

Office Management & Practice Development Strategies for Chartered Accountants.

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Challenges

- Competitive challenges
- Regulatory challenges
- Technological challenges
- Internal Challenges

Areas of management for CA's office

- Personnel Management (Staff)
- Time Management (Self)
- Space Management
- Clients Management
- Finance Management
- Communication & Systems Management
- Knowledge Management
- Work Management

Personnel Management (Staff)

1. Delegation
2. Standard Instruction Sheets
3. Training
4. Time Sheets
5. Meetings

Time (Self)

1. Office Timing
2. System of appointments
3. Time at Department
4. Table Clearance
5. Time for creative thinking
6. Time for physical fitness
7. Time for family

Space

1. Placement of Assests
2. Placement of Staff
3. Storage of Records

Clients

1. Educating Clients
2. 80: 20 Theory
3. Mailing lists
4. Evaluation of Services rendered
5. Client relationship

Finance

1. Bill Preparation/raising
2. Bill Timing
3. Bill Collection
4. Follow up
5. Expenses

Communication

1. Telephone
2. Letterhead
3. Cards
4. Covers/Envelops
5. Reply/Feedback
6. Message systems

Knowledge

1. Books
2. Seminars
3. Study Circles
4. Other Material

Work

1. Time Schedules
2. Registers
3. Monitoring
4. Follow up
5. Departmental Work

From Generalization to Specialization

Specialization calls for a structured, focused approach to a particular subject.

Process and Approach

- Short Listing of two to four avenues for practice
- Carry out thorough micro analysis of the selected areas
- Shortlist on one area and draw out a blue print / action plan.
- Delegation
- Eliminating non-focus areas or non-focus clients
- Creating Time for Advanced Study/ Technical Expertise i.e Research
- Marketing
- Building Organisation

Qualities to be developed

- An analytical mind and the readiness to walk that extra mile.
- Willingness to study the subject thoroughly.
- Ability to adapt to changes, yet open to suggestions from both seniors and juniors.
- Continuous and timely updating oneself on the subject open to opportunities to teach and participate in technical discussions, however poorly paid or burdensome.
- A simplified and clear approach to teaching the subject.
- Good communication skills, whether written or oral, fluency in speech, confidently conveying the intended message.
- Interest in developing soft skills.

- Ability to say 'NO' to work which detours from the path of specialization.
- Ability and willingness to act beyond the call of duty.
- Be excellent Managers and Leaders

How To Delegate

People use many excuses for not delegating. Their reasons are usually unfounded. You'll get more done through delegation if you assume the opposite of the following statements is true:

- I could do it better myself.
- I don't know if I can trust her to do it.
- He isn't qualified to do it.
- She doesn't want any added responsibilities.
- I don't have the time to show anyone how to do it.
- There is no one else to delegate to.
- He already has enough to do.
- I don't want to give up this task because I like doing it.
- I'm the only person who knows how to do this.
- She messed up last time, so I'm not giving her anything else to do.
- Assume that most people want added responsibilities (don't you?). Assume they are keen to learn. Recognizes that the short-term training investment will pay off in the long term.
- Look around. Even though you're not the boss, there are people who will help you if you approach them in the right way.

What To Delegate

- Don't delegate what you can eliminate. If you shouldn't be doing an activity, then perhaps you shouldn't be giving the activity away to others. Eliminate it.
- Delegate routine activities, even though you don't want to:
 - Fact-finding assignments
 - Preparation of rough drafts of reports
 - Problem analysis and suggested actions
 - Collection of data for reports
 - Photocopying, printing, collating
 - Data entry

- Delegate things that aren't part of your core competency. For small businesses, these include accounting, web site design, deliveries, hardware upkeep, software help, graphic design, travel arrangements, patenting, legal issues and even HR functions such as payroll.
- Some things you can't delegate: performance reviews, discipline, firing.
- Create a plan to delegate. Don't give out assignments haphazardly.
- Invest short-term time in training to gain a long-term increase in productivity.
- Others may end up doing a better job than you can or finding new ways to complete a task.
- Delegate, don't abdicate. Someone else can do the task, but you're still responsible for the completion of it, and for managing the delegation process.

Delegation Instructions

Make sure the standards and the outcome are clear. What needs to be done, when should it be finished and to what degree of quality or detail?

- Delegate the objective, not the procedure. Outline the desired results, not the methodology.
- Ask people to provide progress reports. Set interim deadlines to see how things are going.
- Delegate to the right person. Don't always give tasks to the strongest, most experienced or first available person.
- Spread delegation around and give people new experiences as part of their training.
- Obtain feedback from employees to ensure they feel they're being treated appropriately. A simple "How's it going with that new project?" might be all that's needed.
- Be sure to delegate the authority along with the responsibility. Don't make people come back to you for too many minor approvals.
- Trust people to do well and don't look over their shoulders or check up with them along the way, unless they ask.
- Be prepared to trade short term errors for long term results.

- When you finish giving instructions, the last thing to ask is, "What else do you need to get started?" They'll tell you.

Give praise and feedback at the end of the project, and additional responsibilities.

How To Prevent Interruptions

- Prevent interruptions from walk-in visitors by isolating yourself. Close your door. Put up a sign. Work in a conference room. If you work in an office, take a day to work on important projects at home if necessary.
- Don't feel obliged to have "an open door policy." This allows people to manage your time on their terms, not on yours. "Open door" means you're generally available for honest communication from any level. It doesn't mean "always" available.
- If you have an assistant, establish clear guidelines as to what kinds of interruptions are appropriate, so they can screen visitors. The assistant should have the authority to schedule a subsequent meeting, or divert the inquiry to someone else.
- Block off your time for priorities. Handle larger, important projects early in the morning, before you read your e-mail and before interruptions are likely to occur. Schedule a quiet hour to create essential private time.
- Inform co-workers or subordinates that you generally like to come in at perhaps 8:00 am, and work on your own until 9:30 am. Only then do you accept meetings.
- Change the layout of your desk so that you're not facing traffic. Otherwise, you encourage interruptions.
- If you're storing materials or files that people have to access frequently, move them to another area.

When They Walk In

- When someone asks for a few minutes of your time, respond with "Sure, how about if I come by your office at 2 o'clock this afternoon?" This gives you more control.

- If they insist that it's urgent, ask them how many minutes they need, then agree to that time (or tell them how much time you can give them).
- Stop people from telling stories. Interrupt them and say, "Can you summarize how I can help you in one sentence?" If they ramble on, say "OK, so how can you sum up what you need from me?"
- If they're asking for help, ask them what solution they propose?
- Agree to help them with their request, but schedule a specific time to do it.

Prevent Them From Staying

- When someone walks into your office or cubicle, immediately stand up. That way, your visitor is less likely to sit down and get comfortable.
- If you must, place a binder or a briefcase on visitors' chairs, to discourage people from sitting down if they happen to drop in. (Or remove chairs altogether.)
- Invent a meeting that you have to go to. Confess that you promised to call someone back about a confidential matter at exactly this time. Go make some photocopies. This will bring a meandering discussion to an end.
- Set a time limit. Then check the time in an obvious way, and make sure to announce the end of the allotted time when it occurs.
- Ask subordinates to "save up" items of importance and deal with them in a bunch at an appointed time.
- Be careful that your tactics aren't counter productive to the organization. What may benefit you as an individual may be detrimental to the team. Isolating yourself might frustrate others, or cause them to waste their own time because you weren't available for help.

How To *Say No*

- We say "yes" to others because we want to please them. But when eventually we can't continue, we let them down and we feel guilty. Both parties suffer. Recognize that a desire to please often prevents us from saying no.
- Stick to your plan. If you have a written set of goals and strategies, this gives you a reason to stick to your course. ("Thanks, but I already have an investment plan, so you don't need to send me a newsletter about stocks.")
- When someone persists, repeat your position, perhaps in a slightly different way. ("As I already said, our policy is to donate to charities that help children only.")
- Make sure you understand exactly what is being asked of you before you respond. Perhaps the task is more time consuming than you thought. On the other hand, it may not take much effort at all.
- Excel at just a few things, rather than being just average at many. Don't try to do everything.
- You have a right to say no. Remember that others may take you for granted and even lose respect for you if you don't.
- Be polite, but firm in saying no. You only build false hopes with wishy-washy responses. For instance, the phrase "I'll try to be there" in response to a party invitation is giving yourself an excuse to avoid a commitment. It doesn't do anyone any favours.
- When a superior asks you to do a new urgent task;
 - Remind her that you are working on other projects that she has already identified as top priorities
 - Ask for help in deciding where the new task should fall on the list of priorities
 - Ask "What you like to give up in order for me to do this?"
 - Point out that you might be able to do everything, but not to the usual high standards that are expected.

- Some experts recommend keeping your answer short. This way, you can say no without feeling the need for a lengthy justification. ("I'm sorry, I'm not available that night.") On the other hand, others say that giving a longer answer with reasons reinforces your credibility. Let the situation decide.
- Provide suggestions or alternatives to the person who is asking. ("I can't do that task today, but how about next week," or "How about asking John instead?")
- When in doubt, it's easier to say no now, then change your mind to a yes later, rather than the other way around.

When You Have to Say Yes

- Sometimes, saying no is simply unavoidable. Here are some techniques to use:
 - Tell the person you can agree to their request this time, but ask how the two of you might plan better for the next time.
 - Tell them yes, but remind them they owe you one. For example, they might cover you for a shift next time you need time off.
 - Tell them yes, but take control by saying you'll come back to them with a timetable. For instance, say, "I expect I'll be able to do that for you by the end of the week."
 - Put a tough condition on your agreement. "If it would only take an hour, I'd be able to help, but I can't give you more than that."

Managing cashflows of CA firms

It takes precision planning and a constant focus and follow up on billings and recoveries by a CA, to be able to weather any cashflow shortages, so as to avoid any borrowings, with all the uncertainties attached to professional practice. It takes years of disciplined financial prudence to build up an infrastructure and the minimum level of an assets base, so as to support a growing practice, Funds are needed to acquire operating practice infrastructure, such as a furnished office, office equipment, a library etc. In fact, fortunate are the ones, who are able to fund the build up of their office infrastructure through revenue earnings and annual accruals, instead of resorting to capital loans and borrowings.

Like in the case of any activity, the cashflows of a chartered accountant in practice, have certain peculiarities. These are as under:-

- The traditional areas of practice of a CA, ie. tax, accounting and audit, popularly known as the bread and butter segment have high operating costs, low value addition, low margins of profit, but yet give predictable, stable and dependable income flows to a CA.
- The non traditional areas of work of a CA, such as project funding, management consulting, joint ventures etc., though are much more profitable segments of work, they however have unstable and uncertain cashflow streams, which cannot be depended upon.
- The chances of bad debts are poor in the case of traditional areas of practice and are much higher in the case of non traditional areas. This is largely because of the statutory privileges that they enjoy there and the umbrella of protection that the former have under the professional code of conduct.
- Clients tend to delay payments to CAs, because they generally seek to do a direct cost benefit analysis in respect of payments to CAs. Moreover, they often perceive, such segments of services such as audit and tax, more as cost centers, being 'statutory evils' forced upon them by law.
- An average CA is slow in billings and lethargic in follow upon recoveries, which strains his cashflows.
- CAs thus have a high level of receivables, at times running into outstandings for many years from clients.
- The features of daily revenues/cashflows, are as follows:-

- High and predictable levels of fixed costs.
- Budgeting is possible due to predictable costs.
- Low variable costs of operations.
- Capital budgeting is often not possible, due to constant uncertainties in the rate of growth of practice billings and the likelihood of a sudden dip in billings.
- Predictable income streams from traditional areas of work.
- Cashflows from non traditional areas of work are uncertain and often are in tandem with business cycles. They increase in boom times and decrease in bust times.
- While income may be certain, recoveries of billings for jobs done are often uncertain, which results in cashflow mismatches.
- Borrowings for funding fixed costs can be risky, due to the uncertainty attached to income growth as well as the liquidity mismatches from time to time.
- Except for their faith in the quality of services rendered and their commitment for the wellbeing of clients, CAs have no other 'security' in respect of outstanding receivables, other than in those cases, where their NOC is needed for the appointment of another one instead of them.
- Billing also tends to be seasonal, though costs are not.

A typical working capital cycle in the case of a practicing CA is generally as under:-

The phases of activity in this cycle are:-

Phase A - Costs incurred and jobs completed.

Phase B - Performance delivered, thus billings done.

Phase C - Recoveries from clients.

Like in the case of any working capital cycle, shrinkage of any of the above phases, not only improves productivity and profitability, but also the liquidity position, so as to prevent any mismatches in operating cashflows. The observations here are:-

- Reduction of phase A, means savings in cost, better productivity and much more efficient and timely service to clients. Shrinking this phase, directly improves the profitability of a CA's operations.
- Reduction of phase B means that billing is done immediately, a legal debt is created, so that recovery can now be expedited. Efficiency here means that after costs have been incurred on delivery of performance to clients, the

recovery process is initiated so as to shorten the gap between the incurring of costs and recovery of income.

- Reduction of phase C means that recovery is fast and that not only is the working capital cycle completed, but so is the business process, from the point of earning an income, to its point of recovery. Lethary and delays in phase B and C strain cashflows and liquidity.

TIPS ON CASH FLOWS:

CAs are great at giving advice, yet due to their professional preoccupation, they do not keep their own house in order. A sense of neglect is often found in the administration of a CA practice, which adversely impacts their own cashflows and liquidity. The following are useful practices for improving cashflows of a CA practice:-

- Prepare and dispatch bills to clients, as soon as a job has been completed. It has been noted that recovery of fees is expedited, when the CAs performance is fresh on mind and the client thus feels obligated to pay up too.
- Keep reminding clients, that our efforts to service them involve high level of fixed costs, such as towards manpower, which have to be paid out on a month to month basis, irrespective of the recovery of billings by the CA. It helps to demand and expedite recovery, since a client is aware of the costs being incurred, for his matters.
- As part of a regular relationship with a client, every CA renders various services, which though beneficial and critical to a client, result in no income to the CA. Keep a record of such unbilled services and non billable hours, and inform them to the client, to remind him of the benefits he has derived, with no bills thereagainst. It has been found that this compels a client to make payment immediately and without protest.
- After bills have been sent to clients, push for their recovery, as a matter of right. If we are willing to render services with a sense of duty, then we are honourably and rightfully entitled to the timely recovery of the billings too.
- Taking fees in advance, wherever possible really helps. A system of taking advance fees from clients, can be instituted in the following cases in particular, so as to mitigate the risks of recovery and to uplift liquidity:-
 - From new clients, where the relationship is new and untested and the client is in urgent need of the services.

- In the case of non traditional areas of practice, where the jobs will take a longer period to complete.
- Where high costs are required to be incurred upfront to render service to the clients.
- In the case of long duration jobs, the progress of work must be constantly informed to the client and billings and recoveries must be done on an agreeable milestone basis.
- Build up cost and income structures in such a manner, that the fixed costs are recovered from the expected income from traditional areas of practice, so that income from non traditional segments, comes as a complete bonus and significantly adds to the practice liquidity.
- CA practices tend to have seasonal phases. By offering a diverse range of services, through constant innovation and build up of skills, these seasonal phases can be eliminated or reduced, so that there are no off seasons and no strains on liquidity too. It will also help a firm to employ much better staff, which is a key determinant of the quality of services rendered.
- Monitor jobs and coordinate with clients, for their timely completion so as to save on costs and finally expedite recovery of billings.
- Visit clients and interact regularly. It builds stronger bonds and assists in the growth of the overall consulting process, including the recovery of bills raised.

- **Practice Development**

- As a professional one must have three goals in mind i.e. "Service, satisfaction and success."
- Service is the service one provides to clients. Clients face lot of problems in their business/trade as a professional one has to be very creative and innovative in identifying the probable problem of client and thereafter plan the new approaches & techniques as the solution to the problems. Professional services are broadly be classified as service based on ones expertise, services based on ones experience & services based on ones efficiency.

- Satisfaction can be self satisfaction and satisfaction of ones colleagues/staff and satisfaction of clients. Self satisfaction comes when one does the work which give the satisfaction that the work one does is worth of educational qualification and the work experience he possess. This is a subjective term and varies from individual to individual. The satisfaction of ones colleagues/staff is equally important. This is because professionals do not have machines who will give the non stop production as per their capacity. Professional have to take out work from the people. These people are important asset a professional has and whole of his practice development depends on them. Therefore their satisfaction is very important. Client satisfaction is the ultimate requirement and only this will help in long Term for Chartered Accountant.
- Success for this paper is considered financial success. Financial success can be achieved through growth & increased profitability. Success is linked with service & satisfaction directly.

- **STRATEGIES FOR PRACTICE DEVELOPMENT**

- Add value for Clients.
- Marketing & Creating Brand Image.
- Increased Productivity
- Increased Profitability
- Re-engineering of small firms.
- **Add value to Clients**
- One should not rely only on statutory and regulatory assignments. These sort of assignments are generally found t be a necessary evil for the clients. Therefore one should try to add some value by providing services. Client should feel that he is being benefited by the services of the professional. For that one has to be innovative in methodologies of handling engagements. One has to develop systemic ways of helping clients. Specialization is key of that and for there one has to invest in research and development on the issues which interest to client. For this one has to have knowledge of Clients

Industry, Client's Business, Clients Organization & knowledge of client himself.

- **Marketing & Creating Brand Image**

- Here marketing does not mean the Advertising ones services or selling ones services going door-to-door. Here Marketing means making the existing client or the prospective client use our servicing again and again. Going the extra mile on the current engagement, improve quality of presentation, documentation, accessibility, increasingly the amount of client contact by telephoning regularly, visiting him, schedule business meeting near mealtime, Invite the client to ones office, sent useful notes/articles, arrange special seminar of Clients Staff, help client with contacts, Building personal relating with clients by social activities, remembering personal, family anniversary, provide home phone number etc., All these creates a Brand in the mind of clients and prospective clients and the work generated flows in. No matter how busy one is, one still owes to oneself for own development. One has to take charge of practice development activities (Marketing & Selling): If one lets the development in others hand it is a risky move. What marketing & selling are about is truly practice development. Among the worst mistake a professional can make is under investing in marketing to existing clients. Existing clients are not only more likely to give new business but the business they will give will promote the value both skill assets and client relationship asset.
- The CA Firm should try to create their own brand image by nature of service the firm provides. A brand is essentially a seller's promise to deliver a specific set of features, benefits and services consistently to the buyers. The best brands convey a warranty of quality. The brand of professional is build through word of mouth. The brand is created by continuously rendering high quality services.

- **Increasing Productivity**

- The productivity can be increased by using same staff and other resources for additional work. For that the technology should be used extensively, proper & speedy training to staff can be helpful.

Rewards can be based on the performance. Outsource the services where one does not have expertise. Try flexible timing for employees. Proper delegation & reporting.

- **Improving Profitability**

- Try to Increase the existing fees level through some innovative methods, adding more value, specialization, immediate bill, speedy recovery, avoid duplications, Increase billable time of staff by better utilization, time sheets, Dealing with under performers, Dropping non-remunerative services, Dropping non remunerative clients. Reduce space costs, equipment cost, staff cost and other cost controls.

- **Re-Engineering of Small CA Firms**

- The Indian CA firms will face the challenge from international firms which have already established their global brands. Multinational enterprises, which have set up their businesses in India, either as a joint venture partner or otherwise, prefer to have services from international CA firms. It is only natural. "Trust" is the corner stone of the relationship between an audit firm and its clients. This trust comes from the 'brand', the firm name, and not just from the quality of individuals, who provide the services. Usually multinational enterprises appoint the same firm that provides them services at home. Therefore, the increasing presence of multinational enterprises in India has created a demand for services from international CA firms or their representative in India. As a consequence, international CA firms established their offices in this country. With their presence in India, many Indian enterprises too decided to appoint international firms as their auditors, and for other services.
- One can argue that even in the changed environment small CA firms have a role to play. The small CA firms offer services to small business enterprises, which operate locally. The need for investments in technology and knowledge for these CA firms is very low. Therefore, they are able to offer services at an affordable price. But in open economy, with good infrastructure and communication

facilities, goods and services can move long distances to even isolated corners of the country at a low cost. Therefore, users located at small places will no more be dependent on local suppliers for goods and services. As a result, small business enterprises will face competition from large enterprises, which enjoy economy of scale. As a result number of enterprises, which will look forward to small CA firms, will decrease significantly. This trend is already visible. Similarly many of the services, such as investment planning, which are being provided by small CA firms to high net worth individuals, are likely to be taken over by banks and merchant banking institutions. This will also reduce the business for small CA firms. Small CA firms themselves will face competition from large CA firms located in big cities. Big CA firms will provide better quality services at a lower cost because of the economy of scale. Therefore, it will be tough time for the smaller CA's in years to come.

- Merger of smaller firms appears to be the best solution. CA firms must focus on quality of services. Small CA firms should join together to pool their resources for investments at the needed level. The smaller CA firms should rely in specialization and super specialization.

- **NETWORKING AMONGST THE CHARTERED ACCOUNTANTS**

- **Present Status of Practising Chartered Accountants**

- Our Chartered Accountants are world class may be because of our education, training, skill and competency in English language. We can be major player in world service sector. The biggest barrier for this is probably the size of our firms. More than 72% of our firms are proprietary firms and about 21% of our firms are 2 to 3 partner firm. Firms having partners between 4 to 10 are hardly 6% and firms having partners more than 10 are just 0.24%. Thus we can see that large firms constitute a very minuscule percentage.
- A number of barriers and shortcomings plug the growth of small firms into large firms. In the globalise world the demand of services user includes multilocational and integrated "One Stop Shop" services in various sectors. Most of the service takers want a "Single Window" or one firm to handle all their issues relating to the various assignments. We have been looked after as service provider who can have solutions for various problems. The trade now expects a quicker solutions and globally accepted solutions. But due to complexity of law and the size of firm we are not in position to render a wide range of services.
- Needless to emphasize that the transformation means cessation of the existing mindset which feels secure in proprietary and small firms. The ego of becoming my own boss is major hurdle in mergers and acquisitions. One does not want to have partnerships due to various reasons like sharing of profits, fear of losing clients, sharing of power, fear of being more accountable, sharing of knowledge & information, clashed of work culture, loss of flexibility, rights in immovable properties and due to many other reasons.

• Networking

- But now the Institute Of Chartered Accountants Of India has announced the rules for networking amongst the chartered accountants. Here one does not have to be partner but can have advantages of partnership like building capacity to serve the clients in different areas in geographically or in different areas of the services rendered. The ICAI in the rules of networking defines the Network as "Network amongst two or more firms means an arrangement to facilitate the better functioning of the affiliate member firms in the interest of the profession and not for acquisition of any gain. Such Network shall include the formal Network to use the collective resources such as turnover, infrastructures, manpower, location for execution of Professional services of one or more type."
- Formal network means a network amongst two or more firms registered with The Institute of Chartered Accountants of India (ICAI), where the object of network is to use the collective resources of the affiliates for execution of professional services of one or more types at one and/or at multi-locational points. The resources would include financial, technical and other logistic support required to execute the professional assignments. In such type of network, the common resources may be pooled and exhibited together before the service user as those belonging to one particular set of professionals.
- **Name for Network**
- The Network may have distinct name, which should be approved by the Institute. To distinguish a "Network" from a "firm" of Chartered Accountants, the word "& Affiliates" should be used after the name of the network and the words "& Co." / "& Associates" should not be used. The prescribed format of application for approval of Name for Network is as per the **Form 'A'**. Standards prescribed in Regulation 190 of the Chartered Accountants Regulations, 1988 shall be

applicable to the name of Network. However, even if a name is provided and subsequently it is found that the same is undesirable then, the said name can be withdrawn at any time by the Institute. The Institute shall reject any undesirable name and the provisions in respect of name of companies as prescribed in the Companies Act, 1956 shall be applicable in spirit. The network is not permitted to advertise nor to use logo. The firms constituting the network are permitted to use the words "Affiliates/Members of ..." (a network of Indian CA firms) on their professional stationery. Network may work without a Name also.

• Registration for the Network

- Formal Network is required to be registered with the Institute as per the prescribed **Form B**. The Referral Practice requires no registration. Referral Practice means a practice to refer professional work by a firm to one of its associate/affiliate either situated at a different place or rendering professional services not provided by it, to the user of the services. The pre-dominant objective of such a network is not to pool in their collective resources and exhibit them as those belonging to one particular set of professionals.

• Ethical Compliance

- It will be necessary for the networked firms to comply with all applicable ethical requirements prescribed by Institute. Thus if one firm of the network is the statutory auditor of an entity then the associate firm should not accept internal audit or book keeping or such other professional assignment which are prohibited for the statutory auditor firm. The ceiling of charging non audit fees i.e. three times of the statutory audit fees is collectively applicable in relation to the networking firms. In those cases where rotation is

prescribed by any regulatory authority, no member firm of the network can accept appointment as an auditor in place of any member firm of the network which is retiring. However, this restriction shall not apply in case of appointment as Statutory Central Auditor of Government agencies/Undertaking such as Public Sector Undertakings (PSUs), Public Sector Banks and Financial Institutions etc.

• **Constitution**

- The Network can be between proprietary, partnership firms and individual members. A proprietary, partnership firms and individual members are allowed to join only one formal network. Firms having common partners shall join only one network.

- **Scope**

- The Network itself will not carry on any business for acquisition of gain for itself and only act as a facilitator for its members/constituent Member firms to pursue their professional jobs. Only one Firm/Member can apply on behalf of the network showing the collective strength of all the constituent firms of the network, when responding to any enquiry. Only the firm(s)/Member(s) forming Network are eligible to issue/sign/attest any certificate/Report/professional document/assignment.

• **Byelaws**

- To streamline the networking, a network shall formulate operational byelaws. Byelaws may contain the following clauses on which the

- affiliates of the network may enter into a written agreement among themselves:
- Appointment of a *Managing Committee*, from among the managing partners of the member firms of the network and the terms and conditions under which it should function. The minimum and maximum number of members of the *Managing Committee* shall also be agreed upon.
 - Administration of the network
 - Contribution of membership fees to meet the cost of the administration of the network.
 - Identifying a partner of any of the member firms of the network to be responsible for the assignment (engagement partner)
 - Dispute settlement procedures through arbitration and conciliation.
 - Development of training materials for members of the network
 - Issue of Newsletters for staff and clients.
 - Development of software for different type of assignments.
 - Development and maintenance of databases relevant for different types of assignments.
 - Library
 - Appointment of a technical director to whom references can be made.
 - Determining the methodology for drawing resources from each member firm.
 - Determining compensation to member firms for resources to be drawn from them.
 - Peer review of the member firms.
 - There can be many other clauses, which can form the part of the byelaws.

• Exit

- A constituent *Member firm/Member* of a Network can exit from the network by sending the declaration in **Form 'C'** to the Institute and also to each and every constituent of the network. The concurrence/acceptance of the same by other firms forming part of the network firm shall not be required.

• Conclusion

- This sort of Networking would be stepping stone for the mergers and acquisitions of the firms. The Institute has also announced the rules for the same. Once one is comfortable with these networking one can go for bigger partnership firms get the advantage of the big work to follow. This will help the firms to build competitive advantage over others. The firms will also be able to build up their brands.
- The survival of small chartered accountants firms depends on their ability to re engineer themselves. This type of networking will be one of the ways of re engineering of the firms. Let us make the best out of the facility provided by the Institute.

(ICAI's prescribed Minimum Recommended Scale of Fees for the Professional Assignments done by the Chartered Accountants at http://www.icaai.org/post.html?post_id=7252)

REVISED MINIMUM RECOMMENDED SCALE OF FEES FOR THE PROFESSIONAL ASSIGNMENTS DONE BY THE CHARTERED ACCOUNTANTS

PARTICULARS	Rates	
	For Class A Cities	For Class B Cities
	Revised Minimum Recommended scale	Revised Minimum Recommended scale

		of Fees	of Fees
I)	ADVISING ON DRAFTING OF DEEDS/AGREEMENTS		
	(a) i) Partnership Deed	Rs. 10,500/- & Above	Rs. 7,000/- & Above
	ii) Partnership Deed (With consultation & Tax Advisory)	Rs. 15,000/- & Above	Rs. 10,000/- & Above
	(b) Filing of Forms with Registrar of Firms	Rs. 4,500/- & Above Per Form	Rs. 3,000/- & Above Per Form
	(c) Supplementary / Modification in Partnership Deed	Rs. 9,000/- & Above	Rs. 6,000/- & Above
II)	INCOME TAX		
	A. Filing of Return of Income		
	I) For Individuals/ HUFs etc.		
	(a) Filing of Return of Income with Salary/Other Sources/Share of Profit	Rs. 6,000/- & Above	Rs. 4,000/- & Above
	(b) Filing of Return of Income with detailed Capital Gain working		
	i) Less than 10 Transactions (For Shares & Securities)	Rs. 9,000/- & Above	Rs. 6,000/- & Above
	ii) More than 10 Transactions (For Shares & Securities)	Rs. 15,000/- & Above	Rs. 10,000/- & Above
	(c) Filing of Return of Income for Capital Gain on Immovable property	Rs. 30,000/- & Above	Rs. 20,000/- & Above
	(d) Filing of Return of Income with Preparation of Bank Summary, Capital A/c & Balance Sheet.	Rs. 10,500/- & Above	Rs. 7,000/- & Above
	II) (a) Partnership Firms/Sole Proprietor with Advisory Services	Rs. 12,000/- & Above	Rs. 8,000/- & Above
	(b) Minor's I.T. Statement	Rs. 6,000/- & Above	Rs. 4,000/- & Above
	(c) Private Ltd. Company :		
	i) Active	Rs. 22,500/- & Above	Rs. 15,000/- & Above
	ii) Defunct	Rs. 10,500/- & Above	Rs. 7,000/- & Above
	(d) Public Ltd. Company		
	i) Active	Rs. 60,000/- & Above	Rs. 40,000/- & Above
	ii) Defunct	Rs. 22,500/- & Above	Rs. 15,000/- & Above

	Above	
B. Filing of Forms Etc.	(Quarterly Fees)	(Quarterly Fees)
(a) Filing of TDS/TCS Return (per Form)		
i) With 5 or less Entries	Rs. 3,000/- & Above	Rs. 2,000/- & Above
ii) With more than 5 Entries	Rs. 7,500/- & Above	Rs. 5,000/- & Above
(b) Filing of Form No. 15-H/G (per Set)	Rs. 3,000/- & Above	Rs. 2,000/- & Above
(c) Form No. 49-A/49-B	Rs. 3,000/- & Above	Rs. 2,000/- & Above
(d) Any other Forms filed under the Income Tax Act	Rs. 3,000/- & Above	Rs. 2,000/- & Above
C. Certificate		
Obtaining Certificate from Income Tax Department	Rs. 12,000/- & Above	Rs. 8,000/- & Above
D. Filing of Appeals Etc.		
(a) First Appeal Preparation of Statement of Facts, Grounds of Appeal, Etc.	Rs. 30,000/- & Above	Rs. 20,000/- & Above
(b) Second Appeal (Tribunal)	Rs. 60,000/- & Above	Rs. 40,000/- & Above
E. Assessments Etc.		
(a) Attending Scrutiny Assessment/Appeal		
(i) Corporate	See Note 1	See Note 1
(ii) Non Corporate	Rs. 30,000/- & Above	Rs. 20,000/- & Above
(b) Attending before Authorities	Rs. 9,000/- & Above Per Visit	Rs. 6,000/- & Above Per Visit
(c) Attending for Rectifications/Refunds/Appeal effects Etc.	Rs. 6,000/- & Above Per Visit	Rs. 4,000/- & Above Per Visit
(d) Income Tax Survey	Rs. 75,000/- & Above	Rs. 50,000/- & Above
(e) T.D.S. Survey	Rs. 45,000/- & Above	Rs. 30,000/- & Above

	(f) Income Tax Search and Seizure	See Note 1	See Note 1
	(g) Any other Consultancy	See Note 1	See Note 1
III)	CHARITABLE TRUST		
(a)	(i) Registration Under Local Act	Rs. 22,500/- & Above	Rs. 15,000/- & Above
	(ii) Societies Registration Act	Rs. 30,000/- & Above	Rs. 20,000/- & Above
(b)	Registration Under Income Tax Act	Rs. 22,500/- & Above	Rs. 15,000/- & Above
(c)	Exemption Certificate U/s 80G of Income Tax Act	Rs. 18,000/- & Above	Rs. 12,000/- & Above
(d)	Filing Objection Memo/other Replies	Rs. 9,000/- & Above	Rs. 6,000/- & Above
(e)	Filing of Change Report	Rs. 9,000/- & Above	Rs. 6,000/- & Above
(f)	Filing of Annual Budget	Rs. 9,000/- & Above	Rs. 6,000/- & Above
(g)	Attending before Charity Commissioner including for Attending Objections	Rs. 7,500/- & Above per visit	Rs. 5,000/- & Above per visit
(h)	(i) F.C.R.A. Registration	Rs. 30,000/- & Above	Rs. 20,000/- & Above
	(ii) F.C.R.A. Certification	Rs. 7,500/- & Above	Rs. 5,000/- & Above
IV)	COMPANY LAW AND LLP WORK		
(a)	Filing Application for Name Approval	Rs. 6,000/- & Above	Rs. 4,000/- & Above
(b)	Incorporation of a Private Limited Company/LLP	Rs. 30,000/- & Above	Rs. 20,000/- & Above
(c)	Incorporation of a Public Limited Company	Rs. 60,000/- & Above	Rs. 40,000/- & Above
(d)	(i) Company's/LLP ROC Work, Preparation of Minutes, Statutory Register & Other Secretarial Work	See Note 1	See Note 1
	(ii) Certification (Per Certificate)	Rs. 9,000/- & Above	Rs. 6,000/- & Above
(e)	Filing Annual Return Etc.	Rs. 9,000/- & Above per Form	Rs. 6,000/- & Above per Form
(f)	Filing Other Forms Like : F-32, 18, 2 etc.	Rs. 3,000/- & Above per Form	Rs. 2,000/- & Above per Form
(g)	Increase in Authorised Capital		

	Filing of F-5, F-23, preparation of Revised Memorandum of Association/Article of Association/LLP Agreement	Rs. 22,500/- & Above	Rs. 15,000/- & Above
(h)	DPIN/DIN per Application	Rs. 3,000/- & Above	Rs. 2,000/- & Above
(i)	Company Law Consultancy including Petition drafting	See Note 1	See Note 1
(j)	Company Law representation including LLP before RD and CLB	See Note 1	See Note 1
(k)	ROC Representation	See Note 1	See Note 1
V)	V.A.T./ PROFESSIONAL TAX		
	A. Registration Work		
	(a) Registration Under V.A.T. & C.S.T. Corporate Non Corporate	See Note 1 Rs. 15,000/- & Above	See Note 1 Rs. 10,000/- & Above
	(b) Professional Tax Registration (PTR)	Rs. 6,000/- & Above	Rs. 4,000/- & Above
	(c) Professional Tax Enrollment (per Application)	Rs. 3,000/- & Above	Rs. 2,000/- & Above
	B. Filing of Return (V.A.T.)		
	(a) Monthly Challans with Annual Return	Rs. 3,000 + (Per Month)	Rs. 2,000/- + (Per Month)
	(b) Quarterly Challans with Annual Return	Rs. 4,500 + (Per Quarter)	Rs. 3,000/- + (Per Quarter)
	(c) Six Monthly Challans with Annual Return	Rs. 6,000 + (Per 6 Months)	Rs. 4,000/- + (Per 6 Months)
	(d) Yearly Composition Return	Rs. 9,000/- & Above	Rs. 6,000/- & Above
	C. Assessments/Appeals		
	(a) Attending V.A.T./Commercial Tax Assessments	Rs. 15,000/- + 7,500/- (Per Visit)	Rs. 10,000/- + 5,000/- (Per Visit)
	(b) Attending V.A.T./Commercial Tax Appeals	Rs. 15,000/- + 9,000/- (Per Visit)	Rs. 10,000/- + 6,000/- (Per Visit)
	D. Filing of Appeal/Appeals Drafting		
	(a) First Appeal (AC/DC)	Rs. 15,000/- & Above	Rs. 10,000/- & Above

	(b) Second Appeal	Rs. 22,500/- & Above	Rs. 15,000/- & Above
	E. Miscellaneous Work		
	(a) Professional Tax Returns & Assessment	Rs. 7,500/- & Above	Rs. 5,000/- & Above
	(b) Obtaining C/F/H Forms under V.A.T./Commercial Tax	(Per Application)	(Per Application)
	(i) First Time	Rs. 6,000/- & Above	Rs. 4,000/- & Above
	(ii) Renewal	Rs. 3,000/- & Above	Rs. 2,000/- & Above
VI)	AUDIT AND OTHER ASSIGNMENTS		
	Rate per day would depend on the complexity of the work and the number of days spent by each person		
	(i) Principal	Rs. 15,000/- & Above per day	Rs. 10,000/- & Above per day
	(ii) Qualified Assistants	Rs. 7,500/- & Above per day	Rs. 5,000/- & Above per day
	(iii) Semi Qualified Assistants	Rs. 3,000/- & Above per day	Rs. 2,000/- & Above per day
	(iv) Other Assistants	Rs. 1,500/- & Above per day	Rs. 1,000/- & Above per day
	Subject to minimum indicative Fees as under:		
	(i) Tax Audit	Rs. 37,500/- & Above	Rs. 25,000/- & Above
	(ii) Company Audit		
	(a) Small Pvt. Ltd. Co. (Turnover up to Rs. 2 Crore)	Rs. 45,000/- & Above	Rs. 30,000/- & Above
	(b) Medium Size Pvt. Ltd. Co./ Public Ltd. Co.	Rs. 75,000/- & Above	Rs. 50,000/- & Above
	(c) Large Size Pvt. Ltd. Co./Public Ltd. Co.	See Note 1	See Note 1
	(iii) V.A.T. Audit	Rs. 22,500/- & Above	Rs. 15,000/- & Above
	(iv) Review of TDS Compliance	Rs. 22,500/- & Above	Rs. 15,000/- & Above

	(v) Transfer Pricing Audit	See Note 1	See Note 1
VII)	INVESTIGATION, MANAGEMENT SERVICES OR SPECIAL ASSIGNMENTS Rate per day would depend on the complexity of the work and the number of days spent by each person		
	(a) Principal	Rs. 30,000/- & Above + per day charge	Rs. 20,000/- & Above + per day charge
	(b) Qualified Assistant	Rs. 15,000/- & Above + per day charge	Rs. 10,000/- & Above + per day charge
	(c) Semi Qualified Assistant	Rs. 7,500/- & Above + per day charge	Rs. 5,000/- & Above + per day charge
VIII)	CERIFICATION WORK		
	(a) Issuing Certificates under the Income Tax Act i.e. U/s 80IA/80IB/10 A/10B & other Certificates	See Note 1	See Note 1
	(b) Other Certificates For LIC/Passport/Credit Card/Etc.	Rs. 7,500/- & Above	Rs. 5,000/- & Above
	(c) Other Attestation (True Copy)	Rs. 1,500/- per form	Rs. 1,000/- per Form
	(d) Net worth Certificate for person going abroad	Rs. 1,5000/- & Above	Rs. 10,000/- & Above
IX)	WEALTH TAX		
	(a) Per statement	Rs. 15,000/- & Above	Rs. 10,000/- & Above
	(b) Statement & Filing Return	Rs. 20,000/- & Above	Rs. 15,000/- & Above
X)	CONSULTATION & ARBITRATION Rate per hour would depend on the complexity of the work and the number of hours agent by each person.		

	(a) Principal	Rs. 30,000/- & Above(initial fees) + additional fees @ Rs. 7,500/- & Above per hour	Rs. 20,000/- & Above(initial fees) + additional fees @ Rs. 5,000/- & Above per hour
	(b) Qualified Assistant	Rs. 5,300/- & Above per hour	Rs. 3,500/- & Above per hour
	(c) Semi Qualified Assistant	Rs. 2,300/- & Above per hour	Rs. 1,500/- & Above per hour
XI)	NBFC/RBI MATTERS		
	(a) NBFC Registration with RBI	See Note 1	See Note 1
	(b) Other Returns	Rs. 15,000/- & Above	Rs. 10,000/- & Above
XII)	SERVICE TAX		
	(a) Registration	Rs. 15,000/- & Above	Rs. 10,000/- & Above
	(b) Registration with Consultation	See Note 1	See Note 1
	(c) Tax Advisory & Consultation i.e. about value, taxability, classification etc.	See Note 1	See Note 1
	(d) Monthly Challan with Half Yearly Return	Rs. 15,000/- & Above + (Rs.3,000/- Per Month)	Rs. 10,000/- & Above + (Rs.2,000/- Per Month)
	(e) Quarterly Challan with Half Yearly Return	Rs. 15,000/- & Above + (Rs. 4,500/- Per Quarter)	Rs. 10,000/- & Above + (Rs.3,000/- Per Quarter)
	(f) Adjudication	Rs. 45,000/- & Above	Rs. 30,000/- & Above
	(g) Appeal & show cause notice drafting/ reply	Rs. 30,000/- & Above	Rs. 20,000/- & Above
XIII)	FEMA MATTERS		
	1 Filing Declaration with RBI in relation to transaction by NRIs/OCBs	Rs. 30,000/- & Above	Rs. 20,000/- & Above
	2 Obtaining Prior Permissions from RBI for Transaction with NRIs/OCBs	Rs. 45,000/- & Above	Rs. 30,000/- & Above
	3 Technical Collaboration:		

	Advising, obtaining RBI permission, drafting and preparing technical collaboration agreement and incidental matters	See Note 1	See Note 1
	4 Foreign Collaboration: Advising, obtaining RBI permission, drafting and preparing technical collaboration agreement and incidental matters (incl. Shareholders Agreement)	See Note 1	See Note 1
	5 Advising on non Resident Taxation Matters including Double Tax Avoidance Agreements including FEMA	See Note 1	See Note 1
XIV)	PROJECT FINANCING		
	(a) Preparation of CMA Data	See Note 1	See Note 1
	(b) Services relating to Financial sector	See Note 1	See Note 1

Notes:

- 1) Fees to be charged depending on the complexity and the time spent on the particular assignment.
- 2) The above recommended minimum scale of fees is as recommended by the Committee for Capacity Building of CA Firms & Small and Medium Practitioners (CCBCAF&SMP) of ICAI and duly considered by the council.
- 3) The aforesaid table states recommendatory minimum scale of fees works out by taking into account average time required to complete such assignments. However, members are free to charge varying rates depending upon the nature and complexity of assignment and time involved in completing the same.
- 4) Office time spent in travelling & out-of-pocket expenses would be chargeable. The Committee issues for general information the above recommended scale of fees which it considers reasonable under present conditions. It will be appreciated that the actual fees charged in individual cases will be matter of agreement between the member and the client.
- 5) Service Tax should be collected separately wherever applicable.
- 6) The Committee also recommends that the bill for each service should be raised separately and immediately after the services are rendered.

- 7) Class A Cities here includes Delhi, Mumbai, Calcutta, Chennai, Pune, Hyderabad, Bangalore and Ahmedabad.
Class B Cities includes all other cities not included in "Class A".
- 8) The amount charged will be based on the location of the service provider.