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# THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

**A Magnificent Past & a Glorious Future**  
- ICAI Completes 71 Distinguished Years of Service



ICAI — SET UP BY AN ACT OF PARLIAMENT



# Strengthening the **Economy** with Excellence, Independence and Integrity

## ABOUT ICAI

The Institute of Chartered Accountants of India (ICAI) was established by an Act of Parliament in 1949 and since inception has proven its mark as an elite institution devoted to uphold the values of transparency, accountability and integrity. It has indeed come a long way, be it in terms of numbers, skills & utilities, recognition from society, or its role in nation building.

## PROFESSIONAL COMPETENCE

- More than 10 Lakh Members & Students
- 164 Branches & 34 Overseas Chapters
- Promoter of Values, Virtues & Vision of Excellence
- Robust Regulator & Developer of Trusted Professionals
- Sharing Knowledge to Shape Policies
- Trusted Partner with Government Initiatives
- An Educator Par Excellence - Keeping Pace with New Era of E-learning
- Placing Indian CAs at Global Pedestal by entering into Mutual Recognition Agreements (MRAs) with Global Accounting Bodies



## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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# ICAI standing tall in Sync with Core Values and Uncompromising Ethics

As the dynamic Indian Accountancy profession completes yet another glorious year of its eminent existence on 1<sup>st</sup> July, CA Foundation Day, it celebrates the illustrious feat to consistently grow, develop and evolve while firmly and proudly standing tall in sync with its core values and uncompromising ethics. After all, time is life's unstoppable river and only those emerge victorious who ride the tide and conquer the wave and constantly improve as they steadily move forward, not those who pointlessly attempt to stop the flow. Since the inception of the Institute of Chartered Accountants of India on July 1, 1949, countless endeavours have been undertaken to refine and enhance the professional journey of brilliant excellence that Indian Accountancy had embarked upon ages ago. CA Day, 2020 just doesn't mark ICAI's phenomenal completion of 71 years of academic transcendence and professional integrity but also holds a riveting promise for a better future. ICAI now stands in confrontation with another fresh opportunity to once again break all its past records of quality service and instrumental delivery of responsibilities and duties towards not just the CA community but the nation as a whole.

ICAI Past President CA. Rameshwar Thakur once stated that *"There has been a gradual change in our country also. It is expected that this change will pose challenges as well as open new opportunities for the Accountants of today and tomorrow."* Aligned with this thought, ICAI has always continued to act upon its virtuous instincts to impart goodwill to the business industry and the country's economy albeit the myriad circumstantial challenges it frequently encounters. Year after year, ICAI comes up with innovative ways to tap the potential of the CA workforce and channelize it towards expansive and all-round growth. More significantly, it perceptively promotes countless initiatives to augment and increase their capabilities, thus pushing them to touch newer heights, amplifying the scope and quality of the Accountancy Profession as a whole. With the medium of constant innovation, unconventional thinking and action-centric operation, the Institute has profoundly asserted its renowned and revered dominance in every sphere of business and justifiably garnered the unflinching faith of the nation, accountancy profession, its members, students and other allied stakeholders. By overcoming the numerous hurdles strewn across its way with sheer determination, persistent efforts and unwavering will, ICAI has consistently fulfilled the vision of its distinguished founders, kept the legacy of

professional excellence, freedom and independence alive and also soundly propagated a positive narrative built on powerful roots of unquestionable morals, unbending honesty and unshakeable diligence out to the future generations.

Albert Einstein famously said, *"In the middle of every difficulty lies opportunity."* Since times immemorial, the Institute has repeatedly met all expectations by successfully rising to challenges and continues to do so. Even amidst the global pandemic, Covid-19, ICAI looked at the adversity in the eye and employed out-of-box thinking to ensure the wheel of learning doesn't stop and growth remains unabridged. To contrive immediate and sustainable solutions to the crisis which posed a threat to the sanctity of education and the functioning of Accountancy profession, ICAI immediately harnessed its established technological infrastructure of potential and engineered mechanisms to elaborate the reach of knowledge and make learning accessible to all through Digital Learning Hub. Even when goals are static, the solutions call for dynamicity to cope with the ever-changing world around us. Today, ICAI has imbibed the plethora of techniques to work more efficiently and effectively that technology presents into its day to day working and stands at the global forefront.

As once said by Martin Luther King, *"Human progress is neither automatic nor inevitable. Every step toward the goals requires sacrifice, suffering, and struggle; the tireless exertions and passionate concern of dedicated individuals."* The future demands a revolution of the way the Accountancy Profession is perceived; it urges for a change in mindset to look beyond the traditional number crunching and harnessing of members' inestimable magnitude of capacities towards accentuating the growth possibilities of the Accountancy Profession by tapping the abundant opportunities of progress that the economy offers today. Amid challenges the immediate future, the seventy second year calls for passion in our objectives, purpose in our strides and progress in the world that surrounds us. Then only we will be able to take the country to its dream of becoming a \$ five trillion economy, irrespective of challenges we have.

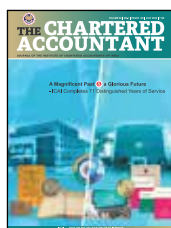
*Happy CA Day!*

**Editorial Board ICAI: Partner in Nation Building**



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# From the President



CA. Atul Kumar Gupta  
President, ICAI

Dear Professional Colleagues,

At the outset, I extend heartiest greetings to all of you on this momentous occasion of 72<sup>nd</sup> CA Day. It has been a wonderful journey of 71 long years in the service to Nation. As the Institute of Chartered Accountants of India celebrates its Foundation Day on July 01, 2020, it stands tall not just as an authentic symbol of the decades of priceless and invaluable experience it acquired via its consistent contribution but also as epitome of continual dynamism and resultantly growth of accountancy profession in the country which is a testimony to the ubiquitous role of the Chartered Accountants in bringing and shaping a resolute India. That the substance and core of brave is tested in times of adversity; even in challenging times of ongoing pandemic, ICAI has been taking path breaking new initiatives and actions to move ahead in the interest of its students, members and other stakeholders. On this foundation day, amid lockdown, I recall the words of ICAI first President, CA. G P Kapadia – *"I maintain with pride the position that the health of my profession*

*is perfectly sound and the passing phase of the war period and the post-war period effects will disappear within a short time and the profession will march on to achieve a better status and a stronger footing."* Environment may have changed but this great thought is still very relevant in present day context. The present struggling times which entire world is fighting collectively, will also be history soon and I am sure we will come out much stronger.

Abraham Lincoln once said, *"The most reliable way to predict the future is by creating it."* The future of the Accountancy profession is vast and promising. With sky as our only limit, ICAI vows to continue to imagine, improve and innovate in order to take the CA community and the economy to superior heights. This CA Day, we promise to not just capitalise future opportunities of success coming our way but also continue to create newer ones. The Institute of Chartered Accountants of India's relentless efforts towards greater growth and better service shall be steadily translated today in order to have a transformed tomorrow.

## A Warm Welcome to New MCA Secretary

The Institute of Chartered Accountants of India extends a very warm welcome to Shri Rajesh Verma who has recently taken charge as Secretary of the Ministry of Corporate Affairs (MCA). ICAI functions within the administrative control of Ministry and we, at ICAI assure to offer unstinted support to the new Secretary and shall sincerely endeavour to foster the symbiotic collaboration of ICAI in governmental initiatives. We look forward to strengthening our association and leading the Accounting Profession to greater heights of autonomy and moral integrity via our concerted efforts for the betterment of business and industry. Immediately after assuming office by Shri Verma, we had the occasion to meet him, welcome him on behalf of profession and apprise him with various activities being undertaken

by the ICAI. We assured him that ICAI will continue to shoulder any responsibility and will act as enabler for all schemes of national interest. At the same time, we are also thankful to, and acknowledge the continuous support and guidance received from retiring Secretary Corporate Affairs, Shri Injeti Srinivas, in all endeavours of the ICAI.

## Steps Towards More Robust Regulator - Revised Code of Ethics & Peer Review Statement

ICAI, constantly strives for excellence and diminutive influence while remaining in sync with our fundamental roots of strong ethics, unwavering morals and sincere integrity. ICAI proudly advocates the gospel truth that success when achieved in the absence of precious values of honesty and righteousness leads itself to absolute redundancy. I am happy to share with you that the revised edition of the Code of Ethics has been issued, which is also available on the ICAI website. Discipline and ethics form the pivotal core of all facets of life, including the business world and accounting profession.

As informed previously, the new Statement of Peer Review will also be come into effect from July 1, 2020 wherein in the revised version, definitions of some terms previously used in the Statement have been modified and some new definitions have been introduced. Also the eligibility criteria of Peer Reviewers has been revised and now Reviewers will also have to clear the empanelment test to be eligible to become a Peer Reviewer. Apart from these changes, the levels of Practice Units have been redefined. I am sure that with the revised Statement, ICAI will be able to serve the stakeholders more effectively.

## Virtuous Globalisation by ICAI

The Institute of Chartered Accountants of India has always cultivated the belief that development can only occur exclusive of definite borders. ICAI enjoys harmonious relations with the members of global accounting fraternity and has constantly endeavoured to integrate

and improve the standing of the Accountancy subject by uniting efforts at international level. Associating and collaborating with numerous global units has not just facilitated a greater exchange of pioneering ideas but ensures an all-encompassing and universally uniform growth of the profession.

To take ICAI mission forward and reach out to the members abroad, ICAI is opening representative offices in jurisdiction where currently the ICAI overseas Chapters cannot be formed. The objective of setting up of the Representative Office is to have a nodal point of ICAI in that jurisdiction and work towards formation of an ICAI Chapter, over a period of time. ICAI has initiated formation of representative offices in Ghana (Acra); Rwanda (Kigali); Mauritius (Port Louis); South Africa (Durban); South Africa (Johannesburg); Egypt (Cairo); Chicago, Dallas, Houston, Texas, New England Region and Washington DC (USA) and many more are in anvil. Also in Fujairah, UAE, ICAI is going to inaugurate its 36<sup>th</sup> Chapter thus adding its 4<sup>th</sup> Chapter in United Arab of Emirates.

It is our continuous mission and drive to have more and more presence at global level to create awareness and global opportunities for the Indian accounting professionals. We believe that presence at strategic locations will help us take this objective forward and *second overseas office of ICAI that has been set up in Singapore* is a step in this direction. ICAI has presence of about 2000+ members in ASEAN countries and an ICAI office in Singapore would enhance the brand image of CA India in Association of Southeast Asian Nations (ASEAN) countries as well as in other Asia Pacific countries. The office would also be useful for member related areas and in restoring the membership in these countries. It would also help them in maintaining good relations with professional accounting organisations in these countries.



# From the President

## MoU with SEPC (CESWTO)

I am happy to inform you that your ICAI has entered into MoU with Services Export Promotion Council (SEPC), set by Ministry of Commerce & Industry, Government of India, an apex trade body which facilitates service exporters of India with an aim to enhance the competitiveness of India's export in Accounting and Finance Services; one of the 12 champion services sectors, through the implementation of the focused and monitored Action Plan. I am sure that this tie up will promote the export of the Indian accounting services at the international platform to newer radar.

## New Publications

The Institute of Chartered Accountants of India upholds the standards in the areas of financial reporting, auditing, ethics, quality and valuation to maintain consistency in the work system and enforce better business systems. These standards govern the processes and act as a check and balance mechanism leading to simplification of the tasks and better performance. ICAI also issues Guidance Notes for use by its members and other stakeholders. Not only this, it undertakes several initiatives to consistently refine them in accordance with the altering and advancing world and changes at the national level. Post pandemic, ICAI issued a series of advisories on financial reporting and auditing aspects. Moving forward, members will be benefitted by the Guidance Note on the Companies (Auditor's Report) Order, 2020 which will be brought out to provide detailed guidance on various clauses of *Companies (Auditor's Report) Order, 2020* (CARO 2020) and various issues involved therein in an easy to understand language. This Guidance Note is drafted to be quite comprehensive and self-contained reference document to assist the members in discharging their duties efficiently. Members may recall that Ministry of Corporate Affairs has issued CARO 2020 on 25<sup>th</sup> February 2020, which was initially applicable for statutory audits of

financial statements for periods beginning on or after April 1, 2019. Subsequently, applicability of CARO 2020 was deferred by one year.

Another important development is towards the Engagement and Quality Control Standards which are performance benchmarks for the members while performing auditing, review, assurance and related services engagements. I am happy to inform that we are bringing out "*Multiple Choice Questions (MCQs) on Engagement and Quality Control Standards*" covering number of MCQs on each of the 46 Engagement and Quality Control Standards issued till date. The publication is quite comprehensive with about 1200 MCQs and certainly will be a very helpful guidance for the members while performing their professional responsibilities.

## Launch of New Industrial Training Portal

Albert Einstein once remarked, 'Once we accept our limits, we go beyond them.' After all, there is always a limitless room for improvement. Keeping in mind similar principles, the Industrial Training Portal was recently launched to boost the available industrial training opportunities for our CA aspirants. By bridging the gap between a host of illustrious companies and the CA students, who are hunting industrial training opportunities, this portal acts as a catalyst of growth by improving the quality of skill-development and real practical learning. I encourage members, particularly those in industry to come forward and use the portal to select CA students as trainees. In today's new age business environment, industrial exposure is very much important for a student to move ahead in his / her dream of becoming a CEO from CFO of a company. Today, the industries need an all-round personality which in true sense can become the business solution provider and this portal will be a right step in this direction.

## One ICAI, One Website

Change is the only constant and all new initiatives should be backed by the firm intention

# From the President

and insatiable desire to accommodate and improve. The ICAI official website had over time accumulated excessive data making it difficult to access the relevant information. It is different story that technologies have also changed as the digital world is dynamic and ever-altering. To keep up with these changes and to have improved look and feel, we launched a better and enhanced version of the ICAI website in these times of social distancing as Phase One. This is step in the direction where in the times to come we propose to have one website for the entire ICAI, its Regional Councils and their branches. The new website is not only more user-friendly but fitted with an easy to access ICAI Wall that open up a range of services with the touch of a click.

\*\*\*\*

One can merely survive by resisting change, but thrive only by consistently evolving; after all, success lies outside the comfort zone. Over the years, ICAI has garnered a niche for itself by rising to challenges and persistently building upon embedded virtues of independence, integrity and excellence. The ICAI which once started with a small strength of about seventeen hundred members has grown leaps and bounds to become acclaimed three hundred thousand plus strong family. ICAI holds the prominent record of meeting change with courage and adversity with determination, thus accelerating advancement and progress through constant evolution. Institute is always remained at forefront, in taking new initiatives to serve our students. One such big initiative is creation of ₹ 100 crores Fund for Student Scholarship towards enhanced scholarship benefits so that we can double the existing scholarship beneficiaries. Chartered Accountancy is the profession providing excellent opportunities for students of every strata of society as social catalyst and this fund will help every deserving needy student to give wings to their dreams.

Further, in continuation to the 75% waiver of fee provided to the students of 8 North Eastern

States, J&K, and Ladakh, we have favourably revised the eligibility of “differently-abled students” category for providing special discount in registration fee of ICAI. Furthermore, we are working on the international curriculum, which while on one side will create more and more recognition of Indian Chartered Accountancy profession at global arena, at the same time will create more professional opportunities for all of you when you join this coveted profession.

Dear Members & Students, before concluding, I wish a very Happy CA day to all of you once again. I wish to reiterate that we will leave no stone unturned to provide world class services to you. With persistent efforts, I am happy to intimate that now we are moving towards *Implementation of biometric/digital recording of attendance at CPE programs, and Launching of CABF Portal* for easy and quick disposal of requests, Free Online classes for students in addition to previously informed 100% digital evaluation in examinations, and Reverification result to be made available in 7 days. We are moving towards *Web e-Portal for CA Firms database, Networking Guidelines* to promote networking of CA Firms and promote Digital Learning hub and Structured CPE Hours.

With the support of all of you, the accountancy profession, its members and Institute are fully transformed and ready to face new age challenges. Let us collectively work for a vibrant profession and to become *largest Accounting body in the globe by 2024*.

Best wishes. Stay Safe and Healthy.

Jai Hind, Jai ICAI.



**CA. Atul Kumar Gupta**  
President, ICAI

New Delhi, 30<sup>th</sup> June, 2020

## ICAI in Action

### ICAI to Sign MRA with ICA Nepal

The proposal for signing the MRA with ICAN has been approved by the Union Cabinet of India chaired by Hon'ble Prime Minister of India Shri Narendra Modi at its meeting held on 19<sup>th</sup> February 2020. The MRA signing ceremony will take place soon. As physical meeting is not taking place on account of pandemic, the MRA is going to be signed virtually.

### Facilitating the Regime of Direct Taxes

A large number of members are keenly involved in the area of Direct Taxes and rendering useful services to their clients in meeting their obligations under the taxation laws. ICAI is facilitating the areas of Direct and Indirect Taxes by representing the practical challenges faced by the members at ground to the Government. Members may note the following initiatives:

- **Inputs on Guidelines for Section 206C and section 194-O of the Income-tax Act, 1961:** CBDT sought inputs from the stakeholders in the form of questions to be considered while issuing guidelines under section 206C and section 194-O of the Income-tax Act, 1961. For the said purpose, Direct Taxes Committee compiled the inputs received and accordingly, a representation on the same was submitted to CBDT.
- **Requests Considering Practical Challenges:** Considering the current situation due to COVID-19 and liquidity crunch amongst the assesseees, a representation was submitted to the CBDT regarding request to consider waiving off first installment of advance tax due on 15.06.2020.

A representation has also been submitted to CBDT for seeking extension for validity of Tax Residency Certificates issued by ITD which were expiring on 31.3.2020.

Further, In order to sensitize the tax administrations and to issue appropriate relief measures to ameliorate the hardships faced by taxpayers due to COVID19 outbreak, a representation was submitted to the CBDT regarding submission of suggestions of the ICAI pertaining to procedural & law issues

- **The Direct Tax Vivad se Vishwas Act/Rules,**

**2020 and Forms notified thereunder:** The Direct Tax - Vivad se Vishwas Act, 2020" and the "The Direct Tax Vivad se Vishwas Rules, 2020" were announced by the Government to reduce unwarranted litigations and also for generation of revenue. In this regard, a representation was submitted to the CBDT containing issues/suggestions of the ICAI on "The Direct Tax Vivad se Vishwas Act, 2020" and the Forms notified thereunder.

- **Request to notify/issue Form for Application u/s 12A(1)(ac) r.w.s. 12AB (Procedure for fresh registration):** Members have reported an issue of non-availability of a specific application Form for complying with provisions of section 12AB (Procedure for fresh registration) of the Income-tax Act, 1961 as introduced vide the Finance Act 2020. Accordingly, a representation was submitted on the same to CBDT.

### Handbook on Procedural Aspects of GST

The GST & Indirect Taxes Committee of ICAI has embarked upon preparing handbooks on various procedural aspects of GST. It is a matter of great pride that eleven handbooks covering various procedural aspects of GST have been released as follows:

- 1 Handbook on Registration under GST
- 2 Handbook on E-way Bill under GST
- 3 Handbook on Annual Return under GST
- 4 Handbook on Job Work under GST
- 5 Handbook on Refund under GST
- 6 Handbook on TDS provision under GST
- 7 Handbook on Interest, Late Fee and Penalties under GST
- 8 Handbook on Advance Ruling under GST
- 9 Handbook on Reverse Charge under GST
- 10 Handbook on Casual Taxable Person under GST
- 11 Handbook on Invoicing under GST

These knowledge enhancing handbooks explain the concepts and procedures in an easy to understand and lucid language. The entire handbooks are available for download from the link <https://idtc.>



[icai.org/publications.php](https://icai.org/publications.php). The hard copies can be ordered from Centralised Distribution System at <https://icai-cds.org/>

## Recognition of CA Course for Pursuing Ph.D

Considering the learning needs of members, ICAI represents to various universities and other academic organisations to consider CA qualification for eligibility for admission to Ph.D. It is heartening that the Assam Royal Global University, (ARGU) Guwahati has recognised Chartered Accountancy qualification for the purpose of pursuing Ph.D. Programme. Accordingly, now 105 Universities, 7 IIMs and 2 IIT (Madras and Bombay) have recognized Chartered Accountancy qualification for pursuing Doctorate of Philosophy (Ph.D.) programme. Thus there are a total 114 Universities and other Institutes that have given such recognition till date.

## Campus Placement Programmes

Due to nationwide lockdown due to Covid-19, the campus placement programmes could not be held at smaller centres, which is one of the usual features of campus programme. Due to resultant social distancing norms, it was decided to hold the interviews by virtual mode. This was a maiden attempt of the Committee, and despite difficulties and challenges, was held successfully for candidates

registered at 6 smaller centres i.e., Ernakulam, Bhubaneswar, Coimbatore, Indore, Kanpur, and Noida. The details of the virtual campus are as below:

Registered Candidates:	4521
No. of organisations:	10
Interview teams:	15

The brief statistics stood (as on date i.e. 18.6.2020) is as below:

No. of Vacancy	354
Shortlisted Candidates	3126
Consented candidates	1915
Appeared Through Video Conference	1530
Offered Candidates	444
Accepted Candidates	402

Results of a few companies are awaited and the process of Interview is also continuing for some companies.

## Generation of Bulk UDIN on Certificates

A provision for generating of UDIN in bulk for Certificates has been incorporated in UDIN Portal. Using this facility now the members will be able to generate UDIN in bulk upto 300, for various types of Certificates in one go. It can be done through uploading data in an excel file. ■



## Shri M. Venkaiah Naidu, Hon'ble Vice-President of India

डि. प्रशांत कुमार रेड्डी, भा.प्रशा.से.  
D. Prasanth Kumar Reddy, IAS



भारत के उप-राष्ट्रपति के निजी सचिव  
PRIVATE SECRETARY  
TO THE VICE-PRESIDENT OF INDIA  
नई दिल्ली/NEW DELHI - 110011  
TEL.: 23016344 / 23016422 FAX : 23018124

### MESSAGE

The Hon'ble Vice President of India is happy to know that the Institute of Chartered Accountants of India (ICAI), New Delhi, on the occasion of Chartered Accountants Day on 1<sup>st</sup> July, 2020, is bringing out a special issue of its journal *'The Chartered Accountant'*.

The Hon'ble Vice President extends his greetings and congratulations to all the Chartered Accountants fraternity on the occasion of CA Day.

  
(D. Prasanth Kumar Reddy)

New Delhi  
8<sup>th</sup> June, 2020.

**Shri Narendra Modi, Hon'ble Prime Minister of India**

प्रधान मंत्री  
Prime Minister

**MESSAGE**

I extend my heartiest congratulations to the esteemed organization of Institute of Chartered Accountants of India (ICAI) for completing 71 years of its service to the nation. Living up to its name, the institution has helped maintain the credibility and intellectual vigour of the CA profession.

It would not be an exaggeration to say that the organization is one of India's most illustrious and industrious bodies. Some of the brightest young minds have been honed under its leadership.

I have had the opportunity to address the community of Chartered Accountants many times and each time, I feel elated with their enthusiasm for India's consistent push towards greater corporate transparency as well as Ease of Doing Business.

Over the last six years, we have worked closely with all stakeholders to make the taxation process simpler and hassle-free. Significant strides have been taken towards building a tax compliant society and also one where harassment by officials is zero. Ease of compliance has enhanced with the introduction of faceless tax assessment. The tax rates are being rationalized to reduce the burden of honest taxpayers. The corporate tax rate has been slashed to a historic low, making India one of the most competitive markets for investment.

As Chartered Accountants, you work in an important position where governance and citizens meet. You facilitate the interaction between the two with your expertise. Every citizen of the country values your honesty, integrity and commitment to your profession. As book-keepers, you also play the role of conscience keepers.

I once again wish each member of the organization on this momentous occasion. The nation is proud of you.

(Narendra Modi)

New Delhi  
आषाढ 02, शक संवत्, 1942  
23<sup>rd</sup> June, 2020

**CA. Atul Kumar Gupta**  
President, ICAI  
'ICAI Bhawan'  
Indraprastha Marg  
New Delhi - 110002



## Shri Amit Shah, Hon'ble Home Minister of India

अमित शाह  
AMIT SHAH



संदेश

गृह मंत्री  
भारत  
HOME MINISTER  
INDIA

19 JUN 2020

यह वर्ष का विषय है कि भारतीय सनदी लेखाकार संस्थान (ICAI) दिनांक 01 जुलाई, 2020 को अपने स्थापना दिवस को 'चार्टर्ड अकाउंटेंट्स डे' के रूप में मना रहा है। इस अवसर पर ICAI द्वारा एक 'द चार्टर्ड अकाउंटेंट' पत्रिका का प्रकाशन भी किया जा रहा है, जिसे भारत और विदेशों में 03 लाख से अधिक चार्टर्ड अकाउंटेंट, संबंधित पेशेवरों, लेखा और अन्य संस्थानों के बीच प्रचारित किया जायेगा।

समाज में ईमानदारी और कुशल कार्पोरेट प्रशासन की संस्कृति को आगे बढ़ाने में हमारे चार्टर्ड अकाउंटेंटों का योगदान महत्वपूर्ण रहा है। देश की आर्थिक समृद्धि बढ़ाने में भी उनकी अहम भूमिका है।

साथियों आज हमारा देश इतिहास के एक अहम पड़ाव पर है। वर्ष 1947 में स्वतंत्रता के बाद देश में राजनीतिक एकीकरण के बाद, वर्ष 2017 में GST को लागू कर, देश ने आर्थिक एकीकरण की एक नई यात्रा आरंभ की। ऐसे समय वैश्विक महामारी कोरोना ने भारत को भी घेर लिया है। कोरोना महामारी संकट की घड़ी तो है ही, साथ ही हमारे लिए यह संकल्प की घड़ी भी है। यह समय की मांग है कि हम अपना मार्ग तय करें, अपने बलबूते पर चलें और इसके लिए एक ही मार्ग है - *आत्मनिर्भर भारत*।

आत्मनिर्भर भारत अभियान हर देशवासी के लिए, किसान-श्रमिक-MSME उद्यमी-स्टार्ट अप से जुड़े नौजवान, सभी के लिए, अवसरों का एक नया दौर लेकर आयेगा। भारतीयों की मेहनत से, उनकी प्रतिभा, कौशल से बने लोकल उत्पादों के दम पर भारत की आयात निर्भरता कम होगी और प्रधानमंत्री श्री नरेन्द्र मोदी जी के नेतृत्व में हम आत्मनिर्भरता की ओर आगे बढ़ेंगे। इस ऐतिहासिक अवसर पर Chartered Accountants की भूमिका महत्वपूर्ण होगी, निर्णायक होगी।

मैं, भारतीय सनदी लेखाकार संस्थान के सभी पदाधिकारियों को स्थापना दिवस की शुभकामनाएँ देते हुए, 'द चार्टर्ड अकाउंटेंट' पत्रिका के सफल प्रकाशन की कामना करता हूँ।

शुभकामनाओं सहित।

(अमित शाह)

Office : Ministry of Home Affairs, North Block, New Delhi-110001  
Tel. : 23092462, 23094686, Fax : 23094221  
E-mail : hm@nic.in

**Smt. Nirmala Sitharaman, Hon'ble Minister of  
Finance and Corporate Affairs**

**निर्मला सीतारमण**  
वित्त एवं कॉर्पोरेट कार्य मंत्री  
भारत सरकार



सत्यमेव जयते

**Nirmala Sitharaman**  
Minister of Finance and Corporate Affairs  
Government of India

**CA Day-2020**

**Message**

Happy to know that ICAI is celebrating Chartered Accountants Day on 1<sup>st</sup> of July. The Institute's commitment to the convergence of accounting, auditing and ethical standards with International best practices is laudable. Confident that ICAI will continue to play a strategic role in providing value added services to all its stakeholders. ICAI over the years has remained a trusted partner and important constituent of the government in creating awareness and implementation of various schemes of national importance latest being the GST regime in India.

Amid this present pandemic, glad to note that the Institute is undertaking various steps to further improve corporate governance in the country and educating its members through regular webinars on contemporary topics, issuing advisories, etc., from time to time. In this time of crisis it is important that all constituents and limbs of the government are working in unison towards a resilient India.

Heartiest greetings on this special occasion, and wish ICAI all the success.

Smt. Nirmala Sitharaman

CA. Atul Kumar Gupta  
President ICAI  
ICAI Bhawan, Indraprastha Marg  
New Delhi - 110002

**Office :** 134, North Block, New Delhi-110001 Tel. : 23092810, 23092510 Fax : 23092828  
**Residence :** 15, Safdarjung Road, New Delhi - 110011, Tel. : 23793791 Fax : 23793792

## CA. Piyush Goyal, Hon'ble Minister of Railways and Commerce & Industry

पीयूष गोयल  
PIYUSH GOYAL



रेल और वाणिज्य एवं उद्योग मंत्री,  
भारत सरकार  
Minister of  
Railways and Commerce & Industry  
Government of India



### Message

As India marches ahead to become a \$5 trillion economy under the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi ji, there lies a huge potential for India's services sector in a post-COVID world. Government is committed to not only improving the '*Ease of Doing Business*' but also '*Ease of Living*' for its citizens and has been steadfast in this quest with various transformational measures and initiatives in its endeavour for an *Aatmanirbhar Bharat*.

The Institute of Chartered Accountants of India (ICAI) have been facilitating and assisting the government in this mission, be it better implementation of financial schemes and other economic policies, or disseminating knowledge among all stakeholders, while providing suggestions for improvements. Being a proud member of this fraternity, I applaud the hard work and dedication by all its members to carry forward ICAI's legacy of trust, excellence & integrity.

I congratulate ICAI and all its members as it completes 71 years of its glorious existence and for bringing out a Special Issue of ICAI Journal - *The Chartered Accountant*. I am sure that in the years to come, ICAI will scale newer heights in its service to the profession and our Nation, and our fraternity will play a leading role in fulfilling the vision of New India.

Piyush Goyal

Rail Bhawan, New Delhi-110001, Tel. : +91-11-23386645, 23381213 Fax : +91-11-23387333  
E-mail : [piyush.goyal@gov.in](mailto:piyush.goyal@gov.in), Website : [www.piyushgoyal.in](http://www.piyushgoyal.in)



## Shri Nitin Gadkari, Hon'ble Minister for Road Transport and Highways and MSME

नितिन गडकरी  
NITIN GADKARI



मंत्री  
सड़क परिवहन एवं राजमार्ग;  
सूक्ष्म, लघु एवं मध्यम उद्यम  
भारत सरकार

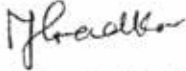
Minister  
Road Transport and Highways;  
Micro, Small and Medium Enterprises  
Government of India

### MESSAGE

I am happy to learn that the Institute of Chartered Accountants of India (ICAI) is observing its Foundation Day on July 1<sup>st</sup> 2020.

The Chartered Accountancy profession has a proud history of rendering selfless service to the nation. ICAI is an institution that has been constantly evolving, innovating and inspiring its members to adapt to the global business needs and to achieve the highest standards of professional excellence. I am convinced that it would continue to do so.

On this occasion, I congratulate all the members of ICAI and extend my best wishes for the grand success of this momentous occasion.

  
(Nitin Gadkari)

Date: 22<sup>nd</sup> June, 2020

Place: New Delhi

## Shri Ravi Shankar Prasad, Hon'ble Minister of Law and Justice, Communications, Electronics and Information Technology

रविशंकर प्रसाद

RAVI SHANKAR PRASAD



सत्यमेव जयते



मंत्री  
विधि एवं न्याय, संचार  
एवं

इलेक्ट्रॉनिकी और सूचना प्रौद्योगिकी  
भारत सरकार

MINISTER OF  
LAW & JUSTICE, COMMUNICATIONS  
AND  
ELECTRONICS & INFORMATION, TECHNOLOGY  
GOVERNMENT OF INDIA

### Message

I congratulate ICAI for reaching yet another milestone of completing 71 years of its glorious existence on July 1, 2020. Since its inception in 1949, ICAI has been an integral partner in nation-building. The Institute has played a significant role in establishing financial discipline, transparency, accountability and propriety in every sphere of financial activities.

During the current times when COVID-19 crisis has hit every sector of the economy, CA fraternity has to shoulder the responsibility of bringing India back to its growth trajectory. The nation looks forward towards your selfless contribution to Indian Economy. I am confident that our country would emerge victorious and CA fraternity that is well versed to handle critical situations would have significantly contributed.

My best wishes to ICAI and the entire CA fraternity on this special occasion.

(Ravi Shankar Prasad)



Electronics Niketan, 6 C.G.O. Complex, Lodhi Road, New Delhi-110003  
Phone: 011-24369191, 24362626 FAX : 011-24366070



## Shri Thaawarchand Gehlot, Hon'ble Minister of Social Justice and Empowerment

थावरचन्द गेहलोत  
THAAWARCHAND GEHLOT  
सामाजिक न्याय और अधिकारिता मंत्री  
भारत सरकार  
MINISTER OF  
SOCIAL JUSTICE AND EMPOWERMENT  
GOVERNMENT OF INDIA



कार्यालय : 202, सी विंग, शास्त्री भवन,  
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Office : 202, 'C' Wing, Shastri Bhawan,  
New Delhi-110115

Tel. : 011-23381001, 23381390, Fax : 011-23381902

E-mail : min-sje@nic.in

दूरभाष : 011-23381001, 23381390, फैक्स : 011-23381902

ई-मेल : min-sje@nic.in

### MESSAGE

I am happy to know that the Institute of Chartered Accountants of India (ICAI) is celebrating Chartered Accountants Day on 1<sup>st</sup> July coinciding with its Foundation Day.

I have been informed that ICAI, set up by an Act of Parliament to regulate the profession of Chartered Accountancy has a glorious track record of more than seven decades in rendering and administering an internationally renowned Indian profession.

I have also been informed that ICAI will be bringing out a special issue of ICAI Journal – The Chartered Accountant on this occasion.

I send my good wishes to the Institute of Chartered Accountants of India for all success of the event.

18-6-20

(Thaawarchand Gehlot)



## Shri Anurag Singh Thakur, Hon'ble MoS for Finance and Corporate Affairs

अनुराग सिंह ठाकुर  
Anurag Singh Thakur



वित्त एवं कारपोरेट कार्य राज्य मंत्री  
भारत सरकार  
नई दिल्ली-110001  
MINISTER OF STATE FOR FINANCE  
AND CORPORATE AFFAIRS  
GOVERNMENT OF INDIA  
NEW DELHI-110001

### Message


I am pleased to learn that The Institute of Chartered Accountants of India is completing 71 years of its distinguished existence. I extend my heartiest wishes to the entire CA fraternity on this joyous occasion.

The journey of ICAI right from its inception till now has been exemplary and Chartered Accountants have played a stellar role in the growth story of our nation. I firmly believe that the CA profession will continue to play a dynamic role in ensuring stability and sustainability to the national growth, as was being done in the past.

The Institute of Chartered Accountants of India and the entire fraternity have earned applause worldwide for their efficiency, integrity and financial acumen and ICAI has done some remarkable work in exporting soft power in this form and manner to other nations.

Chartered Accountants are a crucial cog in the economic system of this country and they ensure a smooth segue and transition of any policy measure announced by the Government. It is also imperative to spread the knowledge and ethics amongst the lakhs of young students who are undergoing the journey to become a Chartered Accountant.

Once again, I extend my best wishes to all the Chartered Accountants and the budding students and I am confident that ICAI will continue to support and promote tax compliance and I am sure that Chartered Accountants will have a huge role to play in fulfilling Prime Minister Narendra Modi's vision of being a \$5 trillion economy by 2024-25.

  
(Anurag Singh Thakur)

कार्यालय : कमरा नं० 138, नॉर्थ ब्लॉक, नई दिल्ली-110001 दूरभाष : 23092377, 23094108, फ़ैक्स : 23092680  
Office : 138, North Block, New Delhi-110001 Phone : 23092377, 23094108, Fax : 23092680  
निवास : 14-जनपथ, नई दिल्ली-110001 दूरभाष : 23782365, फ़ैक्स : 23782368 ई-मेल : mosfinance@nic.in  
Residence : 14-Janpath, New Delhi-110001 Phone : 23782365, Fax : 23782368, E-mail : mosfinance@nic.in

## Shri Suresh Angadi, Hon'ble Minister of State of Railways

सुरेश अंगडी  
ಸುರೇಶ್ ಅಂಗಡಿ  
SURESH ANGADI



MoSRI/Message-11-2020  
रेल राज्य मंत्री  
भारत सरकार  
ರೈಲ್ವೆ ರಾಜ್ಯ ಸಚಿವ  
ಭಾರತ ಸರ್ಕಾರ  
Minister of State of Railways  
Government of India  
19 JUN 2020

### Message

I am happy to learn that the Institute of Chartered Accountants of India (ICAI) is celebrating 'Chartered Accountants Day' coinciding with its Foundation day on July 1, 2020. I congratulate ICAI for the relentless service that it has been offering to the industry and society & for contributing to the economic strength of the nation.

Over the last more than seven decades, the CA profession has been judiciously playing the role of 'conscious watchdog', firmly keeping pace with the changes taking place in the global business environment.

While 2020 has been a challenging year in terms of both health and economic slowdown, ICAI has a big role to play in ensuring that India gets back to business in a sustainable manner.

I am confident that in times to come, the accounting profession will scale greater heights in its quest to serve the nation.

My best wishes to the entire CA fraternity on this special occasion.

Yours sincerely,

(Suresh Angadi)

## Shri Pratap Chandra Sarangi, Hon'ble MoS for MSME, Fisheries, Animal Husbandry and Dairying

प्रताप चन्द्र षडङ्गी  
ପ୍ରତାପ ଚନ୍ଦ୍ର ଷଡ଼ଙ୍ଗୀ  
Pratap Chandra Sarangi



सत्यमेव जयते



राज्य मंत्री  
सूक्ष्म, लघु और मध्यम उद्यम और  
मत्स्य पालन, पशुपालन एवं डेयरी  
भारत सरकार  
नई दिल्ली-110011

MINISTER OF STATE FOR  
MICRO, SMALL & MEDIUM ENTERPRISES AND  
FISHERIES, ANIMAL HUSBANDRY & DAIRYING  
GOVERNMENT OF INDIA  
NEW DELHI-110011

### MESSAGE

I am happy to know that Institute of Chartered Accountants of India (ICAI) is celebrating its Annual Day on 01 July 2020.

The role of the ICAI in the country's socio-economic growth has been indeed praiseworthy. In the exponential growth and stability of Indian economy, the Chartered Accountants have a fair share of credit. At a time when the whole economy is devastated by COVID-19, the ICAI and the learned fraternity of Chartered Accountants have an onerous role to play in providing the professional accounting services to the industries and businesses to help them sustain and grow.

On the occasion of Chartered Accountants Day, I extend my warm greetings to each and every member of ICAI. I wish them professional success.

(Pratap Chandra Sarangi)



**CA. Suresh Prabhu, Hon'ble Member of Parliament, Rajya Sabha and  
Prime Minister's Sherpa to G 7 and G 20**



5<sup>th</sup> June, 2020

**Message of Felicitation**

I am very happy to know that the Institute of Chartered Accountants of India (ICAI) is bringing out a Special Issue on 1<sup>st</sup> July, 2020, to commemorate the Foundation Day on completion of 71 years of the Institute in the service of the nation.

It is a proud moment for me to wish my fraternity from the chartered accountancy profession, especially on the Foundation Day of ICAI, who are celebrating the glorious service of ICAI which has been synonymous with the growth and development of our nation all these days. Through their dedicated service, members of ICAI have left an indelible mark in the minds of people to take up this profession as one of the most respected career options to serve the country. It will not be out of place to say that members of ICAI are doing exceedingly well in their profession as well as in other walks of life, bringing laurels to the Institution.

I wish all success to the organizers of the ICAI Foundation Day events and esteemed members of the ICAI.

**(Suresh Prabhu)**



**ICAI**

# **Guiding Light... Leading Right**

## **Reaching Pinnacle in Independence, Integrity and Excellence**

The Institute of Chartered Accountants of India, a statutory body regulating the accounting profession in India, has a long and chequered history as the second largest Institute in the world. The Institute has delivered to the world high class CA professionals apart from setting benchmarks in the quality of financial reporting in India and abroad. ICAI not only performs its statutory duties as a regulator of the profession of Chartered Accountancy in India by formulating Accounting Standards in keeping pace with changing economic-scenario but also has enforced the ethical values as enshrined in Code of Ethics to progress as envisaged in the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988.



**The Institute of Chartered Accountants of India**

## Financial Reporting Review Board

Review the general purpose financial statements of the enterprises and the auditor's report thereon suo motto or on a reference made with a view to determine, to the extent possible, compliances on generally accepted accounting principles, disclosure requirements and reporting obligations of the auditor.

## Peer Review Board

Enhancing quality of professional work, transparency in technical standards used, world class procedures and techniques resulting into more reliable and useful audit and reports through a system of Peer Review

## Disciplinary Mechanism

Proactively act on matters of professional and or other misconduct and take action through well-defined disciplinary mechanism.

## Quality Review Board

Initiate reviews of quality of audit services provided by members of the Institute in respect of private limited companies, unlisted public companies below the thresholds specified under Rule 3(1) of NFRA Rules, 2018 and other entities not specified under the Rule; and those referred by NFRA

## Monitoring the Tendering issues

Examine Cost Sheets which are to be maintained by members of the Institute while responding to tenders, monitor and analyse these sheet vis-à-vis the bids quoted by CAs in all the permissible tenders and refer the deviations at appropriate levels and call for peer review of the said assignments in cases of abnormal difference.

## Taxation Audits Quality Review Board

Carry out reviews to improve the reporting of compliance under various taxation laws (both Direct as well as Indirect) and help the members to exercise greater diligence while certifying various reports prescribed under the taxation laws.

## Unique Document Identification Number

Curb the malpractices by third persons misrepresenting themselves as Chartered Accountants and misleading the Authorities and other stakeholders.

**and much more.....**

## Challenges the Profession is Facing in the COVID-19 Era

*Three months back, we had not expected that COVID-19 would develop into the pandemic the way it has happened now. Now, it is afflicting almost every country throughout the world. It is continuing to cause extraordinary challenges to humanity, in terms of the public healthcare, economic stability, politics and culture. At the same time, it is also causing critical challenges to our profession. Read on...*

On behalf of IFAC, the International Federation of Accountants, it is my privilege and honor to congratulate President Gupta and Members of ICAI and to celebrate with them Chartered Accountants' Day and the Founding Day of ICAI.

ICAI is one of IFAC's more than 170 members across more than 130 countries and jurisdictions, which together represent more than three million professional accountants across the globe. ICAI joined the IFAC family in 1977 and since then ICAI members have served

### Inki Joo

The author is President of International Federation of Accountants (IFAC).  
He can be reached at [inkijoo@ifac.org](mailto:inkijoo@ifac.org) and [eboard@icai.in](mailto:eboard@icai.in)



with distinction on the IFAC Board, its committees, and the international standard setting boards that IFAC supports. I want to acknowledge their service and leadership.

I'd also like to congratulate ICAI for hosting the World Congress of Accountants 2022. I really do appreciate your wholehearted commitment to the global profession. Through your world-class advanced digital technology, I am confident that the WCOA 2022 will be an unprecedented success and will provide the highest quality presentations and discussions with historic levels

of participation from around the world. It will cement ICAI as a world leader in the accounting profession and it will set a new standard for the WCOA in the future.

As we talk about global challenges and smart solutions, your thoughtful and proactive response to this crisis is impressive. In April, ICAI conducted a virtual global conference successfully. It was an outstanding conference. I understand that about 50,000 people joined. Your vision and leadership to respond to the crisis, balancing practical realities with our need to persist







in our work, is a testament to your forward thinking. I would like to commend you for this creative solution to these unique challenges. I hope that you continue to initiate inspired and relentless attempts to overcome our challenges and lead our profession by example.

### Everyone is Facing the Same Challenges Under COVID-19

We know that COVID-19 is turning the world upside-down, but as a profession we can—and must—work to provide the essential services we need to bring to the global economy and civil society. This crisis is worldwide but we are all facing the same problems, and we all need to develop creative solutions, which will be different depending on specific nature of each economic environment.

The author of *Sapiens*, Yuval Noah Harari, predicted that after the storm passes, we will inhabit a different world. We may not be sure of the details, but this different world will include (1) more digital communications rather than in-person contacts accelerated by

three to five years and (2) more environmental and public health protection efforts. People will be more concerned about public health and individual sanitation.

I would like to offer a few thoughts on how to handle what we have already seen, and how to prepare for challenges on the horizon.

### Crisis of Small Businesses

As we all know, the current business environment is being severely disrupted. As the result of lockdowns everywhere, along with many border closures, we have found that global economic cooperation is easily disrupted by the local effects of COVID-19.

This phenomenon has caused supply chain problems for global production lines from platform companies to local suppliers. Due to a severe lack of business transactions, a cash shortage and a dramatic decrease in profits awaits almost every business. However, the Covid-19 pandemic has affected small businesses disproportionately.

Most small- and medium-sized entities (SMEs) do not have



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enough cash to endure the several months during which sales have fallen dramatically, and they will continue to struggle for the foreseeable future. These businesses will soon face extreme liquidity problems with the distinct possibility of them becoming bankrupt—if they have not already become bankrupt.

Most organizations worldwide are small in size, and the importance of small businesses to the global economy is indisputable. Governments, businesses, professionals, and every sector of society are making their best endeavors to stall this appalling chain reaction and restore the economy back to normal. Our profession, of course, should do its best to contribute to these efforts.

IFAC published a “Small Business Continuity Checklist – How to Survive and Thrive Post Covid-19” in May. The checklist covers key Financial Management Tasks and Strategic Management Tasks.

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The Financial Management Tasks address cash flow management to reduce short term obligations while keeping an eye on longer term obligations. The Strategic Management Tasks highlight key operational and procedural items, with a focus on communication, accelerating digitalization, and transforming small businesses responding to drastic consumer behavior shifts.

Our profession must help small businesses to survive the current unsettled environment, and to move on to thrive in the future. Technology is key to coping with the crisis. ICAI has been recognized as a world leader in developing innovative solutions to advance SME competitiveness. I am confident that ICAI will keep developing new application of technologies and tools for SMEs and sharing them with other PAOs through



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IFAC's knowledge platform, "Knowledge Gateway."

## Corporate Disclosure under Uncertain Environments

In the US, the Securities and Exchange Commission released a statement regarding the importance of disclosures related to COVID-19—particularly forward-looking disclosures to provide investors and markets with information necessary to make informed decisions.

Although primary financial statements are the major source of high-quality financial reporting, supplemental information such as management commentary and risk factors will provide critical insights into the future performance and viability of an organization—especially when unprecedented situations disrupt normal business operations. Integrated reporting, along with integrated thinking, can be an efficient and effective tool to communicate an entity's strategies for the future to key stakeholders. But it becomes an even bigger challenge to prepare an integrated report under the current disruptive circumstances.

This task is becoming more urgent as the next phase of the COVID-19 response is coming into focus. Many countries that locked down are starting to open back up. But this is happening amid great uncertainty. A successful reopening that leads recovery is not guaranteed. Every organization needs a complete and realistic view of



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their current and projected circumstances to handle whatever is to come — as do all stakeholders. This will inform sound financial decisions and guide countries as they look to reopen their economies. Our profession has a key role to play to deliver this information.

## Challenges in Audit.

During these times of great uncertainty, our profession is facing a great deal of challenges. These are critical concerns for regulators, corporations and investors as well. Many insights have been published since the pandemic was declared by WHO. But we should not expect to solve all of our problems today. We will have to live with uncertainty about this virus—maybe for a long time.

Our list of challenges in audit and corporate reporting, in particular, is formidable and the uncertainty around them is



For organizations facing deadlines for reporting, for example, the loss of time and the restrictions of physical distancing will affect the ability of auditors, preparers, and issuers to do their jobs and report their findings promptly.

significant. For organizations facing deadlines for reporting, for example, the loss of time and the restrictions of physical distancing will affect the ability of auditors, preparers, and issuers to do their jobs and report their findings promptly. The following are just a few of the many pressing questions we must answer.

- (1) How will we respond to physical disruptions not only in our clients' operations, but also our own?
- (2) What if audit evidence available during this crisis is simply too little or too weak to inform an audit opinion in time for legal deadlines?
- (3) How will asset devaluation affect the viability of countless businesses, and raise questions around Going Concern status?
- (4) How will we deal with legal and contractual non-compliance as supply chains crumble and cash flows dry up?

- (5) How will professional accountants meet their Continuing Professional Development requirements?
- (6) What should we do to promote the well-being of individual professional accountants?
- (7) And how do we handle the onboarding of new hires?

I have no doubt that you understand that most of these questions are urgently relevant to SMEs and SMPs. But the imperative for all of us is creativity and flexibility. Using digital tools is a good place to start. Inventory observation, for example, cannot proceed in-person when lockdown orders keep auditors from visiting their clients. But some auditors might be able to video conference into their clients' facilities to check inventory remotely.

Of course, the example I have just raised is quite narrow compared to the broader issues we must consider. There might be dead-ends—things we find we cannot do right now, and that must be postponed. These will be important issues to define and raise with clients and with regulators as soon as possible, as they will substantially affect audit opinions. IFAC is working with firms, member organizations, and all others in the IFAC network to address these points.

The urgency and scale of the COVID-19 crisis is exceptional and heightens pressure on committing financial statement fraud and distortion, such as overstatement of revenue,

understatement of allowances and reserves, manipulation of valuations and impairments, capitalization of expenses, and margin manipulation. However, as professional accountants, our goals have not changed. A financial statement is still a financial statement, and an audit is still an audit.

In navigating the current crisis and exercising professional judgements, all professional accountants should keep at the top of mind the fundamental principles of the IESBA Code: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

## Helping to Achieve the Sustainable Development Goals

IFAC has been supportive of achieving the UN's Sustainable Development Goals (SDGs) and their related targets. It is on all of us to work toward achieving the SDGs: we are



There might be dead-ends - things we find we cannot do right now, and that must be postponed. These will be important issues to define and raise with clients and with regulators as soon as possible, as they will substantially affect audit opinions.

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only one decade away from the completion target of 2030. We know that the accounting profession has an important role to play here.

Among the 17 Sustainable Development Goals (SDGs) were established by the United Nations, IFAC outlining eight SDGs in which accountants can make a difference. These are SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 9 - Industry, Innovation, Infrastructure, SDG 12 - Responsible Consumption & Production, SDG 13 - Climate Action, SDG 16 - Peace and Justice and Strong Institutions, and SDG 17 - Partnerships for the Goals

IFAC commits to work with the global profession to build the knowledge and capacity of accountants to meet the SDGs. Especially regarding SDG 13 -



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Climate Action, the profession, whether in developing or developed nations, must act with its full force.

IFAC is also committed to speaking out as the global voice on climate action on behalf of the accounting profession, working through the B20, G20, and the OECD. IFAC also recently published its own "point of view" on climate action.

As ICAI is doing important work to elevate the profession and drive toward the SDGs, I urge you to gear up for this commitment.

## Challenges in Public Sector Accounting and Transparency

Nearly every nation has been committing to a dramatic expansion of their fiscal policy to help support people's daily lives and to keep their economies afloat. In this unparalleled environment, public sector accounting and the role of accountants in supporting transparency become even more critically important.

In both developed and developing nations, professional accountants need to have an outsized impact on government fiscal policy by providing transparent and reliable public financial information. The accounting profession can provide high-quality, decision-useful financial information that drives the economy forward, promotes transparency, and allows for long-term planning of businesses and governments.

Transparent, responsive, and accountable institutions are vital to manage and monitor



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today's bold public financial expansion. We know that a strong accountancy profession is correlated with lower levels of fraud, greater transparency, and higher levels of economic growth.

## We must learn from each other.

Many organizations are publishing material about reporting and assurance services during the COVID-19 crisis. We have compiled much of it on IFAC's dedicated COVID-19 resources page.

We have found thought guidance from all over our network, including many content hubs hosted by member organizations with an outstanding breadth and depth of information.

Along with publishing the Small Business Continuity Checklist, we have updated our site to include online CPD opportunities shared by our member organizations that are being made available to others, including ICAI's.





In addition, your piece on “the Impact of Coronavirus on Financial Reporting and the Auditors Consideration,” for example, is a remarkably thorough and helpful document, both for its specific guidance to Indian professional accountants, and for its general comments on the impact of COVID-19 on reporting and assurance.

The World Bank and some large firms have cited this IFAC initiative as a valuable platform. The material we have curated is a true testament to the profession coming together for the common good and in the public interest. I encourage everyone to visit our page, and to explore what the accountancy profession is seeing and saying during this crisis.

This digital transition will be crucial for all PAOs in the immediate future. We must learn from each other and collaborate to cope with this unprecedented situation and lead all efforts to ensure a better future with the new and emerging technologies.

I commend ICAI for being a leader in all these discussions. ICAI has also led by example with its digitalization of member and student services. This digital

transition will be crucial for all PAOs in the immediate future.

In addition, your piece on “the Impact of Coronavirus on Financial Reporting and the Auditors Consideration,” for example, is a remarkably thorough and helpful document, both for its specific guidance to Indian professional accountants, and for its general comments on the impact of COVID-19 on reporting and assurance.

SMPs and their SME clients are especially vulnerable to the financial and practical consequences of this crisis. As the profession is rallying to provide solutions and guides to navigating this crisis, we aim to get this information to SMPs and SMEs that might need it.

IFAC is working to facilitate the exchange of ideas. Thank you for being partners in that exchange.

I would like to emphasize that we can learn from each other's best practices.

IFAC as the voice of the global accountancy profession is in the best position to facilitate this collaboration across the world.



No one knows when this global health emergency will subside. But in the meantime, as professional accountants we must carry on and keep sight of our goals. Our work in the public interest is more important now than ever.

## Conclusion

I would like to highlight two points.

First, the digitalization in our daily life will proceed at a much faster speed. After COVID-19, there will be two categories that organizations and economies fall into: those that have been successful in adapting and making the best use of technology, and those that have fallen behind in adapting to the new environment and therefore face severe long-term difficulties.

My second point is that through this shared experience people will realize that only with collaboration can we cope with the coronavirus across the globe. As a consequence, the world will become even closer and more cooperative rather than separated and isolated.

No one knows when this global health emergency will subside. But in the meantime, as professional accountants we must carry on and keep sight of our goals. Our work in the public interest is more important now than ever.

In 2022, Mumbai will play host to the biggest and most important occasion in the global profession's calendar. There, the ICAI be able to showcase the very best of India, and its remarkable contribution to the world-wide profession.

Your World Congress theme: Leading enlightenment. Possibilities Infinite. also sets the stage for your future. May it be your guiding light for the next 100 years!

I congratulate ICAI and its members for the Chartered Accountants' Day and the Founding Day of ICAI and wish you every success with your career in the future.



## The Role and Evolution of Professional Accountants in Serving the Public Interest

*It is many generations since we have faced such a difficult and widespread challenge to lives and livelihoods as the one we face today with the COVID-19 pandemic.*

*The ongoing shock to the global economy has made the future uncertain. The whole world is looking toward both short-term and long-term mitigation and recovery.*

*The accountancy profession is no exception. Much of the progress we all hope to see will hinge on how accountants can adapt to new and future conditions in economies, societies, technology, and the natural environment.*

*Our profession has long stood for the public interest. That commitment is even more important today as we support a swift, just, and sustained recovery from the current crisis.*

*Read on. . .*

### Alan Johnson

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During this crisis and beyond it, three areas stand out for the profession's attention and continued dedication to working in the public interest. All three will be fundamental to the world's successful recovery from the damage brought about by COVID-19.

First is the quintessential role of personal and professional ethics in professional accountancy. Our commitment to ethics, as part of our public interest mandate, distinguishes the accountancy profession and helps us handle difficult and uncertain circumstances, at

the individual and institutional level.

The International Code of Ethics for Professional Accountants lays out five principles for accountants to abide by: integrity, objectivity, confidentiality, professional competence and due care, and professional behavior. The Code is a framework that professional accountants are to apply to address threats to the application of these principles. Collective action to fight for ethical behavior and transparency in all sectors must be a joint goal of



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governments, businesses, and civil society—and our profession has an important role to play, grounded in these principles. This collective action should include increasing transparency, committing to whistleblower protection, and creating formal mechanisms to fight financial crime, money laundering, bribery, and data breaches, among many other challenges that bring ethical considerations.



**This collective action should include increasing transparency, committing to whistleblower protection, and creating formal mechanisms to fight financial crime, money laundering, bribery, and data breaches, among many other challenges that bring ethical considerations.**

As governments and companies seek to rebuild the economies and address the terrible impact of COVID-19 on its citizens, professional accountants everywhere need to ensure that our ethical principles are applied consistently.

Second is the importance of small

and medium size enterprises (SMEs) to the global economy and, by extension, the partnerships between SMEs and small and medium size practices (SMPs).

Most of the world's businesses—especially in emerging economies—are SMEs, and the recovery of SMEs will be critical for economies to get back to sustained growth. SMPs are, for many SMEs, their preferred partner for the services that professional accountants provide. But today SMEs are teetering as the global economy falters. Huge numbers of them face, or already have gone through, bankruptcy. The widespread failure of SMEs will be disastrous, and the effects will not be self-contained. The supply chains of large corporations are critically dependent on SMEs. Truly everyone has a stake in supporting these businesses. SMPs must be there for SMEs—not only out of principle, but also because they have unique advantages to offer.

SMPs benefit from close and longstanding personal relationships with their SME clients. They are physically closer and very responsive to their clients' needs. And the great trust at the heart of the SMP-SME relationship allows professional accountants to step further into the role of a "trusted advisor"—a necessary evolution in the role of the professional accountant.

SMPs have another advantage: agility. The ability of businesses to deal with severe disruption under enormous pressure will depend, among other things, on their ability to use available relief resources provided by governments to weather the COVID-19 storm. The proliferation of these programmes has generated much-needed support for SMEs, but has also created technical and bureaucratic challenges. SMEs will need the help of SMPs, as their trusted advisors.

Third and finally, the integrity and professionalism of the accountancy profession in the public sector is, and will continue to be, vital. In many countries the public sector is not only the largest employer, but is also often the largest investor. The massive fiscal measures being implemented by governments around the world require transparent decision-making and high-quality accounting and reporting. The alternative—an opaque system—risks creating inefficiencies and enabling fraud and corruption that undermine the public interest.

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Those affected most by failures of the public sector to fight fraud and corruption are the poorest in society—those same citizens who already bear the worst brunt of the COVID-19 pandemic. When public services fail, societies suffer, and ordinary people have the most to lose. When professional accountants work in the public sector, they work for those who need the public sector's support most.

In anticipation of future challenges, it is important to note that as time passes, public sector financial management will grow more entwined with the climate emergency. Pursuing sustainable development, as defined in the UN Sustainable Development Goals (SDGs), is an exceptionally important aspect of professional accountants' work in the public sector. IFAC supports the development of and convergence towards international standards to ensure relevant, reliable, and comparable information promotes sustainability considerations in all decisions.

Professional accountants in both the public and private sectors need to take the lead across the world in areas such as environmental impact reporting, gender equality across



“The accountancy profession's ingrained ethics are a steady guide no matter what challenges arise; we can and must continue our critical role across the private and public sectors to ensure we fulfill our public interest mandate.”

all sectors, strong and widely accessible education, and much more within the profession's remit as public servants. There is no time to lose in taking the actions needed to deliver on the SDGs. We must strive for a sustainable future. This is what we mean by “acting in the public interest”. COVID-19 has taken far too many lives across the world and damaged economies everywhere. But failure to deliver the SDGs will lead to even more damage over the coming decades.

The accountancy profession, like every stakeholder in social and economic progress, is facing much greater uncertainty—in the present, and in the future—

than at any other time in recent memory. Although the scope and scale of this crisis is formidable, the idea that change and adaptation are necessary is not new: the profession has been reckoning with its evolving role for many years amid other disruptive trends, such as digitalization.

The accountancy profession's ingrained ethics are a steady guide no matter what challenges arise; we can and must continue our critical role across the private and public sectors to ensure we fulfill our public interest mandate. ■■■

It is a pleasure to join you in celebrating your “Chartered Accountants Day” which coincides with the foundation of the Institute of Chartered Accountants of India. ICAI is a founding member of the International Federation of Accountants (IFAC), and as strong a global body has contributed in the fields of accounting, audit, and professional ethics through its strong education and training programmes. On behalf of IFAC I salute you on your anniversary.

**Alan Johnson**



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## Sustainability Reporting as a Driver of a Sustainable Economy

*Even before the Coronavirus pandemic, our planet was in crisis. Ecosystems are massively and rapidly being destroyed, the climate is deteriorating, geopolitics are at a tipping point, and, in many countries, societies are fragmenting. Although causing international economic and social havoc, the pandemic has offered a short respite for the environment, as clouds of emissions reduced over China and many countries in Europe during lockdowns. Read on ...*

As European countries begin loosening restrictions, we are at a crucial moment to consider, not only a new normal, but a more sustainable approach to business. Accountancy Europe has released a publication on the issues - *Corona crisis: lessons for a more sustainable future* (May 2020). If we carry on as before the pandemic, study after study have shown our impending doom. Warnings of climate change are

### Florin Toma

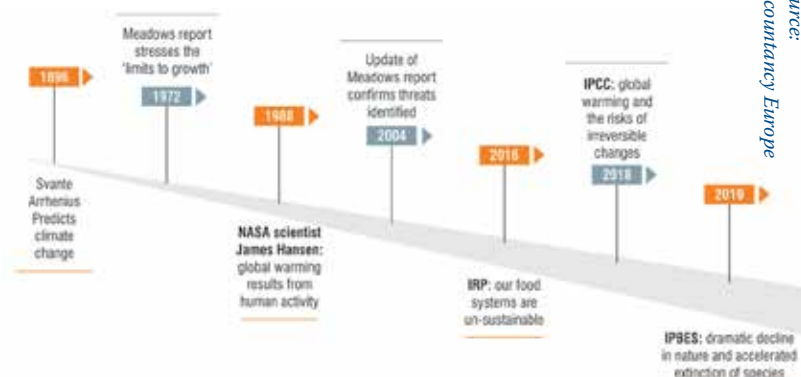
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not new (see figure **Timeline of climate warnings**) and there is now indisputable scientific

evidence that continuing a path of endless growth is suicide. It is time to act.

**Figure – Timeline of climate warnings**



### Correcting Market Failures

Measuring environmental, social and governance (ESG) impacts is the first step to correct market failures that perpetuate short-term thinking. Reporting on these

non-financial matters helps redirect markets and investors. This transparency will help us better identify long-term risks and make sustainable choices. Investors need high-quality, comparable non-financial





information (NFI) to fully assess the risks and opportunities of their investments. They also need assurance on the reliability of that information.

We must not only demand this of the private sector. The public sector needs to take action and measure its ESG footprint as well. After all, EU Member States spend on average 45% of their GDP on providing public goods. The public sector controls many key areas directly affecting climate change, such as power generation, transport infrastructure and waste disposal. It also has the legislative power to drive forward not just sustainability and good governance in public sector goods and services, but in the wider economy as well. See also our recent publication *Coronacrisis: actions for the public sector* (May 2020). Accountants and auditors play an instrumental role in supporting businesses and governments to put sustainability at the heart of decision-making. This is especially relevant, as the European Union (EU) has been actively legislating sustainability matter, most recently with its ambitious Green Deal to make

Europe the first climate neutral continent by 2050. As the regional umbrella organisation uniting 51 professional accountancy bodies from 35 countries, Accountancy Europe informs the EU policy agenda related for 1 million European accountants' daily work.

### Non-Financial Reporting is Still Evolving

There is much potential for effective NFI reporting to bring greater transparency. This would allow boards to adopt sustainable strategies, investors to make informed investment decisions and policymakers to develop appropriate legislation.

However, there are now hundreds of NFI initiatives that are leading to confusion and increasing the potential for further greenwashing. Businesses can use any NFI framework that allows them to selectively disclose only the positive side of the story. For an effective response to these global issues and stakeholder demands, we need to improve NFI reporting, through harmonisation and legislative initiatives. If consistent, clear and comparable reports are available, corporate governance



Accountants are also well placed to take on new roles, such as Chief Value Officer (CVO) in place of a Chief Financial Officer.

can begin to make the right decisions to ensure the shift to a sustainable economy.

### ...In Europe

In January this year, the European Commission (EC) announced that it will support a process to develop European non-financial reporting standards. The Commission will soon invite the European Financial Reporting Advisory Group to begin the preparatory work for these standards. The intention is to build on the existing reporting initiatives, using the elements that work best.

Since 2018, EU law has already required large companies to annually report certain non-financial and diversity information. As part of the Green Deal, the Commission is now revising this Non-Financial Reporting Directive (2014/95/EU) (NFRD). We are responding to this consultation, but had already recommended five steps to strengthen NFRD' requirements in our *Sustainable Finance Call to Action* (October 2019). Specifically, we see the need to:

- Expand the scope beyond large publicly listed entities (PIEs).

- Indicate a minimum set of mandatory reporting criteria.
- Require companies to disclose their non-financial information in the annual management report.
- Introduce minimum reporting criteria for forward-looking disclosures.
- Ensure the reliability of reported information.

## ...and in the World

There is not a financial planet and a real planet: these are one and the same. Financial and non-financial information are intimately connected, and it makes no sense to consider them separately. Corporate reporting standards also need to be interconnected. However as mentioned above, the proliferation of NFI reporting initiatives has overwhelmed stakeholders. Although work on European non-financial reporting standard and revising the NFRD are encouraging, they remain regional. We welcome EU leadership to move us towards one global reporting solution, as we recognise intermediate steps may be needed.

As part of Accountancy Europe's Cogito series that aims to stimulate debate, we published a discussion paper on *Interconnected standard setting for corporate reporting* by an independent task force (December 2019). The paper outlines a solution that:

- Addresses the urgent global issues.

- Strengthens governance through an enhanced collaboration of the public and private sector for oversight and standard setting.
- Transforms existing structures to accommodate additional players to effectively address broader stakeholders' needs.
- Provides an effective connection between financial and non-financial reporting to create long-term value.
- Incorporates technology from the start.

Different options are still up for debate but there is an urgent need for consolidating Non-Financial Information standards and for ensuring an interconnected approach, focused on long-term value creation and stakeholder demands. How corporate reports are presented will also need simplification and refocusing on the most material and relevant information. In previous cogito work, we initiated the Core & More concept to present corporate reports in a more connected and structured way; linking financial and non-financial information to accommodate diverse stakeholders' needs.

## Beyond Corporate Reporting Assurance

So much greenwashing is going on that more and more stakeholders are calling for independent assurance on NFI. Since NFI reporting lacks global or regional harmonisation, it

is not yet subject to the same level of assurance as financial information. As NFI reporting evolves, it is important to ensure that the information can be verified now or in the future. European accountants approach NFI assurance in different ways, because countries have different legal requirements. See our fact sheet *Towards reliable non-financial information across Europe* (February 2020). Another reason for this diversity is the different levels of maturity in NFI reporting. In our report with the World Business Council for Sustainable Development (WBCSD) *Responding to assurance needs on non-financial information* (May 2018) we provided key steps towards NFI assurance based on analysing diverse expert feedback.

## Corporate governance

Given the magnitude of the challenge, it is unlikely that transparency from NFI reports will produce the necessary paradigm shift. Markets have proved to be a great transformative force: we need to leverage their power to move towards a sustainable economy. Changing how the economy operates starts with how businesses are run; corporate governance is therefore instrumental.

Boards have the power to transform their businesses. Investors should give boards space to start this change and make sustainability the cornerstone of business decisions. Policymakers and regulators also can play a role in

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shaping how business is done. The publication *10 ideas to make corporate governance a driver of a sustainable economy* (June 2019) looks into this in more detail. The aim is to achieve integrated thinking that will embed sustainability at the heart of decision-making at all levels.

## The Role of Accountants

The accountancy profession supports the move towards a sustainable economy. With NFI reporting, accountants can support companies and governments in establishing robust indicators and processes for measuring and reporting their ESG performance. This includes improving internal control processes and evaluating their quality.

Accountants can help improve how a company communicates with its stakeholders, building on legislative requirements and best practices. To inform investors for their capital allocation decisions, reporting should disclose relevant financial and NFI.

Independent assurance is key to ensuring that information is trustworthy so that markets can function efficiently. It can enhance the quality and reliability of NFI that companies report. Accountants have the skills to audit information and processes independently. Accountants identify issues and report on the company's material weaknesses, which leads to improved processes.

Accountants are also well placed to take on new roles, such as

Chief Value Officer (CVO) in place of a Chief Financial Officer. The role would entail a broader perspective on value creation and fully integrate ESG factors with financial performance. The CVO would help transform how the business is run and ensure that the business model shifts towards sustainability.

Good business decisions start with reliable information. The accountancy profession has leveraged its expertise in the field of NFI and now has long-standing experience in helping companies make the right changes to reduce their environmental footprint – and costs. As businesses change their benchmarks for success, accountants contribute by measuring impacts, disclosing information, and adding credibility to what is reported.

Accountants can be key partners in developing the public sector's ESG reporting. And not only for national governments; accountants can support the EU Institutions in shaping policies to encourage Member States in this area.

## Act Now to Safeguard Tomorrow!

Accountancy Europe started the debate on the future of corporate reporting in 2015. Since then, we have led the thinking on corporate reporting. In addition to the initiatives highlighted above, we have noted the need for innovation and for leveraging technology; we called for the set-up of an EU Corporate Reporting Lab;



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and outlined that corporate information was of interest to a wider variety of stakeholders and not only shareholders. We hope that by taking the lead in Europe we can make a positive influence around the world.

We are striving to achieve better non-financial reporting and support integrated reporting. Shareholders and stakeholders are realising that non-financial reporting can shed extra light on financial reporting and that only the integration of the two makes sense. We are pleased to see that the EU's corporate reporting agenda is following the same lines.

Our economy brings increasing development and wealth but also causes natural resource depletion, pollution, overconsumption and social unrest to a level that is not sustainable anymore. The only way forward is changing how the economy operates today. ■■■



## Navigating through Uncertainties: Role of ASEAN Accountants in Supporting Emerging Markets

*As the world continues to deal with a global pandemic of massive proportion, countries around the world are running their race for survival, health, and wealth preservation. Traditionally, one of the key challenges and perhaps aspirations of emerging markets is to elevate their capacity and become more competitive globally. Now, they are facing new challenges that may require a new set of skills and approaches as part of the solutions. I believe accountants can play a key role in both – helping businesses and economies to define now normal and finding ways past COVID-19 challenges, as well as navigating through uncertainties whilst identifying new sustainable model to compete in the global market.*

### Wan Tin

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### AFA and the ASEAN Emerging Markets

According to the Morgan Stanley Capital International Emerging Market Index, out of 24 developing countries qualify as emerging markets, three – Indonesia, Malaysia and Philippines are in the ASEAN region. The combined GDP of the three countries in 2019 was worth 1,851.5 billion USD or representing 1.53 percent of the world economy<sup>1</sup>, highlighting the importance and size of these countries to

the region's economy. As the region continues to fulfil its potential as one of the largest markets in the world, the role of these ASEAN emerging markets becoming even more important in today's continuously changing environment.

Accountants are long-established as trusted counsel to businesses in navigating through the dynamic forces of change that generate both opportunity and risk. Accountants are expected to adapt to new and challenging situations such as



<sup>1</sup> [www.tradingeconomics.com](http://www.tradingeconomics.com) (2019)

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Accountants are expected to adapt to new and challenging situations such as COVID-19 and help their clients and organisations to find new sustainable value, as well as advising on tax, financial and performance management.

COVID-19 and help their clients and organisations to find new sustainable value, as well as advising on tax, financial and performance management.

As an accredited Civil Society Organisation of ASEAN, the ASEAN Federation of Accountants (AFA) aspires to contribute to ASEAN's objective in accelerating the region's economic growth. Through facilitation of sharing (i.e. knowledge, expertise, resource, etc) between the AFA member organisations, AFA continues to play our role as a regional body in building the collective capacity of the ASEAN accountancy profession.

Professional Accountancy Organisations (PAOs) are instrumental in our joint efforts to equip ASEAN accountants with the latest know-how. We recognise the importance of providing accountants with access to development opportunities, as well as maintaining their proficiency

through a comprehensive CPD framework. Accountants' role and expectation of their competencies are changing especially in emerging markets. It is our role, together with ASEAN PAOs to empower ASEAN accountants to lead in and contribute to the emerging markets.

## Building Our Collective Regional Accounting Capacity

We realise not all PAOs have the capacity to continuously produce high-quality development materials for their members. Sharing and collaboration become important platforms for PAOs and accountants in the region to consult and establish network with their peers, learn from each other, as well as share best practices and development materials.

PAOs may establish stronger cooperation through Memorandum of Understanding (MOU) or Mutual Recognition Arrangement (MRA), to facilitate knowledge transfer and/or sharing. For example, the Institute of Singapore Chartered Accountants (ISCA) signed an MOU with the Myanmar Institute of Certified Public Accountants (MICPA) in 2018 to develop accountancy sector



in Myanmar. This includes a training on the ISCA Audit Manual. In 2019, ISCA signed an MOU to launch the Manual (for Standalone Entities) in Vietnamese together with the Vietnam Association of Certified Public Accountants (VACPA).

One important step for emerging markets to become more competitive globally is to build a solid national auditing and accounting framework. International Standards on Auditing (ISA) and the International Financial Reporting Standards (IFRS) are widely adopted in ASEAN countries. AFA and the ASEAN PAOs are working hard in promoting and supporting adoption and implementation of international standards. It was and continues to be one of our priorities, as reflected in our Strategic Plan for 2016-2019 and 2020-2023 and through establishment of the AFA Working Committee 1 as our platform for discussing matters relevant to adoption and implementation of standards in ASEAN countries.



One important step for emerging markets to become more competitive globally is to build a solid national auditing and accounting framework.



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Our efforts in working with the AFA member organisations in building their capacity is also in line with our collective aspirations to work with the International Federation of Accountants (IFAC) on common strategic interest in the region. Continues fulfilment of the IFAC Statements of Membership Obligations (SMOs) by our member organisations is a benchmark that we are using not only in ensuring our efforts are targeted towards common priorities, but also in identifying potential issues faced by the PAOs. I am pleased to share that almost all of our member organisations are either a Member or an Associate of IFAC.

In 2019 alone, we welcomed IFAC and international standard-setters to the region and conducted various activities as part of our collaborative efforts in building the ASEAN

accountancy profession. In April 2019, together with the Institute of Indonesia Chartered Accountants (IAI) and the International Accounting Education Standards Board we hosted a joint international conference focusing on competencies of the future. At the end of the year, Malaysia hosted the IFAC Developing Accountancy Capacity in Emerging Economies Conference, providing a platform for leaders from around the world to share different initiatives focused on emerging markets. You can find more on these and other development activities in our AFA Annual Report 2019<sup>2</sup>.

### **SMEs as Foundation of the Emerging Markets**

A major part of the ASEAN economy consisted of the SMEs, accounting for between 89% and 99% of total establishments, and between 52% and 97% of total employment in the ten ASEAN countries. The SMEs contribute between 30% and 53% of each country's GDP, with export contribution between 10% and 30%<sup>3</sup>. SMEs make real contribution to income and employment generation, gender, and youth empowerment in the emerging markets.

We recognise the importance of the accountancy profession to contribute to the development of ASEAN SMEs. In 2018, we

launched the AFA Research Report 2018 – The Institutional Environment for Small and Medium Enterprises (SMEs) and Roles for the Accounting Profession (from the ASEAN Perspectives)<sup>4</sup>. This was followed by the AFA Research Grant 2019 initiative, granted to a group of researchers from Malaysia on Accounting Professional Technological Competency Skills (APTCS) SMPs for SMEs Technology Adoption. We look forward to finalising and sharing the full report later this year.

### **Redefining New Normal and Finding Ways Past COVID-19 Challenges**

COVID-19 is changing the way we live. Organisations are forced to think and operate differently to cope with the changing business landscape. The accountancy profession is no exception. Accountants are expected to change and respond to the many strategic, technical, and operational challenges that come with the pandemic.



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<sup>2</sup> Link TBC

<sup>3</sup> <https://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/micro-small-and-medium-enterprises/overview/>

<sup>4</sup> <http://www.afa-accountants.org/news-77-AFA%20Research%20Report%202018.html>

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Leading the regional efforts in tackling the socio-economic issues that come with COVID-19, ASEAN issued a policy brief<sup>5</sup>, recognising the disruptiveness of the pandemic to economic activities in the region, tapering growth prospects around the world including Southeast Asia. The brief also highlighted how the pandemic may lead to long-term and considerable economic implications.

ASEAN acknowledges how the ASEAN countries have come up with various measures to counter the impact of the pandemic. Stimulus measures included, among others, tax breaks, subsidies including targeted support and cash assistance, and moratoriums



Stimulus measures included, among others, tax breaks, subsidies including targeted support and cash assistance, and moratoriums on loan payments and pension contributions. Central banks also lowered interest rates, reduced reserve requirements, and purchased government bonds.

on loan payments and pension contributions. Central banks also lowered interest rates, reduced reserve requirements, and purchased government bonds.

I believe our role as a regional body is now even more important, particularly in facilitating communication and collaboration between our member organisations, partners, and stakeholders, creating a network of expertise and pool of resources. I am encouraged to see how AFA member organisations have been actively producing and sharing many COVID-19 related updates, some of which you can access through our website<sup>6</sup>.

In addition to the resources, AFA and our member organisations are actively hosting various webinars on various topics. Together with IAI and ICAEW, we co-hosted a joint webinar on financial reporting implications of COVID-19 where more than 1,000 participants joined the session, and another focusing on IFRS 17 Insurance Contracts. Similarly, with IAI and ACCA we also co-hosted a webinar looking at valuation and impairment considerations post COVID-19. Internally, we also conducted a joint meeting between the AFA organisations, IFAC and the IFAC PAO Development Committee, providing a platform for



We recognise the importance of the accountancy profession to contribute to the development of ASEAN SMEs.

sharing of initiatives in dealing with COVID-19 challenges. Moreover, I am honoured to participate at the congratulate the Institute of Chartered Accountants on India (ICAI) Global Webinar hosted earlier this year, discussing challenges faced by accountants in COVID-19 era. I certainly hope this can be a beginning of many collaboration in the near future. ■■■

On behalf of AFA, I would like to compliment on the celebration ICAI on your Chartered Accountants Day (July 1). We recognise ICAI's role as one of the co-founding members of many international accountancy bodies, including IFAC and the second largest accountancy body in the world in contributing to the fields of education, training, and maintenance of high accounting, auditing, and ethical standards.

It is an honour for AFA to contribute to this special edition of the ICAI journal. I hope this article can enrich the message that we want to convey to accountants everywhere – that we are together in our efforts to contribute to the global development of the accountancy profession. I look forward to sharing this journal with accountants in the ASEAN region.

**Wan Tin**

<sup>5</sup> ASEAN Policy Brief on the Economic Impact of COVID-19 Outbreak on ASEAN, 2020

<sup>6</sup> <http://afa-accountants.org/news-94-COVID-19%20Resources%20for%20ASEAN%20Accountants.html>



## Adapt. Assist. Collaborate. The IAASB's Approach to Standard Setting in the COVID-19 Environment

*The COVID-19 pandemic is a devastating global challenge. It has taken and will take far too many lives and put extraordinary pressure on society in general. It has also greatly affected markets, business and organizations, and the financial and external reporting ecosystem. Now more than ever, we need confidence to return to enable capital to flow freely again and the economy to grow. Where we sit, it is sometimes easy to get lost in the technicalities of accounting and standard setting. However, at its best, audit and assurance professionals can play a critical role in ensuring trust and confidence in markets. Read on...*

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When I joined the International Audit and Assurance Standards Board (IAASB) as Chair last year, I accepted the role with a core belief that setting standards at the international level is the most effective way to respond to the relentless globalization of business and avoid the economic costs and regulatory arbitrage that come with a fragmentation in rules. Global approaches are needed to solve global challenges.

The IAASB's work developing and maintaining high-quality standards consistent with the public interest is vital to ensuring confidence in that

architecture, and therefore in the global economy.

There is widespread acceptance of the need for the IAASB's high-quality, global audit and assurance standards. This is illustrated by the fact that they are adopted in more than 130 countries in some form. That's a great foundation to build from. We believe our principles-based standards are robust enough to be adapted to the current environment, where there is a focus on uncertainty and judgment.

We are now calibrating our existing program to prioritize



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our COVID-19 response and other leading public interest issues on our work plan, including our quality management work, going concern and fraud, and efforts aimed at reducing complexity for less complex entities. We are adjusting to account for COVID-19's impact on our capacity to deliver, and the capacity of our stakeholders to absorb what we deliver.

A core element of our COVID-19 response is to develop staff alerts on key topics to support the application of our standards under current circumstances. Our goal is to support the public interest and the role auditors must play in sustaining trust in financial and other external reporting. We are coordinating with others, such as National Standard Setters (NSS) and the International Federation of Accountants (IFAC) and its Professional Accountancy Organization (PAO) members, as well as engaging with regulators and oversight bodies.

In addition to the IAASB Staff Alert, we are drafting, or have drafted staff alerts on auditor reporting, going concern, subsequent events, auditing accounting estimates and public sector audit considerations. These are all freely available on the IAASB Website.



We are now calibrating our existing program to prioritize our COVID-19 response and other leading public interest issues on our work plan, including our quality management work, going concern and fraud, and efforts aimed at reducing complexity for less complex entities. We are adjusting to account for COVID-19's impact on our capacity to deliver, and the capacity of our stakeholders to absorb what we deliver.

At the same time that we are offering COVID-19 guidance and support, we continue to focus on our strategy and the challenges facing audit and assurance standards. In this regard, one of our key workstreams is Audits of Less Complex Entities (LCEs). Through our work in this area, we wish to highlight the public interest importance of audits of LCEs, which make up the majority of businesses in jurisdictions across the globe. We are aware of how this pandemic has had a brutal impact on the functioning of these LCEs.

In addition to two global roundtables on this topic in Paris in 2017 and 2019 (which were each attended by over 80 individuals representing over 25 jurisdictions), we consulted on the LCE topic through an IAASB Discussion Paper, and benefited from a parallel survey that was undertaken by the International Federation of Accountants.

The unprecedented response we received, with more than 90 comment letters and over 1,700 survey responses, demonstrated

the importance of, and interest in, this initiative. The response is also indicative of a high level of engagement and application of the International Standards on Auditing (ISAs) across various global jurisdictions and different stakeholder constituencies. There is strong support for our work in this area, although, we noted, diverse views regarding possible actions to address challenges in using the ISAs in Audits of LCEs.

At our June 2020 Board meeting, the IAASB set a clear path forward for addressing complexity, scalability and proportionality in our standard-setting process and the challenges facing the Audits of LCEs. First, we agreed to a work stream aimed at reducing the complexity and improving understandability of our standards through the way we draft and present standards. We are also embracing technology to improve the navigability of our standards and aim to have a searchable digital handbook of the standards by next year. These steps taken together should improve access to our work.

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Second, and maybe more importantly, we agreed to initiate a work stream aimed at drafting a separate standard for LCEs. This separate standard will be based on the same concepts as the ISAs, will be a risk-based approach to an audit and will enable a reasonable assurance opinion. The aim is to develop a standard that is short, principles based (focusing on the auditor's professional judgment) and written in an understandable way. The standard will also maintain the same robustness of an ISA audit through objectives for the auditor's work, which will help with nature and extent of the work to be undertaken, but there will be limited application material. Support for the implementation and use of the



We continue to focus on our strategy and the challenges facing audit and assurance standards. In this regard, one of our key workstreams is Audits of Less Complex Entities (LCEs). Through our work in this area, we wish to highlight the public interest importance of audits of LCEs, which make up the majority of businesses in jurisdictions across the globe.

standard will be considered as the standard is developed.

As we adapt to the challenges brought on by COVID-19, we will continue to adapt our ways of working. The IAASB appreciates the immense constraints and pressure experienced by all. Our thinking about how we can best contribute to the broader financial reporting ecosystem at this time is evolving and we will continue to post updates on the IAASB Website.

The financial reporting world works in a highly connected ecosystem. Preparers of financial information, standard-setters, and regulators also need to each perform their role for the system to work. A weakness in any one part of the reporting ecosystem will have reverberations throughout.

We are coordinating with national audit standard-setters, securities regulators, independent audit regulators, the International Accounting Standards Board, and professional bodies, particularly via IFAC. Our aim is to share information and discuss how we are individually responding to the crisis. We are successfully identifying areas where more work is needed and hoping to avoid redundant or confusing efforts.

We are conducting all of this work with the recognition that we are operating in a period of enormous uncertainty, and that all judgments, even if appropriately reasoned, documented, and communicated, will not always be right in hindsight.



We must constantly reinforce confidence in our work. Working transparently, in a manner consistent with due process, and in a way that captures the best thinking from around the world allows us to build a stronger standard.

However, we can do our best to provide greater guidance, when possible, to those trying their best to comply with our standards and rules. Standard setters need to exhibit a sense of flexibility in terms of our work program priorities and imposing additional requirements on our stakeholders.

I place a priority on engaging a broad and diverse range of stakeholders. As a global standard setter, we must constantly reinforce confidence in our work. Working transparently, in a manner consistent with due process, and in a way that captures the best thinking from around the world allows us to build a stronger standard.

If we succeed in doing so, we should help inspire a new generation of auditors and reaffirm to our public interest stakeholders that audits and assurance, driven by high-quality standards, have real value.

*The world has come face to face with a double crisis: a rapidly spreading viral infection and a serious recession. A storm of political and especially ethical dilemmas has surfaced as leaders, doctors, other scientists and professionals try to cope with the double crisis. Judgments have to be made and balance be found about the extent of lockdowns that prevent infection, on one hand, but promote business closures and unemployment on the other. Judgments have to be made about how and to whom to allocate scarce resources for medical care both across and within countries. Political and managerial judgments have to be made about how to allocate public funds and assistance among needy companies, hard-hit districts and municipalities, welfare programs for the unemployed, and support for poorer countries. All these judgments involve choices conditioned by Ethics.*

## The CV-19 Crisis, The Public Interest and The Ethical Accountant

### Dr. Stavros B. Thomadakis

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### The Crisis Elevates the Prominence of Ethical Thinking and Conduct

The health crisis has brought ethical choices to the forefront of our everyday life. Ethical choices do not solely concern doctors or politicians. They also touch on the life and conduct of each one of us: when we choose each day to behave so as to protect not only ourselves but also others from infection, we fulfill an ethical duty. *The responsibility to act prudently for the welfare of others springs from an ethical imperative and serves a broader public*

*interest: generalization of ethical behavior from the individual to the multitude safeguards public health and promotes the “common good”. I can easily reflect how very analogous this proposition is to the ethical behaviors of the multitude of professional accountants around the world that safeguard and promote the public interest.*

### Roles of Accountants and Associated Risks in Crisis

In times of abrupt, unexpected and deep economic crisis companies and governments come under financial stress. Public funds are confronted





by widespread demands for assistance. Many private companies suffer losses and some face risks of bankruptcy due to loss of business. Others may, however, enjoy abnormal profits due to sudden price hikes or excess volume of business. In each of these cases, professional accountants remain closely involved. The truthfulness of financial reporting and the credibility of the audit of financial statements are of paramount importance especially at times when managers and decision-makers are toiling to discover an efficient path to return to normality. And we all recognize the large impact that sound financial reporting can have on investors, creditors, taxpayers and other stakeholders in critical times. After all, no safe exit from any economic upheaval and no sound route to recovery can materialize without fair, reliable and timely information.

Professional accountants will be called on by their employers, or by their clients, to apply their skills, knowledge and experience in response to a variety of extraordinary circumstances created by the crisis. Many of their duties will have to be carried out under significant time pressure; they will be required to absorb quickly and assess accurately new facts and circumstances; and they will be possibly exposed to pressure to relax their vigilance in conditions of emergency and in the search for recovery.



In short, the critical role of professional accountants both in the midst of crisis and on the road to recovery makes them indispensable central actors; but it also exposes them to risks of omission, error or yielding to undue pressure. *This implies that professional accountants will need to be supported as much as possible by their peers, their employers and their professional organizations. It also implies a very important need to focus on applying and reinforcing the fundamental ethical principles of integrity, professional competence and due care, professional behavior, objectivity and confidentiality; and to honor their obligation to act in the public interest in all circumstances. Indeed, this is a time and an opportunity for professional accountants to lead and inspire, by exhibiting exemplary ethical behavior in the midst of hardships.*

### **Accountants' Great Professional Advantage: the Restructured International Code of Ethics**

In their duties to apply fundamental ethical principles, make ethical judgments and honor their obligation to act in



the critical role of professional accountants both in the midst of crisis and on the road to recovery makes them indispensable central actors; but it also exposes them to risks of omission, error or yielding to undue pressure.

the public interest, professional accountants are not unequipped; they have a very valuable instrument at their disposal: The *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which articulates the fundamental principles, a conceptual framework for compliance, requirements, examples and other application guidance. The portion of the Code that contains the standards for auditor Independence includes a comprehensive suite of clear, concise and relevant provisions that support auditor independence both in substance and in appearance. All these provide critical support to accountants' acting ethically.

The global accounting profession, which numbers over three million members around the world, has for many years exercised international leadership among all professions by formulating, adopting and implementing a robust and

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comprehensive Code of Ethics. In 2018 the IESBA issued the Restructured International Code of Ethics and, I am happy to say, India has been one of the leading adopters.

The Restructured Code is a highly evolved ethical codification, a far cry from its 20th century predecessors. It represents the global accounting profession's circumstances and aspirations in our times of challenging changes in business, technology, social needs, perceptions and economic sustainability.

The Restructured Code clarifies in ways that were not explicit before, the public interest dimensions associated with accountants' activities. It binds the international profession to seek, serve and promote the public interest both in normal times and in crisis. It makes provision both for the

activities of preparers and for those of auditors and reviewers of financial statements. It applies in the private, public and not-for-profit sectors alike. And its user-friendliness and navigability are best experienced through the electronic version IESBA released in June 2019: the eCode available at <https://www.iesbaecode.org/>.

## The Code as a “Living Document”: Long and Short Perspectives

As circumstances, technical capabilities and social perceptions change, so do the implications for the application of the fundamental principles of the Code of Ethics. A characteristic advantage of the Restructured Code is that it constitutes a hospitable platform for change. Its clarity, its separation of requirements from guidance, its building-blocks and scalable foundation, and its transparent and easily navigable architecture make it so. So, over the last two years the IESBA has been working intensively to further enhance the Code to make it more “future-proof”.

New work on the International Independence Standards, for example, seeks to strengthen independence both in substance and in appearance so as to increase trust in the audit: The conditions under which the offer of non-assurance services to audit clients is permissible are under revision. The transparency of fees paid by audit clients for audit and

non-assurance services, and the threats to independence created by “fee dependence” on an audit client are also important issues being addressed by the current revisions. In other areas, such as the ethical implications of technological transformations to the accounting, assurance and finance functions, or of advice for tax-planning, the IESBA is also pursuing significant revisions. This work seeks, by breaking new ground, to enhance the relevance of the Code in the long-run.

But what about the short-run and the current crisis? We have been working on and consulting with our stakeholders about the challenges of the pandemic and its dire economic implications. We believe that the Code of Ethics includes and highlights principles and guidance that are especially relevant to the pressures and dilemmas of the present day. As a result we have already issued a staff alert, *COVID-19: Ethics and Independence Considerations*. We look forward to issuing others for the benefit of the users of the Code of Ethics and the wide group of beneficiaries of its standards.

The Code's relevance and usefulness as an instrument of the public interest are very high, viewed through both the long- and short-term prisms, and in times of normality as much as in times of crisis. It is, as we say, a living document for all its users. ■■■



The global accounting profession, which numbers over three million members around the world, has for many years exercised international leadership among all professions by formulating, adopting and implementing a robust and comprehensive Code of Ethics.

## How Practitioners Can Be Trusted Partners During and After a Crisis

*Most organizations worldwide are small by size, but their importance to both developed and developing economies and societies is indisputable. According to the World Trade Organization, small- and medium-sized enterprises (SMEs) represent over 90 per cent of the business population, 60-70% of employment and 55% of GDP in developed economies. SMEs therefore do not just significantly contribute to the economy – they ARE the economy. Read on. . .*

A crisis can cause significant disruption. As Covid-19 has spread throughout the world, our ways of living and working have changed drastically—often in a matter of days or even hours. In this kind of environment, a month can feel like an eternity. But for SMEs, a month goes by in a flash. SMEs have less cash reserves than larger businesses and often may just have a couple of weeks' worth of cash to keep operating. Covid-19 containment measures

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have severely impacted cash flows, disrupted supply chains and put small business survival at risk on an unprecedented scale. Governments worldwide moved quickly to deploy supportive measures for small businesses and entrepreneurs to help them maintain short-term liquidity. However, many are still struggling.

### The Importance of Accessing Professional Advice

For many small businesses, having a trusted advisor that they can turn to for help and guidance through a crisis is incredibly important. Research findings show that, irrespective of jurisdiction, accountants, and especially small- and medium-

sized practices (SMPs), continue to be the preferred advisors to SMEs.

Small businesses are extremely heterogeneous in their size, age, sector, ownership, business models and aspirations. Poor financial management is a leading reason why businesses fail. Research indicates the business advice provided to small businesses from their professional accountant is associated with improved rates of survival, growth, decision-making procedures, and superior financial performance.

The nature and extent of the advice needed during a crisis will depend on a variety of factors. In the early stages





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of Covid-19, guidance was needed to access government grants and subsidies. More recently, the indications are that the pandemic accelerated digitization and transformed small businesses responding to drastic consumer behavior shifts. However, many businesses now face a prolonged period of changing circumstances (i.e. the “next normal”) and continue to require assistance and sound advice.

SMPs have in-depth knowledge of their clients and can provide vital guidance for navigating uncertain times. They can help effectively manage and reduce risk, explain how to take appropriate actions, and fortify the business for the medium to long-term.

IFAC recently published a *‘Small Business Continuity Checklist – How to Survive and Thrive Post*

*Covid-19’*, which is a diagnostic tool to navigate times of disruption. The checklist covers key financial management and strategic management tasks, helping businesses to proactively identify and consider essential and timely information. In addition, IFAC launched a *‘Practice Transformation Action Plan – A Road Map to the Future’*, which identified key focus areas for SMPs.

For SMPs to help clients navigate a crisis and disruption, I have identified three guiding principles.

## 1. Focus on Staff

Staff are a firm’s greatest asset and an integral part of their competitive advantage. In a crisis, keeping employees safe and healthy is paramount. Strong, visible, and positive leadership is critical, together with clear, balanced, and regular communication as staff can be exposed to multiple sources of often conflicting information and messages.

In response to Covid-19 many firms have implemented measures such as working from home, flexible hours, and alternate shifts in the office to better practice social distancing.



Some of the new and innovative ways of working are anticipated to continue once the crises is over and will likely have long-term benefits.

It is important that firms consider the emotional and psychological impact on staff. Consideration will need to be given to how individuals can manage the significant changes to their daily routine and life structure, as well as to their mental health. I strongly believe that how SMPs manage their employees during a crisis will have a long-term impact on their loyalty and retention.

## 2. Build on Trusted Relationships

A crisis can be an opportunity to connect with clients and show that



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the firm cares about them and their businesses - this can be as simple as a phone call or an e-mail. During a crisis, it is a matter of listening – about clients' fears, challenges, and possible visions for the future. Empathy is in high demand. Recognizing that people are under extreme stress, both personally and in business, should open the door for authentic and candid conversations that will engender even more trust with clients over the long-term.

Identifying needs and providing relevant, timely advice is critical. Many accountants are perfectionists; it is part of what enables financial reporting to be done well. But in a crisis environment, where information is fluid and everything is changing daily, SMPs must stay out in front of clients' needs. Sometimes that will mean SMPs communicating what they know although it might be subject to change.

For SMPs and for their SME clients, fostering authentic

relationships and making fast but smart decisions during a crisis will say a lot about how businesses are perceived well into the future.

### 3. Diversify Service Offerings and Embrace Adaptability

SMPs have a significant opportunity to demonstrate their relevance. Starting now, firms need to think about how to evolve their operating model. SMPs need to be able to pivot to the areas that they can assist their SME clients on and consider providing more business advisory consulting services.

The Covid-19 crisis has accelerated the adoption and application of technology in many organizations. Technology tools enable an opportunity to provide information to clients in real-time, improve efficiencies, quality, and productivity. This may involve a shift from hindsight to foresight using data-drive insights. For example, advice could be provided on different

sensitivity scenarios and options explored (best and worst case) for the operation and financial position in the next three, six or twelve months.

During a crisis, SMEs need the counsel of trusted accountants who can offer real-time updates, while also helping them map out a completely different course for the next year and beyond. Practitioners must offer perspective on the financial information (e.g. cash-flow forecasts) that is available in clear, plain language, so that business owners understand the critical nature of their decisions. If an organization does not have a comprehensive risk management program in place, it is time to quickly act. The plans and approach will need to be regularly reviewed - in the current environment this could be daily.

### Conclusion

Any crisis will undoubtedly be challenging for all businesses, including SMPs. However, the uncertain and unpredictable environment provides an opportunity for practitioners to elevate their role as the strategic, trusted, business adviser. Their knowledge and experience places them in a unique position to help businesses effectively manage the circumstances and be able to take the lead in the recovery efforts of both organizations and communities. Now is the time for practitioners to adapt, embrace innovation and become part of the solution for their clients, and for their own future, as we enter a whole new world. ■■■



## COVID-19 is Accelerating the Changing Role of Accountants in Business : Here is How

*Even before the current global crisis, businesses were facing a multitude of challenges and opportunities in a rapidly changing environment. A world where customers and society are more demanding, where resources are increasingly constrained, where business models are being disrupted, and where intangible assets represent a growing proportion of the value of an enterprise.*

*The covid-19 pandemic has only heightened these issues, accelerated the pace of change, and constricted the time to respond. Organizations are having to reconsider their business and operating models to take into account changes in supply chains and working practices, as well as changed customer and stakeholder behaviors, needs and expectations.*

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*And as business evolves, the nature of work and the contributions made by professional accountants must also evolve. The IFAC's Professional Accountants in Business (PAIB) Advisory Group has been exploring the evolution over the last few years, and it remains high on our agenda. Read on...*

Unchanged in this period of uncertainty is the opportunity for chief financial officers (CFOs) and their finance teams to enhance their contribution to the business in which they operate. For CFOs in particular, in their roles as *co-pilots*, they must work in partnership with leadership to make difficult decisions, help navigate the crisis, and facilitate any necessary change to ensure longer-term business resilience.

Less than a year ago, IFAC set out its *vision for the CFO and finance function*. It highlights many priority areas





for accountants to consider as organizations shift their focus from crisis mode to recovery and longer-term strategic considerations.

### **Beyond Financials and a Longer-Term Lens of Success and Performance**

Ultimately, the crisis is about people and communities, which has shone a spotlight on each organization's corporate social responsibility priorities. Businesses need to understand and communicate their value propositions to different stakeholders, balancing profit with purpose, and thinking about how the business has, or can have, a social impact. Public-private partnership is critically important to plug the gaps and deal with the inherent limitations governments face in responding to the significant challenges presented by COVID-19. Support for national causes is vital. The coordinated approach in India is a great example, with the establishment by the Hon'ble PM Modi of a national relief

fund, and the direct support of the accountancy profession to this through *ICAI's Covid 19 Relief Fund*.

The sustainable development goals (SDGs) will remain an important focus for business contributing to sustainable development. ICAI has continued to highlight the important role of the accountancy profession and raise awareness amongst its members, including through the recent webcast on *"Emerging Opportunities for Chartered Accountants In Sustainability Reporting"*.

Whether in the context of the current pandemic or in the course of business as usual, value cannot be fully captured and measured in financial terms by the balance sheet or by shareholder value metrics alone. Viewing value creation only through the lens of shareholders can lead to profitability at the expense of other stakeholders or the public good, compromising the trust of key stakeholders.

A broader set of data, information and insights is needed to provide a complete picture of how value is created, help make long term decisions, manage trade-offs, and comprehensively assess corporate priorities and performance. India has long embraced this need. It has been more than three years since the *Securities Exchange Board of India (SEBI)* recommended that the top 500 companies in India voluntary adopt integrated reporting, and since then about 45 companies have adopted it. It is critical to have the CFO and finance function contribute to a broader value creation



**Businesses need to understand and communicate their value propositions to different stakeholders, balancing profit with purpose, and thinking about how the business has, or can have, a social impact. Public-private partnership is critically important to plug the gaps and deal with the inherent limitations governments face in responding to the significant challenges presented by COVID-19.**



Whether in the context of the current pandemic or in the course of business as usual, value cannot be fully captured and measured in financial terms by the balance sheet or by shareholder value metrics alone. Viewing value creation only through the lens of shareholders can lead to profitability at the expense of other stakeholders or the public good, compromising the trust of key stakeholders.

agenda, but shifting mindset and focus beyond traditional financial reporting and investor perspectives is a significant challenge.

To help guide accountants, IFAC, with input from the PAIB Advisory Group, has been developing a detailed *approach to accounting for value creation*. A forthcoming report, *The CFO and Finance Function Role in Value Creation*, will highlight how finance teams can better understand, measure, and report on value creation and impact.

### *Digitalization and the Value of Data*

The pandemic has further accelerated the pace of digital disruption. Digitalization and technology were already

reshaping the transactional and reporting environment as finance activities were being streamlined, standardized, and automated. Lockdown or stay-at-home measures imposed around the world have forced many organizations to make quick adjustments to enable remote operations.

Properly managing data is essential for companies and their CFOs to create better outcomes for customers, employees, investors, society, and other stakeholders. This is of particular importance as organizations reconsider business and operating models, which requires taking data-driven decisions that will enable their success and growth.

Given their comprehensive view of activities and outputs



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across an organization, CFOs and finance teams are uniquely positioned to play a pivotal role in *harnessing and managing data*, which is a crucially important area where accountants can add value to the business in the long-term, ensuring their own relevance in the process.

But although recognized as one of the most important resources, many organizations are still struggling to get the basics right when it comes to data collection and management (beyond the financial data). Obtaining and collating data with numerous sources and systems can be a practical challenge, particularly where there are data siloes within an organization. Cleaning legacy data, ensuring the integrity of data collected, and identifying the most important data from the masses of data collected are also huge challenges.

A recent Global CEO Survey highlights a large gap between data considered important for decision-making and the comprehensiveness of the data received. Data about customer preferences and needs remains the most valuable, followed by financial forecasts, brand and reputation, business risks, employee views and needs, and effectiveness of research and development. Business leaders often lack data and insights in all these areas.

### **Shifting talent and skills requirements**

In the current environment, organizations are turning to their accountants and



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In the current environment, organizations are turning to their accountants and finance teams as trusted professionals for guidance in navigating the crisis and its economic implications. The 'core' skills and traditional expertise of accountants around financial management are in high demand, including risk assessment, cashflow forecasting, cost management, scenario analysis and decision support.

finance teams as trusted professionals for guidance in navigating the crisis and its economic implications. The 'core' skills and traditional expertise of accountants around financial management are in high demand, including risk assessment, cashflow forecasting, cost management, scenario analysis and decision support. Forecasting is especially critical as focus shifts from short term to longer-term recovery and stability. But accountants are also having to apply their skills in non-traditional areas such as logistics and supply chain management. In addition, leading predominately remote teams presents a new set of

challenges in terms of working practices and employee well-being.

Accountants need the professional skills and competencies, mindsets, and behaviors required to influence decisions. But there is a shortage of accounting and finance professionals with the right blend of technical, business, and soft skills. That was one of the messages from a recruiter to the *PAIB Advisory Group at its last meeting in March 2020*.

Skills required by employers are evolving, and desired skills are a moving target. Recruitment is increasingly focused on desired behaviours rather than skills alone. There seems to be a premium on those who challenge the status quo, and who work effectively with uncertainty and ambiguity.

The PAIB Advisory Group also heard that as the world is more connected than ever before, "glocal" CFOs are needed, those with knowledge of the local context, combined with a global mindset and the ability to be culturally agile and relevant.

Deliberate effort is needed by professional accountancy organizations and educators to provide training and development in emerging areas, along with innovative approaches to delivering virtual support to accountants. The ICAI has been very proactive in this regard, developing resources for its members and students, including *COVID-19 Online Resources* and the *ICAI Digital Learning Hub*.

While the business environment may have changed significantly because of covid-19, the vision for the future CFO and finance function has not. The CFO must be a business partner and advisor on the future of the business and provide critical challenge to decision making when needed. The finance function must have an external focus on the markets and customers. It must efficiently respond to external events and new regulations, provide insights to the business and timely access to data. It must focus on people capability, technology, innovation, and storytelling.

I am confident that finance functions can lead through this crisis by going beyond the numbers and embracing new ways of thinking.



The finance function must have an external focus on the markets and customers. It must efficiently respond to external events and new regulations, provide insights to the business and timely access to data. It must focus on people capability, technology, innovation, and storytelling.



## Contribution of Asian Oceanian Region in Setting of Standards

*The Asian-Oceanian Standard-Setters Group (AOSSG), consists of National Accounting Standard-Setters of various jurisdictions in the Asian-Oceanian (AO) region. Formed in 2009 with 16 member jurisdictions, the Group has now extended its membership to 27 members over the span of 10 years. India is represented in the Indian National Accounting Standard-Setter by the Institute of Chartered Accountants of India (ICAI), as a founder member of AOSSG. Currently, ICAI, through its nomination by the Council, CA. (Dr.) S. B. Zaware, holds the position of Chair, AOSSG for a period of 2 years starting November 2019-2021. The position of Vice-Chair is held by Mr. Nishan Fernando from the Institute of Chartered Accountants of Sri Lanka. Read on ....*

### CA. (Dr.) S. B. Zaware

The author is Chair, Asian-Oceanian Standard-Setters Group. He can be reached at [sbzaware@icai.org](mailto:sbzaware@icai.org) and [eboard@icai.in](mailto:eboard@icai.in)

The activities of AOSSG are managed by Chair with the assistance of the Chair's Advisory Committee (CAC). Currently, the CAC of AOSSG comprises of 9 member jurisdictions viz. Australia, China, Hong Kong, India, Japan, Korea, Malaysia, Singapore and Sri Lanka and is responsible for supporting the Chair and Vice-Chair in performing their functions.

The AO Region consists of both advanced as well as emerging economies which are at the various stages of development. The International Financial Reporting Standards (IFRSs) issued by - The International Accounting Standards Board

(IASB) of IFRS Foundation London are increasingly accepted in this region for Public Interest Entities. Many AO jurisdictions have either adopted IFRSs or are considering adoption of IFRSs or making progress towards convergence with the IFRSs. Given the growing economic importance of the AO region, the stakeholders have increasingly suggested that the Accounting Standard-Setters in the region should play a more prominent role in Global Standard-Setting, to maintain the momentum towards global standards and support the credibility and responsiveness of the IASB.



The Group has defined its objectives and works towards achieving them in coordination with its members. The activities undertaken by the Group in achieving its objectives include:

- Deliberations with IASB.
- Submission of comments and formulation of documents through the Working Groups (WGs) and the CAC.
- Meet the stakeholders and understand their concerns.
- Submissions of comments on Draft exposure of IFRS.
- Guidance on Implementation Issues.
- Meetings/ Communications with the major stakeholders and so on.

Works executed by AOSSG include the following:

## (1) Submitting Regional Views to the IASB and the IFRS Foundation

The AOSSG communicates primarily with the IASB. It also communicates with the IFRS Interpretations

Committee, IFRS Foundation Trustees, IFRS Advisory Council and IFRS Foundation Monitoring Board. The AOSSG meets the Board members and officials of IASB face-to-face formally once a year and informally at least twice a year to discuss AOSSG's views in relation to IASB technical and other activities, as well as AOSSG initiatives.

AOSSG has also been a nominated member of the Accounting Standards Advisory Forum (ASAF) and is represented by the Chair, AOSSG for the quarterly meetings held in London.

While commenting on IASB documents, AOSSG's views reflect the collective views AOSSG members without interfering with the authority of member standard-setters regarding whether and how to apply the standards proposed or published by the IASB. If AOSSG members holds differing views, those differing views are reflected within AOSSG comment letters. Individual member standard-setters may also choose to make separate submissions from their jurisdiction that are consistent or otherwise with aspects of the AOSSG comments. The intention of the AOSSG is to enhance the input to the IASB from the AO region and not to prevent the IASB from receiving the variety

of views that individual member standard-setters may hold.

In 2019, the Group submitted its comments on the IASB's Exposure Draft:

- Disclosure of Accounting Policies in November 2019.
- Amendments to IFRS 17 in October 2019

Previously, AOSSG, has submitted similar comments to the various comment letters and ED and Discussion Papers (DPs) issued by the IASB.

## (2) Sharing Knowledge and Information

The member jurisdictions are at different levels of IFRS implementation – some jurisdictions have already adopted or converged IFRSs, while others are in the process of adopting or converging with IFRSs. The educational activities involve members building standard-setting capacity through sharing knowledge and experiences, including through jurisdictions with particular expertise assisting other jurisdictions. Many member jurisdictions have also undertaken Mentoring Programme in which mentor provides exposure of Global Financial Reporting, thereby guiding them in achieving their objective of implementing IFRSs in their jurisdiction. The mentors have also undertaken various workshops and other knowledge building sessions thereby helping the jurisdictions.



Given the growing economic importance of the AO region, the stakeholders have increasingly suggested that the Accounting Standard-Setters in the region should play a more prominent role in Global Standard-Setting

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Individual member standard-setters may also choose to make separate submissions from their jurisdiction that are consistent or otherwise with aspects of the AOSSG comments. The intention of the AOSSG is to enhance the input to the IASB from the AO region and not to prevent the IASB from receiving the variety of views that individual member standard-setters may hold

## (3) Research Activities

The WGs of AOSSG take proactive steps to undertake research and publish its findings. The AOSSG believes that this publication is a model for its future activities and plans that more research activities be undertaken in this proactive manner.

In selecting research topics, the AOSSG is mindful of the IASB's needs and the needs of AOSSG members.

Few projects have been highlighted as follows:

## Current Member organisations - AOSSG

Sr. No	JURISDICTION	NATIONAL STANDARD SETTER
1.	Australia	Australian Accounting Standards Board
2.	Bangladesh	Financial Reporting Council
3.	Brunei	Brunei Darussalam Accounting Standards Council
4.	Cambodia	Ministry of Economy and Finance of Cambodia
5.	China	China Accounting Standards Committee
6.	Dubai	Dubai Financial Services Authority
7.	Hong Kong	Hong Kong Institute of Certified Public Accountants
8.	India	The Institute of Chartered Accountants of India
9.	Indonesia	The Indonesian Institute of Accountants
10.	Iraq	Iraqi Union of Accountants and Auditors
11.	Japan	Accounting Standards Board of Japan
12.	Kazakhstan	Chamber of Auditors of the Republic of Kazakhstan
13.	Korea	Korea Accounting Standards Board
14.	Macao	Financial Services Bureau
15.	Malaysia	Malaysian Accounting Standards Board
16.	Mongolia	Mongolian Institute of Certified Public Accountants
17.	Nepal	Accounting Standards Board
18.	New Zealand	External Reporting Board
19.	Pakistan	Institute of Chartered Accountants of Pakistan
20.	Philippines	Financial Reporting Standards Council
21.	Saudi Arabia	Saudi Organization for Certified Public Accountants
22.	Singapore	Singapore Accounting Standards Council
23.	Sri Lanka	The Institute of Chartered Accountants of Sri Lanka
24.	Syria	Association of Syrian Certified Accountants
25.	Thailand	Federation Of Accounting Professions
26.	Uzbekistan	National Association of Accountants and Auditors of Uzbekistan
27.	Vietnam	Ministry of Finance

### • Agriculture Project:

The AOSSG WG had identified issues on Accounting for Bearer Biological Assets and

accordingly submitted to the IASB the recommendation for improvement on IAS 41 Agriculture. In June 2014, the IASB issued amendments to IAS 41 and IAS 16. Commenting on the publication, Hans Hoogervorst, Chairman of the IASB said:

*“This is an important amendment for those jurisdictions with large agriculture industries. I would like to thank those constituents who helped us to identify this issue through their feedback during the IASB’s agenda consultation and the Malaysian Accounting Standards Board, Asian-Oceanian Standard-Setter Group and Emerging Economies Consultative Group for their valuable input”*

### • Islamic Finance Project:

This WG of AOSSG took proactive steps to undertake research on the conduct of Islamic financial transactions in various jurisdictions and their financial reporting practices, apart from commenting on the IASB draft pronouncements from the Islamic perspective.

The following research papers / reports have been produced:

TITLE	ISSUE DATE
An Update to the 2014 Study of Financial Statements of Islamic Financial Institutions	January 2017





Many member jurisdictions have also undertaken Mentoring Programme in which mentor provides exposure of Global Financial Reporting, thereby guiding them in achieving their objective of implementing IFRSs in their jurisdiction. The mentors have also undertaken various workshops and other knowledge building sessions thereby helping the jurisdictions.

TITLE	ISSUE DATE
A study of Financial Statements of Islamic Financial Institutions	March 2015
AOSSG Survey – Accounting and Islamic Finance in the Middle East and North Africa	November 2013
AOSSG Survey – Accounting for Islamic Financial Transactions and Entities	December 2011
Financial Reporting Issues relating to Islamic Finance	October 2010

#### (4) Communicating with the Stakeholders

The AOSSG encourages members to build relationships with their jurisdictional stakeholders. The AOSSG and its members communicate with such parties by a number of means including

sharing challenges and experiences at the IFRS Regional Policy Forum. Such communications and collaborative undertakings are particularly important, since standard-setting processes often involve legal or regulatory due-process before standards are endorsed, while regulators usually turn to the expertise of standard-setters on technical accounting matters.

#### (5) AOSSG's participation in Accounting Standards Advisory Forum (ASAF)

The objective of ASAF is to provide an advisory forum in which members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly, ASAF was established to:

- Support the IFRS Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high quality financial reporting standards.
- Facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan.

The IASB initiates agenda consultation for its ASAF members to help IASB identify and develop a description of the potential projects for IASB's future work plan for comment by stakeholders.

Recently, IASB initiated the "2020 Agenda Consultation Project" requesting ASAF members to share the potential projects. AOSSG being an active member at the ASAF has also shared a list of items for the 2020 Agenda Consultation Project.

For the agenda consultation project, as an AOSSG member, India has submitted a topic on "**Standardisation of Financial Ratios**". The details of the proposed project is as follows:

There are listed companies across the globe, who voluntarily present financial ratios as a part of their Annual Report prepared with reference to adopted/converged IFRS standards.

A Financial Ratio is an expression of relationship between two inter-connected figures from the Financial Statements. Financial Ratios compares line-item data from a company's financial statements to reveal insights regarding profitability, liquidity, operational efficiency, and solvency. Financial ratios are useful tools that helps the management, investors, bankers, financial institutions and other stakeholders. It helps to analyse and compare relationships between different pieces of financial information across an individual company's history, an industry, or an entire business sector. This is an effective tool for SWOT analysis of the company which is of immense use for intra and inter-firm comparison.

The Accounting Standards Board of ICAI observed there is no standardisation on ratio workings and such information

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provided to stakeholders is not based on the standardised input and may mislead the users of the Financial Statements. With reference to IAS 33 or Ind AS 33, Earnings Per Share (EPS) standard – the calculation of Basic Earnings per Share and Diluted earnings per Share is now standardised and is of immense use for the benefit of the stakeholders.

In this regard, as an AOSSG member, ICAI has proposed to standardise the ratios presented by the entities in their Annual Report/ other Documents for the benefit of the stakeholders for the IASB's 2020 Agenda Consultation project. Proposal suggested that this area is included as part of the IASB's topic on Management Performance Measures as part



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of its project on Management Commentary.

## (6) Meeting with the Trustees of the IFRS Foundation

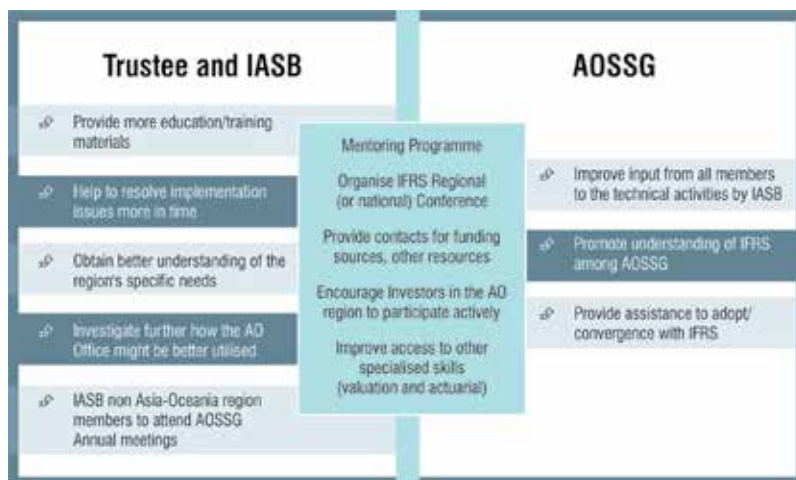
Starting 2017, the CAC of AOSSG was invited to meet the Trustees of IFRS Foundation so as to achieve the common objective of application of single-set of high-quality financial standards across the AO region.

The first meeting of the CAC and the Trustees was held in Tokyo, Japan in May 2017, followed in 2018 in Hong Kong and in 2019 in Kuala Lumpur, Malaysia. The AOSSG appreciates the work of the IASB and the Foundation Trustees. The AOSSG will continue to work together with the IFRS



The contribution from AO region to global accounting standard setting has gained greater significance as this region is now widely recognised as the “engine of the world economy.” The AOSSG will continue to pursue various activities to achieve its objectives, thereby taking greater responsibility for global standard setting

Foundation for pursuing the common goals as can be described below:



While concluding, it is important to mention that the AOSSG is organised under the motto of “A Driving Wind for IFRS” and has committed itself to the global financial reporting standard setting. The contribution from AO region to global accounting standard

setting has gained greater significance as this region is now widely recognised as the “engine of the world economy.” The AOSSG will continue to pursue various activities to achieve its objectives, thereby taking greater responsibility for global standard setting.

# Post COVID 19 - Global Rebalancing is the Opportunity for Radical Change in India

*The economic fallout from the COVID-19 pandemic has been swift, global, and simultaneous. We hear that “this time, it’s different” every time a macro correction occurs, and this time it truly may be. The 1999 and 2008 crises were certainly high impact, but neither was as global as the 2020 correction that was felt in every country in the world due to the first simultaneous worldwide lockdown in the modern economic world order. Read on.....*

The IMF estimates that the \$82 trillion global economy may shrink by 3-4% implying a loss of approximately \$3 trillion. Downward revisions of most advanced nations’ GDP growth rates for 2020 are already showing recessionary signals.

The response by global governments has been equally swift and intense. The International Monetary Fund estimates that approximately \$9 trillion has been announced as a combination of fiscal and monetary stimulus across the

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world. USA, Japan, Germany, and UK among other nations have given trillions in stimulus packages to stabilise their economies. The increase in money supply should raise inflation and possibly drive down interest rates to negative zones. There has been a sharp decline in central bank rates in the G7, with US at 0.25%, UK at 0.1%, Japan at -0.10%, and the

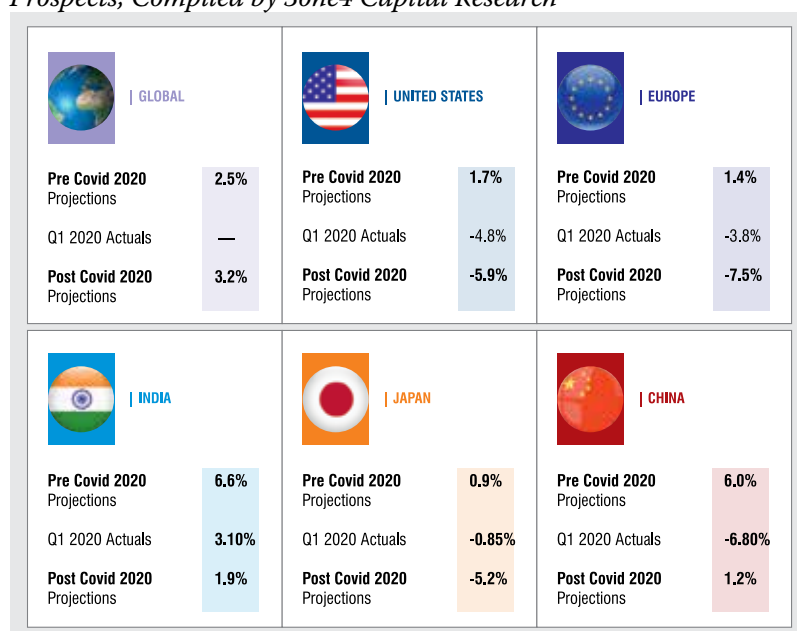
ECB MDR at -0.50%.

Country	Interest Rates
USA	0.25%
Japan	-0.10%
India	4.00%
ECB (MDR)	-0.50%
Canada	0.25%
UK	0.10%

*Fig.1 – Major central bank rates as of May 2020.*

*Fig 2 – Projected 2020 GDP growth rates, pre and post COVID-19 estimates*

*Sources: World Bank, IMF Reports, UN World Economic Situation Prospects; Compiled by 3one4 Capital Research*





Jobs worldwide have been a significant casualty of this correction. For the first time since the Great Depression, the US witnessed a 23.6% real jobless rate. Over 40.8 million Americans filed for unemployment over the past few months. These record unemployment levels were understandable, with so many bedrock verticals and large employment segments like travel, hospitality, manufacturing, leisure & tourism, retail, F&B, events, entertainment and mobility going offline amidst lockdowns in almost every country that was touched by the pandemic. While employment should recover substantially quickly, it may take much longer than anticipated to revert back to the record low unemployment levels seen in most advanced economies pre COVID-19. It is not hard to see a more permanent refactoring of jobs being accelerated by the predictable changes that will need to be implemented and prepared for over the long run, such as work from home, masks and temperature checks in public places, avoidance of

contact from social distancing, and other behavioral shifts. The call for upskilling and future readiness will threaten middle income jobs in the services industries particularly, and this will serve as a significant challenge for governments to address.

The pandemic has also uncovered an obvious vulnerability of the global economy – the overdependence of its supply chains on China. China contributes approximately 24% of global manufacturing and amongst the largest shares of the pharmaceutical supply market. With its perceived coercive influence across economies even before the crisis, the build-up of distrust in the CCP's expansive strategies burst through the headlines globally. The Japanese government announced support of over \$2.2 Billion to help Japanese companies shift their supply chains out of China. Australia began anti-dumping probes against Chinese companies. India announced new controls on capital investments from China into the country. The UK has made it a national priority to move off

its reliance on Chinese imports. The US has escalated tensions with renewed calls for economic decoupling. This shift of global supply chains will inadvertently open new opportunities for India and other emerging Asian economies to capture quickly.

The impact on the Indian economy is undoubtedly unprecedented. The economy was at a standstill with the nationwide shutdown. While the mass compliance with the Prime Minister's decisions was an impressive achievement of a united and cooperative citizenry in the interest of community health, the economic fallout will be an equally daunting challenge to meet. For the first time in a generation, not a single personal car was sold in a month's time and approximately 3 crore people were estimated to miss monthly salaries. The \$3 Trillion Indian economy may lose approximately \$30 billion size witnessing negative growth for the first time since independence. In addition, there may be negative inflation with deeply dampened demand.

To its credit, the GOI has grabbed this opportunity to pass massive reforms that have been long pending. It has rapidly deregulated large-scale industries such as coal and minerals mining, defense manufacturing, civil aviation, power distribution, the space sector, atomic energy, solar and battery manufacturing. The amendments to the Essential Commodities Act, including market linkages and pricing elasticity of agri production and infrastructure development for animal husbandry, will rapidly





India continues to pioneer technology-led governance to reach citizens in times of distress. Arogya Setu broke the world record for the fastest app to reach 50 million downloads. It has now crossed the 100 million download mark.

formalize the food production efficiency and earning power of the farmers. More decisive steps are expected on issues like land and labor reform, export support, incentivization of job creation, further simplification of taxes, and more to drive our economic trajectory for the next decade.

India continues to pioneer technology-led governance to reach citizens in times of distress. Arogya Setu broke the world record for the fastest app to reach 50 million downloads. It has now crossed the 100 million download mark. As a volunteer-led open-source public-private-partnership (PPP) model, it has been modelled after other such successful collaborations such as Aadhar, UPI, DigiLocker, e-KYC and other utilities of the India Stack. India has been hailed for some of the fastest cash disbursements to tide vulnerable citizens over during the lockdown. Over 42 crore beneficiaries have been directly supported via Direct Benefit Transfer (DBT) during the lockdown, amounting to

more than INR 53,000 crores. DBT enabled the government to reach out to farmers, rural workers, BPL families, women, senior citizens, construction and migrant workers, the disabled and other vulnerable groups across the country to deliver income support, free gas cylinders, food and ration purchase support, EPFO contributions, and more.

The pandemic and lockdown have also accelerated India's adoption of digital utilities. During the lockdown, people have used apps and digital infrastructure for their every need – payments, receiving Direct Benefits Transfer (DBT) from the government, grocery and food procurement, medicine delivery and teleconsultations, up-skilling and children's education, news, entertainment, communication, work delivery and management, and more. As India recovers, we may confirm this to be an irreversible shift in behaviour. With a large rural population and insufficient trained medical staff and rural healthcare facilities, India must now rapidly adopt telemedicine capabilities to make up for the gap. E-consultations, which took off during the lockdown, can vastly improve access to healthcare and reduce the burden on physical infrastructure. Just as India leap-frogged landlines straight to mobile, we could leapfrog past brick-and-mortar education models straight to pedagogy augmented by ed-tech platforms. By capitalizing on these tailwinds and investing in building world-class, indigenous platforms for a large captive

local market, India can accrue sustainable economic and cultural benefits.

The RBI has reduced interest rates and infused liquidity to stabilise the economy. The GoI has delivered large-scale relief packages to the poor and set a global precedent in using technology to do so. It has announced a significant stimulus package for MSMEs to revive economic activity by the third quarter. There is plenty more to do to realign the economy to its \$5 Trillion GDP target. The GOI must also devise a large reconstruction budget to build infrastructure and lift the economy. It must do much more to support labour intensive industries such as textiles, chemicals and pharmaceuticals, electronics assembly, automobile manufacturing, logistics, construction, and more. It must also accelerate its support to cleaning up the real estate industry and reignite development work across the nation – this industry alone accounts for over 1.7 Cr people employed.

We must view this as a generational opportunity to systematically realign the rails of New India. As a nation, we cannot miss this window to aggressively capture a stronger position in a realigning world order. The call for an Atmanirbhar Bharat has been accompanied by serious signals of intent from the PM - by investing more to rebuild our national economic security in the post-pandemic world, we must collectively commit to sparing no efforts to reach our \$5 trillion GDP target. ■■■

## The Need to Restore Credibility

*It is with considerable trepidation that I have accepted the invitation of the ICAI President to write this article. It is over sixteen years since I retired from active practice and I am conscious of the fact that, in a sense, I am a back-number, not fully conversant with current developments in the profession. However, this could be an advantage as it enables me to take a dispassionate view of the current environment.*

### *Read on ...*

In taking this view, I recall what Machiavelli said in the dedication to his famous book "The Prince". He said:

*"Nor do I hold with those who regard it as a presumption, if a man of low and humble condition dare to discuss and settle the concerns of princes; because, just as those who draw landscapes, place themselves below in the plain to contemplate the nature of the mountains and lofty places, and in order to contemplate*

### CA. Y. H. Malegam

*The author is Past President, ICAI and Past Chairman, National Advisory Committee on Accounting Standards. He can be reached at ymalegam@gmail.com and eboard@icai.in*



*the plains place themselves upon high mountains, even so to understand the nature of the people it needs to be a prince and to understand that of princes it needs to be of the people"*

The last few years have seen a steady decline in the credibility of company managements, the effectiveness of regulatory agencies and role of the professionals. That trust is gradually getting eroded has been often attributed to a number of factors, prominent among these being the failure of some large companies, the

exponential growth of NPAs of banks and the alleged complicity of high profile promoters of companies.

While the above may be the proximate causes of the erosion of credibility, I believe there are more fundamental reasons for the erosion of credibility which need to be examined. There are four major concerns which we may consider.

First, the sphere in which the profession is operating is rapidly changing. There has been an exponential technological change in the nature of business, greater penetration





The sphere in which the profession is operating is rapidly changing. There has been an exponential technological change in the nature of business, greater penetration of the capital markets and rising expectations from a wider and rapidly expanding population of stakeholders

of the capital markets and rising expectations from a wider and rapidly expanding population of stakeholders. This growing population is no longer content to accept accountability of management, solely on information contained in the financial statement and backed by auditors' opinion thereon. It demands a broader and deeper reporting format with greater transparency regarding the wider aspects of the company's functioning. This could include information as to how the company's human and intellectual capital is protected, how directors have performed in the discharge of their duties, the key factors which influence the company's performance and how they have been performed and how they are safeguarded for the future and many other matters.

Second, business structures in India are very complex with a majority of companies being

family owned and related party transactions being widely prevalent. Despite regulatory safeguards, there has not been sufficient transparency regarding these transactions and often, regulators, independent directors and those charged with fiduciary duty have been unable to confirm the existence and fairness of these arrangements or the ultimate ownership of entities with whom the company has trading relationships or in whom the company has investments.

Third, there is a fundamental change in the composition of the assets of companies. Whereas in the past the physical assets reflected the major value of the company, with the growth of the knowledge economy, the major value of a company is often reflected in its intangible assets such as brand, marketing networks, employee quality, intellectual property, customer base, etc. The financial statements do not adequately capture this value or reflect the increase or decrease which may have taken place in this value.

Finally, there is a perception that there is a conflict of interest in the different services accounting firms offer. With the growing complexity of businesses and the different skills the firms have acquired, often with the employment of other professionals, they are able to offer these services and business needs these services. While there are adequate regulatory safeguards to ensure that the independence of assurance

services is not compromised, this perception persists and needs to be addressed suitably.

Given this environment, it is important that the profession, whose very existence depends on its credibility, take urgent measures to restore and enhance the credibility of the profession. The following may be considered:

First, the Institute should consider the appointment of a High-Powered Committee to review the utility and relevance of the audit for companies as in the changed business conditions, there is a need to broaden the scope of corporate reporting, to create greater trust in the capital market and provide greater accountability to a wider section of stakeholders. The committee should be chaired by an independent person of eminence, preferably not a member of the profession and should include representatives of the key stakeholders including industry, regulators, analysts, rating agencies, academia and the profession. Its mandate should, inter alia, include the following:

- (a) What are the information needs of the stakeholders?
- (b) How can these needs be met?
- (c) How can financial and non-financial information be integrated and reported in a manner that assists decision making?
- (d) Who shall provide this information?
- (e) What should be the role of the profession within the



In the past the physical assets reflected the major value of the company, with the growth of the knowledge economy, the major value of a company is often reflected in its intangible assets such as brand, marketing networks, employee quality, intellectual property, customer base, etc. The financial statements do not adequately capture this value or reflect the increase or decrease which may have taken place in this value

limits imposed by what is needed and what is possible?

- (f) What are the regulatory changes needed?

Widening the responsibilities of the profession carries its own risks. However, not to do so may be worse and if this results in establishing adequate "safe harbour" rules for the profession's conduct, it will limit unwarranted expectations about the profession's responsibilities.

Second, the profession needs to close its ranks and provide a united front. While it is true that there are vast differences in the work and opportunities available to the larger firms and to the rest of the profession, this

is true of all countries and the inevitable result of globalisation. The solution lies in using the expertise of larger firms, to generally improve the quality of the profession as a whole, the goal being not the brilliance of a few but the competence of the many.

Third, it needs to be realised that Chartered Accountancy is not a function but it is a discipline. The members of the Institute are therefore engaged in a multiplicity of functions. In many fields, members have achieved great distinction but their achievements have not got due recognition. The Institute needs to give greater public recognition to this section of the membership and more importantly utilise their expertise to widen the composition of the technical committees of the Institute. It is for consideration whether it would not be desirable that in the technical committees, a majority of the membership should consist of members who are not members of the Council and Council members should largely devote their time to matters of policy, administration and regulation.

Finally, members of the profession have to constantly remember and publicly demonstrate that, irrespective of the function they perform, they are fundamentally professionals and that professionals have certain obligations which they must always fulfill. What this involves is well illustrated in a short piece written in 1957 by Judge Elbert P Tuttle Sr., which the late Mr. Nani Palkhivala had

preserved and which he had shared. The following extracts from this piece are relevant.

## Who is a Professional?

*The professional man, in essence, is one who provides service.*

*But the service he renders is something more than that of the labourer.*

*It is a service that wells up from the entire complex of his personality. True, some specialised and highly developed techniques may be included but their mode of expression is given its deepest meaning by the personality of the practitioner.*

*In a very real sense, his professional service cannot be separated from his personal being.*

*He has no goods to sell, no land to till. His only asset is himself.*

*It turns out there is no right price for service, for what is a share of a man worth? If he does not contain the quality of integrity, he is worthless. If he does, he is priceless. The value is either nothing or it is infinite.*

*.....Do not debase yourselves by hoarding your talents and knowledge, either among yourselves or in dealing with your clients, patients or flocks.*

*Rather be reckless and spendthrift, pouring out your talent to all whom it can be of service. ....*

*Certain it is that man must eat, so set what price you must on your service. But never confuse the performance which is great, with its compensation, be it money, power or fame, which is trivial"*





# Unlocking Skills & Opportunities in Covid-19 Lockdown

*The current COVID-19 crisis is having a significant impact on every individual, society, country and the world at large. It has taught us new perspective to live our lives and the way we do our work. The question for all of us to deliberate is “how is COVID 19 impacting our profession and whether we are ready to overcome its impact and what are the lessons for future?”*

*The lockdown and travel restrictions have hugely impacted every Chartered Accountant's audit & other schedules. To ease the challenges, the Government & Regulators have come up with relaxations in deadlines with respect to Audit of annual/ quarterly financial results, Compliances under GST, Income Tax, and other applicable Laws & Regulations. Read on...*

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These difficult times have led us to evolve & transform ourselves with regard to our approach towards work and to adapt to the changing circumstances. In every audit committee meeting, client meeting and team discussion, people are sharing their experiences and learnings. We are all learning from each other's experiences.

### Work From Home

The “Work from Home” or “WFH” policy is not a new concept and was easily possible because of vast scale digitization and advancement of networking and technology. Despite many Companies having WFH policy in place before COVID

19, especially those in the IT sector, very few CA firms, who were serving such clients, had adopted WFH policy for such clients. By and large they had not even thought of it. The reason was that most of us were of the belief that work from home was not possible in an audit assignment. But as we all have realized, COVID 19 has completely shattered this myth.

During the lockdown, many listed companies have produced the full set of financial statements. With the help of technology, it was possible for the audit firms to audit such financial statements. Though the experience of work from





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home is not the same for every CA firm, i.e., a few have implemented it successfully and a few are still having challenges, but it's time for all CA firms to accept & adopt this policy and work accordingly to overcome such challenges. In future, many CA firms will adopt this policy for their employees on rotational basis for optimum utilization of office space and the efficiency it brings and to reduce travel time & costs.

This will give opportunity to CA firms specially in metro cities to optimize their cost by hiring good resources who are based in non-metro or small cities or hire experienced female chartered accountant who are not into the mainstream currently on account of their personal commitments & constraints. This will also give opportunity to CA firms to attract and retain good talent in the organization. Though the work from home will have its own set of challenges and threats like managing the confidentiality of the client data, measuring the productivity and efficiency of the employees, additional

spending on IT infra, etc., but CA firms will be able to evolve and overcome such challenges and threats through experience and use of technology and convert them into opportunities.

### Virtual Client Connect

Virtual meeting & webinars are the new learning for all of us. Microsoft Teams, Google Meet, etc. are not new software developed during the lockdown. They were in existence for the past few years but were hardly used by the profession in the course of rendering services. With the help of this new learning, CA firms will come up with new policies on travel, business meet, team meet, etc. Virtual meetings would be the "new normal". This would not only save travel time and cost, but also give us opportunity to easily connect with clients to give them better service and with teams to guide them on real time basis.

### Digitalization & Document Management

Currently, several document management systems are available, and few of such systems have the option to integrate with the accounting systems like SAP, Tally, or other ERPs. Some accounting software have inbuilt feature of document management. But there are very few companies who have implemented document management systems in toto and in an integrated way. Such companies are able to handle the COVID 19 situation in a far better way as compared to those who have partially implemented such systems. This presents a

very good opportunity to CA firms to develop a new line of service, i.e., consulting and helping the client, whether small or big, in implementation of document management system and digitalization of accounting records in an integrated way. The cost of such systems is very reasonable and affordable. Considering the current COVID 19 experience, in future, many companies will have their records and data on cloud. In such scenario, the audit approach will also change drastically. The auditors will be able to access client information and their records from any part of the world. The required data will be easily retrievable, which will save lot of time in audit execution. Since lot of audit procedures will be carried out offline and dependency on the auditee will be far less for providing information and records, auditors will be able to schedule interim audits with the optimum utilization of their resources.

One of the risks which audit firms would face in future is huge exposure to digital records for purpose of audit. It is relatively easy to manipulate digital records and scan documents with the help of advanced IT tools. Of course, technology will address such risk as well and the concept of digitally signing documents and agreements will evolve, instead of physical signing and scanning documents. However, the Regulators and the Institute of Chartered Accountants of India may have to come up with the new set of standards and specific

guidelines, for addressing the said inherent risk. The auditor's fraud assessments to such risk and methodology to conduct the audit in digital environment will undergo significant change in future.

To achieve the objective of paperless office and for better controls, many large companies have already implemented ERP to its fullest extent on account of which their entire processes like creation of document, maker-checker, approver, etc., are all carried out through the system itself. Hence, they are able to easily manage their workflow and business operations even during the lockdown very smoothly. All companies whether large, medium, or small sized have realized that it is time to implement all functions of ERP and to automate all their existing processes. This will also have an impact on the future methodology of audit. Since several accounting and approval functions would be carried out through the system without any paper records, auditors will have to gear up and build up competent teams to handle such business dynamics. Audit team



**Audit team mix will also undergo significant change with the inclusion of IT experts in the audit teams. The CAs of the future will have to be techno Accountants & Auditors.**

mix will also undergo significant change with the inclusion of IT experts in the audit teams. The CAs of the future will have to be techno Accountants & Auditors.

## Audit Experiences

To express audit opinion on the financial statements in the COVID 19 scenario, many audit firms have adopted new processes and methodology to meet the requirements of standards of auditing. To share a few examples:

- a. In the past, direct balance confirmations were obtained by many CA firms through post or courier. But in the current year, direct balance confirmations were obtained using email or by use of other digital platforms.
- b. CA firms have used secured digital platforms or server to access data and share data with clients and team members
- c. Teams have reviewed the financial and related data in soft copies
- d. The audit checklists and programs were digitally signed or initialed
- e. The auditors report and certificates were digitally signed as against physically signing hard copies
- f. Entire documentation of audit is in soft form instead of hard copies as in the past

The examples shared above are not unique or new. But many CA firms have practically implemented such processes on account of challenges from COVID 19 pandemic. The

firms have realized the need to carry out all audit procedures remotely and carry out paperless audit. The draft procedures issued by NFRA for submission of audit files also emphasizes on digital systems in CA firms for documentation. Indian CA firms will evolve in the coming years to use & implement safe, secure and user-friendly digital tools to carry out Audit in a remote environment by applying all Auditing Standards to meet the expectations of the Regulators and society at large in this ever growing digital world.

## Learnings

Technology and digitalization would be the driving force that would revolutionize future of audit. With digitalization comes associated risks and threats. This requires CA firms to transform and focus on constant skill & methodology upgradation related to audit in complex IT environment which is both an opportunity and threat. I am of the firm belief that the Indian CA firms will rise to the occasion and seize the opportunity and live upto the over increasing expectations of the society from the Profession.

There would be a need to further strengthen communication and client connect in a virtual environment. The setting of agenda for the meeting, keeping documents, which need discussion, ready in soft form for screen sharing and etiquette of the meeting like no background noise, muting when one is not speaking, ear phones and privacy for confidentiality.



Indian CA firms will evolve in the coming years to use & implement safe, secure and user-friendly digital tools to carry out Audit in a remote environment by applying all Auditing Standards to meet the expectations of the Regulators and society at large in this ever growing digital world.

Managing audit team interactions in a virtual environment, with many staff working from home while children are schooling from home, scheduling time together can be a challenge. However, with proper planning the same can be accomplished. Team members should be there for their families, as well as productive to work. We need to give confidence and support to the team members, provide required moral, IT, and other required operational support on regular basis.

We need to strengthen our audit process and systems, to bring-in more standardization for execution of audit and documentation, to impart training to team for remote auditing and sharpen their skills. Key to success for a CA firm would be to explore best IT systems for audit execution.



Nature of work executed by CAs, involve lot of communication with clients and other stakeholders. We are tuned to one on one onsite meeting, while at times having similar conversation remotely becomes challenging. It is essential for us to sharpen communication skills of team which can enhance team's confidence. As a firm, we can design process note for all remote communication which can be knowledge enhancer for all.

This situation is a "new normal". We all must bring lot of operating changes at our offices. SOPs need to be defined for executing each task. There is need to ensure safety and comfort for all team members.



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In this "new normal", the CA firms need to encourage all its employees to adopt our old and traditional culture of namaste, yoga, healthy food, cleanliness, etc.

## Opportunities

During Covid-19 pandemic, due to successful experience of remote audit, there will be an increased acceptability of international firms and entities, to outsource audit assignments to Indian CA firms. This is an exciting time for the Indian CA firms who have gained experience of work from home, digitalization, new methodologies of carrying out audits remotely, virtual meetings, increase use of technology & IT tools, etc. Such rich experience coupled with the knowledge of the Ind AS & Standards on Auditing, both of which are in line with International Standards, will help the Indian CA firms to provide outsourced auditing services to international entities at reasonable cost. This will be in line with our honorable Prime Minister's vision to make India "Atma Nirbhar" and call for "Vocal for Local" and growth of the Indian CA firms.

The experience of lockdown has forced us to unlock ourselves to adopt new positive learnings with respect to technology, skills, and methodology. And such continuous positive learning will definitely open doors to a lot of new opportunities for Indian CA firms.





# Profession : Inevitable Transformation Post Covid 19

**QUE  
SERA SERA .....**

*'Que Sera Sera', 'whatever will be, will be, the future is not for us to see'; a lyric penned by the team of Jay Livingstone and Ray Evans in 1956 and made immortal by singer and actress Doris Day in the Alfred Hitchcock classical movie, 'The Man Who Knew Too Much' is very close to our Indian philosophy of 'jo hoga, so hoga'. We live with this cheerful fatalism.*

*But Covid 19 has given us a jolt. We want to live and live the way we always lived. We fail to recall that change is the only constant. And now the race is not between the tortoise and rabbit, it is between the tortoise and the tiger. There are no marks for predicting the winner, 'Tiger'.*

*Read on...*



Our profession took over 50 years to come up with mandatory accounting standards in the year 2006. By the year 2015, we had a complete new set of accounting standards. Companies Act took nearly 65 years for a new avatar. We now have GST whereas sales-tax and service-tax are now in distant past. Income-tax Act is waiting for a new avatar, sooner than later.

Are the times changing?

No, Covid 19 has changed the times forever. A 'new normal' is emerging.

What is this 'new normal'. First, it has to have a name. We will

call it NNV1 (New Normal Version 1). Why version 1? Rest assured – there will be many more versions as the situation unfolds, Covid or no Covid.

Now what are or will be the features of this NNV1. Few macro indicators have emerged. A lot will emerge soon.

The foremost major indicator is physical distancing. Social distancing is not a correct word. We should not even advocate social distancing. Anti-social society is not we should be looking at.

The next major indicator is work from home (WFH). WFH will have severe impact on





Offices will expand in area but shrink in density. We may be looking more at co-working, satellite office space where payment is based on usage aka cloud computing

office space, particularly in the services sector and the office space occupied by corporate India. Offices will expand in area but shrink in density. We may be looking more at co-working, satellite office space where payment is based on usage aka cloud computing. Office clusters like Nehru Place in Delhi or BKC in Mumbai will be ghost towns at least from professional firm's perspective. It might hold true for certain other business as well. Digitization will be, as we Chartered Accountants call, all pervasive. Yes, staff mobility will increase, as due to digitization, you can work from anywhere. When presence in office is not a prerequisite, then whether you are based in Noida, Gurugram or in any other place, it will not make an iota of a difference for your employer.

Even in manufacturing, there will be another wave of innovation. Migrated labour is in no hurry to return. Schemes like MGNREGA will take care of their 'roti, kapda & makaan'. So, are we looking at decongestion of cities. Redundant jobs will give way to increase in productivity.



Unless the economy expands, people on the street as compared to people on jobs will increase. Society may face restlessness. Scrupulous people will find ways to manipulate the situation. A new socio – economic – political order will emerge latest by 2025, if not earlier.

No, we are not yet looking at doom's day. But again perhaps, allowing imagination to run riot, Covid may be the last Vishnu Avataar 'Kalki'. Will we be back to Satyug followed by other yugas? One thing is evident. Like 'samudra manthan' the society will undergo a churn. We need to have 'Mahadev' to consume all the vices and enhance the virtues of the existing society. Elixir may still remain in the deepest realms of the ocean. We will have to wait for 'Mohini' avatar.

We as Chartered Accountants, an important pillar of an orderly society, cannot remain complacent. We must accept that we are looking at a 'new normal'. It is our responsibility to evaluate the challenges of this new normal NNV1+ and prepare ourselves for those

challenges else we permit them to overwhelm us.

So, let us look at the crystal ball, as you call it segment by segment despite being fully aware that a Chartered Accountant should not make future projections. But times are extraordinary and exceptional measures are need of the hour. We have a saying, 'vipatti kaal, aapda dharam'.

## Student Affairs

Our students are our backbone. Their logistics like registration are already online. Three aspects need to be looked at: practical training, theoretical education and evaluation.

### • Practical training:

The present system of registration with a specific principal may undergo a change. Students will register on a digital platform. There will be pooling of resources. Principal will post their requirements on the portal. There will be limit to requirements of students



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that a principal can get. Students will also post their preferences. The platform will undertake a match making based on defined parameters. Students will be reimbursed through the members wallet maintained with the Institute. The records of the students will be updated based on feedback by the principal.

- **Theoretical training:** The training will be paperless; everything will be digital. This requires a change from the present textual form of publishing text books. The study material will consist of text books, videos, lectures, presentations, webinars, online exercises.
- **Evaluation:** This will be continuous rather than periodic. Senior members still remember 'eligibility' test papers which were to be cleared before being able to sit in formal examination in May or November. The periodic examination will pave way for regular or monthly evaluation. After completing prescribed practical training (number of days), theoretical training (number of hours) and number of practice papers, student will be eligible to appear for a paper or a group of paper. There will be no examination centre. The student will appear from the security of their homes. Or there could be digitized examination centres across country or even abroad

of varying capacities. The entire examination will be online and will be recorded as every device now has a camera. There will be no standard paper for any of the subject. The paper will be generated at random from an examination question bank. Results shall be available immediately.

### Members in practice

Presently, the profession is personality driven, particularly mid – size and small firms. Large firms have, no doubt, invested in technology and are process driven so far as audit and assurance functions are concerned. Other level of firms lacks in resources be it money, manpower or investment in technology. They overcome this by ensuring more physical presence and examination. At the field level, the transaction based audit is still in vogue. It will take time for risk based audit to grow, though roots have emerged from the seed. Consultancy still requires personal interaction. Faceless scrutiny or litigation are still in nascent phase. All these things will change, sooner than later. If

they do not change, they need to be changed. A new office culture and work environment will emerge. Few crystal glass gazes are:

- **Virtual Office:** Physical office will be replaced by virtual & paperless office. Your digital device will be your office. All communication and meetings will be digital be it with client or regulatory authority. For storage of documents (perhaps some documents may still be created on paper), there will be specialized service provider 'document banks' who will provide document lockers with collection and delivery service. At most there could be a transit office leased on hourly basis from a co-working space provider.
- **Audit presence at client location:** It will be a memory only. Probably these may be more in the form of Grandmother stories. Professionals will share experiences when unwinding in the evening with a group of friends



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# Perspective

over video conferencing platforms which may be security risk free. Innovative methods of physical verification of assets and transactions will evolve. The absence during physical verification will increase. Therefore, risk mitigation strategies will emerge. Thus, standards of assurance will need modification. Further, all underlying documents of a transaction will be archived in the ERP with the voucher. There will be a need for audit observation resolution software. It can be said that large clients will have resources to undertake digitization & in turn resolve audit queries. But, how about small & medium clients? Either the regulator will exempt them from audit or assurance requirement or specialized service providers will emerge who will manage the digitization for them. There seems to be an opportunity for our members.



Innovative methods of physical verification of assets and transactions will evolve. The absence during physical verification will increase. Therefore, risk mitigation strategies will emerge

- **Audit & practice tools:** The large firms have audit tools. ICAI has to step in for a common digital audit & practice tool for small and medium practitioners. In the alternative, these audit firms have to pool in their resources. Individually, it may not be viable for each of them to develop personalized tools. Instead of periodic audit, concurrent audit will be the way forward for statutory audit. Other types of audit such as internal audit, concurrent audit & forensic audit will see new methodologies being developed. Absence of audit tool cannot be a reason for disclaimer of opinion. There may be concentration of practice. The divide will need to be bridged otherwise the weaker and the fragmented end of professionals will on the way out. To maintain credibility, the audit firm will have to undergo an ITGC audit. The process of peer review and quality review will be more frequent & stringent. Staff has to fully equipped with digital equipment with legal software.

In nut shell, for a professional, the note pad or mobile phone will be the virtual office tool.

- **Fees:** A downward trend will be evidenced as the travel will reduce. The billing of travel hours & cost will not happen. Moreover, due to digitization, productivity



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will increase. There are chances that the practice would require restructuring both in terms of nature of assignments handled and the charge of fees.

## Members in industry

There is a strong evidence that jobs could be at stake. Many enterprises have either retrenched people or reduced their remuneration. The Finance & Accounts department may at best will really be a skeleton department for internal consultancy to Information Technology (IT) department. With digitization



& standardization, it will be the IT department that will rule the roost. Thus, cross functional skills of a CA will need enhancement. Even now, a large size of fraternity is excelling in other areas of management including top management. The skills must be made more versatile.

### **Enhanced responsibility:**

With digitization, comfort of physical world will evaporate. With virtual world, come transparency & consequently additional responsibilities. With transparency, regulatory action will only increase. The auditors will now be no longer watchdogs but will be bloodhounds. Possibility of frauds will increase. Remember, Satyam was perpetrated by an IT magnate, Nirav Modi happened despite best of IT systems. Recently code of ethics has cast responsibility on the members in industry for compliances. Security systems will help but one must be on guard all the time.

Whatever mentioned above is only a tip of the iceberg. The overall environment will change much more drastically. ICAI has been setting the accounting standards & standards of auditing for over five decades. In last 10 to 15 years, it has been more proactive at the international level & now the time is ripe for ICAI to take leadership position. It augurs well that an Indian Chartered Accountant Shri S B Zaware is chairing Asian Oceanic Standard Setters Board. Let us hope that we will move further

& assume leadership positions in IASB, IAASB & IFAC also in the times to come. We are second largest accounting body in the world & our voice is now being heard with all seriousness. It is the time to take our auditing & accounting concerns particularly in respect of MSMEs & SMPs respectively to the various international forums & get the same resolved.

ICAI needs to take cognizance of the fact that NNV1 is here to stay. ICAI needs to be completely digitized with nil budget for paper, stationary & printers. A visionary task force must be created with members from the profession and the industry. It has to be a mix of senior & young members. Chanakaya said that to succeed in life you need both energy & experience. The only problem is that energy goes with age and experience comes with age. A concept paper needs to be formulated. Implementation must begin by year end. The presence of bottlenecks should not deter us for our road ahead. There will be course correction also. It is time to move ahead. Our great poet Shri Rabindranath Tagore had scripted, 'Jodi Tori Daak Shune, Keo No Aase, Tobe Eklo Cholo Re', others will join you as you move forward.

Please see, all said, the future is exciting and not scary. The future is not by chance. We must predict to stay ahead of the curve and force future to happen before it unravels itself. Yes, there will be roadblocks and mental blocks, but these will be



Cross functional skills of a CA will need enhancement. Even now, a large size of fraternity is excelling in other areas of management including top management. The skills must be made more versatile

overcome by sheer perseverance. The early bird catches the worm.

Signing off with the lyrics of the gospel song that become a protest song and an anthem for civil rights movement and is even more relevant now:

*We shall overcome,  
We shall overcome,  
We shall overcome, someday.*

*Oh, deep in my heart,  
I do believe, We shall overcome,  
someday.*

*We'll walk hand in hand,  
We'll walk hand in hand,  
We'll walk hand in hand,  
someday.*

*Oh, deep in my heart,  
I do believe,  
We shall overcome, someday.*

*We shall live in peace,  
We shall live in peace,  
We shall live in peace, someday.*

*Oh, deep in my heart,  
I do believe,  
We shall overcome, someday.*

*We are not afraid,  
We are not afraid,  
We are not afraid,  
TODAY.*



## Importance of the Accountancy Profession in Indian Economy

*The accounting profession and the Indian economy have evolved together and rebooted many times. The internationalization of accounting standards through IFRS converged Ind AS standards was a response to the changing needs of a business world where Indian companies wanted to cross-pollinate with multiple global capital markets.*

*The accounting regulator viz., ICAI has always supported sound financial system, supported by high-quality accounting and auditing standards and backed by a solid regulatory, governance and ethical framework as it is a prerequisite for economic development. However international investors prefer dealing in standards that they know, and so greater cross-border trade will take place with the underpinning of global standards. Read on...*

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The dance of India's democracy and the new economy has been played in a perfect step by the chartered accountancy profession since India's independence. The relationship between the economy and chartered accountancy is symbiotic and in this ecosystem, one influences the other just as in cinema 'real inspires reel and reel inspires real'.

### A balance between costs and benefits of financial reporting

Indian Accounting Standards (Ind AS) are updated in a proactive manner with the change in the dynamics of the economy. With the lines

between industries blurring, the need for a new revenue recognition standard was felt and met, serving as a common denominator across the topline of companies following Ind AS.

The collapse of Enron in 2004 led to the discovery of the malaise of off-balance-sheet assets and liabilities in listed companies and the biggest driver of the off-balance sheet liabilities and risks was operating leases. A glaring 1.25 trillion dollar operating lease liabilities were lying outside the balance sheets, then. This gave birth to a project for a robust standard



on leases to help improve the users' understanding of lessees' obligations under lease contracts.

The next big accounting change in the pipeline is the new definition of business, which will help reduce the number of acquisitions that would qualify as business combinations. Control has been given a wide berth under the new age standards and there has been a tectonic shift from risks and rewards based regime as substance should prevail over form.

These are all responses to challenges being faced in the economy and the chartered accountancy profession maintains a fine balance between costs and benefits of accounting and financial reporting.

## Multifaceted profession

The Chartered Accountancy profession is one of the most

widely sought after professions in the country. It offers one of the robust education and training platforms for a person to qualify to become a chartered accountant. These professionals are well seasoned in all aspects of a business, right from decoding standard operating procedures, accounting and reporting, taxation, mechanics of meetings of the Board and shareholders, listing shares on a stock exchange, valuation, due diligence, insolvency, to acquisition of a business and demergers.

The Chartered Accountants can serve as four lines of defence against the risk of material misstatement due to fraud or error as an internal auditor, key management personnel, director or an auditor. They can work as insolvency and bankruptcy professionals and help work out a solution that is in the best interests of the creditors, debtors, employees, and shareholders. They can also work as valuation professionals or do due diligence to give the worm's eye view of the peculiarities of the assets, liabilities, location, logistics, employees, etc of business apart from giving the bird's view of the geopolitical and economic climate of the region in which the business operates.

The directory of independent directors maintained by the Indian Institute of Corporate Affairs (IICA) requires an examination to be cleared by independent directors and



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Chartered Accountants occupy largest proportion in the databank. The country needs skilled independent directors and chartered accountants in that role can bring ventilation over crucial problems faced by companies.

## Helping MSMEs transition from the informal sector to the formal sector

In today's times, the chartered accountancy profession has an even bigger role to play. Another service that is being rendered by CAs beyond compliance work at the small and medium-sized enterprise (SME) level is assuming the additional role of trusted business advisor. MSMEs and rural entrepreneurs are the heart of the Indian economy and provide the majority of the employment and contribution to India's GDP.

Most MSMEs work in the informal sector and the level of skill sets is low. Also low is the participation of the female population in the workforce. The participation of the MSMEs in exports is also very low. One can have growth either through an increase in productivity or



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an increase in labour force. An increase in productivity would require an increase in skills and in particular digital skills. Hence, developing skill sets of the youth and bringing more women into the workforce is necessary to achieve India's 5 trillion USD goal.

The MSMEs and rural entrepreneurs need to increase productivity, maximize the benefits of technology, become more innovative and have better access to finance. While India has the Right to Information Act the knowledge communication is not very clear to an average entrepreneur. The entrepreneurs lack knowledge of complex regulations and cross border opportunities. They do not know about the free trade agreements that India has with foreign countries and cannot take advantage of it. They do not have access to knowledge on how to offer differentiated products to a wider target audience. The entrepreneurs lack knowledge of the protection of IP rights.

Many of these owner-managed businesses do not maintain proper accounts and lack accounting systems, which is a deterrent for investors to put their money in them. Once the MSME is a part of the formal economy, it will be able to get access to finance and to export. MSMEs need accounting standards for preparation of fully complied accounts and systems to export and receive tax refunds. It would also be able to have better access to technology and subsidies



**MSMEs need accounting standards for preparation of fully complied accounts and systems to export and receive tax refunds. It would also be able to have better access to technology and subsidies provided by the Government. Chartered accountants are indispensable in the building of the formal economy and can lead to a more efficient working world for businesses and Government.**

provided by the Government. Chartered accountants are indispensable in the building of the formal economy and can lead to a more efficient working world for businesses and Government.

**An auditor is a watchdog or in today's era it has to be blood hound?**

Audit quality is the axis of finance within an entity and by guiding the money into the right businesses it helps build a sustainable and prosperous future for us all. The auditing landscape is changing very fast and digitization is throwing up new questions around the risk assessment of audit data and whether audit data should bear a stamp of authenticity by before

it passes from the management to the auditor. Auditors are reinventing themselves while shrugging off the biases that they may be unintentionally carrying. Professional skepticism survives personal and professional barriers and auditors 'audit what is there' and also 'audit what is not there'. This is a very important responsibility which Chartered Accountants perform and it keeps the capital markets well oiled.

### Public Sector Accounting

Knowing what assets you have and what they are worth is a prerequisite for professional management, and increases the odds for a return back to society — instead of raising taxes. The relative dearth of public sector accountants is directly reflected in the poor quality of information used by governments in their financial management. Moreover, the management of public finances is limited to simple measures of cash flows and debt.

For managing the financial affairs of a modern, highly complex government, the right tool is accrual accounting. A modern government needs a mindset that will recognize that managing public assets can generate revenues to pay for public services, fund infrastructure investments and boost the economy—without raising taxes.

Global standards promote transparency and enable the easy comparison of transactions across borders and jurisdictions. This means that State Owned Enterprises should also produce





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financial statements according to high-quality accounting standards, and increase the effectiveness of nonfinancial reporting. Furthermore, they should disclose publicly both financial and nonfinancial information.

Effective financial reporting is critical to governments' understanding of their fiscal position and prospects. It is also crucial for providing legislators, markets, and citizens with the information they need to make efficient policy decisions, and to hold governments accountable for their performance.

### Managing your working capital and taxes

The COVID 19 pandemic era shutdown seemed like a long

cut off period with no change in the results of operations of the entity - with even the impairment quantification not being easily measured reliably. Businesses may take longer to sell their inventories and that period could be even fifteen months instead of the one year or less assumed until now. Chartered Accountants can help businesses reassess their normal operating cycle and reassess their current and non-current assets and liabilities. This would be helpful in the preparation of financial statements and the new working capital would help in the better presentation of the state of affairs of the business to the bankers, suppliers, and shareholders. Through better, more reliable and transparent financial information, accountants and auditors contribute to the efficient allocation and management of resources, help companies attract investment and access credit.

In the present circumstances, having cash is very important and it can be said that 'cash is king'. Businesses need to conserve cash and reduce Capex and wastage over wanted or excessive costs. It is time to separate the wheat from the chaff and go lean. A Chartered Accountant can advise and help save excessive expenditure, taxes, and cash. They are well versed with new tax regulations and can help save a lot of money. In these fast-changing times, it is a good idea to not be 'penny-wise and pound-foolish'.

### Data is the new oil

For many businesses, the lockdown was pivotal in their digitisation drive. Many businesses were worried about internal controls in the circumstances and many more planned to take insurance and improve the security of their data. It is a good time to go shopping for the services of a Chartered Accountant as they can help identify the 'what could go wrongs' and help build a robust firewall against the online tailgaters.

Technology is increasingly at the heart of everything CAs do and offers enormous potential through the use of intelligent accounting systems, especially for micro and smaller businesses. The accountancy profession is gradually adapting modern tools and information technology.

### Reinvent your business to adapt to changing customer habits

The pandemic has accelerated certain trends in consumer behavior like a spike in online purchases, the use of chatbots, etc. E-commerce is the cheapest way for a business to showcase its products and maybe it's time to take the business online and improve the social presence of the business. It is also a good time for businesses to think of improving their productivity and accessing new markets to sell the increase in production. Chartered Accountants can do the data analysis and help tear apart the sales variance numbers to tell you which products



The pandemic has accelerated certain trends in consumer behavior like a spike in online purchases, the use of chatbots, etc. E-commerce is the cheapest way for a business to showcase its products and maybe it's time to take the business online and improve the social presence of the business.

and mode of selling are more preferred by the customers.

### Moving towards sustainability

The chartered accountancy profession is moving towards sustainability accounting and ICAI is the second professional accounting organization in the world to set up a Sustainability Reporting Standards Board to help set up standards to help build a sustainable future for us as all. The future of investment banking is also pointing towards sustainability and those are the businesses that will survive past 10 years.

The public and private sectors should publicly report the impact their activities have on the environments and societies in which they operate, along with reporting on their policies and how these have been translated into practice. It is being pursued.



The profession is contributing to the achievement of the Sustainable Development Goals (SDGs) that aim to end poverty, protect the planet and ensure prosperity for all.

### Integrated reporting

Integrated reporting has emerged as an important development in corporate reporting. The essential drive behind integrated reporting is that there are currently myriad corporate reports (the annual review, the management commentary, the chairman's review, CSR reports, etc) that all contain valuable information but are aimed at different audiences and are usually unconnected. They fail to spell out clearly how the company's performance relates to the business model. So, there appears to be a need for the corporate strategy and business model to become integrated and inclusive of all material issues, and the aim is that an integrated report will bring all this information together in a coherent way. It is being pursued.

Using integrated reporting, which incorporates non-financial as well as financial data, one can evaluate how they create value over the short, medium and long term. This can, in turn, ensure that capital—environmental, financial, human, intellectual,

and social—is allocated more efficiently and productively used.

### Capacity Building

Accounting plays an essential role in economic development. High-quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability. A strong and internationally comparable reporting system facilitates international flows of financial resources. The profession has been very adaptable and capacity building is going on regular basis.

### Conclusion

A Chartered Accountant is an important pillar in the economic growth of the Nation. They help in implementing the law by capacity building, advocacy and supporting in other ways. A Chartered Accountant is a mathematician who can read the story behind numbers, a lawyer who can advise on complex civil laws and regulations, a whistleblower who can warn of a material misstatement, and a businessman who can take calls on acquiring or selling off an entire business. Chartered Accountants are advisors to the Government and are a partner in nation building. It is no surprise to see Chartered Accountants as Members of Parliament, top-notch investment bankers, auditors and at top positions of multinational companies. Who needs an army of advisors when a few guerillas will do? ■■■

## What the Leaders Said About ICAI and Indian Accountancy Profession since July 2019

*The Institute of Chartered Accountants of India completes its distinguished journey of 71 glorious years on July 1, 2020. In this relentless and illustrious journey of celebrating the past and inspiring the future, the Institute has carved a niche for itself and has marked a commanding presence in the accounting arena by leading the accountancy profession from the front.*

*Through its professional excellence and service to the nation, the Institute has earned the trust of the society, Government the Indian polity and policy makers alike. The Institute and the accountancy profession have transcended the national borders by continuously striving to keep pace with emerging global practices and innovations. This grandeur and the potential of ICAI and the Indian accountancy profession, in nation's social and economic well being, has been significantly acknowledged and commended not only by the founding fathers of the nation, but also by the succeeding leaders of Indian polity. Even today, this curve only continues to move higher. In this feature, we bring you a glimpse of the views expressed by some of such noted personalities on various occasions of the ICAI, and reported in this journal over the last Volume Year starting from July 2019*

### Shri M. Venkaiah Naidu, Hon'ble Vice-President of India



"I must acknowledge that Indian accountancy profession has been relentlessly trying to live up to the expectations of the founding fathers of Indian Constitution. The fact that autonomy was granted to the profession through the Chartered Accountants Act, 1949 before the adoption of the Constitution shows

the paramount importance accorded to the profession to act as custodian of transparency and integrity.

The Indian accountancy professional has evolved from a number-crunching statistician to a strategist to a value creator and finally to be a change agent. Today, the profession is regarded as an 'institution of public trust' and the Chartered Accountants are expected to act as 'conscience keepers of the economy'. No doubt, the Hon'ble former President of India Dr. Abdul Kalam had rightly described the Institute as a "Partner in Nation Building!

With the Government initiating a series of reforms and initiatives like the Insolvency and Bankruptcy Code and GST, I have no hesitation to acknowledge that successful implementation and smooth rollout of all these schemes could not have been possible without the active support of this profession. Today, on the occasion of 'GST Day', I would like to compliment your profession for its contribution, suggestions and support for the successful implementation of GST regime.

....Accountancy has been included in the top 12 champion sectors by the government that will have

the power to boost the economy of the country...

...Success of GST would not have happened without the support and active contribution of ICAI. He further proclaimed that the Chartered Accountants are change agents and also the conscience keepers of the profession as well as for their clients, who ensure that their clients pay their taxes truthfully.

...With accounting having become the language of global business, the scope of your profession has really broadened and today's CA has to be truly versatile. I note with immense satisfaction the global strides your profession has made and the larger role the institution is playing in global forums. Equally satisfying is your re-orientation of the accounting profession to the imperatives of the digital era. With the growth of the economy, the expectations from your profession have increased manifold to appropriately guide the business houses on the path of development."

*(In his address at 70<sup>th</sup> CA Day Celebration held at New Delhi on 1<sup>st</sup> July, 2019)*

"I am happy to know that ICAI, working under the overall supervision of Ministry of Corporate Affairs, is making tremendous contribution to business and industry. ICAI has always been closely associated with growth and development of Indian economy, in addition to meeting its regulatory obligations.

I hope that the ICAI will continue to play a strategic role in providing value added services to all its stakeholders."

*(In a message published in The Chartered Accountant journal July 2019 issue)*

(Compiled by Editorial Board Secretariat of the ICAI. Comments can be sent to [eboard@icai.in](mailto:eboard@icai.in))

## Shri Narendra Modi, Hon'ble Prime Minister of India



"Heartfelt gratitude for the invaluable contribution to PM-CARES Fund by The Institute of Chartered Accountants of India that has strengthened the efforts of the nation in its fight against the Corona pandemic. Your contribution will further our endeavour of providing civil assistance and enhancing disaster management capabilities..."

...Every contribution is crucial in the fight against Corona. Through people's participation and awareness, we will surely be able to defeat Corona. I once again thank you for your contribution towards the PM-CARES Fund.

..With best wishes for good health and well being."

*(In a message to ICAI President CA Atul Kumar Gupta on 11<sup>th</sup> May, 2020)*

"The seven-decade old journey of ICAI has been a glorious one. Chartered Accountants (CAs) have been shouldering the onerous responsibility of keeping the financial systems of the nation in good health. Chartered Accountants of India have earned laurels across the globe for their dexterity in financial skills. It is important that they continue

to perform their duties with transparency and commitment.

Chartered Accountants are the ambassadors of any country's economic system. Their work is that of an interface between the government and the taxpayers. Developing dynamic systems and utilizing latest technological advancements to update the skill sets if the CA Fraternity will go a long way in realizing the vision of New India."

*(In a message published in The Chartered Accountant journal July 2019 issue)*

"Our hardworking CA fraternity helps keep the world of business healthy and they are also contributing to make the nation healthy, making the fight against COVID-19 stronger by the contribution to PM-CARES. #IndiaFightsCorona"

*(In his Tweet on Apr 11, 2020)*

"The hardworking fraternity of Chartered Accountants has been furthering the culture of honesty and better corporate governance in our society.

CAs also play a key role in advancing economic prosperity. Today, on CA Day, my best wishes to all CAs for their future endeavours."

*(In his Tweet on the CA Day 1<sup>st</sup> July, 2019)*

## Shri Amit Shah, Hon'ble Home Minister of India

"On Chartered Accountants Day, I convey my best wishes to all CA friends. Indian Chartered Accountants are known for their unparalleled financial skills and they have played a vital role in India's economic growth."

*(In his Tweet on the CA Day 1<sup>st</sup> July, 2019)*



## Smt Nirmala Sitharaman, Hon'ble Minister of Finance and Corporate Affairs



"Thanking all members, students and employees of ICAI for your contribution to #PMCareFund. #IndiaFightsCorona"

*(In her tweet on Apr 9, 2020)*

## CA. Piyush Goyal, Hon'ble Union Minister of Railways, and Commerce and Industry

"Chartered Accountants are essential pillars of the economic system and signify trust in the financial system of the country. Being a Chartered Accountant myself, I know the major role they play in tackling corruption and promoting ethics and accountability in the economic system. It is essential to spread knowledge and values in young students

as well so that they are able to carry out the tasks expected of Chartered Accountants later in life."

*(In a message published in The Chartered Accountant journal July 2019 issue)*





"We will have to become active stakeholders, active participants in this journey, active support to entrepreneurs who can make this journey towards \$5 trillion economy happen and I am sure the vision that the Institute of Chartered Accountants of India has decided as vision 2030, 'to be the world's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accounting, assurance, taxation, finance and business advisory services.' I am quoting from your vision and I am sure if you take the vision in its entirety, there is no better way to express our prime responsibility as professionals who have to serve Indian industry, business and Indian economy that we will have to become active participants in this journey. In fact I am glad that curriculum of the Institute has also continuously upgraded and evolved to make it more and relevant to the 21<sup>st</sup> century focused on strategy and innovation.

Let's also contribute towards society by becoming a part of TRIFED a new initiative of the government to help them participate in the 5 trillion dollar economy journey and show that the Chartered Accountants not only are good at accounting but

also have a heart of gold."

*(In his address at 13<sup>th</sup> ICAI Awards in Mumbai on 14<sup>th</sup> January, 2020)*

"Stay Home But Not Behind: The Institute of Chartered Accountants of India has taken proactive steps to safeguard its members and students by providing state-of-the-art online training courses, which can be taken anywhere & anytime."

*(In his social media post update on 23<sup>rd</sup> March, 2020)*

Extremely proud and happy to note the contribution by @TheICAI students, members and employees towards the PM-CARES Fund. In this hour of need, the support of my CA fraternity will be of great help as #IndiaFightsCorona.

*(In his tweet on 1<sup>st</sup> April, 2020)*

"Wish all my fellow Chartered Accountants a happy CA Day. CAs are the backbone of our financial system & maintain the sanctity of accounts. We CAs have a can-do attitude. Whether we want to do it for the public good or for a myopic good is a choice we have to make."

*(In his Tweet on the CA Day 1<sup>st</sup> July, 2019)*

### Shri Arvind Sawant, Hon'ble Union Minister of Heavy Industries and Public Enterprises



Chartered Accountants fraternity is effectively and efficiently contributing in the overall economic and social development of the Country. Contribution of Chartered Accountants in developing new policies, sound accounting and auditing practices, and GST implementation is significant. Today Indian

chartered accountancy education is internationally benchmarked, creating many opportunities for Indian professionals in foreign jurisdictions. Large numbers of Indian chartered accountants are rendering their best services overseas.

*(In a message published in The Chartered Accountant journal July 2019 issue)*  
*(In her tweet on Apr 9, 2020)*

### Shri Anurag Singh Thakur, Hon'ble Minister of State-Finance and Corporate Affairs

"The Chartered Accountancy profession has a proud history of innovation and reforms, an unwavering commitment to ethics and integrity. Today the role of Chartered Accountants is undergoing a dynamic change. In the present scenario of globalization, the importance of accounting professionals as strategy formulators and facilitators has increased tremendously.

The contribution of the ICAI in the growth and development of accountancy profession is now well established and also recognized nationally and internationally. The Chartered Accountants play an integral role for development of the economy and are critical stakeholders in enabling process of sustained growth. They act as pillars of trust, integrity and play a proactive role in responsible governance of financial management and discipline."

*(In a message published in The Chartered Accountant journal July 2019 issue)*

"I am happy to know that ICAI is taking all possible steps and making all efforts for mutual recognition agreements with foreign accounting institutes which is the first step of for promoting exports of accountancy services in the overseas market..."



...accountancy professionals should work hand in hand with Government and Members should choose entrepreneurship, contribute in public interest projects and be enabling partners in India's economic growth. The legacy of CA profession and its alma mater is built on the strong foundations of contributions made by ICAI members, as well as on the support of Government and other stakeholders.

It is a responsibility of a CA to provide catalyst role for increasing and sustaining the double-digit

# In Quotes

growth, good governance and competitiveness growth of learning experience of auditing, accounting, a prudent financial management. I am happy to note, the various initiative taken by ICAI to play a greater role in economic development and to uphold public confidence.

The profession has moved much beyond performing

accountancy functions and has been contributing by giving inputs to the government and various regulators in the area of financial markets, taxation, corporate laws, economic laws, bringing reforms in the government accounting.”

*(In his address at 70<sup>th</sup> Annual Function of ICAI held at New Delhi on 12<sup>th</sup> February, 2020)*

## Shri OM Birla, Hon’ble Speaker of Lok Sabha



“In my visits abroad, I have found Indian Chartered Accountants playing important role in companies there. While playing these roles they also acquire knowledge that is brought to India for the development. You successfully work in all forms of organisations whether

in public or private sector, with transparency for economic growth. You also work to create systems in the entire organisation and help them to bring it to profitable position.

...due to your methodical finance administration skills, you have played an extensive role in bringing in financial control and transparency in the government as well.

... even you can lead the world economy by playing an important role in the right manner. You are versatile.”

*(In his address at 70<sup>th</sup> Annual Function of ICAI held at New Delhi on 12<sup>th</sup> February, 2020)*

“I welcome you all to this noble profession wherein you can contribute whole heartedly to the economic development of this nation. The competition is very high in this profession and it requires hard work and dedication to achieve it. Let’s celebrate this day as Siddhi Diwas, for celebrating the hard work you have put in.”

*(In his address to newly qualified CAs at New Delhi on 31<sup>st</sup> August, 2019)*

## Shri Arjun Ram Meghwal, Hon’ble Minister of State for Heavy Industries and Public Enterprises, and Parliamentary Affairs

The contribution of ICAI in the growth and development of accountancy profession has been well recognized. In the present scenario of globalization, the importance of accounting professionals as strategy formulators and facilitators has increased tremendously.

Chartered Accountants are considered to be the guardians of financial decorum. They have also been recognized for playing a dynamic role in

ensuring stability and sustainability of the nation. The Indian Chartered Accountants have succeeded in meeting the rapidly changing demands of the businesses.

*(In a message published in The Chartered Accountant journal July 2019 issue)*



## Shri Injeti Srinivas, the then Secretary, Ministry of Corporate Affairs



“It is because of the inherent strength of this great institution that has helped it sustain all these decades with such greatness. The world economy is changing rapidly and these times are a great opportunity for ICAI to emerge as the steel frame of corporate governance in India...”

...Chartered Accountants’ views should be reliable; it should depict true and fair view of the financial wealth of the organization...

...Professional standards and professional ethics are the backbone of CA profession which bring good governance...

...The contribution of ICAI in the growth and development for the role it has played in training Chartered Accountants who are uniquely equipped to meet the challenges of today’s complex business environment. However, it is necessary that the accounting professionals keep pace with the new challenges and come out with effective solutions to ensure reliability of financial statements, which is the core ingredient of good governance.

I convey my best wishes to the ICAI fraternity and I am sure in the years to come, the Institute of Chartered Accountants of India will scale newer heights in its service to the nation.”

*(In a message published in The Chartered Accountant journal July 2019 issue)*

### CA. Arun Singh, Hon'ble Member of Parliament, Rajya Sabha

"Referred as 'Partner in Nation Building', ICAI is making noteworthy contributions as a regulator, standard setter and an educator. I will rate the organisation very high. I understand that the education was restructured recently to benchmark it to the best in the world. The Indian standards are also aligned to the international standards taking the functioning of business in proper direction. As a regulator too, ICAI has been following a policy of positive reinforcement through education and sensitising members to imbibe ethical conduct. In cases of deviations, errant members are also subject to disciplinary actions.

Working under the Ministry of Corporate Affairs, ICAI is making tremendous contribution to business and industry. The Institute has been closely associated with growth and development of Indian economy. Institute has recently decided to open

a Representative Office in newly formed Union Territories (UTs) of Jammu & Kashmir and Ladakh in Srinagar and Leh respectively and has also waived 75% registration fee for the students registering from UTs of Jammu & Kashmir, Ladakh, and from 8 North-Eastern States, for all level of CA Course, i.e., Foundation, Intermediate and Final. I hope Institute will continue to play a strategic role in providing value added services to stakeholders. Utilising the latest technological advancements, the Chartered Accountants will go a long way in meeting the expectations of its stakeholders and realising the Indian vision."



*(In an interview published in The Chartered Accountant journal February 2020 issue)*

### Shri Devendra Fadnavis, the then Hon'ble Chief Minister of Maharashtra



"Chartered Accountants play a very vital role, especially in financial and economic sector. Happy #CADay to important pillars of society, the Chartered Accountants!"

*(In his Tweet on the CA Day 1<sup>st</sup> July, 2019)*

### CA. Suresh Prabhu, Hon'ble Member of Parliament, Rajya Sabha and Prime Minister's Sherpa to G 7 and G 20

"The role of Auditor and Assurance service provider is challenging, and they have to give best to the society and play their role of auditor with utmost sincerity."

*(In his address in ICAI Global Webinar report published in May 2020 issue of the Journal)*



### CA. Thomas Chazhikadan, Hon'ble Member of Parliament (Lok Sabha)



"Accountancy profession is a crucial link in real time data processing and its future is crucially linked with the expertise and knowledge in Block Chain, Artificial Intelligence and Machine Learning, to name a few. Government has brought about a revolutionary change in accounting and taxation landscape of the country with specific mention of Ind AS, the cross-pollination of ICAI

with various foreign accounting bodies through MOU/ MRAs and the reduced corporate taxation rates. I express my gratitude towards the CA fraternity including the Super 7 in the Parliament and vow to uphold the ethics taught by our profession, which made every CA feel motivated and privileged."

*(In his address on ICAI International Conference held at Mumbai in December 2019)*



## Some Reflections on a Glorious Journey of ICAI and Indian Accountancy Profession

*ICAI celebrated the historic occasion of its Platinum Jubilee last year, looking back it is worth revisiting the glorious journey of accountancy profession over the decades. Here are some glimpses ICAI's story of professional panache and perseverance over its last 71 years.*



Shri G. P. Kapadia, garlanding the Chief Guest Dr. C. D. Deshmukh. (1950-51)



Shri V. Narhari Rao, C&AG of India, speaking on 'Role of an Accountant & Auditor in National Economy'. Left to right: Shri G. P. Kapadia, Shri V. Narhari Rao, Shri S. Vaish, Shri G. Basu and Shri N. R. Mody. (1952-53)



Shri V. Narhari Rao, C&AG of India, speaking on 'Role of an Accountant & Auditor in National Economy'. Left to right: Shri G. P. Kapadia, Shri V. Narhari Rao, Shri S. Vaish, Shri G. Basu and Shri N. R. Mody. (1951-52)



Dr. Rajendra Prasad, the first President of India, cutting the tape on 2<sup>nd</sup> April 1954 while declaring open the ICAI building in New Dehi. (L to R) – Shri S Vaish, Dr. Rajendra Prasad, Shri G. Basu and Shri Kothari of Master, Sathe and Bhutta (architects). (1953-54)

Shri A. K. Roy, Senior Member, Central Board of Revenue, Ministry of Finance speaking on 'Role of an Accountant in Tax Proceedings'. Left to right: Shri G. P. Kapadia, Shri A. K. Roy, Shri S. Vaish, Shri G. Basu and Shri N. R. Mody, President, ICAI. (1954-55)





# A Photo Journey



Shri Lal Bahadur Shastri, Minister for Commerce and Industry distributing prizes to successful candidates at the 25<sup>th</sup> Council meeting in September 1958. Shri S. Vaidyanath Iyer President, ICAI, is also seen in the photograph. (1958-59)



Shri C. C. Chokshi, President, ICAI, addressing the opening session of the 3<sup>rd</sup> Conference of Chartered Accountants on 24<sup>th</sup>-28<sup>th</sup> December, 1959.  
1959-60



Photo taken on the occasion of Shri Fakhruddin Ali Ahmed, Minister for Industrial Development and Company Affairs, visit to ICAI. Shri Rameshwar Thakur, President ICAI is also seen in the picture.  
1966-67



Hon'ble Shri Morarji R. Desai, Dy. Prime Minister of India addressing the All India Seminar on Taxation and National Development organised by ICAI. Shri V. B. Haribhakti, President, ICAI, is also seen in the picture.

1967-68

# A Photo Journey



Hon'ble Minister Shri Fakhruddin Ali Ahmed, Minister of Industrial Development and Company Affairs laying the foundation stone of the Annexe of the Institute building at New Delhi.

1968-69



Shri Jayprakash Narayan addressing at the concluding day of the All India Conference of Chartered Accountants – 1969. Shri H. B. Dhondy, President, ICAI is also seen in the picture.

1969-70



Mr. Justice A. Alagiriswami, pressing the button to open the Annexe of the Institute's building. Shri M. C. Bhandari, President, ICAI is also seen in the picture.

1970-71



Hon'ble Shri M Hidayatullah, CJI addressing the 21<sup>st</sup> Annual Meeting. Shri H. B. Dhondy, President, ICAI is also seen in the picture.



Shri R. Ranganathan, C&AG of India on the occasion of the laying of the foundation stone of the CIRC at Kanpur on February 4<sup>th</sup>, 1972. At the centre Shri A B Tandon, President, ICAI and on his left Shri V. K. Dafaria, Chairman, CIRC.

1971-72

# A Photo Journey



Shri Fakhruddin Ali Ahmed, President of India at the first ever Commonwealth Conference of Accountants held at Ashoka Hotel, New Delhi in 1975. Others seen from L to R: Shri R. K. Khanna, Chairman, Reception Committee, Shri N. C. Krishnan, President, ICAI and Shri S. K. Gupta, Chairman, Conference Committee. (1974-75)



H. E. Thiru K. K. Shah, Governor of Tamil Nadu inaugurates the research block of the Institute at Madras. 1975-76



Hon'ble Dr. V. A. Seyid Muhammad, Minister of State for Law, Justice and Company Affairs, addressing the 27<sup>th</sup> Annual Meeting of the Council of the ICAI at New Delhi. Shri B. R. Maheswari, President, ICAI (second from left) is also seen in the picture. (1976-77)



Group photo at the Bhoomi Poojan ceremony for the New regional council Building at Bombay. Shri B. L. Kabra, President, ICAI, Shri P. M. Narievala and Shri N. P. Sarda are also seen in the picture. (1977-78)

Mr. Jagan Nath Kaushal, the then Hon'ble Minister for Law, Justice and Company Affairs, formally releasing the special issue of the journal 'The Chartered Accountant'. (1981-82)





# A Photo Journey



Shri P. N. Shah, President ICAI (extreme right), speaking on the occasion of First S. Vaish Memorial Lecture at Kanpur on April 10<sup>th</sup>, 1984 on 'Time for Stock Taking'. Others seen from L to R: Justice Shri R. C. Pathak of Supreme Court of India, Dr. R. C. Vaish, Central Council Member, Shri M. C. Cokhroo, Chairman CIRC. (1983-84)



Photograph of Shri R. Balakrishnan, President, ICAI, with H.E. Giani Zail Singh, President of India on May 6, 1987. Shri Anil K. Khanna, Chairman, NIRC is also seen in the picture. (1986-87)



Photograph of His Excellency Giani Zail Singh, President of India, inaugurating the 10<sup>th</sup> Conference of the Confederation of Asian and Pacific Accountants (CAPA) held in New Delhi at Asiad Auditorium on 21<sup>st</sup> November, 1983.



Shri R. Balakrishnan, President, ICAI, Shri S. K. Dasgupta, Vice-President, ICAI, Secretary, ICAI, and Members of Executive Committee with H. E. Shri R. Venkataraman to felicitate him on his election as the President of India.



Shri P. A. Nair, President ICAI, and Shri R. Balakrishnan, Vice-President ICAI with Shri N.D. Tiwari, Union Minister for Industry. Shri R. L. Chopra, Secretary ICAI and Dr. Kamal Gupta, Technical Director are also seen in the picture. (1985-86)



# A Photo Journey



Shri S. K. Dasgupta, President, ICAI and Shri K. G. Somani, Vice-President, ICAI, with H. E. Dr. Shankar Dayal Sharma, Vice-President of India along with Shri Laxminiwas Sharma, Central Council Member and Shri R.L. Chopra, Secretary, ICAI.  
(1987-88)



Shri B. P. Rao inaugurating the Silver Jubilee Regional Conference of SIRC on November 20, 1993.  
(1994-95)



Shri K. G. Somani, President ICAI presenting a copy of January 1989 issue of 'The Chartered Accountant' Journal to Shri S. B. Chavan, Hon'ble Union Minister for Finance.  
(1988-89)



Picture of the Inaugural session of the International Seminar on WTO and the Accountancy Profession. Seen from L to R are Shri T. S. Vishwanath, Vice-President ICAI, Shri Rameshwar Thakur, Past President ICAI, Shri Y. M. Kale, President ICAI, Shri John W. Gruner, Director General IFAC, Shri Juan R. Herrera, President IFAC and Shri Harijiban Banerjee, President ICWAI.



Shri K. G. Somani, President ICAI, along with the office bearers of the Northern Indian Regional Council with H. E. Dr. Shankar Dayal Sharma, Vice-President of India.



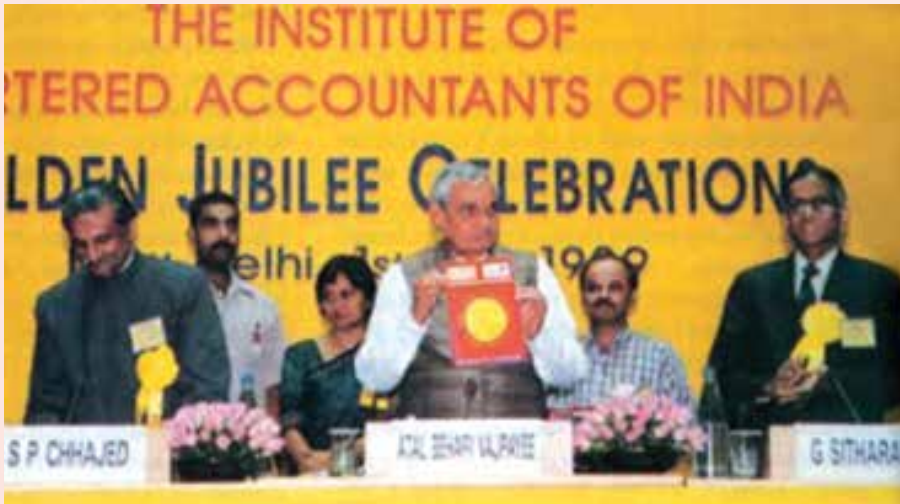
Mr. N. K. P. Salve, Member of Parliament, addressing a meeting of Chartered Accountant Members of Parliament organised by ICAI. Others seen (L to R) are: Mr. Suresh P. Prabhu, Mr. Suresh Bahedia, Mr. K. Rehman Khan, Mr. R. K. Kumar, Members of Parliament, and Mr. T. S. Vishwanath, President ICAI.

1996-97

# A Photo Journey



West Bengal Governor, H. E. Dr. A. R. Kidwai inaugurated the Institute's Golden Jubilee Conference as Shri Rahul Roy, President ICAI, Shri S. P. Chhajed, Vice President ICAI and other dignitaries watch.  
(1998-99)



Prime Minister Shri Atal Bihari Vajpayee releasing the Golden Jubilee Issue of 'The Chartered Accountant'. Also seen are Shri S. P. Chhajed, President ICAI, Ms. Bhavana Doshi, Central Council Member and Shri G. Sitharaman, Vice-President ICAI.

(1999-00)



Hon'ble Prime Minister of India, Shri Atal Bihari Vajpayee, releasing the syllabus of New Scheme of education and training at International Conference on August 20th, 2001. Others seen in the picture are (L to R): Mr. Arun Jaitley, Minister for Law, Justice and Company Affairs, Mr. N. D. Gupta, President ICAI, Mr. N. Nityananda, Chairman, Board of Studies and Mr. Suresh Prabhu, Minister of Power.

(2001-02)



# A Photo Journey



Hon'ble Shri Arun Jaitley, Union Minister of Law, Justice and Company Affairs inaugurated the Institute's Building at Vishwas Nagar, New Delhi on 2<sup>nd</sup> February, 2002. Shri N. D. Gupta, President, ICAI, (third from left) is also seen in the picture.



Photo on the occasion of International Conference on 'Accounting Profession: Adding Value to New Horizons of Economic Growth' organised by the ICAI on September 1-2, 2005. Seen in the picture from L to R: Shri T. N. Manoharan, Vice-President, ICAI, Shri K. Rehman Khan, Deputy Chairman, Rajya Sabha, H. E. Dr. A. P. J. Abdul Kalam, President of India and Shri Kamlesh S. Vikamsey, President, ICAI.

(2005-06)



Shri Ashok Chandak, President, ICAI welcoming the newly elected Vice-President of India, Shri Bhairon Singh Shekhawat. Others seen in the picture are (from L to R) Shri R. C. Chandiwala, Shri Sunil Bhargava, Central Council Members of ICAI and Shri R. Bupathy, Vice-President, ICAI.

(2002-03)



Mr. Kamlesh S. Vikamsey, President, ICAI, (3rd from right) presented a cheque of ₹42.50 lakhs to the Hon'ble Union Minister of Company Affairs (Independent Charge), Shri P. C. Gupta for contribution to the Prime Minister's Relief Fund.

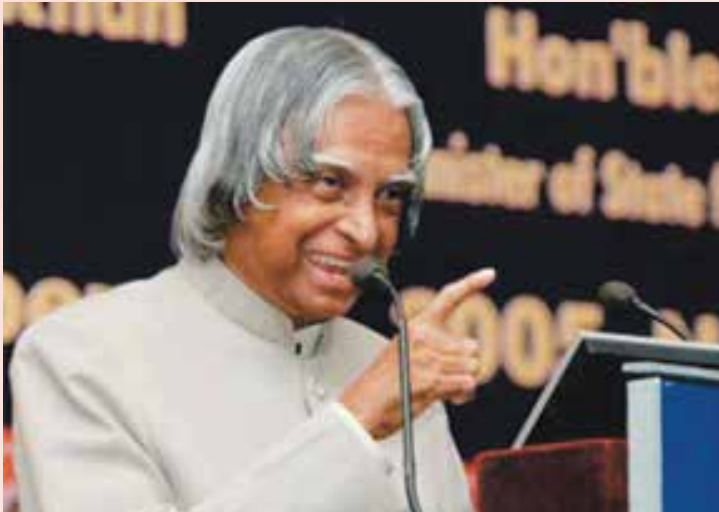
Others present on the occasion were Smt. Komal Anand, Secretary, Ministry of Company Affairs, Shri Jitesh Khosla, Joint Secretary, Ministry of Company Affairs, Shri T. N. Manoharan, Vice-President, ICAI and Dr. Ashok Haldia, Secretary, ICAI.



Shri Sunil Goyal presents a memento to the newly appointed Orissa Governor and former President of ICAI, Rameshwar Thakur during the 246<sup>th</sup> meeting of the Council of the ICAI. Shri Kamlesh S. Vikamsey, Vice-President, ICAI, and Dr. Ashok Haldia, Secretary, ICAI, were also present among other dignitaries on the occasion.

(2004-05)

# A Photo Journey



H.E. President of India Dr. A P J Abdul Kalam at the inauguration of ICAI's International Conference on Accounting Profession: Adding Value to New Horizons of Economic Growth, at New Delhi on September 1, 2005. He described Indian CA fraternity as "Partner in Nation Building".



President, ICAI CA. TN Manoharan with Congress President Ms. Sonia Gandhi during a meeting.

(2006-07)



Lok Sabha Speaker Shri Somnath Chatterjee, Finance Minister of India Shri P. Chidambaram, CAG of India Shri V.N. Kaul, Deputy Chairman Rajya Sabha Shri K. Rahman Khan and ICAI President CA. Sunil Talati share the dais at the Seminar/Workshop on 'Initiatives and Status of Government Accounting Reforms in India and Migration to Accrual Accounting' organised for Members of Parliament at the Parliament House Annexe in New Delhi on May 9, 2007.

(2007-08)



From Left to Right: Dr. Ashok Haldia, Secretary ICAI, CA. T.N. Manoharan, President ICAI, Shri Somnath Chatterjee, Hon'ble Speaker of Lok Sabha and CA. Sunil H. Talati, Vice President ICAI share the dais at the 57th Annual Day Function of ICAI at New Delhi on February 4, 2007.

ICAI being honoured with 'Recognition of Excellence Award' by President of India Smt Pratibha Devisingh Patil in the presence of Minister of Corporate Affairs Shri Salman Khurshid, ICAI President CA. Uttam Prakash Agarwal, ICAI past president CA. Ved Jain and CA. NP Sarda, and Secretary Ministry of Corporate Affairs CA. R. Bandyopadhyay. (December 2009).

(2009-10)





# A Photo Journey



Prime Minister Shri Manmohan Singh with Minister of Corporate Affairs Shri Premchand Gupta, Rajya Sabha Deputy Chairman CA. Rahman Khan, ICAI President CA. Ved Jain and Vice President CA. Uttam Prakash Agarwal at the launch of ICAI Diamond Jubilee celebrations on July 1, 2008 at Vigyan Bhawan, New Delhi.  
(2008-09)



Shri Pranab Mukherjee, Union Finance Minister with CA. Amarjeet Chopra, President, ICAI and CA. G. Ramaswamy, Vice President, ICAI at the inauguration of the 42<sup>nd</sup> Regional Conference of SIRC .of ICAI at Kochi (November 27, 2010)



(from L to R) CA. Uttam Prakash Agarwal, President, ICAI; Mr. Vinod Rai, C&AG of India; Mr. Ernest Almonte, Chairman, AICPA and Mr. A.N.Chatterji, Deputy C&AG of India during AICPA Delegation visit to ICAI.



IFAC President Mr. Göran Tidström and its Executive Director Mr. Russell Guthrie, along with ICAI President CA. Jaydeep Narendra Shah, visit and meet Union MCA Minister Shri Sachin Pilot (October 30, 2012)  
(2012-13)



CA. K. Rahman Khan, Deputy Chairman, Rajya Sabha and Shri Salman Khurshid, Minister of Corporate Affairs (Independent Charge) with CA. Amarjeet Chopra, President, ICAI and CA. G. Ramaswamy, Vice President, ICAI during 62<sup>nd</sup> CA Day celebrations at Vigyan Bhawan, New Delhi (July 1, 2010)  
(2010-11)

# A Photo Journey



ICAI President CA. Jaydeep N. Shah, ICAI Vice President CA. Subodh Kumar Agrawal and Chairman, PDC CA. Charanjot S. Nanda in a meeting with Finance Minister Shri Pranab Mukherjee and Minister of Corporate Affairs Dr. M. Veerappa Moily on 24<sup>th</sup> February 2012 at New Delhi (2012-13)



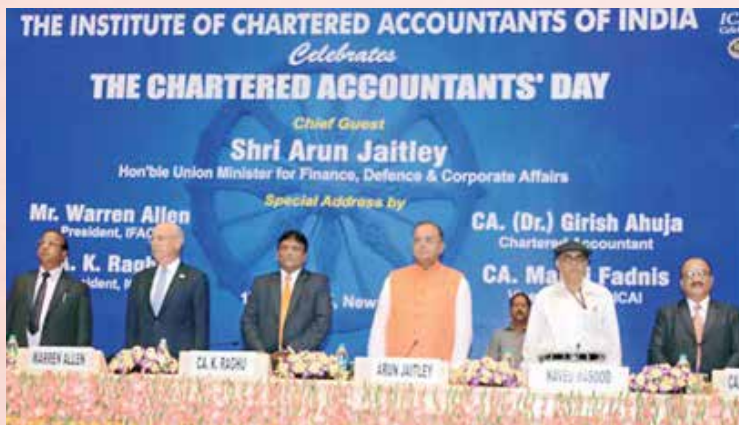
ICAI President CA. Subodh Kumar Agrawal discussing with Union MCA minister Shri Sachin Pilot (2013-14)



Minister of State, Road, Transport & Highways, Shri Krishan Pal with ICAI President CA. K. Raghu & ICAI Vice-President CA. Manoj Fadnis during inauguration of the Faridabad Branch Auditorium (14<sup>th</sup> June, 2014)



ICAI President CA. K. Raghu felicitates Lok Sabha Speaker Mrs. Sumitra Mahajan 15 June 2014



Chief Guest Union Finance Minister, Shri Arun Jaitley and Secretary of the Ministry of Corporate Affairs, Shri Naved Masood with ICAI President CA. K. Raghu & ICAI Vice-President CA. Manoj Fadnis commemorating 66<sup>th</sup> Foundation Day of ICAI on 1<sup>st</sup> July, 2014. (2014-15)



# A Photo Journey



Chief Guest Union Heavy Industries & Public Enterprises Minister Shri Anant Gangaram and Guest of Honour Member of Parliament Shri Arvind Sawant with ICAI President CA. K. Raghu & Central Council colleagues during inauguration of Convocation in Mumbai.



Chairman and Managing Director, Reliance Industries Ltd., Shri Mukesh Ambani is meeting with ICAI President CA. K. Raghu, also seen in the picture Central Council member CA. Nihar N. Jambusaria. (5<sup>th</sup> December 2014)



Chief Guest Dr. Subramanian Swamy, Member of Parliament and renowned economist with ICAI President CA. K. Raghu also present Central Council Member CA. Sanjeev Singhal & CA. Prafulla P. Chhajed



Guest of Honour Rajya Sabha MP Shri (CA.) K. Rahman Khan and the Chief Guest Union Railway Minister Shri (CA.) Suresh Prabhu together with ICAI President CA. Manoj Fadnis & ICAI Past President CA. K. Raghu fondly celebrating the moments on the occasion of ICAI International Conference (29<sup>th</sup> January, 2015)



Hon'ble Lok Sabha Speaker, Smt. Sumitra Mahajan in a meeting with ICAI President CA. Manoj Fadnis. (15<sup>th</sup> February, 2015)



Jury Head (and Aditya Birla Group Chairman) Shri Kumar Mangalam Birla with ICAI President CA. Manoj Fadnis applauds the moments (17<sup>th</sup> December 2015)



One among ICAI members CA. Mohandas Pai receives the third highest civilian award Padma Shri from the President of India, Shri Pranab Mukherjee (8<sup>th</sup> April 2015)

# A Photo Journey



Chief Guest Union Minister of State for Finance Shri Jayant Sinha with ICAI President CA. Manoj Fadnis & ICAI Vice-President CA. M. Devaraja Reddy at 66<sup>th</sup> Annual Function organised of ICAI in New Delhi on February 11, 2016 (2015-16)

Chief Guest Union Defence Minister Shri Manohar Parrikar lighting the lamp at 68<sup>th</sup> CA Day celebrations at Vigyan Bhawan in New Delhi on 1<sup>st</sup> July 2016 in presence of ICAI President CA. M. Devaraja Reddy & ICAI Vice-President CA. Nilesh Vikamsey. (2016-17)



Chief Guest Hon'ble Union Minister of Urban Development, Housing and Urban Poverty Alleviation and Information & Broadcasting Minister Shri M. Venkaiah Naidu with ICAI President CA. M. Devaraja Reddy & ICAI Vice-President CA. Nilesh Vikamsey also seen Manoj Fadnis on 22<sup>nd</sup> October 2016 on the occasion of ICAI's International Conference in Hyderabad.

ICAI Keeps its Scheme of Education and Training in Tune with Times with launch of its latest edition by Prime Minister Shri Narendra Modi on CA Day coinciding with inception of GST day celebrated on July 1, 2017 in presence of ICAI President Nilesh S Vikamsey with council colleague CA. Atul Kumar Gupta. (2017-18)





# A Photo Journey



Chief Guest Hon'ble President of India Shri Ram Nath Kovind along with Shri Manoj Sinha, Union Minister of State (Independent Charge) for Communications and Guests of Honour Minister of State for Railways and Shri P. P. Chaudhary, Union Minister of State for Corporate Affairs & Law and Justice with ICAI President CA. Naveen N D Gupta and ICAI Vice-President CA. Prafulla P. Chhajed at the launch of ICAI Platinum Jubilee celebrations in New Delhi on 1<sup>st</sup> July, 2018. Also seen in picture ICAI Past President CA. M. Devaraja Reddy and Ms. Rachel Grimes, President, IFAC.



Hon'ble Speaker of Lok Sabha Shri Om Birla as Chief Guest and Hon'ble Minister of State for Corporate Affairs, Finance, Shri Anurag Singh Thakur, as the Guest of Honour at 70<sup>th</sup> Annual Function of ICAI in presence of ICAI President CA Prafulla P. Chhajed & ICAI Vice President CA Atul Kumar Gupta. (2019-20)



Home Minister of India Hon'ble Shri Amit Shah with ICAI President CA. Prafulla P. Chhajed & ICAI Vice President CA. Atul Kumar Gupta. (2019-20)



Chief Guest Hon'ble Vice-President of India Shri M. Venkaiah Naidu with ICAI President CA Prafulla P. Chhajed & ICAI Vice-President CA Atul Kumar Gupta (on the occasion Platinum Jubilee CA Day celebrations) at Vigyan Bhawan in New Delhi (1<sup>st</sup> July 2019) (2019-20)

# A Photo Journey



Union Minister of State of Micro, Small and Medium Enterprises, Animal Husbandry, Dairying and Fisheries Shri Pratap Chandra Sarangi sharing dais with ICAI President CA. Prafulla P. Chhajed at an ICAI event. (2019-20)



Hon'ble Governor of Himachal Pradesh Shri Bandaru Dattatreya with ICAI President CA. Prafulla P. Chhajed & ICAI Vice-President CA. Atul Kumar Gupta during a Council meeting of The Institute of Chartered Accountants of India. (2019-20)



Smt. Smriti Zubin Irani, Hon'ble Minister of Women and Child Development and Minister of Textiles with ICAI President CA. Prafulla P. Chhajed at an ICAI event for women empowerment. (2019-20)



Smt. Nirmla Sitharaman, Hon'ble Union Minister of Finance & Corporate Affairs with ICAI President CA. Atul Kumar Gupta during her visit to ICAI. (2020-21)



# Building Future Ready Professional Accountants

*ICAI, being one of the premier professional accountancy bodies in the world, spares no efforts to continuously strengthen the system of education and training to enable aspiring chartered accountants to acquire the competence (i.e., the skills and expertise) which the profession requires. In order to attain this objective, the Scheme of Education and Training is reviewed periodically. The objective of periodic review is to ensure that the scheme of education and training continues to be contemporarily relevant and provides a professional environment in which aspiring chartered accountants upgrade their skills and values in addition to enhancing their professional knowledge. Read on.....*

The Council of ICAI had, in the year 2013, constituted a Committee for Review of Education and Training (CRET) including Five Regional Committees. Stakeholders views were invited on the various proposals relating to the scheme. After considering the inputs from stakeholders and studying the best practices followed by international accountancy bodies as well as the international education standards (IESs), the Revised Scheme of Education and Training was formulated and implemented with effect

Contributed by  
the Board of Studies (Academic) of ICAI



from 1<sup>st</sup> July, 2017. Board of Studies (BOS), the department which is the Institute's interface with aspiring chartered accountants (aspiring CAs), has been continuously striving to add value to its publications and services provided to them. Through its E-learning initiatives and virtual classes, it has worked towards bridging the distance learning gap.

To give academic education its due importance, this year, the activities of the BOS have been segregated under two separate committees, namely, BOS (Academic) and Students Skills Enrichment Board.

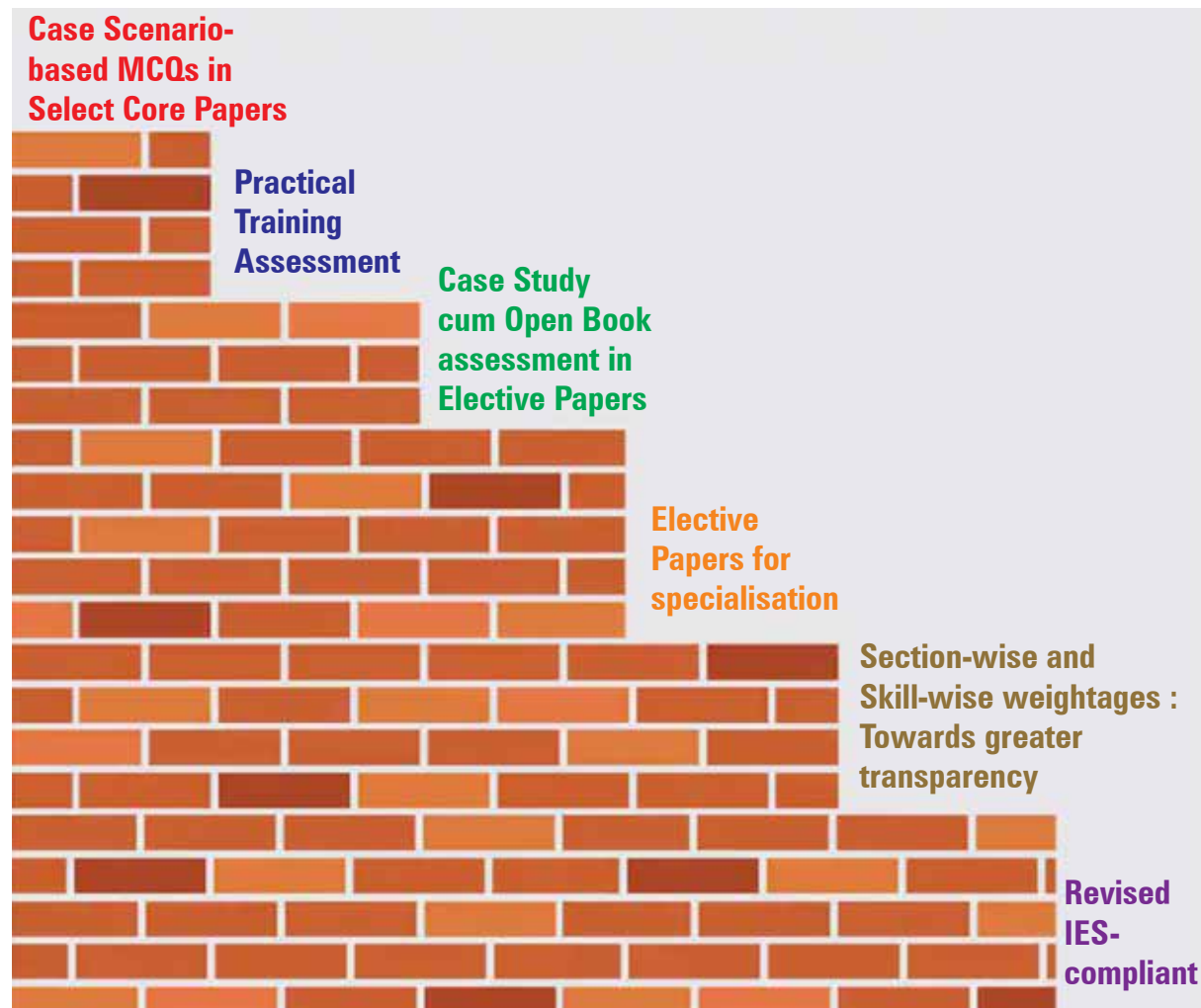
## **A. Initiatives under the Revised Scheme of Education and Training**

It has been the constant endeavour of the Institute to keep pace with the developments in the economy and gear up aspiring CAs to face every challenge. Accordingly, the Revised Scheme of Education and Training has been formulated by ICAI in sync with the requisites of the dynamic global business environment. In this scheme, the technical competence, professional skills and professional values, ethics and attitudes to be acquired by aspiring CAs during the initial professional development (IPD) have been redefined and upgraded in order to enable them to take on new roles once they qualify as a chartered accountant. IPD is the period from the point of entry to the point of qualification.



# Academic Initiatives

## Significant features of the Revised Scheme of Education and Training



### Revised IES-compliant

The International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC) is an independent standard-setting body that serves the public interest by establishing standards in the area of professional accounting education (PAE). These standards are referred to as International Education Standards (IESs).

**ICAI, being a member body of IFAC, has to comply with the membership obligations laid down by IFAC through its Statement of Membership Obligations (SMOs). SMO 2 mandates IFAC member bodies to adopt and implement the IESs.**

In the Revised IESs, there has been a marked shift from input based approach to competence

based approach, where learning outcomes are defined for each competence area. An APA has to demonstrate the achievement of the learning outcomes under the different competence areas in the written examinations and in the workplace assessments.

An aspiring professional accountant (APA) is required to achieve the desired level of professional competence over the term of IPD. **Technical Competence (IES 2), Professional Skills (IES 3) and Professional Values, Ethics and Attitudes (IES 4) together constitute Professional Competence.**

The Revised Scheme of Education and Training of ICAI is compliant with the principles enshrined in the IESs, thereby positioning Indian chartered accountants at par with global accounting professionals.

# Academic Initiatives

## IES 1 Entry Requirements to PAE program

### Requirement under IES 1

IES 1 prescribes that only those who have a **reasonable chance of success** should be allowed entrance to a PAE program. At the same time, the requirements should not represent excessive barriers to entry.

In effect, the principles for entry requirements to PAE program should be **neither too high (causing unnecessary barriers to entry) nor too low (causing individuals to believe falsely that they have a likelihood of completing the education successfully)**.

### Revised Scheme's compliance with IES 1

- **The Foundation examination** in the Revised Scheme is in line with the above objectives of IES 1. Its level is higher than the erstwhile CPT thereby ensuring that only those candidates who have a reasonable chance of success get entry to the CA course.
- There are four papers at the Foundation level, viz.  
Paper-1 Principles & Practice of Accounting,  
Paper-2 Business Laws & Business Correspondence and Reporting;  
Paper-3 Business Mathematics & Logical Reasoning & Statistics.  
Paper-4 Business Economics & Business and Commercial Knowledge.
- **Papers 1 and 2 are being examined by way of descriptive questions; and Papers 3 and 4 by way of MCQs with negative marking in order to maintain a balance in the difficulty level of the Foundation examination.**
- **Direct entry to graduates is continuing so that there are no unnecessary barriers to entry.**

## IES 2 IPD - Technical competence

### Requirement under IES 2

IES 2 prescribes the technical competence to be achieved by APAs by the end of IPD to perform the role of a professional accountant. This IES prescribes the **learning outcomes and the level of proficiency for each competence area**.

**A competence area is a category for which learning outcomes are prescribed.** The competence areas for technical competence broadly represent the subjects to be covered in the course. **Learning outcomes establish the content and depth of knowledge, understanding and application required for each specified competence area.** Learning outcomes can be demonstrated within the context of a work environment or PAE program.

The various competence areas prescribed by IES 2 are - Financial accounting and reporting, Management accounting, Finance and financial management, Taxation, Audit and assurance, Governance, risk management and internal control, Business laws and regulations, Information technology, Business and organizational environment, Economics and Business strategy and management.

IES 2 also prescribes **using case studies as one of the assessment activities to measure the achievement of technical competence of APAs.**

### Revised Scheme's compliance with IES 2

- The Revised Scheme incorporates the competence areas in **IES 2 in one or the other papers at the three levels of the CA course.**
- The syllabus of each subject **specifies the objective of the subject** i.e., what an aspiring CA will learn and be able to do after learning that particular subject.
- **Learning outcomes have been described for each topic in each subject** and aspiring CAs are expected to demonstrate these learning outcomes in their theoretical education and practical training.
- **The elective papers introduced in the Revised Scheme are case study based** in tandem with the requirement under IES 2. The six elective papers are Risk Management, Financial Services and Capital Markets, International Taxation, Economic Laws, Global Financial Reporting Standards and Multi-disciplinary Case Study
- **Partial MCQ based assessment, by way of independent MCQs and case scenario based MCQs, introduced in select core papers** is also in line with the requirement under IES 2.

# Academic Initiatives

## IES 3 IPD - Professional skills

### Requirement under IES 3

This IES prescribes the **professional skills that APAs need to develop and demonstrate by the end of IPD** to perform the role of a professional accountant

The competence areas of IES 3 are:

- (a) **Intellectual** – ability to solve problems, to make decisions and to exercise professional judgment.
- (b) **Interpersonal and communication** – ability to work and interact effectively with others
- (c) **Personal** – personal attitudes and behaviour.
- (d) **Organisational** – ability to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available.

### Revised Scheme's compliance with IES 3

- An aspiring CA will develop all the above attributes during **the mandatory three-year practical training under the CA course**.
- **Intellectual skills** will also be developed in the process of **academic education** while learning the various concepts and provisions and applying them in problem solving and addressing issues
- **Written Communication skills** will be developed in the process of presenting answers to theoretical questions as well as to questions requiring issues to be discussed and analysed
- **Specialised Integrated Course on Information Technology and Soft Skills** will equip an aspiring CA with adequate technical and interpersonal skills to perform up to the expectations of his Principal and other stakeholders.

## IES 4 IPD - Professional values, ethics and attitudes

### Requirement under IES 4

This IES establishes the professional values, ethics and attitudes that APAs need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

### Revised Scheme's compliance with IES 4

- Professional ethics is one of the competence areas in the Revised Scheme in Final Paper 3: **Advanced Auditing and Professional Ethics**. The ICAI has recently revised its Code of Ethics based on the 2018 edition of Code of Ethics issued by International Ethical Standards Board for Accountants (IESBA). The revised code places emphasis on the requirements and application material to enable professional accountants to meet their responsibility to act in the public interest. The revised Code of Ethics, when made applicable for chartered accountants, would be included in the curriculum under the competence area "Professional Ethics".
- The **exposure gained during the three-year practical training** will also help aspiring CAs imbibe the ethical values and attitudes required of a professional accountant



# Academic Initiatives

## IES 5 IPD - Practical experience

### Requirement under IES 5

IES 5 lays down that APAs should complete **sufficient practical experience** required to perform a role of a professional accountant.

### Revised Scheme's compliance with IES 5

- The USP of the CA course of ICAI is the **three year concurrent practical training** which every aspiring CA has to undergo **mandatorily**. This helps the aspiring CAs to apply the concepts learnt in theoretical education in practical scenarios real time, thus, honing their analytical and application skills as well as their oral and written communication skills.
- It is keeping in mind the importance of practical training in developing professionally competent chartered accountants, that a **two-level practical training assessment has been introduced** in the year 2018 to assess the professional knowledge and intellectual skills acquired by an aspiring CA in the course of practical training.

## IES 6 IPD – Assessment of Professional Competence

### Requirement under IES 6

The objective of **IES 6** is to assess whether APAs have achieved appropriate level of professional competence that is needed to perform a role of a professional accountant. Formal assessment of professional competence achieved by the end of IPD should be on the basis of the **outcomes of a range of assessment activities** undertaken during IPD. The assessment during IPD may be by way of –

- (i) A single **multi-disciplinary examination** conducted by the end of IPD
  - (ii) A **series of examinations** that focus on **specific areas of professional competence, conducted throughout IPD**
  - (iii) A series of examinations and **workplace assessments** conducted throughout IPD.
- Assessment activities should have a high level of reliability, validity, equity, transparency and sufficiency.

### Revised Scheme's compliance with IES 6

- **Examinations are conducted at three levels – Foundation, Intermediate and Final.** Foundation is the entry level examination. Intermediate and Final examinations are conducted during the period of IPD. Intermediate level has two groups of 4 papers each and Final level also has two groups of 4 papers each. When an aspiring CA has passed all the papers at the Final level, he qualifies as a chartered accountant.
- Under the Revised Scheme, **Case Study cum Open Book Examination** has been introduced for the first time in **Elective Papers** at the Final level. Each elective paper has 5 case studies of 25 marks each, out of which the candidates have to attempt any 4 in four hours. In each 25 mark case study, MCQ-based questions are for 10 marks and descriptive type questions based thereon are for 15 marks.
- **Partial Case scenario-based assessment has been introduced in select core papers** at the Intermediate and Final levels, wherein candidates would be assessed by way of 3 to 5 MCQs of 2 marks each based on a case scenario. The case scenario based MCQs are in addition to independent MCQs in these papers.
- **Weightages for sections (topics have been grouped into sections) and skills have been assigned for each paper and disclosed** to aspiring CAs thereby ensuring **transparency**, which is one of the principles of assessment under IES 6.
- **Two-level practical training assessment** has been introduced for assessing the professional knowledge and intellectual skills acquired by aspiring CAs during practical training. Thus, the requirement of workplace assessment prescribed by IES 6 is fulfilled.

# Academic Initiatives

## Elective Papers with Open Book-cum-Case Study based assessment

In the Revised Scheme of Education and Training, the concept of electives has been introduced at the Final level in line with the school of thought that **specialisation is the key to developing professionally competent chartered accountants**.

An aspiring CA has to choose one amongst the following six elective papers at the Final level in the Revised Scheme:



The pattern of assessment in these elective papers is open book and case study based. Candidates are allowed to bring any material as open book. A Case Study based assessment coupled with Open Book pattern of Examination facilitates **development of higher order analytical, evaluation and synthesis skills of aspiring CAs. It also encourages critical and creative thinking** and thus, is an appropriate method of assessment in an outcome-based education. Besides, an Open Book Examination also has a number of cognitive benefits like reducing anxiety and stress levels in candidates.

## MCQ-based and Case Scenario-based assessment

Objective type questions in the form of MCQs are an effective and efficient way to assess learning, not only at lower cognitive levels of comprehension and knowledge, but also at higher levels of application and analysis. They are consistent and reliable methods of assessment of professional competence, and facilitate effective evaluation.

**In line with global best practices** – In international professional accountancy bodies, like AICPA, CIMA, CPA Canada and CPA Australia, objective-type questions are very extensively used to assess the professional knowledge and higher order skills of application and analysis acquired by candidates. The scope for subjectivity in evaluation is completely eliminated, thereby, enhancing the credibility of assessment.

**Partial MCQ based assessment in Elective Papers** – To begin with, in the elective papers for which assessment is open book and case study based, the question paper has 5 case studies of 25 marks each out of which a candidate has to choose any 4. Each case study has 5 MCQs of 2 marks each totalling 10 marks and the remaining questions for 15 marks are descriptive. Thus, in the elective papers, assessment is 40% MCQ based.

**Partial MCQ based assessment in select core papers** - MCQ-based assessment for 30 marks has been introduced thereafter from May, 2019 examination, in the following select core subjects of Intermediate and Final course.

Intermediate Course	
Paper	Subject
2	Corporate and Other Laws
4	Taxation
6	Auditing & Assurance
7	Enterprise Information System & Strategic Management
Final Course	
Paper	Subject
3	Advanced Auditing and Professional Ethics
4	Corporate and Economic Laws
7	Direct Tax Laws and International Taxation
8	Indirect Tax Laws

Questions for 30 marks in each of the above papers were in the form of independent MCQs for 1 or 2 marks, assessing the knowledge as well as analytical and application skills of aspiring CAs.

Simultaneously, MCQ based assessment for 30 marks was also introduced in the corresponding core papers of the Old Scheme of Education and Training in order to ensure equity.

**Case Scenario-based Assessment in the 30 marks MCQ segment in select core papers** – From May, 2020 examination (postponed due

to COVID 19 pandemic), the 30 marks MCQ segment would comprise of both independent MCQs and Case scenario based MCQs. A case scenario with a few MCQs based on such scenario would help assess the analytical and application skills of aspiring CAs in a more effective manner.

## Ensuring Transparency in assessment -

Transparency can be ensured in an assessment based on MCQs, where a candidate would be marked “correct” or “incorrect” based on choosing one amongst the four alternatives. Since the answers can be either right or wrong; and the right answer would fetch full marks whereas the wrong would not fetch any, candidates would be able to assess their level of performance.

This would ensure transparency and credibility in assessment, while at the same time ensuring sufficiency in assessment, since the candidate has to be clear with the concepts and provisions; and has to possess the ability to apply such concepts and interpret the provisions of law to choose the correct answer. Therefore, MCQ based assessment satisfies the test of transparency and sufficiency in assessment.

## Section-wise and Skill-wise weightages : Towards greater transparency

Public disclosure of details of an assessment activity, for example, the competence areas to be assessed and their relative weightages, ensures high level of transparency.

Under the Revised Scheme of Education and Training, the entire syllabus of each subject is divided into sections by grouping topics into sections. Thereafter, weightages are assigned to each section considering the content coverage and relative significance of the topics in each section. Likewise, weightages are assigned for skills to be assessed in each subject, namely, comprehension and knowledge, analysis and application and evaluation and synthesis. The assessment of skills progresses from Foundation level to Final level in the following manner –

	Intermediate	Final
Foundation	Analysis and Application	Analysis and Application
Application	Comprehension and Knowledge	Comprehension and Knowledge
Comprehension and Knowledge	Evaluation and Synthesis	Evaluation and Synthesis

Thus, under the Revised Scheme of Education and Training, the competence areas to be assessed and the section-wise and skill-wise weightages have been communicated to the candidates, thereby ensuring high level of transparency.

The detailed syllabi of each subject as well as the section-wise and skill-wise weightages for each subject are webhosted at the BOS Knowledge Portal.

## Model Blue Print for Skill Assessment for a Competence Area [At Final level]

Section	Weightage (for each Section)	Content Area [Topics grouped together in a Section]	Skill Assessment		
			Comprehension and Knowledge	Analysis and Application	Evaluation and Synthesis
			15%-25%	40%-55%	25%-40%
I	10%-15%	2			
II	15%-25%	1			
III	20%-30%	3			
IV	25%-30%	4			
V	10%-20%	3			

## Practical Training Assessment

It would not be an overstatement to say that practical training is the bedrock on which ICAI's distinction as an esteemed professional institution has been strongly built. It is the Institute's firm belief that public interest would be protected and credibility of the profession would be enhanced only when those who meet the profession's competence requirements are permitted to be chartered accountants.



# Academic Initiatives

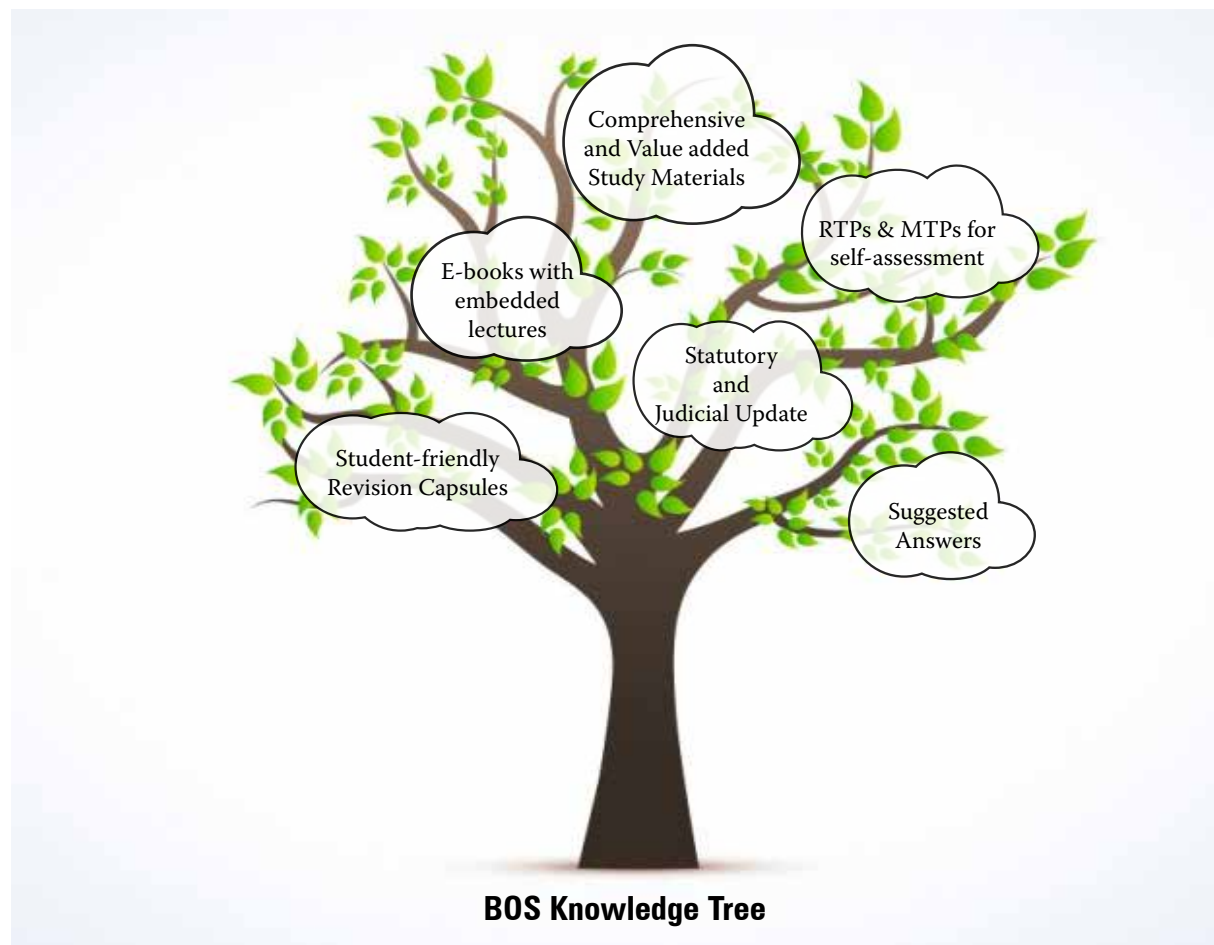
Completion of sufficient practical training is critical for ensuring achievement of professional competence expected from a chartered accountant.

The concepts learnt through theoretical education need to be effectively demonstrated during practical training. In order to ensure that aspiring CAs give due importance to practical training which they undertake simultaneously along with academic education, practical training assessment has been introduced from September, 2018.

Practical training assessment, which is currently optional, serves as an indicator of the level of knowledge and skills acquired by an aspiring CA in the course of practical training. The skills are assessed at two levels, namely, after completion of the first year and second year of practical training; and grades are awarded based on the performance

of the candidates. The compulsory subject area is Accounting and Auditing (including Corporate Laws and Current Affairs related to the profession) at both levels; and optional subjects are Direct Tax, Indirect Tax and Internal Audit. One optional subject has to be chosen at the first level and two optional subjects have to be chosen at the second level, in addition to the compulsory subject. The grades obtained in practical training assessment reflect the effectiveness of practical training undertaken by the aspiring CAs. In addition to the marks/ranks obtained by aspiring CAs in examination, the grades obtained in practical training assessment also play a role in facilitating the aspiring CAs in getting shortlisted/selected by reputed organisations which they desire to work for. At the same time, the grades also facilitate the prospective employers in identifying the right candidates for their organisation.

## B. Initiatives relating to Publications



## Integrated Study Materials equipped with student-friendly learning aids

**Publication of Study Material in booklets** - One may recall that Study Material published upto late 1990s was in the form of several thin booklets, intended to facilitate ease of handling. The Study Materials upto late 1990s contained only limited number of illustrations and questions. Concepts and provisions were described in some length, without much use of learning aids like tabular presentations, diagrams and flow charts. Thereafter, towards the turn of the century, the booklet form of publication was discontinued and Study Material started getting published in the form of a book.

**Introduction and discontinuance of Practice Manual** - In the year 2009-10, questions from past examinations were incorporated chapter-wise with answers in a separate publication titled "Practice Manual". This led to a reverse practice where aspiring CAs tried to learn concepts by solving questions in the Practice Manual. This practice had to be discouraged, since aspiring CAs are expected to first gain conceptual clarity by reading the concepts discussed in the Study Material and thereafter, hone their application skills, by applying the concepts learnt in solving questions contained in the Practice Manual, and not *vice versa*. Therefore, in order to encourage effective learning, publication of a separate Practice Manual was discontinued in the Revised Scheme of Education and Training. Instead, the questions contained in the erstwhile Practice Manual were incorporated in the Study Material itself in the form of illustrations explaining concepts and provisions as well as in the form of exercise questions at the end of each chapter. The intent was to encourage holistic learning by understanding the concepts first and thereafter, honing one's application and analytical skills by solving the questions based on such concepts.

**Value added Study Material with student-friendly learning aids** - Under the Revised Scheme of Education and Training, for designing the syllabi and developing Study Materials, specialised teams were formed for each subject. Each team was headed by a mentor who was a renowned subject expert and comprised of BOS faculty handling the subject as well as external subject experts. Content writing, the first stage of development of Study Material, involved

presentation of concepts and provisions in a student-friendly manner with the use of learning aids like diagrams, tabular presentations, flow charts etc. Illustrations were extensively used to explain the application of concepts and provisions. Learning Outcomes were designed and listed in the first page of each chapter of the Study Material. These learning outcomes describe what an aspiring CA would be able to understand, appreciate, apply and/or interpret after reading the chapter and solving the exercise questions given at the end of each chapter. These learning outcomes have been devised in line with the outcome approach under the Revised IESs. Maker checker approach was followed in spirit and content developed was reviewed by subject experts to enhance the quality of study material.

## Integrated Study Material incorporating questions from erstwhile Practice Manual

The Study Materials contain adequate practice questions, both in the form of examples and illustrations explaining a particular concept or provision and in the form of exercise questions with answers at the end of each chapter. In fact, as mentioned earlier, a number of questions from the erstwhile Practice Manual have been updated and included as illustrations and as exercise questions in each chapter in the Study Material itself to provide an integrated learning material.

**Additional questions for Practice** - MCQs in select core papers having partial MCQ based assessment and questions for practice have been separately hosted at the BOS Knowledge Portal. Also, the Revision Test Papers (RTPs) and Mock Test Papers (MTPs) contain questions for practice. In elective papers, case studies are separately webhosted at the BOS Knowledge Portal under the respective subject page.

**Study Material printed in Modules for ease of handling** - Study Materials of most of the subjects are now being printed in Modules for ease of handling by aspiring CAs. The print quality has been considerably enhanced for ease of reading.

## Compulsory Annual Updation of law based and Standard based Study Materials

The Study Materials are regularly updated to incorporate changes in provisions of law, accounting standards and standards on auditing, and other developments in the respective subjects.

# Academic Initiatives

During the process of updation, efforts are being made to add further value to the material by incorporating more learning aids and illustrations.

In the taxation subjects, study materials are updated every year based on the amendments made by the annual Finance Act, notifications and other legislative amendments upto 30<sup>th</sup> April of that year. The said Study Materials are made applicable for May and November examinations held in the next year.

## **Comprehensive and regular Statutory and Judicial Updates**

The Study Materials applicable for a particular examination in a year are updated and made available well in advance. For example, the Study Materials on taxation subjects, updated on the basis of the Finance Act and other notifications and legislative amendments in a particular year, are made applicable for May and November examinations held in the next year. The cut-off date for notifications, circulars and other legislative amendments are 31<sup>st</sup> October and 30<sup>th</sup> April for May and November examinations, respectively.

Therefore, circulars, notifications issued and other legislative amendments made from 1<sup>st</sup> May to 31<sup>st</sup> October of a year, which are not covered in the Study Material but applicable for May examinations held in the next year are webhosted as Statutory Update for the May examination. Likewise, the amendments from 1<sup>st</sup> May of the year to 30<sup>th</sup> April of the next year which are not covered in the Study Material but applicable for November examinations held in the next year are webhosted as Statutory Update for November examination. Further, recent significant select case laws which are not included in the Study Material, but relevant for May and November examinations held in the next year are webhosted as Judicial Update. This practice of webhosting comprehensive Statutory and Judicial Updates has been streamlined in the last decade.

## **Continuous value addition and quality enhancement of other publications like RTPs and MTPs**

In addition to the Study Material, other educational inputs like RTPs and MTPs are made available to assist aspiring CAs in revision for examination and to test their level of preparedness. In many subjects, the RTPs also

contain the latest updates which are relevant to the aspiring CAs from the examination point of view. The RTPs and MTPs contain a mix of independent MCQs, case scenario based MCQs and descriptive questions to facilitate aspiring CAs to get acquainted with the different type of questions in the examination. MTPs are prepared to a large extent in the same pattern as that of the actual examination.

## **Suggested Answers**

Suggested Answers are prepared for questions set at CA examinations to assist the aspiring CAs in their learning process. However, it may be noted that they do not form the basis of evaluation. They represent the ideal manner in which questions should be answered. They contain full citation of case laws, reference to sub-sections/clauses etc. for information of candidates. Such detailed citations are not expected from candidates under examination conditions. Summary of Examiners Comments form part of the printed publication. Its purpose is to bring to the knowledge of the candidates, the mistakes commonly committed by them in each paper, so that they may take corrective action and avoid such mistakes in the forthcoming examination.

## **E-Books with embedded video lectures and self-assessment quizzes**

In order to harness technology for bridging the distance learning gap, e-Books have been launched for all three levels of CA course, namely, Foundation, Intermediate and Final levels. The e-Books are available on ICAI Digital Learning Hub. This distance learning initiative enables aspiring CAs to learn anytime and from anywhere as per their convenience. The e-Books contain video lectures and self-assessment quizzes embedded within the Study Material to facilitate better understanding of concepts as well as their application in problem solving. Also, aspiring CAs can access all the resources related to a topic at a single place.

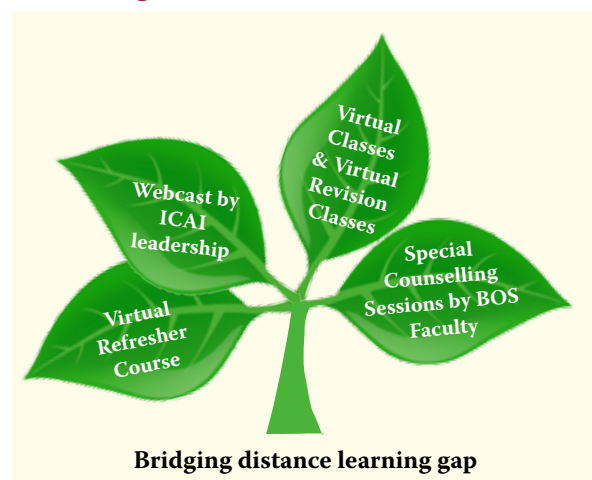
## **Publication of Capsules in the “The Chartered Accountant Student”**

Subject-specific revision capsules are being published every month in the Students’ Journal “The Chartered Accountant Student”. Every issue of the Students’ Journal contains one revision capsule each of a Foundation level subject, an



Intermediate level subject and a Final level subject. The significant concepts and provisions are presented in tables, diagrams and flow charts using attractive colours to facilitate effective revision and retention. E-Capsules are compiled and webhosted paper-wise and group-wise as “Referencer for Quick Revision” in the BOS Knowledge Portal on the Institute’s website.

## C. Initiatives relating to Virtual Learning



### Virtual Classes for all the levels of CA examination

**Launching of Virtual Classes** - In order to bridge the distance learning gap, Virtual Classes were launched for the Intermediate and Final Courses in the year 2018 for the benefit of candidates appearing in May, 2019 examination. These classes are being delivered by renowned faculty and relayed in the morning and evening beyond office hours, so as not to interrupt the articleship training schedule. Queries received are answered real time, so these classes serve as an ideal substitute of classroom teaching with added convenience of viewing from one’s own home. An aspiring CA can access these classes anywhere as per his convenience on his laptop/desktop/mobile.

**Launching of Virtual Revision Classes** – In the year 2019, Virtual Revision Classes were launched for candidates appearing in November, 2019 Intermediate and Final examinations. These classes ran for the whole day and covered important topics of the Intermediate and Final syllabi of CA course. These virtual revision classes provided strong impetus to the learning efforts of the candidates appearing in CA examinations.

**Free of cost Virtual Revision Classes** – The virtual revision classes were made available free of cost for May, 2020 examinations postponed due to COVID 2019 pandemic. Eminent faculty from across the country delivered classes from their homes and aspiring CAs could access the same from their homes free of cost. Also, recorded webcasts of these classes are being made available and those who were not able to view the webcast live can view the recorded webcasts.

**Free of cost Virtual Classes** - Foundation level subjects are being included for the first time under the umbrella of virtual classes from November, 2020 examinations and the same are being made available free of cost. Also, virtual classes are being made available free of cost for candidates appearing in November, 2020 Intermediate and Final examinations.

The Virtual Classes have gone a long way in making available quality lectures to aspiring CAs across the country real time.

### Virtual Refresher Courses on contemporary topics

BOS (Academic) also organises Refresher Courses, from time to time, through virtual mode on weekends for aspiring CAs undergoing Intermediate/Final course. So far, Refresher Courses have been organised on Goods and Services Tax (GST), Ind AS and Companies Act, 2013, International Taxation, Insolvency and Bankruptcy Code, 2016 and Foreign Exchange Management Act (FEMA), 1999, Real Estate Regulation and Development Act, 2016 and Information Technology (IT).

### Webcast by ICAI leadership

Recently, the ICAI leadership, namely, the President, the Vice President, Chairman, BOS (Academic), Chairman, Students Skills Enrichment Board (SSEB), Vice Chairman, BOS (Academic) & Vice Chairman, SSEB addressed the aspiring CAs at large and answered their queries. This is one of the significant initiatives whereby the leaders at the helm of the Institute directly interacted with the aspiring CAs and addressed their problems and concerns. Also, webcasts with Regional Councils, Branches and Students are being organised from time to time to share information on various initiatives and activities undertaken for aspiring CAs.

## Special Counselling Sessions on MTPs

Online Special Counselling Sessions on MTPs is yet another initiative facilitating aspiring CAs. The objective of these sessions is to provide general examination related guidance to them as also specific assistance in answering the questions contained in the MTP. The queries of aspiring CAs received prior to the session as also the ones raised online during the session are resolved in the said session. The sessions are also uploaded on You Tube for those who could not watch the live session as well as for those who are interested in viewing the session again.

## D. Other Initiatives

### Answering student queries

BOS (Academic) does not leave any stone unturned in providing best-in-class services to the aspiring CAs. "Knowledge is having the right answer. Intelligence is asking the right question." Aspiring CAs are an inquisitive lot brimming with queries. It is very essential that the analytical ability of aspiring CAs be honed and their critical thinking be stimulated so that they emerge as professionally competent chartered accountants. One of the best ways to achieve this goal is by encouraging them to ask questions.

For this purpose, separate email ids have been created for all the papers at all the levels. Aspiring CAs are encouraged to raise their technical and other queries through e-mails addressed to the subject-specific e-mail ids. Further, a toll-free help line service is also available for redressal of their generic queries/grievances.

### Face to face counselling

The faculty at BOS (Academic) counsel aspiring CAs who come to meet them personally on how to study and prepare for the examination, how to revise and how to present their answers during the examination. The faculty also help them in identifying the lacuna in their preparation so that they can work on their grey areas and improve their performance in the examination.

### Reaching out through Social Media

In order to connect with the new age aspiring CAs, BOS (Academic) has started using social media platforms like Facebook, Instagram, Twitter and YouTube for creating awareness about the various student related initiatives. These platforms are used to disseminate information and announcements relevant to them.

## ICAI's Academic Education: The Way Forward

Over the years, the traditional role of a chartered accountant restricted to accounting and auditing, has changed substantially and there has been a marked shift towards strategic decision making due to increasing business complexities on account of a plethora of laws, giant leap in e-commerce, emergence of new financial instruments, emphasis on corporate social responsibility, significant developments in information technology, to name a few. These factors necessitate an increase in the professional competence of chartered accountants to take up the role of not only an accountant or an auditor, but of a global solutions provider.

BOS (Academic) is cognisant of the dynamic expectations of the business world from the chartered accountants and is thus working relentlessly towards building the capacities of the aspiring CAs. Most of the initiatives of BOS (Academic) are continuing in nature and require consistent efforts, be it qualitative improvements in Study Material and other publications or formalising oral coaching or streamlining the processes to connect with aspiring CAs. The BOS (Academic) envisages to put in place a mechanism to ensure that work on these initiatives continues unhindered.

With increasing mobility and blurring of geographical boundaries, a need was felt to promote reciprocal recognition of qualifications amongst international accountancy bodies. Accordingly, ICAI has entered into Memorandum of Understanding (MOU)/Mutual Recognition Agreement (MRA) with ICAEW, CPA Australia, CPA Canada, CPA Ireland and SAICA. This will increase global professional opportunities for our chartered accountants as well as enable members of other international accountancy bodies to explore professional avenues in India.

In a nutshell, ICAI has emerged as a pioneer in the field of distance education having successfully implemented the same for over six decades. Imparting quality education has, thus, become a significant and an integral part of ICAI's overall working. Towards this end, ICAI will continue to explore newer ways and means to reach out and deliver quality education to aspiring CAs to enable them to develop as professionally competent chartered accountants. ■

# ICAI Vision- Way Forward

*Digital Transformation is the process of creating new processes or modifying existing Business Processes to enable better services for stakeholders.*

*Digital Transformation is an ongoing exercise, wherein there is always scope for improvement to facilitate better services. The fast paced technological evolution necessitates frequent changes. A large number of steps have been taken to bring better experience in internal working as well as in interaction with the external stakeholders. Read on...*

The world economy has undergone a tremendous change and India has been no exception to this persistently changing scenario. To keep up with this changing world, we all are proactively utilising the emerging opportunities while facing the risks head-on. Finance, being a crucial function, is the backbone of any economy. Professional accountants in these terms are required to play the foremost role in ensuring that their relevance remains intact to the changing dynamics of the economy. Read on....

The world around us is undergoing tough challenges arising out of Coronavirus (COVID-19) and is presenting unexpected and extreme challenges for organizations of all sizes and sectors across the world. With this pandemic resulting in economic lockdown, the global and national economy is facing huge challenges and in this emerges an important role to be played by us; the members of our Institute who are committed as professionals to ensure that greater transparency and disclosure standards are enforced; and as professional accountants to support and ensure continued ability of the



organisations to face the challenges in these difficult times and helping the organisations focus on good governance, informed decision making and an effective control environment. Recognising a greater role on ICAI also, we stand ready to offer support to our Members in all tough times to come.

The fast-paced technological developments, regulatory changes, newer standards, global best practices and innovative thinking, the business world and the related professions are witnessing a paradigm shift. The accounting profession, including in India, is and will be no exception to this phenomenon. Keeping this entire gamut of scenario in mind, The Institute of Chartered Accountants of India has come up with its 'Vision 2024' for the long term and Action Plan 2020-21 for the short term to meet the 'Vision 2030' standards. With these long and short term perspectives; ICAI envisions emerging as the world's leading professional accounting body. The Institute foresees to become a frontrunner that develops, promotes and regulates the trusted and independent professionals worldwide by providing its members continuous education, training and guidance. Also, as a part of its vision, ICAI lays further thrust on setting up high standards of



professional and ethical conduct for its members and shall ensure that such standards of core value are being met by the members of the Institute.

ICAI envisions to ensure that the accountancy professionals have the right skills at all times to deliver efficiently and effectively. ICAI emphasises on enhancing trust and credibility among external stakeholders and creating an environment wherein the stakeholders can repose their confidence in Indian accountancy profession. The world economy has undergone a tremendous change and India has been no exception to this persistently changing scenario. To keep up with this changing world, we all are proactively utilising the emerging opportunities while facing the risks head-on.

It is equally important for ICAI to embrace technological changes and new business models to keep pace with the changing expectations of the society. In the recent past, the Government has introduced many regulatory changes in the areas of law and taxation, and ICAI has tried to meet the challenges posed before the profession and adapt to the changes by issuing Standards, Guidance Notes and other such material to facilitate its members. Newer professional opportunities shall arise out of new regulatory regimes for the members, making it equally important for them that societal and government expectations are met with and that the professional standards of ethics and integrity are ensured.

ICAI has always been committed to meet the goal of changing educational requirements and in this process has revised its chartered accountancy course curriculum to foster global excellence and contribute to strengthened public trust and confidence. ICAI has always strived to meet the changing training requirements of students and has streamlined the monitoring process to ensure that the students get the right type of training and the professional competence expected of professional accountants. The new Scheme of Education and Training has encouraged more students in taking up the chartered accountancy course.

ICAI has been taking measures to ensure capacity building of the profession and enhance the accountancy services in India. Also, ICAI has been playing a significant role in providing technical support to the overseas accountancy Institutes for the development of accountancy infrastructure. ICAI accords a strategic priority to develop the accountancy profession in countries which lack such capability. There is a need of enhanced regional and global visibility of the Indian accounting profession. ICAI aims at strengthening its presence in the countries, where accounting profession is developing, by providing continuous professional education, conducting examinations, assisting in establishing disciplinary and regulatory framework and alike. The positions Indian chartered accountant are occupying in the foreign countries vouch for their competence across the globe. They have been well recognised in the Gulf, UK, Australia, Canada, South Africa, Ireland. MoU/MRA are being entered with the relevant professional accountancy body across globe.

## ICAI Vision 2030

ICAI's vision envisages becoming the world's leading accounting body; a regulator and developer of trusted and independent professionals with world-class competencies in accounting, assurance, taxation, finance and business advisory services. The CA profession has lived up to its vision and expectations as one of the most vibrant forces of socio-economic augmentation, fundamental to the success of the nation. The regulator of the Indian accountancy profession for more than last six decades, ICAI, has evolved itself to develop globally competitive chartered accountants with its robust education pattern and stringent training systems in place.

ICAI's Vision 2030 document, set outs its Vision for 2030, Mission, Strategic Priorities and Action Plan, which aims at harnessing the opportunities and addressing the challenges presented by the rapidly changing environment, so that by 2030, ICAI becomes:

The ICAI aims at attaining the global position by leveraging technology and infrastructure and

partnering with its stakeholders by:

- Imparting world class education, training and professional development opportunities to create global professionals.
- Ensuring adherence to the highest ethical standards.
- Developing an independent and transparent regulatory mechanism that keeps pace with the changing times.
- Conducting cutting-edge research and development in the areas of accounting, assurance, taxation, finance and business advisory services.
- Establishing ICAI members and firms as Indian multinational service providers.

### ICAI Vision 2024

ICAI has set its Vision 2024, wherein it aims at harnessing the opportunities and addressing the challenges presented by the rapidly changing environment.

identifying the strategic priority areas :

- Robust Regulatory Mechanism –Towards increased Accountability
- Nurturing Skills - Recalibrating Education and Training
- Profession as Partner in Development - Continuous Stakeholder Engagement
- Catapulting Profession to New Heights – Pathways Enabling Professional Excellence
- Future Ready Institute - Supporting profession in new Milieu
- Harnessing Technology - Building a Proactive Institution
- New Avenues for Profession - Member and Student Initiatives
- Research and Innovation- Boosting Economic Growth with Innovative insights
- Envisioning New Frontiers - Landscaping CA Profession Globally



### STRATEGIC PRIORITY AREAS FOR THE YEAR 2020-21

With a view to achieve the Vision 2024, the Action Plan for 2020-21 has been set up in

ICAI has been moving towards achieving its strategic priority areas; some of the recent initiatives taken by ICAI are:

## Education and Training

The Indian Chartered Accountancy profession has held a distinguished mark for the skill sets we possess. Our endeavour should be not only to equip our students to face present challenges but also to prepare them as 'future Accountant'. Rightly mentioned, as 'New age professional' we need not only review our present methodology but also help future Chartered Accountants to imbibe newer and emerging skills. To achieve more focused approach, this time ICAI has carved out a separate 'Students Skill Enhancement Board (SSEB)' to work on 'Attitude' of our students. Where aspiration of Board of Studies (Academic) will be to develop more case study-based evaluation for testing aptitude, aspiration of SSEB (BoS – Operation) will be on attitude building. To achieve that, both the Boards in their first meeting initiated number of reforms covering introduction of CPE hours for students during 3 years of Article training, implementation of e-portal for Industrial Training, introduction of welcome kit for students at the time of Article registration, introduction of forensic audit techniques in AICITSS curriculum and establishing a cell for developing case studies. Once a pool of quality case studies will be available, that can act as foundation not only for our examination system to move further towards machine-based evaluation but also in collaboration with other stakeholders; our vision should be to provide leadership value to global Institution(s). We should also acknowledge that Accountancy profession is highly dynamic and requires persistent value addition in education delivery and curriculum. The 3 year article-training program of ICAI is a path breaking system of upskilling students that cannot be achieved merely by theoretical education. Its purpose is to provide candidates with comprehensive and intricate practical knowledge. We are in the process of developing a skill grid for students undergoing article training to assess inculcation of relevant skill sets. With changing environment, delimitation of jurisdiction, new ways of doing business and disruptive technology where the need of the hour is to re-skill ourselves; we need to see that our students are generation next professionals who are ready for new age jobs. The Board of Studies has also adopted

different methodologies to reach out to students for providing quality education. It has been conducting Live Virtual Classes and Live Revision Classes so that students can attend them from the comfort of their homes and gain knowledge.

## Digital Initiatives of ICAI

In order to continue the learning process, the members and students can take benefit of the Digital Learning Hub which provides online training courses that can be accessed anywhere, anytime using Self Service portal. The Digital Learning Hub comprises E-books, video lectures and other material covering the domain through which members and students can learn and enhance their knowledge. Structured and Unstructured CPE hours are also available through this platform.

With a view to strengthen our services to members and ICAI has institutionalised effective monitoring of e-Sahaayataa and functioning of SSP through separate directorate. ICAI is also working on the establishment of National Call Centre and promote e-governance by providing Digi-Locker facility to issue ICAI documents in digital mode for members and students. ICAI is also working towards hundred per cent digital evaluation in examinations, verification result to be made available in 7 days, implementation of bio-metric/digital recording of attendance at CPE programs, and launching of CABF Portal for easy and quick disposal of request for support.

## Virtual Firms and DCMM 2.0

The current crisis has made it imperative for all of us to move towards large scale automation at our offices. Recently, Digital Accounting and Assurance Board of ICAI had released Digital Competency Maturity Model (DCMM 2.0) for assessing digital competency of a firm with respect to level of automation in the area of audit, tax compliances, accounting and support functions. Besides guidance for adaptation of advanced and emerging technologies, the most useful enhancement is that DCMM version 2.0 includes detailed Implementation Guide and comprises a questionnaire that enables firms to rate their current level of maturity on digital



competency and then develop a road map for achieving a higher level of maturity.

### Special Purpose Group on “Rebooting Indian Economy – way forward for 5 Trillion USD Economy”

ICAI is fully conscious of its responsibility in the tough crisis of Covid and the long lasting impact on the societal and economic developments and therefore, a Special Purpose Group on “Rebooting Indian Economy- way forward for 5 trillion USD Economy” has been constituted which has deliberated on Nine Mantras as follows:

- Invest on Make in India
- Attract Investment by Sustainable Policies
- Increased domestic productivity by innovation and Adoption of technology
- Work on Potential Sector to increase Exports
- Self-sufficient – Reduce dependency on Imports
- Explore new financially viable Sector to boost employment and Exports
- Ensure Sustainability {SDG 2030}
- Focus MSME/SME
- Tax policies-Stabilized, Growth oriented, ensure easy of doing We at ICAI engage with experts



### Proposed Centre for Audit Quality

In efforts to strengthen quality of auditing activities, ICAI will develop a framework for audit quality indicators that will also help Indian audit firms and auditors to compete globally. The centre would be developing audit quality indicators, carry out capacity building activities and gradually there can be an “audit quality maturity model” whereby the quality can be benchmarked. The idea is to develop a framework for audit quality indicators that will help Indian audit firms and auditors compete globally.

### Technical Resources for Members during Covid Era

In order to guide our Members in this unprecedented crisis and analyse the accounting and auditing aspects of these challenging times, ICAI has issued an Advisory Covid-19 Disruptions – ICAI Advisory on Accounting and Assurance related issues for the Financial Year 2019-2020 to guide preparers and the auditors. ‘

Accounting profession has been recognised worldwide as key facilitator in promoting investment, enhancing economic stability, improving management of scarce resources, facilitating public revenues and strengthening enterprises. The accountancy profession has grown tremendously in terms of capability and capacity. It has met the challenges of a high growth economy, the opening up of the country and competition due to globalisation. ICAI understands that it is time for Indian Accountancy firms to raise the bar and work towards operating globally. The accounting firms must consolidate their efforts and tap opportunities available globally while simultaneously working to develop leadership skills, developing core competencies, developing technical and intellectual resources and invest in human capital for which it invites the cooperation and support from its members worldwide in the form of suggestions on implementing the Institute’s Vision and Mission, so as to achieve the global vision of the charter ■

## Digital Transformation Initiatives – Progressive Moves for Better Tomorrow

*Digital Transformation is the process of creating new processes or modifying existing Business Processes to enable better services for stakeholders.*

*Digital Transformation is an ongoing exercise, wherein there is always scope for improvement to facilitate better services. The fast paced technological evolution necessitates frequent changes. A large number of steps have been taken to bring better experience in internal working as well as in interaction with the external stakeholders. Read on...*

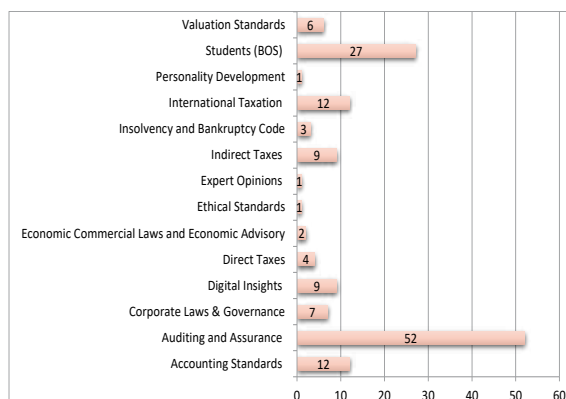
ICAI has taken a number of steps that are widely acknowledged. With our consistent efforts, and timely response, we are able to reach and connect with the different segments of our Members and Students Fraternity. We have taken initiatives considering the requirements and expectations of each segment of the profession.

### ICAI Digital Learning Hub

ICAI Digital Learning Hub is an integrated Learning Management System (LMS) which brings a new knowledge ecosystem in a collaborative pedagogical model and with participatory learning to improve learner outcomes. The platform brings you professional and academic content in multiple formats which can be used in a self-paced manner. It provides a platform for interaction with your peers through knowledge sharing engagements making the best use of technology such as smartphones and tablets



to disseminate learning snippets. The content is tailored to suit each niche learner segment. The platform is a single source of knowledge and functions as a central repository of both professional and academic learning material for members and students, containing publications, guidance notes and courses facilitated by an ICAI committee or department. Members can also earn upto 10 Structured CPE Hours online through Digital Learning Hub (DLH) without paying any fee. For Certificate courses, even upto 30 Structured CPE Hours are being provided online based on course to course. E-books on digital learning hub has been launched to bridge distance learning gap and also E-capsules for facilitating quick revision.



### Courses Live on the Digital Learning Hub

Contributed by  
Digital Re-Engineering & Learning Directorate

# Digital Transformation Initiatives

## Self Service Portal for Students, Members and Firms

The self-service portal has enabled execution of a host of services related to students and members on a self-service mode where applicable through information classification across various services where in such self-service activities are identified and further enabled on the portal. Also, all the legal and regulatory forms relating to ICAI members, students and firms, the complete end to end process for students and members lifecycle has been enabled on the Portal. The Portal will further integrate with other systems to provide information to the student and member community for various services.

## ICAI e-Sahaayataa

ICAI e-Sahaayataa <https://help.icai.org> is used to address the queries, complaints and grievances of our stakeholders pertaining to the day to day working of the Institute. Grievances are being expeditiously catered to and are being resolved.

## ICAI TV

ICAI TV ([icaityv.com](http://icaityv.com)) is the online video platform for ICAI wherein the stakeholders can view the various educational, informative and event related webcasts and videos of ICAI. 'The same is in the process of being further revamped.

## ICAI Mobile App

ICAI's official Mobile App ICAI Now has brought revolution in disseminating information to empower members, students and other stakeholders with knowledge and expertise. That too making the access possible from wherever, whenever. ICAI Mobile application "ICAI Now" is available on Android, iOS, Windows and BlackBerry10 Platform free of cost. The app has been already downloaded by 5 lakhs+ Users. It has been rated as 4.2/5 on App Stores and listed in top 100 Free Education Category.

To download : [www.icai.org/mobile](http://www.icai.org/mobile)

## Presence of ICAI on Social Media Platforms

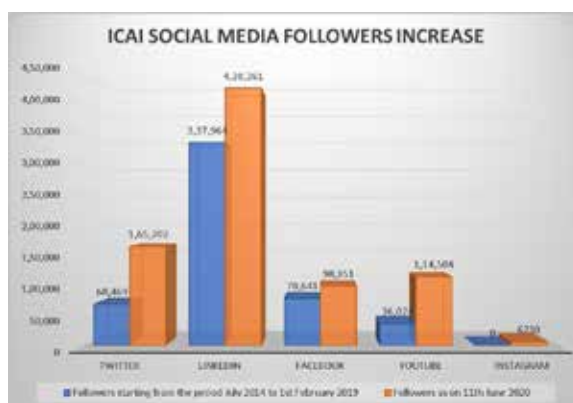
ICAI has embraced Social media to stay connected with its stakeholders from anytime, anyplace. All the stakeholders can Follow ICAI on ICAI Facebook, Twitter, LinkedIn, YouTube & Instagram pages to catch up on the latest news, Important Announcements, press releases and updates and to Interact with Fellow members

and exchange views on matters of professional relevance.

ICAI Social Media Networking presence is continuously increasing and total number of Followers is crossed 8,00,000+ users.

To subscribe and follow ICAI Social Media Platforms, please visit the following links:

[www.icai.org/followus](http://www.icai.org/followus)



## E- Meeting Solution for ICAI

E-meeting solutions were evaluated to enable paperless meetings with all the features like online reading, search, annotation, recording etc. The IPADs devices were evaluated and selected to enable the digital Meeting solution.

Since the start of the year 2016 -17, almost all the meetings are now held in the paperless mode with smooth and exceptional experience. This will help in the reduction of costs for ICAI and help in the ICAI Go Green Initiative.

## ICAI Centralised Distribution System

ICAI has developed this portal with the intention of providing study material to Newly Registered Students at their doorstep and to sale ICAI publications to Students, Members and other stakeholders on online. ICAI has developed an online store portal for the students, members and for other stakeholders. This portal provides options to purchase all relevant publications and artefacts online. Anyone interested can generate their own accounts and place their orders on online store.

## Revamp of Main Website

Keeping in mind the industry best practices, the website ICAI.org is proposed to be revamped to



# Digital Transformation Initiatives

bring a new look and feel and make it in sync with the changing times and technology to further enhance the experience of all stakeholders. New Website will bring Easy to search content, compatibility with cross Browsers, Cross Devices, and faster content access.

## ICAI Internal Note Portal

ICAI Internal Note Portal has been envisaged for making the Internal note approval process paperless and to effectively streamline the Internal note approval process. The ICAI users can make use of this portal for their day-to-day note preparation and submission process without the hassles of any paperwork. This platform enables online approval in Secured and authenticated environment. This is in sync with e-Governance & Paperless Initiatives of Indian Government. On Average, if 20,000 Approvals are processed yearly basis, it will save minimum 2 Lakh Pages (10 Pages in 1 Approval). Additionally, Tracking of Approvals, No Physical Movement, Security and Higher SLA etc.

## Ensured Online Learning of Members Without Any Cost

For the first time ever, ICAI has initiated delivery of Certificate courses in online mode (virtual live classes) which is assisting the members in anywhere learning. This benefited members from smaller branches where physical batches could not be conducted or even from overseas chapters to join virtual classes and accessing recorded lectures for revision. Now courses can be pursued at much reduced cost. (Earlier, normal fee range was 20K for a Certificate course which is reduced to about 7K).

## Webinar on Contemporary and Emerging Topics

Continuous Professional Education programmes have been organized through Global webinars, and live discussion with world class faculty which are open to all members to attend and score unstructured CPE hours. Periodical meetings of Committees, Departments and Directorates have taken place through digital interface.

The Success of Digital Transformation in an organization is based on the selection of Right Technology, Tools, and Infrastructure. The Key

factors to be considered are Cost, Timelines, End Users, Security and Performance factors.

ICAI is continuously monitoring and modifying ICAI Business Processes and committed to bring a plethora of Digital Transformation Initiatives in ICAI to create a feeling of Feel Good and Wow amongst its stakeholders.

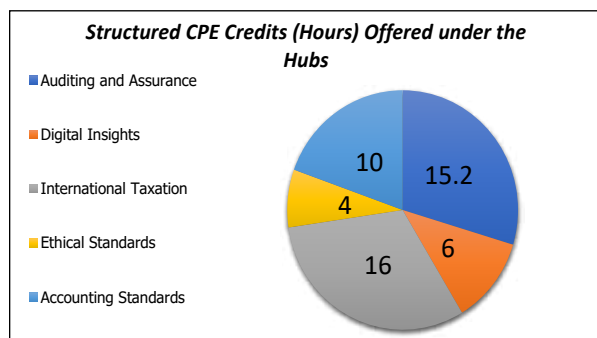
## A snapshot on the New Learning ecosystem offered to Members and Students.

*The different types of resources offered through the platform that a members and students can access for free in a self-paced learning schedule are:*

- **Students Journal**
- **The Chartered Accountant Journal**
- **e-study material** – A comprehensive e-book with integrated video lectures, MCQ, revision capsules consolidated topic-wise and free of access to ICAI students.
- **Quick reference(QR)** – As a consolidated content of Act, Rules, Guidance Notes, FAQs etc., with easy to access reference material, videos, presentations for a topic/subject.
- **Short Online Programme/Course (SOP/ SOC)** – On a contemporary topic say at the basic, intermediate or advanced level which can be validated to earn a CPE hour

*Courses with Structured CPE credits being offered under the Hubs are available for about 50 hours which you can earn free and save on:*

- Time to travel to a CPE session.
- Registration Fee
- In the comfort of your home/workplace
- Learn and share and discuss with your peers.
- Learn and re-Learn a topic at your own pace.



# Digital Transformation Initiatives

The structured CPE credits hours offered on the platform are the below listed courses in which about 8000 members have started their virtual learning in a peer-to-peer eco-system of professional from across the width of the nation.

Hubs – Course Names
<b>Auditing and Assurance</b>
Audit of Banks 2020 Edition-Bank Branch Audit
Standard on Assurance Engagement
Standard on Auditing
Standard on Related Services
Standard on Review Engagements
<b>Digital Insights</b>
Forensic Accounting and Fraud Detection
INFORMATION SYSTEM AUDIT(DISA 3.0)
<b>International Taxation</b>
An Overview of Transfer Pricing
Base Erosion and Profit Shifting Action 8-10
BEPS Excluding Actions 8-10 and 13 Multilateral Instruments
Foreign Tax Credit
Interpretation of Tax Treaties Including Perspective on MLI
Overview of International Taxation
Place of Effective Management
Transfer Pricing Documentation and Drafting (Including BEPS Action Plan 13)

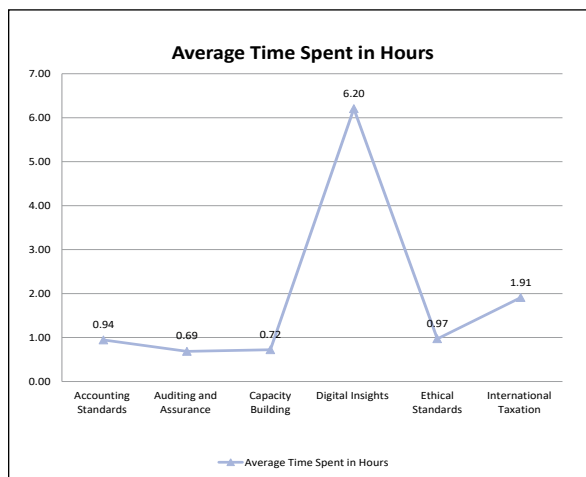
## Transition Scheme for Registrants of Certificate Course on International Taxation

### Ethical Standards

### Code of Ethics

### Accounting Standards

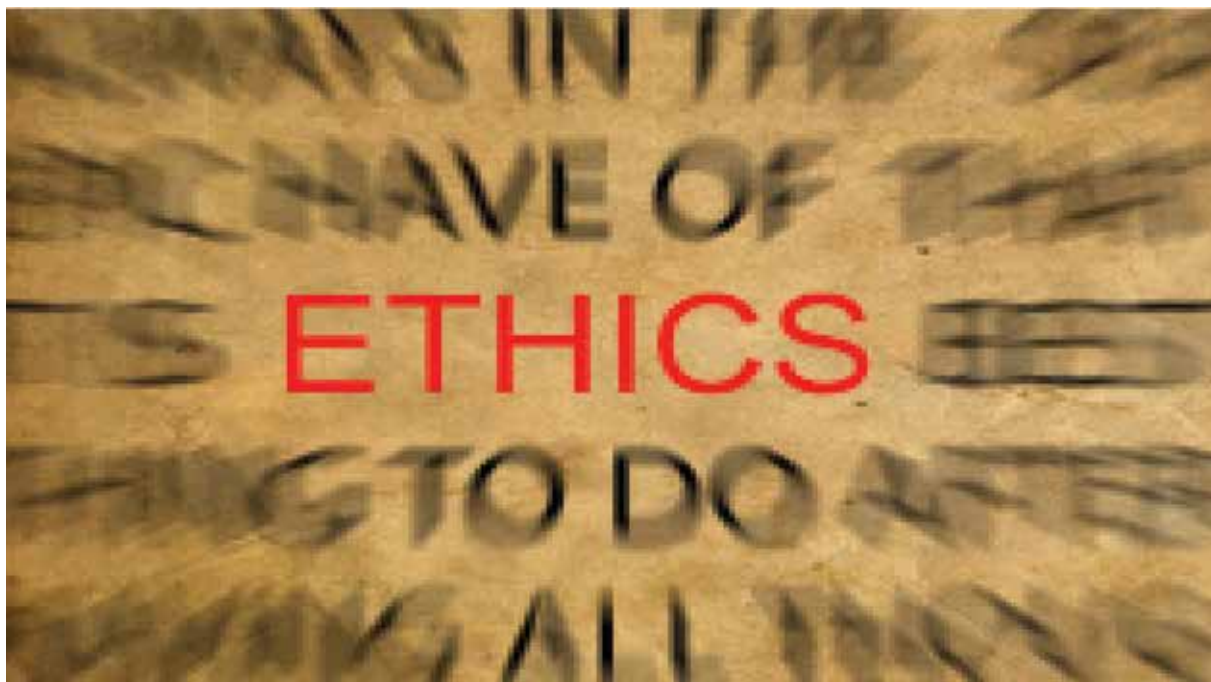
### Lectures on Accounting Standards



**ICAI Social Media Networking** presence is continuously increasing and total number of Followers has crossed 7,20,000+ users. Under the able guidance of erstwhile Digital Transformation and Process Reengineering Group (Now known as Digital Re-Engineering and Learning Directorate, the follower count has almost doubled in the year 2019-20 and more will be added in the year 2020-21.

Name of Platform	Followers starting from the period July 2014 to 1 <sup>st</sup> February 2019	Followers as on 11 <sup>th</sup> June 2020	No of followers increased during the period from w1 <sup>st</sup> February 2019 to 11 <sup>th</sup> June 2020	& Increase in the given period - 1 <sup>st</sup> February 2019 to 11 <sup>th</sup> June 2020
Twitter	68,469	165,202	96,733	141.28%
LinkedIn	337,964	428,261	90,297	26.72%
Facebook	78,641	98,851	20,210	25.70%
YouTube	36,024	114,504	78,480	217.85%
Instagram	0	6230	0	

# Know Your Ethics



**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, specialization 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 Chartered Accountants Act, 1949.

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 judgment, 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

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# Know Your Ethics

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. Can a Chartered Accountant in practice also practice as an Advocate?**

- A. Yes, Council direction under Clause (7) of Part I of the First Schedule to the Act prescribes that a Chartered Accountant in practice who is otherwise eligible may practice as an Advocate subject to the permission of the Bar Council but in such cases, he should not use designation 'Chartered Accountant' in respect of the matters involving the practice as an Advocate. In respect of other matters he should use the designation 'Chartered Accountant' but he should not use the designation 'Chartered Accountant' and 'Advocate' simultaneously.

**Q. Whether the information contained in the website of the Chartered Accountants and/or Chartered Accountants' firms can be circulated on their own or through e-mail or by any other mode or technique?**

- A. The Chartered Accountants and/or Chartered Accountants' firms should ensure that none of the information contained in the website be circulated on their own or through e-mail or by any other mode or technique except on a specific "pull" request.

The Chartered Accountants and/or Chartered Accountants' Firms would ensure that their Websites are run on a "pull" model and not a "push" model of the technology to ensure that any person who wishes to locate the Chartered Accountants or Chartered Accountants' firms would only have access to the information and information should be provided only on the basis of specific "pull" request.

**Q. Can a Chartered Accountant in practice/firm of Chartered Accountants post the particulars of himself/itself on a website?**

- A. Yes, the Council has approved the detailed guidelines for posting the particulars on Website by Chartered Accountants in practice and firm(s) of Chartered Accountants in practice.

**Q. Whether website of any Chartered Accountant can provide a link to the website of ICAI, its Regional Councils and Branches and also to the websites of Govt./Govt. Departments/Regulatory authorities and other professional bodies?**

- A. Yes, it is permitted that website may provide link to the website of ICAI, its Regional Councils and Branches and also to the websites of Govt./Govt. Departments/Regulatory authorities and other professional bodies.

**Q. Whether the office of a Chartered Accountant is permitted to go in for ISO 9001: 2000 certification or other similar certifications?**

- A. Yes, there is no bar for a member to go in for ISO 9001:2000 certification or other similar certifications. However, the member cannot use the expression like "ISO Certified" on his professional documents, visiting cards, letterheads or sign boards etc.

**Q. Whether a member in practice who is the statutory auditor of a bank can accept Stock audit/Inspection Audit of the same bank?**

- A. No, it is not permissible since stock audit/inspection audit is kind of management function, which cannot be done simultaneously with the statutory audit.

**Q. Whether it is permissible for a member in practice to publish an advertisement in the press for recruiting staff in the member's own office?**

- A. Yes, as per Council directions under clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, it is permissible for a member in practice to publish an advertisement in the press for recruiting staff in the member's own office provided that only the name and address of the member or that of his firm, with the description Chartered Accountant(s) is mentioned in such advertisement and 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.

## Presentation of the Grant Receivable from the Government of India (under SEIS) in the Statement of Profit and Loss

### A. Facts of the Case

1. A company (hereinafter referred to as 'the company') was incorporated on 10<sup>th</sup> March, 1988 under the Companies Act, 1956. It is governed by the Ministry of Railways (MoR) being its administrative ministry. Main objective of the company is to serve as a catalyst in promoting containerisation and give a boost to India's international and internal trade and commerce by organising multimodal logistics support. With its excellent performance consistently over the years, the company has been conferred with Navratna Status by the Government of India.
2. The company's main function is to provide cost effective and reliable logistics support services to its customers. The bouquet of logistics services that are offered to trade comprises of operations of Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Domestic Container Terminals (DCTs), transportation by rail & road, warehousing, storage, end-to-end logistics solutions, movement of refrigerated cargo in containers and other value added solutions. It has established itself as the leading logistics company in the country. The company has also grown its business by setting up subsidiaries and partnering others through strategic joint ventures, including at the leading sea ports.
3. In its journey of last 30 years, it has established a vast network of container terminals all over the country at prime locations, which are the centers for generation (origin) and consumption (destination) of cargos. It has built large capacities to meet the growing demand of Export-Import (EXIM) and domestic trade. The major portion of its revenue i.e., around 80% comes from EXIM business. Over the years, the company has played a pivotal role in development of the containerization in the country, particularly in the EXIM segment.
4. It has done huge investments in creating logistics infrastructure in the country, which has promoted the international trade of India and going forward it has innovative plans and strategies in place to expand the said infrastructure further.
5. At present, the company is operating through 83 terminals spread across the country and it is likely to reach to 100 terminals in next few years. These terminals are connected by rail/road across the length and breadth of the country. With the help of these terminals and the other complementary resources i.e., large fleet of wagons and containers owned by the company, the company operates as a carrier, inland port operator and terminal services provider.
6. At present, the equity shares of the company are listed with Mumbai and National Stock Exchanges and its market capitalisation was approx. ₹ 32,006 crores as on 31.03.2019. The Twenty-Foot Equivalent Units (TEUs) handled and gross turnover of the company during the year 2018-19 were 3.8 million and ₹ 7,216.14 crores respectively. A copy of annual report of the company for the year 2018-19 has been supplied separately by the querist for the perusal of the Committee.
7. Under the Foreign Trade Policy (FTP) 2015-20 of the Government of India, various incentives are being provided to the trade and one of such benefit to service sector in which the company operates is Service Export from India Scheme (SEIS). The objective of SEIS as stated in the FTP is to give reward to offset infrastructural in-efficiencies and associated costs involved and to provide level playing field.
8. The SEIS benefit to the company under FTP 2015-20 are for the services being provided by the company from its Inland Container Depots (ICDs) and Container Freight stations (CFSs). At these facilities, services for handling,

transportation by rail/road of export/import laden and empty containers carried under customs control and the services related to clearance of goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export, trans-shipment are provided. As these services are related to EXIM (i.e. Export & Import) trade of the country and are provided to Foreign Shipping Lines or their Indian agents, the company is entitled to claim SEIS benefit on the same under FTP 2015-20.

8. The revenue from all the elements of services provided at ICDs/CFSSs are forming part of the company's 'Revenue from Operations'. The SEIS benefit being claimed by the company from the Authorities i.e. Directorate General of Foreign Trade (DGFT) is granted in the form of scrips (which are tradable) issued for a value arrived at a specified percentage of the above elements of revenue from operations from ICDs/CFSSs. As the SEIS income is derived out of the operations of the company, the same has been considered as part of revenue from operations. This income clearly arises as a result of the company's ordinary business comprising services for export or import related to containers/cargo. Had the company not performed EXIM operations, such income would not have accrued. As such, there is a direct nexus between EXIM operations of the company and SEIS benefit accruing from it.
9. The company has recognised the SEIS benefit in its books of account in the period in which the right to receive the same is established, i.e., the year during which the services for grant of SEIS benefit are performed. Hence, SEIS income has been classified as 'export incentives' under 'revenue from operations', sub-head 'other operating income' in the statement of profit and loss.
10. The querist has stated that, SEIS benefit is a kind of Government grant, the accounting treatment and presentation of which has been laid down under Indian Accounting Standard (Ind AS) 20, 'Accounting for Government Grants and Disclosure of Government Assistance'. As per the paragraph 29 of Ind AS 20, in respect of presentation of grants related to income, "Grants related to income are presented as a part of profit or loss, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense."
11. From above, it is clear that Ind AS 20 gives three options for presentation of Government grants related to income in statement of profit and loss, which are (i) either separately; or (ii) under a general heading such as 'Other income'; or (iii) they are deducted in reporting the related expense. So, an entity has the option to choose any one of the method from these three.
12. Further, paragraph 31 of Ind AS 20, inter alia, states that disclosure of the grant may be necessary for a proper understanding of the financial statements. Disclosure of the effect of the grants on any item of income and expense which is required to be separately disclosed is usually appropriate.
13. In accordance with the above provision, it is clear that Ind AS 20 permits the grant related to income to be presented as part of statement of profit and loss either separately or under a general heading such as 'Other Income' or they are deducted in reporting the related expense.
14. As SEIS income in the company is based upon the operating revenue earned and it is a grant related to income, it has been shown separately as export incentives in the note to the statement of profit and loss under 'Income from Operations', sub-head 'other operating income', which is in compliance of the above provisions of Ind AS 20 that it has to be shown separately. In addition to above, the nature of this income has also been elaborated in the foot note below the above note to the statement of profit and loss.
15. The above treatment and presentation have been given consistently by the company in its financial statements for four years i.e. 2015-16 to 2018-19. The above presentation and disclosure are in accordance with Ind AS 20 and the users of the financial statements can easily understand the impact of SEIS income from the above treatment.
16. The querist has further stated that some other reputed companies are also following similar practices as is being followed by the company

for presentation of Government grants related to income. It has also been seen that these companies are classifying these grants under the head 'Other Operating Income'. This further goes on to establish that the presentation of SEIS income, which is a Government grant, by the company is in compliance with Ind AS 20 and the practices being followed by other reputed entities.

17. Accounting policy being followed by the company in respect of accounting for SEIS income at present, provides as under:

"Grants are recognised when there is a reasonable assurance that the company has complied with the conditions attached to them and it is reasonably certain that the ultimate realisation and utilisation will be made. Grants which are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company, with no future related costs are recognized in the statement of profit & loss of the period in which they have accrued.

Grants related to depreciable assets including non-monetary grants (at fair value), are presented in the balance sheet as 'Deferred Income' of the period, in which they become receivable. Such grants are usually recognized in the statement of profit and loss over the periods in the proportions, in which depreciation expense on those assets is recognised.

The grants under 'Served from India Scheme (SFIS)' are recognized at the time of utilization of SFIS scrip towards procurement of assets and inventories. Such assets/inventories have been capitalized with a gross value from transaction date based on deemed cost exemption availed by the company.

The grants under 'Service Export from India Scheme (SEIS)' are recognised when the conditions attached with the grant have been satisfied and there is reasonable assurance that the grants will be received. These are recognized in the period in which the right to receive the same is established i.e. the year during which the services eligible for grant of SEIS have been performed."

In line with the provisions of Ind AS 20, the

practices being followed by other reputed companies and the above accounting policy of the company, the SEIS claim has been presented separately as export incentives under 'revenue from operations', sub-head 'other operating income' in the statement of profit and loss. As per the accounting policy, it is being recognised as an income during the year in which the services for SEIS benefits are provided. From the above presentation of SEIS income, readers of the financial statements can clearly understand its impact on the financial statements, which as per the querist, is both in letter and spirit, a compliance of the provisions under Ind AS 20 for presentation of Government grants.

### ***CAG's View:***

18. Comptroller and Auditor General of India (CAG) did not agree with the above treatment given by the company in its financial statements for the year 2018-19 and it has in its report under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 has issued comment on the said financial statements (standalone and consolidated) of the company and has stated that:

"The company has shown ₹ 339.22 crores, being grants receivable from the Government of India (under Service Export from India Scheme (SEIS)), during the current year, under 'Other Operating Income'. The same should be shown as 'Other Income' as per Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance'."

### ***Management's reply on the CAG's view:***

19. It appears that CAG is of the view that SEIS grants should be shown under 'Other Income' in which earnings like income from investments (interest/dividend), rent, etc. are shown. Whereas, the company has been correctly showing the same separately as export incentives under 'revenue from operations', sub-head 'other operating income' which is in accordance with Ind AS 20. Accordingly, the management of the company in reply to the above comment of CAG on its financial statements for the year 2018-19 has replied as :  
"As per interpretation of the management, presentation of SEIS benefits amounting to



₹ 339.22 crores under 'Other Operating Income' has been done as per the provisions of Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance'. However, the matter will be referred to the Institute of Chartered Accountants of India (ICAI) for its expert advice."

## B. Query

20. On the basis of the above, the opinion of the Expert Advisory Committee is sought on whether the income recognised on accounting for grant receivable from the Government of India (under SEIS) has been correctly presented by the company separately as 'export incentives' under 'revenue from operations', sub-head 'other operating income' in the statement of profit and loss or as stated by CAG in its comments, it has to be shown under 'Other Income'.

## C. Points considered by the Committee

21. The Committee notes that the basic issue raised by the querist relates to the presentation of the duty credit scrips/entitlement received from the Government of India under SEIS in the statement of profit and loss. The Committee has, therefore, considered only this issue and has not examined any other issue that may arise from the Facts of the Case, such as, nature of the grant under Ind AS 20 and other aspects of accounting, such as, recognition, timing thereof, measurement, etc.; accounting for other types of grants; etc. The opinion expressed is purely from the accounting perspective and not any other perspective such as legal interpretation of Service Export from India Scheme and the Committee has not examined the eligibility of the company under SEIS or compliance by the company with the conditions attached, etc.
22. With regard to presentation of the duty credit scrips/entitlement received from the Government of India under SEIS in the statement of profit and loss, the Committee notes the following paragraphs of Indian Accounting Standard (Ind AS) 20, 'Accounting for Government Grants and Disclosure of Government Assistance':
- "29 Grants related to income are presented as part of profit or loss, either separately or

under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

- 30 Supporters of the first method claim that it is inappropriate to net income and expense items and that separation of the grant from the expense facilitates comparison with other expenses not affected by a grant. For the second method it is argued that the expenses might well not have been incurred by the entity if the grant had not been available and presentation of the expense without offsetting the grant may therefore be misleading.
- 31 Both methods are regarded as acceptable for the presentation of grants related to income. Disclosure of the grant may be necessary for a proper understanding of the financial statements. Disclosure of the effect of the grants on any item of income or expense which is required to be separately disclosed is usually appropriate."
23. Further, the Committee notes the following paragraphs of the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013 (revised July, 2019), issued by the Institute of Chartered Accountants of India (hereinafter referred to as the 'Guidance Note'):
- "9.1.7. Revenue from operations needs to be disclosed separately as revenue from
- sale of products,
  - sale of services and
  - other operating revenues.

It is important to understand what is meant by the term "other operating revenues" and which items should be classified under this head vis-à-vis under the head "Other Income".

9.1.8. The term "other operating revenue" is not defined. This would include Revenue arising from a company's operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities."

## “9.2. Other income

The aggregate of ‘Other income’ is to be disclosed on face of the Statement of Profit and Loss. As per Note 5 of General Instructions for the Preparation of Statement of Profit and Loss ‘Other Income’ shall be classified as:

- (a) Interest Income;
- (b) Dividend Income;
- (c) Other non-operating income (net of expenses directly attributable to such income).”

24. On a reading of above paragraphs, the Committee notes that as per the requirements of Ind AS 20, the grant related to income should be presented *either separately* or under a general heading such as ‘Other income’. Alternatively, it can also be deducted in reporting the related expense. Further, from the above-reproduced requirements of the Guidance Note, the Committee notes that the ‘other operating revenue’ includes *revenue* arising from a company’s *operating activities*, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. In this context, whether a particular income constitutes ‘other operating revenue’ or ‘other income’ is to be decided based on the facts of each case and detailed understanding of the company’s activities.

The Committee notes that the objective of the Service Exports from India Scheme (SEIS), is to encourage and maximise export of notified Services from India and the eligibility criteria of the scheme is based on the net free foreign exchange earnings by the service provider. In this context, the Committee notes from the Facts of the Case that the querist has specifically stated that major portion of the revenue of the company arises from export of services and thus, exports is a key revenue generating activity of the company. Therefore, keeping in view the activities of the company in the extant case, the duty credit scrips/entitlement can be considered to arise in the course of revenue generating activities of the company. Accordingly, considering the requirements of

the Guidance Note, the Committee is of the view that it may be appropriate to disclose the duty credit scrips/entitlement under SEIS as ‘other operating revenue’ under ‘revenue from operations’ in the statement of profit and loss. Further, in this connection, the Committee notes paragraph 113 of Ind AS 115, ‘Revenue from Contracts with Customers’, which states as follows:

“113 An entity shall disclose all of the following amounts for the reporting period unless those amounts are presented separately in the statement of profit and loss in accordance with other Standards:

- (a) revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue; and
- (b) any impairment losses recognised (in accordance with Ind AS 109) on any receivables or contract assets arising from an entity’s contracts with customers, which the entity shall disclose separately from impairment losses from other contracts.”

The Committee notes from the above that Ind AS 115 recognises that ‘revenue’ could arise from sources other than contracts with customers also, which should be presented separately from ‘revenue recognised from contracts with customers’. Since in the extant case, duty credit scrips/entitlement under SEIS is not in the nature of revenue received from contracts with customers, the former should be presented separately from the latter as ‘other operating revenue’. The company should also give adequate disclosures (including the accounting policy for recognition of such income) so as to appropriately explain the nature of the item.

## D. Opinion

25. On the basis of the above, the Committee is of the opinion that keeping in view the activities of the company, it may be appropriate to present the duty credit scrips/entitlement under Service Export from India Scheme

(SEIS) as 'other operating revenue' under 'Revenue from Operations' in the statement of profit and loss, as discussed in paragraph 24 above. The company should also give adequate disclosures (including the accounting policy for recognition of such income) so as to appropriately explain the nature of the item.


1. The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2. The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on November 21, 2019. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.


3. The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in thirty six volumes. A CD of Compendium of Opinions containing thirty six volumes has also been released by the Committee. These are available for sale at the Institute's office at New Delhi and its regional council offices at Mumbai, Chennai, Kolkata and Kanpur.
4. Recent opinions of the Committee are available on the website of the Institute under the head 'Resources'.
5. Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head 'Resources'. For further information, write to [eac@icai.in](mailto:eac@icai.in).

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## Legal Decisions



### Income Tax

**LD/69/01, [ITAT Jaipur: ITA No. 98/JP/2019],  
Prem Chand Jain Vs.  
The Asst. Commissioner of Income Tax,  
08/06/2020**

Agricultural land, not being a capital asset under section 2(14) cannot be subject to provisions of Section 56(2)(vii)(b). The AO had made an addition under section 56(2)(vii)(b) regarding difference between sale consideration and the stamp duty value of the two agricultural lands purchased by the assessee during the AY 2014-15. Though the term 'any immovable property' has not been defined but the term 'property' has been defined to mean capital asset of the assessee being an immovable property.

**LD/69/02, [ITAT Delhi: ITA No. 5414 /Del/2018],  
Surana Enterprises Vs. The Income Tax Officer,  
26/05/2020**

Assessing Officer (AO) issued notice under section 143(2) on the same date on which the assessee filed return in response to notice under section 148 served on the assessee. Validity of reassessment proceedings upheld by Delhi ITAT by rejecting assessee's argument that such issuance of notice under section 143(2) was without application of mind. Delhi ITAT noted that AO already had the original return and there was no change in the facts post reassessment notice as the same return was requested to be treated as return filed in response to Section 148 notice. ITAT held that putting an artificial time break between the time of intimation of the return filed by the assessee and notice to be issued by the assessing officer would be unreasonably putting a burden on the revenue.

**LD/69/03, [ITAT Hyderabad: ITA 1372/Hyd/2016],  
Jayasharee Anand Enterprises Vs.  
The Income Tax Officer,  
30/04/2020**

For AY 1998-99 the AO made an addition made under section 69 in case of assessee-firm based on information that the assessee-firm had paid ₹ 40

lakhs for the purchase of land during subject year. ITAT deleted the addition noting that when the assessee did not carry on any business it cannot be said that it has unexplained income to make the unexplained investment. Since assessee had not carried on any business it could only have received capital contribution from the partners and if partners are not able to explain the sources for such investment made by them, AO can only make the addition in the hands of the partners and not in the hands of the assessee firm.

**LD/69/04, [ITAT Jaipur: ITA 584/JP/2019],  
Vijay Kumar Vs. The Income Tax Officer,  
28/04/2020**

Re-assessment proceedings were initiated on the assessee for assessing the Bank time deposits. Assessee filed return showing capital gains from sale of property which was explained as the source of Bank deposits. Jaipur ITAT upheld the reassessment proceedings and rejected assessee's contention that when no addition was made on the ground for which the assessment was reopened, AO cannot assess and make addition on a new ground which was not mentioned in the reasons for reopening. As per ITAT, what was intended to be brought to tax is the source of such deposits which remained unexplained prior to issuance of notice under section 148. Separately, ITAT deleted the addition capital gains on merits.

**LD/69/05, [ITAT Delhi: ITA 6460/Delhi/2015],  
The Asst. Commissioner of Income Tax Vs.  
M/s Conwood Medipharma Private Limited,  
27/04/2020**

Delhi ITAT held that provisions of Section 40 (a) (ia) are attracted only if expenses are claimed in the profit & loss account and not when the same are capitalized. The professional charges paid by the assessee were not debited in P&L account but were capitalized under work in progress i.e. "Building under Construction" in fixed assets schedule. Thus addition made by the AO under section 40(a)(ia) was deleted. Separately, addition made on account of alleged difference in brokers' accounts and party wise gross receipts submitted by the assessee was deleted by ITAT after considering explanations of the assessee.



## Transfer Pricing

*LD/69/06, [ITAT Kolkata: ITA 2298/Kol/2016],  
PricewaterhouseCoopers Private Limited Vs.  
Dy. Commissioner of Income Tax,  
29/05/2020*

AO passed an order under section 144C titled "Draft Assessment Order" and issued a notice of demand under section 156 and a notice under section 274 r.w.s. 271. Assessee contended that this amounted to passing final order under section 143(3) without passing draft order. ITAT rejected assessee's contention and stated that attachment of notice of demand under section. 156 cannot be a deciding factor to conclude that the order in question was final assessment order. ITAT also noted that none of the columns in the penalty notice were struck off, and so the same was illegal and bad in law and non-est. Observes that both demand and penalty notices are illegal notices and void-ab-initio. If assessee's contention is accepted, then the appeal is not maintainable before ITAT since no objection is maintainable before the DRP on a final assessment order, and the appeal lies with CIT(A).



## GST

*LD/69/07, [2020-TIOL—690-HC-AHM-GST],  
M/s Kanai Enterprise Vs.  
State of Gujarat,  
11/03/2020*

In the absence of any power, under section 83 of the CGST Act, the order of provisional attachment under Section 83 of the Act cannot be passed during the pendency of the proceedings under section 71(1) of the CGST Act. Hon'ble High Court held that the plain reading of Section 83 of the Act would indicate that the powers can be invoked during the pendency of proceedings under Sections 62, 63, 64, 67, 73, and 74 of the Act. There is no power vested in the authorities to invoke the provisions of Section 83 during the pendency of the proceedings instituted under section 71(1) of the Act. The High Court accordingly quashed the order of attachment under section 83 of the Act.

## Customs

*LD/69/08, Punjab & Haryana High Court:  
Misc. CWP No. 25129 of 2019,  
Shri Vishnu Processors Vs. Union of India & Ors,  
20/03/2020*

Assessee filed Writ challenging jurisdiction of DRI officials to conduct search while rejecting assessee's contention that DRI officers could not conduct search as assessee is not an exporter. Section 105 regarding on power to search premises does not restrict the search only with regard to importer or exporter; the other premises can also be searched. Search was in connection with investigation going on for availing ineligible drawback and IGST by way of accumulating ITC by procuring fake purchase bills. High Court held that challenge to the jurisdiction of search, by the assessee, is not well founded.

## Excise

*LD/69/09, [Karnataka High Court:  
CEA No. 31/2017],  
Suretex Prophylactics India Private Limited Vs.  
The Commissioner of Central Excise Customs & Service  
Tax, 05/05/2020*

Refund claim of unutilised/accumulated credit under Rule 5 of CENVAT Credit Rules held to be subject to limitation prescribed under Section 11B of the Central Excise Act. Adjudicating Authority rejected claim filed beyond one year from export of final products on the ground of time-bar. Rule 5 clearly provides for refund subject to such safeguards, conditions and limitations as may be specified, by the Central Government. Provisions of Central Excise Act would cover the refund claims made under CCR relating to 'service providers' under the Finance Act, 1994 in as much as Section 11B also finds a place in Section 83 of Finance Act, 1994.

*LD/69/10, [Gujarat High Court: Misc. Civil Application  
No. 1 of 2019 In R/Tax Appeal No. 535 Of 2019],  
The Commissioner, CGST and Central Excise Vs.  
Ratnamani Metals and Tubes Ltd, 25/03/2020*

Revenue filed a review application against dismissal of appeal on the ground of maintainability of appeal as the question involved had a direct bearing on the rate of duty and value of goods for

the purposes of assessment. Issue was whether the goods manufactured by the job worker would be entitled to exemption which was a question directly related to the rate of duty, thus making the order of the CESTAT appealable before the SC and not before this Court, as per Gujarat High Court. High Court held that its original order did not suffer from any error apparent on the face of the record, warranting interference, and so dismissed the review application filed by Revenue.

*LD/69/11, [Madhya Pradesh High Court:  
Misc. CEA No. 73/2018],  
Commissioner, CGST & Central Excise Vs.  
Shri Manish Singhal,  
18/02/2020*

CESTAT ruled that there was 'no value addition' in repacking the medicinal goods received from manufacturers and then delivering to the consumers/shops/distributors. Goods received from manufacturer were already in a pre-packed form including MRP as prescribed under the statutory provisions and were already subjected to Excise Duty, and moreover the goods are sold at same MRP to the consumer. There is no 'process of manufacture' done by taxpayer. Revenues appeal against such order of CESTAT, not admitted by High Court.

## Service Tax

*LD/69/12, [2020-TIOL-859-CESTAT-DEL],  
M/s Modi Mundipharma Beauty Products Pvt. Ltd. Vs.  
Commissioner of Service Tax,  
08/06/2020*

For the period prior to 01/07/2012, a license to use 'know-how' cannot be said to be covered under the provisions of intellectual property services under section 65(105)(zzr) of the Act. When the SCN misinterprets the agreement and raises demand under the intellectual property services on the ground that the assessee has made payments for the right to use trademarks and does not give any reference in the SCN regarding the use of patents etc, it's not open for the Adjudicating Authority to confirm the demand on the ground that the know-how is a patent covered under the provisions of The

Patents Act. A show-cause notice is a foundation based on which any demand can be confirmed and it is trite to state that no demand can be confirmed based on an allegation not made in the show cause notice.

*LD/69/13, Shree Dipesh Anil Kumar Naik  
(AAR – Gujarat),  
19/03/2020*

In the plot development activity, common amenities, roads, a water tank, and other infrastructure is an intrinsic part of the plot allotted to the buyer, and hence such activity is not equivalent to the sale of land but constitutes rendering of the construction services in clause 5(b) of the Schedule-II of the CGST Act, 2017 and is taxable under 'construction services'.

*LD/69/14, [2020 – TIOL – 887-HC-AHM-ST],  
Commissioner of Central Excise and  
Service Tax, Rajkot Vs.  
Reliance Industries Ltd.,  
12/12/2019*

The refund claim in respect of CENVAT credit of common input services distributed to SEZ unit through ISD mechanism (falling under Table-II of Form A-4) of the Notification No.12/2013-ST dtd.01-7-2013, would be required to be made within one year from the end of the month in which actual payment of service tax was made by the input service distributor to the service provider and not one year from the end of the month in which the ISD invoices were issued if it is held that Clause (e) of paragraph 3(III) applies to such services. The order passed by the adjudicating authority extending the time limit mentioned in the said clause (e) has to reflect the application of mind to the question of delay and the order should also reflect the reasons as to why the adjudicating authority has thought it fit to extend the time limit for filing the refund claim. If the adjudicating authority has not exercised the discretion to condone the delay, the Tribunal can exercise such discretion.

## Disciplinary Case



***Accepting the tax audit without communicating with previous auditor and without verifying whether professional charges to previous auditor are fully paid or not -- Subsequent auditor is guilty of Professional misconduct falling within the meaning of Clause (8) of Part I of First Schedule and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.***

Held:

The Committee noted the underlying objective of Clause (8) is that the member may have an opportunity to know the reasons for the charge in order to be able to safeguard his own interest, the legitimate interest of the public and the independence of the existing auditor. Clause (8) is not intended to prevent or obstruct the change.

The incoming auditor need to communicate with the previous auditor in his own interest and to find out whether there are any professional or other reasons why he should not accept the appointment.

Further, the amount shown in the Balance Sheet is undisputed audit fee payable to the Complainant and the denial of the auditee through an affidavit about the same cannot be considered as "not payable" to the Complainant as contended by the Respondent. The Respondent's duty in this regard was to communicate with the previous auditor in respect of accepting the audit and also he should have referred the audited balance sheet of the auditee signed by both the auditee and the Complainant to verify whether any undisputed audit fee was payable to the previous auditor or not before accepting the assignment as a tax auditor. However, the Respondent has failed to do the same and his contentions are not acceptable.

In light of the above, the Committee held that the Respondent is guilty of professional misconduct falling within the meaning of Clause (8) of Part I of First Schedule and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 (as amended).

CA.Jatinder Kumar Jain. Vs. CA.Sandeep Kumar.  
PR/65/11/DD62/11/DC/328/2014

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## Circulars/Notifications

*Given below is summary of important Circulars and Notifications issued by the CBDT, CBIC-GST, FEMA and MCA since the publication of the last issue of the journal, for information of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/notification. Feedback and suggestions on this column can be submitted at [eboard@icai.in](mailto:eboard@icai.in)*



### I. NOTIFICATIONS

#### 1. Amendment of the Income-tax Rules, 1962 to provide for applicability of Safe Harbour Rules for A.Y.2020-21 – Notification No. 25/2020, dated 20-05-2020

Vide this Notification, sub-rule (3B) has now been inserted to provide that the provisions of sub-rules (1) and (2A) of Rule 10TD shall apply for the AY 2020-21.

#### 2. Remuneration to be paid to an eligible Fund Manager under section 9A of the Income-tax Act, 1961 - Notification No. 29/2020, dated 27-05-2020

Vide this Notification, the manner for calculation of the remuneration to be paid to the eligible fund manager is prescribed by new sub-rule (12) of Rule 10V.

#### 3. Insertion of new Rule 114-I pertaining to Annual Information Statement - Notification No. 30/2020, dated 28-05-2020

Vide this notification, Form No. 26AS has been substituted.

#### 4. Income tax return Forms for AY 2020-21 notified – Notification No. 31/2020, dated 29-05-2020

The CBDT has notified Income-tax Return Forms (ITR Forms) for the Assessment Year 2020-21 vide this notification.

#### 5. Cost Inflation Index for Financial Year 2020-21 notified - Notification No. 32/2020, dated 12-06-2020

The CBDT, has vide this notification, notified Cost inflation index for Financial Year 2020-21 as 301.

### II. CIRCULARS

#### 1. Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961 - Circular No. 12/2020, dated 20-05-2020

Vide this circular, the CBDT has clarified that the provisions of section 269SU shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by other than cash.

### III. PRESS RELEASES/INSTRUCTIONS/OFFICE MEMORANDUM/ORDER

#### 1. FM launches facility of Instant PAN through Aadhaar based e-KYC – Press Release, dated 28-05-2020

In line with the announcement made in the Union Budget, Hon'ble Union Finance Minister Smt. Nirmala Sitharaman formally launched the facility for instant allotment of PAN (on near to real time basis) on 28.05.2020.



### 1. GST

#### Facility for registration of IRP/RPs made available on the GST Portal

Pursuant to Notification No. 11/2020-CT, dated 21<sup>st</sup> March, 2020 read Notification No. 39/2020 – Central Tax dated 5<sup>th</sup> May, 2020, Insolvency Resolution Professionals/Resolution Professionals (IRPs/RPs) are liable to take a new registration on GST Portal, on behalf of the Corporate Debtors, in each of the States or Union Territories, on the PAN and CIN of the Corporate Debtor, where the corporate debtor was registered earlier, within 30 days of the appointment of the IRP/RP or by 30<sup>th</sup> June, 2020, whichever is later. Therefore, GST portal has released a news update dated 27<sup>th</sup> May, 2020 enabling the facility for registration of IRP/RPs.

[<https://www.gst.gov.in/newsandupdates/read/377>]

<sup>1</sup> Matter on Direct Taxes, Indirect Taxes, MCA Updates is contributed by Direct Taxes Committee, GST & Indirect Taxes Committee and Corporate Laws & Corporate Governance Committee of ICAI respectively. FEMA updates by CA. Manoj Shah, CA Hinesh Doshi and CA. Sudha G. Bhushan)



## Recommendations of GST council related to Law & Procedure

The 40<sup>th</sup> GST Council in its meeting held on 12<sup>th</sup> June, 2020, has made the following recommendations on Law & Procedures changes.

### • Measures for Trade facilitation:

#### (a) Reduction in Late Fee for past Returns:

Late fee for non-furnishing **FORM GSTR-3B** for the tax period from July, 2017 to January, 2020 is 'NIL' if there is no tax liability and upper capped to ₹ 500/- per return if there is any tax liability, provided all **GSTR-3B** returns are furnished between 01.07.2020 to 30.09.2020

#### (b) Relief for taxpayers having aggregate turnover upto ₹ 5 crore ("Small Taxpayers") for tax periods

- **February, March & April 2020:** Rate of interest reduced from 18% to 9%, till 30.09.2020, if the return (GSTR-3B) for February, March and April, 2020 are filed beyond the specified dates (staggered upto 6.07.2020) for Small Taxpayers.
- **May, June & July 2020:** Late fees and interest will be waived if returns (GSTR-3B) for May, June and July 2020 is furnished upto 30.09.2020 (staggered dates to be notified) by Small Taxpayers

#### (c) Extension in period for seeking revocation of cancellation of registration: Where GST registration has been cancelled upto 12.06.2020, a one-time option to apply for revocation of cancellation of registration has been provided upto **30.09.2020**.

- Certain clauses of the Finance Act, 2020 amending CGST Act 2017 and IGST Act, 2017 to be brought into force from **30.06.2020**.

*[ Press Release ID: 1631127 dated 12<sup>th</sup> June, 2020]*

### Section 128 of Finance Act, 2020 made effective

The Central Government vide [Notification No. 43/2020- Central Tax dated 16<sup>th</sup> May, 2020](#) notified 18<sup>th</sup> May, 2020 as the date from which Section 128 of Finance Act, 2020 shall come into force which deals with the amendment in Sub-sections (1), (2),

(3), (5), (6), (7), (8), (9) of Section 140 of CGST Act, 2017, to prescribe the manner and time limit for taking transitional credit.

*[Notification No. 43/2020- Central Tax dated 16<sup>th</sup> May, 2020]*

### Furnishing of a nil return in FORM GSTR-3B by SMS made effective

The Central Government vide [Notification No. 44/2020- Central Tax dated 8<sup>th</sup> June, 2020](#) appointed 8<sup>th</sup> June, 2020, as the date from which **Rule 67A** ( Manner of furnishing of return by short messaging service facility ) shall come into force to allow the registered person to furnish a **Nil return** in **FORM GSTR-3B** for a tax period, through a short messaging service (SMS) using the registered mobile number and verifying the same based on One Time Password facility .

*[Notification No. 44/2020- Central Tax dated 8<sup>th</sup> June, 2020]*

### Extension of transition date under GST on account of merger of erstwhile Union Territories of Daman and Diu & Dadar and Nagar Haveli.

The Central Government vide [Notification No. 45/2020- Central Tax dated 9<sup>th</sup> June, 2020](#) has extended the transition date for compliance of special procedures under GST as notified vide [Notification No. 10/2020 – Central Tax dated 21<sup>st</sup> March, 2020](#) on account of merger of erstwhile Union Territories of Daman and Diu & Dadar and Nagar Havel from 31<sup>st</sup> May, 2020 to 31<sup>st</sup> July, 2020.

*[Notification No. 45/2020- Central Tax dated 9<sup>th</sup> June, 2020]*

### Extension of period to pass order under Section 54(7) of the CGST Act.

The Central Government vide [Notification No. 46/2020- Central Tax dated 9<sup>th</sup> June, 2020](#) has notified w.e.f. 20<sup>th</sup> March, 2020, that in cases where a notice has been issued for rejection of refund claim, in full or in part and time limit for issuance of order i.e. 60 days from receipt of complete application, falls during the period from 20<sup>th</sup> March, 2020 to 29<sup>th</sup> June, 2020, then in such cases refund order can be issued with 75 days (15 days extended ) of the receipt of reply to notice or 30<sup>th</sup> June, 2020, whichever is later.

*[Notification No. 46/2020- Central Tax dated 9<sup>th</sup> June, 2020]*

## Extension of validity of e-way bill generated on or before 24.03.2020

The Central Government vide [Notification No. 47/2020-Central Tax dated 9<sup>th</sup> June, 2020](#), extended the validity period of e-way bill generated on or before the 24<sup>th</sup> March, 2020 and whose validity has expired on or after the 20<sup>th</sup> March, 2020, till 30<sup>th</sup> June, 2020.

*[Notification No. 47/2020-Central Tax dated 9<sup>th</sup> June, 2020]*

## Clarification on refund related issues

The Central Board of Indirect Taxes and Customs CBIC vide [Circular No. 139/09/2020-GST dated 10<sup>th</sup> June, 2020](#) clarified that treatment of refund of ITC relating to imports, ISD invoices and the inward supplies liable to Reverse Charge (RCM supplies) will continue to be same as it was before the issuance of Circular No. 135/05/2020- GST dated 31-03-2020.

*[Circular No. 139/09/2020-GST dated 10<sup>th</sup> June, 2020]*

## Clarification in respect of levy of GST on Director's Remuneration

The Central Board of Indirect Taxes and Customs vide [Circular No. 140/10/2020-GST dated 10<sup>th</sup> June, 2020](#) clarified the following in respect of levability of GST on Director's Remuneration:

- remuneration paid to independent directors, or those directors, by whatever name called, who are not employees of the Company, is taxable in hands of the company, on reverse charge basis
- remuneration declared as "Salaries" in the books of a company and subjected to TDS under Section 192 of the Income Tax (IT) Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.
- remuneration which is declared separately other than "salaries" in the Company's accounts and subjected to TDS under Section 194J of the IT Act as Fees for professional or Technical Services, being outside the scope of Schedule III of the CGST Act, are taxable under reverse charge basis

*[Circular No. 140/10/2020-GST dated 10<sup>th</sup> June, 2020]*

## 2. Custom

**Empowerment Customs officers as 'proper officers' to conduct faceless or remote assessment of Bills of Entry filed under Section 46 of the Customs Act, 1962 for import in another Customs station.**

The Central Board of Indirect Taxes and Customs vide [Notification No. 50/2020-Customs \(N.T.\) dated 5<sup>th</sup> June, 2020](#) has appointed Superintendent of Customs, GST and Central Excise or Appraiser and Deputy Commissioner or Assistant Commissioner of Customs posted at any customs station in India, as proper officers for functions under section 17 (2)(a), 17(3), and (4) & section 17(5) and 18 of the Customs Act, 1962 respectively, in relation to a bill of entry presented electronically under section 46 or 68 of the said Act, anywhere in India, where, such bill of entry is assigned to them in the Customs Automated System.

*[Notification No. 50/2020-Customs (N.T.) dated 5<sup>th</sup> June, 2020]*

## 1<sup>st</sup> Phase of All India roll-out of Faceless Assessment

CBIC vide [Circular No.28/2020-Customs dated 05<sup>th</sup> June, 2020](#) has clarified the procedure for implementation of the most critical reform viz, Faceless Assessment of the next generation reforms in the Customs clearance process under the umbrella of Turant Customs. The main objective of Faceless Assessment is speedy and uniform assessment practices.

Further, an Board's [Instruction No.09/2020 Customs dated 05<sup>th</sup> June, 2020](#) may also be referred.

*[Circular No.28/2020-Customs dated 05<sup>th</sup> June, 2020, Instruction No.09/2020 Customs dated 05<sup>th</sup> June, 2020]*

## Electronic sealing- Deposit in and removal of goods from Customs Bomded Warehouses- reg

CBIC [Circular No. 25/2020- Customs dated 18<sup>th</sup> May, 2020](#) clarifies that Circular-19/2018 dated 18.06.2018 and Circular 10/2020-Customs dated 07.02.2020 provided for RFID sealing of goods to be deposited in or removed from Customs Bonded Warehouses. Since, a comprehensive circular is under consideration, therefore theses circulars which are yet to be operationalized stand rescinded.

*[Circular No. 25/2020- Customs dated 18<sup>th</sup> May, 2020]*

## MCA

**Extension of time for creation of Deposit repayment reserve of 20% and to invest or deposit 15% of the amount of debentures from 30<sup>th</sup> June 2020 to 30<sup>th</sup> September 2020.**

MCA has issued Clarification wherein timelimit with regard to creation of deposit repayment reserve of 20% u/s. 73 (2) (c) of the companies Act 2013 and to invest or deposit 15% of amount of debentures u/r.18 of Companies (Share capital and Debentures) Rules 2014 - COVID-19 has been extended from 30<sup>th</sup> June 2020 to 30<sup>th</sup> September 2020.

Details are available at [http://www.mca.gov.in/Ministry/pdf/Circular24\\_20062020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular24_20062020.pdf)

**Amendment of item no.(viii) in the Schedule VII of the Companies Act,2013**

MCA has issued a notification wherein it has amended Schedule VII item (viii) where after the words “Prime Minister’s National Relief Fund”, the words “or Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)” shall be inserted.

Details are available at [http://www.mca.gov.in/Ministry/pdf/Notice\\_27052020.pdf](http://www.mca.gov.in/Ministry/pdf/Notice_27052020.pdf)

**Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)**

MCA has allowed companies to hold annual general meeting (AGM) in a manner similar to the one provided for holding EGM which deal with conduct of extraordinary general meeting (EGM) and have allowed the holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM).

Details are available at <https://resource.cdn.icaai.org/59541clcg48464.pdf>

**Clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31<sup>st</sup> July, 2020**

MCA has clarified that inability of any Listed Company to dispatch the notice referred in section 62 of the Act to shareholders through registered post or speed post or courier for the rights issue opening upto 31<sup>st</sup> July, 2020, would not be viewed as violation of section 62(2) of the Act if the SEBI

Circular No SEBI/ HO/CFD/DIL2/ CIR/P/2020/78 dated 6<sup>th</sup> May, 2020 is complied with ([https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-issues-and-listing\\_46652.html](https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-issues-and-listing_46652.html)). Details are available at <https://resource.cdn.icaai.org/59543clcg48466.pdf>

**Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013**

Ministry of Corporate Affairs has come out with a new scheme called “Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013”. The Purpose of the scheme is to condone the delay in filing certain forms related to creation/ modification of charges.

In this regard, FAQs by ICAI on the Scheme have been hosted on ICAI website <https://resource.cdn.icaai.org/59986clcg48878.pdf>



**Voluntary Retention Route (VRR) for Foreign Portfolio Investors (FPIs) investment in debt-relaxations**

**A.P. (DIR Series) Circular No. 32 dated May 22, 2020**

As per para 6(a) of directions, Foreign Portfolio Investors (FPIs) shall invest at least 75% of their Committed Portfolio Size (CPS) within 3 months from date of allotment. In view of COVID 19 disruptions it has been decided to allow FPIs that have been allotted investment limits, between January 24, 2020 (the date of reopening of allotment of investment limits) and April 30, 2020, an additional time of three months to invest 75% of their CPS.

**Import of Goods and Services – Extension of time limits for settlement of import payments**

**A.P. (DIR Series) Circular No. 33 dated May 22, 2020**

In view of the disruptions due to outbreak of COVID- 19 pandemic, it has been decided to extend the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.

# National Update

## President Kovind Promulgates Banking Regulation (Amendment) Ordinance 2020

President of India Ram Nath Kovind promulgated the Banking Regulation (Amendment) Ordinance, 2020 in pursuance of the commitment to ensure safety of depositors across banks. The Ordinance amends the Banking Regulation Act, 1949 as applicable to Cooperative Banks. It seeks to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight by extending powers already available with RBI in respect of other banks to Co-operative Banks. The amendments do not affect existing powers of the State Registrars of Co-operative Societies under state co-operative laws. The amendments do not apply to Primary Agricultural Credit Societies or co-operative societies whose primary object and principal business is long-term finance for agricultural development.

The Ordinance also amends Section 45 of the Banking Regulation Act to enable making of a scheme of reconstruction or amalgamation of a banking company for protecting the interest of the public, depositors and the banking system and for securing its proper management, even without making an order of moratorium, so as to avoid disruption of the financial system.

(Source: <http://www.businessworld.in/>)

## CII wants more MSMEs to Tap into ₹ 3 lakh crore Credit Scheme; May Urge Govt to Make This Key Move

The government has pledged full guarantee for up to 20% additional, collateral-free working capital loans under the ECLGS. However, only borrowers with up to ₹ 25 crore outstanding as of February 29 and ₹ 100 crore annual turnover will be eligible. The government recently notified a decision to raise the annual turnover limit for a medium enterprise to ₹ 250 crore from ₹ 100 crore. Similarly, the investment limit to qualify as a medium enterprise has been raised to ₹ 50 crore from ₹ 20 crore, announced as part of the ₹ 21-lakh-crore relief package in May. The latest definition will come into effect from July 1.

(Source: <https://www.financialexpress.com/>)

## SEBI gives India Inc another month to file quarterly, annual results; deadline revised to July 31

Capital market regulator, Securities and Exchange Board of India (SEBI) recently announced that it has decided to further relax the timeline for submission of financial results for the quarter ending 31<sup>st</sup> March 2020 till July 31. The extension comes in the wake of the coronavirus pandemic that has hit business operations across the globe. This is the second time the market regulator has relaxed the timeline for the financial results. Earlier in March, SEBI had eased the timeline for filing financial results till June 30 giving listed firms an extra 45-days to file results.

(Source: <https://www.financialexpress.com/>)

## Deadline for registration of independent directors with MCA's online databank extended till September 30

The Ministry of Corporate Affairs (MCA) extended till September 30, the period by which existing independent directors must register themselves with its online databank of independent directors, in a recently issued notification. The ministry also extended to the same date, the time till when companies can hold board meetings through video conference or other audio visual means, in parallel notification. The previous deadline for both these relaxations was June 30. On December 1 last year, the MCA had launched the databank, which was envisioned to be a "comprehensive repository" of existing as well as eligible independent directors to help companies connect with people who had the specific skills they were looking for. The amended rules under the Companies Act, required all existing independent directors to register themselves with the databank within three months from the notification.

In terms of doing away with the requirement of a physical board meeting, the MCA in March said it had acted on representations from industry that board members, especially those abroad, were finding it difficult to attend meetings with travel restrictions in place.

(Source: <https://economictimes.indiatimes.com/>)



## Global Coalition Issues Guidance on How Businesses Can Adopt a Long-Term Value Creation Agenda

In the wake of unprecedented economic disruption due to the COVID-19 pandemic, many companies are rethinking their fundamentals and assessing how their corporate purpose, strategy and business model will drive long-term success. To support businesses in this uncertain environment, the International Federation of Accountants (IFAC), International Integrated Reporting Council (IIRC), and the Association of International Certified Professional Accountants (the unified voice of the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA)) recently released new guidance for Chief Financial Officers (CFOs) and finance teams to navigate their organizations toward long-term value creation. The report contains actionable insights for CFOs, finance teams, and other business leaders to sharpen their perspective on value creation beyond the financials. The approach outlined in this report helps CFOs and finance teams to think about how to ensure that all relevant information around performance, opportunities, risks, and trade-offs are available to internal decision-makers, investors, and other capital providers. It also enables the corporate mindset to evolve from shareholder value creation to a longer-term stakeholder value creation perspective.

(Source: <https://www.ifac.org/>)

## IASB Issues Amendments to IFRS 17 Insurance Contracts to Help Companies with Implementation

The International Accounting Standards Board (Board) recently issued amendments to IFRS 17 Insurance Contracts aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The deferral of the effective date by two years, to annual reporting periods beginning on or after 1 January 2023, is intended to allow time for an orderly adoption of the amended IFRS 17 by jurisdictions around the world. This should enable more insurers to implement the new Standard at the same time. The Board has also issued an amendment to the previous insurance contracts Standard, IFRS 4, so that eligible insurers can still apply IFRS 9 Financial Instruments alongside IFRS 17.

### Access:

- Amendments to IFRS 17 (<http://eifrs.ifrs.org/eifrs/PDFArchive?viewFile=24524&categoryId=71&sidebarCategoryId=71>. eIFRS subscription required).
- Pre-recorded webcast about the amendments to IFRS 17 (<https://www.ifrs.org/projects/2020/amendments-to-ifrs-17/webcast-introducing-amendments-to-ifrs-17/>) Insurance Contracts.
- Project Summary and Feedback Statement (<https://cdn.ifrs.org/-/media/project/amendments-to-ifrs-17/project-summary-amends-to-ifrs17.pdf?la=en>) for an overview of the Board's project and a summary of how it has responded to stakeholders' comments. A Proposed IFRS Taxonomy Update to reflect these amendments will be published for comment in July 2020.

(Source: <https://www.ifrs.org>)

## Issue 20 of the Investor Update published

The IASB Investor Update aims to make it easy for investors to keep up with changes in the world of IFRS Standards and how those changes may affect an investor's day job. Each issue profiles recently introduced IFRS Standards or changes that are in the pipeline and how they may alter the way in which you look at companies and analyse performance. Events and publications that are of interest to investors are highlighted.

The latest issue includes the following:

- IFRS Foundation response to covid-19
- New project timelines
- We need your views—open consultations
- Stay up to date
- Resources for investors

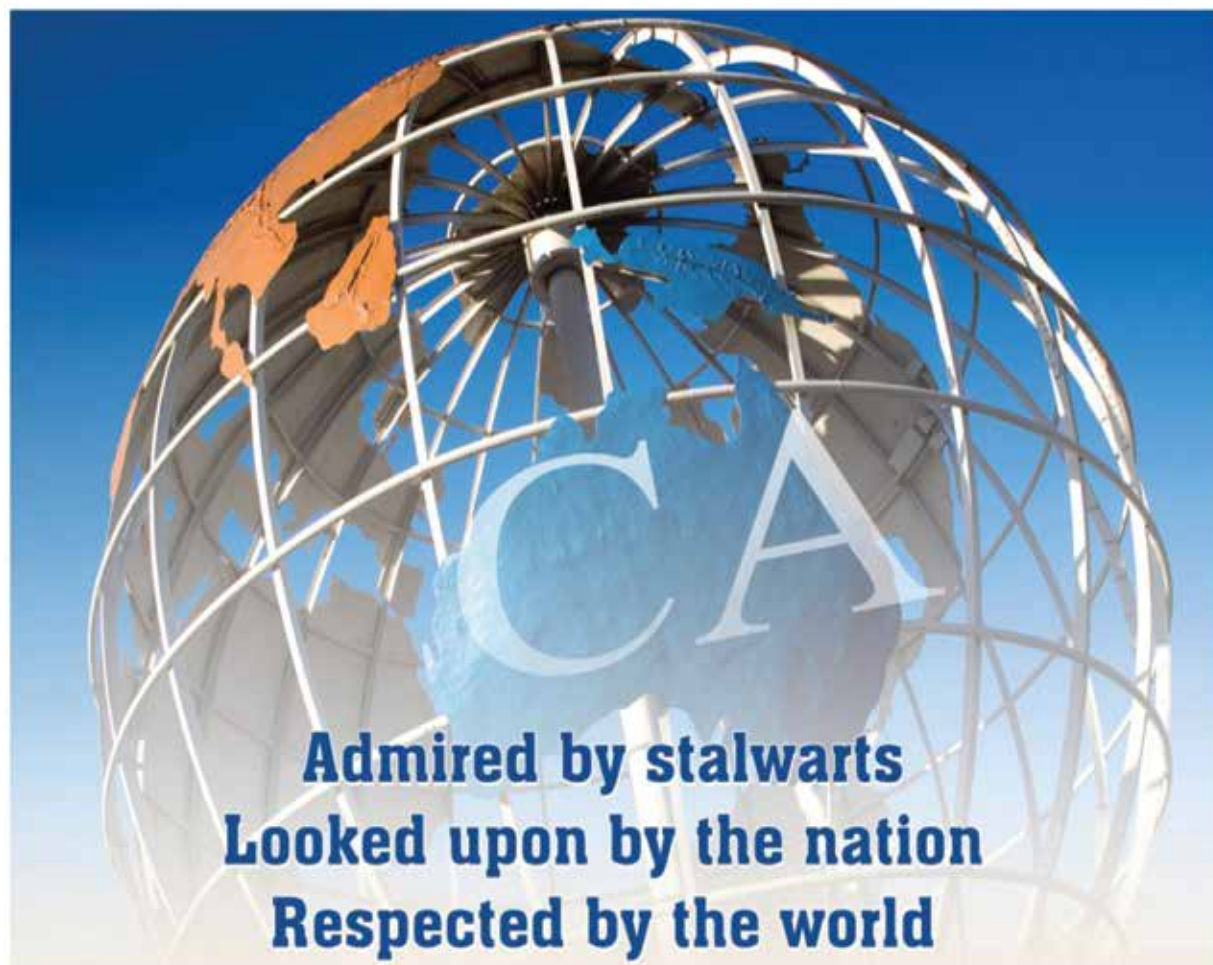
Read Issue 20 and past issues of the Investor Update at <https://www.ifrs.org/investor-centre/#investor-updates>

(Source: <https://www.ifrs.org>)

## Classifieds



- 5815** An 8 year old partnership firm (Jamshedpur), is looking for partners in Ranchi, Kolkata, New Delhi, Mumbai, Pune, Patna, Chennai, Bangalore, Bhubhneshwar, Raipur, Lucknow, Hyderabad, Andaman, Others. Interested CA/ Firm can drop e-mail: at [jalukaandassociates@gmail.com](mailto:jalukaandassociates@gmail.com)
- 5816** Kochi based CA firm with 35 years standing is looking for partners Interested persons please email: [grmk123@gmail.com](mailto:grmk123@gmail.com)
- 5817** Jharkhand based CA Firm with nine years of experience requires partners or proprietorship/ partnership firms for mergers. Contact: [hsmalhotraca@gmail.com](mailto:hsmalhotraca@gmail.com), 8757832399





**Research Committee**  
**The Institute of Chartered Accountants of India (ICAI)**  
 (Set up by an Act of Parliament)



#### ABOUT ICAI

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 for regulating the profession of Chartered Accountancy in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest. The affairs of the ICAI are managed by a Council in accordance with the provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988. The Council constitutes of 40 members of whom 32 are elected by the Chartered Accountants and remaining 8 are nominated by the Central Government generally representing the Comptroller and Auditor General of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Ministry of Finance and other stakeholders. Over a period of time the ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical, ethical areas and for sustaining stringent examination and education standards.

#### ABOUT RESEARCH COMMITTEE

The Research Committee of the Institute of Chartered Accountants of India is one of the oldest technical committees set up in 1955 with a view to undertake research activities to improve the quality of services rendered by the profession. The primary objective of Research Committee is to undertake research in the field of accounting and other affiliated areas with a view to enhance the value of services rendered by the profession. The Committee undertakes approved research projects on current and continuous basis in various areas which are generally published in the form of Guidance Notes, Technical Guides, Studies, Monographs, etc. on generally accepted accounting principles and practices designed, to enhance the value of the services rendered by the profession.

Secretary, Research Committee, The Institute of Chartered Accountants of India  
 ICAI Bhawan, Indraprastha Marg, New Delhi-110 002, India, ☎ 9350572094, ✉ research@icai.in





**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

## ARTICLE PLACEMENT & INDUSTRIAL TRAINING PORTAL

LAUNCHED ON  
**14<sup>TH</sup> JUNE 2020**

### HIGHLIGHTS OF INDUSTRIAL TRAINING PORTAL

User friendly interface for students and companies both.

Auto-Populated data of students & members.

Regular updation of records and integration with the SSP Portal.

Online approval of Companies by the Institute.

Reminder mails to all students, 6 months prior to their eligibility.

#### Eligibility

##### Members

An Associate who has been a member for a continuous period of at least three years is entitled to train one industrial trainee and fellow is entitled to train two industrial trainees at a time.

##### Students

An articled assistant who has passed the Intermediate Examination can do the training in the last year of Articleship.



It is the one-stop destination for the Articled Assistants and the companies intend to engage them as Industrial Trainees



Visit

<https://app.icai.org>

**Students Skills Enrichment Board (BOS -Operations)**

Email : [app@icai.in](mailto:app@icai.in)





## FORTHCOMING EVENTS

S. No.	Title of the Seminar/ Conference	Date	Place	CPE Hours
<b>GST &amp; Indirect Taxes Committee</b> <b>Programme/Committee Chairman:</b> Chairman, GST & Indirect Taxes Committee of ICAI				
1.	Virtual Certificate Course on GST- Batch No. - 6	4 <sup>th</sup> , 5 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> , 18 <sup>th</sup> , 19 <sup>th</sup> , 25 <sup>th</sup> , 26 <sup>th</sup> July, 2020 and 1 <sup>st</sup> & 2 <sup>nd</sup> August, 2020	Online Course <a href="https://www.cpeicai.org/event-details/?event_id=10112673">https://www.cpeicai.org/event-details/?event_id=10112673</a>  2:00 p.m. to 6.30 p.m. with 30 min break at 4.00 p.m. to 4.30 p.m.  Weekend batch (Saturday & Sunday)	30 hours
2.	Virtual Certificate Course on GST - Batch No. – 7	6 <sup>th</sup> , 8 <sup>th</sup> , 10 <sup>th</sup> , 13 <sup>th</sup> , 15 <sup>th</sup> , 17 <sup>th</sup> , 20 <sup>th</sup> , 22 <sup>nd</sup> , 24 <sup>th</sup> & 27 <sup>th</sup> July, 2020	Online Course <a href="https://www.cpeicai.org/event-details/?event_id=10112674">https://www.cpeicai.org/event-details/?event_id=10112674</a>  2:00 p.m. to 6.30 p.m. with 30 min break at 4.00 p.m. to 4.30 p.m.  3 days in a week (Monday, Wednesday, Friday)	30 hours
3.	Virtual Certificate Course on GST - Batch No. – 8	7 <sup>th</sup> , 9 <sup>th</sup> , 14 <sup>th</sup> , 16 <sup>th</sup> , 21 <sup>st</sup> , 23 <sup>rd</sup> , 28 <sup>th</sup> , 30 <sup>th</sup> July, 2020 and 4 <sup>th</sup> & 6 <sup>th</sup> August, 2020	Online Course <a href="https://www.cpeicai.org/event-details/?event_id=10112675">https://www.cpeicai.org/event-details/?event_id=10112675</a>  7.30 a.m. to 9.30 a.m. and then 7:00 p.m. to 9:00 p.m.  2 days in a week (Tuesday & Thursday)	30 hours
4.	Virtual Certificate Course on GST- Batch No. - 9	9 <sup>th</sup> , 14 <sup>th</sup> , 16 <sup>th</sup> , 21 <sup>st</sup> , 23 <sup>rd</sup> , 28 <sup>th</sup> , 30 <sup>th</sup> July and 4 <sup>th</sup> , 6 <sup>th</sup> & 11 <sup>th</sup> August, 2020	Online Course <a href="https://www.cpeicai.org/event-details/?event_id=10112676">https://www.cpeicai.org/event-details/?event_id=10112676</a>  2:00 p.m. to 6.30 p.m. with 30 min break at 4.00 p.m. to 4.30 p.m.  2 days in a week (Tuesday & Thursday)	30 hours
<b>Topics</b>		<a href="https://idtc-icai.s3.ap-southeast-1.amazonaws.com/download/pdf20/VCCongGST.pdf">https://idtc-icai.s3.ap-southeast-1.amazonaws.com/download/pdf20/VCCongGST.pdf</a>		
<b>Fees</b>		₹ 6,000 /- plus GST i.e Total ₹ 7,080		
<b>Contact Person</b>		<b>For Registration &amp; Further Details:</b> GST & Indirect Taxes Committee Ph- 0120-3040922 Email ID – <a href="mailto:gst@icai.in">gst@icai.in</a>  <b>Visit website of the Committee:</b> <a href="https://idtc.icai.org/">https://idtc.icai.org/</a>		

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<b>Fees</b>		₹ 6,000 /- plus GST i.e Total ₹ 7,080		
<b>Contact Person</b>		<b>For Registration &amp; Further Details:</b> GST & Indirect Taxes Committee Ph- 0120-3040922 Email ID – <a href="mailto:gst@icai.in">gst@icai.in</a>  <b>Visit website of the Committee:</b> <a href="https://idtc.icai.org/">https://idtc.icai.org/</a>		

## ICAI in Media : Glimpses of May-June 2020

## Business Standard

## ICAI working on audit quality norms to boost Indian firms' global standing

*Quality parameters can be applied suo moto by ICAI's 80,000 member firms; best practices to include creation of supervising partner position, audit rotation, among others*

Ruchika Chitravanshi | New Delhi, Last Updated at May 28, 2020

The institute of chartered accountants of India (ICAI) is developing an audit quality maturity model to bring global standards for all its member firms and provide them with a score on achieving the required benchmarks.

The quality parameters can be applied suo moto by the 80,000 member firms of the ICAI.

"The idea is to improve the inherent capabilities of auditors... While a lot of the quality parameters are already there, we are putting things in black and white to help make our firms become globally competitive," Atul Gupta, president ICAI said.

Some of these best practices would include creating a position for a supervising partner, audit rotation among others. "Most big firms have these checks in place but in Indian context firms need to evolve so India can also have big audit firms in the future," Gupta added.

The institute has recently opened the Centre for Audit Quality at ICAI's Centre of Excellence in Jaipur to 'develop

a systematic audit quality framework.'

"The Centre for Audit Quality will aim at the continuous investment in the contemporary education and training for prospective accountants and auditors, developing guidance and training programmes to assist audit teams and offices to undertake effective root cause analysis," Gupta said.

In a press statement, ICAI said India was on the cusp of a huge data revolution and it had become essential to advocate the position of the auditors to the various stakeholders to fill in the expectation gaps.

"There is no set definition of a quality audit, and many factors influence audit quality. As a result, judging audit quality can be challenging and subjective," the statement said.

The auditing model is being designed on the basis of guidelines provided by the International Auditing and Assurance Standards Board. The quality indicators to be issued by the ICAI will be over and above the requirement to have a peer review and the financial reporting review by a third party.

Its Centre of Audit Quality will also provide training to auditors in terms of developing professional skill sets, using technology, and improving digital competency in areas such as the safety of data.

"This will improve the performance of auditors... We are institutionalising the standards for audit firms in India," ICAI president said.

ICAI may also give certifications to audit firms for their score on its quality parameters and evaluation of their competence, Gupta said.

## THE TIMES OF INDIA

## ICAI aims for transparency in Covid-era accounting

TNN | May 28, 2020, 04.00 AM IST

Will the company be able to continue its operations? Or to paraphrase in accounting terminology — will it be a going concern? In the pre-pandemic era, this was relatively simple to answer. Today, historical financials can no longer be relied upon to predict future trends such as cash flows.

Companies are having to factor in the Covid-19 impact, and the resultant possibility of higher defaults from customers. Valuations are challenging too. This is because of significant reduction in the fair value of investments and other assets.

The biggest issue relates to the going concern concept. Section 134(5) of the Companies Act requires directors to state that the annual accounts were prepared on a going concern basis. As auditors are responsible for evaluation of the management's assessment, the Institute of Chartered Accountants of India (ICAI) has issued a series of advisories, FAQs and guidance reports for its members.

Covid-19 does not automatically translate into material uncertainty on the company's ability to continue, states ICAI's report, titled 'Going concern, key consideration for auditors amid Covid-19'. But, it calls for regular updating of the assumptions used in the management's going concern assessment.

**DISCLOSURE OF CORONA IMPACT**

- > TCS in valuing its trade receivables of Rs 30,606cr as on March 31. In addition to the historical pattern of credit loss, also considering the likelihood of increased credit risks & defaults owing to Covid-19
- > Bajaj Finance recognised additional impairment of loans of Rs 850cr. To arrive at this, it factored in the probability of default as well as exposure to default due to Covid-19
- > RIL disclosed Rs 4,245cr as an exceptional item in its P&L due to the Covid-19 impact on business & oil price drop

Source: Company/IR report

The management should factor in the conditions in the markets & industry in which it operates, their customers' ability to continue in business & pay bills, support provided by local governments, the effects of social distancing and lockdown laws. Availability of funding sources, regulatory restrictions or relaxations in this regard should also be factored in,

states ICAI's report.

The auditor should maintain an appropriate level of professional scepticism, according to ICAI, which also calls for timely and effective communication between the management and auditor. In the backdrop of a cash flow forecast prepared by the management, the auditor could discuss the company's plans to liquidate assets, borrow, restructure debts, reduce expenditure, increase ownership equity, etc, and the timelines for such action.

"Companies would provide a valuable service if they can



comment on the liquid resources at their command and their ability to meet all their financial commitments in the next quarter or the next few quarters," says CimpfyFive Corporate Secretarial Services CEO Shankar Jaganathan.

If there is material uncertainty of the company's ability to continue its business, the auditor should report this in a separate section, states ICAI. Commenting on ICAI's guidance, SR Batliboi and Co partner Sanjeev Singhal says, "Listing down additional factors that an auditor should consider while testing the going concern criteria will make auditors more comfortable in deciding whether the accounts should have been prepared on the basis of a going concern or not. Examples of situations where auditors should qualify their report will bring in consistency."

CimpfyFive has released a model disclosure format that, if

adopted by companies, would bring in better transparency for stakeholders. The model covers the three broad areas of context, impact and disclosure. Each of these is detailed. For example, 'impact' would be assessed under the heads of liquidity and profitability, which can be assessed with some certainty. The other two elements would be solvency and sustainability, on which only an opinion can be expressed at a given point of time.

The model disclosure, signed by key officials and endorsed by the board, should be a single document of the company's own assessment, which should be shared with the stock exchanges and also made available to investors on its website. "Considering that the impact is likely to be felt in both the short and medium term, the document should be updated when any material change occurs," says Jaganathan.

## THE ECONOMIC TIMES

### ICAI to develop audit quality indicators; seeks to bolster competence of Indian audit firms

*There are around 80,000 audit firms in the country and the count of practising auditors is about 1.5 lakh.*

**PTI|Last Updated: May 31, 2020, 07.26 PM IST**

In efforts to strengthen quality of auditing activities, chartered accountants' apex body ICAI will develop a framework for audit quality indicators that will also help Indian audit firms and auditors to compete globally. ICAI President Atul Kumar Gupta said that currently quality of audit is not being benchmarked, and the focus is to have customised audit quality indicators.

The Indian Institute of Chartered Accountants (ICAI) has also decided to open a Centre for Audit Quality at Jaipur.

The plans assume significance against the backdrop of the government proposing changes in the existing regulations to enhance audit independence and accountability.

According to Gupta, the centre would be developing audit quality indicators, carry out capacity building activities and gradually there can be an "audit quality maturity model" whereby the quality can be benchmarked.

"When we will have the audit quality maturity model, we will be guiding the members on what kind of steps should one use, capacity building, procedures to be followed...", he said.

There are around 80,000 audit firms in the country and the count of practising auditors is about 1.5 lakh. The institute has nearly 3 lakh members and half of them are working in the industry.

"The idea is to develop a framework for audit quality indicators that will help Indian audit firms and auditors compete globally," Gupta told.

In February, the corporate affairs ministry came out with a consultation paper to examine the existing provisions of law and make suitable amendments therein to enhance audit independence and accountability.

The ministry's consultation paper also came amid several auditors and auditing entities coming under the regulatory lens for alleged misdoings.

One of the proposals in the consultation paper was about development of a 'Composite Audit Quality Index' to improve accountability of auditors and audit firms.

"To build a culture of quality audit, and to have a ready-reckoner for measurement of audit quality, an index may be developed involving qualitative and quantitative measures - at both engagement level and firm level. It may be made mandatory for big listed companies and voluntary for others.

"This index will also facilitate companies in objectively assessing the auditors/audit firms before their appointment," as per the consultation paper.

A final decision on the proposals, for which stakeholders' suggestions have also been gathered, is yet to be taken by the ministry.

Elaborating on the concept of audit quality indicators, he said they can be adopted by audit firms on a voluntary basis to maintain, improve and showcase their quality level.

Noting that development of audit quality indicators would be a continuous exercise, Gupta said there are international indicators available and those have to be customised as per local requirements.

Compared to foreign countries, India has more number of small and medium audit practitioners. So, the audit quality indicators need to be customised, he added.

Gupta said the centre would be doing a lot of research as well as capacity building, and training programmes for the members and the industry.

Research and innovation would also be carried out in the area of audit for improving overall audit quality.

To ensure quality of audit works, the framework of peer review board and financial review board are already in place.





## ICAI launches Article Placement & Industrial Training Portal

**Team Careers360 | Jun 17, 2020**

The Institute of Chartered Accountants of India (ICAI) has launched its Article Placement & Industrial Training portal to help both students and companies to get together. The portal has been launched through ICAI's Students Skills Enrichment Board (SSEB) with prime objective to develop the requisite Skill Set for budding Chartered Accountants and Enrichment of their Professional Skills. The Article Placement & Industrial Training Portal has been launched as a platform to provide an opportunity to both students and companies to interact with each other for selection of company vis-a-vis students.

Atul Kumar Gupta, President, ICAI launched the Industrial training portal through a live webinar on June 14 witnessed by approx. 24,000 students. During the webinar, Mr. Sanjay Rughani, Chairman, Professional Accountants in Business Committee of IFAC and CEO, Standard Chartered Bank, Tanzania was the Guest of Honour and the webinar was also graced by Nihar Niranjana Jambusaria, Vice-President, ICAI; Jay Chhaira, Chairman, SSEB & Pramod Kumar Boob, Vice-Chairman, SSEB.

Atul Kumar Gupta, President, ICAI on the occasion said "The students should focus on Skill Building with specialization in one area to achieve success in their life, irrespective of the fact whether they belong to small towns, villages or the metro cities. There are equal opportunities for all of them and they can certainly attain the pinnacle of success in their lives if they have the right attitude in life, as it is rightly said that, "To reach a greater altitude in life, right attitude is important rather than aptitude".

President, ICAI further added that "Industrial exposure is very much important for a student to move ahead in his / her dream of becoming a CEO from CFO of a company. Today, the industries need an all-round personality which in true sense can become the business solution provider."

The Portal will showcase the number of students eligible for enrolment as well as members available for imparting training to them. It will also show the details of companies registered, region-wise, specialization-wise and number of vacancies available. The portal will intimate the students well in advance through the system, about

their eligibility for industrial training via emails/SMS. At the same time, the portal will give online approval to industries who intend to impart industrial training to CA aspirants as per our Chartered Accountants Regulations. The Students Skills Enrichment Board (SSEB) of ICAI also imparts practical education and training through Information Technology and Soft Skills training to the students undergoing the Chartered Accountancy Course. The Board organises various students' related activities like - webinars, conferences, seminars, co-curricular activities, etc. for developing and enriching personality, leadership qualities and communication skills of our students. The Board also awards scholarships to meritorious, differently abled and needy students.



## ICAI will Publish CA Exams Results within 15-20 days after Examinations

**By Team Taxscan - On June 20, 2020**

The Institute of Chartered Accountants of India (ICAI) will publish the CA Exams Results within 15-20 days after the examinations.

The ICAI President, CA Atul Kumar Gupta said that ICAI has initiated the next-generation KPIs in its services to the Members and Students may it be on TAT or qualitative; taking delivery to WOW level. Reducing the time lag between examination and results by 15-20 days, 100% digitization of answer books evaluation process, and verification result within 7 days of application by students are among the few KPIs being recently developed.

The ICAI President also said that "in the recent past during COVID-19 Pandemic coupled with lockdown, two important initiatives; namely self-service portal and digital learning hub acted as a vibrant vehicle for delivery of better and timely services to members and students. Through these services, we not only assured paperless communication for our members and students but also acted as a catalyst for skill development".

More than 3 lakh members and an equal number of students are enjoying the uninterrupted services and e-learning through these two initiatives which could be a case study for students of management, he also added.

# From the First Issue of ICAI Journal Published in July, 1952 issue

## OURSELVES

It has now become possible for the Institute of Chartered Accountants of India to issue its own journal under the name and style of "The Chartered Accountant". This has replaced the Bulletin that was issued for the last two years. The Institute of Chartered Accountants of India was established on 1st July 1949 and was inaugurated on 15th August 1949 by the Honourable Commerce Minister with the Government of India. The President in his message in the first issue stated that in course of time the Institute may have a journal of its own, but the Bulletin was issued in the first instance with a view to give correct information to the members of the Institute at regular monthly intervals.

The Bulletin has served the members of the Institute in this manner from January 1950 till June 1952. It was first published from Calcutta and later from Madras. The editor sincerely hopes that the journal will satisfy this object as completely as the Bulletin and also serve all commercial public, as it is now open to every one of them. The editor thanks the members for the support that they were giving him by sending articles, correspondence and queries to the Bulletin all these months. Now that the Bulletin has been issued as a journal, the support must be improved considerably and it is hoped that the journal will be made useful by all the members to exchange views and improve the standard of the profession generally by discussing their problems through the columns of the journal. The editor therefore requests the members to send their contributions in greater numbers and also write without hesitation about the problems that arise to them in their work and in their profession from day to day. As already stated in the first issue of the Bulletin, in a vast country like ours it was not possible to provide, in the constitution of the Institute, for general meetings. Therefore the only means of communication between the Council of the Institute and the large body of its members scattered all over the country has been till now the Bulletin and it will hereafter be the journal. The Council will be completing its first session of three years, by the 14th August, 1962. Fresh elections will take place on 15th August, 1952. The first Council which will be completing its session shortly was primarily faced with modifying regulations to suit the actual circumstances from time to time. Though they were faced with a lot of initial difficulties, the Council feels sure that they have done their best to solve the problems in the best interests of the members. As, according to the provisions of the Chartered Accountants Act, the findings of the Council have to be forwarded to the High Court, and as thereafter the proceedings are open court and the judgments of courts are published, the work of the Council in disciplinary matters has received much publicity. Till now much was left to be thought-out by the Chartered Accountants themselves, but now that you get judicial announcements on all matters, which are referred to the High Courts, the conduct of the Chartered Accountants' work becomes more regularised. All these, we are sure, will come to the eventual uplift of the status of the profession as a whole in the eyes of the public, government and foreign countries. The results of the examinations that have been conducted by the Council in the first three years must prove that the standard of performance by the candidates had been generally low. Feeling that this could not be remedied substantially without providing well organised coaching facilities at each centre, the Council has inaugurated a Regional Council at each place, and hopes that every effort will be made by the new Councils to organise proper coaching facilities to the students all over. By the time the next issue of the journal comes out in August, the life of the first Council would be over and fresh Council would come into existence. The first President, Mr. G. P. Kapadia, who has been serving the Institute as President from its inception for the three years of its session has chosen to stand down from the elections. The Council will therefore be missing him from its meetings in the new set-up. The work of Mr. G. P. Kapadia in the Council as its first President has been glorious in the cause of the Institute and the profession in general and it is going to be a difficult task for his successor to follow his footsteps. He has not minded the sacrifice of his time, energy or money, but has kept the interest of the Council and Council alone before him all these three years. By virtue of his towering personality, he has raised the status of our Institute in the ranks of similar professional bodies in foreign countries and especially so by his recent visit as leader of the delegation to the Sixth International Congress in Accounting held recently in London. Although we will all miss him from the administrative unit, we send him greetings and best wishes on behalf of all the members, in his life after retirement from the Council. The editor also sends his greetings to all the members of the present Council and hopes that those who are returned in the next Council will maintain the standard that has been set up and they will subscribe to the proper conduct of the Council's affairs in the same manner as the present members have been doing all these three years.

JAI HIND



# The Institute of Chartered Accountants of India

## Precautionary Measures Taken To Prevent Covid-19 Protect Yourself And Those Around You



Wash your hands  
regularly with  
soap and water



Make use of  
alcohol-based  
hand rub



Avoid  
touching  
your face



Maintain Social distance  
of at least '6 feet'  
between you and others



See a doctor  
if you  
feel unwell



While visiting a doctor  
wear a mask/cloth to cover  
your mouth and nose



Stop  
shaking  
hands



Take special care  
of the elderly



Don't  
share personal  
items



Clean and  
disinfect surfaces  
on regular basis



Wash fresh groceries  
and maintain  
a good hygiene



Stay home  
and avoid  
unnecessary travel



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