

Prime WORD

The CA result has come; bringing in its wake joy to some and sorrow to others. If you are amongst the winners you should no doubt relish the joy of success. At the same time don't let this get into your head. If you are amongst the losers you should no doubt feel sad. At the same time don't let this get into your heart.

Over time, as you make your career you will learn that success and failure are like the two sides of a coin; they are part of life. The winners are not those who are always successful, the losers are not those who always fail. The winners are those who take both success and failure in their stride. History is replete with examples of outstanding people whose cupboards are full of skeletons but that did not stop them from turning out outstanding performances.

The message is loud and clear. What can be imagined is what can be achieved.

If you walk out of your comfort zones and get into the wild world of business believing in your potential and capabilities, leaving behind the baggages of the past, you are bound to be successful. In the career market what marks victory is not just the knowledge that you pick but the people skills that you imbibe.

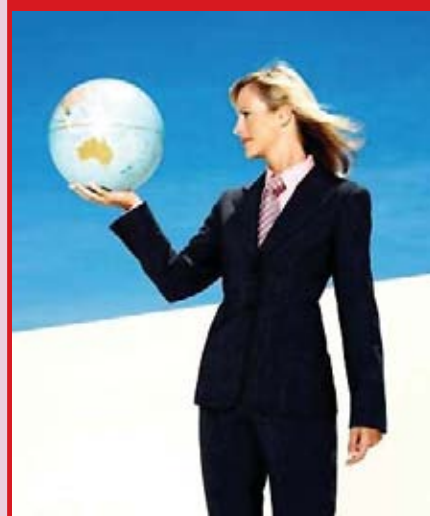
This edition of Prime Word is true for all times to come.

Welcome to the voyage of discovery.

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BE DETERMINED



The RANK Holders

Final

Name	Rank
Abhishek Agarwal	3rd
Kaliyuka Eswara Samy .	13th
Priya B.....	17th
Janani V V	27th
Shikha Somani	30th
Tamimal Ansari M	50th

PE-II

Murali B	7th
Shankaranarayanan S	8th
Shivaram K V	10th
Deepak K	18th
Jeslin	20th
Hariharan K	47th
Akilesh P	48th

CPT

Divya Venkatesh	11th	Srivatsan G.....	15th
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Coming Up

Registration for the 25th Session:

Web	PE-II - 2nd April
	Final - 25th March

Briefing Session: 14th May

At Naradh Gana Sabha

Classes: 16th May

Get into AAS

AAS-1: Basic Principles Governing an Audit

1. Understand the Term Audit
 - Independent examination of financial information
2. Discuss the Personal Qualities
 - Integrity, objectivity and independence
3. Professional Responsibilities
 - Confidentiality, skill and competence
 - Audit procedures

AAS-2: Objective and Scope of the Audit of Financial Statements

1. Understand the overall objectives
 - Form opinion
2. Understand the Scope
 - Statutory and Non-statutory.
3. Scope is determined by Terms of engagement, Statute and Pronouncements of ICAI.
4. Terms of engagement should not restrict the scope in relation to
 - Matters prescribed by Statute
 - Pronouncements of ICAI
5. Constraints, if any, in the scope are placed, auditor should disclose such facts and express a qualified or disclaimer of opinion as appropriate.
6. Auditor is not expected to perform duties, which fall outside the scope of his competence. Ex: Valuation of precious art.

AAS-3: Documentation

1. Nature of working Paper
 - Permanent File
File containing information of continuing importance to audit.
Ex: MOU
 - Current File
File containing information relating to audit of a single period
2. Content of working paper-audit evidence -depends on the nature of engagement
3. Working papers are property of auditors.

AAS-4: The Auditor's Responsibility to consider Fraud and Error in an Audit of Financial Statements

1. Primary responsibility for prevention and detection of frauds and errors is of governance and management.
2. Auditor should consider risk of material misstatements
3. For that he should plan and assess fraud risk factor such as
 - Adherent limitation of an audit
 - Assess audit risk and its components-inherent risk, detection risk & control risk
 - Discuss with other members of the audit team about the possibility and circumstances of fraud or error
 - Inquire the managements & those charged with governance about its response to fraud or error
4. Auditor's responsibility is to document the identification of fraud, assess the risk and his response to it.
5. When circumstances indicate possible misstatement
 - Due to fraud of governance, it should be disclosed in the financial statement
 - Due to employee fraud, auditor should disclose in his report
6. If unable to decide whether an identified misstatement indicates a fraud, withdraw his engagement and communicate with incoming auditor.
7. Intimate about the misstatement to regulatory authority, if legally required to do so.

AAS-5: Audit Evidence

1. This deals with evidence collection.
2. Evidence may be internal or external.
3. Compliance and substantive procedures are used to collect audit evidence.
4. Compliance procedure – Test the existence, effectiveness and continuity of internal controls.
5. Substantive procedures are designed to obtain evidence as to the
 - Existence of assets and liabilities on a particular date

- Rights on asset and obligation on liability of the organization
- Occurrence – Transaction pertains to relevant period under audit
- Valuation - assets and liabilities carry appropriate value
- Measurement-matching principles are followed.
- Presentation and Disclosure-classified in accordance with the accounting policies and relevant statutory requirement.

AAS-6: Risk Assessment and Internal Control

1. Auditor should assess :
 - Accounting System
 - Internal Control
 - Audit risk and its components such as inherent risk, control risk and detection risk.
2. Audit risk means the risk that the auditor gives an inappropriate opinion when the financial statements are materially misstated.
3. Inherent risk – risk of misstatement when there were no related internal controls.
4. Control risk – risk of misstatement which cannot be prevented or detected or corrected on timely basis by the accounting and internal control systems.
5. Detection risk – risk of misstatement which cannot be detected by auditor's substantive procedure.
6. Higher the assessment of inherent and control risks, the more audit evidence the auditor should obtain from the performance of substantive procedure.
7. When the auditor determines detection risk cannot be reduced to an acceptable level, the auditor should express a qualified opinion or a disclaimer of opinion as may be appropriate.
8. The material weakness observed during the course of the audit should be communicated on a timely basis to the management in writing.

– Pushpalatha K

Auditing Royalties Paid

When you audit, you need a check list. So that you look professional. So that you do not miss a trick or two. Here is the seventh of our many check lists.

NO.	QUERIES	YES	NO	N.A.	EXPLANATORY NOTE
1	Is the Board of Directors resolution, regarding agreement with collaborator is available ?				
2	Have you verified the royalty agreement and terms and conditions there in?				
3	Is the schedule of Royalty payment to third parties is available?				
4	Is the rate of royalty, mode of calculation, due date of payments verified with the agreement?				
5	Has the periodical statement of production or sales received, when royalties are paid on the basis of production or sale?				
6	Have the shift-wise production records or sales records verified with all supporting documents?				
7	Have you checked the royalty entries in the Bank Book? Is the same appears in Bank statement?				
8	Have you verified the receipt/ voucher by the recipient?				
9	Has the payment of royalty is disclosed in the Profit and Loss account?				
10	Have you examined RBI's permission for remittance of royalty, if it is paid to foreign collaborator?				
11	Have you verified the Tax treatment for the payment, where applicable?				
12	Have you verified the accounting treatment of " Royalties due but not paid?"				
13	Have you verified the records of earlier payments to ensure that the amount of deduction on account of recoupment of royalty for the past period?				
14	Did any interest is charged for royalty due but not paid? If so, check the percentage of interest in the agreement.				
15.	Have you checked the Tax deducted from the royalty payment is remitted within the specified time?				
16.	Check the accounting treatment of royalties due but not paid?				

A "NO" is unsatisfactory and calls for an explanation.

Lessons from a **WINNER**

This is an edited extract of Anil Ambani's speech at this year's convocation at ISB. Quite thought provoking and peppered with humour.



It is the young power of India that has really put India on the global map. When we talk IT & IT Enabled Services, the average age of the people who are serving that sector is 26. The opportunities that bring with them the challenges, the trends are so different that I could not have imagined in my wildest imagination, when I graduated from Wharton, this is where our country is really going to be. So I believe that all of you are very privileged that you are here during the most exciting period, this country has seen. India is clearly on its way to gain its rightful place of being an economic superpower.

All of you are already armed with lot of management and organisational techniques, that are really needed in the new world. But let me make a few observations. I would be really failing in my comments today, if I did not share with you, what I call-"Conversations with Dhirubhai". Because, if it was not for him, his vision, his commitment and his dreams, Reliance, me and my brother Mukesh would not exist.

I recall it was 13th December, 1982, when I landed back in to Bombay (now Mumbai) after graduating from Wharton. On my arrival I told him, "Look dad, I am an MBA, and I am just going to take a break as I really worked hard, and I will see you in New Year." He said to me, "I am very happy and delighted that you accomplished this, but since I did not go to any formal school or college, I do not have any degree, why don't you tell me, from your learning at Wharton, what does an MBA stand for?" I thought that was a rather simple and easy question, Master of Business Administration, nothing complicated. He said in his

inimitable style and he said to me in Gujarati. So I will say in Gujarati first and will translate it in English, for you. His interpretation of MBA was "Mane Badhu Avadche" literally meaning "I am know all", I know everything.

He said, "You are entering into India, and you need to Indianise your MBA." I said, "That's fine, I am going to work here. So naturally that would not be a very, very big issue." He said, "Did they at Wharton School teach you about Customs duties, about Excise duties, about Income Tax, about Sales Tax, about Parliament, and what is zero hour question, what is a calling attention motion, what is starred question and unstarred question? If you don't really get to know all these things, let me assure you, all your formal education is not really going to help you. You need your practical Indian MBA. And I am going to create that environment for you, so that you can get the exposure. Tell me, since you are a fresh MBA, just entering corporate life, what is the definition of a leader?" I said, "I have really forgotten all my books back at Philadelphia and have really no mindset today to talk about theoretical definitions."

He said, "It is pretty easy for you, just admit that you do not know what the definition is." So I said to him, "Let us assume that I do not know the definition, why don't you tell me, since you have all the answers to everything, who is a leader?" He said in his style, "Leader is a person who can attract followers. If you think you are a leader, please look back, when you are walking. If there is nobody following you, you are not any leader of any time." Very simplistic, but with a very deep-rooted meaning.

Then he went on to say, "Anil, you are entering Reliance. I am the trustee of over 3.6 million individual shareholders. You have really a choice. You have the choice to demand respect, you have a choice to command respect. You choose. Your demand respect mode will be, you are Dhirubhai's son. So people will have to listen to what you have to say. Your command role is really based on your skill sets, your attitude, your upbringing, and your knowledge on issues. That is what will carry people with you.

But you still have that choice to make as you enter the corporate life. And I would highly recommend to you that you follow the command respect mode rather than demand respect mode." These are very simplistic messages to me given to me more than 25 years ago, are still very deep in my mind, my heart and my soul.

I asked him, saying, "I have had enough bombardment this morning from you, everybody tells me that your father is a great visionary. Can you explain to me what do you think is your definition of being a visionary?" He looked at me and said, I do not know whether you even will understand what I am going to say, because your are an MBA, and I am MABF." I looked at him with some puzzlement, and said, "I have heard of FRCS, MBBS, MBA, B.Com, B.A, LLB, but never heard of MABF, what's that degree (Knowing fully well he has no degree)?" He said, "Metric Appeared But Failed."

He then went on to say that, "Anil, I am very grateful to God. He has given me the power and ability to dream. The difference between your dreaming and my dreaming is very simple. Dreaming with my eyes open, I have a better chance than you to convert my dream into a reality. For you, to dream with your eyes closed, you have a lesser chance to make it into a reality, but a much higher chance to convert it into a nightmare. Everybody talks about karma, and everybody talks about destiny. Let me tell you that destiny is not a matter, only of chance, it is also a matter of choice. And in my father's words, for all of you, all of us, I believe if you can dream it, you can do it." ▀

HOW mobiles Changed our LIFE

It's a nice Sunday morning. A group of 40s passes by a group of teenagers talking about N70, N90, W850 and X750. Well they are not talking a new languages or code but are in dedicated discussion about some of the latest brand of mobiles which have hit the market.

Mobiles phones (a k a Cell Phones) have revolutionized the human life by making the whole world a global village. And this revolution has actually been two-fold, one with the introduction of mobiles and the other with the micronisation of mobiles.

How mobiles have changed our lives:

Calls: Gone are the days when we have to go looking for STD booths to make calls to our loved ones back home. Now all

we have to do is carry our mobiles (well who keeps it away these days!) and make or receive calls without worrying about the time or the place we are in.

Who wants a Diary: The mobiles allow us to store contact numbers which can be easily searched and retrieved at the touch of our fingers. Also we can store mail ids, addresses and other such sundry information about people with whom we communicate. They also allow us to set "Ring Tones" for each contact we are storing and we can easily identify the person even before we lift our cells.

Short Message Service: The SMS which was the catalyst for the rapid expansion of demand, for mobiles especially among the youth has changed the way we use text based communication. Today it has become an easy and cost efficient means to deliver the information, even when the other person is unable to attend a call.

Multimedia Messaging Services: The MMS is another tool similar to SMS but used for the transmission of



Music, Pictures together with text. Though this has not taken off that well till now the potential it has in changing the way we communicate and making it colourful and enjoyable is vast.

Camera: You stumble upon a beautiful place which you feel must be captured forever in print. Well all you have to do is take out your mobile and click away and capture the sublime beauty forever in its digital heart. Most of the mobiles today come with Megapixel cameras which give near life

like images. And in contrast to the traditional cameras they are sleek, stylish, easy to carry and also provide the facility to record video. Moreover since the photos and video recordings using mobiles are in the digital format, they are readily compatible with our Computers.

Mobile Gaming: The Mobiles are now providing high resolution animated games which captivates all and sundry. This acts as a good source of entertainment whenever we are bored.

Portable Music Player: You no longer need an ipod. There is always the mobile, which now supports all the "in-vogue" music formats like MP3,wav and many other such formats and gives the same voice and sound clarity.

Instant GPRS and Internet Connectivity: Internet is the most popular and widely accepted mode of information sharing. Today we can do anything from booking cinema tickets to closing business deals sitting at home using an Internet connection. Realising this the manufacturers of mobile have developed instruments which facilitate instant connection with the Internet. Wow. Can we ask for more?

– S Aswath



A MANI RATNAM FILM
GURU
Cast: Abhishek Bachchan, Aishwarya Rai
R. Madhavan, Mithun Chakraborty
Direction: Mani Ratnam

The bhais have invaded Bollywood – "mum-bhai", then "Aslam Bhai" and later, Munnabhai. Now, Gurubhai. While Munnabhai moved the nation with his silly humor and good natured bhai-dom, Gurubhai places India on the world trade map.

This is the rags-to-riches story of a man who dares to take on the system. The road to success is not smooth and the protagonist overcomes obstacles, bypassing the system. Naturally, he gets into trouble – how he overcomes that forms the rest of this story. He struggles to lead a decent family life in the midst of busy schedules and chaotic stress. Friction with his mentors and relatives leads to distortion of relationships. "Gurubhai" (Abhishek Bachchan) has only Paisa, profit or munafa in mind while doing his polyester business and much later, with new lines of businesses like petroleum.

Success comes with a price - the honesty and straightforwardness disappear and Gurubhai takes on another avatar, closely watched by Nanaji (Mithun Chakraborty) and his pet reporter Shyam Saxena (a chocolate faced Madhavan).

Ash looks gorgeous. The music by AR Rehman is pleasant.

Gurubhai leaves you with a distinct taste of victory achieved after chasing it mercilessly.

The Bhais are definitely here to stay.

– Karthik Narayan

A cup of coffee

It was a usual coffee shop atmosphere, aroma of steaming coffee was in air and Jean could no more resist, "Where is Nike ?" demanded Jean . It was a get together party by Jean, Mika and Shari have already reached." He's on the way, is what the message says", they were waiting for Jean, Nike, "He is always late" said Mika thoughtfully. Nike tops his priorities first. He would come with new excuses which was truly peculiar, each one was tailor made may be!

Jean who lost her patience ordered cappuccino for all three and waiting to feast on pizzas, she always expects others to vibe similarly, that's the reason why she always gets in trifle with Nike. Mika was patient of all.. he is an empathetic listener and accepts people as they are, in short he is the binding factor of the three...

Shari is easy to move with her charming smile and quick wits she captures everybody's attention, was busy on her cell phone.

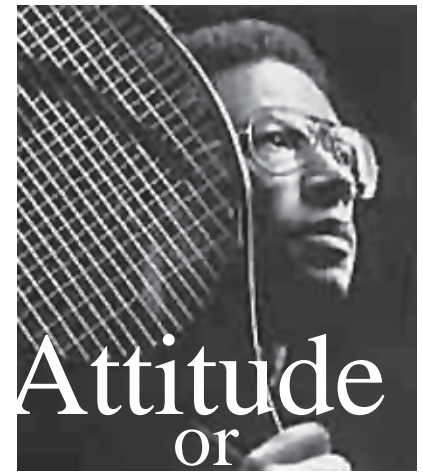
Nike arrived "I am sorry, late yar too much of traffic yar stranded for 2 hours" with apology. Jean lost her temper "How do you find new excuses every time



Cox town is just 4 km away" shouted Jean. "We are waiting for you for past an hour"said Mika with a look of disgust. Shari who was busy on her mobile turned her attention to the argument and joined with Jean. There was an heated argument between Jean, Nike and Shari, just then Mika

interrupted "Come on! Stop we have little time to spare why waste in fighting and arguing" Silence prevailed for a while and then Jean was back in playfull mood." Hey silly Nike, would you have a cup of coffee" asked Jean hesitating to smile. "Now are you Ok, Can't you excuse me without picking up a fight" said Nike smiling at her. "That's friendship yar" concluded Jean. "Hey I am hungry, my whole energy got wasted in this trifle" said Shari hungrily. Mika smiled and ordered "A cup of coffee"

People are different in thoughts, wants and priorities. A coffee is made up of 4 different ingredients Milk, water, sugar, blended coffee, in absence of any of the ingredient does the coffee taste good? A group is where different minds and personalities meet, if handled with care they blend to make a aromatic coffee! Would anyone deny a cup of coffee?
 - V Lavanya



Attitude or Aptitude

Arthur Ashe, the legendary Wimbledon player was dying. From world over, he received letters from his fans, one of which conveyed : "Why does GOD have to select you for such a bad disease"?

To this Arthur Ashe replied:

The world over – 5 crore children start playing tennis, 50 lakh learn to play tennis, 5 lakh learn professional tennis, 50,000 come to the circuit, 5000 reach the grand slam, 50 reach Wimbeldon, 4 to semi final, 2 to the finals. When I was holding a cup I never asked GOD "Why me?". And today in pain I should not be asking GOD "Why me?"

Happiness keeps you Sweet, Trials keep you Strong, Sorrow keeps you Human, Failure Keeps you Humble, Success keeps you Glowing, and God Keeps u Going. ▀

What fresh CAs earn

Salary* offers at Campus March 2007.

Citi Bank	Rs. 10,00,000	California Software	Rs.5,00,000
ETAAscon	Rs. 9,00,000	Wipro	Rs.5,00,000
ITC	Rs. 9,00,000	IOC	Rs.5,00,000
Olam International	Rs. 8,00,000	Chennai Petroleum	Rs.5,00,000
UBS	Rs. 7,00,000	Goldman Sachs	Rs.5,00,000
TPCS	Rs. 7,00,000	IDBI	Rs.5,00,000
Sterilite Industries India	Rs. 6,00,000	Samsung India	Rs.4,50,000
ONGC	Rs. 6,00,000	Murugappa Group	Rs.4,00,000
Kotak Mahindra	Rs. 6,00,000	TCS	Rs.4,00,000
IOCL	Rs. 6,00,000	Satyam Computer	Rs.4,00,000
DHL Express India	Rs. 6,00,000	HCL Technologies	Rs.4,00,000
TVS Finance	Rs. 5,00,000	Ford Business Services	Rs.4,00,000


*(From reliable sources)

"Impressions Expressions."

Readers of Grafitti are requested to express their reactions, views, suggestions, criticisms, opinions, etc of any column to the editor. The best letters will be published in a new column to be introduced from the next issue titled "Impressions and Expressions."

Mail to grafitti@primeacademy.com

Interview Blues

- 
- What are you interested in this position?
 - What are your reasons for leaving your current job?
 - What do you offer this position?
 - What would you personally gain by this job?
 - What are the things you do best at work?
 - Can you describe our organization? How would you fit in?
 - What are the qualities you like best in a boss?
 - What are your long term goals?
 - At work, which has been your biggest mistake yet?
 - Describe a situation where you found yourself handling a person you disliked.
 - How would you define success?
 - Which was the last book that you read? How was it?
 - If you had enough money so that you did not need to work, what would you be doing?
 - Tell us about a time in which you were supportive of your boss even though you both disagreed?
 - Your daily workload is getting busier and busier, how do you handle it?

HAVE YOU SUBSCRIBED?

Prime Academy launches www.primeonlinetest.com

What it has: **Online test on CPT, Standards and a lot more...**

Highlights:

- **Take a Test regularly:** On any chapter of any subject
- **Session Test:** You can take on any session. Like Accounting and Law. Or, Economics and Quantitative Methods.
- **Full Test:** You can take a full test ie. all subjects in the ICAI pattern.
- **Score:** Your score will be instantly evaluated and displayed.
- The average score at the all-India level will also be displayed so that you can benchmark your performance against the all-India average.

For details contact:

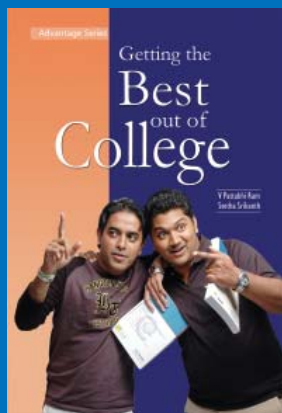
K. R. Kamalakkannan Mail: krkamalakkannan@primeacademy.com Cell No. : 9840918014

First Lessons

Walks you through the subject at the leading edge. Should be your ONE-SOURCE for self study.

Advantage CA	– V Pattabhi Ram & Seetha Srikanth
Accounting Standards (PE-II)	– M P Vijay Kumar
Business & Corporate Laws	– M P Vijay Kumar
A Study on Income Tax and CST	– R Bupathy
Information Technology	– G K Raju
Advanced Accounting	– M P Vijay Kumar
Accounting Standards (Final)	– M P Vijay Kumar
MAFA	– V Pattabhi Ram & S D Bala
Auditing and Assurance Standards (PE-II & Final)	– R G Rajan
Corporate Laws and Secretarial Practice	–S Srikanth
MICS	– R Chandrasekhar
Who are India's Top Auditors	– V Pattabhi Ram & Pavan N Rao

Getting the Best out of College

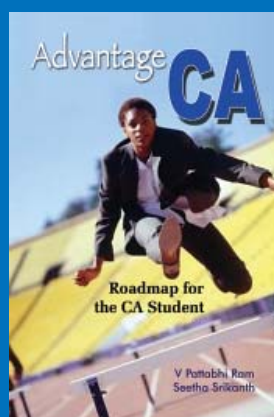


The years that you spend in college can be great fun. It's a period that is not worth missing. If you can accumulate knowledge, pick the right skills and develop the right attitude, the world can become your oyster. This book draws the road map for getting the best out of college. Here are the milestones:

- Thinking big
- Massaging your memory
- Good classroom habits
- Managing time
- Enhancing study skills
- Hostel life
- Taking exams
- Co-curricular activities
- The Road Ahead
- and a lot more

Advantage CA

A proper mindset and a razor sharp memory. Scientific study-skills and good classroom habits. Advantage CA talks about all this.



How to plan and prepare
How to improve memory
How to optimise study hols
How to manage time
How to improve study skills
How to crack exams
How to bag a rank
How to set goals...

Getting the best out of Articleship
Global career