

Know Your Ethics*

Ethical Issues in Question-Answer Form

Q. Can a Chartered Accountant in practice/firm give advertisement in press?

A. Yes, the members in practice may advertise through a write-up setting out the services provided by him or his firm and particulars of his firm **subject to Advertisement Guidelines issued by the Council (published in July, 2011 issue of the journal).**

Direction given by the Council under Clause (7) of Part I of the First Schedule to the CA Act provides that a chartered accountant in practice/firm cannot give advertisement in press. However, a special exemption has been made as regards publication of the name and address of a member or that of his firm, with the description chartered accountant(s), in an advertisement appearing in the press in the circumstances as listed below, provided that the advertisement is not displayed more prominently than is usual for such advertisements or the name of the member or that of his firm with the designation chartered accountant(s) appears in type not bolder than the substance of the advertisement:

- (a) Advertisement for recruiting staff in the members own office.
- (b) Advertisement inserted on behalf of clients requiring staff or wishing to acquire or dispose of business or property.
- (c) Advertisement for the sale of a business or property by a member acting in a professional capacity as trustee, liquidator or receiver.

When advertising for staff, it is desirable that members should avoid the expression such as "a well-known firm", since this would savour of advertisement. Similar considerations apply to advertisements for articled assistants. The advertisements should not contain any promotional element nor should there be any suggestion that the services offered by the chartered accountants or his firm are superior to those offered by other accountants.

Q. Whether a member can appear on television/radio or give lectures at forums?

A. Yes, direction given by the Council under Clause (7) of Part I of the First Schedule to the CA Act prescribes that a member may appear on television/radio or give lectures at forums and may give his name and describe himself as chartered accountant. Special qualifications or specialised knowledge directly relevant to the subject matter of the programme may also be given. But no reference should be made, in the case of practicing member, to the name and address or services of his firm. What he may say or write must not be promotional of him or his firm but must be an objective professional view of the topic under consideration.

Q. Whether companies in which chartered accountants have been appointed as directors on their Board can

publish description about the chartered accountant's expertise, specialisation and knowledge in any particular field or add appellations or adjectives to their names in the prospectus or public announcements issued by these companies?

A. The Council's attention has been drawn to the fact that more and more companies are appointing chartered accountants as directors on their Boards. The prospectus or public announcements issued by these companies often publish descriptions about the chartered accountants' expertise, specialisation and knowledge in any particular field or add appellations or adjectives to their names. Attention of the members in this context is invited to the provisions of Clause (6) and (7) of Part I of the First Schedule to the CA Act.

In order that the inclusion of the name of a member of the Institute in the prospectus or public announcements or other public communications issued by the companies in which the member is a director does not contravene the above noted provisions, it is necessary that the members should take necessary steps to ensure that such prospectus or public announcements or public communications do not advertise his professional attainments and also that such prospectus or public announcements or public communications do not directly or indirectly amount to solicitation of clients for professional work by the member. While it may be difficult to lay down a rigid rule in this respect, the members must use their good judgement, depending upon the facts and circumstances of each case to ensure that the above noted provisions are complied with both in letter and spirit.

It is advisable for a member that as soon as he is appointed as a director on the Board of a company, he should specifically invite the attention of the management of the company to the aforesaid provisions and should request that before any such prospectus or public announcements or public communication mentioning the name of the member concerned, is issued, the material pertaining to the member concerned should, as far as practicable be got approved by him.

Q. Whether a Chartered Accountant/Firm is permitted to use logo on letter-heads, stationery, etc.?

A. No, the use of logo/monogram of any kind/form/style/design/colour etc., whatsoever, on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, signboard by the Chartered Accountant firm of Chartered Accountants is prohibited. Use/printing of member/firm name in any other manner tantamounting to logo/monogram is also prohibited. However, a common CA logo has been allowed to the members, provided it is used in correct manner within terms of the Council Guidelines. ■

* Contributed by the Ethical Standards Board of the ICAI