

SUMMER INTERNSHIP PROJECT REPORT

ON

DIRECT AND INDIRECT TAXATION & ACCOUNTING ANALYSIS OF BUSINESS ENTITIES

Submitted To

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NAAC Accredited “A” Grade Institution



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CERTIFICATE

This is to certify that the investigation described in this report titled “**DIRECT AND INDIRECT TAXATION & ACCOUNTING ANALYSIS OF BUSINESS ENTITIES**” has been carried out by **Ms Damyanti Bhoot** during the summer internship project. The study was done in the organisation, **CA P.D. Chopda & Co.**, in partial fulfilment of the requirement for the degree of Master of Business Administration of **R. T. M. Nagpur University, Nagpur.**

This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for this work are duly acknowledged.

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- CERTIFICATE -

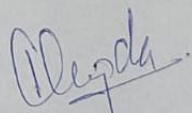
This is to state that Damyanti Deepak Bhoot has worked with us under the project for her MBA during from 16th November To 31st December 2021. During this period she has worked on Taxation, both direct and indirect & accounting analysis of business entities.

She is sincere and hardworking and has displayed good aptitude and application.

I Wish her all success.

Yavatmal.
Dt - 30/03/2022




CHARTERED ACCOUNTANTS.
(P. D. Chopda - Partner)

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “CA P.D. Chopda & Co.” and I am sincerely thankful to them for providing this opportunity to me.

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INTRODUCTION



**The Institute of Chartered
Accountants of India**
(Setup by an Act of Parliament)

About The Industry

It is an Indian chartered accountant firm based in Yavatmal, under the rules and regulations designed by ICAI (The Institute of Chartered Accountant of India). The title of the study is “Direct and Indirect Taxation and accounting analysis of business entities”.

The Institute of Chartered Accountant of India was established as statutory body on July 1, 1961 under chartered accountants’ ordinance, 1961 to regulate the profession of accountancy in the country. ICAI is the professional accounting and finance body in terms of membership. ICAI is the only licensing cum regulating body of the financial audit and accountancy profession in India.

It recommends the accountancy standards to be followed by companies in India to The National Financial Reporting Authority (NFRA) and sets the accounting standards to be followed by other types of organisation.

ICAI is solely responsible for setting the auditing and assurance standards to be followed in the audit of financial statements in India.

MISSION & VISSION OF ICAI



Mission of ICAI

- **Global Professionals:** ICAI will develop skilled professionals with competencies to service clients not only within India but across the globe that requires technical skills as also cross-cultural appreciation and understanding of global needs. As one of the largest producers of CAs in the world, we will make sure our members can take the rightful place in the global talent pool.
- **Independent and Transparent Regulatory Mechanism:** ICAI will further strengthen and visibly demonstrate its regulatory role through proactive, visible, timely and unbiased action. We will create public awareness and sensitize all stakeholders to the effectiveness of the quasi-judicial role of ICAI and ensure inclusion of wider section of users of member services in carrying out our role as regulator.

- **Highest ethical standards:** ICAI will continue to inculcate highest ethical standards amongst its members to assist them in upholding the values that the accounting profession stands for. We will continue to include and emphasize ethical values as part of the education and training of students and members.
- **Cutting-Edge Research and Development:** ICAI will become the hub of valued Thought leadership and innovation in the field of accounting, assurance, taxation, finance and business. ICAI will devote resources and create an enabling environment to become the predominant contributor to setting standards across the world in these fields. We will support, fund and take up research on issues that impact has locally and globally.
- **Multi-national Service Providers:** ICAI will facilitate the Indian professional services firms and professionals to establish as multi-national service providers and help them in harnessing global opportunities on one hand and assist them in building capabilities on the other.

Vision of ICAI:

- **To be World's leading Accounting Body:** ICAI envisions becoming the world's leading accounting body by playing a predominant role in setting world class standards in identified service areas developing thought leadership and research that addresses concerns of countries, developed, developing and under-developed.
- **A regulator and developer of Trusted and Independent Professionals:** ICAI will lay further thrust on its regulatory and developmental role that sets the highest standards of professional and ethical conduct of its members as a core value. Each and every member of ICAI will not only have the obligation to maintain exacting standards of clarity, transparency and disclosure and present an independent, informed and balanced opinion but ICAI will make examples of delinquent members to ensure this core value is embedded in the DNA of its members.

- **With World Class Competencies:** ICAI will ensure that members have the right skills to serve global markets which are regularly updated and are relevant in the changing economic order. ICAI will provide holistic education, effective practical training and continuous professional development to ensure that the knowledge base of the profession keeps pace with emerging global practices and innovations.
- **In accounting, assurance, taxation, finance and business advisory services:** ICAI will strengthen facilities available for providing education, training and continuous updation of knowledge as also research and development relevant in current times to establish thought leadership in these areas where members of ICAI have been providing services.

TOP CA FIRMS IN INDIA

Deloitte

In terms of revenue, Deloitte is the world's largest professional services network. It is also the world's largest professional services network, based on a significant number of professionals.

Deloitte serves over 200,000 professionals in over 150 countries with audit, tax, consulting, enterprise risk, and financial advisory services. They serve as advisors to a number of the world's most well-known brands.

Industry consulting services operate on the principle of 'providing realistic insights and answers to problems.'

'Good to make it great!' says Deloitte. They are dedicated to assisting clients in becoming leaders.

The Deloitte logo, featuring the word "Deloitte" in a bold, black, sans-serif font, followed by a small green dot.

PWC

Price Waterhouse Coopers is one of the Big Four Auditors and stands neck and neck with Deloitte, EY and KPMG as the world's second-largest professional services network by revenue as surveyed in 2014.

It has operated as a global network of professional services firms.

The firm is dedicated to assisting clients in resolving challenging issues and identifying possibilities. People from various walks of life are entertained, including the arts, business, economics, engineering, finance, health, information technology, law, and more.



KPMG

KPMG, which has its global headquarters in Amstelveen, the Netherlands, is one of the world's major professional services firms.

It is one of the Big Four auditing firms, with Deloitte and EY. KPMG employs 162,000 experts who deliver three services: audit, tax, and advising. The firm's tax and advising services are further segmented into different service groups.



ERNST & Young

EY, or Ernst & Young, is a worldwide professional services corporation headquartered in London, United Kingdom. In terms of revenue, it is the world's third-largest professional services firm and one of the four largest audit firms, according to a 2012 poll.



BDO International

BDO International is ranked sixth in the world for having the largest accounting network.

It is a global professional services network as well as one of the greatest public accounting firms in the world. It specialises in serving both domestic and foreign clientele.

According to a poll done in September of 2014, BDO has Member Firms in 151 countries and employs over 60,000 Partners and staff in 1,328 offices worldwide.



Grant Thornton International

Grant Thornton is a UK-based accounting firm with offices in nearly 125 countries. This company is well-known for its large revenue, which exceeds 4.5 billion dollars.

It is a firm that provides assurance, tax, and consultancy services. Grant Thornton is well recognised for offering assurance and taxation services, as well as other financial consulting services.

It has been in operation for almost a century. Grant Thornton has been a valuable partner to firms with the ability to expand and operate globally. It forces professionals to adapt to changing market conditions and deal with difficult situations or transactions.

Grant Thornton's member office in New Delhi is located in Connaught Place.



RSM International

RSM is the seventh-largest audit, tax, and advisory business in the professional services network. It takes pride in being the world's sixth-largest provider of tax services.

In September 2014, it polled its independent member firms and journalists in 111 countries. RSM International's member firms employ a total of 35,396 people, including 3,221 partners across 718 offices.

Robson Rhodes (UK), Salustro Reydel (France), and RSM McGladrey/McGladrey & Pullen are three of the organization's founding members (USA).



SS Kothari Mehta & Co.

The nicest part about this firm is that it has been around for almost 55 years. SS Kothari is one of Delhi's most well-known corporations, with offices in more than 100 countries.

It has established a significant national presence through the establishment of a network of six offices and twenty associates that covers practically all of the country's regions. It has covered practically every corner of the country with a combination of Partners and Associates.

BPO, Tax Advisory Services, Merger and Acquisition, Statutory Audit Services, Corporate Laws, and other sectors are among the services it provides.



Lodha & Co.

This is another old firm that was founded in 1941 and has offices throughout India. Kolkata (Calcutta), Chennai (Madras), Hyderabad, Mumbai (Bombay), New Delhi, and Jaipur are among the cities where they operate.

Lodha & Co. is experienced in delivering professional services to a wide range of business clients, including central banks, banks, insurance firms, and government agencies. They are active both in India and abroad.

The logo for Lodha & Co. features the company name in a white, serif font, centered on a dark blue rectangular background. The background has a subtle gradient, transitioning from a darker blue on the left to a slightly lighter blue on the right.

Lodha & Co

Sahni Natrajan & Bahl (SNB)

SNB is a Delhi-based national Indian firm that specialises in auditing, consulting, accounting, and other related services. It was founded in 1981 and is now one of India's major law firms. The company's headquarters are in New Delhi, with branches in Bangalore and Mumbai.

The Firm has maintained its goal of offering high-quality services that provide value to each of its clients in a completely professional, independent, and ethical manner.

It is noted for delivering services in a variety of fields, including taxation, auditing and internal auditing, corporate law, and a variety of other services.



Organizational Structure

Any operating organization should have its own structure in order to operate efficiently. For an organization, the organizational structure is a hierarchy of people and its functions.

A hierarchy is an arrangements of items objects, names, values, categories, etc. in which the items are represented as being above or below. These classification are made with regard to rank, importance, seniority, power status, or authority. A hierarchy of power is called as a power structure.

Depending on the organizational values and nature of the business, organization tend to adopt the structures for management purposes

- Partners
- Senior Managers
- Managers
- Supervisors
- Senior Trainee Student
- Junior Trainee Student

COMPANY PROFILE

CA P.D. Chopda & co. is one of the top trending and leading businesses in the field of accounting category in Yavatmal. It is also known as Accountants, Accounting Facilities, Accounting services, outsourcing services etc.

These firm provides all sort of chartered accountant services related to accounting, auditing, income tax, financial services, company law matters, foreign collaborations, import-export consultancy, GST Registration, GST Returns etc.

It is a professionally managed firm. The team consist of distinguished chartered accountants and tax consultants. The firm represents a combination of specialized skills, which are geared to offers sound financial advice and personalized proactive services.

This company has people who are dedicated to their respective roles and work hard to achieve the shared vision and broader goals of the company. In the near future, this business aims to expand its range of products and services and serve a larger customer base. In Yavatmal, this company has a high status in Yavatmal. you can reach this destination easily as P.D. Chopda & Co. can be found in various navigation tools like: Google map. It is known to offer superior services in the following categories: accountant, accounting services, accounting services outsourcing services.

CORPORATE SERVICES

- Incorporation of company
- Consultancy on company law matters
- Filing of Annual Returns and various forms, document
- GST registration and GST return
- Auditing

SERVICES OFFERING

- **Company Registration**

The most famous business composition is to register a Pvt. Ltd. Company. Company registration will enable to limit the personal liability of promoters to the extent of paid-up capital.

- **One Person Company**

GST Registration of business to sell goods beyond turnover limit. Limit may differ from state to state. Necessary to get GST credit.

- **LLP Registration**

Limited liability partnership firm has benefit of company registration and easiness of partnership. It is apt for small businesses. Experienced CA firms can ease out the process within reasonable fees.

- **GST Registration**

Register one person company for quick start of business within reasonable fees by experienced CA firms.

- **ROC Filing**

Periodic returns / firms need to be submitted to registrar of companies (ROC) for companies act compliance. Experienced CA firms can file timely & correct ROC filing in reasonable overall cost.

- **GST Return**

GST returns need to be filed on periodic basis by business to provide information about value of turnover & total GST liability & mode of payment. Frequency may differ from state to state. Delays will attract penalty. Experienced CA firms can ensure compliance within reasonable fees.

- **GST Registration**

Register one person company for quick start of business within reasonable fees by experienced CA firms.

- **ROC Filing**

Periodic returns / firms need to be submitted to registrar of companies (ROC) for companies act compliance. Experienced CA firms can file timely & correct ROC filing in reasonable overall cost.

- **Internal Audit**

Internal Audit & Internal Financial Control Testing is needed as per Companies Act. Internal Audit is NOT as compulsory as Statutory Audit. Internal auditor can add value to your business to arrest leakage & improve control & efficiency.

- **Tally Accounting**

Tally is most used accounting software. Small & medium sized business can take services from CA firms who can allocate accountants to handle accounting of your business.

- **Statutory Audit**

Get the Statutory Audit of your company under Companies Act from experienced CA firms. Statutory Audit is compulsory for any type of company

Objectives of the study

- To know how the audit procedure.
- To identify about how to accumulate and process evidences to make an audit report.
- To know how the audit engagement procedure occurred with the audit firm
- To know how they maintain audit activities.
- This internship has to gives me the understanding of business and also about the elements of strategic thinking, planning and implementation, and how these things are applied in a real world organization environment.
- To improve communication skills.
- To analyze the business situation.
- To establish high standard in professionalism.
- To learn more than the theoretical knowledge. To learn book keeping practices of different companies. To apply the theoretical knowledge in actual organization.
- To compare practical aspects with theoretical aspects. To make quick decision in real situations.
- To learn how to promote and to conduct research in business areas.
- To enhance my personal knowledge and professional preparation for future.
- To properly integrate my theoretical knowledge and practical work.
- To plan for the future of oneself and learn how to adjust in an organization.
- To know how to present your recommendations in front of your boss.
- To get knowledge of opportunities and threats while entering into an organization.
- To get exposure to do a work in an organization and also known about organizational behavior, ethical rules and regulations.

Job Description

Tally Entries

Following process are followed for accomplishment this task:

- Firstly, we review all records of vouchers carefully, that no any vouchers had any queries related to adjustments.
- Then, we make a separate folder for that work.
- Then, we create a company in Tally software by that company name and started doing entries.
- Receipts & Payment entries are posted carefully as it carries some contra entries also.
- Then after completing entries posting recheck the data by Balance sheet, Trial balances & Day book.

Auditing



These steps were followed by us in auditing:

- Any queries related to this work communicated to our external mentor.
- Build an audit strategy.
- Verify that all outgoing checks were properly signed, accounted for and posted to the correct accounts.
- Ensure that all deposits were properly posted
- Review all financial statements.
- Ensure compliance with all state and federal requirements,
- Review all treasurers' reports.
- Complete the financial review worksheet.
- Suggest improvements to internal controls.
- Determine your audit opinion.

Meaning

Broadly, Audit involves the following:

- In-depth study of existing systems, procedures and controls for proper understanding.
- Suggestions for improvement & strengthening.
- Ensuring compliance with policies, procedures and statutes.
- Comprehensive review to ensure that the accounts are prepared in accordance with Generally Accepted Accounting Policies and applicable Accounting Standards/IFRS.
- Checking the genuineness of the expenses booked in accounts.
- Reporting inefficiencies at any operational level.
- Detection and prevention of leakages of income and suggesting corrective measures to prevent recurrence.
- Certification of the books of account being in agreement with the

Types of Audits

External Audits

Audits performed by outside parties can be extremely helpful in removing any bias in reviewing the state of a company's financials. Financial audits seek to identify if there are any material misstatements in the financial statements. An unqualified, or clean, auditor's opinion provides financial statement users with confidence that the financials are both accurate and complete. External audits, therefore, allow stakeholders to make better, more informed decisions related to the company being audited.

External auditors follow a set of standards different from that of the company or organization hiring them to do the work. The biggest difference between an internal and external audit is the concept of independence of the external auditor. When audits are performed by third parties, the resulting auditor's opinion expressed on items being audited (a company's financials, internal controls, or a system) can be candid and honest without it affecting daily work relationships within the company.

Internal Audits

Internal auditors are employed by the company or organization for whom they are performing an audit, and the resulting audit report is given directly to management and the board of directors. Consultant auditors, while not employed internally, use the standards of the company they are auditing as opposed to a separate set of standards. These types of auditors are used when an organization doesn't have the parts of their own operations.

The results of the internal audit are used to make managerial changes and improvements to internal controls. The purpose of an internal audit is to ensure compliance with laws and regulations and to help maintain accurate and timely financial reporting and data collection. It also

provides a benefit to management by identifying flaws in internal control or financial reporting prior to its review by external auditors.

Internal Revenue Service (IRS) Audits

The Internal Revenue Service (IRS) also routinely performs audits to verify the accuracy of a taxpayer's return and specific transactions. When the IRS audits a person or company, it usually carries a negative connotation and is seen as evidence of some type of wrongdoing by the taxpayer. However, being selected for an audit is not necessarily indicative of any wrongdoing.

IRS audit selection is usually made by random statistical formulas that analyze a taxpayer's return and compare it to similar returns. A taxpayer may also be selected for an audit if they have any dealings with another person or company who was found to have tax errors on their audit.

There are three possible IRS audit outcomes available: no change to the tax return, a change that is accepted by the taxpayer, or a change that the taxpayer disagrees with. If the change is accepted, the taxpayer may owe additional taxes or penalties. If the taxpayer disagrees, there is a process to

OVERVIEW ON AUDITING

An auditor is someone who prepares and examines financial records.

They ensure that financial records are accurate and that taxes are paid properly and on time. They assess financial operations and work to help ensure that an organization runs efficiently.

In this area, we were done different type of work such as matches the balances of transactions from software information with our tally voucher entries information. We check different financial records of companies any analyze that and identify the mistakes then give some suggestions to them.

An audit is a systematic and independent examination of books, accounts, statutory records, documents and vouchers of an organization to ascertain how far the financial statements as well as non-financial disclosures present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained by the concern as required by law. Auditing has become such a ubiquitous phenomenon in the corporate and the public sector that academics started identifying an Audit Society. The auditor perceives and recognizes the prepositions before them for examination, obtains evidence, evaluates the same and formulates an opinion on the basis of his judgement which is communicated through their audit report.

Any subject matter may be audited. Auditing is a safeguard measure since ancient times. Audits provide third party assurance to various stakeholders that the subject matter is free from material that the subject matter is free from material misstatement. The term is most frequently applied to a legal person. Other areas which are commonly audited include: secretarial and compliance audit, internal controls, quality management, project management, water management and energy conversion.

TAXATION



What is TAX?

A tax is a mandatory financial charge or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures. A failure to pay, along with evasion of or resistance to taxation, is punishable by law. Taxes consist of Direct and Indirect taxes and may be paid in money or as its labor equivalent.

Purposes and Effects

The levying of taxes aims to raise revenue to fund governing and to alter prices in order to affect demand. States and their functional equivalents throughout history have used money provided by taxation to carry out many functions. Some of these include expenditures on economic infrastructure, military, scientific research, culture and the

arts, public works, distribution, data collection and dissemination, public insurance,

and the operation of government itself. A

government's ability to raise taxes is called its fiscal capacity.

Types of Taxes

Taxes are of two distinct types, Direct and Indirect taxes. The difference comes in the way these taxes are implemented. Some are paid directly by you, such as the dreaded income tax, wealth tax, corporate tax etc. while others are indirect taxes, such as GST.

- a. Direct Taxes
- b. Indirect Taxes

Direct Tax

An Income tax is a tax that government impose on financial income generated by all entities within their jurisdiction. By law, businesses and individual must file an income tax return every year to determine whether they owe any taxes or are eligible for a tax refund.

Financial year -

A year as reckoned for taxing or accounting purposes.

Assessment year

Assessment year is the year immediately following the financial year where in the income of the financial year is assessed.

There are some examples of Direct Taxes like:

- 1. Income Tax
- 2. Corporate Tax
- 3. Wealth Tax
- 4. Gift Tax
- 5. Estate Duty
- 6. Expenditure Tax
- 7. Fringe Benefit Tax

Income Tax is a tax imposed on individuals or entities that varies with respective income or profits. Income tax generally is computed as the product of a tax rate time's taxable income.

There are 5 different heads of income sources for tax:

1. Salary
2. House Property
3. Profit & Gains from Business & Profession
4. Capital Gains
5. Other Sources

We calculate tax on financial year income in assessment year in which year we are calculating the income tax. These are filing IT necessarily:

1. Individual Proprietors
2. Firms
3. Trust NGO's/Societies/Association Of Persons/Body Of Individuals.
4. Companies
5. Local authorities/Municipality

Indirect Tax

An indirect tax is a tax collected by an intermediary from the person who bears the ultimate economic burden of the tax. The intermediary later files a tax return and forwards the tax proceeds to government with the return. GST is the most prominent example of Indirect tax levied in India on the supply of goods & services. GST is levied at every step in the production process, but is refunded to all parties in the chain of production other than the final consumers. Goods & Services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%.

Petroleum products, alcoholic drinks, electricity, and real estate are taxed separately by the individual state governments. India adopted a dual GST model, meaning that taxation is administered by both the Union & State governments. Transactions made within a single state are levied with Central GST (CGST) by

the Central government and State GST (SGST) by the State governments. For inter-state

transactions and imported goods & services, an integrated GST (IGST) is levied by the Central government.

The GSTN software is developed by Infosys Technologies and IT network is maintained by the NIC. "Goods & Services Tax" Ne

(GSTN) is a non-profit organization formed for creating sophisticated network, accessible to stakeholders, government and taxpayers to access information.

ACCOUNTING

Accounting is the process of recording financial transactions pertaining to a business. The accounting process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators, and tax collection entities. The financial statements used in accounting are a concise summary of financial transactions over an accounting period, summarizing a company's operations, financial position, and cash flows.

Accounting is one of the key functions of almost any business. It may be handled by a bookkeeper or an accountant at a small firm, or by sizable finance departments with dozens of employees at larger companies. The reports generated by various streams of accounting, such as cost accounting and managerial accounting, are invaluable in helping management make informed business decisions.

The financial statements that summarize a large company's operations, financial position, and cash flows over a particular period are concise and consolidated reports based on thousands of individual financial transactions. As a result, all accounting designations are the culmination of years of study and rigorous examinations combined with a minimum number of years of practical accounting experience.

Financial Accounting

Financial accounting refers to the processes used to generate interim and annual financial statements. The results of all financial transactions that occur during an accounting period are summarized into the balance sheet, income statement, and cash flow statement. The financial statements of most companies are audited annually by an external CPA firm. For some, such as publicly-traded companies, audits are a legal requirement.

However, lenders also typically require the results of an external audit annually as part of their debt covenants. Therefore, most companies will have annual audits for one reason or another.

WORK EXPERIENCE

Audit Vouchers

Voucher is known as the evident for the support of a transaction in the books of accounts. It may be bill, receipts, bank paying slip etc.

Objectives of vouching

Main objective of vouching is to find out the regularity or irregularity of transactions, frauds and errors. Regularity means maintaining record and performing the work compliance with the rules regulation and law. But irregularity means doing the work crossing to the line of rules, regulation and laws.

Following are the main objectives of vouching –

- To check whether all the business transactions are properly recorded in the books of accounts or not.
- To see whether recorded transactions are duly supported by documentary evidence or not.
- To verify that all the documentary evidence is authenticated and related to business transactions only.
- To verify that transactions are free from errors or frauds.
- To verify whether voucher is processed through all the stages of Internal Check system properly.
- To verify and confirm that the entries are recorded according to the capital and the revenue nature or not.
- To check the accuracy of accounting transactions.

Importance of Vouching

Vouching forms the base for auditing and has an important part of Auditor's duty. In case of negligence in vouching, the Auditor will be held responsible; he cannot escape from his duty, if he has done vouching carelessly. Following points show the importance of vouching –

Vouching is equally important as passing of original entry in the books of accounts. If, original entry is wrong, it will affect every process of accounting entry and its impact will be till the end result. Similarly, vouching is base of all auditing process.

Efficiency of vouching will decide the success of audit.

Any errors and frauds are easily detectable if vouching is conducting in searching and intelligent manner.

Intelligent and faithful vouching will establish reliability on financial statements, i.e., Profit and Loss account and Balance Sheet of any organization.

If adequate internal control system exists, the Auditor may choose to do test checking instead of complete vouching.

Vouching and Routine Checking

Routine checking covers the checking of every carry forward, posting to ledger account and balancing of account. Vouching includes routine checking which is a mechanical checking, whereas vouching is made on the basis of documentary evidence.

A voucher may be a sales bill, purchase bill, payment receipt, pay-in slip, etc. All such types of documentary evidence are known as vouchers.

Types of Voucher

There are two types of vouchers –

Primary Voucher – Original copy of written supporting document is called primary voucher. Like purchase Bill, cash memo, pay-in-slip, etc.

Collateral Voucher – Copies of supporting documents which are not available in original are collateral voucher like duplicate or carbon copy of sale invoice.

Important Points Regarding Vouching

Following points need to be considered regarding vouching –

- Accuracy of transactions.
- Authenticity of transactions.
- Proper classification of accounts.
- Voucher should be properly numbered serially and arrangement of vouchers accordingly.
- Every checked voucher should be tick marked with sign.
- Amount of receipt should be same in words and in figure.
- Period of payment should be there on receipt.
- Receipt should clearly mention “advance payment” if it is do.
- To check and investigate the books of accounts if they are in the name of Director, Manager, Partner or any other employee of the company.

- To verify that proper certification of voucher should be there by any responsible officer of the company.
- Investigation about missing vouchers in file if any.
- Every alteration in voucher must be authenticated by concerned officer.
- Vouching should be complete at once in one sitting for a particular period of time.
- All the expenses should be examined by the Auditor.
- Without existence of adequate internal control system in organisation, an Auditor should not opt for test checking.
- Checking the classification of account must be done.
- Cash purchase should not be recorded twice, once in cash purchase and second one in credit purchase.
- An Auditor should refer the resolution as passed at the meeting for certain transactions.
- An Auditor should verify that accounting entries are done on the basis of capital and revenue items.
- An Auditor should verify that every payment voucher of above Rs. 5,000/- should bear the revenue stamp.

Purpose of Accounting Reports

A business uses their accounting records to compile financial reports called Accounting Reports. Reports can be as brief or comprehensive as needed for custom-made reports intended for specific purposes such as profitability of a product line or sales by region. Accounting reports are equivalent financial statements.

The most common accounting reports are:

Income statements: shows the revenues earned during a period, minus the expenses, to arrive at a profit or loss. Since this judges the performance of a business, this is the most commonly used accounting report.

Statement of cash flows: details the sources and uses of cash related to operations, financing, and investments. It is the most accurate source of information regarding a business' ability to generate cash.

Balance sheet: shows the ending asset, liability and equity balances as of the balance sheet date. This report is used to judge the liquidity and financial reserves of a business.

Accounting reports might be accompanied by various footnotes that are most likely to be reviewed in the case of the financial statement being audited.

Purpose of Financial Reports

Financial reports should be comparable to those of other companies, especially ones within the same industry. Reports need to meet certain requirements, so they need to be prepared in accordance with the Generally Accepted Accounting Principles (known as the GAAP) which "encompasses the conventions, rules and procedures, necessary to define accepted accounting practice at a particular time."

Financial reporting should include:

- external financial statements (income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of stockholders' equity)
- notes to the financial statements
- public documentation regarding quarterly earnings and related information
- quarterly and annual reports to stockholders
- financial information posted on a corporation's website
- financial reports to governmental agencies including quarterly and annual reports
- Securities and Exchange Commission (SEC)
- documentation pertaining to the distribution of common stock and other securities

SCOPE OF THE STUDY

- The internship at CA P.D. Chopda was my first experience in the corporate world. I get to learn how to implement the knowledge in practical form.
- At starting I get to know about the services provided by CA firms.
- The first work I get is to do the audit of an business, in which the balances of the last year forwarded should be matched.
- After I need to detail cross checking of the bank book , cash book, purchase book, sales book and journal ledger of the business.
- In these internship I get to know how to communicate with clients and to solve the queries and missing data to be collected from them.

Need of study

- To have a potential and practical skills about accountancy.
- To provide services to the clients for income tax return, audit and GST return To provide consultancy to the clients.
- To studies various aspects of taxation.
- To put hardwork with effective skills.
- To get the effective client base.

Contribution during SIP

Weekly report

In first week I gained basic information about the services provided and auditing of the business firms of client

In the second week I understood and overview about the auditing done by me and approach to client for missing data and how to solve the queries regarding work.

In third week I learned how to check the balances of ledger, vouchers and cash book, debit and credit notes etc.

In 4th week after auditing I learned how to prepare a summary in Excel sheet after auditing is done

In 5th week I completed the summary which consist of all ledgers account, profit and loss account and balance sheet to be prepared on roughly basis under the guidance of seniors

In sixth week I get to learn about 26 AS and use of it and how to consult the client and get the data.

LIMITATIONS

- The study is limited to firm only.
- Information is collected in the short period of time.
- Most of the contents collected were difficult to understand because it was new for me to work in the field.
- There are many institutes present in the market. Thus it creates competitive pressure.
- It was time consuming process to do accounting and taxation of any firm.

They have small staff with limited skills sets .

Less number of staff members

RESEARCH METHODOLOGY

Data Collection :

Data collection is the systematic approach to gathering and measuring information from variety of sources to get a complete and accurate picture of an area of interest.

It mainly includes two types of data :

Primary Data

Secondary Data

Primary Data

Data used in research originally obtained through the direct efforts of the researchers through clients.

Secondary Data

Secondary data refers to the data collected from references, tally, books etc

Findings

- The internship at P D. Chopda & co. Was my first experience where I get to learn about the services provided by CA firms.
- Initially I know about the working environment and procedures to be followed.
- Then here I get to find about the financing strategy and the hard work to be done and adopting new strategy to get work done .
- The work is done by in-depth analysis of the study about the work and take the decisions according to it.
- From these I find out that the firm operated to get work done follows the process and government guidelines and to approach the clients and collect the data.

Conclusion

- At last working on this project I can say that it has been most beneficial knowledge about the finance sector about accountancy and services provided by the CA Firms.
- The summer internship program with the CA P.D. Chopda &co. Is my first best experience in the corporate world.
- In these I get to learn about management of accounting analysis of business entities and direct and indirect taxation.
- It helps to examine the difference between theoretical and practical knowledge of the accounting and how to implement in the working.

SUGGESTIONS

- Make a network that allows its clients to get the data about the company.
- Audit and assurance is the tough job it can be improved.
- The company can enhance their business to other cities.
- They need to offer the audit services at most economical cost with the assured quality services.
- The local economy continues to be strong and we believe our typical clients will continue to flourish.

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