

SUMMER INTERNSHIP PROJECT

**“A study on taxation and auditing services provided by
CA Renu Rathi & Co.”**

Submitted to:

DMSR

**G.S. College of Commerce and Economics, Nagpur
(An Autonomous Institution)**

Affiliated to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

Submitted by:

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**Department of Management Sciences and Research,
G.S. College Commerce & Economics, Nagpur
NAAC Accredited "A" Grade Institution**



Academic Year 2022-23



CERTIFICATE

This is to certify that the project titled “**A Study on Taxation and Auditing Services provided by CA Renu Rathi & Co.**” has been carried out by **Miss. Samruddhi Gajanan Thete** during the summer internship Project. This study was done under **CA. Renu Rathi And Co.** in partial fulfillment of the requirement for the degree of Master of Business Administration of G.S. College of Commerce & Economics (An Autonomous Institute) affiliated to R.T.M.N.U., Nagpur. This work is the own work of the candidate. The assistance and resources used for the work are duly acknowledged.

Dr. Archana Dadhe
(Faculty Guide)

Dr. Sonali Gadekar
(MBA Co-ordinator)



Renu Rathi
Chartered Accountant

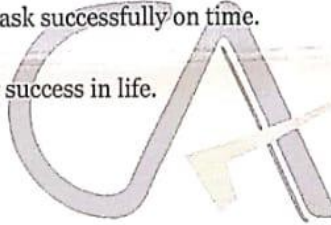
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Internship Certificate

This is to certify that Miss. Samruddhi Gajanan Thete student of MBA in (Finance) at GS College of Commerce and Economics (DMSR) Nagpur, has successfully completed her 45 days Internship Programme in M/s Renu Chetan Rathi (From 15th Sept.2022 to 1st Nov. 2022).

During the period of her Internship Programme with us she was punctual , hardworking and inquisitive. Her performance exceeded expectations and was able to complete her task successfully on time.

We wish her success in life.



Renu Rathi

Renu Rathi
(Chartered Accountant)
M. No. 130385



Place: Yavatmal
Date: 02.11.2022

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project at “**Chartered Accountant Firm.**” and I am sincerely thankful to them for providing this opportunity to me.

I am thankful to **CA. Renu Rathi Mam** for guiding me throughout this project and continuously encouraging me. It would not have been possible to complete this project without her support.

I offer my sincere thankfulness and humble regards for imparting us very valuable professional training in MBA. I pay my sincere regards and gratitude to Dr. Archana Dadhe my project Guide for giving me the cream of her knowledge. I am thankful to him as he has been a constant source of advice, motivation and inspiration. I am also thankful to her and other faculty for giving their suggestions and encouragement throughout the project work.

I am also thankful to all the faculty members of Department of Management Sciences and Research, G.S. College of Commerce and Economics, Nagpur.

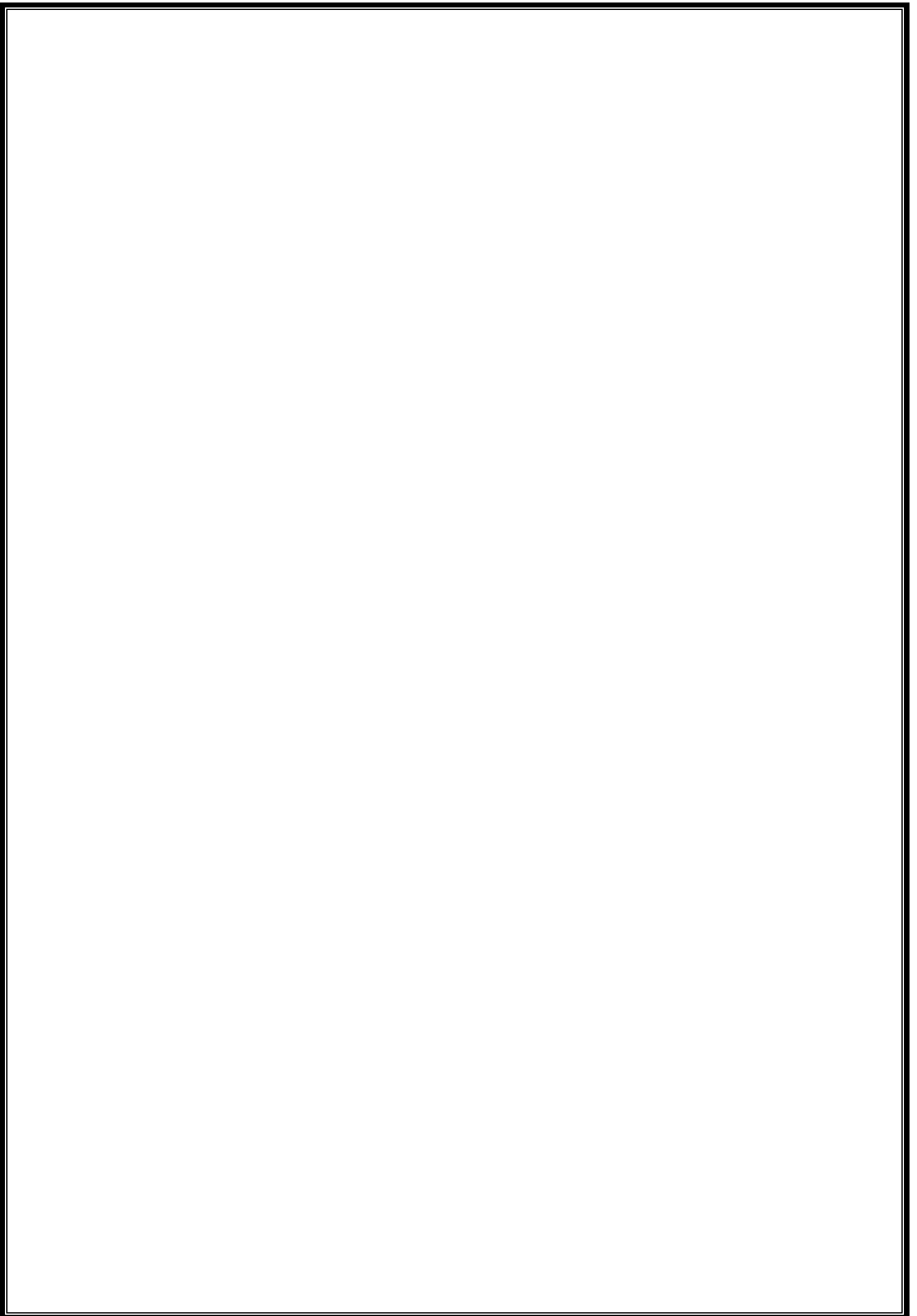
I’m thankful to the principal of G.S. College of Commerce and Economics, Nagpur, **Miss Swati S. Kathaley** and to the Dean of DMSR, **Mr. Anand Kale.**

I would like to thank all my colleagues with whom I worked together during the internship programme. Also, I would like to thank the God Almighty. His blessings help me everywhere in my life.

Samruddhi Gajanan Thete

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INTRODUCTION

A Chartered Accountant is one who is specialized in accounting, auditing and taxation. In recent times accountancy has become popular as a profession. The services of a CA. are required in money matters even in a small business. Moreover, according to the company Act only CA's in professional practice are allowed to be appointed as auditors of companies in India. A chartered accountant is a person who is accepted as a member of the institute of chartered accountancy course conducted by the institute. Organization is working as a chartered Accountants Firm under the rules and regulation and code of ethics designed for CA firms by ICAI (The institute Of Chartered Accountants of India).

The institute of Chartered Accountant (ICAI) was established as statutory body on July 1, 1961 under Chartered Accountants Ordinance, 1961 to regulate the profession of accountancy in the country.

Statutory body on July 1, 1961 under Chartered Accountants Ordinance, 1961 to regulate the profession of accountancy in the country.

ICAI is governed by the Council which consists of nineteen members. Fifteen members are elected from amongst the members for a period of four years. The remaining four of the Council members are nominated by the Government of India.



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

Vision of the ICAI :

The profession of Chartered Accountants in India should be the benchmark of professional excellence upholding the principles of integrity, transparency and accountability.

Mission of ICAI :

Is to achieve excellence in professional competence, add value to business and economy, safeguard public interest; ensure ethical practices and good corporate governance while recognizing the needs of globalization.

These kinds of firms provide different kinds of professional services like audit, taxation and management consultancy to its clients.

The Chartered Accountancy is course conducted by ICAI which has its headquarters in New Delhi, 5 regional offices (Calcutta, Kanpur, Chennai, Mumbai and New Delhi) and 81 branches under these regional centers.

Company profile



Renu Chetan Rathi

- 1. Address :-** C/O Chetan Rathi, First floor, Opposite Shivaji School, SBI Square, Yavatmal 445 001
- 2. Department :-** Finance, Account, Assurance ,Taxation, Investments
- 3. Company Guide :-** CA. Renu Chetan Rathi

CA:- Renu Chetan Rathi

(Founder)

Chartered Accountant firms register through the Institute of Chartered Accountants of India, established in the year 2019 with the mission to provide a comprehensive range of Audit & Financial services to its clients.

We offer our expertise in the error-free Auditing, Taxation, Finance and company

Terminologies

➤ **GST** - The Goods and Services Tax, or GST, is an indirect tax law applicable across India. It has replaced multiple indirect taxes such as excise duty, service tax, value-added tax, octroi, entry tax, and luxury tax.

➤ **Auditing** is a part of the accounting world. It is an examination of accounting and financial records that is undertaken independently.

➤ **CLEAN AUDIT OUTCOME:**

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

➤ **FINANCIALLY UNQUALIFIED AUDIT OPINION:**

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

➤ **QUALIFIED AUDIT OPINION:**

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

➤ **ADVERSE AUDIT OPINION:**

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

➤ **DISCLAIMER OF AUDIT OPINION:**

The audit provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

Services Provided by Firm

The CA profession is contributing a lot to the economy. But mostly it's a supporting role, not a leading role. Chartered Accountant don't bring together any resources themselves. The activities carried out by CA. Renu Rathi & Co. are as follows...

➤ **Supporting in tax compliance**

This includes liaison with government authorities, representing clients in courts, ensuring smooth business operations by taking over the complex tax compliance part. For example, without the CA profession, changes like GST will be very hard to implement.

➤ **Financing**

Creating opportunities by arranging for business finance. They are helpful in making calculations and convincing banks about the credit worthiness of entrepreneurs. On a large scale too, many CAs working with investment banks help to arrange some key business deals between organizations.

➤ **Auditing**

which includes the redundant but still necessary function of control procedures? This is to prevent leakages from the economy and stand vigil to check on creation of illegal properties, black money and frauds etc.

➤ **Accounting**

bringing together professional standards of accounting in changing business environment and to accommodate new developments in business. This ensures comparability, reliability and investor faith, which is good for the economy.

➤ **General business support**

Things that Chartered Accountants do can be classified as general support and consulting services. They can do this because of their knowledge about laws, taxes, compliance, financial markets, investments, valuations, banking regulations etc. It's too many things, but mostly for supporting roles only.

➤ **Filing of return:**

The main task with the Chartered Accountant is the filing of return. Chartered Accountant is a professional who is authorized by Certificate of Chartered Accountants of India is an authorized person who can file returns on the behalf of his clients.

Work Profile under CA Firm

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,

TAXATION

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.

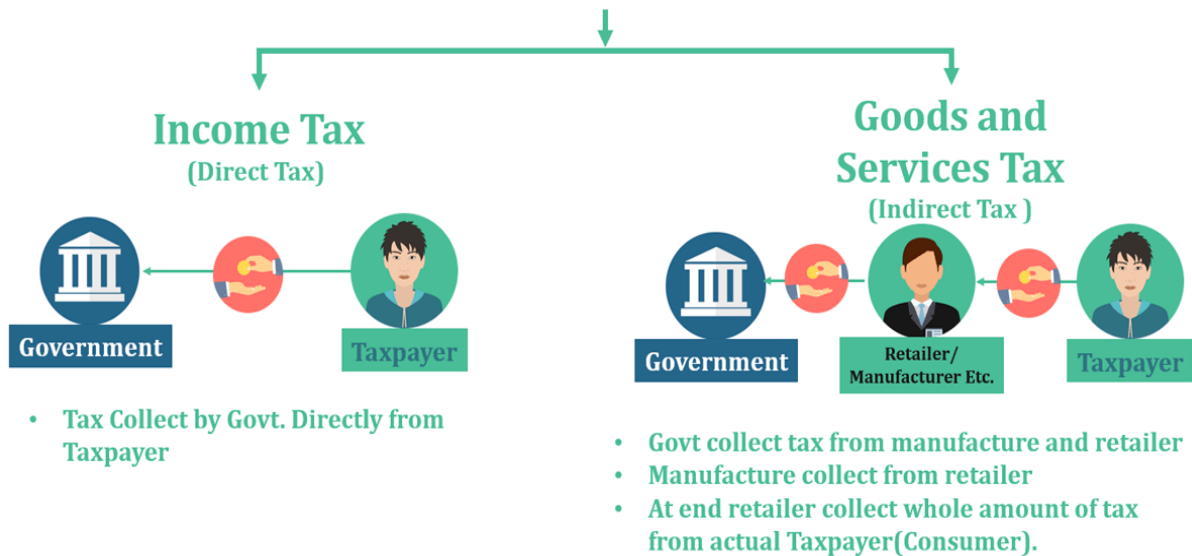
Some of these include expenditures on economic infrastructure, military, scientific research, culture and the

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

and the operation of government itself.

Types of Taxes

Taxation in India



Taxes are of two 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

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 times 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

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.

OBJECTIVES OF SIP-

- To identify about how to accumulate and process evidences to make an audit
- 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.

SCOPE OF THE STUDY –

- The internship at CA Renu Rathi 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 a 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 this 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 SIP

- 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 hard work with effective skills.
- To get the effective client base.

CONTRIBUTION DURING SIP

Weekly report

1st Week :

I gained basic information about the services provided and auditing of the business firms of client. Get the basic knowledge of the software used by firm.

2nd 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. Maintained the daily work done by me for the reference.

3rd Week :

Firstly learn the basic concept regarding debit credit of passbook and bank book. Journal entries and Entries in tally. I learned how to check the balances of ledger, vouchers and cashbook, debit and credit notes etc.

4th Week :

After auditing I learned how to prepare a summary in Excel sheet after auditing is done. Learned to file GST monthly and Quarterly.

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 underthe guidance of seniors. Maintaing accounts of the firm and clients.

6th Week :

I get to learn about 26 AS and use of it and how to consult the client and get the data. Learned how to file income tax return according to their profession and business and by amount of earning.

WORK EXPERIENCE

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.

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 organization, 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.

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

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
- Due to digitization, sometimes it happens that the services in low and the transactions are put on hold.
- Documentation is the key, the record all the money transaction and they are also used for verification.

RESEARCH METHODOLOGY

The type of research which I have used is the qualitative research, Qualitative research describes qualities or characteristics. It is collected using questionnaires, interviews, or observation, and frequently appears in narrative form. For example, it could be notes taken during a focus group on the quality of the food at Cafe Mac, or responses from an open-ended questionnaire. Qualitative data may be difficult to precisely measure and analyze. The data may be in the form of descriptive words that can be examined for patterns or meaning, sometimes through the use of coding. Coding allows the researcher to categorize qualitative data to identify themes that correspond with the research questions and to perform quantitative analysis.

Observational Data -

Observational data are captured through observation of a behavior or activity. It is collected using methods such as human observation, open-ended surveys, or the use of an instrument or sensor to monitor and record information -- such as the use of sensors to observe noise levels at the airports. Because observational data are captured in real time, it would be very difficult or impossible to re-create if lost.

FINDINGS

- The internship at CA. Renu Rathi & 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.

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.

Conclusion

- Get knowledge about the Auditing Process And how to acquire the data related to the 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.

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