

ICAI AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING
Invitation to Participate in the Competition for the year 2006-07

Last date for receipt of entries: 30th September, 2007

Introduction

With the shift in the emphasis from the concept of 'shareholders' to 'stakeholders'; the professionalisation of management; the increasing information needs of various users of financial statements; and the enactment and amendments in various laws requiring greater transparency and accountability on the part of management, the concept of financial reporting has increasingly gained significance during recent years. The objective of financial reporting is to provide more transparent, reliable and relevant information to various interested parties. Annual reports continue to be the most important and easily accessible medium for dissemination of such information. It is to the annual report as a whole that one must look at to ascertain the discharge of management's responsibility to report to various stakeholders. It no longer only forms the basis of investment decisions but is also oriented towards improving public relations by containing the disclosure of the role of an enterprise in discharging its duties and responsibilities towards the society as a whole. Thus, the need for improvement in the preparation and presentation of financial and other qualitative information in the annual reports is self-evident. In a step towards promoting better standards in financial reporting and preparation and presentation of annual report, the Institute started the **ICAI Awards for Excellence in Financial Reporting** as early as 1958 and has been holding it annually thereafter.

Objective

To recognise and encourage excellence in the preparation and presentation of financial information with the mission of greater accountability and well-informed decision making.

Categories of the Awards

- Category I** **Manufacturing and Trading enterprises** (including processing, mining, plantations, oil and gas enterprises)
- Category II** **Finance sector** (including NBFCs, mutual funds, investment bankers, HFCs, etc.)
- Category III** **Service sector** (including hotels, consultancy, transport, stock exchanges, R&D, private hospitals)
- Category IV** **Banking, Insurance and Financial Institutions**
- Category V** **Information Technology, Communication and Entertainment enterprises**
- Category VI** **Infrastructure & Construction sector** (including power generation and supply, port trusts, roads)
- Category VII** **Others** (Section 25 companies, educational institutions, NGOs, charitable hospitals and other organisations)

In a case, where an organisation is engaged in more than one business, the dominant source of revenue will determine the category to which the organisation belongs.

Awards to be distributed

One Gold Shield and one Silver Shield will be awarded in each category for the best entry and the next best entry, respectively.

Conditions for Entry

- I Entry to the Competition for the year 2006-07 should be submitted in the duly filled in entry form provided hereinafter.
- II The Annual Report for entry to the 2006-07 Competition should relate to the financial year ending on any day between 1st April, 2006 and 31st March, 2007 (both days inclusive).
- III Ten copies of the following documents should be sent:
 - (a) Annual Report
 - (b) Quarterly/Half-yearly Financial Results published during the year (specifically mentioning their date of publication) alongwith the Limited Review/Audit Report, where applicable.
- IV The following documents (or such other similar documents as are prepared by the organisation concerned) should form part of the Annual Report:
 - (a) Balance Sheet
 - (b) Profit and Loss Account
 - (c) Directors' Report
 - (d) Chairman's statement or speech at the Annual General Meeting. If a copy of the statement or speech of the Chairman was circulated to the shareholders along with the Annual Accounts, specific mention of this fact may be made.
- V The entry to the Competition should be accompanied by a declaration that the Annual Reports submitted are the same that have been circulated to the common shareholders.
- VI No fee is payable.
- VII Cyclostyled copies of the Annual Report and Accounts will not be accepted. This condition, however, does not apply to entities covered by Category VII.
- VIII In all matters concerning the Competition, the decision of the panel of judges appointed by the Institute will be final.

Important Factors for Selection of Awardees

1. Compliance with the legal requirements in the preparation and presentation of financial statements as specified by the relevant statute, e.g., the Companies Act, 1956, in case of companies.

2. Basic quality of accounts as judged from the qualifications in the auditor's report, notes to the accounts and compliance with the generally accepted accounting principles such as those enunciated in the Accounting Standards, Statements, Guidance Notes, etc., issued by the Council of the Institute of Chartered Accountants of India and its various Committees.
3. The nature and quality of information presented in the accounts to make the disclosure meaningful. For example:
 - (i) Sufficient details of revenues/expenses for financial analysis, e.g., distinction between manufacturing cost, selling cost, administrative cost.
 - (ii) Use of vertical form as against the conventional "T" form; judicious use of schedules; use of sub-totals; manner of showing comparative figures; ease of getting at figures.
 - (iii) Extent to which additional financial information is provided to the readers through charts and graphs.
 - (iv) Extent of clarity, lucidity and comprehensiveness of the information contained in the financial statements, in the context of a layman.
 - (v) Financial highlights and ratios.
 - (vi) Inclusion of one or more of the information like value added statement, break-up of operations, organisation chart, location of factories/branches, human resource accounting, inflation adjusted accounts, social accounts, etc.
4. The extent to which the (i) Reports of the Governing Body such as Board of Directors Report and/or (ii) Chairman's Statement, if any, are informative. The following aspects are generally considered relevant in this regard:
 - (i) Availability of information regarding different segments and units of the entity, i.e., whether details about each product/service and units, and whether located in the same area or spread in different geographical locations, are given.
 - (ii) Information regarding financial operations, capital raised during the year, financial requirements, borrowings, etc. In respect of multi-product/multi-unit organisations, whether details as per (i) above have been given for financial operations.
 - (iii) Employee relations.
 - (iv) Industry problems and problems peculiar to the enterprise.
 - (v) Information regarding social concerns (e.g., contribution to conservation and development of environment and ecology).
 - (vi) Information on contribution to community development projects, (e.g., medical institutions, educational institutions, provision of sanitary and drinking water, etc.), particularly in areas around location of entity.
 - (vii) Post-balance sheet events not requiring adjustment in accounts but material enough to warrant disclosure and future plans, programmes, market conditions, profitability forecast, environment friendliness, etc.
 - (viii) Manner of review of performance, plans and prospects by the company.
 - (ix) Compliance report on the Corporate Governance, clearly indicating non-compliance with any of the mandatory requirements with the reasons therefor.
 - (x) Directors' Responsibility Statement required under section 217(2AA) of the Companies Act, 1956.
5. Layout of contents, general appearance, presentation and quality of printing.
6. Timeliness in presenting accounts based on the date of the notice of the Annual General Meeting in respect of which the Annual Report is circulated to the shareholders.

Entry Form

A. General Information

Name of the Organisation

Whether the Organisation is listed on a
Recognised Stock Exchange in India

Yes		No	
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Address for Correspondence

Contact Person

Designation

Telephone

Mobile

Fax Number

E-mail Address

B. Category

(Please tick the relevant box)

Category I	Manufacturing and Trading enterprises (including processing, mining, plantations, oil and gas enterprises).	
Category II	Finance sector (including NBFCs, mutual funds, investment bankers, HFCs, etc.)	
Category III	Service sector (including hotels, consultancy, transport, stock exchanges, R&D, private hospitals)	
Category IV	Banking, Insurance and Financial Institutions	
Category V	Information Technology, Communication and Entertainment enterprises	
Category VI	Infrastructure & Construction sector (including power generation and supply, port trusts, roads)	
Category VII	Others (Section 25 companies, educational institutions, NGOs, charitable hospitals and other organisations)	

(In a case, where an organisation is engaged in more than one business, the dominant source of revenue will determine the category to which the organisation belongs.)

C. Enclosures

(Please enclose **ten copies** each of the following)

1. Annual Report for the financial year ending on any day between 1st April, 2006 and 31st March, 2007 (both days inclusive)
2. Chairman's Statement or speech at the Annual General Meeting
3. Quarterly/Half-yearly Financial Results as published in the Newspapers during the year covered by the Annual Report, where applicable

4. Limited Review Report/Audit Report of the above Quarterly/Half-yearly Financial Results, where applicable

D. Information regarding Annual Report and Quarterly/Half-yearly Financial Results

1. Date of the notice of the Annual General Meeting in respect of which the Annual Report is circulated to the shareholders

2. Publication of Quarterly/Half-yearly Financial Results in the Newspapers

Quarter	Ending on	Date of Publication	Name of Newspaper
1 st			
2 nd			
3 rd			
4 th			

E. Declaration

I hereby declare that:

- (a) The Annual Reports submitted for the Competition are the same that have been circulated to the common shareholders.
- (b) I shall abide by the decision of the panel of judges, appointed by the Institute, in all matters concerning the Competition.
- (c) The information given above is true and correct to the best of my information and knowledge.

Date _____

Signature _____

Name _____

Designation _____

Please send the completed entry form with relevant enclosures to:

Technical Directorate,
The Institute of Chartered Accountants of India,
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg,
New Delhi – 110 002
E-mail: research@icai.org; tdte@icai.org

Last date for receipt of entries is **30th September, 2007.**