basic documents like governing Statute, Memorandum and Articles of Association, Partnership Deed, Trust Deed, Deed of constitution Bye-laws, Rules and Regulations, Annual Reports, etc.
- Understanding the decision making process.
- Study of the control systems and procedures by reference to manual or other appropriate media.
- Identifying and understanding the critical areas of operation.

### II. Financial Accounting

- Study of the Accounting manual, if any.
- Understanding of the accounting system and the accounting control in operation and their effectiveness.
- Understanding of the division of responsibility and authority within the Financial Accounting Section.
- Study of the manner in which transactions data are: (a) recorded and accumulated; (b) further processed; and (c) converted into meaningful information for review and decision making.
- Undertaking specific work responsibility in various accounting areas like cash accounting, sales accounting, purchase accounting, bank accounting, journal, etc.
- Preparation of interim accounts, if any.
- Preparation of final accounts and incorporation of branch or unit or divisional accounts in the consolidated final accounts taking special note of the (a) treatment given for internal transfer, (b) valuation of various assets and liabilities, (c) creation of necessary provisions, (d) compliance with accounting standards, statutory requirements on form and disclosure and applicable accounting standards/principles.
- Preparation of the notes to financial accounts.
- Verification/preparation of the reconciliation statements and schedules attached to the accounts.

### III. Inventory

- Study of the inventory policies and norms followed in the organisation.

- Preparation/Review of reports issued to various internal authorities and external agencies like banks.
- Periodic verification of inventory to identify slow moving or obsolete or damaged items.
- Periodic reconciliation of inventory items as per inventory ledger/cards with the respective bin cards.
- Valuation of Inventory.

#### **IV. Finance**

- Study of the basic financial structure of the organisation.
- Dealings with bank in regard to cash credit, overdrafts, transfer of funds, bill transactions, periodic statements for working capital needs, foreign exchange etc.
- Raising of resources through issue of securities financial instruments etc. registering the same with appropriate authorities and related work thereof.
- Preparation of cash budgets and cash flow statements.
- Capital budgeting in respect of a new project or an expansion scheme including the feasibility report, financing plan, collaboration arrangement, foreign exchange resource requirements and related issues.
- Preparation of proposals for loan applications to banks and financial institutions.
- Working Capital Management.
- Credit (debtors) management.

#### **V. Costing and Budgeting**

Preparation of budgets - departmental and master. Preparation of cost sheets and maintenance of cost accounts. Knowledge of the costing system and methods in use.

Preparation/review of standard variances in periodic budgets and action taken thereon.

- Knowledge of the follow up method used for unreasonable variances.
- Understanding the relationship between costing and pricing.
- Preparation of contribution statement for different products.
- Study of effectiveness of the costing system including standard costing system in use.
- Reconciliation of financial accounts with cost accounts.
- Knowledge of cost minimisation and cost control techniques.
- Preparation/Maintenance of records in case of purely service providers.

#### **VI. Internal Audit and Operational Audit**

- Review of the scope of internal audit and operational audit to assess any serious deficiency in the coverage, alongwith the study of related manuals, if any.
- Understanding the nature of internal and operational audit as an aid to management.
- Participation in internal audit and operational audit including special assignments, systems audit.
- Preparation/review of internal audit and operational audit reports with reference to levels of reports.
- Participation in inventory verification and valuation.

## **VII. Information Technology (EDP)**

- Knowledge of transaction processing systems, client-server environment server centric and shared systems in the industry.
- Knowledge of the areas of work under computerised system.
- Understanding the data processing technique from the input data preparation stage to the output document stage in case of batch processing environment.
- Understanding the controls-hardware and software in the computer system.
- Systems design and analysis.
- Review of the input data and output statements.
- Understanding and appreciation of on-line environment.
- Knowledge of Intranets/Extranets.
- Knowledge of Enterprise Resource Planning package.
- Review of security aspects in case of E-commerce.
- Information security review and computer fraud detection techniques.
- Review of Disaster Recovery Plan.

## **VIII. Company Law & Secretarial Functions**

- Preparation of agenda, minutes, etc.
- Participation in the work connected with the issue of shares, debentures, bonds etc. including SEBI Guidelines.
- Recording of issue and transfer of shares, debentures, etc.
- Study of the major financial transactions like borrowings, investments, etc. of the company in relation to provisions of Company Law.
- Handling queries from the Company Law Board, Registrar of Companies and Reserve Bank of India.
- Filing of various Returns with the Registrar of Companies and other government bodies.
- Attending Board Meetings/General Meetings.

## **IX. Taxation**

- Knowledge of the incidence of various taxes on the organisation, e.g. Income-tax, Wealth tax, Service tax, Sales-tax, Excise Duty, etc.
- Understanding of the work in the Taxation Division.
- Computation of total income and tax liability under the Income tax Laws.
- Computation of wealth and wealth-tax liability under the Wealth-tax Laws.
- Preparation and filing of tax returns (including TDS returns) and statements under the Income-tax Laws and Wealth-tax Laws.
- Assisting in Representation before Assessing Authorities.
- Assisting in preparation of Appeals.
- Study of the assessment or appeal orders.
- Study of the published tax decision reports.
- Participation in tax planning.
- Study of the impact of changes in Taxation Laws and Rules on the organisation.

#### **X. Other Operational Areas**

- Study and understanding of the functions and management of sales, purchase, production, personnel, advertising, transport, etc.
- Study of the records maintained in the above areas.
- Preparation/Study of routine and non-routine reports.
- Study of the feed-back and follow-up on the reports.
- Participation in inter-departmental discussion groups.

*Note :* The above programme is only general in nature as the exact scope of programme will depend upon the nature of industrial/Commercial/Financial Enterprise.

# ANNEXURE VI

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*[Refer to Paragraph 5.4]*

## RECORD OF INDUSTRIAL TRAINING

### Personal Details

Registration No:

Name of the Trainee:

Date of Commencement of articleship training:

Name of the Member-in-Charge (Training) (MIT):

Membership No:

Name of the Principal

Membership No.

Name of the Organisation

Address

Period from \_\_\_\_\_ to \_\_\_\_\_

### MANDATORY

#### A. Details of Work Undertaken and Training Received:

| Sl. No | Particulars                                                                                          | Number of Weeks |
|--------|------------------------------------------------------------------------------------------------------|-----------------|
| I      | Accounting                                                                                           |                 |
| II     | Auditing (incl. Internal Audit/<br>Management Audit)                                                 |                 |
| III    | Taxation                                                                                             |                 |
| IV     | Information Technology                                                                               |                 |
| V      | Management Consultancy & Other<br>Services (including financial<br>management and corporate affairs) |                 |
| VI     | Other Areas (to be specified)                                                                        |                 |

### OPTIONAL

#### B. Summary of Professional (and Other) Training Programmes Attended by Students (SOPTAS) (separate paper may be attached)

| Sr. No. | Particulars | No. of Hrs |
|---------|-------------|------------|
| 1       |             |            |
| 2       |             |            |
| 3       |             |            |

C. General Comments/Remarks, if any

Signature

Signature

Signature

Student/Trainee

MIT

Principal

Place/Date

*Notes:*

1. Any other area of work experience/theoretical training, not falling under the captions given, be specified.
2. The number of days/weeks may be indicated on the basis of basic records such as daily time sheets, diaries etc. and in the absence of any such records, it should be based on the best estimate. The number of days/weeks related to each category may be equated based on the standard number of working hours/days per day/week.
3. In the Remarks column, of Summary of Professional (and Other) Training Programmes Attended by Students (SOPTAS), state the name of the organiser and other details considered relevant.
4. This form should be signed by the Principal in all circumstances.

## ARTICLED ASSISTANTS AND AUDIT ASSISTANTS

## A. ARTICLED ASSISTANTS

**43. Engagement of Articled Assistants**

(1) Subject to the provisions of these Regulations and subject to such terms and conditions, as the Council may deem fit to impose in this behalf, the members designated as an associate or a fellow, who has been in practice continuously, whether in India or elsewhere or an associate or a fellow, who is deemed to be in practice within the meaning of Explanation to sub-section (2) of section 2 of the Act, shall only be eligible to engage an articled assistant or assistants:

PROVIDED that in the case of an associate or a fellow practising outside India, the Council may impose such additional terms and conditions as it may deem fit.

(2) An associate or a fellow, covered by sub-regulation (1), shall be entitled to train such number of articled assistant or assistants, under such terms and conditions, as are specified in Tables I and II given hereinafter:

**TABLE-I**

*((Applicable to members practising the profession of chartered accountants in his individual name or as proprietor or as partner))*

| Category | Period of continuous practice                                                         | Entitlement of articled assistant or assistants |
|----------|---------------------------------------------------------------------------------------|-------------------------------------------------|
| (i)      | An associate or fellow in continuous practice for a period upto 3 years               | 1                                               |
| (ii)     | An associate or fellow in continuous practice for any period from 3 years to 5 years  | 3                                               |
| (iii)    | An associate or fellow in continuous practice for any period from 5 years to 10 years | 7                                               |
| (iv)     | An associate or fellow in continuous practice for any period from 10 years            | 10                                              |

**TABLE-II**

*((Applicable to members who are in full time salaried employment under a chartered accountant in practice or a firm of such chartered accountants))*

| Category | Number of full time salaried employees – irrespective of whether associate or fellow | Entitlement of articled assistant or assistants                              |
|----------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| (i)      | Upto 100                                                                             | 1 per employee                                                               |
| (ii)     | Between 101 and 500                                                                  | 100 + 50% of the number of such employees above 100 (i.e., a maximum of 300) |
| (iii)    | From 501 or more                                                                     | 300 + 20% of the number of such employees                                    |

|  |  |           |
|--|--|-----------|
|  |  | above 500 |
|--|--|-----------|

(2A) A member in full time employment with a firm of chartered accountants shall be entitled to train one articled assistant provided he has been in employment with the same firm for a continuous period of three years.

(3) The entitlement to engage and train articled assistant or articled assistants under this regulation shall be subject to following conditions:-

- (i) Omitted.
- (ii) a member who ceases to be in practice or resigns his partnership or gives up salaried employment under a chartered accountant in practice or a firm of such chartered accountants and who, at the time of discontinuance of practice or paid employment, as the case may be, has one or more articled assistants serving under him, shall not be eligible to take any articled assistant, if he subsequently sets up practice or takes up salaried employment under a chartered accountant in practice or a firm of such chartered accountants, until such time as the articled assistant or assistants serving under him previously complete the period of articles intended to be served under him, had he not given up his practice or the salaried employment.
- (iii) a member shall be entitled to engage and train an articled assistant only if he is in practice and such practice, in the opinion of the Council, is his main occupation and for the purposes of this sub-regulation, in ascertaining the number of years for which a member was in continuous practice, only the number of years in respect of which the member's practice was his main occupation shall be considered:

PROVIDED that the Council may, in its discretion, condone any break in the continuity of practice, for a period not exceeding 182 days in the aggregate.

*Explanation* – For the purpose of this sub-regulation, a member who sets up practice, with practice as his main occupation, after having been in employment for a minimum period of six years in one or more financial, commercial or industrial undertakings approved under regulations 51 and 72, shall be deemed to have been in continuous practice for three years.

(4) The entitlement of a member to train articled assistants under this regulation shall be subject to such decisions as may be made by the Council under regulation 67.

#### **44. Members not to engage articled assistants under the bye-laws of any of the accountancy institutions or bodies outside India**

A member entitled to engage and train articled assistants, under regulation 43, shall not engage any other articled clerk, articled assistant or apprentice, by whatever name called, under the bye-laws of any other Institute or Society or Body:

PROVIDED that such a member may engage any person who has been registered as a student with any of the accountancy institutions or bodies whose training is recognized by the Council as being equivalent to the training prescribed for members of the Institute under clause (v) of subsection (1) of section 4 of the Act.

#### **45. Admission to articleship**

(1) A member engaging articled assistants shall before accepting a person as an articled assistant satisfy himself that-

- (a) he is entitled to train articled assistants under regulation 43, and his professional practice or that of his employer, if he is an employee of chartered accountant in practice or a firm of such chartered accountants, is suitable for the purpose of training articled assistants; and;
- (b) such a person –
  - (i) has passed the Professional Education (Examination-II) or has passed Group I level or Accounting Technician level of Intermediate (Integrated Professional Competence) Examination held under these regulations or has been exempted from passing Common Proficiency Test under sub-regulation (1A) of regulation 25D; and
  - (ii) has successfully completed computer training programme or Information Technology Training as may be specified from time to time by the Council and in the manner so specified and
  - (iii) has completed the Orientation Course for such period and in such manner and within such time as may be decided by the Council from time to time;

(2) Notwithstanding anything contained in sub-regulation (1), a candidate who has passed Common Proficiency Test held under these regulations and also 10+2 examination conducted by an examining body constituted by a law in India or an examination recognized by the Central Government or the State Government as equivalent thereto for the purposes of admission to graduation courses; or has passed the Entrance Examination or Foundation Examination or Professional Education (Examination-I) under these regulations shall be eligible for admission to articleship until the commencement of the enrolment to Intermediate (Integrated Professional Competence) Course or till such time as the Council may decide:

PROVIDED that a candidate who was registered as an articled assistant before the commencement of the enrolment to Intermediate (Integrated Professional Competence) Course shall be eligible to continue and complete the remaining period of practical training as per the deed of articles already executed under these regulations irrespective of any break in the continuity of training:

Provided further that a candidate who has passed Professional Education (Examination-II) at the time of commencement of enrolment to Intermediate (Integrated Professional Competence) Course may join three years articleship upto such time as may be specified by the Council.

#### **46. *Registration of articled assistants***

- (1) The articles shall be executed in the form\* approved by the Council.
- (2) A statement in the form\*\* approved by the Council together with documentary evidence of compliance with Regulation 45, shall be sent to the Secretary for registration so as to reach him within thirty days of the commencement of articles.
- (3) If the statement mentioned in sub-regulation (2) above is not received within the time specified, the Secretary may condone the delay where the member proves to his satisfaction that he was prevented from sending the statement in time, if he received the same from the member within fifteen days after the expiry of

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\* Form '102' of Appendix No. (1).

\*\* Form '103' of Appendix No. (1).

the period so specified, failing which the Secretary shall treat the date of commencement of service as the 31<sup>st</sup> day prior to its receipt by him. If the date of commencement of service is changed by the Secretary, he shall communicate such change to the member who shall make appropriate change in the articles.

(4) Every articulated assistant shall undergo theoretical education as imparted by the Institute. He shall apply in the form approved by the Council; pay such registration fee as an articulated assistant and such tuition fee as may be fixed by the Council, which shall not exceed rupees twenty five thousand in any case taken together. The tuition fee may either be paid in lumpsum or in such installments and at such intervals, as may be specified by the Council.

(5) ***Deleted.***

(6) Every deed of articles executed under this regulation shall cover the full period of articulated training prescribed under these Regulations or the full balance period, where such articles had been terminated before the expiry of their full term.

(7) The Council shall have the power to relax any of the requirements of this regulation in respect of persons enrolled as articulated assistants/audit assistants prior to the date on which these Regulations come into force.

(8) The Council may, after giving the applicant an opportunity of being heard, refuse to register the articles.

#### **47. Premium from articulated assistants**

No amount shall be charged from, or be payable by, an articulated assistant or any other person on his behalf, directly or indirectly, whether by way of premium or as loan or deposit or in any other form in connection with his engagement as an articulated assistant.

#### **48. Stipend to articulated assistants**

(1) Every principal engaging and training articulated assistant or assistants, under regulation 43, shall pay every month to such assistant a minimum monthly stipend, at the rates specified in the Table below:

**Table**

| <b>Classification of the normal place of service of the articulated assistant<br/>(1)</b> | <b>During the first year of training<br/>(2)</b> | <b>During the second year of training<br/>(3)</b> | <b>During the remaining period of training<br/>(4)</b> |
|-------------------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------|--------------------------------------------------------|
| (i) Cities/towns having a population of twenty lakhs and above.                           | Rs. 1000/-                                       | Rs. 1250/-                                        | Rs. 1500/-                                             |
| (ii) Cities/towns having a population of four lakhs and above but less than twenty lakhs. | Rs. 750/-                                        | Rs. 1000/-                                        | Rs. 1250/-                                             |
| (iii) Cities/towns having a population of less than four lakhs.                           | Rs. 500/-                                        | Rs. 750/-                                         | Rs. 1000/-                                             |

*Explanation 1* – For the purposes of this regulation, no stipend shall be payable for any excess leave taken.

*Explanation 2* – For the purposes of determining the rates at which stipend is payable under this regulation, the period of articulated training of the student under any previous principal or principals (not being any such period prior to 1st July, 1973) shall also be taken into account.

*Explanation 3* – For the purposes of this regulation, the figures of population shall be taken as per the last published Census Report of India.

(2) The stipend under this regulation shall be paid by the principal to the articulated assistant either (a) by a crossed account payee cheque every month against a stamped receipt to be obtained from the articulated assistant; or (b) by depositing the amount every month in an account opened by the articulated assistant in his own name with a branch of the bank to be specified by the principal

#### **49. Register of articulated assistants**

A register of articulated assistants shall be maintained by the Council.

#### **50. Period of practical training for an articulated assistant**

An articulated assistant shall not be eligible for the membership of the Institute unless he produces a certificate in the form\* approved by the Council from the appropriate person entitled to issue such a certificate to the effect that he -

- (i) has served as an articulated assistant for a period of three and half years; or
- (ii) has served partly as an articulated assistant and partly as an audit assistant for a total period as specified in clause (i) above for which purpose complete eight months of service as an audit assistant shall be reckoned as six months of training as an articulated assistant, any fraction of a period of less than 8 months as an audit assistant being ignored:

PROVIDED that a candidate who was registered as an articulated assistant before the commencement of the Common Proficiency Test shall be eligible to continue and complete the remaining period of practical training as per the deed of articles executed under these regulations irrespective of any break in the continuity of training:

PROVIDED FURTHER that a candidate who has passed Professional Education (Examination-II) under these regulations at the time of commencement of the Common Proficiency Test may join three year articleship upto such time as may be specified by the Council.

PROVIDED ALSO that a candidate who was exempted from passing the Professional Education (Examination-I) under proviso to sub-regulation (1) of regulation 25B and is registered as a candidate for the Professional Education (Course-II) shall be eligible to join three year articleship, upto such time as may be specified by the Council, subject to his appearing and passing Professional Education (Examination-II), till such time it is held or thereafter, Intermediate (Professional Competence) Examination held under these regulations and completing the specified course on computer training programme or Information Technology Training.

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\* Form ' 108' of Appendix No. (1).

Provided also that a candidate enrolled for the Intermediate (Integrated Professional Competence) Course shall be eligible to three years of articulated training on his passing the Group I level of Accounting Technician level of the Intermediate (Integrated Professional Competence) Examination;

Provided also that a candidate who is a graduate or post graduate and has been exempted from passing the Common Proficiency Test shall be eligible to three years of articles training on his registration to the Intermediate (Integrated Professional Competence) Course.

### **51. Industrial Training**

(1) An articulated assistant who has passed the Intermediate (Professional Competence) Examination or Professional Education (Examination-II) or Intermediate examination under these regulations may, at his discretion, serve as an industrial trainee for the period specified in sub-regulation (2) in any of the financial, commercial, industrial undertakings with minimum fixed assets or minimum total turnover or minimum paid-up share capital as may be specified by the Council or such other institution or organization as may be approved by the Council from time to time:

PROVIDED that the articulated assistant has intimated to his principal his intention to take such industrial training at least three months before the date on which such training is to commence.

(2) The period of industrial training may range between nine months and twelve months during the last year of the prescribed period of practical training.

(3) The industrial training shall be received under a member of the Institute. An Associate who has been a member for a continuous period of at least three years shall be entitled to train one industrial trainee at a time and a fellow shall be entitled to train two industrial trainees at a time, whether such trainees be articulated clerks or audit clerks.

(4) An agreement of training shall be entered into in the form\* approved by the Council.

(5) On satisfactory completion of the industrial training, the member training the industrial trainee, shall forthwith issue to the trainee a certificate in the form\*\* approved by the Council in respect of the training undergone under him and forward a copy thereof to the Secretary.

(6) The period of industrial training referred to under this regulation, shall be treated as service under articles for all purposes of these Regulations, provided the certificate referred to in sub-regulation (5) is produced.

#### **51A. Course on General Management and Communication Skills and period thereof**

Before applying for membership of the Institute, an articulated assistant shall complete a course on General Management and Communication Skills or any other course for such period as may be specified by the Council which shall not be less than seven days and not more than 30 days and in such manner and within such time as may be specified by the Council from time to time.

#### **51B. Course on Information Technology Training**

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\* Form '104' of Appendix No. (1)

\*\* Form '105' of Appendix No. (1).

A candidate shall undergo a course on Information Technology Training for such period as may be specified by the Council which shall not be less than one hundred hours and not more than five hundred hours and in such manner and within such time as may be specified by the Council from time to time.

#### **51C. Advanced Course on Information Technology Training**

A candidate shall undergo an Advanced Course on Information Technology Training as may be determined by the Council which shall not be less than one hundred hours and not more than five hundred hours and in such manner and within such time as may be determined by the Council from time to time.

#### **52. Recognition of Service with Armed Forces**

For the purposes of Regulation 50, service with Armed Forces rendered by an articled assistant for a period not exceeding one year shall be deemed to be service as an articled assistant.

#### **53. Exemption to persons of Indian origin migrating permanently to India**

(1) A person of Indian origin, who has been a citizen of or a permanent resident in a foreign country for a minimum period of five years and who migrates to India and provides satisfactory proof that merely by reason of migration, he has not been able to pass such other examination or examinations or complete such other training outside India prescribed by any of the accountancy institutions or bodies, as are recognised by the Council under clause (v) of sub-section (1) of section 4 of the Act and also proves to the satisfaction of the Council that he intends to settle down permanently in India and obtains Indian citizenship, may be given such concession or relaxation in the matter of examination or practical training, as the Council deems fit, provided the Council is itself satisfied that the examination or examinations passed or training undergone in that country are equivalent to the examination or examinations or training prescribed for the members of the Institute.

(2) A person eligible for exemption under sub-regulation (1) above, shall apply for such exemption in writing and shall furnish together with the exemption fee the following documents, namely:—

- (i) A copy of the Rules and Regulations of the concerned recognised accountancy institution regarding practical training and examinations.
- (ii) A certificate from the concerned institution regarding the examination passed and training completed clearly indicating the period of such completed training.
- (iii) A certificate from the principal under whom the applicant completed any period of training giving the dates of such period of training.
- (iv) A declaration to the effect that the applicant is a permanent resident of India and intends to acquire Indian citizenship.
- (v) A declaration to the effect that except for the fact of his having migrated permanently to India, the applicant would have become eligible to become a member of the institution with which he was registered as a student upon his passing any of the remaining examination, or completing the full period of training in accordance with the rules of such institution.

(3) A person eligible for exemption under sub-regulation (1) above shall pay such fee for grant of exemption as may be fixed by the Council from time to time.

#### **53A. Other professional bodies –**

(1) For the purposes of Items (2), (3) and (5) of part I of the First Schedule to the Act, a person has to be a member of any of the following professional bodies, namely:-

(a) The Institute of Company Secretaries of India established under the Companies Act, 1980 (No. 56 of 1980);

(b) The Institute of Cost and Works Accountants of India established under the Cost and Works Accountants Act, 1959 (No. 23 of 1959);

(c) Bar Council of India established under the Advocates Act, 1961 (No. 25 of 1961);

(d) The Indian Institute of Architects established under the Architects Act, 1972 (No. 20 of 1972);

(e) The Institute of Actuaries of India established under the Actuaries Act, 2006 (No. 35 of 2006).

(2) The membership of the professional bodies or institutions outside India whose qualifications relating to accountancy are recognized by the Council under sub-section (2) of section 29 shall also be taken into consideration for the purposes of Items (2), (3) and (5) of the Part I of the First Schedule to the Act.

(3) For the purposes of Items (2), (3), (4) and (5) of part I of the First Schedule to the Act, the following shall be the persons qualified in India, namely:-

(i) Company Secretary within the meaning of the Company Secretaries Act, 1980;

(ii) Cost Accountants within the meaning of the Cost and Works Accountants Act, 1959;

(iii) Actuary within the meaning of the Actuaries Act, 2006;

(iv) Bachelor in Engineering from a University established by law or an Institution recognized by law;

(v) Bachelor in Technology from a University established by law or an institution recognized by law;

(vi) Bachelor in Architecture from a University established by law or an institution recognized by law;

(vii) Bachelor in Law from a University established by law or an institution recognized by law;

(viii) Master in Business Administration from Universities established by law or technical institutions recognized by All India Council for Technical Education.

### ***53B. Membership of professional bodies for partnership –***

(1) For the purpose of entering into partnership under Item (4) of Part I of the First Schedule to the Act, a person shall be a member of any of the following professional bodies, namely:-

(a) Company Secretary, member, The Institute of Company Secretaries of India, established under the Company Secretaries Act, 1980;

(b) Cost Accountant, member, The Institute of Cost and Works Accountants of India established under the Cost and Works Accountants Act, 1959;

(c) Advocate, member, Bar Council of India established under the Advocates Act, 1961;

- (d) Engineer, member, The Institution of Engineers, or Engineering from a University established by law or an institution recognized bylaw.
- (e) Architect, member, The Indian Institute of Architects established under the Architects Act, 1972;
- (f) Actuary, member, The Institute of Actuaries of India, established under the Actuaries Act, 2006.

(2) Professional bodies or institutions outside India whose qualifications relating to accountancy are recognized by the Council under sub-section (2) of section 29 of the Act.

#### **54. *Secondment of articulated assistants***

(1) A principal may, with the consent of the articulated assistant, second from time to time the articulated assistant to other member or members with a view to provide the articulated assistant the opportunity of gaining practical experience in areas where the principal may not be in a position to provide the same.

(2) The articulated assistant shall be seconded only to a member who is entitled to train one or more articulated assistants in his own right or to a member in industry who is entitled to train one or more industrial trainees.

(3) The member to whom the articulated assistant is seconded will not be entitled to train more than two such assistants on secondment at a time.

- (4)(a) The maximum period of secondment shall be one year which may be served with a single eligible member.
- (b) The Council may permit secondment with more than one such member provided the minimum period of secondment shall be four months and the aggregate period served on secondment with such members shall not exceed one year.

(5) Where an articulated assistant is seconded to a member in industry, the total period spent in industry by the articulated assistant, including the period of industrial training under these regulations, shall not exceed one year.

(6) During the period of secondment, the member with whom the articulated assistant is seconded shall pay the stipend as provided under these regulations.

(7) The member with whom the articulated assistant is seconded shall be responsible for imparting training during secondment. He shall maintain records of practical training undergone by the articulated assistant during secondment and forward the same to the principal on completion of period of secondment. The principal shall include required particulars in the report to the Council under regulation 64.

(8) A statement in the form approved by the Council shall be sent to the Secretary for records within thirty days from the date of commencement of training on secondment.

#### **54A. *Practical Training under eligible members of Accountancy Institutions or Bodies outside India***

(1) A principal, with the consent of the articulated assistant, may depute the latter for training for a period not exceeding six months to a member eligible to engage and train an articulated clerk or articulated

assistant or apprentice, by whatever name called, under the bye-laws of an institution or body etc. set up in the respective countries under the relevant Statutes.

(2) For the purpose of regulation 50, such period of training shall be deemed to be service as an articulated assistant.

(3) During such period of training the provisions of regulation 48 shall not apply.

(4) The principal shall include the particulars of such training in the report to the Council under regulation 64.

(5) No deed of Articles need be executed for such training nor any intimation need be sent to the Institute in this regard.

### **55. *Change of status of Principal***

(1) Where a salaried employee of a chartered accountant in practice or a firm of such chartered accountants set up practice independently, the articulated assistant or articulated assistants engaged by him, as the case may be, shall continue to remain engaged with him from the date of setting up practice independently provided he is entitled to train the articulated assistant or the articulated assistants under regulation 43:

PROVIDED that the President or the Vice-President of the Council may, in an appropriate case, direct that the articulated assistant shall serve the chartered accountant in practice or the firm of such chartered accountants, as the case may be.

(2) Where the salaried employee aforesaid does not set up practice independently or he is not entitled to train the articulated assistant or the articulated assistants under regulation 43, the articulated assistant or articulated assistants, as the case may be, shall serve the chartered accountant in practice who has executed the deed of articles as required under sub-regulation (1) of regulation 46 as the second principal. The provision of sub-regulation (1) of regulation 46 shall not apply in such a case but a statement in the form approved by the Council shall be sent to the Secretary for registration so as to reach within thirty days of the change in the status of the principal or within such extended period as the Secretary may determine.

(3) In every case referred to in sub-regulation (1) or sub-regulation (2) no registration fee shall be payable by the articulated assistant.

### **56. *Termination or assignment of articles***

(1) Every articulated assistant executing the deed of articles for the full period of articulated training prescribed under these regulations, shall be required to complete such articles only with the member, who has engaged him:

PROVIDED that the articles so engaged may, by agreement between the articulated assistant and his principal, be terminated under such exceptional circumstances or conditions, as may be decided by the Council:

PROVIDED FURTHER that in case the Principal has not forthwith issued the Certificate prescribed under Regulation 61, on completion or termination of articles, the articulated assistant shall make a request in the form approved by the Council, within 15 days of such completion or termination, to the principal, under intimation to the Secretary by registered or speed post, for issue of such certificate of service and the principal shall in any case, issue the certificate of service within three months of such completion or termination:

PROVIDED also that in cases where no such certificate is received by the Secretary within fifteen days of expiration of the period specified above, the certificate shall be deemed to have been issued on the date specified by the articulated assistant, and an intimation to that effect shall be sent to the principal.

(2) Where articles are terminated by agreement under sub-regulation (1), the same may be assigned to another principal entitled to train articulated assistants under Regulation 43. Such assignment shall be in the form \* approved by the Council.

(3) The provisions of Regulation 46 shall apply 'mutatis mutandis' except that no registration fee shall be payable by the articulated assistant.

### **57. Fresh Articles**

(1) Where an articulated assistant is not able to complete the term of the articles by reason of the fact that (a) the principal has ceased to practise; or (b) the name of the principal has been removed from the Register; or (c) the principal has died; or (d) the articles are terminated under sub-regulation (1) of Regulation 56, he may enter into fresh articles for the remainder term of his service with another member entitled to engage and train one or more articulated assistants:

PROVIDED that the Secretary may, in an appropriate case covered by category (a), (b) or (c) above, permit the articulated assistant to be trained as an additional articulated assistant by a member entitled to engage and train one or more articulated assistants notwithstanding anything contained in Regulation 43.

(2) Where an articulated assistant is not able to complete the term of articles for any other valid reason, he may with the permission of the President or the Vice-President, as the Council may decide from time to time, enter into fresh articles for the remainder of the term of service with another member entitled to engage and train one or more articulated assistants:

PROVIDED that the President or the Vice-President, as the Council may decide from time to time, may, in any appropriate case, permit the articulated assistant to be trained as an additional articulated assistant by a member entitled to engage and train one or more articulated assistants notwithstanding anything contained in Regulation 43.

### **(3) Omitted**

(4) In every case referred to in sub-regulation (1) or sub-regulation (2) above, the provisions of regulation 46 shall apply 'mutatis mutandis' except that no fee shall be payable by the articulated assistant:

PROVIDED that in such cases, the request for permission to be taken as additional articulated assistant under another principal is sent, so as to reach the Secretary within thirty days and the statement in Form \* approved by the Council is sent so as to reach the Secretary within thirty days from the date of the letter of the Secretary granting such permission:

PROVIDED FURTHER that in a case covered under category (c) of sub-regulation (1), the date of commencement of training under fresh articles shall be taken as the date following the date of the death of the principal.

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\* Form '106' of Appendix No. (1).

\* Form "102" & "103" of Appendix No.(1).

\*\* Form "107" of Appendix No. (1)

## **58. Supplementary Articles**

(1) An articulated assistant who has taken leave in excess of the period of leave to which he is entitled under Regulation 59 shall be required to serve for a further period equivalent to the excess leave taken by him.

(2) If the period of the excess leave taken is sought to be served under the principal with whom such articulated assistant last served his articles, a supplementary deed of articles in the form\*\* approved by the Council shall be executed in continuation of the previous articles.

(3) The supplementary deed, duly stamped, shall be sent to the Secretary for registration so as to reach him within 60 days of the expiry of the previous articles. No fee shall be charged for the registration of such supplementary deed of articles:

PROVIDED that the Executive Committee may condone the delay in sending the supplementary deed in appropriate cases.

(4) If the articulated assistant chooses to serve under any other member entitled to engage articulated assistants under Regulation 43, the provisions of Regulation 46 shall apply 'mutatis mutandis' except that no fee shall be charged for registration of articles under the said regulation.

## **59. Leave to an Articled Assistant**

(1) An articulated assistant shall earn leave at the rate of one-sixth of the period for which he has actually served excluding from such period, the period for which he has been on leave subject to a maximum of 180 days.

(2) An articulated assistant who has served as an audit assistant before the commencement of his articles shall, in addition to the leave earned under this regulation, be entitled to leave equal to one-half of the leave earned and not availed of as an audit assistant, subject to a maximum of three months.

(3) Leave due shall ordinarily be granted if reasonable notice has been given to the principal by the articulated assistant.

(4) For the purposes of preparing for an examination of the Institute, the articulated assistant shall be granted by the principal leave for three months or to the extent due, whichever is less, provided an application for the leave has been made at least fifteen days in advance.

(5) Leave not earned may also be granted by the principal subject to the condition that the total leave to be taken by the articulated assistant shall not exceed one-seventh of the total period of his actual service, together with the leave due under sub-regulation (2).

(6) Notwithstanding anything contained in the foregoing sub-regulations, the principal shall allow the articulated assistant to receive training in the Territorial Army, the Home Guards or any similar organisation approved by the Council and shall treat the period of such training not exceeding sixty days in a year, as period actually served under articles.

(7) For the purpose of this regulation, the days (including intervening holidays) on which an articulated assistant appears for any examination under these Regulations or attends a course of academy of accounting conducted by the Institute and recognised by the Council in this behalf, shall not be treated as leave but would be treated as period actually served under articles

*Explanation* - (1) For the removal of doubts, it is clarified that attendance by an articulated assistant with the consent of the principal, at a conference, including Course on Information Technology Training,

and Course on General Management and Communication Skills or seminar organised by the Institute including a regional council or a students' association or a branch of a regional council for the benefit of assistants, shall be treated as period actually served under articles.

(2) An articulated assistant who has secured admission in a course at an academy of accounting conducted by the Institute shall be relieved by the principal, without termination of articles, for attending the academy, provided he has given notice of not less than two months of his intention to join the academy.

#### **60. *Working hours of an Articled Assistant***

The minimum working hours of an articulated assistant shall be 35 hours per week (excluding lunch break) which shall be regulated by the Principal from time to time, subject to such directions and guidelines, as may be issued by the Council.

#### **61. *Certificate of Service***

(1) The principal shall, on completion of the service of an articulated assistant, forthwith issue a certificate in respect of the service, rendered under him in the form\* approved by the Council and forward a copy thereof, duly signed by both the principal and the articulated assistant to the Secretary.

(2) In the event of discontinuance or termination of the service of an articulated assistant before the expiry of the full period of service, the principal shall issue to the articulated assistant, a certificate in the form\*\* approved by the Council and forward forthwith a copy thereof duly signed by the principal and the articulated assistant, to the Secretary. A printed copy of such form shall be obtained on request from the Secretary and shall bear the stamp of the Institute and date of its issue and shall be valid only for sixty days thereafter.

(3) Where the principal is unable to obtain the signatures of articulated assistant within thirty days of completion of the service, he may forward the certificate to the Secretary duly signed by himself, without the requisite signatures of the articulated assistant, within forty five days of the completion of the service and send two copies thereof to the last known address of the articulated assistant by registered post.

(4) The articulated assistant shall, upon receipt of the certificate referred to in sub-regulation (3), sign one copy thereof and forward the same to the Secretary forthwith.

#### **62. *Certificate of service on the death of principal***

Where the principal dies, his legal representative or where, at the time of his death, he was carrying on practice with another member, the surviving partner, shall within thirty days from the death of the principal, issue to the articulated assistant a certificate in the form\* approved by the Council, in respect of the service rendered and forward a copy thereof to the Secretary.

#### **63. *Proof of training in the absence of a certificate***

In the case of a person who is unable to produce, for a valid reason, a certificate in the form approved by the Council, from an appropriate person, the Council may require such proof as it may determine that the former person has served as an articulated assistant for the period required by Regulation 50.

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\* Form'108" of Appendix No. (1).

\*\* Form'109'of Appendix No. (1).

\* Form '110' and '111' of Appendix No. (1).

#### **64. *Report to the Council***

(1) The principal imparting training to articled assistants shall ensure that the training imparted is of such an order that the quality and standing of the profession are maintained as well as enhanced. For that purpose, he shall maintain a record about the progress and nature of training imparted by him to the articled assistant, in such form and manner, as may be determined by the Council.

(2) The principal shall submit the records of training maintained as and when required by the Council. In the event of the death of the principal his legal representative or the surviving partner shall submit the records, as and when required by the Council.

#### **65. *Articled assistant not to engage in any other occupation***

Without the previous permission of the Council, obtained on application made in the \*\* approved form, no articled assistant shall, during the period of his service as an articled assistant, take any other course of study or training, whether academic or professional, or engage in any business or occupation.

#### **66. *Enquiries against articled assistant***

(1) Where a complaint or information of any misconduct or breach of regulation 65 or breach of the Code of Conduct applicable to articled assistants or breach of any of the covenants contained in the articles is received against an articled assistant from his principal or any other person, the President or the Vice-President as the Executive Committee may decide from time to time, may cause an investigation to be made.

(2) The Executive Committee may, on a consideration of the report of the investigation and after giving the articled assistant an opportunity of being heard, make any of the following orders, namely:-

- (i) direct that the papers be filed and the complaint be dismissed, if the Executive Committee finds that the articled assistant is not guilty of any misconduct or breach of Regulation 65 or breach of any of the covenants contained in the articles; or
- (ii) if the articled assistant is found guilty, reprimand the articled assistant or cancel the registration of articles or direct that any period already served under such articles shall not be reckoned as service for the purpose of the period of practical training specified in Regulation 50.

(3) The articled assistant, the registration of whose articles has been cancelled under this regulation, shall not, except with the permission of the Executive Committee be retained or taken as an articled assistant or audit assistant by any member.

*Explanation* - For the purpose of this Regulation the articled assistant includes a person who at the relevant time was registered as such.

#### **67. *Complaint against the Principal***

(1) Where an articled assistant makes a complaint against his principal on a matter concerning his training as an articled assistant, the President or the Vice-President as the Executive Committee may

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\*\* Form '112' of Appendix No. (1).

decide from time to time may cause an investigation to be made and submit a report to the Executive Committee.

(2) The Executive Committee shall submit the report of the investigation to the Council with its recommendations.

(3) The Council may, on a consideration of the report of the Executive Committee, pass such order as it may consider expedient, including an order withdrawing the entitlement of the principal to train one or more articulated assistants either permanently or for a specified period:

PROVIDED that no order withdrawing the entitlement of the principal to train one or more articulated assistants shall be passed without giving him an opportunity of being heard.

*Explanation* - An order passed by the Council under this regulation shall be without prejudice to any action that the Council may take against the principal under Section 21.

(4) The President or the Vice-President as the Executive Committee may decide from time to time, may, pending an investigation of the complaint, either terminate or suspend the articles and allow the articulated assistant to be accepted as additional articulated assistant by a member, notwithstanding anything contained in Regulation 43.

*Explanation* - For the purpose of this regulation, the articulated assistant includes a person who at the relevant time was registered as such.

## **B. AUDIT ASSISTANTS**

### **68. Engagement of Audit Assistants**

(1) A member who has been in continuous practice for not less than three years, either before or after the commencement of the Act, or partly before and partly after the commencement of the Act, shall be entitled to engage one audit assistant.

(2) A member shall be entitled to engage or train an audit assistant only if he is in practice and such practice, in the opinion of the Council, is his main occupation and in ascertaining the number of years for which a member was in continuous practice, only the number of years in respect of which the member's practice was his main occupation shall be considered.

(3) The Council may, subject to such terms and conditions as it may deem fit, relax the provisions of sub-regulation (1) or sub-regulation (2) in any particular case.

(4) The entitlement of a member to train an audit assistant under this regulation shall be subject to such orders as may be passed by the Council under Regulation 80.

<sup>6</sup>[(5) A member shall be entitled to engage a person as an audit assistant only if such person had been in service as a salaried employee for a minimum period of one year either under him or in the firm of chartered accountants in practice wherein he is a partner, on a monthly remuneration at the rates specified below, depending upon where the normal place of service of the audit assistant is situated:-

- (a) cities with a population of one million and above Rs. 1500/- per month
- (b) cities/towns having a population of less than one million Rs. 1000/- per month

*Explanation* - For the purpose of this sub-regulation, the figures of population shall be taken as per the last published Census Report of India ]

(6) A member registering under these Regulations, the service of the person referred to under sub-regulation (5) of this regulation shall pay minimum monthly remuneration at the rates specified in sub-regulation (5) of this regulation, to the assistant during the period he is in service with him in accordance with these Regulations.

#### **69. Registration of Audit Assistants**

<sup>7</sup>[(1) A member in practice before applying for registration of the service of an audit assistant shall satisfy himself that:-

- (a) his professional practice (either in his individual name or in a trade name or as a partner of the firm) is suitable for the purpose of engaging audit assistants; and
- (b) such a person -
  - (i) is not less than 17 years of age on the date of commencement of audit service; and
  - (ii) has passed the Professional Education (Examination – II) or Group I level or Accounting Technician level of Intermediate (Integrated Professional Competence) Examination held under these regulations or has been exempted from passing the Common Proficiency Test under sub-regulation (1A) of regulation 25D; and
  - (iii) has successfully completed computer training programme or Information Technology Training, for such period, in such manner and within such time as may be decided by the Council from time to time; and
  - (iv) has completed the Orientation Course for such period, in such manner and within such time as may be decided by the Council from time to time.

(2) A statement in the form\* approved by the Council, together with documentary evidence of compliance with the requirements of this regulation, shall be sent to the Secretary for registration of the audit service so as to reach him within thirty days of the commencement of audit service.

(3) If the statement mentioned in sub-regulation (2) above, is not received within the time specified, the Secretary may condone the delay where the member proves to his satisfaction that he was prevented from sending the statement in time, if he receives the same from the member within fifteen days after the expiry of the period so specified, failing which the Secretary shall treat the date of commencement of service as the 3.1st day prior to its receipt by him. If the date of commencement, of service is changed by the Secretary, he shall communicate such change to the member.

(4) Every audit assistant other than one who has passed the Government Diploma in Accountancy Examination or an Examination recognised as equivalent thereto by the rules for the award of Government Diploma in Accountancy, shall undergo theoretical education imparted by the Institute. He shall apply in the form approved by the Council, pay such registration fee as an audit assistant and such tuition fee as may be fixed by the Council which shall not exceed rupees twenty five thousand in any case taken together. The tuition fee may either be paid in a lumpsum or in such installments and at such intervals as may be fixed by the Council.

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\* Form '113' of Appendix No. (1).

(5) ***Omitted***

(6) The Council shall have the power to relax any of the requirements of this regulation in respect of persons enrolled as audit assistants/articled assistants prior to the date on which these Regulations came into force.

(7) The Council may, after giving to the applicant an opportunity of being heard, refuse to register the service as an audit assistant.

**70. Register of Audit Assistants**

A register of audit assistants shall be maintained by the Council.

**71. Period of practical training for an audit assistant**

An audit assistant shall not be eligible for the membership of the Institute unless he produces a certificate in the form\* approved by the Council from the appropriate person entitled to issue such a certificate to the effect that he:-

- (i) has served as an audit assistant for a period of fifty-six months; or
- (ii) has served partly as an audit assistant and partly as an articled assistant for a total period as specified in clause (i) above for which purpose complete six months of service as an articled assistant shall be reckoned as eight months of service as an audit assistant, any fraction of a period of less than six months as an articled assistant being ignored:

PROVIDED that an audit assistant who commenced his practical training before the 1st day of July, 1956 shall not be eligible for the membership of the Institute unless he produces a certificate in the form\* approved by the Council from an appropriate person as provided in paragraph 11 of Schedule 'B' of the Chartered Accountants Regulations, 1964, as in force at the commencement of these Regulations:

PROVIDED FURTHER that an audit assistant who commenced his practical training on or after the 1st day of July, 1956 but before 1st day of October, 1973 shall not be eligible for the membership of the Institute unless he produces a certificate in the form\*\* approved by the Council from an appropriate person as provided in paragraph 12 of Schedule 'B' of the Chartered Accountants Regulations, 1964, as in force at the commencement of these Regulations.

**72. Industrial Training**

(1) An audit assistant who has passed the Intermediate (Professional Competence) Examination or Professional Education (Examination-II) or the Intermediate Examination under these regulations may, at his discretion, serve as an industrial trainee for the period specified in sub-regulation (2) in any of the financial, commercial, industrial undertakings with minimum fixed assets or minimum total turnover or minimum paid-up share capital as may be specified by the Council or such other institution or organization as may be approved by the Council from time to time:

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\* Form '113' of Appendix No. (1).

\*\* Form '114' of Appendix No. (1).

PROVIDED that the audit assistant has intimated to his employer his intention to take such industrial training at least three months before the date on which such training is to commence.

(2) The period of industrial training may range between nine months and twelve months during the last year of the prescribed period of practical training.

(3) The industrial training shall be received under a member of the Institute. An associate who has been a member for a continuous period of at least three years shall be entitled to train one industrial trainee at a time and a fellow shall be entitled to train two industrial trainees at a time, whether such trainees be audit assistants or articled assistants.

(4) An agreement of training shall be entered into in the form\* approved by the Council.

(5) On satisfactory completion of the Industrial training or termination of such training before its completion, the member training the industrial trainee shall forthwith issue to the trainee a certificate in the form\*\* approved by the Council in respect of the training undergone under him and forward a copy thereof to the Secretary.

(6) The period of industrial training, referred to under this regulation, shall be treated as service as audit assistant for all purposes of these Regulations, provided the certificate referred to in sub-regulation (5) is produced.

#### **72A. *Course on General Management and Communication skills and period thereof***

Before applying for membership of the Institute, an audit assistant shall successfully complete a course on General Management and Communication Skills or any other course for such period as may be specified by the Council which shall not be less than seven days and not more than 30 days and in such manner and within such time as may be specified by the Council from time to time.

#### **72B. *Training Course on Information Technology***

A candidate shall undergo a course on Information Technology Training in such manner and within such a time and for such period as may be specified by the Council which shall not be less than one hundred hours and not more than five hundred hours.

#### **72C. *Advanced Course on Information Technology Training***

A candidate shall undergo the Advanced Course on Information Technology Training as may be determined by the Council which shall not be less than one hundred hours and not more than five hundred hours and in such manner and within such time as may be determined by the Council from time to time.

#### **73. *Recognition of service with Armed Forces***

For the purposes of Regulation 71, service with Armed Forces rendered by an audit assistant for a period not exceeding two years, shall be deemed to be service as an audit assistant.

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\* Form '104' of Appendix No. (1).

\*\* Form '105' of Appendix No. (1).

#### **74. Leave to an Audit Assistant**

(1) An audit assistant may be allowed such leave of absence as he earns in accordance with his terms of employment but such leave shall not exceed one-sixth of the period, for which he has served excluding from such period, the period for which he has been on leave subject to maximum of 240 days.

(2) An audit assistant who has served as an articulated assistant before the commencement of his audit service shall, in addition to the leave earned under this regulation, be entitled to leave earned and not availed of by him as an articulated assistant, subject to a maximum of three months.

(3) Leave of absence may ordinarily be granted to an audit assistant only for a period aggregating to not more than one-seventh of the period actually served, till the time the leave is availed of.

(4) For the purpose of preparing for an examination of the Institute, the audit assistant shall be granted by the employer leave for three months or to the extent due, whichever is less, provided an application for leave has been made at least fifteen days in advance.

(5) Leave not earned may also be granted by the employer subject to the condition that the total leave to be taken by the audit assistant shall not exceed one-seventh of the total period of his actual service, together with leave due under sub-regulation (2).

(6) Notwithstanding anything contained in the foregoing sub-regulations, the employer shall allow the audit assistant to receive training in the Territorial Army, the Home Guards or any similar organisation approved by the Council and shall treat the period of such training, not exceeding sixty days in a year, as period actually served as an audit assistant.

(7) For the purpose of this regulation, the days (including intervening holidays) on which an audit assistant appears for any examination under these Regulations or attends a course of academy of accounting conducted by the Institute and recognised by the Council in this behalf, shall not be treated as leave but would be treated as period actually served as an audit assistant.

*Explanation* - For the removal of doubts, it is clarified that attendance by an audit assistant, with the consent of the principal, at a conference, including Course on Information Technology Training, and Course on General Management and Communication Skills or seminar organised by the Institute including a regional council or a students' association or a branch of a regional council for the benefit of students, shall be treated as period actually served as an audit assistant.

#### **75. Certificate of Service**

(1) The employer shall, on completion of the service of an audit assistant, forthwith issue a certificate in respect of the service rendered under him in the form\* approved by the Council and forward a copy thereof, duly signed by both the employer and the audit assistant, to the Secretary.

*Explanation* - For the purpose of this regulation, the audit service shall be terminated on the audit assistant opting for industrial training.

(2) Where the employer is unable to obtain the signatures of the audit assistant within thirty days of completion of the service, he may forward the certificate to the Secretary, duly signed by himself without the requisite signatures of the audit assistant, within forty-five days of the completion of the service and send two copies thereof to the last known address of the audit assistant by registered post.

(3) The audit assistant shall, upon receipt of the certificate referred to in sub-regulation (2), sign one copy thereof and forward the same to the Secretary forthwith.

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\* Form '114' of Appendix No. (1).

#### **76. *Certificate of Service on the Death of the Employer***

Where the employer dies, his legal representative or where, at the time of his death, he was carrying on practice with another member the surviving partner, shall within thirty days from the death of the employer, issue to the audit assistant a certificate in the form\* approved by the Council in respect of the service rendered and forward a copy thereof to the Secretary.

#### **77. *Proof of training in the absence of a certificate***

In the case of a person who is unable to produce, for a valid reason, a certificate in the form approved by the Council from an appropriate person, the Council may require such proof as it may determine that the former person has served as an audit assistant for the period required by Regulation 71.

#### **78. *Audit Assistant not to engage in any other Occupation***

Without the previous permission of the Council obtained on application made in the approved form\*\* no audit assistant during the period of his service as an audit assistant, take any other course of study or training, whether academic or professional, or engage in any business or occupation.

#### **79. *Enquiries against Audit Assistants***

(1) Where a complaint or information of any misconduct or breach of regulation 78 or breach of the Code of Conduct applicable to audit assistants is received against an audit assistant from his employer or any other person the President or the Vice-President as the Executive Committee may decide from time to time, may cause an investigation to be made.

(2) The Executive Committee may, on a consideration of the report of the investigation and after giving the audit assistant an opportunity of being heard, make any of the following orders, namely:—

- (i) direct that the papers be filed and the complaint be dismissed, if the Executive Committee finds that the audit assistant is not guilty of any misconduct or a breach of Regulation 78; or
- (ii) if the audit assistant is found guilty, reprimand the audit assistant or cancel the registration of audit service or direct that any period already served as an audit assistant shall not be reckoned as service, for the purpose of the period of practical training specified in Regulation 71.

(3) The audit assistant, the registration of whose audit service has been cancelled under this regulation, shall not, except with the permission of the Executive Committee, be retained or taken as an audit assistant, or an articled assistant by any member.

*Explanation* - For the purpose of this regulation, an audit assistant includes a person who at the relevant time was registered as such.

#### **80. *Complaint against the Employer***

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\* Form '115' and '116' of Appendix No. (1).

\*\* Form '112' of Appendix No. (1).

(1) Where an audit assistant makes a complaint against his employer on a matter concerning his training as an audit assistant, the President or the Vice President as the Executive Committee may decide from time to time, may cause an investigation to be made and submit a report to the Executive Committee.

(2) The Executive Committee shall submit the report of the investigation to the Council with its recommendations.

(3) The Council may, on a consideration of the report of the Executive Committee, pass such order as it may consider expedient, including an order withdrawing the entitlement of the employer to train audit assistants either permanently or for a specified period:

PROVIDED that no order withdrawing the entitlement of the employer to train audit assistants shall be passed without giving him an opportunity of being heard.

*Explanation* - An order passed by the Council under this regulation shall be without prejudice to any action that the Council may take against the employer under Section 21.

(4) The President or the Vice-President as the Executive Committee may decide from time to time may, pending an investigation of the complaint, either terminate or suspend the audit service and allow the audit assistant to be accepted as additional audit assistant by a member, notwithstanding anything contained in Regulation 68.

*Explanation* - For the purpose of this regulation, an audit assistant includes a person who at the relevant time was registered as such.