VOLUME 71 | NO. 5 | PAGES -116 | NOVEMBER 2022 | ₹100

THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

GLOBAL ACCOUNTING PROFESSION

21ST WORLD CONGRESS OF ACCOUNTANTS
2022 | 18-21 NOVEMBER | MUMBAI INDIA

BUILDING TRUST ENABLING SUSTAINABILITY

ICAI - SET UP BY AN ACT OF PARLIAMENT

21ST WORLD CONGRESS OF ACCOUNTANTS
2022 | 18-21 NOVEMBER | MUMBAI INDIA
BUILDING TRUST ENABLING SUSTAINABILITY

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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IFAC International Federation of Accountants

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Editorial

Rise of Accounting Profession in the Global Era

The rise of Accountancy Profession has been phenomenal with the evolution of economies and progressive development of society. Over the years the accountancy profession has significantly supported the development of global trade and economies, transforming into the role of strategic and functional advisor to industry, government and institutions. The accounting profession has played a pivotal role for the development of society by laying strong foundation for financial reporting, to mitigate risk, enhance trust and transparency and manage public finances for inclusive development in the interconnected economies.

The accountancy profession, with its public interest mandate, has a crucial role to play globally. The profession has constantly raised its bar to manage the rising complexity, to meet the rising expectations of the society and stakeholders amidst the increasing demand for high-quality accounting services and professionals.

In the last decade the development of technology and call for sustainability in view of changing climate and environment are reshaping the world. The two driving trends of sustainability and technology are presenting significant challenges and at the same time opportunities for the profession. Being able to connect and work together with various stakeholders, the Professional Accountants are at the core of driving the sustainability agenda for a better future. To support robust and sustainable financial markets and economies and the UN Sustainable Development Goals, the accounting profession must take the lead on climate reporting as well as other important environmental, social, and governance disclosures and their assurance.

The technologies of future are offering new opportunities & challenges for the accounting professionals, which are substantially different from the traditional scenario. As a result, when considering the future, it is paramount to imbibe technology to automate the mundane tasks using Artificial Intelligence to augment the audit quality and promoting innovation across the value supply chain to unlock value. Moving forward the profession must collectively work towards adoption of technology to continue to fulfil the valuable societal role that is our guiding purpose.

The Accounting profession has resolutely worked towards its development and being relevant by not only gaining requisite skills and knowledge but also building global institutions for standards setting by working together in collaborative manner to bring in harmonized standards and practices to support the development of resilient economies. The harmonization of standards assisted the development of global financial markets, rise of multinational conglomerates and evolution of global professionals by ushering in transparency and confidence in financial reporting leading to value creation.

The ICAI has steadfastly worked towards expansion of the accounting profession globally by supporting formation of global forums like IFAC, CAPA and SAFA etc, to further global thought leadership for building strong and sustainable economies. Since the formation of its first overseas chapter in 1981, the Institute has worked for the development of Chartered Accountancy as a truly global profession by establishing global presence in 47 countries through 44 overseas chapters and 33 representative offices since then. Simultaneously, the ICAI is taking all necessary measures to build the global relevance of profession by entering into MoU/ MRAs with leading accounting bodies and institutions. The Institute is also working with all stakeholders locally to transform India into a global economy by adapting to best global practices and converging standards as well as embracing technology to support rise of digital economy.

Trust is the foundation on which edifice of the accountancy profession has been built. The rise of the profession and its contribution in the overall development process couldn't have been possible without upholding this trust factor. The accountancy profession has always lived up to the expectation and taken all proactive measures to ensure that strong pillars of trust remained intact. We constituted Financial Reporting Review Board, Peer Review Board, Centre for Audit Quality and updated rules and regulations to meet the requirements of changing times. Trust is the soul of the profession which should be always protected. In this direction, organisation of World Congress of Accountants in India on the theme 'Building Trust Enabling Sustainability' is another feather on the cap of the Indian accountancy profession.

-Editorial Board ICAI: Partner in Nation Building

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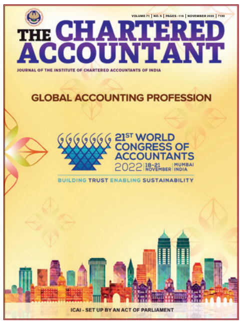

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WCOA

21ST WORLD CONGRESS OF ACCOUNTANTS 2022 | 18-21 NOVEMBER | MUMBAI INDIA
BUILDING TRUST ENABLING SUSTAINABILITY

ICAI NEWS

ICAI IN MEDIA

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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From the President

Azadi Ka Amrit Mahotsav

CA. (Dr.) Debashis Mitra
President, ICAI

Dear Professional Colleagues,

Building Trust Enabling Sustainability.

The above is the Theme of the 21st World Congress of Accountants which we are hosting for the first time in more than 100 years history of the Congress. Being part of history is a great feeling. As I ponder over the journey of accountancy profession, I am truly inspired by the growth of our profession globally and in India - the ability to adapt, evolve and thrive to make a meaningful impact on the global economy and for humanity at large.

FROM THE PRESIDENT

We need to recognise that we are the conscience keeper of the business world. One of our greatest challenge is the need to protect public trust. In a book titled The Trusted Advisor written by David H. Maister, Charles H. Green, and Robert M. Galford, it is stated that "Trust can be expressed as the sum of Credibility, Reliability and Intimacy divided by Self-Interest." This Trust Equation is thought provoking. It is only apt that the word "Trust" finds a place in the theme of the World Congress.

The UN Secretary-General states that *"We must rise higher to rescue the Sustainable Development Goals – and stay true to our promise of a world of peace, dignity and prosperity on a healthy planet."* ICAI, as a partner in nation building, constituted the Sustainability Reporting Standards Board (SRSB) in February 2020 with the mission to formulate comprehensive, globally comparable, and understandable standards for measuring and disclosing non-financial information about an entity's progress towards the United Nations Sustainable Development Goals (SDG) 2030.

The Institute is working with multipronged strategy to position India as a global leader by nurturing the best accounting professionals and building a global network. I am happy to inform you that today the Institute has presence in 77 global cities spread across 47 countries. With a view to encouraging global mobility of our membership, mutual recognition agreements have been entered into with leading accounting institutions like ICAEW, CPA Canada, CPA Australia, CA Australia & New Zealand, SAICA, CPA Ireland, MICPA and ICA Nepal. Further, MoUs with 15 international bodies have also been signed to promote accountancy profession globally.

The profession has always adapted itself, as per the evolution of society to meet the aspirations and expectations of the stakeholders. However, it is important to understand the changing paradigm, forces and drivers impacting the future of the profession. The WCOA 2022 will enable us to first-hand experience the future of the accountancy profession with key insights and trends.

We are eagerly looking forward to welcoming all the delegates and speakers to the World Congress being held at Jio World Convention Centre, Mumbai from 18th to 21st November. I am happy to inform that more than 4900 delegates from about 90 countries have already registered themselves for attending the Congress in-person. The mega event would have about 150 speakers from industry, accountancy profession and academia covering more than 35 enthralling and informative sessions on diverse topics. The detailed World Congress program is carried in this journal for further information. I would request the members to make full use of this unique opportunity to learn and interact with the best in the industry and acquaint themselves with the latest professional trends.

From the President

Let's have a look at some of the recent developments in the profession since my last communication

Institute of Social Auditors of India

I am pleased to share that ICAI has added one more feather on its cap by incorporating "Institute of Social Auditors of India" (ISAI). It has been formed in accordance with the decision taken by the Council to form Self-Regulatory Organization (SRO) under the aegis of ICAI for regulation of social auditors, as per the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022. ISAI has been formed with the main objective of establishing itself as a leading institution for regulation and development of Social Auditors in an independent and transparent manner, sub-serving the public interest. Also, the ICAI Council has approved the Social Audit Standards (SAS) on all the sixteen thematic areas specified in the notification which shall be sent to SEBI for further course of action. Further, the ICAI is working with National Institute of Securities Management (NISM) in developing the course curriculum and the study material for the social auditor's certification program to be conducted by NISM and an arrangement for the same has recently been entered into.

Convocation – Welcoming New Talent in the Profession

I am elated to welcome the new talent to this noble profession who are willing to contribute wholeheartedly to the economic development of our nation. The ICAI Convocation was held on 6th October, 2022 to award certificates of membership to new members and felicitate rank holders of the CA examinations. The Convocation was organized at 14 different locations across the country and around 16,000 newly enrolled Chartered Accountants received their certificates. Shri Piyush Goyal, Hon'ble Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles was the Chief Guest at New Delhi.

I would like to thank Shri G. Kishan Reddy, Hon'ble Minister of Tourism, Culture and Development of North Eastern Region; Shri (Dr.) Bhagwat Kishanrao Karad, Hon'ble Minister of State for Finance and Shri M R Shah, Hon'ble Judge Supreme Court of India for their gracious presence and words of inspiration for the newly qualified Chartered Accountants at Hyderabad, Aurangabad and Ahmedabad respectively. At other locations also eminent dignitaries graced the Convocation.

Augmenting Competitiveness of MSMEs & Startups

The Institute has always believed in the importance of MSME & Startups to steer the growth of Indian economy. Being one of the focus areas of ICAI, various initiatives have been undertaken for building and improving the capacity and competence of MSMEs and Startups across the country, to ensure realisation of the vision of developing self-reliant economy. ICAI MSME Yatra is one such initiative which was flagged off on 18th August, 2022 from Mumbai to spread awareness about MSMEs & also ensure capacity building. The MSME Yatra, since its launch has covered 52 cities of the states of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Uttar Pradesh, Bihar, Assam, West Bengal & Jharkhand up to 17th October, 2022 and will conclude at Mumbai on 18th November, 2022.

A Startup Summit Programme was organised on 8th October, 2022 at New Delhi. The Summit was an initiative to bring together various stakeholders involved in startups to deliberate about promoting entrepreneurship, developments in the Startup ecosystem, funding and valuations, mentoring and experience sharing by the entrepreneurs and experts to build awareness towards strengthening the startup ecosystem. Shri Ramesh Bidhuri, Hon'ble Member of Parliament graced the occasion & around 250 participants physically participated in the said summit.

MoUs for Exploring New Horizons

I am pleased to inform that the Union Government, has approved the signing of a bilateral cooperation agreement with the Institute of Chartered Accountants of Nigeria (ICAN). The MoU aims to establish mutual co-operation for the advancement of accounting knowledge, professional and intellectual development, advancing the interests of respective members and positively contribute to the development of the accounting profession in Nigeria.

From the President

Here I wish to add that the Institute has also signed an MoU with Gujarat Student Startup and Innovation Hub (i-Hub), to develop an end-to-end innovation and entrepreneurial ecosystem in the State of Gujarat.

International Engagements – Expanding Profession Globally

- **Meeting with the Institute of Chartered Accountants of Scotland**

  I had a meeting with the functionaries of the Institute of Chartered Accountants of Scotland on 26th September, 2022 wherein discussions were held on the prospect of entering into bilateral co-operation in the areas of mutual interest to both the organizations. Also, ICA Scotland extended its support and cooperation for WCOA 2022.

- **Meeting with the Institute of Chartered Accountants of England and Wales**

  I also met Ms. Julia Penny President, Institute of Chartered Accountants of England and Wales and other officials on 29th September, 2022 to discuss the renewal of the MoU with ICAEW. The discussions were positive and fruitful and was a reflection of the excellent relationship between both the Institutes.

FROM THE PRESIDENT

- **Public Standards Setters Forum**

  The Public Standards Setters Forum Meeting was held on 19th-20th, September 2022 at Cascais, Lisbon, Portugal in which 36 countries had participated. CA. Aniket S. Talati Vice President, ICAI put forth ICAI's views during interactive deliberations, specifically regarding IPSASB'S future work programme and ICAI's perspective on Sustainability Reporting Mechanism. The participation in the forum holds relevance in the times when there is a global call to imbibe sustainable business practices.

First Exclusive Placement Drive for Women CA Members

The Institute under the aegis of the Women Members Empowerment Committee along with the Committee for Members in Industry and Business is going to conduct the first placement programme for Women Chartered Accountants in India. All women CAs having obtained membership as on September 30, 2021, or prior and not holding full-time COP are eligible to participate. We have received an enthusiastic response from 81 companies with more than 1170 vacancies to offer flexitime/part-time/work-from-home job options for our women members. I am pleased to note that more than 1600 women candidates have already registered for the said placement programme.

International Research Awards 2022

ICAI under the aegis of the Research Committee organised an Award Presentation Ceremony for the "ICAI International Research Awards 2022" on 20th October, 2022 in Kanpur. The awards ceremony was graced by Mr. Alan Johnson, President IFAC who addressed the awardees through virtual mode. A total of 13 Research papers were awarded during the ceremony out of 148 entries received from 18 countries.

Conclusion

The Institute is proud to host The Olympics of the Accountancy Profession – WCOA -2022. Every effort is being made to ensure that the Congress is remembered for years to come. The great boxer Muhammad Ali had once stated that "*The man with no imagination has no wings*." When on a rainy day I look at the cloudy skyline of Mumbai and see birds flying, I visualise Garuda the Eagle flying high piercing the cloud when other birds seek shelter elsewhere. Garuda with its huge wings is Innovative, Fearless & always willing to face challenges. These are the qualities of a Chartered Accountant which we hope to showcase in the World Congress.

I lead all of you in praying to Almighty for a successful & memorable Congress.

Looking forward to meeting many of you in Mumbai.

Debashis Mitra

CA. (Dr.) Debashis Mitra
President, ICAI
Kolkata, 28th October, 2022

Leaderspeak

Shri Jagdeep Dhankhar, Hon'ble Vice-President of India

सत्यमेव जयते

भारत के उपराष्ट्रपति

VICE-PRESIDENT OF INDIA

MESSAGE

I am happy to know that the Institute of Chartered Accountants of India (ICAI) is hosting the 21st World Congress of Accountants from 18th-21st November, 2022 in Mumbai with the theme 'Building Trust, Enabling Sustainability'.

Accountancy has been a key fulcrum of growth and development of the global economy, tracking the fiscal status of various institutions while meeting their regulatory obligations.

In a fast changing world, led by constant technological disruptions, accounting as a field too should adopt a concerted strategy in improving their technical competence, while maintaining ethical standards and 'trust' as their foundational values.

I am confident that the World Congress of Accountants will provide many opportunities for delegates around the world to interact and exchange best practices in accounting.

I extend my greetings and good wishes to ICAI in their efforts in hosting this prestigious World Congress and wish the event all success.

Jagdeep Dhankhar

Jagdeep Dhankhar

New Delhi,
20th September 2022

Leaderspeak

Shri Om Birla, Hon'ble Speaker, Lok Sabha

सत्यमेव जयते

अध्यक्ष, लोक सभा
SPEAKER, LOK SABHA
INDIA

MESSAGE

I am pleased to learn that The Institute of Chartered Accountants of India (ICAI) is hosting the 21st World Congress of Accountants (WCOA) with the theme "Building Trust, Enabling Sustainability" from 8th to 21st November, 2022 in Mumbai, Maharashtra. This is, indeed, a proud moment for both India and ICAI that when the country is celebrating *Azadi Ka Amrit Mahotsava*, this mega event is going to be held in India for the first time, since this forum was set up in 1904.

India is one of the fastest-growing economies in the world and has now emerged as the most desirable global manufacturing and investment destination and business hub. In the post-Covid scenario, reforms in several sectors of the Indian economy have led to its transformation in terms of growth and equity. At this juncture, the role of our accountancy professionals is important to improve transparency and fairness, so the fruits of reform reach the last person in the society. I am glad to note that ICAI and our highly professional Chartered Accountants have always made significant contribution to policymaking and implementation of various reforms with their expertise and thus, played a vital role in the country's economic development.

In today's global context, the theme "Building Trust, Enabling Sustainability" is indeed important as trust is the foundation of development. Countries, where businesses, governments and other institutions have engendered more trust, experience stronger per capita real GDP growth. I am sure that in the course of deliberations during the 21st World Congress of Accountants, new ideas will be explored and best practices will be shared which will help in improving the economy of the country and prosperity of our citizens.

Wishing success of this mega event, I urge all the professionals to commit to raise accountability, enhance compliance and strengthen core values, so that a sustainable economy and a strong financial eco-system can be developed worldwide. I extend my best wishes to the participants and all those associated with this event.

ओम बिरला

(Om Birla)

Leaderspeak

Shri Bhagat Singh Koshyari, Hon'ble Governor of Maharashtra

BHAGAT SINGH KOSHYARI
GOVERNOR OF MAHARASHTRA

RAJ BHAVAN
Malabar Hill
Mumbai 400 035
Tel. : 022-2363 2660
Fax. : 022-2368 0505

12 October 2022

MESSAGE

I am pleased to know that the Institute of Chartered Accountants of India is hosting the 21^{st} World Congress of Accountants 2022 - the Olympics of Accountants, in Mumbai from 18^{th}–21^{st} November 2022.

It is heartening to note that the World Congress proposes to deliberate on the theme of 'Building Trust and Enabling Sustainability' keeping in mind the important role the accountancy profession plays in protecting public interest and also ensuring sustainable economies for the future. I wish and hope that the World Congress will offer an excellenet platform for discussing and exchanging new ideas and showcasing the potential of Indian Accounting professionals to the world. India is celebrating the Azadi Ka Amrit Mahotsav this year. I wish and hope that Indian Accounting Professionals will make the nation proud with their work and achievements as we step into the Amrit Kaal.

I congratulate ICAI for its excellent initative in hosting the World Congress and wish the participants fruitful deliberations.

(Bhagat Singh Koshyari)

CA. Dr. Debashis Mitra
President, ICAI

Leaderspeak

Shri Nitin Gadkari, Hon'ble Minister of Road Transport and Highways

नितिन गडकरी
NITIN GADKARI

मंत्री
सड़क परिवहन एवं राजमार्ग
भारत सरकार
Minister
Road Transport and Highways
Government of India

MESSAGE

I am happy to learn that the Institute of Chartered Accountants of India (ICAI) is organising an event ***"21st World Congress of Accounts 2022 – the Olympics of Accounts"*** from 18th – 21st November, 2022 at Mumbai.

The theme of the conference ***"Building Trust, Enabling Sustainability"*** is very much relevant in today's context of taxation, accountancy and technological reforms in India. Chartered Accountancy opens the door to a vast range of exciting carrier opportunities in Business and Finance sector both nationally and internationally.

I am confident that the event would provide an enriching experience and an apt platform to experts, students and stake holders to give them an opportunity to share their expertise experience and knowledge. ICAI is known for its quality work and I am sure the members of this Institute will continue to out shine in their respective fields.

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

(Nitin Gadkari)

Date: 21st September, 2022
Place: New Delhi

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E-mail: nitin.gadkari@nic.in; website-www.morth.nic.in

Leaderspeak

Shri Bhupender Yadav, Hon'ble Minister of Environment, Forest and Climate Change and Labour and Employment

मंत्री
पर्यावरण, वन एवं जलवायु परिवर्तन
और
श्रम एवं रोज़गार
भारत सरकार

MINISTER
ENVIRONMENT, FOREST AND CLIMATE CHANGE
AND
LABOUR AND EMPLOYMENT
GOVERNMENT OF INDIA

स्वच्छ भारत
एक कदम स्वच्छता की ओर

सत्यमेव जयते

भूपेन्द्र यादव
BHUPENDER YADAV

MESSAGE

I am pleased to learn that the Institute of Chartered Accountants of India (ICAI) is hosting the 21st World Congress of Accountants 2022 - the Olympics of Accountants for the first time in India from 18th-21st November, 2022 in Mumbai.

I hope that the upcoming World Congress would dwell upon the theme of "Building Trust, Enabling Sustainability" by Keeping in mind the important role the accountancy profession in protecting public interest and also ensuring sustainable economies for the future.

I congratulate the entire team of The Institute of Chartered Accountants of India (ICAI) for organising World Congress of Accountants 2022.

With best wishes.

Date: 20 .09.2022

(Bhupender Yadav)

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Leaderspeak

Shri Pralhad Joshi, Hon'ble Minister of Parliamentary Affairs, Coal and Mines

प्रल्हाद जोशी
PRALHAD JOSHI
ಪ್ರಲ್ಹಾದ ಜೋಶಿ

सत्यमेव जयते

संसदीय कार्य, कोयला एवं खान मंत्री
भारत सरकार
नई दिल्ली
MINISTER OF PARLIAMENTARY AFFAIRS,
COAL AND MINES
GOVERNMENT OF INDIA
NEW DELHI

Message

I congratulate the Institute of Chartered Accountants of India on hosting the 21st World Congress of Accountants 2022. It is indeed a matter of pride that the World Congress is being held in our country for the first time in more than 100 years of the history of the Congress.

As a trusted partner in India's economic growth, Chartered Accountants are working tirelessly across all sectors helping India to become Aatmanirbhar. Going beyond the traditional areas of accounting, auditing, and taxation, Chartered Accountants today are also working diligently in propagating and implementing various Government Schemes, contributing towards creating a sustainable ecosystem in the country.

I am confident that this Congress would provide an appropriate platform to discuss and debate on the emerging global trends and practices. This Congress will be helpful not only to the delegates for professional enrichment but also to the policy makers for framing schemes of society welfare.

I extend my heartiest greetings to the ICAI for the success of the Congress.

Pralhad Joshi

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Leaderspeak

Shri Rajeev Chandrasekhar, Hon'ble Minister of State for Skill Development & Entrepreneurship and Electronics & Information Technology

Rajeev Chandrasekhar
राजीव चंद्रशेखर

सत्यमेव जयते

Minister of State for Skill Development &
Entrepreneurship and
Electronics & Information Technology
Government of India
कौशल विकास और उद्यमशीलता एवं
इलेक्ट्रॉनिकी और सूचना प्रौद्योगिकी राज्य मंत्री
भारत सरकार

12th September, 2022

MESSAGE

It gives me immense pleasure to know that the Institute of Chartered Accountants of India (ICAI) is hosting the 21st World Congress of Accountants (WCOA) 2022 from 18th to 21st November, 2022 in Mumbai on the theme "Building Trust, Enabling Sustainability".

The ICAI is the world's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accountancy, assurance, taxation and finance and business advisory services. The accounting professionals play significant role in strengthening trust and ensuring sustainability in economy.

I hope the WCOA will provide a unique platform for showcasing innovative ideas and talent of Indian Accounting professionals.

I extend my good wishes to the ICAI and the entire accounting fraternity for the success of the WCOA 2022.

Rajeev Chandrasekhar

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Leaderspeak

Dr. Bhagwat Karad, Hon'ble Minister of State for Finance

डॉ. भागवत कराड
Dr. BHAGWAT KARAD
(M.B.B.S., M.S., M.ch., F.C.P.S) Ped. Surgeon

सत्यमेव जयते

आज़ादी का अमृत महोत्सव

वित्त राज्य मंत्री
भारत सरकार
MINISTER OF STATE FOR FINANCE
GOVERNMENT OF INDIA

Dated the 28th September,2022

MESSAGE

It gives me immense pleasure to know that The Institute of Chartered Accountants of India is organizing 21st World Congress of Accountants 2022 from 18th November to 21st November,2022 in Mumbai on the theme Building Trust, Enabling Sustainability where a large number of accountancy professionals from across the world would exchange their ideas and thoughts on the theme and also showing the talent of Indian Accounting professionals to the world.

I am confident that the World Congress would deliberate threadbare on how practicing Chartered Accountants have to ensure sustainable economics for the future.

I wish the World Congress of Accountants all success.

(Dr. Bhagwat Karad)

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Leaderspeak

Shri Eknath Sambhaji Shinde, Hon'ble Chief Minister of Maharashtra

Eknath Sambhaji Shinde
Chief Minister
Maharashtra

Mantralaya
Mumbai-400 032

14 OCT 2022

MESSAGE

This is a matter of pride for India that in the history of 118 years of World Congress of Accountants, ICAI would be hosting the 21st WCOA from November 18-21, 2022 for the first time. I am glad to note that the World Congress is being organised in Mumbai in the state of Maharashtra.

I have been informed that keeping up with the theme of *"Building Trust and Enabling Sustainability"* the ICAI is working towards making the 21st World Congress of Accountants a carbon neutral event. Post pandemic importance of sustainability, renewable energy and optimum utilization of natural resources has become all more crucial in the current scenario for creating sustainable environment and planet.

I commend the efforts being made by ICAI to make this event a grand success in the history of India.

I am sure, in times to come, the accountancy profession would achieve newer heights. I extend my best wishes to the Institute in its endeavours towards that end and successful conduct of WCOA 2022.

(Eknath Sambhaji Shinde)

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E-mail : cm@maharashtra.gov.in, **Website :** www.maharashtra.gov.in

Shri Girish Chandra Murmu, Comptroller & Auditor General of India

Girish Chandra Murmu

सत्यमेव जयते

Azadi Ka Amrit Mahotsav

भारत के नियंत्रक एवं महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

MESSAGE

I am pleased to know that the Institute of Chartered Accountants of India (ICAI) is hosting the 21st World Congress of Accountants (WCOA) 2022 for the first time in India. WCOA, renowned as *'the Olympics of Accountants'* is scheduled to be held from 18th to 21st November 2022 in Mumbai. The event, scheduled to be organized in hybrid mode, is expected to be attended by a large number of delegates from across the World physically and virtually.

The WCOA has a rich history of 118 years of pan-world discussion and deliberation on contemporary issues of accounting and finance. It attracts numerous international and national standards setters, accounting professionals & organizations, auditors and finance controllers apart from other stakeholders e.g., CEOs/ CFOs managing various domestic and global business entities.

The theme of upcoming edition of WCOA i.e., *Building Trust Enabling Sustainability'* aptly gains relevance in today's scenario when global economies are striving for upward growth trajectory and recover from turmoil caused by COVID. This would be better achieved by way of deliberations, development and dissemination of global best practices towards effective planning and management of businesses and appropriately reporting upon financial statements.

I am sure this global conglomerate would achieve the envisaged objective of building global trust in business functioning, financial reporting and auditing thereby giving impetus to efforts for sustaining the economy across the globe. This would be possible only when the contemporary issues & challenges in the field of finance, accounting and auditing are discussed at length at this forum by various stakeholders putting in their vast experience and wisdom to evolve better means of fulfilling varied expectations of stakeholders.

I convey my best wishes and hope that 2022 edition of *'Olympics of Accountants'* would prove to be a landmark in the pursuit of 'Building Trust Enabling Sustainability'.

(Girish Chandra Murmu)
Comptroller and Auditor General of India

Place: New Delhi
Date: October 6, 2022

Leaderspeak

Shrimati Madhabi Puri Buch, Chairperson, Securities and Exchange Board of India

माधबी पुरी बुच
अध्यक्ष
MADHABI PURI BUCH
Chairperson

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

Message for the 21st World Congress of Accountants

It gives me immense pleasure that the 21st World Congress of Accountants, 2022 is hosted in India by the Institute of Chartered Accountants of India (ICAI). I welcome all the delegates coming from different parts of the world or attending the conference virtually.

ICAI was established by an Act of Parliament for regulating the profession of Chartered Accountancy in India. Over the years, as validators of entries in books of accounts, the members of the fraternity have played a significant role in facilitating the trust of the public including investors.

It is very heartening to note that the theme of this conference is "Building Trust Enabling Sustainability". In the new world where sustainability is the key to future growth and development, active support by accounting professionals in assurance will definitely provide a big impetus to the sustainability efforts of Governments and Regulators.

I convey my very best wishes for a successful Conference.

madhabi puri buch

Madhabi Puri Buch

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. • दूरभाष : 2644 9999 / 4045 9999
फैक्स : 2644 9003 • ई-मेल : chairman@sebi.gov.in • वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. • Tel.: 2644 9999 / 4045 9999
Fax : 2644 9003 • Email : chairman@sebi.gov.in • Web : www.sebi.gov.in

Dr. Ajay Bhushan Pandey, Chairperson, National Financial Reporting Authority

डॉ. अजय भूषण पांडेय
अध्यक्ष
Dr. Ajay Bhushan Pandey
Chairperson

सत्यमेव जयते

राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण
National Financial Reporting Authority

MESSAGE

It is a very proud moment for every Indian to know that the Institute of Chartered Accountants of India (ICAI) is hosting 21st World Congress of Accountants (WOCA) in November 2022, an eventful year in our Nation being 75th year of Independence– Azadi Ka Amrit Mahotsav.

Indian civilisation is known for global harmony, peace and convergence, as reflected in our etho of वसुधैव कुटुम्बकम् (Vasudhaiva Kutumbakam) i.e., the World is one Family.

The world has deposed trust and confidence in the Accountancy Profession for its assurance role particularly in the areas of Statutory Audit and Taxation. Its assurance role is fast expanding into other areas too. Assurance is a fundamental building block for sound and orderly functioning economies, financial markets, and enabler of life blood for any nation's socio-economic activities. No doubt, there is a need to realign the purpose of this public good function to the new realities of highly evolved financial systems and globalised businesses led by high-speed data and technology and public expectations from assurance function. In recent times Indian Economy and Taxation Systems underwent major changes. Pivotal role of the ICAI in the implementation of these path breaking reforms has been noteworthy.

Independent Audit Regulators and Accountancy Professional Bodies are two critical chains of the high-quality financial reporting framework which is essential to protect public interest. Professional Bodies have a lead role in developing standards and establishing large high quality audit firms with future ready professionals. Today, two areas that need utmost attention and deliberations are Independence and Professional Skepticism. These are vital to Rebuilding Trust in Accountancy Profession, a theme aptly chosen for 21st WOCA.

I join the ICAI and Indian Policy Makers in welcoming the international delegates to this premier event in India. I wish the event a great success.

(Dr. Ajay Bhushan Pandey)

7वीं–8वीं मंजिल, हिन्दुस्तान टाइम्स हाउस, कस्तूरबा गाँधी मार्ग, नई दिल्ली–110001, दूरभाष: +91-11-23355012, फैक्स: +91-11-23310042
7th-8th Floor, HT House, K.G. Marg, New Delhi-110001, Tel: +91-11-23355012, Fax : +91-11-23310042, E-mail : chairperson@nfra.gov.in

Photographs

ICAI Convocation 2022

ICAI Convocation was graced by ICAI President CA. (Dr.) Debashis Mitra & ICAI Vice President CA. Aniket S. Talati and Chief Guest Shri Piyush Goyal, Hon'ble Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution at Delhi. ICAI Convocation 2022 was held in a magnificent manner across 14 locations in the country. Further the distinguished guest at various locations were Dr. Bhagwat Kishanrao Karad, Hon'ble Minister of State for Finance, Shri G Kishan Reddy, Hon'ble Union Minister of Tourism and Culture, Justice Shri M R Shah, Hon'ble Judge, Supreme Court of India, Shri Shankar Lalwani, Hon'ble Member of Parliament, CA. Sushil Agarwal, CFO Aditya Birla Group, Shri Deepak Karandikar, President MCCIA and Shri Siddharth Shirole Hon'ble MLA.


ICAI President CA. (Dr.) Debashis Mitra attending an Interactive meet with members in London (24th September, 2022)


ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket S Talati felicitating Shri Gautam Adani during the meeting in Ahmedabad (12th October, 2022)

ICAI CA. (Dr.) Debashis Mitra along with the Chief Guest Dr. Sashi Panja, Hon'ble Minister of Industries, Government of West Bengal at the CFO meet at Kolkata. Also seen in the picture are Past Presidents, ICAI CA. Subodh K Agrawal & CA. Nihar N Jambusaria, Central Council members ICAI CA. Ranjeet Kumar Agarwal, CA. Sushil Kumar Goyal and CA. (Dr.) Raj Chawla (14th October, 2022).

ICAI President CA. (Dr.) Debashis Mitra meeting with Mr. Bruce Cartwright, CEO ICA Scotland in Scotland. (26th September, 2022).


ICAI President CA.(Dr.) Debashis Mitra meeting with Mrs. Julia Penny, ICAEW President in London (29th September, 2022)

ICAI MSME Yatra being flagged off by Chief Guest Smt. Chandrima Bhattacharya, Minister of State for Finance (Independent Charge), Government of West Bengal in Kolkata. Seen in the picture are Central Council members CA. Dheeraj Kumar Khandelwal, CA. Ranjeet Kumar Agarwal, CA. Sushil Kumar Goyal & CA. (Dr.) Raj Chawla and Chairman, EIRC CA. Ravi Kumar Patwa (14th October , 2022).

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket S. Talati at the SAFA Board Meeting in Dhaka (16th October, 2022)

Group Photograph of the Council on the occasion of release of Publication Technical Guide on Audit of Charitable Institutions under Section 12A of the Income-Tax Act, 1961 at the 415th Council Meeting held in Mumbai. (18th October, 2022)

Central Council members displaying the incorporation Certificate of Institute of Social Auditors of India (ISAI) at 415th Council Meeting held in Mumbai (18th October, 2022)

Group Photograph of the Council of ICAI during the release of Publication 'Study on Compliance of Financial Reporting Requirements' at the 415th Council Meeting held in Mumbai (18th October, 2022)

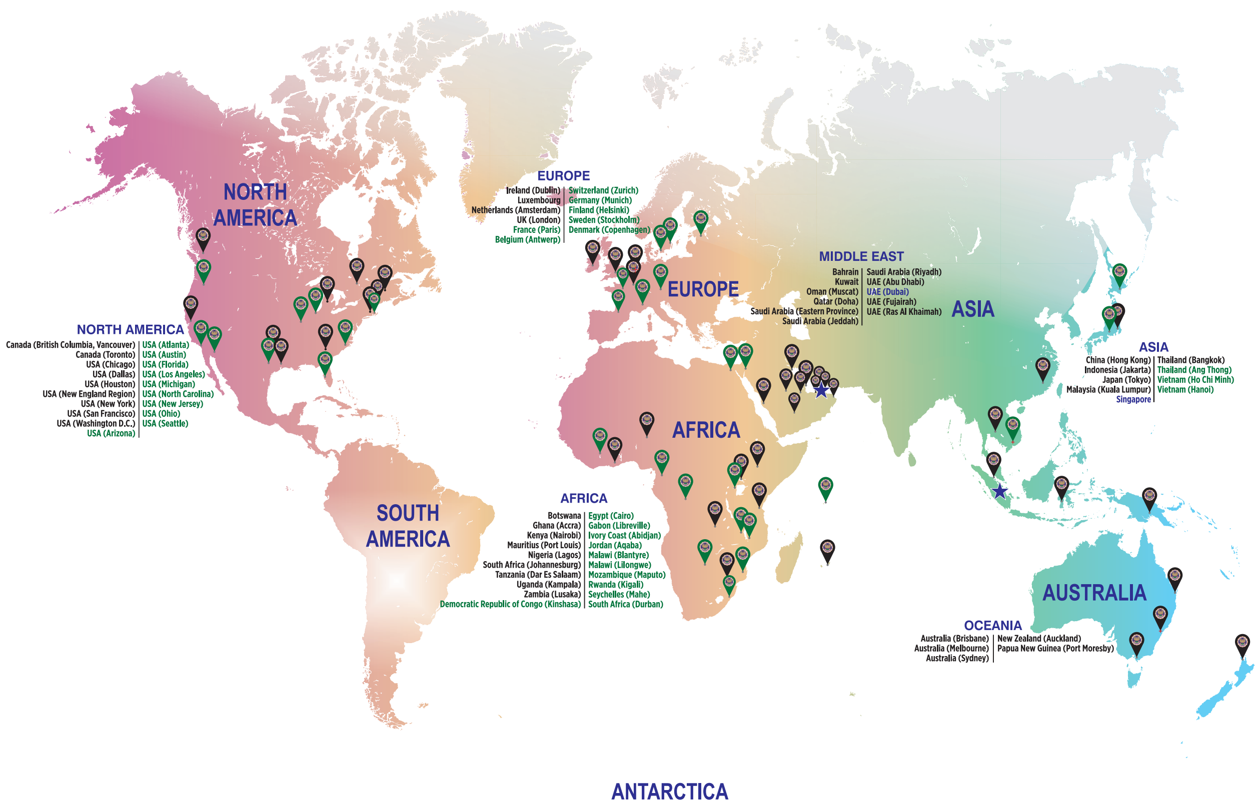
Group Photograph on the occasion of IFAC PAIB Advisory Group meeting attended by Past President, ICAI CA. Nihar N. Jambusaria and Vice President ICAI CA. Aniket S. Talati held in New York. (27th -28th September, 2022)

Group Photo taken on the occasion of Public Standard Setters Forum attended by the ICAI Vice President CA. Aniket S. Talati in Portugal (19th -20th September, 2022).

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

ICAI International Network



International Chapters	
Representative Offices	
Overseas Offices	★

Disclaimer :
The places marked in the map are indicative only and not fit to scale. The depiction and use of boundaries, geographic names and related data shown on map are not warranted to be error free nor do they imply any endorsement or acceptance by the ICAI.

 # as on 30th June, 2022

Presence in 77 Global Cities in 47 Countries

SPECIAL WRITE-UP

The Accountancy Profession: Building Trust and Enabling Sustainability

***Kevin Dancey and **Alan Johnson**

*Author is CEO of IFAC. **is President of IFAC. They may be reached at eboard@icai.in

We are at a truly pivotal moment for the global accountancy profession. Sustainability reporting is finally taking its rightful place within the corporate reporting ecosystem through global and jurisdiction-specific initiatives. These disclosures are needed to bring together financial and non-financial information that provides a comprehensive picture of enterprise value and environmental, social and governance (ESG) impacts for all stakeholders.

Sustainability information is already integral to doing business in many countries; in others, the gap is closing. These developments are causing ripple effects around the world as firms in those jurisdictions examine the ESG risk in their supply chains. Organizations everywhere will have to think beyond their borders and join the sustainability movement.

Sustainability as a mandate and an opportunity

Our profession needs to meet the huge demand – and an important need – for the professional accountant's skillset in gathering data, developing systems and processes, and ensuring that information is actionable and relevant to strategies and business models. And of course, at the end of the day, someone needs to ensure there is confidence in the reporting of this information.

IFAC spent much of the past two years campaigning among all our stakeholders and partners for the establishment of the new International Sustainability Standards Board (ISSB) under the auspices of the IFRS Foundation. Its formation in November 2021 was an important step towards meeting stakeholder demand, and supporting the United Nations 2030 Agenda for Sustainable Development, notably the implementation of the Sustainable Development Goals (SDGs).

Just as IFAC supported the Board's formation, we welcome its initial activities. Now it is critical to maintain momentum. For the ISSB's standards to have a truly global reach, jurisdiction-level adoption and implementation is key.

The assurance of sustainability information has also emerged as a crucial factor in climate action and sustainable development.

In July, IFAC released an update to our State of Play study of global trends in the reporting and assurance of sustainability information. We found that the number of global companies obtaining independent assurance on ESG factors increased from 51 percent in 2019 to 58 percent in 2020.

Around 60 percent of these engagements were done by professional accountants. Most of the rest were done by consultants – people without our assurance training, certification, public oversight, or International Code of Ethics, who see a chance to step into the market.

There is an important public interest element to these issues. Professionally qualified and licensed accountants have the requisite expertise, objectivity, integrity, commitment to professional standards, and oversight that are essential for instilling trust in ESG reporting. And trust in sustainability assurance engagements – which leads to trust and confidence in sustainability information – is too important to be left to unregulated entities.

Of course, there is also an enormous opportunity for our profession in the market for these services. But speed is essential. The market will reward early adapters to new demands and new opportunities in the sustainability space.

> **Professionally qualified and licensed accountants have the requisite expertise, objectivity, integrity, commitment to professional standards, and oversight that are essential for instilling trust in ESG reporting.**

The importance of trust

Trust takes years to build but can be lost in seconds.

We see the importance of trust and confidence in corporate disclosures and their assurance; in the close relationship between small- and medium-sized enterprises (SMEs) and small- and medium-sized practices (SMPs); and in public financial management (PFM).

The public sector is pivotal to effective responses to the many overlapping global crises: Covid, inflation, disrupted supply chains, the food shortages gripping the world, and, of course, climate change.

Citizens everywhere are looking for their governments to respond to their current and future needs and bring about a more sustainable, inclusive and equitable future.

In a time of extraordinarily low trust in institutions, it is critical that the public sector rises to the occasion with strong PFM.

Poor governance has eroded the reputation of social institutions and may threaten their legitimacy. We can see this in data from Edelman, the global communications firm, which releases annual global surveys of public perceptions of business, governments, not-for-profits, and the media. The latest data show that roughly two-thirds of respondents feel deliberately misled by the media, government, and business – up sharply from 2021. On average, only 44 percent of people believe their government to be an effective leader in solving societal problems, and only 42 percent believe their government can plan and execute strategies that get results.

The question for our profession is how we can help to rebuild and maintain trust across society. We are a public interest profession with a history, stretching back well over 100 years, with the mandate, the skills, and the strong reputation to do exactly this.

IFAC has made public trust a pillar of our thought leadership and advocacy, as part of our broader work on PFM – specifically, on the fight against corruption and related economic crimes.

The UN estimates that USD 5 to 7 trillion in investment is needed annually to achieve the Sustainable Development Goals, or SDGs. At the same time, about half that amount is lost to corruption each year. We could not afford this cost before the pandemic, and we certainly cannot afford that cost now.

> **IFAC has made public trust a pillar of our thought leadership and advocacy, as part of our broader work on PFM – specifically, on the fight against corruption and related economic crimes.**

The global accountancy profession has a very important role to play here. We are uniquely placed within, and as advisors to, business and government. And we are uniquely placed to support an ecosystem of other public policy actors at the global, regional and national levels – all in the public interest.

In September, IFAC – in partnership with the Association of Chartered Certified Accountants – launched our report on “Public Trust in Tax: Global Perspectives,” the first project under IFAC’s new Anti-Corruption Action Plan.

Since 2017, we have gathered data across the G20 on the attitudes and opinions of the public towards their tax systems and the actors involved in them. Our latest research focuses on 14 non-G20 countries. We asked 5,600 people in these countries about who they trust and what concerns them regarding their tax systems. And we offer expert opinions from professionals, academics, and tax authority officials.

In every country we studied, we heard that distrust of tax systems depends greatly on how tax money is used. Trust in the system is lower when taxpayers perceive higher levels of corruption and the diversion of public funds. As one expert told us, “The apathy of taxpayers is driven by corruption across the public sector, which in turn drives poor service delivery."

Regardless of the true reasons behind poor delivery of public services, this apathy or distrust will discourage compliant taxpayers from continuing to pay their share. Compliance depends on a perception of fairness in the system, and the effective and efficient use of taxes paid for the benefit of society.

The good news is that the profession has the skills, expertise, and the *credibility* to do something about this. Among our survey population, 67 percent said they trust or highly trust professional tax accountants, 72 percent said that accountants contribute to more efficient tax systems, and a similar share said that accountants make tax systems fairer or more efficient. No one was more trusted than professional accountants. And this has been the case for every country and every iteration of our Trust in Tax work, going back to 2017.

Our profession needs to speak out, speak up, and lead on trust – not just trust in tax, but across the public sector and among all organizations, including businesses.

We must ensure that our stakeholders in government know when to call on us. As technical experts with a strong ethical foundation, we can help public authorities to implement policies effectively and efficiently – and with accountability. As professionals, we will bring greater transparency and integrity to public finances. As servants of the public interest, we will advocate for policies that create a better world.

Trust in the ecosystem of corporate governance

Our profession cannot rebuild trust alone.

Achieving high-quality assurance – a requirement for trust and confidence in corporate disclosures – requires a well-functioning ecosystem of corporate governance built upon ethics and independence. This ecosystem needs to comprise the right *people* for the job, the right *governance*, and the right *regulation* – as well as the right *measurements* of audit quality. These elements must all work together to produce the right assurance *process*. In the absence of any of these components, the engagement may not meet the expectations of stakeholders.

While assurance has historically focused on enhancing the confidence of investors and other providers of capital, other stakeholders also benefit, including directors, management, employees, analysts, regulators, rating agencies, customers, suppliers and the public.

All participants in the ecosystem – auditors, management, boards, audit committees, regulators, and many more – must act to improve the audit process. For the best results, they need to act *together*.

"All participants in the ecosystem – auditors, management, boards, audit committees, regulators, and many more – must act to improve the audit process. For the best results, they need to act together."

Accountants will save the world

With so many profound and truly global challenges, professional accountants might wonder, "Why me? I cannot save the world."

But there are very good reasons to believe that professional accountants *will* save the world.

We are at the center of information flows and decision making — and so we are uniquely positioned to capture, analyze, report on, and assure sustainability information.

We have skills and competencies that are critical for connecting financial and sustainability information to meet stakeholder demand – and to help rebuild and maintain trust.

We have global reach like no other profession.

And we have our public interest mandate.

Our profession is the critical element for success. We are the ones who will enable sustainability.

There will be more to learn, new competencies to acquire, and new roles to fill as ESG factors increasingly guide the decisions of organizations and stakeholders. We need to be ready to seize the opportunities that come with climate action and broader sustainability efforts – especially through roles within organizations supporting senior management and Boards of Directors, through advisory roles, and by assuring sustainability information.

There is no question that we are the right professionals for the job.

SPECIAL WRITE-UP

Better information enables better decision-making

Sue Lloyd

Author is Vice-Chair, International Sustainability Standards Board. She may be reached at eboard@icai.in

By establishing rigour and consistency in financial statements, the accountancy profession and accounting standards play an essential part in investor decision-making. As global markets, regulators, and world leaders turn their attention to addressing climate change, financial reporting once again has a foundational role to play.

The role of the IFRS Foundation

At the heart of the IFRS Foundation is the belief that the provision of rigorous, reliable and comparable information enables informed economic decisions. This in turn promotes the proper functioning of capital markets, building trust, resilience, efficiency, transparency and accountability.

This belief formed the backbone of the International Accounting Standards Board. The same belief sits at the core of the International Sustainability Standards Board, and it has a very similar goal.

In the first two decades of its existence, the IFRS Foundation (through its independent standard-setting board, the IASB) transformed the global landscape of financial information by introducing IFRS Accounting Standards. The Standards have become the de facto global language of financial statements – trusted by investors worldwide and required for use by more than 140 jurisdictions.

Today, economic and investment decisions are increasingly incorporating sustainability information. There is strong international demand for high-quality, globally comparable information from companies on sustainability-related risks and opportunities. Responding to the need for such information, in 2021 the IFRS Foundation established the ISSB as a sister board to the IASB – responsible for developing a truly global baseline of sustainability disclosures to further inform economic and investment decisions.

IFRS Accounting Standards and IFRS Sustainability Disclosure Standards are developed using the same rigorous, inclusive, and transparent due process – with the two boards ensuring connectivity in their work by coordinating their work to enable the standards and associated reporting to work well together.

Globally there is also a desire for change to support important transitions to address risks such as climate change. And more broadly, to achieve the public policy changes that governments desire, the financial markets have a crucial role to play. This was reflected in the commitments made about private sector investment at COP26 – notably, the Glasgow Financial Alliance for Net Zero – or GFANZ.

Filling the information gap, using accounting methodology

One aspect of the ISSB's work is the role of sustainability information in meeting broader public policy objectives. The IASB notes in its conceptual framework that while the objective of its work is to meet the information needs of investors, lenders and other creditors others may also find the information useful.

I know from my former role on the IASB that parties beyond primary users are interested in the information in the financial statements. For example, prudential regulators have a keen interest in the reporting of credit losses in the financial statements as a complement to prudential requirements. However, in the case of the ISSB, the level of interest is higher given the current state of reporting on sustainability matters. Essentially many stakeholders are relying on the ISSB's work to fill an information gap.

The accountancy profession has a crucial part to play in ensuring this information gap is met.

In establishing our requirements, we looked to build on methods and systems established by accountants to ensure sustainability information is provided with the same rigour as financial information.

> **One aspect of the ISSB's work is the role of sustainability information in meeting broader public policy objectives.**

The nascent nature of sustainability reporting means that some of the very important factors that are necessary to support high quality reporting are still developing and being put in place – such as determining the appropriate level of assurance and ensuring that the appropriate supporting requirements are in place to support assurance.

Whilst assurance requirements are determined at a jurisdictional level, the ISSB is working closely with the International Auditing and Assurance Standards Board (IAASB) and others to ensure its Standards are assurable, resulting in high-quality information to users

Through our work, the ISSB is seeking to move sustainability reporting into mainstream corporate reporting. Establishing standards that are capable of being enforced and that are designed to provide high-quality, comparable information to investors. As part of this, it is also important that the information provided in sustainability reporting fits well with the financial statements.

Given this, much of the work already done by the IASB can inform our own standards. By building on concepts and terminology used by the IASB, we can ensure both standards are coherent with one another.

In considering the concepts that would be applicable to the ISSB, we found that a lot was relevant and in our draft standards (particularly draft S1 for the General Requirements) that should be apparent. For example, we refer to the same group of users of information – primary users. And we propose that the entity providing the sustainability reporting should be the same reporting entity that provides the related financial statements. We talk about the usefulness of information for primary users, and we focus on information that is material using the same definition of materiality as the IASB.

There are significant benefits in building from these well-established concepts. It means that those of us familiar with these concepts for financial statements understand the terminology. It means that those assessing materiality could make use of the IASB's Materiality Practice Statement. And it means that it is possible to connect the information in the financial statements with that in the sustainability reporting – for starters the same entity is providing the information.

> **Accountants have a critical role to play in ensuring high-quality sustainability information is provided, which will form the basis of decision-making globally, enabling preparers and investors to respond to climate change.**

The ISSB is also able to take relevant standard setting material and use it in its new context. For example, those who have read the draft General Requirements standard should have recognised guidance about interim reporting, how to deal with comparative information and even a form of hierarchy to guide preparers in the absence of specific ISSB disclosure requirements.

All these proposals were modelled on similar requirements in IFRS Accounting Standards. These materials are all relevant to reporting more generally and by using relevant materials with as little change in wording as possible, our objective was to ensure that known concepts could be repurposed.

With this common approach established, accountants are well placed to build on their current work and integrate new practices to support companies as they make the transition to ISSB standards.

Significant rate of progress

I will conclude by highlighting that the ISSB was established only a year ago. The rate of progress we have maintained over the last twelve months, in keeping with demands from our stakeholders, means that we are already making decisions to refine our standards and produce foundational work, with the intention of finalising our first Standards in 2023.

We follow a truly transparent and inclusive standard-setting process and we encourage stakeholders to follow the meetings or listen to our podcast. The quality of the discussions and the different perspectives brought by the board members provide insightful background to the decisions we take.

At our most recent board meeting, we took several significant decisions. We reconfirmed our focus on meeting the needs of investors. We took steps to clarify key concepts in our General Disclosure Requirements (S1) proposal, including that we will use the same definition of "material" as the IASB. As part of this we voted to remove references to the term 'enterprise value' and will investigate using the Integrated Reporting framework to support the articulation of this concept. This isn't a change in approach but rather terminology. We voted to remove use of the term 'significant' and will develop guidance on identifying material information by explaining the process companies should use to identify sustainability-related risks and opportunities and appropriate disclosures.

We also confirmed that the standards will require Scope 1,2 and 3 GHG emissions disclosures, using the current version of the GHG Protocol Corporate Standard. As part of this decision, the board will deliver appropriate reliefs and guidance to support preparers as part of Scope 3 disclosure requirements.

Part of the reason behind including these reliefs is that it is critical our requirements can be applied in developing and developed economies.

At our September meeting, we discussed a possible toolkit to include in the Standards to ensure our baseline will be truly global. As we make decisions, we will apply the toolkit to make the requirements proportional.

We will also work in partnership with other organisations to support the application of our standards through education and other initiatives. The continued support of The Institute of Chartered Accountants of India will be invaluable as we look to leverage the knowledge and expertise of professionals in India.

Accountants have a critical role to play in ensuring high-quality sustainability information is provided, which will form the basis of decision-making globally, enabling preparers and investors to respond to climate change.

ANNOUNCEMENT FOR EXTENSION OF LAST DATE FOR SUBMITTING MEF 2022-23 FROM OCTOBER 28 TO NOVEMBER 9, 2022

The Multipurpose Empanelment Form (MEF) for the year 2022-23 is live at https://meficai.org. Considering the various requests received from the members of ICAI, it has been decided by the Professional Development Committee to extend the last date for submission of Multipurpose Empanelment Form for the year 2022-23 **from 28th October 2022 to 9th November 2022.**

It may be noted that **NO FURTHER EXTENSION WOULD BE GIVEN** for filing MEF 2022-23.

Members may refer the "Advisory" while filling MEF 2022-23. However, the MEF Applicants can write to us at the Complaint Module of MEF (available at https://app.meficai.org/complaints) or at mefpdc@icai.in for any clarification, if required.

Professional Development Committee

A future-fit accountancy profession for a rapidly changing and technology advanced world

***Alta Prinsloo and **Kerryn Kohl**

*Author is Chief Executive Officer, Pan African Federation of Accountants. She may be reached at altap@pafa.org.za and eboard@icai.in.

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As the world changes and technology advances, it is becoming increasingly important to ask ourselves: "What can we do to make sure we are fit for the future?"

According to the World Economic Forum – Future of Jobs Report 2020[1], by 2025 the time spent on current tasks at work by humans and machines will be equal. 85 million jobs may be displaced, while 97 million new roles which are more adapted to the new division of labour between humans and machines, may emerge. The accountant and auditor job roles, as we know them today, are fourth on the list of the Top 20 decreasing in-demand roles.

As business models change, so must professional accountants– evolving from doing the same things to doing the same things differently to doing different things. Professional accountants doing different things will have an interconnected focus on people, planet and prosperity. In the words of Prof Mervyn King, chief financial officers need to be the chief value officers in their organisations[2]. This year alone, we have seen significant developments in sustainability reporting and assurance. Professional accountants have both a public interest responsibility and a transformative opportunity to lead changes in corporate reporting. Nevertheless, as said by Kevin Dancey, CEO of IFAC, … if we don't rise quickly to the occasion, demonstrate our competencies, and seize this significant opportunity, someone else will"[3]. The stakes are at an all-time high, and uncertainty is the name of the game, which is why the question "What makes future-fit?" has become so essential.

The answer lies in becoming a life-long learner. This sentiment is echoed by many, and sounds simple enough, considering the unfettered access to information and experts at our fingertips. Except that becoming lifelong learners is proving to not be that simple.

Organisations around the globe have made significant investments in learning technology, but the rate of adoption is slow, and the drop-off rate remains alarmingly high[4]. Research shows an average engagement rate of only 15% for online learning[5] and an alarming drop-off rate of up to 80%[6]. Thus, the question of how we make sure we are fit for the future becomes increasingly complex. The technology and connectedness required may exist, but our adaptation to this hyper-connected world may need a fair amount of thoughtful fine-tuning.

Yes, the Internet has significantly changed us. Nevertheless, by being caught up in this revolutionary stream of information and hyper-connection, have we taken the time to reflect on our adaptive response? This information superhighway, which has been designed around short-form content and in the hands of marketing marvels where every click counts, often leads us down several rabbit holes keeping our extended yet mindless attention. This has impacted our ability to consume long-form content, we simply no longer have the mental muscle to stay focused for longer than a few minutes or a maximum of 400 words[7].

SPECIAL WRITE-UP

All this knowledge at our fingertips coupled with the democratisation of information through the likes of channels such as YouTube, where anyone and everyone is a self-proclaimed expert, has served only to transform us into overwhelmed, passive consumers of information, but only if it is short. Nevertheless, learning remains an active process that requires time, effort and direction.

> **The technology and connectedness required may exist, but our adaptation to this hyper-connected world may need a fair amount of thoughtful fine-tuning.**

To embrace our future, rise to the occasion and seize the opportunities will take more than the simple consumption of information that has come to characterise our virtual world. To become lifelong learners requires first that we evolve into Modern Virtual Learners.

The Association for Talent Development (ATD) defines a modern learner as someone in a fast-changing environment where content evolves quickly and learning needs to keep pace[8]. With the rate of change and complexity we are facing, it is more important than ever to be able to learn quickly and adapt to new situations. Modern learners need to be able to find answers quickly and assimilate knowledge from many different sources. The Covid-19 Pandemic accelerated our shift to digital, resulting in most learning now taking place in a virtual environment. In other words, almost everyone today is or should be striving to become a modern virtual learner. Surely our transition should be effortless, we have both the conditions and the tools, so what then is holding us back?

We still have a narrow understanding of the behavioural drivers of modern learners in the context of their environment, contributing to the slow rate of adoption, high drop-off rate, and low rate of return on investment in learning technologies. However, research indicates that there are four main factors hindering our learning evolution. The challenges we face as modern learners are:

- **Time management:** Many learners find it difficult to manage their time, especially if they are employed full-time and have family commitments. This can be made worse by a lack of agreement between employees and employers about what should be prioritised: learning or work. Employees often feel that if organisations take learning and development seriously, they should provide dedicated learning times during the workday. However, employers often believe that lifelong learning should be pursued outside of working hours.

> **To embrace our future, rise to the occasion and seize the opportunities will take more than the simple consumption of information that has come to characterise our virtual world.**

- **Self-motivation:** There are many reasons why learners may not complete a course. In some cases, it may be due to lack of motivation. After enrolling in a course, some may find that the reality of the effort, time and dedication required is more than anticipated. As a result, they may drop out or delay completion.
- **Support:** Learners often do not get the support they need. They may find it difficult to balance competing demands or require financial support or simply be overwhelmed. They are constantly bombarded with information and conflicting messages about what skills they need to future-proof themselves. This can make it difficult to know where to start or on what to focus. As a result, they often begin courses only to find out that they are not fit for purpose, which decreases motivation and desire to complete them.
- **Learning culture:** At an organisational level, learners are often further hindered by the dominant learning culture and value drivers. Regardless of what is displayed on the walls, the dominant culture is made visible through the structures, processes, technologies and incentives made available to support learning.

As the world continues to change, the knock-on effect on business models and the accountancy profession presents an opportunity for organisations, along with professional accountancy organisations, to help evolve or rather revolutionise the accountant's transition into the modern world of learning. By using diagnostics, deeper insight can be gained into the cultural transformation required to embed and sustain a modern learning ecosystem, develop a contextual understanding of learners' behavioural drivers and take steps to appropriately re-engineer the learning culture and environment to support accountants to upskill themselves rapidly and continuously. Concurrently, it is increasingly important for accountants to develop competencies that will allow them to stay ahead of the curve. One way to do this is by understanding themselves in the context of the new world and identifying the areas in which they need to grow and develop. Some of the most important skills to develop include digital savviness, critical thinking, agility and deep interpersonal skills. With these skills, accountants will be able to navigate the virtual world with ease, cut through the noise online, be agile and discerning in their response to changes, and build the relationships needed to fully transition to value creators.

> **"It is increasingly important for accountants to develop competencies that will allow them to stay ahead of the curve."**

1. The Future of Jobs Report 2020 | World Economic Forum (weforum.org)
2. CFO South Africa – Prof Mervyn King: CFOs need to be the chief value officers in their organisations
3. Kevin Dancey – Corporate and Sustainability Reporting – A Look Ahead
4. Papia Bawa – Retention in Online Courses: Exploring Issues and Solutions—A Literature Review
5. Nakarin Pinpathomrat, Lester Gilbert and Dr Gary B Wills – A MODEL OF E-LEARNING UPTAKE AND CONTINUED USE IN HIGHER EDUCATION INSTITUTIONS
6. Elearning Statistics
7. The Art of Smart Brevity - Write Less, Say More | TED Talk
8. The World's Largest Talent Development Association | ATD

Virtual Certificate Course on Concurrent Audit of Banks

The concurrent audit system of banks has become very crucial and important for banks. The main objective of the system is to ensure compliance with the audit systems in banks as per the guidelines of the Reserve Bank of India and importantly, to ensure timely detection of lapses/ irregularities. In view of the core competence of the chartered accountants in the area of finance and accounting, risk management, understanding of the internal functioning and controls of banks, etc., the banking sector has been relying extensively on them to comply with these requirements of the regulator. The Internal Audit Standards Board of ICAI conducts 11 days Certificate Course on Concurrent Audit of Banks through Digital Learning Hub. The purpose of the ***Certificate Course on Concurrent Audit of Banks*** is to provide an opportunity to the members to understand the intricacies of concurrent audit of banks thereby improving the effectiveness of concurrent audit system in banks, and also the quality and coverage of concurrent audit reports.

The course is open for the members of the Institute of Chartered Accountants of India

Please refer link for further details of the Course: https://www.icai.org/post.html?post_id=15262

FEES DETAILS: Rs. 5,900/- (including GST)

The details of the forthcoming batches of the Virtual Certificate Course on Concurrent Audit of Banks to be organized by the Internal Audit Standards Board through Digital Learning Hub is as follows:

Location	Scheduled Dates	Course Structure and other details
BATCH 81	**November 4- 15, 2022 (3:00 to 6:00 PM)**	**Structured_IASB_ Certificate Course Concurrent Audit of Banks BATCH - 81**
BATCH 82	**November 18- 28, 2022 (3:00 to 6:00 PM)**	**Structured_IASB_ Certificate Course Concurrent Audit of Banks BATCH - 82**

Chairman
Internal Audit Standards Board, ICAI
E-mail: cia@icai.in;

The global accounting profession – driving sustainable value creation

Merran Kelsall

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Never has the analogy of the VUCA—volatile, uncertain, complex, and ambiguous—world been more poignant. A global rise in the cost of living, coupled with geo-political uncertainties, is providing a very challenging landscape for governments, businesses, and society at large to negotiate. Within these sizeable variables the pressure on and perception of value is becoming increasingly complex.

Changes to value creation

In trying to pin down a definition of value, it is important to recognise a shift away from a focus on merely financial profits to the broader impacts on, and dependencies of, an organisation within the society in which it operates. This fundamental shift has led to a more diverse expectation of value being required from a broad range of stakeholders[1]. The balance that needs to be struck between an organisation's impact and its inputs has led to the rise of the field of ESG (environmental, social and governance) as a framework to determine impact and guide value creation.

Consumers, and society, are increasingly demanding that products and services are delivered in a way that would result in the least amount of reasonable impact on the societies in which organisations operate[2]. An often-used piece of terminology defines this relationship between organisations and their stakeholders as being the bedrock of their social licence to operate. Organisations ignore this fundamental shift in demand at their own peril.

In the pursuit of good corporate governance, organisations are expected to address the needs of a broad range of stakeholders. Admittedly not all stakeholders have an equal level of power or influence over an organisation. This may lead to lesser consideration being paid to some stakeholders. As we have seen in the recent past, this may be a dangerous approach as collective action could galvanise the efforts of otherwise less powerful stakeholders into a much more impactful whole[3]. The challenge therefore is in striking an appropriate balance.

Organisations need to balance the changing demands of consumers and other external parties with the requirements of the providers of capital. Even member-based organisations (such as professional accounting bodies) and for-purpose entities (such as not-for-profits and charities) need to carefully consider the demands of their members and beneficiaries.

Shareholders have historically valued stable earnings, longer-term growth, and cash stability as some of their key requirements. Whilst this may still hold true for many individual investors, larger institutional investors are increasingly building ESG considerations into their investment parameters[4]. This, in turn, places increased pressure on larger organisations to evidence their own ESG credentials to attract and retain capital investments.

Equally, providers of debt favour organisations that are able to service their interest obligations. The pricing of debt is, however, also increasingly being adapted to better suit the underlying nature of operations and the overall risk profile of organisations. Some banks are now providing funding at lower rates, where the underlying project is directly linked to, or in large part supported by, robust, credible, and verifiable ESG factors[5]. For professional

1. *RIAA, From Values to Riches 2020, March 2020*
2. *https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088*
3. *https://www.theguardian.com/world/2019/dec/20/dutch-supreme-court-upholds-landmark-ruling-demanding-climate-action*
4. *APRA, Understanding and managing the financial risks of climate change, February 2020*
5. *https://www.afr.com/companies/financial-services/banks-earn-more-from-green-finance-than-from-fossil-loans-20220106-p59mfm*

accounting bodies, members are increasingly expecting their organisations to be leaders and to provide contemporary education and professional development to assist them on their respective ESG journeys.

> **In the pursuit of good corporate governance, organisations are expected to address the needs of a broad range of stakeholders.**

Ultimately, the challenge is to avoid having a myriad of value propositions tailored for each individual stakeholder, that could ultimately cause internal confusion through a lack of clear vision. The primary goal is to ensure that the overarching value proposition is robust enough to address the needs of most stakeholders.

The pressure, and opportunity for the accounting profession

Against this challenging backdrop it is important to note that the accounting profession has a critical role to play. Accountants establish systems and processes to gather, measure, report, and obtain independent assurance on organisations' data and their value creation journeys. Accountants also act as business partners and valued advisors to organisations in terms of their respective strategies, business operations and the underlying value propositions that would best support executing on their vision[6].

With the broadening expectation of value and how this may potentially be defined by organisations, the way that performance is reported would stretch beyond what is shown on the traditional set of financial statements. In some instances, the impacts and value delivered would consist of both financial and non-financial outcomes. Accountants understand the need for and importance of both financial and non-financial information to cohesively articulate how organisations deliver value to a range of stakeholders.

As already mentioned, the definition of value is rapidly changing, to encompass more than steady profit margins and to include a broader set of considerations, often through the lens of ESG. Accountants are subsequently under increased pressure to understand, implement and report on a range of additional sustainability-related dimensions. They need to continue to act confidently in their advisory capacity to organisations, whether this includes considerations around climate, modern slavery, inclusion and diversity, etc.

It would be naïve to expect that with all the additional considerations that organisations are facing, the workload on finance teams would remain unaffected. We are aware of the increasing regulatory and reporting burden that accountants face. In the first instance any approach adopted by an organisation should seek to find an optimal balance and seek synergy between financial and non-financial reporting—or extended external reporting—providing an aligned approach to the management of an organisation's reporting requirements. Ultimately, finance leaders should seek to create a mechanism through which reporting can aid and potentially leverage a myriad of jurisdictional specific regulatory requirements.

Apart from the regulatory and reporting burden a further consideration is the increased expectation for external assurance, particularly as jurisdictions move towards limited assurance being obtained on sustainability-related disclosures. Although auditors have been obtaining assurance on non-financial information for a long time, the technical nature of certain sustainability-related disclosures (carbon emissions and scenario analysis, for example) would require multi-disciplinary teams that harness skills that fall outside of the traditional accounting sphere. In turn, this would require audit managers to lead teams from a variety of backgrounds, heightening the focus on key aspects of team management, communication, and other soft skills.

The above challenges are exacerbated by a global shortage of accountants[7,8] more broadly, and specifically those who possess the skills required by a raft of new sustainability-related dimensions[9].

6. *https://www.ifac.org/system/files/publications/files/IFAC-Time-for-Action-on-Sustainability.pdf*
7. *https://www.accountantsdaily.com.au/appointments/17488-where-have-all-the-accountants-gone*
8. *https://news.bloombergtax.com/financial-accounting/accountant-shortage-resignations-fuel-financial-reporting-risks*
9. *https://nasba.org/blog/2022/09/15/the-role-of-accountants-in-the-rise-of-esg-reporting/*

Given this, capacity building is key to safeguarding the future of the profession and to allow accountants to thrive in their careers as they face an ever-evolving landscape[10].

CPA Australia's response

In aligning the role of the accounting profession to the needs of a fast-evolving landscape, the International Federation of Accountants (IFAC) proposes a response based on four distinct pillars: advocacy; skills and competency development; a proactive stance on reporting; and championing an integrated mindset.

CPA Australia believes that professional accounting bodies are ideally placed to support IFAC's pillars. This is in part due to their ability to advocate on behalf of members and in the broader public interest. Secondly professional accounting bodies can translate changes to the sustainability landscape and how these impact business operations, reporting and assurance into educational offerings.

Our advocacy focuses on alignment between the various regulatory frameworks and legislative instruments used by governments. In particular, how these would best align with the intent of sustainability and how they would subsequently support businesses to report on their respective responses to the sustainability-related risks and opportunities that they face.

With a view towards the alignment of various frameworks, we endorse the work of the International Sustainability Standards Board (ISSB) in setting the global baseline for sustainability-related financial disclosures. It is our belief that the ISSB's work will aid clarity and create effective synergies as it consolidates a range of legacy frameworks into a cohesive whole.

We believe that professional accounting bodies, such as CPA Australia and the ICAI, are best placed to address the uplift required in both the technical skills and competencies of accountants. We believe that this is best addressed by:

- A view to the future. Adjusting academic offerings for future members to ensure that they are equipped with the relevant skills from the onset.
- A focus on the now. Providing continuing professional development in a timely, easily digestible, and technologically adept format will aim to address the changing needs of our members in practice. That is, helping people to learn "anytime" (at times that suit them, given flexible work options). "anywhere" (e.g., at home or office and while travelling) and "anyhow", (e.g., on a smart phone and in different ways such as micro-credentials).[11]

> **"The definition of value is rapidly changing, to encompass more than steady profit margins and to include a broader set of considerations, often through the lens of ESG."**

The importance of reporting and assurance is undeniably clear. We are, however, mindful that by way of a logical sequence, organisations would benefit from considering the resilience of their business models and strategies to a range of sustainability-related considerations in the first instance. Reporting would then aid the articulation of their response to the risks and opportunities that they face. In turn, reporting would benefit from external assurance, as this would lend impartial credibility to the claims that organisations make to a range of stakeholders through their disclosures. Assurance also reduces the risk of greenwashing.

As we have already mentioned, the reporting and regulatory burden that organisations, and indeed accountants, face is substantial. It is our view that as organisations progress in maturity along their respective sustainability journeys, they will grow more adept at understanding the inter-related nature of sustainability considerations, and how best to provide a succinct and useful narrative to the users of such information.

It is our opinion that integrated thinking is best placed to support such an approach, enabling cross-functional communication and understanding, unlocking value, and ultimately supporting resilience in operations. CPA Australia firmly believes in the value of Integrated Reporting, founded on integrated thinking, to communicate how an organisation's strategy, governance, performance, and prospects, in the context of its external environment, create, preserve, or erode value in the short, medium, and long term. Our commitment to this belief is demonstrated in no better way than through the preparation and publication of our award-winning annual Integrated Report[12].

10. *https://intheblack.cpaaustralia.com.au/environment-and-sustainability/investor-calls-for-esg-reporting-heat-up*

11. *https://www.cpaaustralia.com.au/career-development/courses-and-events/courses-and-online-learning/micro-credentials*

12. *https://annualreport.cpaaustralia.com.au*

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SPECIAL WRITE-UP

The Digital Age Profession and the Role of Technology

The technological make-up of the office has permanently transformed post-pandemic. It has created a foundation from which more advanced technologies, such as automation and AI will be adopted across the board, including within audit practices and the finance function. Within 10-15 years, around 30-40% of the typical jobs within finance and accountancy will disappear. These will mostly comprise lower level, transaction heavy roles, but it is a major change. Professionals need to be aware that the way we work is going through a massive, transformative change. This is a global trend; ICAEW receives delegations from professional accountancy bodies across the world. All are seeing these changes taking place across the profession.

Julia Penny

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We've made some great strides in the last few years The pandemic accelerated the adoption of a lot of technology that has been available, but people had not been comfortable with using them. Some parts of the profession have historically been quite slow to adopt some technological advances that you might have expected to see. That's hugely accelerated throughout the pandemic.

This change is happening at different paces across the profession. As with any transformation, some people and organisations are faster at adopting change than others. Newer businesses set themselves up with change at the heart of what they do, while legacy businesses are trying to adapt.

We have this very odd landscape between those that are really getting the need to go digital, concentrating on app stacks and making sure that they can serve their clients effectively in a digital first way. Then you have others that are slower to adoption, and some technologies, such as data analytics, are not being adopted as quickly outside of the biggest firms.

At whatever stage in technology adoption, digital technology is a huge opportunity for accountants, and something they can no longer ignore.

Current trends

More than anything, the pandemic has driven a mindset change when it comes to technology. As we all had to find new ways of working remotely, organisations have adopted tools such as cloud technology to facilitate this change effectively.

"Cloud technologies make it much easier for people to collaborate and access information from different locations, and work together on it," says Ian Pay, Head of Data Analytics and Tech for ICAEW. "It allows businesses to be just a little bit more responsive to changing situations."

Larger organisations may have adopted cloud technology already, but it's certainly more ubiquitous now. People are more open to embracing technology, partly because they have no choice, says Esther Mallowah, ICAEW's Head of Tech Policy. "Going forward, I think that will remain. I think people are just generally more open to tech and incorporating that into their day to day lives, including work."

People have embraced agile ways of working more as well, Mallowah says. She worked in an internal audit team prior to moving into her current role and saw this first hand; doing more stand-up meetings, for example. That's easier to do in the virtual space.

"Before, you would be trying to organise diaries and spaces for people to meet, but as long as the time slot is sensible, you could pretty much get everybody together quite quickly. This has, in some ways, made the audit process faster and more efficient. It also improves the quality of deliverables, because everybody is pitching in along the way," Mallowah says.

There is also a much greater emphasis on the way that audit practices obtain information from clients, says Pay. During the pandemic, auditors couldn't sit in a client's office for weeks, sorting through paper records. New methods need to be developed.

"That's a combination of using sort of document repositories – such as SharePoint – or the use of more in-house or custom developed tools to manage requests and exchanges of information," Pay says.

As the data businesses can collect becomes deeper and more complex, auditors need the tools to allow their clients to provide a large volume of information in a consistent and repeatable way. "That again, doesn't require you to be in the same room. It's really focused people's minds on this ability to get information from clients in a better, more consistent and more digitised way."

The acceleration of AI

The past two years have also seen accelerated movement towards Machine Learning and AI. These trends existed before the pandemic, but are being adopted at a faster pace, Mallowah explains. Automation is being applied to day-to-day transactional activities. It means that accountants in practice and business have had to become more strategic within their roles, using these tools to provide better advice to the wider organisation.

This is particularly helpful when the reports prepared by accountants are shifting to include more than just typical financial data. "We're using more data around things such as sustainability and net zero. There's been more of a need to curate different types of data from different systems than before."

Machine learning and AI have a significant role in scenario planning, which has been a huge priority over the past few years, where the global economic environment has been uncertain and unpredictable.

"You can use data tools to plan out a much broader range of scenarios than would be possible through more traditional modelling techniques," says Pay. "People are starting to embrace the technology to help them with their scenario planning and be able to be prepared. There's certainly a shift in accountancy from being backward looking to being more real time and looking to the future."

> **Automation is being applied to day-to-day transactional activities. It means that accountants in practice and business have had to become more strategic within their roles, using these tools to provide better advice to the wider organisation.**

Another trend that has been driven as a result of the adoption of technology has put cybersecurity to the front of mind for many organisations. With more critical data stored on the internet and employees accessing it from their workspaces at home, there is a potentially heightened cybersecurity risk that entities are becoming increasingly aware of.

"Using secure communication channels and VPNs that a lot of people didn't really understand before," says Pay. "A lot more people have a better base understanding of some of these basic security principles. The move towards the cloud is one of the big considerations. You don't have that physical data centre that you can keep under lock and key in your head office anymore."

Preparing for change

All of these trends have a considerable impact on the work that accountancy professionals do, and inevitably, it will change the skills and talent need for the profession. Mallowah says that as a starting point, they need to have an understanding of the tools available to them and how they might apply to their roles.

"A lot of their roles

are now going to be done digitally and through those tools, so depending on their role, accountants might need to get a bit more technical in their understanding of tools. For example, if they're auditors and they need to rely on AI or machine learning. They need to understand things such as ethics around AI, for example. They need to be aware of what the risks are and how to address that."

> **Machine learning and AI have a significant role in scenario planning, which has been a huge priority over the past few years, where the global economic environment has been uncertain and unpredictable.**

It is advisable for professionals to acquire the skills that allow them to become more strategic. Being able to get insights from data and that it means for an organisation. Chartered Accountants should seek to do things that machines cannot do. That means getting involved with management, strategy, negotiations, etcetera. Essentially, anything that involves human interaction.

The compliance roles in your company will not be there in the same way. But clients and stakeholders will want our expertise applied in deeper, more strategic ways. We can look at data and analyse it and advise on how to make improvements. Emotional intelligence and being able to communicate clearly with people will become even more important as we continue to transition to this more technology-oriented way of doing things.

While the deepening of data and the growing need for data literacy could prove a challenge for accountants, there are organisations that are developing tools to ease the data transition. For example, Engine B is developing a common data platform to allow accountants to map data in a quick, easy and efficient way, meaning that they can put more focus into what they're good at. We know that the technology is there, but then we also need the tools to realise the benefits.

Business leaders need straightforward, practical advice in the current climate, and Chartered Accountants are well placed to deliver it. During the pandemic, Professionals in advisory and non-executive director roles have been pivotal in ensuring that organisations were able to weather difficult storms. This short term thinking, plus the long term leadership, will be the critical work of the profession.

Chartered Accountants will see an increase in the volume of technology that they will see across their organisations. More activities across various departments will be more interconnected. The demand for Chief Technology Officers within organisations will only keep increasing. And accountants will be at the heart of business, driving strategy in a technologically savvy way.

If the pandemic has shown us anything, it's that it's vital to embrace new technology.. Legislation is driving the digitalisation of business, and if business is digitalised, then practice needs to be digitalised. Chartered Accountants need to look at the steps they need to make to keep up with the rate of change. You constantly have to look at what new tools and technologies are available and the advantages they can offer.

SPECIAL WRITE-UP

Market Economy, Prisoner's Dilemma, and Accountants

In-Ki Joo

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Adam Smith and Nash

The market economic theory is well known across the world. Adam Smith, the author of *The Wealth of Nations*, said that if everyone works for themselves to maximize their own profit, society will most effectively and efficiently create wealth through the invisible hand. For example, when each baker works to produce the best bread to win the competition against other bakers, society will have the best quality bread at the lowest possible price as a result of the competition. Before Adam Smith's work, the dominating perception was that people were supposed to work to serve God, the king, or the great cause.

The message that people's behavior of maximizing their own benefits would eventually lead to society's maximum prosperity was shocking news and a breakthrough concept at that time. Over the last 200 years, many countries that followed the market economy as their central economic policy have created more wealth than other countries that pursued other economic models.

However, we have also observed that the market economy can also create many social problems. For example, what happens to the losers if the winners take all the benefits? Do they lose everything? In fact, we also need losers to survive and for them to be able to participate in the next round of competition. Therefore, the winners should share the spoils with the losers to maximize society's long-term benefits. The competition must continue to keep the market productive. We want to encourage winners enough to continue their hard work, but we also don't want losers to lose motivation and want them to survive for the next competition. The market economy is expected to be a long-term, almost endless repetitive game.

There is another theory that the market economy does not guarantee the maximum benefits for society. The Nobel Laureate John Nash introduced the "Prisoner's Dilemma" in his famous game theory. When one party is not sure that the other party will keep to the rules in the competition, each party's decision to maximize their own benefits does not guarantee the best results for society. Suppose competitors have no trust that their counterparts will follow certain rules established by the authorities. In that case, competitors will not make a decision that will produce win-win results (the first-best solution). They will make decisions that create less than maximum benefits but are more guaranteed results for themselves (the second-best solution) at the expense of the competitors' trust. In other words, if you are not sure that the counterparts will keep to the rules agreed upon by rule makers, everyone in the competition will end up making the second-best decisions. As a result, society in aggregate will suffer the cost of not making the first best results. In this situation, the invisible hand will not function as well as predicted by Adam Smith.

Corruption and the Role of Government

For Adam Smith's competition to produce its best results for society, everyone in the market should believe that every participant will observe the rules. In this context, the government has a role in establishing the rules that every participant should follow. As Thomas Hobbes argued in his social contract theory, the state should be responsible for maintaining order and establishing trust among constituents that everyone will observe the rules.

> **Grand Corruption includes granting a specific individual or an organization the privilege to participate in a state project, such as the construction of an airport or highway, without going through a fair and proper competition.**

A corrupted government means a government that destroys the social trust. According to the OECD definition, there are three types of corruption; (1) Petty Corruption, (2) Grand Corruption, and (3) Political Corruption. Petty corruption occurs between low-level (the front level) government officials and civil petitioners. Petty corruption is the easiest to detect and punish, but its effects are limited. Grand Corruption occurs between high-level government officials and a particular person or an organization. Grand Corruption includes granting a specific individual or an organization the privilege to participate in a state project, such as the construction of an airport or highway, without going through a fair and proper competition. Political Corruption includes launching a less urgent state project over the most urgent one, or not choosing the best location for a bridge or an airport to obtain the favor of a particular set of constituents. Among these three types of corruption, Political Corruption is the one that causes the most damage and harms society. But unfortunately, this one is most difficult to prove.

Even though constituents of a society or a country know that political corruption occurs, they can't do anything about the crime because it is too risky and costly to prove its existence. Where political and grand corruption occurs without punishment, the government's efforts to detect and punish petty corruption only cause cynicism in society. In this environment, the society does not trust the government's genuine efforts to keep the rules and order for the market to function well. Therefore, the market mechanism is not guaranteed to produce the first best (efficient and effective) results for society. In other words, the basic assumption of the market mechanism is not well kept.

Thomas Muller-Marques Berger, an EY Partner and IPSASB CAG Chair, emphasized the relationship between Fiscal Transparency and Economic Growth at the 2014 World Congress in Rome. He emphasized transparency can help set up accountability, and accountability can motivate better public decision-making, which will eventually lead to sustainable economic growth. He insisted, "It is not about accounting – it is about improving people's lives by holding governments to account to deliver on their obligations without hiding the facts about who will pay for them."

I recently examined the correlation between the perceived levels of the public sector corruption index (CPI) published by Transparency International (TI) and the rank of the GDP per capita where the market economy is knowingly adopted. The overall correlation is 79%[1]. It demonstrates that the more corrupted an economy or society is, the less effective the market mechanism is at producing overall societal wealth. It reconfirms that Thomas Muller-Marques Berger's argument still holds.

Role of Leaders with Citizenship in Building Trust

Governments have a certain role and responsibility to set up rules and ensure all the market participants follow them. But as Peter Drucker mentioned in his book, *Post-Capitalist Society*, the government's role is much limited and inefficient in a modern, complicated, fast-moving society. In a modern society leaders and people equipped with citizenship are essential to build and maintain trust in the market. We need leaders who take the initiative and set an example in the market. The market

[1] The correlation among top 30 GDP countries is 45%. 65% is for the top 50 GDP countries. It means that the transparency (social trust) is a necessary condition for the economic growth, but to keep the economy moving ahead, other factors such as innovation and creativity becomes more critical.

participants will look at the leaders and follow them. People will learn from leaders about what to do and how to act in the market.

Citizenship means that people, especially leaders, let the public interest take precedence over individual interest when the personal interest is in conflict with the public cause. It means that individuals can maximize their own benefits as long as it promotes the public interest, or, at least, it does not cause harm to the public. For companies, citizenship is called corporate social responsibility.

Accountants should Play a Key Role to Build Trust

When Alpha Go had won one-sidedly the world-famous champions of Go in 2015 and 2016, many expected that the accounting profession was one of the first professions to be replaced by Artificial Intelligence. Over the last decade it has been proved wrong. Rather than being replaced, the accounting profession has embraced technology to alleviate routine, lower value tasks and been moving toward more value creating tasks. Artificial Intelligence will not replace human creativity yet and it certainly can't deploy ethics, judgement or professional skepticism. In the era of Artificial Intelligence, professional accountants become more essential and valuable constituents in the market economy.

IFAC comprises 172 members and associates in 129 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

Among the 2.5 million accountants, more than 60% are working in the business and the public sector, which we call PAIBs (Professional Accountants in Business). PAIBs, whether they are working in the business or in the public sector, are taking a very important responsibility to build trust for society. However, there is a tendency that the importance of PAIB is less recognized than the role of external auditors worldwide.

IFAC has been emphasizing the importance of the role of PAIBs in managing transparent and trustworthy organizations. Professional accountants have the code of ethics as a moral North Star to drive in their actions. IESBA (International Ethics Standards Board of Accounting) issued the code of ethics where Part 2 is for PAIBs. Unfortunately, however, most PAIBs are unaware that Part 2 of the code of ethics is issued for them. Many countries do not even translate it into their own language for their PAIBs.

> **"Artificial Intelligence will not replace human creativity yet and it certainly can't deploy ethics, judgement or professional skepticism. In the era of Artificial Intelligence, professional accountants become more essential and valuable constituents in the market economy."**

In order to make PAIBs essential and valuable constituents in the market economy, they need to earn public confidence and ensure they gain the desired perception of their skills and competence. They must ensure that professional responsibilities are upheld, and the public interest is safeguarded.

Conclusion

The market economy is based on the premise that participants act with integrity by observing rules and putting public interest before maximum private benefits.

Although the government is the designated agent responsible for establishing trust in the market, society's leaders are getting to play a more critical role in upholding the trust.

Professional accountants, who have the code of ethics to observe, are still essential in the era of Artificial Intelligence for the market economy. As they stand for the public interest when the organization is in conflict with the public interest, they will be a key element to lead market economy to be successful. ■■■

SPECIAL WRITE-UP

India: A Land of Opportunities

Deepak Bagla

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In the post pandemic world, India has emerged as a beacon of stability and growth. The fastest growing large economy, India saw the highest turnaround among large economies with GDP growth making a swift and sharp rebound, expanding by 8.7% in FY 2022. Indian exports breached the USD 400 billion mark for the first time in FY22, with a 45% jump in merchandise exports, surpassing major economies such as Canada (31%), USA (28%), China (24%). While services exports around the world were impacted more severely by the pandemic, India's services exports for the first time achieved the targeted USD 250 Bn during the fiscal year2021-22, a growth of 21.3% over previous year.

In its 75th year of Independence, India recently surpassed United Kingdom to become the 5th largest economy in the world at USD 3.1 Tn real GDP, moving up from the 11th position in 2014. While it took India 60 years to become a Trillion dollar economy, and another 7 years to reach the second Trillion, the pace and scale of transformation taking place in India is ensuring that the next milestones come with ever shortening durations. As per IMF estimates, the Indian economy is expected to jump another two trillion in less than 5 years to breach the USD 5.5 Tn mark, and surpass Germany to become the 4th largest economy.

With sustained momentum in real GDP growth, India is likely to become a USD 10 Trillion economy by 2030, cementing its global position as an economic powerhouse.

Make in India for the World

India has been witnessing an unprecedented amount of capital flowing into the country from prominent investors worldwide with FDI inflows growing consistently since 2014-15.

As we celebrate 8 years of the launch of the 'Make in India' initiative, annual FDI Inflows have reached a record USD 83.6 Bn. The investments have come in from 101 countries across 57 sectors and 30 states, with nearly all states in the country receiving a share of FDI over the last year.

Capitalizing on the opportunity presented by the pandemic, India has now liberalized even its hitherto sensitive sectors such as defence, space and mining. India today is one of the most open economies for FDI in the world with most sectors open to 100% under the automatic route. With revamped viability gap funding (VGF) scheme for boosting private investment in social infrastructure, there is tremendous scope for companies to boost their investments in social sectors such as health, education, and sports.

To further deepen the integration with global value chains, increase local value addition and boost export potential, India introduced the Production-linked Incentive (PLI) Scheme across 14 core manufacturing sectors, including electronics, pharmaceutical, automotive, advanced chemistry cell (ACC) battery, solar, and white goods (home appliance) sectors. The pioneering USD 26 Bn incentive package is likely to lead to an expected infusion of fresh investments of nearly USD 50 billion with an increase in production of about USD 520 billion over the next five years. The multiplier effect of PLI schemes is expected to boost manufacturing, double employment, and benefit the supplier ecosystem made up of largely medium and small enterprises (MSMEs).

In addition, the recent USD 10 Bn incentive scheme to build a semiconductor display- design ecosystem in India will ensure globally competitive products with cutting-edge technology are now 'Made in India'.

Building on outcome-centered policy reforms and its large consumer base, India is now second only to China as a preferred manufacturing destination. Several new recent Free Trade Agreements (FTAs) such as with United Arab Emirates (UAE), Australia, Canada and the European Union (EU) is helping India to integrate better with global supply chains, further making India a global manufacturing and export hub of choice. This opens a whole new window of opportunity for companies to 'Make in India' and 'Make for the World'.

> **With sustained momentum in real GDP growth, India is likely to become a USD 10 Trillion economy by 2030, cementing its global position as an economic powerhouse.**

Transforming India

Dedicated efforts has enabled India to jump 79 places in the World Bank Ease of Doing Business (EoDB) ranking between 2014-2019, moving up to 63 from 142. With over 30,000 compliances already reduced, the aim is to break into the top 50 soon with work progressing on mission mode on the next phase of the EoDB reforms to make India one of the easiest places to do business. (The number of digital measures introduced in recent years just in the area of the calculation and filing of direct and indirect taxes would be well known!)

To further reduce the cost of doing business, India streamlined its IPR framework, merged 29 central labour laws into 4 codes providing flexibility in hiring and retrenchment, and slashed corporate taxes from 34% to 15% for new units to boost manufacturing.

The implementation of the Goods and Services Tax and the consequent creation of one geographical market has been a gamechanger, bringing in new investment opportunities in the logistics and warehousing sector. A key reform is the Insolvency and Bankruptcy Code (IBC) introduced in 2016 enabled failing companies in India to exit with ease. Investors now have the opportunity to acquire world class assets by participating in the time bound liquidation process of these companies.

The institution of Remissions of Duties and Taxes on Exported Products (RoDTEP) scheme for reimbursing taxes & duties incurred by exporters and Custom Bonded Warehouse Scheme is further boosting exports. Through the One District One Product (ODOP) initiative, over 700+ unique products from across all districts of India are being provided assistance in market access and brand promotion. With the creation of District Export Hubs (DEH) to help with the value chain linkages and support infrastructure, the Scheme has helped over 16 states show record exports.

New institutional mechanisms such as the Project Development Cells set up across 29 central Departments/ Ministries to handhold investors and monitor timely progress under an overarching Empowered Group of Secretaries is helping fast-track investments in the country.

> **India today is one of the most open economies for FDI in the world with most sectors open to 100% under the automatic route.**

To streamline processes, the National Single-Window System (NSWS) portal for investors and businesses was soft-launched in September 2021 which integrates the existing clearance systems of the Central and State governments, removing the need for multiple application and follow-ups for investors. The GIS-enabled database of industrial areas, India Industrial Land Bank, has also been launched to help investors identify their preferred location for investments online, from over 4500+ industrial parks across the country.

The fruits of these dedicated efforts and focused decision making are already visible. From only 2 units in 2014, India now has over 200 units manufacturing cellular mobile phones and parts / components, emerging as the second largest manufacturer of mobile handsets in the world in volume terms. India ranks as the world's largest smartphone user base with Apple recently started assembling the latest iPhone models in India through its OEM Foxconn, a beneficiary under the PLI Scheme. India is witnessing heightened merger and acquisition (M&A) activity with a 200% increase in cross-border transactions from year 2017. Private equity/venture capital (PE/VC)-led investment in Indian firms is up by 55% since 2019, hitting a record USD 70 bn in 2021

Infrastructure as a pillar of growth

Another key pillar of our Honorbale PM's vision of an Atmanirbhar (self-reliant) 'New India' is holistic and sustainable infrastructure development. Under the US$1.4 trillion national infrastructure master plan (PM Gati Shakti), 16 Ministries and states have been brought together for integrated planning and coordinated implementation to catapult the speed of infrastructure connectivity projects, across Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure.

The recently unveiled National Logistics Policy aims to reduce logistics cost from 14% of GDP to less than 10% and elevate India to among the top 25 nations in terms of ranking in the Logistics Performance Index.

Focussed on ensuring ease of living for the 1.4 billion people, the National Infrastructure Pipeline identifies investment opportunities of over USD 1.4 Trillion in sub-sectors such as drinking water, access to clean and affordable energy, healthcare for all, modern railway stations, airports, bus terminals and world-class educational institutes. Additionally, the National Monetization Pipeline aims to creates mega investment opportunities in multiple infrastructure sectors by monetization of assets of the Central Government with an estimated aggregate potential of USD $80 billion.

A strong secondary market for infrastructure assets has emerged in India attracting institutional investments. The emergence of a new asset class by recycling of revenue generating operational infrastructure assets is giving further impetus to private investments.

Some of the largest and most experienced global funds and institutional investors including Sovereign Wealth Funds, Pension Funds and Private Equity have deployed capital in Indian infrastructure assets, investing in National Highways concessions, Airports, Real Estate telecommunication tower networks, gas pipelines, and commercial real estate in the country. Introduction of Infrastructure investment trusts (InvITs) has further added impetus allowing retail investors to participate in the Indian Infrastructure growth story.

Innovation fuelling growth

India is fast emerging as a global Innovation and R&D Hub. In the latest Global Innovation Index 2022, India rose to 40th rank, moving up from 81st spot in 2015. With changes in the IPR regulatory framework and the IP innovation ecosystem, India recorded a 572 per cent growth in the grant of patents in the last 7 years, with filing of patents increasing by more than 50 per cent in the last 7 years.

India is home to 27% of Asia's New Innovation Centers with 55+ global unicorns having their R&D center in India. Our R&D exports have more than doubled in just three years with India emerging as a net exporter of R&D. The efforts are being supported with Government contributions in R&D in sunrise opportunities like Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Defence, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems.

India's internet economy is on course to reach US$ 1 Tn by 2030. India today is the second largest Internet user market. With over a billion mobile phone users, India has the highest per capita mobile data consumption, more than the US and China put together, which is a rapid change from rank 122 five years ago. Rural consumption accounts for 45% of all data consumption in India.

The Hon'ble PM launched Startup India in January 2016, and India today is already third in the world in number of unicorns, second in number of startups, and the first in the number of new startups being added daily. Fueled by innovation, enthusiasm, and entrepreneurial spirit, the Indian startup ecosystem is now the third largest in the world. With over 74,500 government recognized startups from all 36 States & UTs in 650+ districts, spanning across 56 industries, with 47% startups emerging from the non-metro cities, the breadth and depth of the startup revolution

> **"The recently unveiled National Logistics Policy aims to reduce logistics cost from 14% of GDP to less than 10% and elevate India to among the top 25 nations in terms of ranking in the Logistics Performance Index."**

taking place is truly remarkable. Indian startups attracted USD 9.3 Bn from risk investors even at the peak of the pandemic. In 2021, a pandemic year, India gave rise to a record breaking 44 unicorns, while in 2022, 22 unicorns worth US$ 24.67 Bn have already emerged, showcasing India's prowess as a technology and innovation hub. One-tenth of the unicorns globally have been born in India.

> **A strong secondary market for infrastructure assets has emerged in India attracting institutional investments.**

With the second highest number STEM graduates globally, this innovation is driven by world class talent. The Hon'ble Prime Minister has now given the mantra of skill, re-skill and up-skill. Coupled with the New Education Policy, this signals India's commitment to build a highly skilled and innovative human resource for the future, ready for the emergence of the "Indian Techade".

Digital Revolution

The India Opportunity story would be incomplete without mentioning the Digital Revolution at play in India, which is the culmination of years of effort. Through what is popularly now known as the India Stack, a set of APIs have been developed that allows governments, businesses, startups, and developers to utilise a unique digital Infrastructure to enable presence-less, paperless, and cashless service delivery.

As its base, India Stack is propelled by the Jan Dhan – Aadhaar – Mobile (JAM) trinity. With Jan Dhan (the world's largest financial inclusion initiative with 450 Mn+ beneficiaries), and Aadhaar (the world's largest biometric identification system, creation of digital identities covering 99.7 per cent population), we have created the largest economic inclusion market in the world (920 Mn Aadhaar numbers connected with 900 Mn mobile phones).

With a fintech adoption rate that is 23 % ahead of the global fintech adoption rate, cheap internet data and increasing mobile penetration, India now has a digital payments ecosystem in India worth USD 10 Tn, primarily driven by Unified Payments Interface (UPI). In August 2022, 6.57 billion UPI transactions were processed, totalling ₹ 10.73 trillion. The value of digital payments in India is expected to grow three-fold to touch USD 1 Tn by FY 2026 compared to USD 300 Bn in FY 2021.

Significant market transformation opportunity is expected in the next 5 years due to the Open Network for Digital Commerce (ONDC), a first-of-its-kind global initiative for digital commerce which is a facilitator driven, decentralized network based on open protocol. ONDC will create new opportunities, curb digital monopolies, and support MSMEs and small traders by providing easy access to online platforms. From the current 10% share of e-commerce in India's overall retail market, ONDC is expected to increase e-commerce penetration to 40-50% in the coming years, reaching a gross merchandise value (GMV) of $48 Bn over the next five years.

Inclusion of Data Centres in the recent budget under Infrastructure status has enabled easier credit availability for digital infrastructure, opening up greater investment opportunities.

> **India is fast emerging as a global Innovation and R&D Hub. In the latest Global Innovation Index 2022, India rose to 40th rank, moving up from 81st spot in 2015.**

Vision 2047

As India marches into the Amrit Kaal, the 25-year run up to the 100th anniversary of its Independence in 2047, the groundwork for achieving our Vision for India at 2047 has been laid out. India continues to make large strides towards the Hon'ble Prime Minister's vision of "Minimum Government, Maximum Governance". It offers the world one of the largest markets for goods, trade & services, an open and free society, one of the youngest work force, improved tax regime, a strong judiciary, a vibrant media, stable and friendly government policies and a business friendly environment.

By 2047, India is slated to be the second largest economy of the world with a nominal GDP of USD 30 Tn, with per capita GDP expected to rise to USD 30,000 from USD 2,300, a 13X growth over 2022. In his Independence Day address last year, the Hon'ble Prime Minister Narendra Modi reminded the country, "Yehi samay hai, sahi samay hai." Indeed, there has never been a better opportunity to invest in India.

Today India, represented by Invest India, holds the Presidency of the World Association of Investment Promotion Agencies (WAIPA). As India hosts the World Congress of Accountants for the very first time, I am hopeful that it will play a crucial role in creating a platform for fruitful collaborations for greater investments in the country.

SPECIAL WRITE-UP

Chief Value Officer: Agenda for Sustainability and Integrated Value Chain

CA. Sanjiv Mehta

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Businesses and corporations are fast evolving, in tandem with the BANI[1] environment that we live in. In this journey, there are a few major themes that are at their inflection point. In my view, they are: Leadership for the future, Digital and Sustainability. I am delighted to see that these themes are on top of the agenda of ICAI as they host the World Congress of Accountants for the first time in India.

Sustainability

We live in a world where volatility and uncertainty have become commonplace. The COVID-19 pandemic has shown in sharp contrast the fragility of our ecosystem and its rippling effects across the world – loss of lives, livelihoods, and economic hardships, to name a few. Social inequality is on the rise - an estimated 70 million people globally have been pushed into extreme poverty just in 2020. This is not the first and will not be the last crisis that humanity will experience. Years of abuse and unsustainable consumption have ravaged nature and adversely impacted climate leading to depletion of biodiversity and a high risk of zoonotic diseases.

Climate change, by far, is the biggest concern looming over humanity and the cost of inaction will exceed the cost of action. The only way to avoid the worst possible climate outcomes is to accelerate our efforts now and stop procrastinating. Since the adoption of the landmark Paris Agreement on climate change in 2015, global momentum to tackle the climate crisis has been building. Individuals, organisations, and governments are making real progress in battling the climate crisis.

As world leaders commit to net zero greenhouse gas emissions and improve ESG governance over the next decade, India too has set sustainability targets for 2030. We are committed to reduce the emission intensity of India's GDP by 45% compared to 2005 levels by 2030. At COP26, Prime Minister, Mr Narendra Modi committed to achieving net-zero emissions by 2070. India's sustainable funding requirements will be in trillions of dollars. This calls for new ways to consider financing and investing in ESG initiatives. This also means that sustainable finance will be the mainstay of business in the future.

Not just capitalism, but multi-stakeholder capitalism

For any business to survive and thrive, the focus must always be on a multi-stakeholder model. We need to look at these from a different vantage point and over a different horizon. It is rightly

[1] *Brittle, Anxious, Non-linear, and Incomprehensible*

said, "The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries". We must share the blessings of capitalism to take away the miseries of society and collectively win. The world needs growth and so do businesses. And this growth needs to be good for all — consumers, communities, the economy, the planet, and shareholders. Businesses need to create value not just for shareholders but for every stakeholder across its value chain. Stakeholder capitalism is about the values of the company, and the way it operates, to reflect the interests of multiple stakeholders all the time.

In August 2019, more than 180 U.S.-based CEOs as part of the Business Roundtable Statement on the Purpose of a Corporation, stated that while individual companies serve their corporate purpose, they share a fundamental commitment to all stakeholders - deliver value to their customers, invest in employees, deal fairly with suppliers and support the communities in which they operate.

In the aftermath of the COVID-19 pandemic, Boards and executive leadership of all organisations are reconsidering their business models, resilience, and resource dependency. In response to these evolving demands, businesses are increasingly taking steps toward incorporating sustainable business activities and adopting an integrated approach to business strategy and sustainability.

> **"Stakeholder capitalism is about the values of the company, and the way it operates, to reflect the interests of multiple stakeholders all the time."**

At Hindustan Unilever we have always held the belief that being a responsible, sustainable business makes us a stronger, better business. In fact, we believe it is our only way of doing business. The focus on 'Doing Well by Doing Good' goes all the way back to our founder William Lever.

Back in 2010, much ahead of the rest of the industry, we codified our sustainability strategy in the form of the Unilever Sustainable Living Plan (USLP). The USLP was one of its kind in terms of scope and ambition and we are proud that it became a benchmark for corporate sustainability. Ten years on, the evidence has been clear in our business performance. Our purpose-led brands have been growing faster than the rest of our portfolio. We have from sustainable sourcing and eco-efficiencies in our operations. And sustainability has acted as a magnet for talent – making us the number-one employer of choice for many years in a row.

The USLP was a game-changer for our business and paved the way for 'Compass' - our fully integrated sustainable business strategy. At the heart of Compass is our purpose 'To Make Sustainable Living Commonplace' and our stated vision to be the leader in sustainable business. Our purpose-led, future-fit business model is a key differentiator that drives superior performance by delivering consistent, competitive, profitable, and responsible growth. Bringing focus to the Compass are time-bound and actionable goals that we are pursuing as a Company to improve the health of the planet, improve people's health, confidence and wellbeing and contribute to a fairer more socially inclusive world.

Role of finance professionals as value architect

The evolution of business and taking an integrated approach to business strategy and sustainability is fundamentally altering the role of the CFO and their finance and accounting teams. CFO is the chief value architect for any organisation and plays a pivotal role in building sustainable businesses. CFOs must help the business recognise the risks and opportunities associated with sustainability and be able to craft a sustainable business model that not only helps achieve better financial returns but also generate positive value for the planet and society. Moreover, with evolving regulations and stringent disclosures gaining importance, the role of finance team in non-financial reporting is also fast evolving.

Finance role in sustainability broadly boils down to two key elements – creating value and protecting value.

Creating value

Sustainability offers huge value potential and as finance professionals we need to lead this agenda and unlock value by:

1. **Ensuring sustainability is ingrained in the business**

strategy – I believe CFOs who champion sustainable business practices and help build an integrated strategic approach across the value chain will help drive better business outcomes and ultimately deliver superior financial performance. ESG initiatives cannot be run by a central team alone, multiple functions such as supply chain, marketing and procurement for instance, would be involved in developing the sustainability plan and finance teams have a great opportunity to orchestrate this organisation wide process.

> **"In the aftermath of the COVID-19 pandemic, Boards and executive leadership of all organisations are reconsidering their business models, resilience, and resource dependency."**

2. **Linking sustainable business performance measurements to value:** Finance teams will play a key role in building performance management routines and bringing accountability to Sustainability. Like any other business plan; finance team should set tangible and quantitative performance indicators and hold the relevant teams accountable for delivering results.

Collaborating across an integrated value chain: The impact of sustainability programs can be significantly amplified by seeking collaboration across the value chain. Forming coalitions with industry peers to find new innovative solutions and advocating policy shifts will be key. Finance can play a key role by being externally focused and helping structure innovative partnerships with players in the extended value chain.

Protecting value

ESG is increasingly becoming the focal point for governments, businesses, investors, society, and regulators. The accounting and finance profession needs to be at the forefront of bringing more transparency and reliability in ESG reporting. Building systems and processes to ensure accurate non-financial reporting of the same quality as financial reporting, whilst ensuring that it does not impact the ease of doing business will be a key job for finance and accounting professionals.

ESG risk management: As ESG risks become more evident – from climate change to social inequity, all businesses are facing new kinds of risks. Some of these have the potential to be material and cause financial or reputational damage. ESG is now a strategic risk for organisations that requires immediate attention from the CFOs and the Risk Management function. Identifying the key risks and building mitigation plans around them will be an urgent action for many CFOs and their teams.

> **"CFOs must help the business recognise the risks and opportunities associated with sustainability and be able to craft a sustainable business model that not only helps achieve better financial returns but also generate positive value for the planet and society."**

Leading external reporting on ESG: CFOs and their teams will need to take the lead to meaningfully improve the company's ESG reporting agenda. This will include multiple elements, few of which are listed below:

a. **Reporting standards & measurement:** Bringing uniformity and standardisation of reporting standards is the most important element in ESG measurement and reporting. Today, there are multiple frameworks such as International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). India has also advanced in this journey and has rolled out the Business Responsibility and Sustainability Report (BRSR). I firmly believe that with the expertise we have, accountants in India should lead from the front to bring alignment and convergence across reporting frameworks to ensure uniform disclosure methodology for investors and ease the pressure on companies.

b. **Internal controls & auditing standards** – With enhanced sustainability reporting requirements it is equally important to evolve our auditing standards to enable auditors to provide assurance on these areas. Closely linked to this is creating internal control frameworks over non-financial information that will ensure accurate and reliable measurement and reporting.

c. **Engagement with investors:** Investors and market participants are factoring a range of ESG measures into their investment decisions. This calls for increased engagement from CFOs and Investor Relations teams with investors, analysts and ESG rating agencies to ensure that the sustainability agenda of the company and its progress is well understood. Management of key ESG risks will also be a topic of interest to these stakeholders.

Building organisation wide capabilities

a. Many aspects of ESG disclosures are still evolving and organisation understanding of the same might be limited. In fact, the alphabet soup of ESG acronyms, guidelines and extent of information needs can be overwhelming at first. Finance teams must first equip themselves to be comfortable with these and help the larger organisation appreciate them.

b. The use of technology for timely and accurate financial reporting is well established today. What needs to evolve is how technology caters to the new disclosure requirements on sustainability. Sustainability reporting requires a myriad of information to be provided which is non-financial in nature such as data on emissions, water discharge, power consumption, etc. We will need tech solutions to capture this data, set an audit trail and provide a strong controls framework to avoid any misreporting.

I strongly believe this is India's time to shine; we have all the elements needed to win in this new era. But we should not forget the old saying, a building is only as strong as its foundation. We as accountants, need to provide a strong foundation to build our sustainability programs and lead the digital revolution. As one of the most eminent professional bodies in this country, ICAI with its Sustainability Reporting Standards Board, should be the torch bearer in building expertise, capabilities and setting golden standards.

SPECIAL WRITE-UP

Enhancing the Startup Eco-System in India

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"Startup" a global buzzword that in recent years has got into the focus and much-needed attention in many parts of the world. An aspirational nation with the largest young population in the world, India cannot be far behind in enabling the right ecosystem for the growth of start-ups. There are no fixed parameters on the type of company that can be identified as a startup. Those in the business and policy-makers, explain the concept of a start-up from being "a state of mind" to "a culture and mentality of innovating on existing ideas to offer solutions". Start-ups are high-growth fuelled businesses marked with unique characteristics of high uncertainty and risk. They are new businesses that aim to provide consumers with innovative products or services. In terms of business models, firms with unconventional approaches having new products or services offered at a nascent stage and having scope for new revenue streams would qualify as Startup.

Innovation, creativity and an agile approach to grow differentiate them from traditional firms.

Some of the challenges which an Startup would encounter are:

- Lack of funding
- Lack of talented professionals
- Technology
- Access to customers locally and internationally
- Complex regulations
- Lack of affordable service providers
- Lack of government support
- Too many players in the market
- Lack of affordable local talents
- Testing and quality certifications
- Regulatory risk-averseness

An ecosystem for start-ups is a requisite and important differentiator which would address underlying challenges, opportunities, stages of tech integration, market access, funding, skilled manpower, need for mentorship, conducive environment for innovation, ease of doing business, growth and business continuity and hordes of enablers through Government role, demand for new offerings of products and services and many more.

A collaborative ecosystem would comprise of:

- Start-ups/Entrepreneurs
- Institutes/Academia
- Government Organisations/Agencies
- Investors
- Mentors
- Incubators/Accelerators
- Multinational organisation

Start-ups in India: Role of Government of India as a major constituent of Ecosystem

While laying down the road map and agenda for New India's economic growth path, Our Hon'ble Prime Minister in his address on 15 August 2015, from the ramparts of Red Fort, launched the Startup India Initiative to tap the entrepreneurial potential of the people of India.

Startup India Initiative is a vision that would enable the talent of India to dream of ideas, put them into action, and convert them into game-changing ventures. To make this vision a reality and turn it into a game-changing action, on 16th January 2016, the Government of India launched the 'Startup India' program with a stated objective to build a strong ecosystem for nurturing innovation and start-ups in the country that would drive sustainable economic growth and generate large scale employment opportunities.

The Startup India Action Plan covered all the aspects of the ecosystem that would comprise of 19 action items spanning three key areas of 'simplification and handholding', 'funding support and incentives', and 'industry-academia partnerships and incubation.

Having the mission 'to convert India into a nation of job creators from a nation of job-seekers, the operationalisation of the action plan required a 'pro-entrepreneurship' attitude. This would entail having a three-pronged strategy:

- To facilitate a common platform to connect the entire ecosystem while reducing information asymmetry,
- To provide benefits and other necessary support, and
- To engage regional entrepreneurs in transforming their ideas into business ventures.

The integrated approach focuses on necessary handholding and facilitating ease of doing business and ensuring an outreach beyond metros. Start-ups cannot remain confined to a few metros for it to be a successful model to transform India into a global economic powerhouse by 2047.

To broad base the support, the Government of India has come out with notifications to define start-ups. The definition of a startup has been relaxed by DPIIT since the launch of the Action Plan, to enable more entities to apply.

As per G.S.R. 180 (E) dated 17thFebruary 2016 notified by Department for Promotion of Industry and Internal Trade (DPIIT)entities having the following criterion qualified as Start Ups:

a. Up to five years from the date of its incorporation/ registration,

b. If its turnover for any of the financial years has not exceeded Rs.25 crore and

c. It is working towards, innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property.

The eligibility criterion was relaxed in 2017 as per G.S.R 501 (E) dated 23rd May 2017 notified by DPIIT. An entity would qualify as start-ups:

a. If it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a

b. Partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India; and

c. Up to seven years from the date of its incorporation/ registration; however, in the case of Start-ups in the biotechnology sector, the period shall be up to ten years from the date of its incorporation/ registration; and

d. If its turnover for any of the financial years since incorporation/ registration has not exceeded rupees 25 crore and

e. If it is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential for employment generation or wealth creation. Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'Startup

Further relaxation was given in 2019 vide G.S.R. 127 (E) dated 19th February 2019 notified by DPIIT. At present any entity shall be considered as a Startup:

a. Up to a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.

b. Turnover of the entity for any of the financial years since incorporation/

> **"Startup India Initiative is a vision that would enable the talent of India to dream of ideas, put them into action, and convert them into game-changing ventures."**

registration has not exceeded Rs 100 crore.

c. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation. Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Start-up'

With the relaxations, there has been a jump in the application of entities to be recognised as start-Start-ups evolving qualifying definition of Startup by DPIIT is a testimonial to the significance being accorded by the Government of India in its quest to provide a supporting ecosystem.

Enhancing the Start-Up Eco-System in India

As per Invest-India, India has emerged as the 3rd largest ecosystem for start-ups globally with over 77,000 DPIIT-recognized start-ups across 656 districts of the country as of 29th August 2022.

India ranks 2nd in innovation quality with top positions in the quality of scientific publications and the quality of its universities among middle-income economies.

Innovation in India is not just limited to certain sectors. We have recognized start-ups solving problems in 56 diverse industrial sectors with 13% from IT services, 9% from healthcare and life sciences, 7% from education, 5% from professional and commercial services, 5% from agriculture and 5% from food & beverages.

Indian Start-up Ecosystem has seen exponential growth in the past few years (2015-2022 till date):

- 15 -fold increase in the total funding of star-ups
- 9-fold increase in the number of investors
- 7-fold increase in the number of incubators

> **The Indian Unicorns are flourishing in the fast-paced and dynamic economy of today. These start-ups are not only developing innovative solutions and technologies but are generating large-scale employment.**

The Indian Unicorns are flourishing in the fast-paced and dynamic economy of today. These start-ups are not only developing innovative solutions and technologies but are generating large-scale employment.

Till FY 2016-17, approximately one unicorn was being added every year. Over the past four years (since FY 2017-18), this number has been increasing exponentially, with a whopping 66% Year-on-Year growth in the number of additional unicorns being added every year. As of 07th September 2022, India is home to 107 unicorns with a total valuation of $ 340.79 Bn. Out of the total number of unicorns, 44 unicorns with a total valuation of $ 93.00 Bn were born in 2021 and 21 unicorns with a total valuation of $ 26.99 Bn were born in 2022.

In order to ensure that optimism surrounding a large number of Startups remains firm with the belief that most of them will be successful in their critical initial five years and go on to become unicorn, we need the ecosystem to remain dynamic, pragmatic and full of synergies.

Some of the following initiatives augers well for the India Startups:

A. **Startup India Hub by DPIIT:** For operationalising the framework for recognition of entities and following the agenda of the Action Plan, Startup India Hub was launched in April 2016 to provide a one-stop digital platform for the entire startup ecosystem in order to enable knowledge exchange and access to resources. For entrepreneurs, the Hub is envisioned to be their friend, mentor and guide during their startup journey.

The portal provides the following services:

- **Startup recognition:** Startups can seek recognition online and apply for associated benefits such as tax exemptions, prioritised status in public procurement, etc.
- **Introduction of the Application Management System:** The Hub allows stakeholders such as accelerators, incubators, mentors, investors, corporate entities and government bodies, to seek registration on the portal to host programmes and challenges for all recognised startups
- **Partnered Services:** Startups can avail of free (limited) services across verticals such as legal,

cloud, banking, customer experience, software enterprise, patent & trademark facilitation, etc.

- **Online Courses:** Free courses ranging from programming to management and entrepreneurship are available for all registered users on the platform
- **Knowledge Bank:** Users can avail answers and solutions to vital questions such as, "How to Register a company" or access Startup India's regularly updated glossary, market research reports from other organizations, etc.
- **Tools & Templates:** The portal offers a repository of various legal, HR, and other such templates that can be utilized in an entrepreneur's journey from idea to enterprise.
- **Government Schemes:** This section is dedicated to collated schemes and grants offered by the Central and State Governments for all entrepreneurs. The section holds more than 68 schemes that can be filtered by types of incentives being offered, relevant Ministry, Department, and sector focus areas.
- **Query Resolution:** The Hub hosts a query resolution mechanism that addresses inquiries from various stakeholder groups, and this process is monitored by the Startup India team.
- **Handholding support:** Through the Hub portal, Startup India also caters to one-on-one facilitation support to existing startups, innovators, and other ecosystem members
- **Blockchain-Based Certification:** The Department for Promotion of Industry and Internal Trade (DPIIT) launched a Blockchain-based Certificate Verification Platform on 6th October 2020.

B. **International Collaborations and Startup Participation:** To help connect the Indian Start-up ecosystem with global ecosystems through various engagement models, Start-up India has launched bridges with over 10 countries (Finland, Russia, UK, Singapore, Israel, Portugal, Sweden, Korea, Japan and Germany) that provide a soft-landing platform for start-ups from the partner nations and aid in promoting cross-collaboration.

   The partnerships and collaborations with other start-up ecosystems have also proven to be overarching propellants to India's start-up enthusiasm by fostering partnerships, knowledge exchanges, and fund support mechanisms.

C. **Empowering the States:** Since 2016, the Department for Promotion of Industry and Internal Trade (DPIIT) has taken various steps to support and encourage States in developing their start-up ecosystems to further institutionalise and strengthen India's culture of entrepreneurship.

D. **Incubators and Platforms:** Incubators play a vital role in converting ideas into a business model for successful commercialisation. Atal Incubation Centres, Indian Angel Network (IAN) Incubator, iCreate Incubator and Amity Innovation Incubator are some of such entities in the Start-ups ecosystem.

Role of SEPC in Enhancing the Start-Up Eco-System in India

Services Export Promotion Council (SEPC) is set by the Ministry of Commerce and Industry, Government of India. It is an apex body that facilitates service exporters of India. This is the only export promotion council catering to the entire services sector exports.

SEPC as a nodal organization for Services Export Promotion serves India's Service Sector through four major activities classified as under:

- Trade Intelligence
- Export Development
- Export Promotion and
- Enabling Business Environment

These broad activities entail the following for all stakeholders:

- To create business opportunities for the services exporters-aspiring ones and the existing ones.
- To act as a platform between Government and Industry to provide policy inputs, take up issues of industry and provide insight on global markets (existing and emerging) in terms of opportunities, challenges and regulatory frameworks.
- To facilitate exports by formulating business enablers like incentives and

designing suitable market-oriented promotional events and activities.

- To provide various grants and schemes announced by the Ministry of Commerce, related line Ministries and State Governments.

SEPC strives to play a very crucial role in the overall ecosystem of Startup in the services sector. Mandated to serve all services sector including 12 services as identified under Champion Services sector.

The following initiatives are planned:

1. **Launch of i-RISE (Ideas, Resources, Incubation, Strategies for Exports) programme:** For upcoming start-ups in services, SEPC plans to bring together all stakeholders of the ecosystem.
2. **Improving Market Access:** SEPC would provide knowledge on international regulations, market information, new regulations, different taxation policies, unique social and business dynamics. These are impediments in the quest for an international venture of any startup.

   To compete overseas, SEPC will work towards having India's regulations and standards recognised as a benchmark in overseas countries. Some of the sectors like healthcare, fintech, engineering consulting, bookkeeping and accounting, architectural services are having huge potential in international markets.
3. **Platform for connecting between stakeholders of Startup ecosystem:** SEPC can play a significant role in connecting venture capitalists, incubators, tech firms and various government agencies-national and international to provide need-based opportunities and solutions.
4. **Identifying suitable upskilling programmes:** This would serve the need for necessary talent acquisition and training needs for workforce in start-ups.
5. **Industry Institute Partnership:** SEPC can take the lead in bridging the gap.
6. **Implement a mentorship programme between successful entrepreneurs and young aspiring entrepreneurs**
7. **Support in Funding:** Most start-ups find raising funds as the most difficult part in their dream of turning ideas into a commercial business model. SEPC strives to:
   - Engage more knowledge partners within the ecosystem to educate startups on funding intricacies
   - Implement a more systematic approach to matchmaking startups and investors
   - Organise roadshows to educate stakeholders in the venture capitalist ecosystem on the latest technology and gather input from venture arms.
   - Set up a panel to coach grants applicants and investigate obstacles faced by banks and venture capitalists
   - Streamline and accelerate the grant application process: Work closely with the government and related agencies on the same.
   - Provide support and tools for startups during valuation stages

"SEPC can play a significant role in connecting venture capitalists, incubators, tech firms and various government agencies-national and international to provide need-based opportunities and solutions."

Conclusion

Over the last five years, the rise of Indian entrepreneurship has been nothing short of remarkable. The ecosystem at large has collaborated in unprecedented ways in preparation for the next development phase under *Atma Nirbhar Bharat*. The guidelines outlined in Startup India: The Way Forward will enable the Indian startup scene to expand even faster. It outlines concrete steps that, when taken together, will act as powerful catalysts in moving all relevant parties towards the common goal of making India a global startup hub.

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SPECIAL WRITE-UP

Public Financial Management reforms for Trust, Sustainability and Accountability

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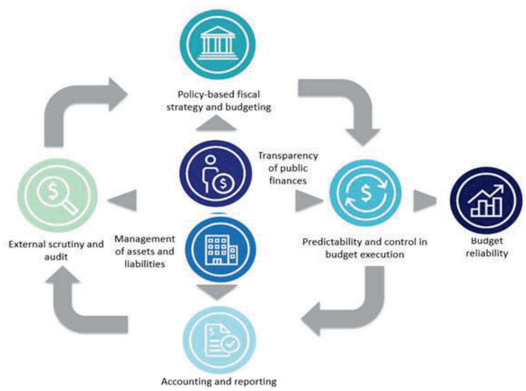
Transparent and high-quality accounting and financial reporting plays a key role in ensuring trust, sustainability, and accountability in the public sector. Today, accounting can be seen in wider connotation to cover the entire range of services that accounting profession provides to the public sector. Often, the breadth, depth, and impact of the accounting profession on governments' financial operations are not well-understood. This article, on the occasion of World Congress of Accountants 2022 in Mumbai (WCOA 2022), attempts to unpack global trends in public financial management (PFM) and the important and impactful role the accounting profession plays in PFM. It also makes a call for closer collaboration between accountants, economists, and policymakers to strengthen a whole-of-government approach towards public finances.

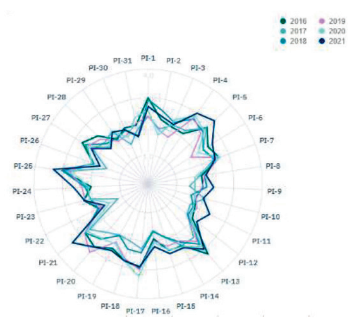
Public Financial Management

Governments' policies are implemented through public financial management (PFM) institutions, systems and processes. They cover the entire budget cycle from budget preparation, budget execution to budget evaluation. Sound PFM systems contribute to desirable fiscal and budgetary outcomes i.e., – (i) aggregate fiscal discipline (effective control of the total budget and management of fiscal risks), (ii) strategic allocation of resources (involving planning and executing the budget in line with government priorities) and (iii) efficient service delivery to citizens. PFM systems are measured by Public Expenditure and Financial Accountability (PEFA[1]) framework, the gold standard for measuring PFM systems globally, and is used by governments in 155 countries. PEFA measures 31 PFM Performance Indicators through 7 PFM pillars on a scale of 'A' to 'D' in the decreasing levels of maturity to consistency with internationally accepted good practices (A – indicating highest performance and D – the lowest). It brings us to the question of how PFM systems are performing globally and regionally.



Global trends in PFM

The 2022 Global Report on Public Financial Management indicates varying maturity levels of PFM across regions and countries. Most countries were successful in establishing individual aspects of PFM systems working at least at the basic level of performance expected through international good



1. *PEFA is a partnership program of the European Commission, International Monetary Fund, World Bank, and the governments of France, Luxembourg, Norway, Slovak Republic, Switzerland, and United Kingdom*

practices on PFM. However, there is significant scope for improvement. The full Global report (PEFA Secretariat, 2022) can be accessed here. Let's take a look at selected highlights[2] from the report.

• Most governments perform consistently well at accounting for revenue, maintaining internal controls, and limiting expenditure from contingency reserves.
• In many cases, governments appear better able to adhere to the level of total planned spending rather than the composition of planned spending. This implies that while the variance at the aggregate level between budgeted and actual spending is generally low, variations at individual ministry level are significant.
• Governments find it difficult to maintain a basic level of performance in evaluating public service delivery performance, monitoring holdings in nonfinancial assets, and ensuring the consistency of budgets with previous years' estimates.
• Countries could significantly improve on accounting and preparing financial reports. As many as 80% of countries do not submit financial reports for external audit within three months of the end of the fiscal year. Only one country achieved the highest attainable performance score for the completeness, timeliness, and consistency of its annual financial reports.
• There were widespread weaknesses in capital budget investments. For example, 80% countries do not include projections of the total life-cycle cost for major investments or a year-by-year breakdown of costs in their budget documents, which could affect quality and transparency in public investment management decisions.
• There is a prevalent use of non-competitive public procurement methods, which has implications for the quality and efficiency of government expenditure. Nearly 63% of countries awarded contracts (valuing more than 40% of the total value of contracts) through non-competitive procurement methods.
• The COVID-19 pandemic revealed that many PFM systems were not sufficiently resilient. During a crisis, PFM systems must find the appropriate balance between flexibility and accountability.

The report indicates significant areas of PFM systems that still need to be addressed, which requires a whole-of-government approach to PFM reforms.

Interdisciplinary nature of PFM with role of accounting profession cutting across PFM aspects

PFM is an interdisciplinary profession. It operates at the intersection of public policy, public administration, economics, and accountancy. There are no cookie cutter solutions to PFM reforms that are applicable in all countries.

Reforms in PFM systems need to be built within the broader country context and the way institutions work. The global trends on PFM indicate that there are huge opportunities to enable government policies to yield the intended objectives through an interdisciplinary convergence of ideas of experts. Accountants, Economists, public policy makers and administrators in governments need to break silos and leverage areas of collaboration with each other. Several aspects of PFM depend on inputs and expertise of multiple players to establish credible systems of impact.

The accounting profession apart from being the fulcrum of certain aspects of PFM, it influences other aspects of PFM in the following three ways:

1. ***Reforms to migrate government accounting from cash to accrual basis - a potential game changer***

   Public Sector Accounting is perhaps the most technical and least political aspect of PFM. Nevertheless, Global Report on PFM indicates that the financial reporting and accounting aspects of PFM such as financial data integrity, in-year financial reporting, and annual financial statements do not perform well relative to other indicators in many countries. Public sector accountants are directly responsible for these functions which provides enormous opportunities, particularly in developing countries for accelerated solutions. Further, the trend towards improving cash basis accounting and alignment with international standards has been picking up globally in the past one and half decades. While the need to improve cash basis accounting remains valid, countries have globally

2. *Analysis based on 80 countries with recent PEFA assessment reports at national level*

realized the value in migrating government accounting from cash basis to accrual basis accounting.

> The global trends on PFM indicate that there are huge opportunities to enable government policies to yield the intended objectives through an interdisciplinary convergence of ideas of experts.

Today we have a robust set of International Public Sector Accounting Standards (IPSAS) on accrual basis to facilitate the process. The International Federation of Accountants (IFAC), IPSAS Board, World Bank and other agencies are championing the cause of migration to accrual basis accounting. The 2021 International Public Sector Accountability Index indicates that already 30% of jurisdictions report on accrual basis and by 2025 the percentage is expected to grow to 50%[3]. One of the emerging challenges in the post COVID19 world is the ballooning public debt. According to the World Bank-International Monetary Fund (IMF) Low Income Country Debt Sustainability Assessment (LIC-DSA), 44 percent of Low Income Debt Countries (LIDCs) are at high risk of external debt distress and 12 percent of them are already in debt distress. Inadequate transparency could delay debt restructurings and curb the ability of low-income countries to overcome the pandemic and generate a green, resilient, and inclusive recovery[4].

There is a concern around the world about the hidden debt as well. Accelerated migration to accrual basis accounting using a robust set of standards like the IPSAS Accrual would contribute to improved debt transparency and better management. Migration to accrual basis accounting is seen as a game changer for better policy making and improved transparency and accountability. In some countries, professional accounting institutions support the governments in sensitizing and gradual transitioning to accrual accounting.

2. **Internal controls and Audit for improved accountability**

The accounting profession can also play a pivotal role in supporting governments to establish and implement internal controls, bringing into place effective internal audit systems, ensuring that Supreme Audit Institutions with appropriate levels of independence are in operation to enhance accountability. The control and accountability chain established in government contributes to minimizing wastage, inefficiency, fraud and corruption in government revenues and expenditure. According to the World Bank, governments today spend an estimated $13 trillion each year on public contracts for goods, services, and public works. As much as a quarter of that is wasted in inefficient or shortsighted procurement practices. Halting the waste could free up at least $1 trillion a year to put economies on a path toward green, resilient, and inclusive development[5]. Appropriate PFM practices implemented by finance, procurement and audit streams in governments can change the global narratives quickly.

> Migration to accrual basis accounting is seen as a game changer for better policy making and improved transparency and accountability.

3. **Cross cutting role of Accounting Profession to improve Public Finances**

From budget preparation to budget execution and evaluation, the role of accounting is all pervasive. A well-performing public sector also has a catalyzing effort on private sector

3. *https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/international-public-sector-financial-accountability-index-2020*
4. *https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099747306302221748/idu05a51c12104406046980a312080d8940dda37*
5. *https://blogs.worldbank.org/voices/hidden-1-trillion-halting-waste-public-procurement*

performance and economic development. The question of whether the accounting profession is playing its due role effectively is widely debated. While there is general acceptance of the importance of the accounting profession in government, there are wide variations in practices across countries and regions, depending on the legal, regulatory, legacy practices, and the degree of realization on the part of policy makers of the importance of the profession in government. Here are five ways which can strengthen the alignment.

1. Incorporate on a greater scale public financial management aspects into the curriculum of professional accounting organizations and universities.
2. Accelerate global efforts towards migration from cash to accrual basis accounting to make a fundamental shift in the information base for policy making and implementation.
3. Support emerging global needs of government budgets and financial statements, respond to output / performance orientation in government, climate change, gender, sustainability reporting etc.
4. Enhance understanding within the accounting profession of the needs of policy makers, administrators, economists, and other stakeholders to ensure that the output from the accounting profession aligns with the whole-of-government approach towards public finances.
5. Create a greater understanding amongst stakeholders within and beyond government of the critical role and value that the accounting profession brings to good governance in the public sector.

> **The accounting profession can also play a pivotal role in supporting governments to establish and implement internal controls, bringing into place effective internal audit systems, ensuring that Supreme Audit Institutions with appropriate levels of independence are in operation to enhance accountability.**

> **The International efforts to develop and strengthen professional accountancy organizations and public sector finance through the IFAC/ donor collaboration that operates under the name MOSAIC is commendably a major influencer on public financial management development globally.**

The International efforts to develop and strengthen professional accountancy organizations and public sector finance through the IFAC/donor collaboration that operates under the name MOSAIC is commendably a major influencer on public financial management development globally. The increasing global demand for a greater role to the accounting profession in public financial management can also be noticed from the increasing staffing in Ministries of Finance, Supreme Audit Institutions and beyond. The time for the accounting profession to enhance closer collaboration with economists, policymakers and administrators has come. Let the WCOA 2022 be the new beginning for accelerated improvements to PFM systems globally.

Note: Views expressed in the article are Author's personal views.

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SPECIAL WRITE-UP

Can Accountants be Trusted with the Future of Accounting?

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The Origins of Accounting

Browsing one of the few surviving copies of the first edition of Luca Pacioli's 1494 Summa de Arithmetica describing 15th century double-entry bookkeeping is a giddy feeling. This book, and the even older Medici family ledger books at the Harvard Business School's historic collections of accounting records in Baker Library, have always made me ponder the origins of accounting. The earliest use of accounting in business was probably to record executory contracts, receivables, and payables while the corresponding use in government was probably to record tax dues, collections, inventory, and expenses. The inventions of paper and paper currency in China, Hindu numerals in India, and the transfer of this technology by the Arabs to Europe, possibly gave accounting its biggest boost. Accounting then evolved in medieval Europe to facilitate delegation, decentralization, and the separation of ownership and management.

Whenever there is delegation of power or separation of management from ownership, it necessitates performance evaluation. Whether it was with Venetian merchants in the fourteenth century or the English East India company managers in the eighteenth century, accounting played a crucial role in measuring and driving performance. What gets measured gets managed, and accounting ushered in the rise of joint-stock companies owned by many shareholders and improved performance for large organizational hierarchies. When shares in those companies had to be traded, the valuation role of accounting information came to the fore. The best and brightest minds were attracted to these newly formed joint stock companies, striving to make their fortunes through their energy and enterprise. Risk capital came flooding to these ventures because of its productivity and the easy liquidity of these companies' shares. Accounting reports were the beacons that attracted capital and high quality, hardworking talent to the most productive enterprises.

The Emergence of Auditing

But as soon as accounting numbers were used for performance evaluation and valuation, they were surely "managed" to dress up performance. Auditing emerged on the heels of accounting reports to enhance the credibility of accounting numbers. The explosive power of credible information to facilitate the trade of products, services, financial instruments, and sustain large markets, is worth understanding. The Nobel laureate George Akerlof demonstrated a very powerful idea using a simple model. He showed that when the seller of a product has superior information, and the prospective buyer is aware of this information asymmetry, it can kill the market for the product. If it is the buyer that is privately informed, the outcome is similar.

The Role of Trust

Reducing information asymmetry can cause markets to explode, economies to boom, and bring prosperity to a large number of people. The story of Alibaba's success in China illustrates the power of reducing information asymmetry and enhancing trust. Alibaba was a late entrant behind eBay into the world of Chinese e-commerce. But Alibaba was the first to recognize that buyers and sellers in China did not trust each other due to institutional and legal voids. Buyers were not assured that sellers would deliver good quality products as promised, and sellers that buyers would in fact pay them. Alibaba thus systematically introduced innovations in payments, seller ratings, and certifications. As a result, Alibaba quickly became the world's largest and most profitable e-commerce company while the early entrant eBay struggled to make much progress in China. This case study illustrates the power of trust and the importance of reducing information asymmetry. Even today, we read reports that more than forty percent of product reviews on popular e-commerce sites may be fake. If only auditors could audit the e-commerce platform systems to detect and deter fake reviews!

> **The explosive power of credible information to facilitate the trade of products, services, financial instruments, and sustain large markets, is worth understanding.**

Information Asymmetry and Capital Markets

The same story holds true in capital markets. Insider trading by privately informed buyers and sellers raises the firm's cost of capital and hinders productive investment in an economy. Insider trading by privately informed traders is far from a victimless crime. When firms are audited by independent auditors and financial statements are periodically publicly released, we decrease trade by privately informed insiders– provided the financial statements are informative. For financial statements to be informative, they have to be both relevant and reliable. For financial statements to be relevant, accountants and auditors have to be well trained, competent, and exercise their professional judgment. The reliability of financial statements comes from the integrity, objectivity, and independence of accountants and auditors, enforced by their strict code of conduct.

But we must not underestimate the role of laws and courts in sanctioning deviant behavior by unethical members of our profession.

Returning to our story of the growth of joint stock companies and the development of capital markets, professional accountants had to be as smart and diligent as the captains of the industry whose performance they were evaluating. So, the sharpest talent flowed both to the accounting profession and to the enterprises they audited. We also created accounting standards so that all firms presented their financial statements consistently. These standards facilitated the use of financial statements to compare financial performance across firms and time periods, and over time, the complexity of transactions, business models, and financial instruments has surged dramatically. With such complexity, the cost of creating relevant financial statements has also increased.

Reasonable people can disagree on how a given transaction can be accounted for. Exploiting such ambiguity, firms, often with the help of clever accountants, structure their transactions to get preferred treatment. When firms fail, outsiders can't distinguish between bad luck, unscrupulous accountants and executives engaging in shenanigans. Every decade or so, coinciding with recessions or stock market dips, we see many scandals come to light. Following such scandals, we go through periods of stricter accounting rules leaving less room for "professional judgment" and hence less room for shenanigans. Litigation and auditing costs are contained for our profession. But as soon as economic growth is stifled, regulations are loosened, and accountants find different loopholes to circumvent previously tightened regulations. And so, the cycle continues, leading to even tighter accounting rules.

> **For financial statements to be relevant, accountants and auditors have to be well trained, competent, and exercise their professional judgment.**

The Challenges Facing our Profession

This is where we accountants seem to be losing the plot. If tighter rules were the solution to the woes of our cherished profession, the old Soviet Union should be our role model. As an example, our accounting rules would specify the useful lives all firms ought to use for calculating their asset depreciation. There would be no role for professional judgment or individual firm strategy and there would be no accounting fraud. In such a world, since no professional judgment is necessary (or allowed), there is neither a need to hire the best and brightest, nor would such people evince interest in joining our profession. Our financial statements would be quite reliable but no one would care because they would lose their relevance. Let's make no mistake, our financial statements reduce information asymmetry and reduce the cost of capital only when they reflect the professional judgment of accountants rather than faithfully implement rules of accounting arithmetic without regard for the economic substance of transactions.

Over time, if we forget how we add value as a profession, and take our place in the economy for granted, we will defeat ourselves with rules that we have lobbied for and by employing people who are less expensive and less talented. If accounting rules cannot distinguish between expenditures that produce long-term value and those that don't, firms will choose to go private rather than innovate under the glare of public markets, analysts, quarterly conference calls, and their crushing focus on short-term results. But why are we in this predicament of lobbying for rules that limit the professional judgment of accountants and auditors? This strange behavior can be traced to the fear of auditors in being perceived as in cahoots with their client firms. They dread their reputation being besmirched when a client firm's financials are misstated.

When it comes to reputation, perception is just as important as reality. The critical ingredient that auditors bring to the table is their integrity. Auditors are in the business of trust. Thus, their perceived and actual objectivity and independence are what auditors have to safeguard. This is inherently challenging as auditors are paid by their clients. Luckily, there are several experiments happening in auditing around the world – Mandatory and voluntary audit partner rotation and sometimes even audit firm rotation, restrictions on auditors providing other services to their clients, employees and partners of audit firms not having financial relationships with their clients, and independent audit committees hiring and setting audit fees are all examples. We could even periodically experiment with rotating re-audits of a sample of firms by regulators and appointed audit firms. We have already seen these re-audits be extremely valuable in the context of the Audit Bureau of Circulation (ABC). The threat of a re-audit exposing embarrassing mistakes in the audited financial statements of the company could do wonders to bolster auditor independence. We need to objectively evaluate the success, costs, and benefits of the experiments seeking to increase auditor independence and ruthlessly adopt practices that make the independence and objectivity of our profession unimpeachable.

> **"New technologies such as distributed ledgers may make the authentication of transactions cheaper, faster, and more accurate."**

The Future of Accounting

If we can create accounting rules that focus on the relevance and informativeness of audited financial statements and ensure the independence of auditors, the future is bright for the accounting profession. The opportunities to supply credible and independently verified information in the field of Environment, Society, and Governance (ESG) reporting, are immense. New technologies such as distributed ledgers may make the authentication of transactions cheaper, faster, and more accurate. Whether our profession avails of these opportunities is to a large extent yet to be determined. Do we want to attract the best minds to our profession or do we want to certify that we have mechanically checked that stifling rules have been followed? Do we want to enhance the credibility of information in all walks of society or are we content to play a passive role in the economy, simply surviving on the monopoly our profession enjoys in the realm of financial accounting? The answer, my friends, is in our collective hands.

JOIN ICAEW AS AN ICAI MEMBER VIA THE PATHWAYS ROUTE

The Pathways route allows fully qualified ICAI members, with 5+ years of membership, to gain ICAEW membership based on their knowledge, skills and experience*.

A popular route amongst ICAI members, there is no studying or training involved. Instead, those interested in gaining the ACA designation have to meet and complete three requirements: a series of questions that demonstrates their achievements and skills, a sponsor who will support their application and a Letter of Good Standing from ICAI.

*please check the ICAEW website for detailed eligibility criteria

Why become an ICAEW Chartered Accountant?

1. **Global recognition and re-location opportunities** - the ACA and ICAEW are recognised and respected around the world. Becoming an ICAEW member could help you achieve your international career ambitions and help you attain global work opportunities or work with global companies.
2. **Career progression** – with access to our world-class technical and professional resources, you will find all the support you need to develop professionally.
3. **New clients and networking opportunities** - ICAEW Chartered Accountants help firms attract new clients.

For more information and to register your interest, please visit **icaew.com/pathways**

Are you based in India?

You can get in touch with Glenda Watsa at Glenda.Watsa@icaew.com to find out more about the route.

If you are anywhere else in the world please contact Doug Withington at Doug.Withington@icaew.com.

ICAEW

WCOA

Programme Schedule

Day 1 – 18th November 2022 (Friday)		(IST)
1200 - 1400 hrs	Registration	
1400 - 1600 hrs	Opening Ceremony	Chief Guest Guest of Honour(s) **CA. (Dr.) Debashis Mitra** *President, ICAI* **CA. Aniket S. Talati** *Vice President, ICAI* **Mr. Alan Johnson** *Outgoing President, IFAC* **CA. Prafulla P. Chhajed** *Chairman, WCOA 2022 Executive Committee*
1600 - 1630 hrs	Break	
1630 - 1730 hrs	Plenary Session **Accountancy Profession: Trusted Partner in Sustainability and Society (Panel Discussion)** *Description*: The global accountancy profession is founded on trust—both in terms of professional accountants' role in enhancing trust in information, and the trust that society places in professional accountants. This panel discussion will explore trust in the context of the profession's positive impact in the fight against economic crime, and how that in turn advances the sustainability agenda.	Moderator **Mr. Alan Johnson** *Outgoing President, IFAC* Panelists **Ms. Merran Kelsall** *President & Chairman, CPA Australia* **Ms. Gabriela Figueiredo Dias** *Chair, IESBA* **Ms. Julie Linn Teigland** *Managing Partner, Europe, Middle East,India and Africa, EY* **Eminent Speaker**
1930 - 2200 hrs	Cultural Event & Networking Dinner	**Mr. Sonu Nigam,** *Renowned Singer*
Day 2 – 19th November 2022 (Saturday)		(IST)
0830 - 1000 hrs	Exhibition & Breakfast	-
1000 - 1100 hrs	Special Sessions - S1 | S2	
	S1- Yoga & Ayurveda India's Gift to Global Health *Description*: Yoga & Ayurveda are part of the ancient wisdom passed down from generation to generation for thousands of years and today these have become an integral part of Indian culture and tradition. Join in for an immersive session highlighting immense benefits of the two priceless gift that India has given to the human civilization.	**Dr. Bhagwat Kishanrao Karad** *Hon'ble Minister of State for Finance, Government of India** **Swami Ramdev** *Eminent Yoga Guru & Founder, Patanjali Ayurved Limited* **CA. N. D. Gupta** *Hon'ble Member of Parliament, Rajya Sabha & Past President ICAI* **CA. (Dr.) Girish Ahuja** *Eminent Speaker*
	S2 - ICAI – A Knowledge Based National Standard Setter *Description*: ICAI a national Standard Setter is playing an important role in global standard setting process. Join this session to know more about ICAI as a Standard Setter.	Theme Address **CA. A.C. Chakrabortti** *Past President, ICAI* **CA. Charanjot Singh Nanda** *Chairman, Digital Accounting & Assurance Board and Internal Audit Standards Board* **CA. Mangesh P. Kinare** *Chairman, Ethical Standards Board and Valuation Standards Board* **CA. Pramod Jain** *Chairman, Accounting Standards Board* **CA.(Dr.) Sanjeev Kumar Singhal** *Chairman, Sustainability Reporting Standards Board and Auditing & Assurance Standards Board* **CA. Gyan Chandra Misra** *Vice Chairman, Internal Audit Standards Board*

1100 -1200 hrs	Special Sessions – S3 | S4 | S5	
1100 - 1130 hrs	**S3 - Improving Global Competitiveness through Free Trade Zones** *Description:* Free Trade Zones can help businesses compete globally. This session would focus on how free trade zones can be used by businesses for increasing global competitiveness and reducing cost.	**CA. G. Ramaswamy** *Past President, ICAI* **Mr. Saud Salim Al Mazrouei** *Director, Hamriyah Free Zone Authority, Sharjah, UAE*
1130 - 1200 hrs	**S4 - Future of Accounting** *Description:* Get a glimpse into the future, how accountants are adding value, what's changing in the opportunities available to accountants, and why some arrangements might be in the short-term interests of accountants but may not serve us well in the long term. Get to know from our eminent speaker on how the accountancy profession may evolve and how we can shape the emerging future environment.	**CA. (Dr.) V. G. Narayanan** *Professor, Harvard Business School*
1100 - 1200 hrs	**S5 – ICAI -A World Class Educator** *Description:* ICAI is recognized as one of the premier accountancy bodies in the world and its qualification is globally accoladed. In this session get to know more about the process being followed by ICAI for continuous review of education & training to make its qualification globally relevant.	Theme Address **CA. R. Balakrishnan** *Past President, ICAI* **CA. Sushil Kumar Goyal** *Chairman, Students Skills Enrichment Board* **CA. Dayaniwas Sharma** *Chairman, Board of Studies (Academic)* **CA. Vishal Doshi** *Vice Chairman, Board of Studies (Academic)* **CA. Purushottamlal H. Khandelwal** *Vice Chairman, Committee on Career Counselling* **CA. Sridhar Muppala** *Vice Chairman, Students Skills Enrichment Board*
1200 - 1230 hrs	Keynote Address **India's Path to an Economic Superpower** *Description:* The economy of India is the world's fifth largest economy, now behind only the US, China, Japan, and Germany. Please join us in an enthralling session which takes you through India's potential and its path towards becoming an economic superpower.	**Mr. Gautam Adani** *Founder and Chairman, Adani Group*
1230 - 1400 hrs	Exhibition & Lunch	
1400 - 1430 hrs	Keynote Address **Leading the World through Entrepreneurial Vision** *Description:* A leader is the one who has the vision and conviction that a dream can be achieved. This keynote session would dwell upon the importance of having an entrepreneurial vision which provides a purpose and direction to the business and enables an entrepreneur to envision realities that do not yet exist.	**Mr. Mukesh D. Ambani** *Chairman and Managing Director, Reliance Industries Ltd.*
1430 - 1545 hrs	*Plenary Session* **Building an Effective Ecosystem for High-Quality Sustainability Disclosure** *Description:* Leadership from the global organizations like ISSB, IAASB, IESBA, and IPSASB discuss how their respective standard- setting activities work together to support global, high-quality sustainability disclosures.	Moderator **Mr. David Isherwood** *Chair, Forum of Firms* Opening Remarks **Ms. Sue Lloyd** *Vice-Chair, International Sustainability Standards Board (ISSB)* Panelists **Mr. Ian Carruthers** *Chair, International Public Sector Accounting Standards Board (IPSASB)* **Mr. Tom Seidenstein** *Chair, International Auditing and Assurance Standards Board* **Ms. Gabriela Figueiredo Dias** *Chair, International Ethics Standards Board for Accountants* Closing Remarks **Mr. Martin Moloney,** *Secretary General, International Organization of Securities Commissions (IOSCO)*

1545 - 1600 hrs	**Special Address** **Vasudhaiva Kutumbakam - The World Is One Family** *Description*: Through one of the core philosophies of Indian civilization since ancient times; this session would focus on the importance of building a better world – a composite and cohesive world- a world at peace with itself and at peace with nature.	**Mr. Om Birla** *Hon'ble Speaker of Lok Sabha, Parliament of India**
1600 - 1715 hrs	***Plenary Session*** **Accountancy Profession: Partner in Nation Building (Panel Discussion)** *Description*: His Excellency Dr A. P. J. Abdul Kalam, Hon'ble past President of India had coined the term "Partner in Nation Building" for the Indian Chartered Accountants during his address to the Indian CA fraternity. The profession is truly a partner in nation building due to the underlying role of the profession in creating trust, confidence, accountability. The session would acknowledge and appreciate the role of the profession in this facet.	**Theme Address** **Mr. Girish Chandra Murmu** *Hon'ble Comptroller and Auditor General of India** **Moderator** **CA. T. N. Manoharan** *Past President, ICAI* **Panelists** **Dr. Ajay Bhushan Prasad Pandey** *Chairman, National Financial Reporting Authority* **Mr. Debasish Panda** *Chairman, Insurance Regulatory and Development Authority** **Mr. Amarjeet Singh,** *Executive Director, Securities and Exchange Board of India*
1715 - 1730 hrs	**Break**	
1730 - 1830 hrs	**Concurrent Sessions - A1 | A2 | A3| A4**	
	A1 - India-A land of Opportunities *Description*: Today India is one of the most enabling knowledge economies in the world which is open to productive learning, different perspectives, innovation and investment. The session would delve upon India's competitive advantage and its contribution towards a prosperous and resilient world.	**Moderator** **CA. Nilesh S. Vikamsey** *Past President, ICAI* **Panelists** **CA. Sunil H. Talati** *Chairman, Services Export Promotion Council* **Mr. Deepak Bagla** *MD & CEO, Invest India* **Mr. Injeti Srinivas** *Chairman, International Financial Services Centres Authority (IFSCA)* **CA. Rajasekar Rajagopal** *Assurance Leader, EY Global Delivery Services*
	A2 – Emerging Avenues for Professional Accountants *Description*: The Accounting Profession has evolved to meet the aspirations and expectations of the stakeholders. With the development of economy, new avenues for the profession are emerging. Learn from the experts about various emerging avenues for professional accountants.	**Moderator** **CA. Subodh Kumar Agrawal** *Past President, ICAI* **Panelists** **CA. N. Venkatram** *Managing Partner and CEO, Deloitte Haskins & Sells LLP* **CA. Sanjeev Krishan** *Chairman, PwC in India*
	A3 - Leading Sustainability: How Do We Build a Profession That Is Ready? *Description*: Lifelong learning is core to the accountancy profession, and the importance of emerging sustainability-related services put acquiring knowledge and upskilling into mainstream. This panel will explore how education is the key to turning this challenge into a generational opportunity for professional accountants to increase their relevance.	**Moderator** **Ms. Helen Partridge** *IFAC Director, Accountancy Education* **Panelists** **Ms. Jelena Misita** *Chair, IFAC PAO Development Advisory Group* **Ms. Anne-Marie Vitale** *Chair, International Panel on Accountancy Education* **Ms. Julia Penny** *President, ICAEW* **Ms. Thuto Masasa** *Head of advisory, BDO Advisory Services* **Closing Remarks** **Dr. In Ki Joo** *Past President, IFAC*

	A4 – Professional & Investment Opportunities in Australasia and ASEAN (Only for in-person delegates) *Description*: The leaders from the region will deliberate on opportunities which exist for Finance Professionals globally and how the culture of Investment can be promoted, for investments in and out of the region.	**Moderator** **CA. Manoj Fadnis** *Past President, ICAI* **Panelists** **Ms. Kate Boorer** *President, CAANZ* **Mr. Andrew Hunter** *CEO, CPA Australia* **ICAI Chapter leadership of Australasia and ASEAN**
Day 3 – 20th November 2022 (Sunday)		**(IST)**
0830 - 1000 hrs	**Exhibition & Breakfast**	-
1000 - 1030 hrs	**Special Session** **S6 - Technology, Innovation & Entrepreneurship** *Description*: Join the talk on the need and the opportunity to involve entrepreneurship, drawing expertise from all disciplines to develop start-up plans for technology-based businesses.	**Mr. Sridhar Vembu** *CEO, Zoho Corporation*
1030 - 1130 hrs	**Special Sessions – S7 | S8 | S9**	
1030 - 1100 hrs	**S7 - Enhancing the Startup Eco System** *Description*: India has become the third-largest startup ecosystem in the world after the US and China and the pace of growth is not showing any signs of slowing down. Hear out the views of expert on the growth drivers for a flourishing start up ecosystem.	**CA. Sunil Goyal** *Past President, ICAI* **CA. Suresh Prabhu** *Former Union Minister with 10 portfolios* *Six times Member of Parliament* *Founding Chancellor of Rishihood University;* *Visiting Professor, London School of Economics and Political Science.*
1100 - 1130 hrs	**Special Session** **S8 - Igniting Innovation in Global Professional Landscape** Description: With the new normal in the whole world today, discover what innovations are forthcoming to transform the global professional landscape.	**CA. R Bupathy** *Past President, ICAI* **CA. Dilip B. Desai** *Chairman, DHC, International*
1030 - 1130 hrs	**S9 - Taxation Landscape in India** *Description*: This session would focus on the important role being played by ICAI and its constituents as the Partner in Nation Building in direct and indirect tax reforms in India paving way for self-reliance and inclusive economic development	**Theme Address** **CA. Ashok Chandak** *Past President, ICAI* **CA. Sanjay Kumar Agarwal** *Chairman, Committee on International Taxation* **CA. Rajendra Kumar P** *Chairman, GST & Indirect Taxes Committee* **CA. Chandrashekhar V Chitale** *Chairman, Direct Taxes Committee* **CA. Umesh R. Sharma** *Vice Chairman, GST & Indirect Taxes Committee* **CA. Cotha S. Srinivas** *Vice Chairman, Committee on International Taxation*
1130 - 1230 hrs	**Special Sessions – S10 | S11**	
1130 - 1230 hrs	**S10 - Taxation in the New Global Era** *Description*: Taxes help spur economic growth which in turn has a ripple effect on the country's economy. The session would dwell upon the impact of taxation in the global era characterized by the economic, political, and socio-cultural interconnectedness.	**Moderator** **CA. Ved Jain** *Past President, ICAI* **Panelists** **Mr. Harish Salve** *Former Solicitor General of India* **Mr. Arvind Datar** *Prominent Senior Advocate*

1130 - 1230 hrs	**S11 - ICAI – Robust Regulatory Framework** Description: ICAI is a regulator of Chartered Accountancy profession in India with public interest oversight. In this session, get deep insights on the regulatory role of ICAI.	**Theme Address** **CA. B. P. Rao** *Past President, ICAI* **CA. Ranjeet Kumar Agarwal** *Chairman, Taxation Audit Quality Review Board* **CA. Anuj Goyal** *Vice Chairman, Peer Review Board* **CA. Durgesh Kumar Kabra** *Chairman, Financial Reporting Review Board* **CA. Prasanna Kumar D** *Convenor, UDIN Directorate* **CA. Abhay Chhajed** *Vice Chairman, Financial Reporting Review Board*
1230 - 1400 hrs	Exhibition & Lunch	
1400 - 1430 hrs	Special Session **S12 - Leveraging Technology to drive digitisation of Corporate Treasury** *Description*: This session will cover an overview of existing and emerging technologies and their application. Delivered with the aid of few use cases on how Corporate Treasurers in partnership with their service providers have implemented solutions to enable growth for their organisation.	**CA. N. P. Sarda** *Past President, ICAI* **Mr. Siddharth Rungta** *Country Head, Global Liquidity and Cash Management, HSBC, India*
1430 - 1545 hrs	*Plenary Session* **Navigating the Global Economic Recovery (Panel Discussion)** *Description*: Listen from the thought leaders as they take you to the journey from global recession due to the pandemic to global economic recovery and the role of the accountancy profession as trusted partner of business community in recovering from the pandemic induced slowdown.	**Theme Address** **CA. Piyush Goyal** *Hon'ble Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Government of India** **Moderator** **CA. Kamlesh S. Vikamsey** *Past President, ICAI* **Panelists** **Mr. Sanjeev Sanyal** *Member, Economic Advisory Council to the Prime Minister* **Mr. Dinesh Kumar Khara** *Chairman, State Bank of India* **Mr. M Ayhan Kose** *World Bank's Acting Vice President for Equitable Growth, Finance, and Institutions (EFI); EFI Chief Economist; and Director, Prospects Group*
1545 - 1600 hrs	Break	
1600 - 1700 hrs	*Plenary Session* **Assurance: Enhancing Trust and Confidence in Sustainability Information** *Description*: Discussing the road ahead for enhancing trust in sustainability information through high-quality assurance and the global standard-setting activities of the IAASB.	**Theme Address** **Mr. David Madon** *Director Sustainability Policy & Regulatory Affairs, IFAC* **Moderator** **Mr. Chun Wee Chiew** *IAASB Board Member* **Panelists** **Mr. Tom Seidenstein** *Chair, IAASB*

		Mr. Wallace D. Gregory, Jr. *Global Regulatory, Independence & Conflicts Leader, Deloitte* **Ms. Hilary Eastman** *Head of Global Investor Engagement, PwC, UK*
1700 - 1730 hrs	**Break**	
1730 - 1830 hrs	**Concurrent Sessions - B1 | B2 | B3| B4**	
	B1- Understanding Capital Market for Wealth Creation *Description*: Learn from the panel of experts about the intricacies of Capital Markets, global trends and skillsets required for wealth creation.	**Moderator** **CA. Anil Singhvi** *Managing Editor, Zee Business* **Panelists** **CA. Nilesh Shah** *Group President & Managing Director, Kotak Mahindra Asset Management Co. Limited* **CA. Navneet Munot** *Managing Director & CEO, HDFC Asset Management Co. Limited* **Mr. Madhusudan Kela** *Founder, MK Ventures*
	B2 – Building Trust – Improving SME Reporting *Description*: For any economy in the world, SMEs are critical in both the private and not-for- profit sectors. IFRS for SMEs is being updated for the new IFRS issued recently. It forms the basis for the first ever International Non-Profit Accounting Guidance. The key features of both Exposure Drafts will be explained, and their practical impacts will be discussed.	**Moderator** **Ms. Monica Foerster** *Chair, IFAC SMPAG* **Panelists** **Mr. Ian Carruthers** *Chair, IPSASB* **Ms. Assietou Sylla Diouf** *Managing Director, Finance and Operations-GAVI, the Vaccine Alliance* **Ms. Michelle Sansom** *Project Manager, IFRS for SMEs* **CA. M P Vijay Kumar** *Member, IFRS SME Implementation Group (SMEIG) and IFRS Advisory Council*
	B3 - How Fintech is Reshaping the Financial Services Ecosystem *Description*: Get a sneak peek into the evolution of fintech and how much impact it has had on the financial sector since its inception and how it is reshaping the overall financial services ecosystem.	**Moderator** **CA. Atul Kumar Gupta** *Board Member, IFAC & Past President, ICAI* **Panelists** **CA. Jinand Shah** *Managing Director, Online PSB Loans* **Mr. Anish Achuthan** *CEO & Co-Founder,* *Open Financial Technologies* **Mr. Shailender Kumar** Senior Vice President and Regional Managing Director, Oracle India

	B4 – Professional & Investment Opportunities in Americas & Europe (Only for in-person delegates) *Description*: The leaders from the region will deliberate on opportunities which exist for Finance Professionals and how the culture of Investment can be promoted, for investments in and out of the region.	**Moderator** **CA. Jaydeep N Shah** *Past President, ICAI* **Panelists** **Mr. Indy Singh Hothi** *President, ICA Scotland* **ICAI Chapter leadership of Americas & Europe**
1930 - 2200 hrs	**Cultural Event & Networking Dinner**	**Shiamak Davar Dance Group**
Day 4 – 21st November 2022 (Monday)		**(IST)**
0830 - 1000 hrs	**Exhibition & Breakfast**	-
1000 - 1030 hrs	**Special Session** **S13 - Do we really live in a connected world? An insight into a possible future of how connectivity can change the lives of professional accountants and businesses globally** *Description*: With over three decades of the proliferation of the Internet, and over two decades of its explosion through mobile connectivity, and over a decade of maturity of cloud infrastructure-most of us use our devices for trivial functions, and personal productivity. Here is a look into why, how, and perhaps, when, connectivity will make a difference in our professional lives.	**CA. Y. M. Kale** *Past President, ICAI* **Mr. Bharat Goenka** *Co-founder and Managing Director of Tally Solutions*
1030 - 1130 hrs	**Special Sessions – S14 | S15 | S16**	
1030 - 1100 hrs	**Special Session** **S14 - Enabling Sustainability for a Better Future** *Description*: The importance of sustainability cannot be undermined. It is time we acknowledge the connections between the environment, the economy and the society. The session would take you the blueprint developed by the UN to achieve a better and more sustainable future for all.	**CA. M.M. Chitale, Past President, ICAI** *Past President, ICAI* **Eminent Speaker**
1100 - 1130 hrs	**Special Session** **S15 - Being Future Ready - India@100** *Description*: Notwithstanding the probability of setbacks, India's growth story presents a resilient outlook. This session would focus on the areas that businesses must keep in mind to be future ready.	**CA. Amarjit Chopra** *Past President, ICAI* **Mr. Deepak Parekh** *Chairman, Housing Development Finance Corporation Mumbai*
1030 - 1130 hrs	**S16 - Recent Changes in Corporate, Economic, and other Commercial Laws** *Description*: ICAI has been closely working with Government in framing laws by giving them relevant inputs and also undertaking capacity building initiatives for its members to keep them abreast with the relevant changes. Join this session to know about the recent changes in Corporate, Economic and other Commercial Laws.	**Theme Address** **CA. K. G. Somani** *Past President, ICAI* **CA. (Dr.) Rajkumar S. Adukia** *Chairman, Committee on Economic, Commercial Laws & Economic Advisory* **CA. Sripriya Kumar** *Chairperson, Corporate Laws and Corporate Governance Committee* **CA. Prakash Sharma** *Chairman, Banking, Financial Services and Insurance Committee* **CA. Hans Raj Chugh** *Vice Chairman, Committee on Economic, Commercial Laws & Economic Advisory* **CA. Priti Savla** *Vice Chairperson, Corporate Laws and Corporate Governance Committee*

1130 -1230 hrs	**Special Sessions – S17 | S18**	
1130 -1230 hrs	**S17 - Happy State of Mind for a Greener World** *Description*: Let our inspirational speaker take you through the correct meaning of happiness, which the world has always compared with the economic growth, profit, and consumption. Delve into how the mindfulness contributes to a sustainable world.	**CA. M. Devaraja Reddy** *Past President, ICAI* **Eminent Motivational Speaker**
1130 -1230 hrs	**S18 - Initiatives for MSME, Start Up, PFM and Export of CA Services** *Description*: Join this session to know more about ICAI initiatives for the capacity building of MSME & Startup, strengthening public financial management and promoting export of CA services.	**Theme Address** **CA. T. S. Vishwanath** *Past President, ICAI* **CA. Kemisha Soni** *Chairperson, Committee on Public and Government Financial Management* **CA. Dheeraj Kumar Khandelwal** *Chairman, Committee on MSME & Start-up and Committee for Development of International Trade, Services & WTO* **CA. Rohit Ruwatia** *Vice Chairman, Committee for Development of International Trade, Services & WTO* **CA. (Dr.) Raj Chawla** *Vice Chairman, Committee on MSME & Start-up* **CA. Piyush Chhajed** *Central Council Member*
1230 - 1400 hrs	**Exhibition & Lunch**	
1400 - 1500 hrs	**Concurrent Sessions - C1 | C2 | C3 | C4**	
	C1 - Public Sector Priorities: Trust, Sustainability and Accountability *Description*: The public sector is an essential part of every economy and accountants working in the public sector play critical roles in advising governments, directing expenditure to priority areas, controlling and accounting for funds, and ultimately reinforcing trust in public services and spending. This session will explore key strategic issues for public sector in the context of an unprecedented confluence of global concerns which threaten our lives and existence - where the need for greater transparency, accountability and quality decision making has never been greater.	**Moderator** **CA. Sudhir Soni** *Head of Audit, BSR & Co.* **Panelists** **Mr. Kesavan Srinivasan** *Deputy C&AG and Chairman of the Government Accounting Standards Advisory Board* **Mr. Ian Carruthers** *Chair, IPSASB* **Mr. Srinivas Gurazada** *Global Lead, Public Financial Management, World Bank* **Mr. Joseph Owolabi** *Incoming President, ACCA*
	C2 - Technology and the Future (Panel Discussion) *Description*: Technology has the power to change the world we live in and the way we live. Join the experts in learning the latest technology trends and how it will impact the accountancy profession globally.	**Moderator** **CA. K. Raghu** *Past President, ICAI* **Panelists** **Dr. Clare Walsh** *Head of Education, Institute of Analytics (IoA)* **Mr. Jeffrey C. Thomson** *President and CEO, Institute of Management Accountants* **Mr. John Turner** *CEO, XBRL International Inc.*

	C3 - Cyber Security in Financial Services *Description*: Financial institutions are the leading targets for cyber-attacks. These organizations need to respond pro- actively with effective solutions to the ever-evolving threats. Join us for an interesting session to keep pace with the modern cybercrime.	**Moderator** **CA. Naveen N D Gupta** *Past President, ICAI* **Panelists** **Mr. Vishal Salvi** *Chief Information Security Officer & Head of Cyber Security Practice, Infosys* Eminent Cyber Security Experts
	C4 - Professional & Investment Opportunities in Middle East and Africa (Only for in-person delegates) *Description*: The leaders from the region will deliberate on opportunities which exist for Finance Professionals and how the culture of Investment can be promoted, for investments in and out of the region.	**Moderator** **CA. Uttam Prakash Agarwal** *Past President, ICAI* **Panelists** **ICAI Chapter leadership of Middle East and Africa**
1500 - 1530 hrs	**Break**	
1530 - 1630 hrs	***Plenary Session*** **Chief Value Officers: Championing an Integrated Mindset to Drive Sustainable Value Creation** *Description*: As Chief Value Officers (CVO), CFOs & CEOs are uniquely placed to mainstream sustainability and focus their organizations on optimizing and protecting enterprise and stakeholder value. To become effective CVOs, CFOs and finance functionaries need to enable an integrated mindset throughout organizations by breaking down information and functional silos to deliver robust decision-useful insights for management, boards, and external stakeholders.	**Theme Address** **CA. Sanjiv Mehta** *CEO & Managing Director, HUL* **Moderator** **Mr. Sanjay Rughani** *Chair, IFAC PAIB Advisory Group and CEO and Managing Director, Standard Chartered Bank, Uganda* **Panelists** **Ms. Rachael Grimes** *CFO, Challenger Limited & Past President, IFAC* **Mr. Bikash Prasad** *Group CFO, Olam Agri, Dubai* **CA. Raj Mullick** *Chief Accounts Officer and Senior Vice President, Reliance Industries Ltd.*
1630 – 1700 hrs	**Special Session** **Transform your life with Positive Thinking** *Description*: Get inspired from our eminent speaker and get tips on transforming your life by using the power of positive thinking.	**CA. Nihar N. Jambusaria** *Past President, ICAI* **Mr. Anupam Kher** *Indian Film Actor, Former Chairman of FTTI & Motivational Speaker*
1700 - 1730 hrs	**Closing Ceremony**	**CA. (Dr.) Debashis Mitra** *President, ICAI* **CA. Aniket S. Talati** *Vice President, ICAI* **Ms. Asmaa Resmouki** *Incoming President, IFAC* **CA. (Dr.) Jai Kumar Batra** *Secretary, ICAI*
Cultural Programme – Celebrating Unity in Diversity		
To register, please click www.wcoa2022mumbai.org		

**Confirmation Awaited*
For updates regarding the programme please visit WCOA website.


आज़ादी का
अमृत महोत्सव
भारत को उसकी अपार
जलविद्युत क्षमता से लाभान्वित कर रहा
एनएचपीसी
मिनी रत्न श्रेणी-1 का दर्जा प्राप्त
भारत सरकार का उद्यम
जलविद्युत परियोजनाओं की
परिकल्पना से संचालन तक का 46 वर्षों
से अधिक का अनुभव
विदेशों में परामर्शी सेवाओं के माध्यम से
अंतर्राष्ट्रीय स्तर पर कार्यरत
कुल 31 लाभभोक्ता/वितरण कंपनियां
वर्ष 2021-22 के दौरान 24855 मिलियन
यूनिट विद्युत उत्पादन
एनएचपीसी लिमिटेड
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Know Your Ethics

On the Provisions of the certain provisions of Code of Ethics applicable w.e.f. 1St October 2022

1. Are all the provisions of Code of Ethics applicable now?

A. Yes. The 12th edition of the Code of Ethics came into effect w.e.f. 1st July 2020, with the exception of three provisions contained in Volume – I of the Code of Ethics, 2019, which were deferred from 1st July 2020 till 30th September 2022. Now, these provisions have been made applicable from 1st October 2022 with certain amendments. These three provisions are: -

(1) Responding to Non-Compliance with Law and Regulations (NOCLAR) - Sections 260 and 360

(2) Fees – Relative Size - Paragraphs 410.3 to R410.6

(3) Tax Services to Audit Clients - Subsection 604

Thus, with the coming into force of above provisions, all provisions of the Code of Ethics are applicable w.e.f 1st October, 2022.

This Announcement dt. 29th September, 2022 issued by the Institute in this regard may be accessed at https://resource.cdn.icai.org/71662esb57665.pdf.

2. Whether the provisions of Responding to Non-Compliance with Laws and Regulations (NOCLAR) apply to all professional accountants in service?

A. As per the revised provisions of Section 260 of Volume -I of the Code of Ethics, the provisions of NOCLAR are applicable to senior professional accountants who are employees of the listed entities. Thus, provisions of NOCLAR with reference to professional accountants in service apply only to the senior professional accountants.

3. What is the meaning of listed entity?

A. As per provisions of Volume-I of Code of Ethics, Listed entity refers to an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.

4. What is the meaning of "senior professional accountants" as per the provision of Section 260 of Volume-I of the Code of Ethics?

A. The senior professional accountants in service refer to the Key Managerial Personnel. They are directors, officers, or senior employees able to exert significant influence over and make decisions regarding, the acquisition, deployment, and control of the employing organization's human, financial, technological, physical, and intangible resources. There is a greater expectation for such individuals to take whatever action is appropriate in the public interest to respond to non-compliance or suspected non-compliance than other professional accountants within the employing organization. This is because of senior professional accountants' roles, positions, and spheres of influence within the employing organization.

5. Are the professional accountants in public practice required to comply with the provisions of NOCLAR with regard to all professional assignments?

A. As per the revised provisions of Section 360 of Volume-I of the Code of Ethics, the provisions of NOCLAR from the standpoint of professional accountants in public practice are applicable to Audit engagements of entities, the shares of which are listed on recognized stock exchanges(s) in India and have a net worth of INR 250 crores or more.

Thus, a professional accountant in public practice has to comply with the provisions of NOCLAR with respect to such Audit assignments.

6. What is the definition of "Audit" or "Audit engagement" applicable for provisions of NOCLAR for Professional Accountants in public practice under Section 360 of Volume-I of the Code of Ethics?

A. For the purpose of Section 360, "Audit" or "Audit engagement" shall mean a reasonable assurance engagement in which a professional accountant in public practice expresses an opinion on whether financial statements give a true fair view by an applicable financial reporting framework.

7. What does the term "Court" refer to in the case of Assistance in resolving Tax disputes of Audit clients, as explained under the provisions of Tax Services to Audit Clients in Volume-I of Code of Ethics?

A. The revised provisions of Paragraph 604.11 A2 of Volume-I of Code of Ethics under Tax Services to Audit Clients mention that the "Court" does not include a Tribunal.

8. What are the threats in case of fee dependence from a single Audit client?

A. According to provisions of paragraph 410.3 A1 of Volume-I of the Code of Ethics, when the total fees generated from an Audit client by the firm expressing the audit opinion represent a large proportion of the total fees of that firm, the dependence on the client and concern about losing the client create a self-interest or intimidation threat.

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9. What is the threshold percentage of gross annual professional fees (i.e. limit beyond which there will be threats) received for an audit client which is not a public interest entity?

A. The threshold percentage of gross annual professional fees (i.e total fees) received from an audit client which is not a public interest entity and its related entities as per the provisions of paragraph R410.3a of Volume – I of the Code of Ethics is 40%.

10. What is the threshold percentage of gross annual professional fees (i.e. limit beyond which there will be threats) received for an audit client which is a public interest entity?

A. The threshold percentage of gross annual professional fees (i.e total fees) received from an audit client which is a public interest entity and its related entities as per the provisions of paragraph R410.4 of Volume- I of the Code of Ethics is 20% .

11. What measures shall be taken by the firm if the fees received from an Audit client represent more than 40% (in case of Non-PIE) or 20% (PIE) of the total fees for two consecutive years?

A. The firm shall disclose the fact to the Institute in case the fees received from an Audit client for two consecutive years represents more than 40% of the total fees received by the firm in case the Audit client is not a public interest entity or 20% of the total fees received by the firm in case the Audit client is a public interest entity.

12. Is there any format of reporting disclosure to the Institute about the fees from an Audit client being more than the threshold percentage of total fees received by the firm for more than two consecutive years?

A. The Ethical Standards Board of the Institute shall define the framework and mechanism of reporting in case of disclosure to be made to the Institute about the fees from an Audit client being more than the threshold percentage of total fees received by the firm for more than two consecutive years.

13. Do the provisions pertaining to Fee-relative size in Volume – I of the Code of Ethics and the requirement of disclosure in case of dependence of fees from an audit client being beyond a certain threshold provide any exception?

A. Yes, the provisions mentioned under Fee-relative size in Volume- I of the Code of Ethics provide certain exceptions where the total fees received by the firm does not exceed twenty lakhs of rupees in respect of a firm including fees received by the firm for other services rendered through the medium of a different firm or firms in which such member or firm may be a partner or proprietor to all audit clients.

14. Are there any Audit clients to whom the provisions of Fee-relative size in Volume – I of the Code of Ethics and the requirement of disclosure in case of dependence of fees from an audit client being beyond a certain threshold NOT applicable ?

A. Yes, the provisions of Fees-relative size are not applicable in the case of audit of government Companies, public undertakings, nationalized banks, and public financial institutions, or where appointments of auditors are made by the Government or Regulators.

15. What does a public interest entity (PIE) refer to in the Volume-I of Code of Ethics?

A. As per the Volume-I of Code of Ethics, the provisions pertaining to Auditors of entities which are public interest entities have to comply with requirements of independence which are higher as compared to Auditors of other entities.

As per the Code of Ethics, Public interest entities include: -

(a) A listed entity; or

(b) An entity:

(i) Defined by regulation or legislation as a public interest entity; or

(ii) For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation might be promulgated by any relevant regulator, including an audit regulator.

For purpose of this definition, it may be noted that Banks and Insurance Companies are to be considered as Public Interest Entities.

16. What is the meaning of term "Related entity"?

A. "Related entity" refers to an entity that has any of the following relationships with the client:-

(a) An entity that has direct or indirect control over the client if the client is material to such entity;

(b) An entity with a direct financial interest in the client if that entity has significant influence over the client and the interest in the client is material to such entity;

(c) An entity over which the client has direct or indirect control;

(d) An entity in which the client, or an entity related to the client under (c) above, has a direct financial interest that gives it significant influence over such entity and the interest is material to the client and its related entity in (c); and

(e) An entity which is under common control with the client (a "sister entity") if the sister entity and the client are both material to the entity that controls both the client and sister entity.

Adoption of 'Net Book Value' method as one of the valuation technique to measure the fair value of investments in equity instruments that do not have a quoted market price in an active market

A. Facts of the Case

1. A company (hereinafter referred to as 'the Company') is a wholly owned Government of India company under the Department of Atomic Energy. It was established in the year 1967, primarily to meet the control and instrumentation requirements of India's nuclear power programme. The Company has played a pioneering role in spurring the growth of indigenous electronic industry in the country. The Company is a multi-product, multi-disciplinary and multi-technology organisation providing cutting edge technology solutions to the strategic users in Defence, Atomic Energy, Aerospace, Electronic Security and Information Technology (IT) & e-Governance.

2. A Corporation Ltd. has the first gas based power plant that was set up in the State. In the year 1990, when there was an acute shortage of power in the State, the then Electricity Board invited the private companies to start gas power projects under public and private partnership (PPP) mode. Accordingly, State Transmission Corporation, state distribution companies, some public sector companies, including 'the Company' and other private sector companies, had come forward for setting up of gas based power plant in the State i.e., A Corporation Ltd.

3. Through such PPP mode, the Company as a promoter shareholder had invested in A Corporation Ltd. to the tune of Rs. 91.12 lakhs. A Corporation Ltd. is not a listed company in any of the Stock Exchanges. In addition to the investment in A Corporation Ltd., the Company holds shares in two other entities, viz., its joint venture, X Ltd. and Y Consumer Co-operative Society Limited. All these three investments are being disclosed in the 'Investment' schedule in the Company's balance sheet.

4. *Pre Ind AS Regime*: The querist has stated that prior to adoption of Indian Accounting Standards (Ind ASs), i.e., till the end of 31.03.2015, the Company in line with Accounting Standard (AS) 13, 'Accounting for Investments', had framed the accounting policy on investments as under:

> "Long term Investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments."

Accordingly, the Company had been disclosing the value of investments made in X Ltd., A Corporation Ltd. and Y Consumer Co-operative Society Limited at cost, i.e., at Rs. 73.50 lakhs, Rs. 91.12 lakhs and Rs. 0.02 lakhs respectively.

5. *Post adoption of Ind AS:* The Company having net worth of more than Rs. 500 crore is required to adopt Ind AS and accordingly, the Company had adopted Ind AS from the financial year (F.Y.) 2016-17 in accordance with the Notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, Government of India. Post implementation of Ind AS, during the F.Y. 2016-17 and 2017-18, the Company had adopted the following accounting policy in respect of accounting for investments as the Company had not consolidated the accounts with that of the joint venture company.

> "Investments including Investments in joint venture are valued at Fair Value under Net Book Value method."

However, based on the opinion issued by the Expert Advisory Committee of the ICAI, from the financial year (F.Y.) 2018-19 onwards, the Company is preparing the consolidated accounts with that of Joint venture company and accordingly revised the accounting policy on investments as under:

> "Investments other than investments in joint venture are valued at Fair Value through Other Comprehensive Income (FVOCI) under Net Book Value Method. Investments in Joint Venture are valued at Cost."

Since then, for each financial year, the Company had been valuing the investment in A Corporation Ltd. at fair value through OCI. For re-measuring the value of investments in A Corporation Ltd., the Company had been adopting the net book value method based on latest audited financial statements of A Corporation Ltd. and accordingly routing the re-measurement made through 'Other Comprehensive Income'.

Current Scenario:

6. The querist has further stated that the Company, being a public sector enterprise, is subject to supplementary audit by the Comptroller and Auditor General of India (C&AG). During the course of supplementary audit for the F.Y. 2020-21, the C&AG audit team has issued an audit query stating that "*Valuation of investment in equity shares of A Corporation Ltd. as per net book value method instead of cost had resulted in overstatement of Investments*". The contention of the C&AG audit team was based on the following factors:

a) The net book value method or equity method is a prescribed method of valuation of investments in associates or join ventures according to Ind AS 28, 'Investments in Associates and Joint Ventures' or Ind AS 31, 'Interests in Joint Ventures'.

b) The investments in equity instruments of an unlisted company which is neither an associate nor joint venture need to be measured according to Ind AS 39, 'Financial Instruments : Measurement and Recognition'.

c) As per paragraph 9 of Ind AS 39, investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured shall not be designated as at fair value through profit or loss.

d) Also, as per paragraph 46(c) of Ind AS 39, after initial recognition, an entity shall measure financial assets at their fair values except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost.

Hence, based on the above factors and since the equity shares of A Corporation Ltd. are not traded in active market, the C&AG audit team contended that the investment in A Corporation Ltd. need to be measured at cost and not doing so (adopting net book value method) had resulted in overstatement of investments and thereby the other comprehensive income.

(Emphasis supplied by the querist.)

7. Company's view points:

a) As per paragraph 46 of Ind AS 39, after initial recognition, an entity shall measure financial assets at their fair values.

b) Paragraph AG74 of Ind AS 39 deals with valuation technique in case of no active market related instruments. If the market for financial instruments is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include, using recent arms market transactions between knowledgeable, willing parties, if available.

c) Since the Company is a joint promoter shareholder, i.e., 25 companies jointly floated A Corporation Ltd. to generate the power and to utilise the same for their captive consumption, the value of the instrument cannot be inferred from an outside market since it is a closely held company.

d) Paragraph AG74 of Ind AS 39 suggests the valuation techniques, "to include …", i.e., it is an inclusive definition but not a restrictive or exhaustive definition.

e) Since the 'Net Book Value' method is one of the accepted methods for valuation, the Company has chosen this method based on the latest available audited financials of A Corporation Ltd. which gets recorded at various Government agencies like Registrar of Companies (ROC), Income-tax Authorities etc.,

f) In view of the above, it is felt that the valuation method adopted for investments in A Corporation Ltd. based on net book value method is in order.

B. Query

8. In view of above, the opinion of Expert Advisory Committee is sought as to whether the adoption of 'Net Book Value' method by the Company as one of the valuation technique to measure the fair value of investments in equity instruments of A Corporation Ltd. that do not have a quoted market price in an active market is in order or shall be measured at cost.

C. Points considered by the Committee

9. The Committee notes that the basic issue raised in the query relates to valuation of investment

in equity instruments of A Corporation Ltd. (a closely held company) that do not have a quoted market price in an active market and which is not investment in subsidiary, joint venture and associates. 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, accounting for other investments made by the Company, viz., in X Ltd. and Y Co-operative Society Ltd., whether joint venture companies are required to be consolidated with the accounts of the Company, accounting for investments under previous GAAP, accounting for transactions between A Corporation Ltd. and the Company or promoter companies, application of the requirements of Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', accounting adjustments at the time of transition to Ind AS etc. Further, the Accounting Standards referred hereinafter are Indian Accounting Standards, notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended/revised from time to time.

10. At the outset, the Committee wishes to point out that Ind AS 31, 'Interests in Joint Ventures' and Ind AS 39, 'Financial Instruments: Recognition and Measurement' were not notified under Companies (Indian Accounting Standards) Rules, 2015 and hence, the same are not applicable in the extant case. With regard to valuation of investment in equity instruments of A Corporation Ltd., the Committee notes that A Corporation Ltd. is not a subsidiary, joint venture or associate of the Company. Further, the investments in equity instruments being financial assets as per the requirements of Ind AS 32, 'Financial Instruments: Presentation', the requirements of Ind AS 109, 'Financial Instruments' are applicable for financial reporting of such investments (financial instruments). Accordingly, in the context of the issue raised, the Committee notes the following requirements of Ind AS 109:

"4.1 Classification of financial assets

4.1.1 Unless paragraph 4.1.5 applies, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) the entity's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

4.1.2 A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Paragraphs B4.1.1–B4.1.26 provide guidance on how to apply these conditions.

4.1.2A A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Paragraphs B4.1.1–B4.1.26 provide guidance on how to apply these conditions.

4.1.4 A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 4.1.2 or at fair value through other comprehensive income in accordance with paragraph 4.1.2A. However an entity may make an irrevocable election at initial recognition for particular investments in *equity instruments* that would otherwise be

measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income (see paragraphs 5.7.5–5.7.6).”

“Investments in equity instruments

5.7.5 At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is neither *held for trading* nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies. ...”

“Investments in equity instruments and contracts on those investments

B5.2.3 All investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

B5.2.4 Indicators that cost might not be representative of fair value include:

(a) a significant change in the performance of the investee compared with budgets, plans or milestones.

(b) changes in expectation that the investee’s technical product milestones will be achieved.

(c) a significant change in the market for the investee’s equity or its products or potential products.

(d) a significant change in the global economy or the economic environment in which the investee operates.

(e) a significant change in the performance of comparable entities, or in the valuations implied by the overall market.

(f) internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy.

(g) evidence from external transactions in the investee’s equity, either by the investee (such as a fresh issue of equity), or by transfers of equity instruments between third parties.

B5.2.5 The list in paragraph B5.2.4 is not exhaustive. An entity shall use all information about the performance and operations of the investee that becomes available after the date of initial recognition. To the extent that any such relevant factors exist, they may indicate that cost might not be representative of fair value. In such cases, the entity must measure fair value.”

From the above, the Committee notes that the investments in equity instruments falling within Ind AS 109 are to be measured at fair value; however, as per the requirements of paragraphs 4.1.4 and 5.7.5 of Ind AS 109, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Further, paragraph D19B of Ind AS 101, ‘First-time Adoption of Indian Accounting Standards’ gives an option to designate an investment in an equity instrument as at fair value through other comprehensive income in accordance with paragraph 5.7.5 of Ind AS 109 on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Accordingly, since such an option has been elected by the Company for the investments in equity instruments of A Corporation Ltd. in the extant case, the subsequent measurement of such investments at fair value through OCI is correct. Further, the Committee notes that as per Ind AS 109, all investments in equity instruments are to be measured at fair value irrespective of whether these are quoted or not quoted in an active market except in limited circumstances, where cost may be an appropriate estimate of fair value, as per paragraphs B5.2.3 to B5.2.5.

11. With regard to measurement of investment in A Corporation Ltd. at fair value, the Committee notes that as per the requirements of Ind AS 109, fair value has to be determined as per the requirements of Ind AS 113, 'Fair Value Measurements'. Therefore, the Committee notes the following requirements of Ind AS 113:

"Definition of fair value

9 This Ind AS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"3 When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant *observable inputs* and minimises the use of *unobservable inputs*. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value."

The transaction

15 A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

"Valuation techniques

61 An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

62 The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the *cost approach* and the income approach. The main aspects of those approaches are summarised in paragraphs B5-B11. An entity shall use valuation techniques consistent with one or more of those approaches to measure fair value.

63 In some cases a single valuation technique will be appropriate (eg when valuing an asset or a liability using quoted prices in an active market for identical assets or liabilities). In other cases, multiple valuation techniques will be appropriate (eg that might be the case when valuing a cash-generating unit). If multiple valuation techniques are used to measure fair value, the results (ie respective indications of fair value) shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

64 If the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique shall be calibrated so that at initial recognition the result of the valuation technique equals the transaction price. … After initial recognition, when measuring fair value using a valuation technique or techniques that use unobservable inputs, an entity shall ensure that those valuation techniques reflect observable market data (eg the price for a similar asset or liability) at the measurement date."

"Fair value hierarchy

72 To increase consistency and comparability in fair value measurements and related disclosures, this Ind AS establishes a fair value hierarchy that categorises into three levels (see paragraphs 76-90), the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs *(Level 3 inputs)*."

"Level 1 inputs

76 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

77 A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available, except as specified in paragraph 79."

"Level 2 inputs

81 Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

82 If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

(a) quoted prices for similar assets or liabilities in active markets.

(b) quoted prices for identical or similar assets or liabilities in markets that are not active.

(c) inputs other than quoted prices that are observable for the asset or liability, for example:

(i) interest rates and yield curves observable at commonly quoted intervals;

(ii) implied volatilities; and

(iii) credit spreads.

(d) *market-corroborated inputs*."

"Level 3 inputs

86 Level 3 inputs are unobservable inputs for the asset or liability.

87 Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk."

"89 An entity shall develop unobservable inputs using the best information available in the circumstances, which might include the entity's own data. In developing unobservable inputs, an entity may begin with its own data, but it shall adjust those data if reasonably available information indicates that other market participants would use different data or there is something particular to the entity that is not available to other market participants (eg an entity-specific synergy). An entity need not undertake exhaustive efforts to obtain information about market participant assumptions. However, an entity shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the objective of a fair value measurement."

From the above, the Committee notes that as per the requirements of Ind AS 113, when measuring fair value, the objective is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions.

The Standard states that there are three widely used valuation techniques, viz., the market approach, the cost approach and the income approach. The Standard prescribes to use valuation techniques consistent with one or more of these approaches to measure fair value; and that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In some cases, a single valuation technique will be appropriate, while in other cases, multiple valuation techniques will be appropriate. Further, the Standard states that the availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques. However, the fair value hierarchy prioritises the inputs to valuation techniques, not the valuation techniques used to measure fair value. Ind AS 113 also establishes a fair value hierarchy that categorises into three levels, the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Thus, the Standard does not prescribe the use of a specific valuation technique or a hierarchy of valuation techniques; rather it only provides a hierarchy of inputs to valuation techniques.

12. From the above, the Committee notes that the fair valuation involves judgement not only when applying a valuation technique, but also in the selection of valuation technique. However, whichever approach or technique(s) is used, the objective of fair valuation should be kept in mind, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset.

13. In this context, the Committee notes that the investment in the extant case is made in A Corporation Ltd., which is a closely held company and not a listed company and hence level 1 inputs may not be available. Accordingly, as per the above-mentioned requirements of Ind AS 113, the Company should use level 2 inputs (i.e. observable inputs such as quoted prices of similar assets in active market or in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads market corroborated inputs, etc.) or if these are not available, the Company should use Level 3 inputs that are unobservable inputs. However, the fair value measurement objective, as discussed above, should be kept in mind. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. Further, the Company can develop unobservable inputs using the best information available in the circumstances, which might include the Company's own data, but it shall adjust those data if reasonably available information indicates that other market participants would use different data or there is something particular to the entity that is not available to other market participants (eg an entity-specific synergy).

Further, where such unobservable inputs are used to measure fair value, as per paragraph 64 of the Standard, if the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique should be calibrated so that at initial recognition the result of the valuation technique equals the transaction price.

14. Thus, in spite of A Corporation Ltd. being an unlisted company and absence of availability of observable market transactions and other market information, the Company should determine the fair value considering its specific facts and circumstances using valuation technique(s) and using one or more observable and unobservable inputs; and keeping in view the objective of fair value measurement and other requirements of Ind AS 113. However, the Committee notes that in the extant case, the Company has apparently taken its share in the net book value/carrying amount of net assets of A Corporation Ltd. as on the reporting date as a substitute of fair value. The Committee is of the view that while determining fair value, net book value/carrying amount of net assets could be used as the beginning point or as one of the inputs, which may require further adjustments as per valuation technique(s) considering the requirements of Ind AS 113, but the same itself cannot be directly considered as substitute of fair value. Therefore, since the Company has not apparently followed the above approaches, techniques and methodology prescribed under Ind AS 113 to determine fair value in the extant case, the same is not appropriate.

D. Opinion

15. On the basis of the above, the Committee is of the view that since the option under paragraph D19B of Ind AS 101 has been elected by the Company for the investments in equity instruments of A Corporation Ltd. in the extant case, the subsequent measurement of such investments at fair value through OCI is correct, as discussed in paragraph 10 above.

With regard to the method of valuation, the Committee is of the view that the Company should determine the fair value considering its specific facts and circumstances using valuation technique(s) and using one or more observable and unobservable inputs; and keeping in view the objective of fair value measurement and other requirements of Ind AS 113. However, in the extant case, the Company has apparently taken the share in the net book value/carrying amount of net assets of A Corporation Ltd. as on the reporting date as a substitute of fair value. The Committee is of the view that while determining fair value, net book value/carrying amount of net assets could be used as the beginning point or as one of the inputs, which may require further adjustments as per the valuation technique(s) considering the requirements of Ind AS 113, but the same itself cannot be directly considered as substitute of fair value. Therefore, since the Company has not apparently followed the above approaches, techniques and methodology prescribed under Ind AS 113 to determine fair value in the extant case, the same is not appropriate.

With regard to using 'cost' as the basis of valuation of equity instruments, the Committee is of the view that as per paragraphs B5.2.3 to B5.2.5 of Ind AS 109, all investments in equity instruments are to be measured at fair value irrespective of whether these are quoted or not quoted in an active market except in limited circumstances, where cost may be an appropriate estimate of fair value.

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 June 20, 2022. 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 forty one volumes. These volumes are available for sale and can be procured online through CDS Portal at https://icai-cds.org/.
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.

ACCOUNTANT'S BROWSER

PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE

Index of some useful articles taken from Periodicals received during September - October 2022 for the reference of Faculty/ Students & Members of the Institute.

1. Accountancy

Accounting of production-linked incentives (PLI) by Dolphy D'souza. *Bombay Chartered Accountants' Journal*, September 2022.

Management accounting knowledge, limited managerial discretion and the use of management accounting: evidence from Japanese public hospitals by Yoshitaka Shirinasihama. *Asian Review of Accounting*, vol.30, no.3, 2022, pp.338-351.

2. Auditing

Intricate Issues in Tax Audit by Sanjeev Lalan. *Bombay Chartered Accountants' Journal*, September 2022.

Secretarial audit and auditing standards-is it a science or an art? By Pramod S. Shah and Shubham Parab. *Chartered Secretary*, September 2022, pp.52-56.

3. Economics

Dastur essay competition 2022: privatisation of public sector undertakings – opportunites and challenges by Dhairya Bheda. *The Chamber's Journal*, September 2022, pp.109-118.

Impact of COVID-19 on economic activity across Indian states by Sudhansbu Goyal, Akash Kovuri and Ramesh Golait. *RBI Bulletin*, September 2022, pp.77-87.

Impact of lockdown on employment and earnings by P C Mohanan and Aloke Kar. *Economic & Political Weekly*, October 1, 2022, pp.50-57.

Impact of the new middle class on consumer behaviour: a case study of Delhi-NCR by Asiya Chaudhary and Sabiha Khatoon. *Journal of Asian Business and Economic Studies*, vol.29, no.3, 2022, pp. 222-237.

4. Investment

Major changes in overseas investment regulations under FEMA by Rutvik Sanghvi. *Bombay Chartered Accountants' Journal*, September 2022.

Social stock exchange – a pathway to sustainable development goals by Nayana Savala, A Sekar and Ranjith Krishnan. *Chartered Secretary*, September 2022, pp.57.63.

5. Management

Every changing dynamics of CSR and CSR Law in India by Abdullah Fakih and Arshi Karim. *Chartered Secretary*, September 2022, pp.46-51.

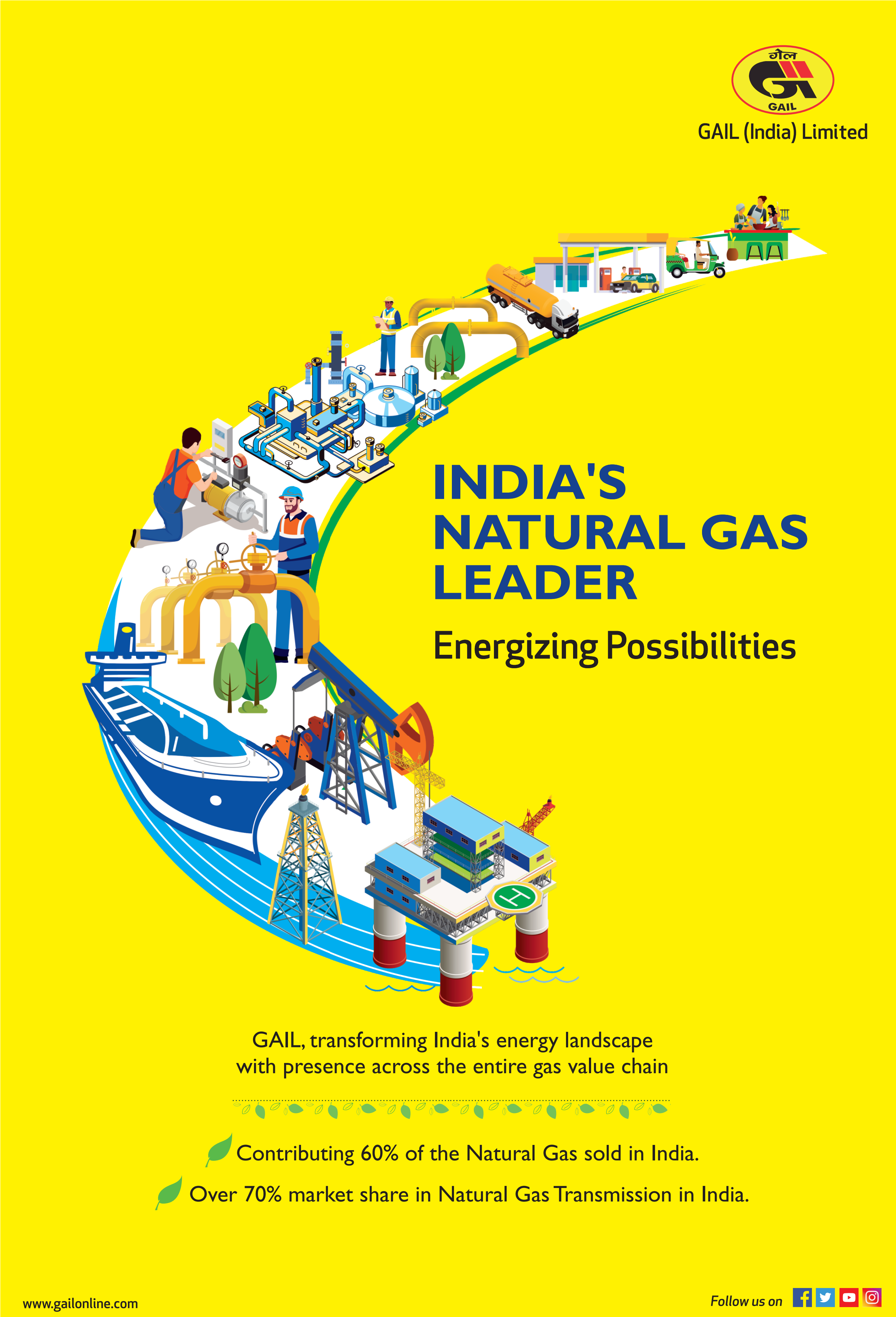
How to digitalize your sales organization: use technology, data, and analytics to do it right by Prabhakant Sinha, Dharmendra Sahay, Arun Shastri and Sally E. Lorimer. *Harvard Business Review*, September - October 2022, pp.108-117.

6. Taxation and Finance

Impact of corporate tax reduction decision on Indian economy by Anima Chordia and Dhurveer S. Bhanawat. *Chartered Secretary*, September 2022, pp.92-97.

Tax deduction at source under GST - concept and issues by Niraj Bagri and Pankit Shah. *The Chamber's Journal*, September 2022, pp.99-104.

Full Texts of the above articles are available with the Central Council library, ICAI, which can be referred on all working days. For further inquiries please contact on 011-30110419 and 011-30110420 or by e-mail at library@icai.in.



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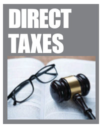


Income Tax

LD/71/43 ITAT Delhi: ITA No.1542/ Del/2020 Brandix Mauritius Holdings Ltd Vs. The Dy. Commissioner of Income Tax 19th Sept 2022

ITAT held that reassessment order passed without quoting Document Identification Number (DIN) in its body to be null and void; ITAT noted that the final assessment order along with notice of demand was been passed/issued without quoting DIN and rejected Revenue's argument that DIN was generated but due to upgradation, it was not reflected in the order and that the said error is not so fatal as to make the assessment order null and void; ITAT observed that that CBDT, vide Circular No. 19/2019, specified exceptional circumstances under which the DIN could not be generated and thus only those circumstances which have been mentioned therein would be considered for non-mentioning of DIN.

LD/71/44 ITAT Chennai: ITA No.2206/Chny/2019 E Murugan Vs. The Income Tax Officer 16th Sept 2022

ITAT held that the assessment of long-term capital gains pertaining to receipts for compulsory acquisition of land should have been done in exact proportion of the land belonging to each of the co-owner; Assessee was a co-owner of a land which was compulsorily acquired but the Revenue computed the long term capital gain after indexation on the entire compensation received in the hands of the Assessee on the basis that the Assessee requested to consider full capital gain in his hands; There cannot be a concession in law available to the authorities and assessment should have been made on the right person and in the right proportion as per ITAT; Matter remanded back to determine the exact proportion of Assessee's share in the land and accordingly assess the Long-Term Capital Gain on the share so determined only, as per CBDT Circular No.36/2016 dt. Oct 25, 2016.

LD/71/45 ITAT Bangalore: ITA No.593 to 672/ Bang/2022 Karnataka Grameen Bank Vs. The Asst. Commissioner of Income Tax 05th Sept 2022

ITAT deleted the fees levied u/s 234E for delay in filing the return of TDS; Section 234E, inserted by Finance Act, 2012, provides for a levy of fee of Rs.200 per day during which the failure of filing statement of TDS within the prescribed time continues on the person responsible for making TDS payment and filing TDS return; As per the amendment made u/s 200A providing that fee u/s 234E could be computed at the time of processing of return and issue of intimation, is prospectively effective from June 1, 2015, thus no fee under Section 234E for delayed filing of TDS return could be levied for the returns filed prior to June 1, 2015.

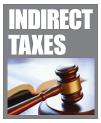
LD/71/46 Delhi High Court: W.P. 12541/2022 Salil Gulati Vs. The Asst. Commissioner of Income Tax 31st August 2022

Assessee' Writ petition challenging reassessment proceedings under new regime for AY 13-14, dismissed by High Court wherein original reassessment notice was issued under the old regime on 23/06/2021 and pursuant to SC ruling in Ashish Agarwal, notice under the new regime was issued on 30/07/2022; Assessee had challenged the notice issued u/s 148 for AY 2013-14 on the ground that the same was barred by limitation as Section 149(1)(a); HC held that subsequently, SC ruling in Ashish Agarwal considered notices issued between 01/04/2021 to 30/06/2021 as deemed to have been issued u/s 148A and accordingly, original reassessment notice issued on June 23, 2021 stood revived; Even without the benefit of CBDT Instruction No.1/2022 dated 11/05/2022, the reassessment notice was within limitation.

LD/71/47 ITAT Mumbai: ITA No 1540/Mum/2018 Mr. Nitin Parkash Vs. The Dy. Commissioner of Income Tax 22nd August 2022

ITAT held that assessee is entitled to the benefit of indexation on the total cost (entire amount of flat) of acquisition from the year of allotment of flat de hors the fact that the Assessee paid instalments over a period of time subsequent to r.w.s with Section 271 as ambiguous since the irrelevant clause of section 271(1)(c) had not been struck off while issuing the notice; ITAT held that as per the definition of 'property' under Section 2(14) and 'indexed cost of acquisition' under Section 48, the asset was held by the Assessee on the date of issuance of allotment letter, when initial amount was paid and the flats were booked, thus he was entitled to claim the benefit of indexation from the date of receipt of allotment letter.

Contributed by CA. Sahil Garud, GST & Indirect Taxes Committee (CA. Mandar Telang), Disciplinary Directorate and ICAI's Editorial Board Secretariat. For details please visit Editorial Page webpage at https://www.icai.org/post/editorial-board. Readers are invited to send their comments on the selection of cases and their utility at eboard@icai.in. For full judgement write to eboard@icai.in.



LD/71/48[2022–TIOL–65-SC-ST] Commissioner of Service Tax Delhi vs Quick Heal Technologies Ltd, 06-08-2022

Sale of Quick Heal brand Antivirus Software which is supplied along with the license code/ product code either online or on the replicated CDs/DVDs to the end customers in India amounts to a transfer of right to use goods i.e., deemed sale as the user is put in possession and full control of the software.

LD/71/49[2022- TIOL-1186-HC-MAD-GST] INDIA YAMAHA MOTOR PVT LTD vs THE ASSISTANT COMMISSIONER and Ors 29-08-2022

The mere availability of credit in an electronic cash ledger would not insulate the assessee from payment of interest as section 50 categorically provides that it is only when a remittance is effected by way of debit, that an assessee would be protected from the levy of interest.

LD/71/50[2022-TIOL-1305-HC-KOL-GST] M/s R P BUILDCON PVT LTD AND ANR vs THE SUPERINTENDENT OF CGST & CX 30-09-2022

Where three wings of the same department initiated parallel proceedings against the Petitioner, the Hon'ble Court directed the department to continue the proceedings with only one wing and take it to the logical end and drop the proceedings initiated by the other two wings.

LD/71/51[2022- TIOL-887-CESTAT-AHM] IDMC Ltd vs COMMISSIONER OF CENTRAL EXCISE AND CUSTOMS 24-08-2022

If the assessee's unit having a centralised registration service tax pays service tax in respect of the invoice issued to the other unit and such other unit avails the CENVAT Credit, it cannot be said that such other unit has availed the CENVAT Credit incorrectly as no ISD invoice is issued to it.

LD/71/52[2022-TIOL-924-CESTAT-AHM] JAIN PRODUCTS vs COMMISSIONER OF CENTRAL EXCISE AND SERVICE TAX 19-09-2022

Where the assessee paid service tax along with interest within one month but there was a delay in making 25% penalty, the Hon'ble Tribunal held that although the statutory period of one month cannot be extended, having regard to the bona-fides of the case, lenient view, in terms of section 80 can be taken for waiver of balance 75% penalty.

Disciplinary Case

Wrong certification of E-Form 32 of the Company by the Respondent – Failure to examine/ ascertain the facts from the original record -- Held, Respondent GUILTY of Professional Misconduct falling within the meaning of Clause (7) Part I of the Second Schedule to the Chartered Accountants Act, 1949.

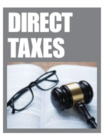
Held:

In the instant case, the allegation is that the Respondent had wrongly certified E-Form 32 of the Company by placing reliance on the extract of minutes of the meeting of Board of Directors dated 31/01/2012 of the Company as shown to him by one of the then Directors of the Company. The resolution referred to in the said forms/minutes were never passed by the Board of Directors of the Company and it was a unilateral action of one Directors. The Respondent in his defence submitted that he was under bonafide impression that the documents shown to him were true and genuine documents and he did not suspect the genuineness of the same and accordingly, he had affixed his digital signature on the said E-form. The Committee noted that the E-Form 32 of the Company certified by the Respondent was based on incomplete verification as he relied upon the extract of minutes of the meeting of Board of Directors dated 31/01/2012 of the Company which was shown to him by one of the then Directors of the Company. He did not verify the original documents/records of the Company before certification. It was further noted that even in an attest function, due diligence of professional is expected of highest order and considering the fact that he was certifying a form for submission to a government authority, he should have exercised his due diligence and also his professional scepticism while carrying out his professional assignment. This was even more important as he was approached for only certification, and he was not the statutory auditor of the company who might have been aware of its related facts. Thus, in light of the fact that the Respondent failed to exercise his due diligence, the Committee held him guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

CA. P. Raveendranadh Reddy [PPR/P/21/S/13/DD/19/inf/14/DC/657/17]

Circulars/Notifications

Given below are summarised important Circulars and Notifications issued by the CBDT, CBIC-GST since the publication of the last issue of the journal, for information and use of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/notification. Suggestions on this column can be submitted at eboard@icai.in



I. NOTIFICATIONS

1. *Rules for filing return of income under section 170A notified - Notification No. 110/2022, dated 19-09-2022*

The Finance Act 2022 inserted new section 170A to enable the entities going through specified business reorganization, for filing of modified returns for the period between the date of effectivity of the order and the date of issuance of final order of the competent authority. Vide this notification, Rule 12AD has been inserted applicable w.e.f. 01.11.2022 providing that the modified return of income to be furnished by a successor entity to a business reorganisation, as referred to in section 170A, for an AY, shall be in the Form ITR-A. Consequential amendment is made in Form ITR-6.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-no-110-2022.pdf

2. *Application for recomputation of income under sub-section (18) of section 155 of Income -tax Act,1961 - Notification No. 111/2022, dated 28-09-2022*

Vide the Income-tax (32nd Amendment) Rules, 2022; a new rule 132 is inserted in Income-tax Rules, 1962 and made applicable w.e.f. 01.10.2022. The rule provides that an application requesting for recomputation of total income of the PY without allowing the claim for deduction of surcharge or cess, which has been claimed and allowed as deduction under section 40 in the said PY, shall be made in Form No. 69 (to be furnished electronically) on or before 31.03.2023.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-111-2022.pdf

3. *Amendment in Rule 114F pertaining to "non-reporting financial institution" - Notification No. 112/2022, dated 07-10-2022*

In exercise of powers conferred by section 285BA, vide the Income-tax (Thirty Third Amendment) Rules, 2022, the CBDT has amended Rule 114F(5) which defines the "non-reporting financial institution". Vide this notification, the scope of the definite of "non-reporting financial institution", *inter alia,* for '(i) a financial institution with a local client base; (j) a local bank; and (k) a financial institution with only low-value accounts' has now been restricted to 'in case of any U.S. reportable account'.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-112-2022.pdf

4. *CBDT designates CIT (Appeals) to deal with the appeals arising u/s 246A and 248 of the Act falling under the Faceless Appeal Scheme, 2021 - Notification No. 113/2022, dated 13-10-2022*

In exercise of the powers conferred by section 120, the CBDT, has directed that the Commissioner of Income-tax (Appeal) as specified having their headquarters at the places specified shall exercise the powers and perform the functions in respect of appeals arising u/s 246A and 248 filed in cases of classes of cases as specified (International taxation) and falling within the jurisdiction of the Income-tax authorities as specified in the Schedule annexed with this notification.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-113-2022.pdf

5. 2589555 Ontario Limited notified as the pension fund under section 10(23FE) - Notification No. 114/2022, dated 13-10-2022

In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to section 10(23FE), the Central Government has specified the pension fund, namely, 2589555 Ontario Limited (PAN: AABCZ1393D), as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after 13.10.2022 but on or before 31.03.2024 subject to the fulfilment of the conditions as specified therein.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-114-2022.pdf

6. 'Norges Bank On Account Of The Government Pension Fund Global' notified as the sovereign wealth fund under section 10(23FE) - Notification No. 115/2022, dated 14-10-2022

In exercise of powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to section 10(23FE), the Central Government has specified the sovereign wealth fund, namely, Norges Bank On Account Of The Government Pension Fund Global (PAN: AACCN1454E), as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after 14.10.2022 but on or before 31.03.2024 subject to the fulfilment of the conditions as specified therein. Further, the assessee shall get its books of account audited for the specified PYs and furnish the Audit Report in the format annexed to this notification within the time as specified.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-115-2022.pdf

II. CIRCULARS

1. CBDT extends due date for filing of various reports of audit for the Assessment Year 2022-23 under the Income-tax Act,1961 - Circular No. 19/2022, dated 30-09-2022

On consideration of difficulties faced by the taxpayers and other stakeholders in filing of various reports of audit for the AY 2022-23 under the Income-tax Act,1961(Act), the CBDT decided to extend the due date for filing of various reports of audit for the AY 2022-23, which was 30.09.2022 to 07.10.2022 in the case of certain category of assessees for whom the due date was 30.09.2022.

The detailed Circular can be downloaded from the link below:

https://incometaxindia.gov.in/communications/circular/circular-no-19-2022-ita-ii.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1106/CBDT-extends-due-date-for-filing-of-various-reports-of-audit-for-the-Assessment-Year-2022-23-dated-30-09-2022.pdf

III. PRESS RELEASES/INSTRUCTIONS/ OFFICE MEMORANDUM/ORDER

1. CBDT issues Revised Guidelines for compounding of offences under the Income-tax Act, 1961 - Press Release, dated 17-09-2022

Some of the major changes made for the benefit of taxpayers include making offence punishable under Section 276 as compoundable. Further, the scope of eligibility for compounding of cases has been relaxed whereby case of an applicant who has been convicted with imprisonment for less than 2 years being previously non-compoundable, has now been made compoundable. The discretion available with the competent authority has also been suitably restricted. The revised Guidelines for Compounding of offences dated 16.09.2022 are available at https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/540/Compounding-Guidelines-dated-16.09.2022.pdf

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1102/Press-Release-CBDT-issues-

Revised-Guidelines-for-compounding-of-offences-dated-17.09.2022.pdf

2. *Gross Direct Tax collections for the Financial Year (FY) 2022-23 register a growth of 30% - Press Release, dated 18-09-2022*

Net Direct Tax collections for the FY 2022-23 have grown at 23%. Advance Tax collections for the FY 2022-23 stand at Rs. 2,95,308 crore as on 17.09.2022 which shows a growth of 17%. Refunds aggregating to Rs. 1,35,556 crore have been issued in the current fiscal, higher by 83% over the preceding year. There has been a remarkable increase in the speed of processing of income tax returns filed during the current fiscal, with almost 93% of the duly verified ITRs having been processed till 17.09.2022.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1103/Press-Release-Gross-Direct-Tax-collections-for-the-Financial-Year-2022-23-dated-18.09.2022.pdf

3. *Order u/s 119 of the Income-tax Act, 1961 – Extension of time to file Form ITR-A - Order, dated 26-09-2022*

In order to address the genuine hardship and provide adequate time for furnishing of return under section 170A of the Act, the CBDT vide this Order has, allowed that for successor companies in cases where the order of business reorganisation of the competent authority was issued between the period 01.04.2022 and 30.09.2022, the time available to furnish modified returns in Form ITR-A under section 170A of the Act shall stand extended to 31.03.2022.

The complete text of the above Order(s) can be downloaded from the link below:

https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/542/Order-us-119-of-the-Income-tax-Act-1961-dated-26-09-2022.pdf

https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/543/Corrigendum-on-order-us-119-of-ITA-1961-27-9-22.pdf

4. *The Finance Minister's Award 2022 presentation ceremony held by the Income Tax Department at Delhi - Press Release, dated 27-09-2022*

The Finance Minister's Award 2022 presentation ceremony was held by the ITD on 27.09.2022 at Kedarnath Sahni Auditorium, Civic Centre, Minto Road, Delhi. Smt. Nirmala Sitharaman, Hon'ble Minister for Finance and Corporate Affairs conferred the awards on the selected officers and officials of the Department in the presence of Shri Pankaj Chaudhary, Hon'ble Minister of State for Finance and Dr. Bhagwat Kishanrao Karad, Hon'ble Minister of State of Finance. Shri Nitin Gupta, Chairman, CBDT and other Members of CBDT were also present on the occasion.

The complete text of the above Press Releases(s) can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1104/PressRelease-The-Finance-Minister-Award-2022-presentation-ceremony-held-by-ITD-28-9-22.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1105/PressRelease-Finance-Ministers-Awards-conferred-on-employees-of-ITD-28-9-22.pdf

5. *Order Specifying the Collegium - Explanation to section 158AB of the Income-tax Act, 1961 - Order, dated 28-09-2022*

In exercise of powers conferred under the Explanation to section 158AB, the CBDT had specified that for the purpose of deciding deferment of appeals before the Appellate Tribunal or the jurisdictional High Court by the AO under section 158AB, a Collegium shall be constituted as specified in this Order. Further, it has been specified that the Collegium shall comprise of three members who are officers of the rank of Principal Commissioner of Income-tax (PCIT) or Commissioner of Income-tax (CIT).

The complete text of the above Order can be downloaded from the link below:

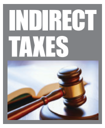
https://www.incometaxindia.gov.in/communications/circular/order-28-09-2022.pdf

6. *Direct Tax Collections for F.Y. 2022-23 up to 08.10.2022 – Press Release, dated 09-10-2022*

Direct Tax collections up to 08.10.2022 show that gross collections are at Rs. 8.98 lakh crore which is 23.8% higher than the gross collections for the corresponding period of last year. Direct Tax collection, net of refunds, stands at Rs. 7.45 lakh crore which is 16.3% higher than the net collections for the corresponding period of last year. This collection is 52.46% of the total Budget Estimates of Direct Taxes for F. Y. 2022-23.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1108/Press-Release-DTC-for-FY-2022-23-up-to-08-10-2022-dated-09-10-2022.pdf



GST

Notifications

1. **Amendments made vide the Finance Act, 2022 have been made effective from 1st October, 2022**

The Central Government vide ***Notification No. 18/2022-CT dt. 28.09.2022*** has appointed 1st day of October, 2022, as the date on which the provisions of sections 100 to 114, except clause (c) of section 110 and section 111 of the Finance Act, 2022, shall come into force.

Section 110(c) of the Finance Act, 2022 amends section 49 of the CGST Act, 2017 to allow transfer of amount available in electronic cash ledger under the CGST Act of a registered person to the electronic cash ledger under the said Act or the IGST Act of a distinct person. Section 111 of the Finance Act, 2022 substitutes section 50(3) of the CGST Act, 2017 retrospectively, with effect from 1st July, 2017, so as to provide for levy of interest on input tax credit wrongly availed and utilized. Both the above amendments have been brought into effect from 5th July, 2022 vide *Notification No. 9/2022-C.T. dated 05-07-2022*. Therefore, vide ***Notification No. 18/2022-CT dt. 28.09.2022***, the remaining amendments have now been brought into force from 01.10.2022, thereby amending sections 16, 29, 34, 37, 38, 39, 41, 47, 48, 49, 52, 54 and 168 of the CGST Act, 2017. Further, sections 42, 43 and 43A of the CGST Act have been omitted.

2. **Amendments in the CGST Rules, 2017**

Pursuant to the amendments made vide the Finance Act, 2022 getting notified with effect from 1st October, 2022, ***Notification No. 19/2022-CT dt. 28.09.2022*** has been issued to make the necessary amendments in CGST Rules, 2017. The amendments in the rules have also become effective from **01.10.2022.** The amendments have been made in rules 21, 36, 37, 38, 42, 43, 83, 85, 89 and 96 of the CGST Rules, 2017. Rules 69, 70, 71, 72, 73, 74, 75, 76, 77 and 79 of the said rules have been omitted The reference to Forms GSTR-1A, GSTR-2 and GSTR-3 have been omitted from the respective rules thereby doing away with the two-way communication process in return filing.

3. **Withdrawal of *Notification No. 20/2018-CT dt. 28.03.2018***

Notification No. 20/2018-CT dt. 28.03.2018 had been issued by the Central Government in exercise of the powers conferred by section 148 of the CGST Act, 2017 to notify the specified persons under section 55 as the class of persons who shall make an application for refund of tax paid by it on inward supplies of goods or services or both, to the jurisdictional tax authority, in such form and manner as specified, before the expiry of eighteen months from the last date of the quarter in which such supply was received. The said notification has been rescinded w.e.f. 01.10.2022.

Notification No. 20/2022-CT dt. 28.09.2022

CUSTOMS

Notifications

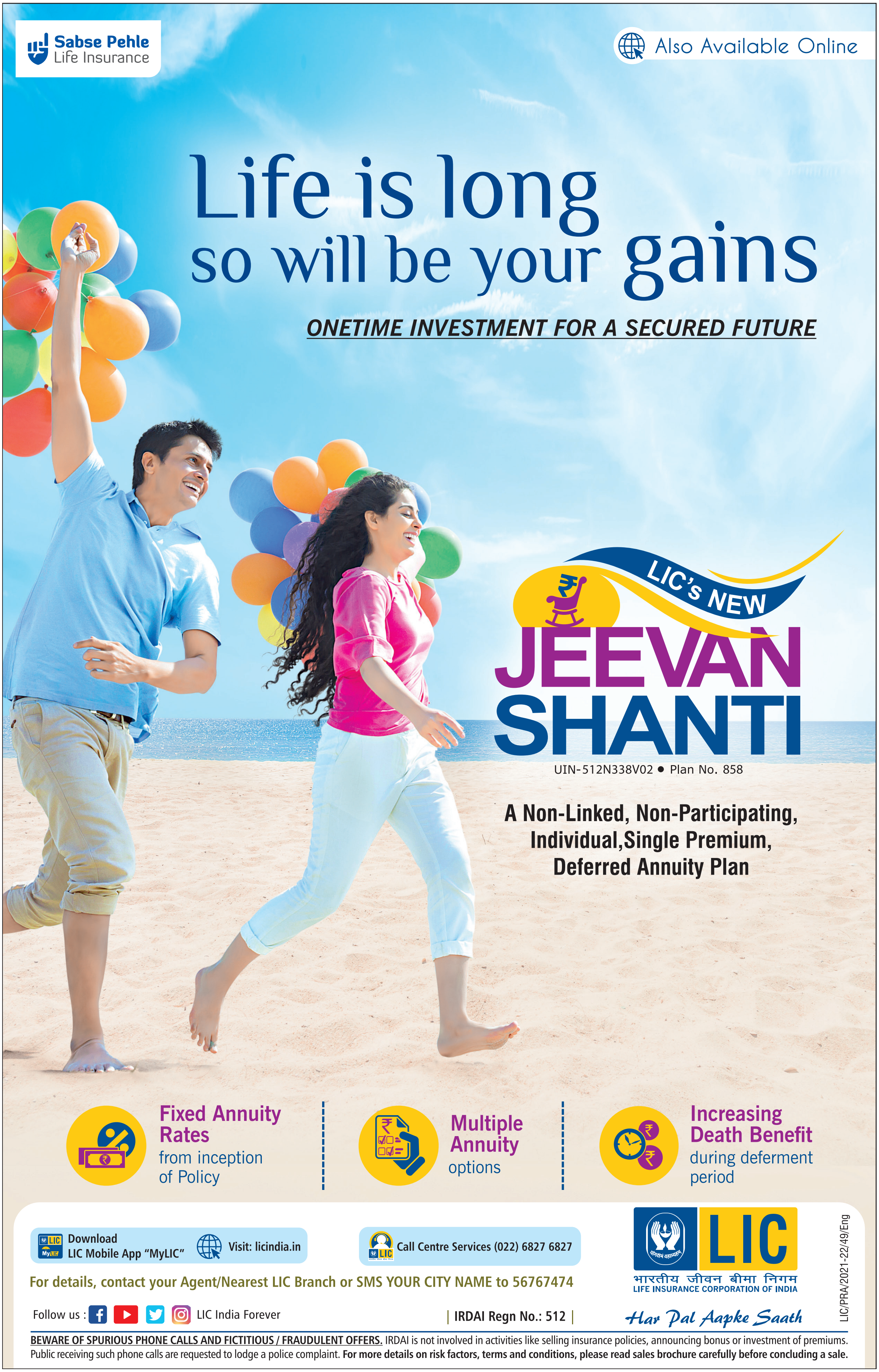
1. Courier Imports and Exports (Electronic Declaration and Processing), Second (Amendment) Regulations, 2022 have been issued for facilitating E-commerce exports of jewellery.

Notification No.81 /2022-Customs (N.T.) dt. 23.09.2022

Circulars

1. ***Circular No. 21/2022-Customs dt. 26.09.2022*** has been issued to clarify on amendments in Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) made vide *Notification No. 75/2022 – Customs dt. 14.09.2022 and Notification No. 79/2022 - Customs (N.T.) dated 15.09.2022.*

2. ***Circular No. 22/2022-Customs dt.26.09.2022*** has been issued to clarify on amendments in Rebate of State and Central Taxes and Levies (RoSCTL) Scheme made vide *Notification No. 76/2022 – Customs (N.T.) dt. 14.09.2022 and Notification No. 79/2022 - Customs (N.T.) dated 15.09.2022.*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so will be your gains
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LIC's NEW
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SHANTI
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A Non-Linked, Non-Participating,
Individual,Single Premium,
Deferred Annuity Plan
Fixed Annuity Rates from inception of Policy
Multiple Annuity options
Increasing Death Benefit during deferment period
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LIC
भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA
Har Pal Aapke Saath
LIC/PRA/2021-22/49/Eng
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INTERNATIONAL CONFERENCE - HYDERABAD

Date & Day: 2nd - 3rd December 2022 (FRIDAY & SATURDAY)

Venue: Shilpakala Vedika, Hyderabad, India

Organized by: SSEB, Board of Studies – (Operations), ICAI

Hosted by: Hyderabad Branch of SIRC of ICAI and SICASA of Hyderabad branch of SIRC of ICAI

Theme: "FACING THE FUTURE - INNOVATE, INTEGRATE, MOTIVATE"

Day 1 - FRIDAY	
10.00 am to 11.00 am	**Inaugural Session**
11.00 am to 12.00 pm	**Technical Session: I: Topic: AI Power to Revolutionize the Future** 1. Where AI 's fits into finance function – Benefits and Where to Start 2. Block Chain-Revolutionizing Financial Markets 3. Robotic Process Automation for Auditors 4. Future of No Code or Low Code Apps
12.00 Noon to 01.00 pm	**Special Session:** Interaction with SSEB, Board of Studies- Operations, ICAI.
02.00 pm to 03.00 pm	**Technical Session: II: Topic: Future of Forensic Accounting** 1. The Past, Present & Future of Forensic Accounting 2. Forensic Accounting Money Laundering and Organized Finance 3. Benford's laws for Forensic Accounting 4. Transaction Audit under IBC
03.00 pm to 03.30 pm	**Growth Session**
03.30 pm to 04.30 pm	**Technical Session: III: Topic: Income Tax** 1. Estimated Income Scheme – Boon or Ban? 2. E Governance-Merit & Limitations 3. Taxation of Virtual Digital Assets 4. Tax on Agricultural Income-Whether helping Agriculture growth?
04.30 pm to 05.30 pm	**Motivational Session by Eminent Speaker.**
Day 2 - SATURDAY	
10.00 am to 11.00 am	**Technical Session: I: Topic: Challenges for Building Resilient Framework for Future Economies** 1. Financial Risk of Looming Insolvency Wave 2. Rising Inflation and Global Tax Clampdown 3. 5 trillion Economy – Aspiration to Actions (Need of Robust Audit ecosystem) 4. Role of CAs to Achieve Unachieved
11.00 am to 12.00 Noon	**Special Session by Eminent Speaker.**
12.00 Noon to 01.00 pm	**Technical Session: V: Topic: Melting Global Boundaries & evolving Profession** 1. Emerging Global Career options for Next-Gen CAs 2. Impact of IFRS Convergence globally 2. FDI vs. ODI 3. Integrated Reporting: Changing "Value" paradigm
02.00 pm to 03.00 pm	**Special Session by Eminent Speaker.**
03.00 pm to 04.00 pm	**Technical Session: VI: Topic: GST @ 2022** 1. India's GST Journey- Roadmap to Success 2. E- Invoicing: Role of Professionals 3. Is GST game changer for MSMEs 4. GST after 5 years.
04.00 pm to 05.00 pm	**Motivational Session by Eminent Speaker.**
5.00 pm to 5.30 pm	**Valedictory Session**

Students Eligible to attend the Students Conference: Students who have registered as Intermediate Students/ Students who are pursuing their Article ship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training.(Foundation Students and Students who have completed one year beyond their Article ship training period will not be eligible to register for these Conferences)

Registration fees & Link	Rs. 600/- per student;Link for Registration: https://bosactivities.icai.org
For Registration queries contact:	Mr. Yugandhar Reddy C Ph.: 9000496659, 91-40-29707026/29700924,91-6302783477; Email - hyderabad@icai.org

Students (pursuing Practical Training/Industrial Training) are invited to contribute papers for presentation (1500 to 2000 words) for subtopics in technical sessions and submit for approval a soft copy of the paper along with a short video of 2-3 minutes (based on the topic/any other video of self) at **castudentic2022@gmail.com**, latest by **10th November,2022**. While mailing please attach your Photograph (saved in your Name), Registration Number, Last Exam passed, Complete Postal Address, Mobile No., Alternate Number (if any) along with email id to respond.

During the year starting from March, 2022-April, 2023, a student is limited to present maximum of 2 papers only in any of the Student Conferences ***A declaration to this effect is to be submitted by the students along with the paper.*** However, the best Paper Presenters of National Conference during the said year can present Technical Papers in International Conference without any restriction of limit of maximum 2 papers to be presented by them.

CA. Sushil Kumar Goyal Conference Director & Chairman, SSEB, BOS-O	
CA. Sridhar Muppala Conference Chairman & Vice-Chairman, SSEB, BOS-O	**CA. Dayaniwas Sharma** Conference Co-Chairman & Chairman, BOS-(A)
Conference Coordinators	
CA. Deepak Ladda Chairman, Hyderabad Branch of SIRC of ICAI	**CA. Chandra Babu U** Chairman, SICASA of Hyderabad branch of SIRC of ICAI

Classifieds

5931 Hyderabad based CA firm with experience of 33 years in practice require partners/paid CAs for Bangalore, Tirupati, Visakhapatnam and at Gacchibowli, Hyderabad. Contact details M. Devaraja Reddy 8008357999 email id: cadevanna@gmail.com

5932 32 year old Firm Headquartered in Delhi NCR invites proposal for merger with sole proprietorship or partnership firms. Mail with brief profile to sangeeta.pgc@gmail.com or call 9811278153

5933 Mumbai based FCA CoP Age 70, 46 years' experience in Industry & Practice Seeks professional work on Partnership/Retainer basis at Mumbai 9820422001, harshadshah1953@yahoo.com

5934 We are 54 years old CA firm having 17 partners & H.O. at Delhi are looking for 10 or more years old proprietor firm at Bhuwneshwar, Chennai, Guwahati, Hyderabad, Jaipur & Ranchi for merger. Interested firms can send proposal with profile on : jk.sarawgi@jkscо.in, Whattsapp – 9871599182

5935 Wanted

1) Qualified & semi qualified experienced accountants

2) Graduate office assistants with good communication & analytical skill. Apply at jobs@smexports.com. Posting will be in Kolkata.

5936 We, a 39 year old CA firm having 21 Partners and 19 Branches, are seeking partners, who are already in practice, for long term association. for more details Click on https://bit.ly/3qNWzx9 Contact: CA. Vinay Mittal Mobile- 9910691575 or e-mail: vncgzb.partners@gmail.com

5937 Required Partners for a Partnership firm. Call /Chat Mail on 9920317933/9321787756 casgd.office@gmail.com.

The Institute of Chartered Accountants of India (ICAI)

(Set up by an Act of Parliament)

ICAI COMMERCE WIZARD
A Talent Search Test

Organised By: **Committee on Career Counselling (CCC), ICAI**

For Details and Registration please visit the Exclusive Website for ICAI Commerce Wizard: ***ccc.icaicommercewizard.org***

The Commerce Talent Search Test called as Commerce Wizard is a diagnostic test that measures the concept understanding ability of a Student and the test measures how well a student has understood the concepts.

Eligibility

Students studying in class IX/X/XI/XII & Graduation

Online Registration

Registration Fees: ₹100 upto 31st December 2022
Ater due date : ₹150 upto 4th January 2023 till 5:00 pm

The Commerce Wizard will be conducted in two levels i.e. Level I & Level II in English language for Students studying in class IX/X/XI/XII & Graduation

Class	Subjects	Mode	Pattern	Duration	No. of Questions	Max. Marks	Negative Marking
IX & X	1. Social Studies (Economics) 2. Mathematics 3. Business Awareness 4. Aptitude	Online	Multiple Choice Questions	1 Hr	80	80	0.25
XI & XII	1. Business Studies 2. Accountancy 3. Economics 4. Aptitude						
Graduation	1. Business Studies 2. Accountancy 3. Economics/ Financial Studies 4. Aptitude						

Schedule of Test

Class	Level-I (Online) on 8th January 2023 (Sunday)	Level-II (Online) on 29th January 2023 (Sunday)
Class IX	10:00 am to 11:00 am (IST)	
Class X	11:30 am to 12:30 pm (IST)	
Class XI	01:00 pm to 02:00 pm (IST)	
Class XII	02:30 pm to 03:30 pm (IST)	
Graduation	04:00 pm to 05:00 pm (IST)	

Prizes for Participants

Level I Test

- **All participants will be given a Participation Certiicate.**

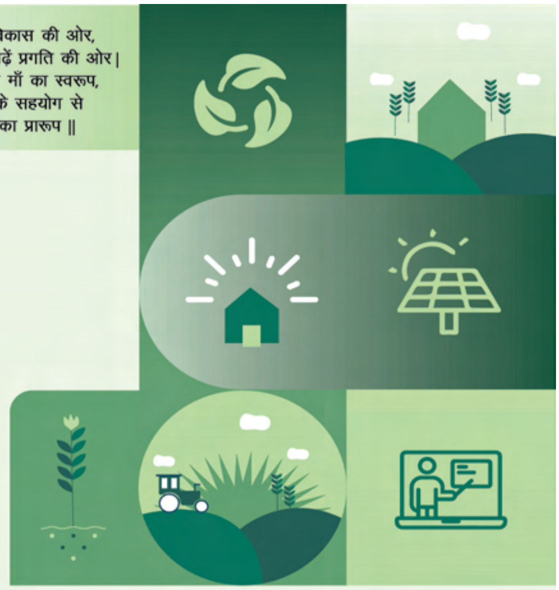
Prizes	Class IX, X, XI, XII & Graduation separately
1st Rank	₹ 1,00,000. If multi winners are there, the prize amount will be shared by them. If more than 50 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 2,000 with Merit Certificate.
2nd Rank	₹ 50,000. If multi winners are there, the prize amount will be shared by them. If more than 33 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 1,500 with Merit Certificate.
3rd Rank	₹ 25,000. If multi winners are there, the prize amount will be shared by them. If more than 33 joint rank holders for the same, the awardees will at least be awarded with the prize money of ₹ 750 with Merit Certificate.
Consolation Prize	Next 200 Participants will be awarded Consolation prize money of ₹ 1000 with Appreciation Certificate.

- **Rest of Participants will be given Participation Certificate.**

CCC reserves the right to change any of the modalities cited above.

For any Query please contact :
Secretary, Committee on Career Counselling (CCC), The Institute of Chartered Accountants of India
ICAI Bhawan, A-29, Sector 62, Noida (U.P.) - 201309
Telephone : 0120-3876871, 886 Email: ccc.events@icai.in, Toll-Free No.: 1800 202 8371

आओ चले सतत विकास की ओर,
17 लक्ष्यों को पाकर; बढ़ें प्रगति की ओर।
स्वच्छ हो मेरी धरती माँ का स्वरूप,
आई.सी.ए.आई के सहयोग से
बदलेगा भारत का प्रारूप ॥



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIAMENT)

SUSTAINABILITY REPORTING STANDARDS BOARD

Hon'ble Prime Minister, Shri Narendra Modi Ji introduced five nectar elements, India's Panchamrit, at Conference of Parties (COP 26), to deal with the challenge of Climate change-

- **First- India will take its non-fossil energy capacity to 500 GW by 2030.**
- **Second- India will meet 50 percent of its energy requirements from renewable energy by 2030.**
- **Third- India will reduce the total projected carbon emissions by one billion tonnes from now till 2030.**
- **Fourth- By 2030, India will reduce the carbon intensity of its economy by more than 45 percent.**
- **And fifth- By the year 2070, India will achieve the target of Net Zero.**

ICAI through Sustainability Reporting Standards Board is working towards achievement of five nectar elements as envisioned by Hon'ble Prime Minister and is leaving no stones unturned to integrate its action plan with the overarching objectives of the country towards low carbon economy and achieving the 2030 Agenda both in letter and spirit.

MAJOR ACTIVITIES OF SRSB

- Assurance Standard and Technical Publications
- Interaction with Regulators and International & National Bodies
- ICAI Sustanability Literacy Drive
- Capacity Building/ Nurturing Skills
- ICAI International Sustainability Reporting Awards
- ICAI Sustainability Reporting Awards
- Development of Social Audit Standards

LET'S DO

AT HOME/SOCIETY

- Use energy efficient appliances
- Do rainwater harvesting
- Install affordable solar panels
- Turn off lights/ other electronic equipments when not in use
- Shop from local markets and avoid packaging
- Segregate wet, dry and hazardous waste
- Create 'Utensil Banks'

AT WORKPLACE

- Use recycled paper and encourage digitalization
- Shift to electric vehicles/ use public transport
- Install solar panels and use motor sensor enabled LED lights
- Greener Infrastructure
- Avoid use of single use plastic
- Introduce E Learning
- Unplug computer/ laptop when not in use

"Let us contribute together and lead towards a happier, healthier and safer planet!"

ICAI in Media

Glimpses of Press Clippings published in September - October 2022

The Statesman
FRIDAY 07 OCTOBER 2022

India seen as world's talent factory: Piyush Goyal

STATESMAN NEWS SERVICE
NEW DELHI, 6 OCTOBER

India is now looked upon as the talent factory of the world, Commerce Minister Piyush Goyal said today while observing that Indian chartered accountants (CAs) are among the most competent talents produced by the nation.

He expressed confidence that the CAs of India would not only live up to the expectations of their countrymen but also those of the world.

Addressing the convocation of the Institute of Chartered Accountants of India (ICAI) in New Delhi, Goyal called upon the CAs to strive to make India's chartered accountancy firms global level companies.

Terming chartered accountancy as one of the noblest professions in the world, he said the signature of a CA affixed on a document was a very powerful endorsement of the contents of the document and its veracity, integrity and truthfulness.

The minister stressed that CAs must always be committed to promoting inclusive growth so that as India progressed to becoming a developed nation, nobody was left behind. "We must take along with us every section of the society, the people at the very bottom of the pyramid, the marginalised sections of the society," he said. Even the least privileged persons in the nation have the right to a better quality of life and collectively the CAs must work to secure these rights by promoting inclusive development, he added.

Goyal asked young CAs to explore the paths of entrepreneurship too, along with auditing, accounting, management consulting. He urged chartered accountancy bodies of India to engage more with 'naari shakti' or women power and ensure that more and more women become CAs.

The minister spoke of the "Panch Pran" articulated by Prime Minister Narendra Modi as India celebrated 75 years of independence and said that these principles must guide the people during the next 25 years leading up to the 100th anniversary of India's independence.

Hindustan Times

ICAI to conduct first placement program for women CAs, registration ends Oct 15

October 12, 2022

ICAI will conduct the first placement program for women CAs across the country. The registration process will end on October 15, 2022.

The Institute of Chartered Accountants of India, ICAI will conduct first placement program for women Chartered Accountants in India. All women Chartered Accountants (not holding full time COP) having obtained membership as on September 30, 2021 or prior to that are eligible to participate. The registration will end on October 15, 2022 at cmib.icai.org.

This is the first ever placement program which is specially designed for women members in industry by ICAI through its Committee for Members in Industry & Business (CMI&B) and Women Members Empowerment Committee (WMEC). With this placement drive, women will be able to explore opportunities to work on flexi-time/ part-time/ work from home.

The registration process was started on October 6, 2022 and the online psychometric and written test will be conducted on October 27. The interview will be conducted on October 31 at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai & Pune and on November 1, 2022 at Bhubaneswar, Chandigarh, Coimbatore, Durgapur, Ernakulum, Indore, Kanpur, Nagpur, Noida, Rajkot, Thane & Visakhapatnam.

Interested candidates can register for the placement by paying ₹ 1000 plus 18 percent GST as registration cum participation fee which is non refundable. More related details are available on ICAI Placement Portal.

MUMBAI | THURSDAY | SEPTEMBER 22, 2022 **MONEY**

ICAI makes AQMM review mandatory

The Institute of Chartered Accountants of India (ICAI) has mandated the firms to undertake audit quality maturity evaluation through AQMM review with effect from April 1, 2023. The mandate covers the firms auditing (a) A listed entity; or (b) Bank other than co-operative bank (except multi-state co-operative bank); or (c) Insurance Company. However, those firms which are conducting only branch audits are excluded from this mandate.

TheHitavada
The Oldest and Largest Circulated English Daily of Central India
Bhopal ■ Friday, October 7, 2022 ■ Vol XII No 255

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Piyush Goyal with Institute of Chartered Accountants of India (ICAI) graduates at ICAI convocation in New Delhi on Thursday. (ANI)

millenniumpost
KOLKATA | SATURDAY, 15 OCTOBER, 2022
City mp

ICAI's MSME yatra: Chandrima graces flag off

OUR CORRESPONDENT

KOLKATA: Chandrima Bhattacharya, the state Finance minister, has assured every possible help to the MSME units.

She praised the MSME Yatra organised by the Institute of Chartered Accountants of India (ICAI), a pan-India event covering 75 cities in 75 days and said all cooperation will be extended.

During the journey, there will be an attempt to empower and assist MSME growth and help the interested entrepreneurs to develop capacity building.

The yatra started on August 18 in Mumbai and Narayan Rane, Union minister of MSME, had flagged it off.

Fifty organisations from different chambers of commerce, trade associations as well as federations attended Friday's programme. Leaflets were distributed among the interested entrepreneurs.

To boost the MSME units, the state government has decided to increase the credit lending by 20 per cent.

Chief Minister Mamata Banerjee has said over and over again that the MSME is the state government's thrust area and Bengal occupies second position in the said domain in the country.

Guest of Honour was Vinit Kumar, immediate past chairman, Kolkata Port Trust; along with central council members Ranjeet Kumar Agarwal and Sushil Kumar Goyal; CA Ravi Kumar Patwa, chairman, EIRC.

CHENNAI
businessline.
FRIDAY - OCTOBER 21 - 2022

CA Institute Council okays social audit norms

KR Srivats
New Delhi

The CA Institute's Central Council has approved the framework of social audit standards (SAS) and 16 such standards covering 16 thematic areas in which social enterprises can operate for the purpose of listing on the social stock exchange.

"We have approved 16 social audit standards. They will be applicable for the social enterprises that will get listed on the social stock exchange," Debashis Mitra, President, ICAI, told *businessline* after a two-day Council meeting.

These social audit standards cover themes such as hunger, poverty, malnutrition, inequality, healthcare, education, gender equality, environmental sustainability, etc., he added.

Mitra also said the Central Council has approved the assurance standard SSAE 3000 that deals with Assurance Engagements on Sustainability Information.

WHAT ARE STANDARDS

Each SAS aims to provide the social auditor with the necessary guidance about independent assurance engagement on the impact assessment, including the audit steps and procedures that should be applied while carrying out social audit.

These standards set out the minimum requirements, including an illustrative list of key performance indicators to be followed while doing an impact assessment of the social enterprises. It may be recalled that market regulator SEBI had mandated the Institute of Chartered Accountants of India to develop social audit standards, put up a structure to oversee social audit and how disciplinary action could be taken on erring social auditors.

Debashis Mitra, ICAI President

Aniket Sunil Talati, Vice-President, ICAI, said the latest ICAI move will go a long way in guiding social auditors and social enterprises.

The assurance standard on sustainability related information is a "path breaking step" and will enable members of ICAI to give assurance on BRSR, SDGs and other sustainability related information.

SOCIAL AUDITORS

Sanjeev Kumar Singhal, Chairman, Sustainability Reporting Standards Board of ICAI, said that the 16 social audit standards will be mandatory for social auditors registered with the Institute of Social Auditors of India (ISAI).

These could be chartered accountants or others who are eligible to be social auditors, he added.

21ST WORLD CONGRESS OF ACCOUNTANTS
2022 | 18-21 NOVEMBER | MUMBAI INDIA
BUILDING TRUST ENABLING SUSTAINABILITY

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Setup by an Act of Parliament)

IFAC International Federation of Accountants

FEATURES

- Information about WCOA 2022 event and organizers.
- Delegate registration and view your profile in app after login.
- View Event Agenda and Speaker's Profile.
- View Sponsors and Event Gallery.
- Attend virtual event directly from mobile app.
- Travel Info - Tours, Accommodation, Visa Guidelines.
- Information about event host city - Mumbai.
- Navigate to Venue from your current location.
- Weather Information of Host city.
- Venue Map and Facilities information.
- Exhibitor list with booth locator on interactive floorplan.
- Contact details for quick help.
- Raise Query to specific department for help from app.
- Informative Notifications and Alerts.

SCAN TO DOWNLOAD

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ISSN 0009-188X

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