

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

NOTIFICATION

New Delhi, the 21st September, 2005

(Chartered Accountants)

No.1-CA(5)/56/2005 – In pursuance of Sub-section(5) of Section 18 of the Chartered Accountants Act, 1949 a copy of the Report and the Audited Accounts of the Council of the Institute of Chartered Accountants of India for the year ended 31st March, 2005 is hereby published for general information.

56th ANNUAL REPORT

The Council of the Institute of Chartered Accountants of India has immense pleasure in presenting its 56th Annual Report for the year ended 31st March, 2005. The ICAI, which was set up by an Act of Parliament on 1st July, 1949, entered into its 56th year of existence during the year. The Council, at the outset, commends the members and students for the position which the Chartered Accountancy profession occupies and the role it plays today in the growth and development of Indian economy. The changing world trade order is likely to unfold plethora of choices and opportunities for the accounting profession which is a core driver to sustenance of financial discipline.

Globalization has altered the pattern of economies world over. No economy can afford to remain insular today. Service sector which is the largest and most rapidly expanding sector in most economies has been dominating the economic activities of countries at every stage of development. Globally, the trend is clear: as national economies develop and incomes rise, the commercial service sector accounts for a ever larger share of GDP. In India also, the service sector has already accounted for over 52% of GDP in 2004-2005 and export of services also witnessed one of the fastest rates of growth in the world. Given the India's vast pool of talented professionals in a wide range of services, India enjoys tremendous potential in export of services.

ICAI believes that given an enabling framework, the profession in India will rise to

the occasion and has the propensity to blossom into an internationally competitive profession. Proactive measures at the macro and micro levels are already on and are slated to be further intensified to gear up to meet the imperatives of a truly globalised accounting profession. The role of Chartered Accountancy profession in this new milieu, as a natural corollary, becomes multi-pronged. ICAI sees progressive liberalisation of accountancy services on reciprocal basis, as an opportunity for the profession in India rather than as a threat.

With that perspective, the Report highlights the important activities of the Council and its various Committees for the year 2004-2005, and, in brief, upto end of June, 2005. The Report also covers important events and statistical profile relating to members and students for the year.

The Report highlights the important activities of the Council and its various Committees. The Report also covers the seminars and conferences organised, training programmes conducted, relevant statistics relating to members and students and also the accounts of the ICAI for the year 2004-2005. The important activities and major initiatives of the ICAI upto end of June, 2005 have also been briefly mentioned.

1. THE COUNCIL

The Nineteenth Council was constituted on 5th February, 2004 for a period of three years. In terms of the provisions of the Chartered Accountants Act, 1949, the Council should be composed of 30 members — 24 elected

members and 6 members to be nominated by the Central Government. The composition of the Council for the year 2005-2006 commencing from 5th February, 2005 is shown separately.

2. COMMITTEES OF THE COUNCIL

The Council, in terms of Section 17 of the Chartered Accountants Act, 1949, constituted on 5th February, 2005 three Standing, and various Non-Standing Committees to deal with matters concerning the profession. Subsequently, a Committee on Accounting Standards for Local Bodies, Autonomous Bodies and Not-for-profit organizations was also constituted. During the year ended 31st March, 2005, 164 meetings were held of various Committees of the Council as compared to 132 meetings held during the year ended 31st March, 2004.

3. AUDITORS

Shri Shashi Kumar, FCA and Shri Manu Chadha, FCA were the Joint Auditors of the ICAI for the financial year 2004-2005. The Council wishes to place on record its appreciation of the services rendered by them.

4. STANDING COMMITTEES

4.1 Executive Committee

This Committee is responsible for the maintenance of various registers pertaining to students/members/firms, admission, removal and restoration of members, matters relating to members including issue of certificate of practice, matters relating to students including according permission, wherever required, condonation of delay on the part of students/members/firms, matters connected with Branches including opening of new Branches, opening of new Chapters and overseas offices and those connected with employees, maintenance of accounts etc.

Some of the important recommendations made by the Committee to the Council are on matters relating to:

- Capacity Building Measures of CA Firms in respect of Network amongst the firms registered with ICAI, Merger & Demerger of firms.
- Granting of permission to the chartered accountants in practice to act as Insurance Agents/Advisors/Brokers (Based on recommendation of Committee on Insurance).
- Taking on record the particulars of merged/merging firms of chartered accountants including that of date(s) of joining partner(s) of merging firm(s).
- Allowing the students to undertake articulated training upto a maximum period of three months with members of other SAFA member bodies, who are eligible to train students in their respective country and treating such training as equivalent to the training required to be served by the students for becoming members under the respective statute.
- Grant of waiver to physically handicapped students for undergoing the Course on General Management and Communication Skills (Based on the recommendation of Board of Studies).
- Relaxation of condition for appearance in the Final Examination for the first time (Based on the recommendation of Board of Studies).
- Relaxation – general/specific of condition(s) for registration/re-registration of candidates of PE II examination (Based on the recommendation of Board of Studies).

Some of the important tasks accomplished/initiatives undertaken by the Committee during the period under Report are on matters relating to :

- Grant of exemption from payment of tuition and registration fees to the children of

military and para-military forces killed in action.

- Revision of various grants payable to Regional Councils & Branches and Review of Guidelines for release of library and reading room grants.
- Opening of a Chapter of the Institute at Nigeria.
- Setting up of branches at Vasai and Thane in Western Region.
- Setting up of decentralised offices at Chandigarh, Indore, Surat, Vadodara and Ernakulam.
- Setting up of a reference library at Pimpri in Western Region.
- Setting up of a reference library at Gorakhpur in Central Region.
- Naming of all buildings of the Institute as 'ICAI Bhawan'.
- Establishment of Continuing Professional Education (CPE) Cell at the Regional Councils for better co-ordination and execution of increasing activities between Central Council Committees, Regional CPE Committee and Branches.
- Development of Information Technology Security Policy and Audit for ICAI.
- Institutionalization of Annual awards for best CMD/CEO/CFO for members of ICAI in industry.
- Induction Ceremony to be organised at Regional Council level, twice in a year, to welcome the fresh entrants to the profession.
- Revised guidelines on functioning of Chapters.
- Release of grant to Branches for undertaking students related educational activities.

4.2 Examination Committee

The Chartered Accountants Final, Professional Education - II and Professional Education - I

Examinations were held in November, 2004 in 143, 157 and 136 centres respectively in 94 cities all over the country in addition to those at Dubai and Kathmandu and in May, 2005 in 150,163 and 151 centres respectively spread over 94 cities in addition to those at Dubai and Kathmandu.

The total number of candidates who appeared in the Final, Professional Education - II and Professional Education - I Examinations held in November 2004 were 29427,51057 and 14695 respectively and in May 2005 were 30027, 49326 and 26508 respectively.

Besides the aforesaid students' examinations, during the period, Assessment Tests of the Post Qualification Course on Information Systems Audit were also held in the months of June, September, and December 2004 and March and June 2005. Further, examinations of Management Accountancy Course (Part I) were held in May and November 2004 and May 2005 apart from the Corporate Management Course (Part I) and Tax Management Course (Part I) examinations, which were also conducted along with the students' examinations in May 2005. The Post Qualification Course examination in Insurance and Risk Management was also successfully held in November 2004 and May 2005.

New examination centres were set up in Amravati, Jamnagar, Sangli and Thane with effect from November 2004 examinations and in Guntur, Pimpri-Chinchwad and Sri Ganganagar with effect from May 2005 examinations.

During the period under Report, for the convenience of the candidates, the following facilities were continued to be provided :-

- Examination application forms in the OMR format and the admit cards containing the candidate's scanned photograph and specimen signature were issued to the candidates. This obviated the necessity of issuance of the identity card to the candidates separately.

- Examination application forms were made available, besides at all the Regional offices of the Institute and branches of the Regional Councils, at different locations in the metropolis of Delhi, Kolkata and Mumbai. The facility of downloading the admit card from the website by using the Personal Identification Number (PIN) indicated by them in the OMR application form was extended.
- Results were made available on the Institute's IVR system. The results as well as the marks were also made available on the National Informatics Centre's Website. Information pertaining to merit list was also made available on the Website simultaneously with declaration of results
- Results as well as marks were made available simultaneously at different locations in the metropolis of Delhi and Mumbai
- Facility of down loading of the results as well as marks by the Regional offices of the ICAI and branches of Regional Councils was made available simultaneously with the declaration of results
- Facility of on-line printing of the statement of marks by the candidates themselves from the Website by using the Personal Identification Number (PIN) indicated by the candidates in the OMR/ICR application form was made available.
- Facility of registering requests in advance for ascertaining results on declaration was continued and candidates registering for the same were provided with their results by e-mail immediately after declaration of respective results.
- Admit card through e-mail query was extended to the students for November 2004 and May 2005 examinations.
- Results of November 2004 examinations were made available on SMS mode.

- Students of Professional Education Examination –I were offered the facility of online filling of examination application effective from the November 2004 examination.

Consultancy continued to be provided to few of the foreign institutions in the examination systems and procedures. The Institute of Chartered Accountants of Nepal (ICAN) successfully conducted its Foundation, Intermediate and Final examinations in June 2004 and December 2004 with the continued technical expertise and support of the ICAI. The Institute of Chartered Accountants of Sri Lanka successfully conducted its Information Systems Audit (ISA) Assessment Tests in March and June 2005 with the technical expertise and support of the ICAI.

4.3 Disciplinary Committee

This Committee assists the Council in the maintenance of the status and standards of professional qualification awarded by the ICAI. In discharging its avowed responsibility of conducting disciplinary inquiries against members whose cases have been referred to it by the Council upon prima facie opinion, during the year 1st April, 2004 to 31st March, 2005, this Committee held sittings on 13 occasions for a period spanning 20 days and at venues covering the various regions of the country. During the year, the Committee concluded its enquiry in 100 cases, which included cases, referred to it in previous years.

5. TECHNICAL AND PROFESSIONAL DEVELOPMENT

5.1 Accounting Standards

The Council of the ICAI, recognising the need to harmonise the diverse accounting policies and practices in use in India, constituted the Accounting Standards Board (ASB) in the year 1977. The Board, since its inception, has been striving for bringing about an overall qualitative improvement in financial reporting in the country by developing Accounting Standards

(AS) and promoting the use of those standards. Towards this end, the Board has formulated 29 Accounting Standards till date which have been issued under the authority of the Council of the ICAI. Work on some other Indian Accounting Standards corresponding to International Financial Reporting Standards (IFRSs) is under progress to bridge the gap between IFRSs and Indian Accounting Standards. Further, the objective of the Board is not only to bridge the gap between Indian Accounting Standards and International Financial Reporting Standards by issuance of new accounting standards but also to ensure that the existing Indian accounting practices are in line with the changes in international thinking on various accounting issues. Keeping in line with this, the Board has issued revised Accounting Standards from time to time. The standards, which have been revised in the recent years, are (AS) 7, Construction Contracts, AS 11, The Effects of Changes in Foreign Exchange Rates and AS 15, Employee Benefits. Besides this, certain other existing Accounting Standards are also under revision.

The Board has also been constantly striving for effective implementation of new/revised Accounting Standards. With the issuance of new accounting standards and the revision of existing ones, certain issues of interpretation and application of the accounting principles enunciated in the standards have arisen. To resolve these problems and to ensure effective implementation of accounting standards, the Board has taken a number of proactive steps by formulating Accounting Standards Interpretations (ASIs) on matters related to accounting standards. An ASI has the same status as that of the relevant accounting standard. So far, twenty-eight Accounting Standards Interpretations on various intricate interpretational issues arising in the implementation of new accounting standards have been issued. Besides this, it has also issued a number of Announcements clarifying certain provisions of Standards. During the year, the Board continued its endeavours towards issuing new/revised accounting standards and providing interpretations, wherever required. A brief overview of the work

done by the Accounting Standards Board during the period under Report is as follows:

5.1.1 Revised Accounting Standard Released

Accounting Standard (AS) 15 (revised 2005), Employee Benefits, has been issued.

5.1.2 Proposed new/revised Accounting Standards Interpretations expected to be issued soon

The Board has finalised the Drafts of three Accounting Standards Interpretations (ASIs) on various accounting matters arising from the Accounting Standards, for consideration of the Council. These new/revised interpretations are likely to be issued soon and it would ensure that the relevant accounting principles are interpreted in the same manner with a view to uniform application thereof by all concerned. Besides this, interpretations on some other matters are also under preparation.

5.1.3 Applicability of Accounting Standards to Small and Medium Sized Enterprises

Keeping in view the concerns being expressed by various sections of the society, regarding the applicability of accounting standards to Small and Medium sized Enterprises (SMEs), the Board, during the last year, had decided to provide relaxations from disclosure requirements to SMEs. The Council of the Institute has given directional clearance to the matter relating to providing exemptions/relaxations, where appropriate, to SMEs from the recognition and measurement principles contained in Accounting Standards. The Board has constituted a study group to examine all accounting standards for identifying areas where exemptions/relaxations may be provided from recognition and/or measurement principles to SMEs.

5.1.4 Limited revisions to Accounting Standards

The Board also made limited revisions to certain accounting standards wherever it is felt that the revised position is more appropriate in view of the changed thinking in respect of the matters

involved and feedback received from various interest groups. Limited revision has been made to Accounting Standard (AS) 26, Intangible Assets.

5.1.5 Issuance of Announcements

With a view to address the matters of clarificatory nature raised by the members and others, the Board issued Announcements on accounting matters arising from various accounting standards. Besides this, Announcements on certain accounting matters are under preparation and will be issued shortly.

5.1.6 Responding to International Developments

The Board took various initiatives to keep pace with the developments that are taking place internationally in the area of accounting. These initiatives include sending comments on various exposure drafts issued by the International Accounting Standards Board (IASB), taking up projects on new International Financial Reporting Standards (IFRSs) issued by the IASB, examination of revisions made to various International Accounting Standards (IASs) by the IASB for considering the same in the revisions of the corresponding Indian Accounting Standards.

5.1.7 Interaction with National Advisory Committee on Accounting Standards (NACAS)

The Board considered various suggestions made by the NACAS and addressed these suggestions in an appropriate manner.

5.1.8 Interaction with Regulatory Bodies

The Board sent its views on various accounting matters referred to it by regulators such as Reserve Bank of India (RBI), Insurance Regulatory and Development Authority (IRDA), etc. from time to time. One of the important developments was that the RBI, vide its circular, required the banks to comply with the revised Accounting Standard (AS) 11, The Effects of Changes in Foreign Exchange Rates.

5.1.9 Projects in Progress

A substantial progress has been made on various projects, particularly, on accounting for financial instruments, tangible fixed assets and presentation of financial statements.

5.1.10 Compendium of Accounting Standards

An updated edition of Compendium of Accounting Standards as on July 1, 2005, is under preparation and is likely to be released shortly alongwith a Compact Disk (CD).

5.1.11 New projects taken up by the Board

The Board has undertaken a new project for preparation of Accounting Standard on Investment Property, corresponding to IAS 40, Investment Property.

5.2. Auditing and Assurance Standards Board.

The credibility of any profession rests on the confidence reposed by the entire society. The prerequisite for any profession to stand up to the expectations of the society is that the profession should be able to proactively respond to as well as keep itself abreast with the latest developments in the environment in which it operates. In order to live up to the expectations of the society, the ICAI has always taken timely and effective steps to understand and react to the dynamic, technical, legislative, economic environment around it – domestic as well as international. The ICAI established, among other Committees and Board, the Auditing and Assurance Standards Board (AASB). The AASB was constituted as a technical organ of the ICAI in September 1982 in the form of a Non-Standing Committee.

5.2.1 Mission and Objectives

The primary mission of the AASB is to review the existing auditing practices in India and develop Auditing and Assurance Standards. The AASs represent a codification of the best practices in the area of auditing. The AASB also undertakes preparation of Guidance Notes on

issues relating to auditing, whether generic in nature or industry specific. The AASB recently also undertook the task of issuing Clarifications on issues arising from the Auditing & Assurance Standards. As on date, the AASB has three Statements, thirty-four Auditing and Assurance Standards and forty Guidance Notes, including four industry specific Guidance Notes, to its credit.

5.2.2 *Issues on Companies (Auditor's Report) Order, 2003*

The ICAI, had in 2003, issued the Statement on the Companies (Auditor's Report) Order, 2003 to help members properly understand and discharge their duties under the Companies (Auditor's Report) Order 2003 (CARO, 2003). However, for understanding the ground realities and resolve the difficulties and intricacies involved in practical implementation and compliance with the requirements of the Order, the AASB took the initiative of reaching out to the members of the Institute to gather their feedback and opinion on the CARO, 2003. Members were required to send their views/opinion on such issues arising from CARO, 2003, which in their opinion needed further elucidation in addition to what was provided in the Statement on CARO, 2003.

The publication, Issues on the Companies (Auditor's Report) Order, 2003 is a clause by clause compilation of the feedback so received from the members on CARO, 2003 and the considered responses of the AASB on those issues in the form of a ready reference handbook.

5.2.3 *Auditing and Assurance Standards*

The AASB during the year also came out with two Auditing and Assurance Standards, viz,

- Auditing and Assurance Standard (AAS) 33, Engagements To Review Financial Statements
- Auditing and Assurance Standard (AAS) 34, Audit Evidence – Additional Consideration for Specific Items.

5.2.4 *Guidance Notes*

- Guidance Note on Audit of Banks (Revised)

The AASB, in March 2005, issued a thoroughly revised edition of the Guidance Note on Audit of Banks. This edition is an update to the earlier edition issued in 2001 and its supplement issued in 2003. The previous edition of the Guidance Note was revised on account of number of developments impacting the functioning of the Banking industry and consequently the auditors of banks, such as, issuance of new/revised circulars of the RBI with respect to prudential guidelines relating to income recognition, asset classification, provisioning and investment valuation, restrictions on loans and capital adequacy.

The revised Guidance Note also contains specific guidance on issues relating to service tax in banking sector and Basel II recommendations. It also touches upon the aspect of application of various Accounting Standards, issued after the 2003 Supplement, to the banks as well as the implications of the report of N D Gupta Committee on Compliance with Accounting Standards by Banks. The RBI's circulars relating to "Know Your Customer" (KYC) guidelines have also been dealt with in the Guidance Note.

- Revised Guidance Note on Sec 227 (3)(e) and (f) (pursuant to Disqualification of Directors Rules)

The AASB had in 2001 issued the Guidance Note on Section 227 (3) (e) and (f) of the Companies Act, 1956. The objective of the Guidance Note was to assist the members in discharging their professional responsibilities in respect of clauses (e) and (f) of Sub section (3) of Section 227 of the Companies Act, 1956.

The AASB, during the year, came out with a Revised Guidance Note on Section 227 (3) (e) and (f) of the Companies Act, 1956 to assist the members in properly understanding the implications of the Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003 issued by

then Department of Company Affairs on their duties and responsibilities as auditors. Besides, the revised Guidance Note also gives an insight into other relevant Rules, which though do not find any mention in the abovementioned Rules, have a significant bearing on the efficient discharge of the duties of the auditors in that regard.

5.2.5 Study on Money Laundering: An Accountant's Perspective

The AASB under its aegis came out with a publication titled A Study on Money Laundering: An Accountant's Perspective to educate and impart training to the members of the Institute and to enable them to eradicate money laundering from the economy. This book provides an insight into the various critical aspects of money laundering to help them better understand the concept and channelise their expertise in the right direction.

The Study discusses the important international initiatives in fighting money laundering including the forty recommendations of the Financial Action Task Force of OECD, Customer Due Diligence Guidelines of the Basel Committee of the Bank for International Settlements, etc. While discussing the Indian initiatives, the Study discusses certain significant provisions of the Prevention of Money Laundering Act, 2002, as well as important requirements of the Know Your Customer Guidelines of the RBI for the commercial banks as well as the Non Banking Finance Companies. It also deals with duties and responsibilities of external auditors with respect to money laundering.

5.2.6 Handbook of Auditing Pronouncements

The AASB also brought out a revised Handbook of Auditing Pronouncements, which contains the text of the Statements on Auditing, Auditing and Assurance Standards and generic Guidance Notes on auditing, in force as on February 1, 2005. The Handbook also contains a Compact Disc containing the text of all the aforesaid as on that date.

5.2.7 Report of the Dr. J. J. Irani Committee on Company Law

The Government of India constituted an Expert Committee on Company Law on December 2, 2004 under the Chairmanship of Dr. J.J. Irani to make recommendations on various emerging issues arising from the revision of the Companies Act, 1956 and protecting the interests of the stakeholders and investors including small investors. The AASB contributed by way of analysing the Concept Paper on Company Law issued by the Ministry of Company Affairs (MCA) in so far as they related to audit and auditors of companies and also prepared a detailed analysis of comparative position in USA, UK, Australia and Canada. The comments and analysis made by the AASB secretariat formed part of the presentation made by the ICAI before the Irani Committee. Many of the recommendations/comments of the ICAI have found place in the report of the Dr. J. J. Irani Committee on Company Law, issued on May 30, 2005.

5.2.8 Other Activities

- Insurance Regulatory and Development Authority (IRDA)

The AASB had, last year, constituted a Joint Committee with the IRDA to function as a common platform to consider important issues and share views on audit and other relevant issues in respect of the insurance industry. The representatives of the AASB have had meetings with the representatives of the IRDA and a joint study group has been constituted to prepare a draft of the Long Form Audit Report (LFAR) pertaining to insurance companies, on the lines of the one applicable to banks. The study group has developed a draft LFAR for insurance companies.

5.2.9 Projects in Progress

Apart from the projects completed during the year, the AASB has also undertaken a number of ambitious projects such as bringing out/revising existing Auditing & Assurance Standards corresponding to the International

Standards on Auditing issued by the International Federation of Accountants (IFAC), formulating Guidance Notes on various emerging issues in the area of auditing etc. The AASB has also commenced the process for revision of a number of Guidance Notes issued in the past and formulation of Guidance Notes on certain new topics of relevance identified by it for the purpose.

5.3 Research

The Research Committee brings out various publications in the form of guidance notes, research studies, technical guides on accounting and auditing in specific industries, etc., with a view to provide guidance to the members of the Institute in discharge of their professional duties and to enhance the value of the services rendered. It also undertakes approved research projects on current and continuous basis and also prepares representations on various matters of accounting that affect the profession and fall within the scope of research. During the year, the Committee formulated four Guidance Notes viz., Guidance Note on Accounting for State-level Value Added Tax, Guidance Note on Accounting for Employee Share-based Payments, Guidance Note on Accounting for Fringe Benefits Tax and Guidance Note on Accounting by Schools which have been issued under the authority of the Council of the Institute.

The Guidance Note on Accounting for State-level Value Added Tax has been brought out with a view to recommend sound accounting principles for VAT. The issuance of the Guidance Note simultaneously with the introduction of VAT scheme in certain states has enabled the dealers to develop appropriate accounting systems on a timely basis thereby ensuring uniform accounting of VAT throughout the country. The Guidance Note on Accounting for Employee Share-based Payments deals with various aspects of accounting for Employees Stock Option Plans, Employee Stock Purchase Plans and other similar plans involving payments to the employees which are based on the share prices of an enterprise in a

comprehensive manner. The Guidance Note recognises that there are two methods of accounting for employee share-based payments, viz., the fair value method and the intrinsic value method and permits the enterprise to use either of the two methods for accounting for such payments.

The Finance Act, 2005, has introduced Chapter XII-H in Income-tax Act, 1961, on Income-tax on Fringe Benefits. With the introduction of Fringe Benefits Tax, the profession of Chartered Accountants is changed with the responsibility of ensuring proper accounting for the fringe benefits tax for the purpose of preparation of financial statements. To fulfill that need, the Guidance Note on Accounting for Fringe Benefits Tax has been brought out which deals with accounting for fringe benefits tax, particularly with regard to the recognition and presentation of the fringe benefits tax in the financial statements. Another important matter which received topmost priority of the Committee, during the year, is accounting by schools. With the objective of bringing about uniformity and making improvements in the accounting systems being followed by the schools, the Guidance Note on Accounting by Schools has been brought out. The objective of this Guidance Note is to harmonise the diverse accounting practices being followed in schools including Fund Based Accounting and recommending uniform formats of income and expenditure account and balance sheet.

In keeping with the objective of providing industry-specific guidance, a Technical Guide on Accounting and Auditing in Housing Finance Companies has been brought out by the Committee. The Technical Guide discusses main functions of Housing Finance Companies(HFCs), major risks faced by HFCs, statutes applicable to HFCs alongwith the other relevant regulatory aspects of HFCs. It also discusses various accounting and audit aspects that may be useful in the audit of a housing finance company.

During the year, the Committee also carried out a Study on the useful life of oil and gas pipelines for the purpose of determination of

rates of depreciation. The purpose of the Study is to consider the basis for arriving at true and fair depreciation for pipelines used by oil and gas companies in India including the factors for arriving at the useful life of the pipelines.

With a view to promote better standards in the presentation of information in financial reports, the ICAI, through its Research Committee, has been holding an Annual Competition for the ICAI Awards for Excellence in Financial Reporting. This Competition, inter alia, aims at making the Annual Report of an enterprise a better communication tool which provides true and fair financial information about the enterprise to its various stakeholders. The Competition for the year 2003-04 was held under three categories. Category I covered non-financial public and private sector enterprises; Category II covered financial institutions in public, private and co-operative sectors, such as, banks, insurance companies, NBFCs, etc., and; Category III covered not-for-profit organisations including companies registered under Section 25 of the Companies Act, 1956, educational and research institutions, and trusts. For the Competition for the year 2003-04, 125 entries were received from Non-financial public and private sector enterprises, financial institutions and Not-for-Profit Organisations (NPOs), etc. The Annual Report and Accounts of M/s Infosys Technologies Limited (for the year 2003-04) was adjudged as the best amongst the entries received for participation in the non-financial public and private sector enterprises category and, accordingly, the Silver Shield for Excellence in Financial Reporting has been awarded to that company. The Silver Shields for Excellence in Financial Reporting under categories for Financial Institutions and Not-for-Profit Organisations have been awarded respectively to the Housing Development Finance Corporation Limited (HDFC) and National Scheduled Castes Finance and Development Corporation (NSFDC). The entities whose annual reports and accounts have been adjudged as the second best amongst the participating entities were awarded Copper Plaque for Highly Commended Financial Reports. The entities which received this

Plaque for the year 2003-04 were Siemens Limited and Tata Chemicals Limited under the category for non-financial public and private sector enterprises; Cholamandalam Investment and Finance Company Limited under the category for financial institutions; and Financial Management Service Foundation under the category for Not-for-Profit Organisations. The above awardees were selected by the Panel of Judges, appointed by the ICAI, on review of accounting practices adopted by the participating enterprises for the period ending on any day between 1st April, 2003 and 31st March, 2004 (both days inclusive), without regard to their financial condition and operating performance. His Excellency Lt. General (Retd.) S.K. Sinha, PVSM, Governor of Jammu and Kashmir, presented the 'ICAI Awards for Excellence in Financial Reporting' for the year 2003-04 at a special function of the ICAI, organised on January 18, 2005 at The Ashok Hotel, New Delhi. Hon'ble Shri Prem Chand Gupta, Union Minister of State for Company Affairs (Independent Charge) was the Guest of Honour on this occasion.

5.4 Corporate Laws

The year 2004-05 was a year of achievement. The Committee completed successfully several projects undertaken by it. The Committee participated in the deliberations of the Expert Committee on Company Law headed by Dr. J. J. Irani and made presentations on the chapters relating to 'Accounts and Audit', 'Minority Interest' and 'Investors Protection'. Most of the suggestions were well received and formed part of the recommendations of the J.J. Irani Committee Report. The Committee also submitted its suggestions on the various matters referred to the ICAI by the MCA and other Government departments, such as, MCA-21 project, Simplified Exit Scheme, 2005 on defunct Companies, Concept Paper on Company Law, Amendments to Schedule VI to the Companies Act, Limited Liability Partnership Bill, Inspection Manual & Prosecution Manual, UNCTAD OECD Principles of Corporate Governance, World Bank's report on observance of Standards and Codes of Corporate Governance of India and for framing

of regulations of Competition Commission of India. During the year, the Committee has initiated to conduct training programme on Arbitration and training programme on Independent Directors to equip the members with expertise, competitive edge and professional excellence. The Committee organized several seminars and conferences covering a wide range of contemporary topics connected with corporate and allied laws. The Committee also organized four Training Programmes for officials of the Indian Company Law service at Mumbai, Kolkata, New Delhi and Chennai during the year.

5.5 Fiscal Laws

The Fiscal Laws Committee submitted a second Pre-Budget Memorandum – 2004 in the month of May, 2004. This was done on the eve of the presentation of the Budget by the new Government. The ICAI delegation led by the President met Shri P. Chidambaram, Hon'ble Union Finance Minister on 12th August, 2004 and submitted the Post-Budget Memorandum, 2004. The representatives of the ICAI met Shri D. P. Sengupta, Joint Secretary – (TPL – I), Central Board of Direct Taxes (CBDT) to highlight the salient features of the Post-Budget Memorandum – 2004. The Committee also submitted the Pre-Budget Memorandum – 2005 and it is heartening to note that as many as six of the major recommendations of the ICAI were accepted and incorporated in the Finance Bill, 2005. Subsequently, the Post-Budget Memorandum – 2005 containing a critical analysis of the provisions relating to Fringe Benefit Tax and Banking Cash Transaction Tax was submitted to the Central Government. The CBDT constituted a panel to review the provisions relating to the Fringe Benefit Tax. The ICAI was represented in the panel. The Hon'ble Finance Minister, at the time of passing the Finance Bill, 2005 paid glowing tributes to the valuable contributions made by the ICAI.

The Committee made several important representations to the CBDT, among others, were the representation for modification of the provisions of section 277A of the Income-tax Act, 1961 and the representation on the

National Tax Tribunal Bill, 2004. In the context of National Tax Tribunal Bill, 2004 a presentation was made before the Department related Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice. Subsequently, as required by the Chairman of the Standing Committee, a detailed submission was made in respect of the issues arising out of the above mentioned presentation.

The Committee made special arrangements for viewing the Union Budget – 2004 after which a special issue of the Journal was published containing many articles written by eminent members all over the country explaining the provisions of the Finance Bill, 2004. On behalf of the SAFA Committee, a study of VAT in SAFA countries was finalized. This study gives a good idea about the system of VAT prevalent in SAFA countries. A detailed background paper on the topic of Chartered Accountants and Taxation Services in the Indian context was prepared for consideration of the IFAC Board. Realising the growing importance of taxation of non-residents, the Committee brought out a publication on Taxation of non-residents which comprehensively deals with the statutory and judicial issues concerning taxation of Non-Residents. A background material on accounting and taxation was prepared for the purpose of conducting interactive sessions with the members of the Income-tax Appellate Tribunal.

A system of State-level VAT was introduced by a majority of the States of the Indian Union w.e.f. 1st April, 2005. The Committee took many pro-active measures which placed the ICAI in the forefront in the matter of ably assisting the Government in the implementation of this historic reform. A Guidance Note on Accounting for State-Level VAT, published by the ICAI, was dedicated to the nation by Dr. Asim Dasgupta, Convenor of the Empowered Committee of State Finance Ministers. A model VAT audit report was presented to Shri Ramesh Chandra, Member-Secretary to the Empowered Committee, who highly appreciated the initiatives of the ICAI. The Model VAT Audit Report was also forwarded to all the State Finance Ministers for their appropriate

consideration at the time of enacting audit provisions for VAT. The Committee along with the Continuing Professional Education Committee brought out a landmark publication on State-Level VAT in India – A Study.

The Committee submitted a detailed reply to the MCA containing the views of the ICAI on the representation of the Institute of Cost and Works Accountants of India in the matter of tax audit under the Income-tax Act. The Chairman of the Committee played a significant role in the Monitoring Committee relating to the Electronic Furnishing Return of Income Scheme, 2004. The Chairman of the Committee represented the ICAI in the Sub-Group of the Empowered Committee on PAN for popularizing the decisions of the Sub-Group. The Committee submitted suggestions to the Expert Group constituted by CBDT on Black Money and Assets.

Several seminars and conferences were organised during the period under Report. The All India conference on fiscal and corporate laws was held in Nagpur, a national seminar on tax treaties in Chennai, a conference on fiscal laws in Indore and many others.

5.6 Financial Markets And Investors' Protection

With the series of reforms in the Financial Markets, India is now seen as the potential place for investment and the Government and the Regulators have been taking all-round efforts to position the country on the global platform. The Government is undertaking various budgetary/statutory measures to infuse wider participation by the retail individual investors and encourage liberalized and larger Foreign Direct Investments in the Indian stock markets. Keeping in view the ethos and sentiments of the current developments and futuristic scenario, the Committee drew its blue print plan of action for the year 2004-05 and is successfully implementing the same in a phased manner.

Interactions with the regulatory authorities (namely SEBI and MCA) are in progress to

facilitate the sharing of expertise and knowledge on matters relating to Primary Market, Secondary Market, Mutual Funds, Disclosures Requirements, Corporate Governance and Investor Protection. Training Programmes on Independent Directors, Financial Services and Investor Awareness Programmes are among the priority initiatives during the course of the year. To ensure realistic achievements of the plan of action, the following were the significant initiatives taken and achievements made during the first phase:

- **Market and Investors:** The Committee organised its first series of programme for investors on the eve of announcement of the Budget 2005. A seminar was held on 7th March 2005 at Mumbai on the theme "FIIs for sustaining Capital Market". Eminent capital market experts and investment advisors addressed at the programme and were largely attended by the general public.
- **CAs and IPOs:** Keeping in view the re-surge in the Initial Public Offerings in the market, the Committee organized a one-day programme on IPO at Mumbai on 21st May, 2005. Similar programme was held at Nagpur on 25th June, 2005.
- **Participation in National Conference of Small Investors:** The Committee participated in the said conference organized by Investors Grievances Forum at Mumbai on 22nd & 23rd March 2005.
- **Participation at the deliberations of Expert Committee on Company Law:** On matters related to Investors' Protection and Minority Rights, the Committee presented its suggestions on 28th March and 6th & 7th April, 2005 at New Delhi before the Dr. J.J. Irani Committee on Company Law.
- **Interface with the SEBI & other regulators:** On 7th April, 2005, the President, Vice-President and the Chairman of the committee met Shri G. Anantharaman, Whole-time Member, SEBI and held deliberations on various matters including

rendering the support and expertise of ICAI to SEBI in the area of capital market. The Chairman of the Committee had interaction with Shri Bhagwat Swarup, Member, Income-Tax Settlement Commission, New Delhi on the possibilities of ensuring suitable provisions in legal statutes for investor protection.

- Training Programme on Independent Directors: With current listing requirements specifying the mandatory requirement for Independent Directors on the Board of listed companies and to enable the professionals to tap the potential opportunity, the Committee jointly with the Corporate and Allied Laws Committee chalked out three days training programmes for Independent Directors in various metro cities. Embarking upon the action plan of the Committee, the first two training programmes are scheduled in August, 2005 at Mumbai and Ooty respectively.
- Futuristic Moves - Money Moves: An All India TV Quiz Programme on Money Moves is contemplated and modalities for implementation of the programme are currently in progress.
- Publications – (i) Booklet on Investor Protection: The basic draft of the document is currently under consideration of the Committee and (ii) Revised Guidance Note on Clause 49: The basic draft of the document is currently under consideration of the Committee.

5.7 Expert Opinions

The Expert Advisory Committee of the ICAI has been established to answer queries of the members of the Institute on wide ranging issues relating to accounting and/or auditing principles and allied matters. However, queries which involve only legal interpretation of various enactments and matters involving professional misconduct and where queries concern a matter which is pending before the Disciplinary Committee of the Institute or an appropriate department of the government or

the Income-tax authorities are not answered by the Committee.

In the era of continuous development and growing importance of standard accounting practices, the members of the profession of Chartered Accountants have to discharge their duties with utmost skill and competence. In this process, they sometimes face peculiar situations, where implementation of various accounting and auditing standards becomes difficult. The core concepts propagated by the accounting and auditing standards have to be interpreted and implemented in each particular case with a high level of professional expertise. The Committee provides invaluable support by facilitating the members in the rendering of their services by advising and providing guidance in complex situations. During the period under Report, the Committee has finalised 57 Opinions on wide ranging subjects like valuation of inventories of diamonds, treatment of interest earned on investments against specific funds, contingencies, deferred tax liability, impairment of assets, spares, mandatory refurbishment costs, borrowing costs, etc.

The Opinions issued by the Committee are published in the Compendium of Opinions. Till now, twenty-three volumes of the Compendium, containing Opinions finalised by the Committee upto January 2004 have been released for sale. Volume XXIV of the Compendium, containing Opinions finalised by the Committee between February 2004 and January 2005 is under compilation.

The Opinions of the Committee represent the opinions of the Committee and not necessarily the opinions of the Council of the Institute. Based on the facts and circumstances of the query as supplied by the querist, accounting/auditing principles and practices and the relevant laws applicable on the date, the Committee finalises the particular Opinion. While finalising the Opinion, the Committee also considers not only the national developments in the areas concerned but also the relevant international literature including the emerging thoughts on the subject.

Some of the Opinions finalised by the Committee are published in every issue of the Institute's Journal 'The Chartered Accountant' and are also hosted at the Institute's Website for the information of members at large.

5.8 Continuing Professional Education

5.8.1 Overview

The reporting period is a landmark in the Institute's endeavour to continue to maintain the status of Indian Chartered Accountants as a well-rounded professional comparable only with the best in the World. Every possible initiative has been taken and implemented by the CPE Committee (CPEC) to assist the members to maintain superior standards of professional services.

In line with the international best practices, the Statement on CPE has been revised so that:

- All members in practice (with certain exceptions) are required to obtain to their credit a minimum of 15 hours during the calendar year 2004 and 20 hours during the calendar year 2005.
- All the members who are engaged otherwise than in practice are mandatorily required to earn CPE credits w.e.f the Calendar Year 2006.

5.8.2 Empowering the Programme Operating Units (POUs)

With a dual object of maintaining uniformity in the subjects to be covered by the CPE POUs and to enable them to determine the CPE Credit hours, without approaching the CPE Directorate of the Institute, CPE Calendar has been released after due consultation process covering topics of practical relevance not only for the members in practice but also to the members in service. As in the early years, the CPE Calendar was divided into two parts viz., Obligatory Topics and Optional Topics. The obligatory topics includes the following:

- i. Value Added Tax (VAT)
- ii. Audit and Assurance Standards:
 - AAS 1 Basic principles Governing an Audit
 - AAS 2 Objective and Scope of Audit of Financial Statements
 - AAS 3 Documentation
 - AAS 4 Fraud and Error
 - AAS 6 Risk Assessments
 - AAS 7 Relying Upon the Work of an Internal Auditor
 - AAS 8 Audit Planning
 - AAS 11 Representations by Management
 - AAS 13 Audit Materiality
 - AAS 14 Analytical Procedures
 - AAS 17 Quality Control for Audit work
 - AAS 19 Subsequent Events
 - AAS 20 Knowledge of the Business
 - AAS 21 Consideration of Laws and Regulations in an Audit of Financial Statements
 - AAS 24 Audit considerations Relating to Entities using Service organisations
 - AAS 28 The Auditors Report on Financial Statements
- iii. International Taxation –particularly- with reference to DTAA.
- iv. Internal Audit
- v. Service Tax –Law and Practice
- vi. International Finance
- vii. Sarbanes-Oxley – Liability of Auditors

The optional topics include 85 topics of relevance to the members of the Institute in practice and in industry. The Calendar in addition also includes 8 broad heads of topics, which are of relevance to the members in industry specifically.

In order to enable the members to meet the increased quantum of CPE Credit hours, the CPE Programme Organising Units of the Institute particularly the Regional Councils, Branches of Regional Councils, CPE Study Circles and CPE Chapters have been advised to conduct certain minimum number of CPE programmes commensurate with the members being served by such POUs.

5.8.3 Maintaining Quality of CPE Programmes

The Committee has formed Regional CPE Monitoring Committees, inter alia, to monitor the quality of the CPE Programmes being organised by the CPE POU. Monitors and supervisors as required under the CPE Advisory on Monitors and Supervisors are being nominated for CPE Programme Organizing Units for achieving the above stated objectives.

5.8.4 Services to the Members and POU

A Knowledge Page is hosted in the Website of the Institute to meet the requirements of the Continuing Professional Education of the members. The page is available at http://www.icaai.org/knowledge/cpe_main.html.

The Committee has taken the initiative of maintaining the database of the CPE credit of the members online by developing an Online CPE Portal which shall start functioning very shortly. The system would allow mapping of the CPE credit hours entered by the members with the CPE hours entered by the respective POU, and the discrepancies if any are reported.

The Committee has been working on the following strategic initiatives:

- Conducting certificate courses on areas of super specialization for the members of the Institute.
- Organising more In House Executive Development Programmes to enable the members in Industry to meet the CPE requirements.
- Issuance of CPE Advisory on Unstructured Learning Activities
- Revision of the norms for the formation and functioning of the CPE Study Circles for the purpose of maintaining the required quality of the programmes so organised.
- Revision of the Statement on the Continuing Professional Education

- Revision of the course curriculum of the Post Qualification Course on Management Accountancy.

5.9 Professional Development

The Professional Development Committee has been making sustained efforts to explore, derive, develop, and make available opportunities for the members of ICAI in different sectors of the economy. The Committee, over the years has been quite vigorous in trying to generate more professional opportunities for the members by exploring/pursuing new/existing areas where the expertise of the members could be utilised in a productive and fruitful manner. The Committee also tried to ensure that equitable opportunities are available to all members of the profession. As a part of this process, the Committee is continuously interacting with various regulatory/empanelling authorities and users of services of the profession etc., both in India and abroad.

The major achievements/endeavours of the Committee during the period under Report are given below:

- The usual Bank Empanelment Form has been expanded in scope to make it a Multipurpose Empanelment Form. Members/firms can fill up the form offline after downloading the form from the Website and can upload their Form after connecting to internet again.
- The Professional Development Knowledge Portal has been developed to provide the members with timely and necessary information on practice development and professional opportunities to the members.
- Discussions with the officials of the RBI on various matters relating to audit of banks.
- Various issues of direct interest to the members pursued with the Office of Comptroller and Auditor General of India (C&AG).

- Meetings held with the officials of the SEBI regarding the empanelment of Chartered Accountants for inspection/audit of Stock Brokers and various other issues of mutual interest.
- Meeting with the officials of NABARD to discuss the possibility of working jointly (the ICAI and NABARD) on various issues relating to Regional Rural Banks.
- Meeting with the officials of the Ministry of Banking to discuss various issues of mutual interest.
- Meeting with the officials of the Khadi and Village Industries Commission to discuss the outsourcing of special audits of the NGOs under KVIC to Chartered Accountants.
- Meeting with the officials of the CBDT regarding ensuring compliance of Section 44AB of the Income Tax Act by Cooperative Societies.
- Meeting with the officials of the Asian Development Bank (ADB), Indo-US FIRE (D) Project and World Bank to discuss issues of mutual interest.
- Representations to various States/Union Territories regarding the introduction of VAT.
- Representations to Principal Finance Secretaries of various States regarding internal audit of Sub-Treasuries and Expending Departments.
- Representations to CMDs of all Public Sector Banks regarding creation of a separate cadre for specialized services in the area of accounting and finance.
- Representations to Minister, Panchayati Raj of various States regarding Financial and Accounting reforms and Capacity- building in Panchayati Raj Institutions.

- Information regarding allotment position for Bank Branch Audits for the year 2004-05 hosted on the Institute's website.

Besides the above, the Committee is continuously striving to achieve its Objectives, detailed below:

- To explore and exploit all available and potential opportunities whereby newer avenues for professional development and growth may be assured for the Institute's members.
- To educate the users on matters affecting the profession.
- To conduct courses, seminars, workshops on various subjects in so far as these relate to the core mission of the Committee.
- To determine the manner and the form in which guidance should be provided to Chartered Accountants in regard to the possible avenues that are developed for them.
- To improve the communication process with representative bodies of users of the services of the profession so that equal opportunity is given to all members of the profession with due regard to their professional abilities and attributes.
- To consider ways and means to provide specific assistance in improvement of skills and talents of members of the Institute.
- To ensure that existing opportunities of professional development are fully utilised and maintained at equitable and growth-oriented levels.

The Committee is also cautious of its responsibility to educate members in the areas related to new avenues of professional opportunities. It is in view of this that the Committee has organized the following programmes/seminars: -

- Series of workshops on 'Consulting – Finding the Edge' held at Delhi, Kolkata, Ahmedabad, Jaipur and Hyderabad
- Symposium on 'Strategic Municipal Financial and Accounting Reforms in Municipal Bodies' held at New Delhi.
- Training Programme on 'Sarbanes Oxley Act – An Orientation' held at New Delhi.
- All India Conference on 'Enrichment for Excellence' held at Chennai.
- Non-Residential Conference of Chairman, Directors and CFOs of Mutual Funds and Chartered Accountants held at Mumbai.
- Programme on Understanding the Financial Statements for the officials of SEBI held at Mumbai.

5.10 Peer Review Board

As a proactive measure, the ICAI released the Statement on Peer Review to meet the demands of high quality assurance, consistency and greater transparency. The Statement also lays down the framework for conduct of Peer Review. Reviews are for the purpose of enhancing quality of professional work and have no relationship whatsoever with any disciplinary or any other regulatory mechanism. The review begins with the assumption that a professional works professionally, it ends up with an enhancement of those attributes of professionalism that serve to keep the chartered accountants in the forefront of accounting and auditing profession globally. The objectives of Peer Review include – to ensure that members while performing attestation services comply with technical standards laid down by ICAI; to ensure that such a member has in place proper system (including documentation system) for maintaining the quality of attestation services performed by him; to ensure adherence to various statutory and other regulatory requirements; and to enhance the reliance placed by the users of financial statements for economic decision making.

For achieving the objectives of the Statement on Peer Review, a Peer Review Board was set up in 2002. The Board consists of 10 members appointed by the Council, of whom at least six are from amongst the members of the Council. The Board has representatives from the MCA, C&AG and Industry (FICCI/ CII) as members. In addition, persons of eminence from legal, banking and education sectors etc., assist the Board in its deliberations as Special Invitees.

As far as possible, in order that the reviewers carry out review assignment(s) as per globally accepted standards, the Board has brought out a comprehensive Peer Review Manual providing an insight into various aspects of peer review process and modalities. Another important publication of the Board in this regard is the Training Modules for Peer Reviewers, which provides a training curriculum for reviewers to undergo after empanelment and, simultaneously, provides guidance to the training facilitators on how to conduct reviewers' training. A booklet on FAQs has also been published. In this booklet, efforts have been made to formulate questions likely to be posed and provide appropriate and satisfactory answers therefor.

The Board imparts training to empanelled reviewers all over the country. Extensive training programmes are being organized to ensure consistency and uniformity in conducting the review. The Resource Persons who were trained at an Interactive Workshop act as Faculty for the various training programmes.

The Peer Review Process visualized by the ICAI aims to cover all its firms in a phased manner over three stages, namely, Stage I, II and III.

For the purpose of selection of practice units to be covered under Stage I and Stage II of the peer review, declarations were called for, data were also collected from Regulators like the RBI, C&AG, CMIE, etc. and data regarding statutory auditors of branches of public sector banks were also collected from the Institute's records and a specially designed software

developed for random selection of practice units.

The Board invites reviewers and the reviewees to share their experience and as per the feedback received from some of them, both the reviewers and the reviewees have expressed that peer review has been a mutually beneficial exercise.

5.11 Committee for Members in Industry

5.11.1 Overview

The Committee for Members in Industry is involved in encouraging and enhancing close links between ICAI and the Chartered Accountants working in industries in various capacities so as to provide for them, a base of reference in terms of knowledge, expertise, skills and assistance in individual career growth through the development of extensive and intensive relationship with organizations, agencies of the Government, Government Departments and Ministries of the Central and State Governments in such manner as to provide the maximum possible exposure to the world of trade, commerce, industry and governance, while simultaneously pursuing the goal of providing the maximum of employment opportunities.

The Committee also provides assistance to the members of the Institute in finding appropriate placement opportunities in the industry. In this regard, the Committee is engaged in providing placement services to the following three categories of members and students of the Institute:

- Newly Qualified Chartered Accountants through the process of Placement Programme
- Semi Qualified Accounting Professionals (Candidates who have completed their Chartered Accountancy Course Articleship)

- Qualified Chartered Accountants – who are presently serving in industry or practicing who would like to go in for service

All the above services are being administered through a Placement Portal www.placements-icai.org. The ICAI Placement Portal provides an opportunity to professionals in Finance and Accounting and the Industry to interact with the objective of building capacity for an international best practice oriented finance and accounting culture in Indian Industry.

5.11.2 Placement Programme (Campus Interviews)

The Committee organised Campus Interviews for Chartered Accountants qualified in the CA Final Examinations held in May 2004 and November 2004 during September – October 2004 and February – March 2005 respectively.

5.11.3 Qualified Chartered Accountants and Semi Qualified Accounting Professionals

The placement services to the other two categories are being administered through the Placements Portal. This portal is an online platform for the recruiting entities and the job seekers and provides an opportunity to both to meet their expectations out of the system.

5.11.4 CFOs Guild

The Committee is maintaining a Guild of CFOs. The Guild is for the members of the Institute who are occupying senior positions (GM & above) in Industry.

The Committee is working on the following strategic initiatives:

- Marketing of Placement services to further improve the final placement of member of newly qualified Chartered Accountants.
- Placement Seminars at Major Metros
- Revision of Publication 'How to face interviews and FAQs'

- Popularisation of Placement Portal
- Special drive on foreign jobs and approaching foreign job consultants
- Study Tours to foreign countries
- Publication of books having relevance to members in industry
- Institution and regular award of Best (CA) CMD / CEO / CFO
- Publication of CMII Newsletter
- Creation of database of members of eminence and those occupying key positions in industry
- Considering the ways and means to enhance the participation of the members in employment in the activities of the Institute
- MOU and Agreement with ICICI Bank Ltd. for recruiting newly qualified chartered accountants, which has led to recruitment of a very large number of candidates
- Organisation of Industry specific programmes

5.12 Information Technology

5.12.1 ISA Registration/ ET Pass/ AT Pass Status from 1/4/2004 to 30/6/2005

The realization that the best way to capitalize on the emerging opportunities is to transform the traditional competencies in auditing and accounting into techno-based assurance skills has impelled the ICAI members to seek knowledge update by joining Post Qualification Course (PQC) on Information Systems Audit (ISA) in a big way. ISA Professional Training batches, ISA Eligibility Tests (ET) and Assessment Tests (AT) are conducted on a quarterly basis. The following table summarizes the ISA Registration/ ET Pass/ AT Pass position for the period under Report:

Particulars	ISA Registration	ET Pass	AT Pass
As on 31/3/2004	15,687	8,901	5,157
Between 1/4/2004 and 31/03/2005	4,542	4,425	3,514
As on 31/3/2005	20,229	13,326	8,671
Between 1/4/2005 and 30/06/2005	850	875	686
Total as on 30/06/05	21,079	14,201	9,357

5.12.2 IT Harmony Newsletter, the Voice of the Institute on Technology :

The 'IT Harmony' Newsletter issued by Committee on Information Technology has been highly acclaimed for the contents, design, thematic treatment and thought provoking articles on high topics. The following table lists themes of "E" Mode IT Harmony hosted on the ISA Portal at www.isaicai.org in respective months:

Month	Theme
Apr-04	Identity Management
May-04	Sarbanes-Oxley & Rebuilding Investor trust
Jun-04	Convergence
Jul-04	Business Continuity Planning
Aug-04	Risks in an Organizational Set Up
Sep-04	Customer Relationship Management
Oct-04	Business Intelligence
Nov-04	Knowledge Management
Dec-04	IT/IS Audit Standards
Jan-05	Internet / Intranet and Extranet
Feb-05	Web Enabled Services
Mar-05	IT Infrastructure Management
Apr-05	Life Cycle Management Solutions
May-05	System and Process Assurance
Jun-05	IT Infrastructure in Banks

Apart from the Thematic and Contemporaneous coverage, other salient features covered in the newsletter are Interview with leaders in government, Business, Technology Institutions.

5.12.3 ISA Course Syllabus & Materials Review :

The Committee is revising the Syllabus & Materials for the ISA post qualification course to organise the ISA Professional Training batches from the 3rd Quarter of 2005 with the revised course structure and materials.

5.12.4 Online Test Practice Tests (OLPT) and Researched Online Study Material (ROSM) - Twin Services on e-learning mode:

The Committee provides the ISA COM online facility on 24/7/365 basis for the benefit of members spread out throughout the country. This facility provides two services - Online Practice Test (OLPT) & Researched Online Study Materials (ROSM). OLPT facility enables members to assess their level of knowledge and get exposure to the type and level of questions being asked in the ISA ET & AT examinations. The ROSM facility not only checks the level of understanding of ISA Candidates, but also provides one page review material on the topic to better understand key concepts. Access to this service is through the ISA Portal at www.isaicai.org for specified period.

5.12.5 CAAT Course

The Computer Accounting & Auditing (CAAT) Course organized by the Institute provides hands-on training on use of computers. The following table provides course registration and completion status for the period under review:

Particulars	Registration	Batches	Completed
As on 31.3.2004	1,450	51	--
As on 31.3.2005	2,558	70	1,516
Between 1.4.2005 and 30.6.2005	187	3	31
Status as on 30.6.2005	2,745	73	1,547

5.12.6 ISA Course for Members of The Institute of Chartered Accountants of Sri Lanka

As an important international initiative, ICAI has signed an MOU to offer ISA Course for the benefit of members of The Institute of Chartered Accountants of Sri Lanka (ICASL). Two batches of ISA Course were organized in the year 2003, Third batch in 2004, Fourth in 2005 and Fifth batch is scheduled from August, 2005. As a part of the MOU, the ICAI is extending course support for important components like professional training by faculties, course materials, Eligibility Test and Final Assessment Test. The course has been very well received leading to repeat batches.

5.12.7 ISA Awareness building program for members of the ICAN

As another important international initiative, the ICAI has organized an awareness building program on Information System Audit for the benefit of members of the ICAN on June 17-18, 2005.

5.12.8 Proof of Concept Laboratory (POCL)/ Centres of Excellence in Information Technology (CEIT) :

The pilot Proof of Concept Laboratory/ Centre of Excellence in Information Technology at Chennai is now operational to provide practical technology exposure to members by providing hands-on workshops on key areas. Workshops on IS Audit of Banks and use of CAAT tools are being organized every month for the benefit of members.

5.12.9 Conferences/ Seminars/ Workshops to provide Practical Training

The Committee has started organizing Conferences and Practical workshops on high topics. Conferences were organized at Kolkata, Mumbai, Pune and Delhi during the year. Also, practical workshops on IS Audit of Banks, use of CAAT Tools, using Excel as an Audit Tool, Network Security Audit have been organized at Faridabad, Delhi and Chennai.

5.13 Public Relations Activities Undertaken

5.13.1 A proactive strategy was continued to be pursued so as to put forward the Institute's viewpoints, building upon the brand equity of the profession, strength of accounting profession in India and Institute's perspective on contemporary issues as also to address the concerns about the profession as indicated herein: -

- Public Relations Committee continued to provide thrust to the PR activities of the Institute.
- Press interaction including with electronic media, at the Head office, Regional offices and various other cities in the country on the initiatives taken/proposed to be taken, policies and programmes and also for responding to the issues concerning the profession were organised. This included one to one meeting of the President with the leading journalists and TV Channels, on issues which confronted the profession.
- Focused interaction with key journalists, press and electronic media, parliamentarians, Government officials, Regulators explaining the view point and initiatives being taken by the Institute on the issues related to the profession nationally and internationally has been pursued.
- Emphasis on contemporary issues in public debate concerning the profession, in the programmes organised by the Institute, its Regional offices and Branches with a view to develop communication link between the Institute and members for their feedback has been laid.
- Promoting CA Curriculum through structured articles as well as interactive meetings with the press in national as well as regional news papers and TV Channels.
- Building a press database for ensuring wide disbursal of Institute's news throughout the country.
- Providing logistic support to the Committees constituted by the Government of India, under the Ministry of Company Affairs.
- Programmes on 'Consulting – Finding the Edge' were organized at Delhi, Kolkata and Ahmedabad to help the members in preparing technical and financial bids for consultancy assignments in a more effective manner.
- Programme on 'How to write effective Press releases' was organized for the officers of the Institute.
- ICAI Patrika being published quarterly to inform and disseminate the important developments at the Institute level.
- Proactive initiative for development of professional opportunities for members, creation of a positive image of the profession, highlighting the career prospects for CA students as also Services rendered by the Chartered Accountants through Advertisements in leading newspapers and magazines including Khaleej Times of Dubai.
- Strengthening the quality of response to the members and students, in the Institute's offices and through the internet, strengthening the grievance handling mechanism, and communication through the journals and student's news letter for improving the quality of services given a focused attention.
- Image building of the Institute both professionally and socially and Creation of general awareness through series of episodes on TV Spots is on anvil.
- Brochures on the Profile of the Institute and on Services rendered by Chartered Accountants will also be brought out shortly.
- The PR Committee has also proposed for holding Annual Convocation for chartered accountants.

- An Archive of the Institute is also on anvil.
- The Website of the Institute given a face-lift and made more informative and user friendly. Video clippings of important events are also being hosted on the website. .
- Meetings with Chief Ministers and Finance Ministers of various states.
- Meeting with Secretaries of various Government Departments of Govt. of India and other State Governments.
- Council Members, as allowed by the Council, have been giving statements to the Press subject to certain conditions.
- Terms of Reference of the PR Committee have been amended so as to include promotion of social causes/image of the profession and the Institute.
- PR Policy of the Institute is being finalized by the PR Committee.
- Coinciding with the occasion the PR Committee also felicitated Hon'ble Shri K. Rehman Khan on his being elevated to the coveted constitutional post of Deputy Chairman, Rajya Sabha, Shri M.K. Garg, CMD of United Insurance Co. Ltd.; Shri M. Ramadoss, CMD of the Oriental Insurance Co. Ltd; Shri B. Sambamurthy, Executive Director of Indian Bank; Shri S.V. Narasimhan, Managing Director, Chennai Petroleum Corpn. Ltd; Shri G. Krishna Murthy, Chairman & CEO, Bharat Overseas Bank Ltd the brand ambassadors of the profession who have made it to the top echelons in insurance, banking and public sector companies were felicitated.
- National Seminar on Emerging Professional Opportunities in the WTO Regime on May 14, 2005 at Hyderabad. The programme was inaugurated by Mr. C. Ramachandraiah Member of Parliament and Mr. Konijeti Rosaiah, Minister of Finance, Government of Andhra Pradesh presided over the Seminar.

5.13.2 Media Events

- Union Ministry of Home Affairs (MHA) and the ICAI organized a joint seminar on Foreign Contribution Regulation Act, 1976 (FCRA) at New Delhi on 24-25th June, 2005 which was inaugurated by Hon'ble Union Home Minister Shri Shivraj Patil and Hon'ble Shri Sri Prakash Jaiswal, Minister of State for Home Affairs was the Guest of Honour at the inaugural session. The valedictory address was delivered by Hon'ble Union Finance Minister Shri P. Chidambaram. Union Home Secretary, Shri V.K. Duggal also addressed the seminar.
- Seminar on "Current Issues of Professional Relevance" jointly organised by Public Relations Committee and Insurance Committee at Chennai on June 25, 2005. The Seminar was inaugurated by Hon'ble Shri K. Rehman Khan, Dy. Chairman, Rajya Sabha.
- Interactive Workshop on Simplification of Procedural Aspects under the Companies Act 1956 organised by ICAI under the aegis of the Union Ministry of Company Affairs on 16th June 2005 at New Delhi. Hon'ble Shri Prem Chand Gupta, Union Minister of Company Affairs inaugurated the Workshop and Secretary, Ministry of Company Affairs Smt. Komal Anand delivered the Valedictory address.
- Presentation of Model Audit Report for State Level VAT prepared by the ICAI to Shri Ramesh Chandra, Member Secretary to the Empowered Committee of the State Finance Ministers on May 4, 2005 at New Delhi
- Hon'ble Dr. Asim Kr. Dasgupta, Chairman of the Empowered Committee of State Finance Ministers on VAT dedicated Guidance Note on Accounting for State-level Value Added Tax brought out by ICAI, to the Nation on April 15, 2005.

- Foundation stone laying of ICAI University at Jaipur by the Rajasthan Chief Minister Ms. Vasundhara Raje on February 3, 2005
- Celebration of the Chartered Accountants' Day on 1st July 2005 which was inaugurated by Shri H.R. Bhardwaj, Hon'ble Minister of Law & Justice. The function was also graced by Shri K. Rehman Khan, Dy. Chairman, Rajya Sabha, Hon'ble Shri Suresh Prabhu, MP and former Minister of Power and Hon'ble Shri C. Ramachandraiah, MP.
- Organisation of the 55th Annual Function of the ICAI held on February 4, 2005 which was inaugurated by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry.
- Launch of new Post Qualification Course on International Trade Laws & WTO by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry at the Conference on "New Challenges New Solutions in IT & WTO Era", at New Delhi in November 2004.
- ICAI and FICCI joint National Conclave on Corporate Laws, Disclosure Requirements and the Changing Face of Schedule VI on 8th July 2005 at New Delhi. Hon'ble Shri Prem Chand Gupta, Minister of State for Company Affairs (Independent Charge) was the Chief Guest.
- The Institute organised a function for presentation of the 'ICAI Awards for Excellence in Financial Reporting' for the year 2003-04. His Excellency Lt. Gen (Retd) S.K. Sinha, PVSM, Governor of Jammu & Kashmir and Hon'ble Shri Prem Chand Gupta, Union Minister of Company Affairs who was the Guest of Honour gave the Awards to the representatives of the organizations declared to be the winners.
- The Institute was able to make a humble collection of Rs 42.50 lakhs for contribution to the Prime Minister's Relief Fund for rehabilitation of the Tsunami victims in India. Cheque for the amount was presented by Shri Kamlesh S. Vikamsey,

President of the Institute to the Hon'ble Minister of Company Affairs Shri Prem Chand Gupta. Smt Komal Anand, Secretary, Ministry of Company Affairs and Shri Jitesh Khosla, Joint Secretary, Ministry of Company Affairs were also present on the occasion.

- National Workshop on Business Process Outsourcing focusing on Opportunities for Chartered Accountants on 24th November 2004 at New Delhi.
- Providing PR support for the programmes organised by the regional councils and the branches.

5.13.3 *International*

- Visit of Mr. Graham Ward, President, International Federation of Accountants (IFAC) and Mr. Ian Ball, Chief Executive IFAC to India from February 16-18, 2005.
- Meeting of the IFAC Public Sector Committee was hosted by the Institute from 1st to 4th November 2004 at New Delhi. Coinciding the meeting, a seminar on 'Enhancing Accountability and Good Governance in the Public Sector' was also organized which witnessed participation of about 45 foreign delegates from about 15 countries.
- ICAI and ICASL joint international conference on 'Emerging Global Opportunities' held on 24th-25th September 2004 in Kerala.
- On the occasion of 19th SAARC Charter Day on December 8, 2004 the Institute organised a debate on 'Communication Skills: Cutting Edge for CA Profession'. Mr. V. Ashok, Joint Secretary, SAARC, Ministry of External Affairs was the Chief Guest on the occasion.
- A delegation of the Institute of Chartered Accountants of Nepal (ICAN) led by Mr Pushpa Lall Shrestha, President ICAN visited India for a two-day round of discussion with the ICAI and mapped out the time bound

action plan for implementation of the MoUs signed between the two Institutes.

- Visit of delegation of State Audit Institution of Oman to New Delhi on June 4, 2005.
- Visit of Mutual Evaluation Team of Asia Pacific Group on Money Laundering to the Institute at New Delhi on March 21, 2005 led by Mr. Rick McDonell, Head APG Secretariat, Australia
- International Conference on 'eChallenges & Focus 2005' being organized by the Dubai Chapter of ICAI on March 17 – 18, 2005 at Dubai.

5.14 Trade Laws and WTO

The Committee on Trade Laws and WTO had been established with the mission to establish and assure the expertise and authority of the ICAI in all matters concerning Laws of Trade including Trade in Goods and Services in particular, and the implementation of international trade regimes including the WTO regime in general, both nationally and internationally and to create and expand a base of expertise in these matters among the membership of the ICAI through such ways and means as are considered to be most effective so as to fulfill national stated and unstated aspirations, concerns, and needs in all these regards.

Moving ahead with its mission during the period under Report, the Committee continued to strive for capacity building of members in the rapidly changing world trade scenario in order to technically equip the members of the Institute to face the challenges and derive advantages to broaden the scope of their expertise in the new world trading regime and to contribute towards the economic development of India.

5.14.1 Launch of Post Qualification Course in International Trade Laws and World Trade Organisation

The year proved to be a landmark one in the annals of the Committee with the launch of much-awaited Post Qualification Course in International Trade Laws and World Trade Organisation with the following underlying objectives: -

- To expand the Horizon of services of members of ICAI;
- To enable the members to gain visible evidence of specialisation in complex areas of International trading laws and agreements;
- To enable capacity building of members to offer premium services in emerging areas of international trading regime;
- To leverage opportunities in the evolving areas for developing dedicated practice in the field.

With the objective of creating a base of expertise amongst the membership capable of understanding and applying the multifarious National and International trade laws and agreements in the new world trade order, the Course was launched by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry, Government of India on November 5, 2004 at New Delhi. Being a specialised Course designed to equip members of Institute to take advantage of the space created in the new world trade milieu, the Course has received encouraging response from the members spread across the entire country. Since the launch of the Course a total of 139 members had been registered for the first batch. Till 30/07/05, a total of 150 members have taken registration in the Course.

The underlying objectives of the Course were sought to be achieved by: -

- Release of the Prospectus for International Trade Laws & WTO course, highlighting its significance in strengthening the professional abilities of members in fast changing world trading environment;
- Release of comprehensive Study material for all the Papers of the Course by involving best of subject experts, from within the

country and outside, to help the members gain an insight into the complex topics;

- Recommending a list of suggested national and international readings that give readers additional information and details of the specific topics/subjects;
- Conducting Personal Contact Programme for enabling the candidates to have insights into the practical aspects and technicalities of the international trading laws and agreements that operate under the aegis of the WTO.

5.14.2 Successful Completion of the 1st Phase of the Personal Contact Programme (PCP) under the Course

The 1st phase of Personal contact programme for the Post Qualification Course in International Trade Laws & WTO was successfully organised at New Delhi and simultaneously at Mumbai, Chennai, Kolkata and Kanpur through Video-Conferencing from 1st to 14th of July 2005. The programme was unique in the sense that for the first time the 14-days long program of the ICAI was also attended by Candidates sitting at specified centers in Mumbai, Chennai, Kolkata and Kanpur all being connected with Delhi through Video-Conferencing technology. The programme was interactive whereby all the members attending the Programme from such locations were able to actively participate and interact in the programme. Eminent faculty and senior Government officials in Ministry of Commerce, Ministry of Textiles, Ministry of Agriculture, Permanent Mission of India for WTO at Geneva, Export Inspection Council of India, faculty from Jawaharlal Nehru University, Delhi University, Indian Institute of Foreign Trade, people from trade and industry, professionals and other research based organizations in the field of WTO gave presentations and delivered lectures during the PCPs and was very well received by the participants.

5.14.3 'The WTO Pathfinder – A Technical Update on WTO Matters'

During the period under Report, three issues of the 'The WTO Pathfinder– A Technical Update on WTO Matters' were brought out one each in August 2004, December 2004 and April 2005. The publication being an awakening campaign material continued to carry useful technical updates on WTO for the benefit of members and other stakeholders. Some of the important topics dealt with in these issues are as follows:

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- July Framework Agreement of WTO - How Far Have We Moved Ahead
- Trade Policy Review: An Overview of the Mechanism and the Recent Review(s)
- Textiles & Clothing: Future from 2005
- India's Foreign Trade Policy (2004-09)
- General Agreement on Trade in Services: Basic Elements, Negotiations in Accountancy Services
- Moving ahead: from Process to Product Patent Regime
- China's WTO compliance
- Competition Law & Policy – An Understanding
- WTO News

5.14.4 Seminars/Conferences/ Awareness Programmes

- During the period under Report, the Committee on Trade Laws & WTO organised a National Seminar on "Emerging Professional Opportunities in the WTO Regime" on 14th May, 2005 at Hyderabad, hosted by Hyderabad Branch of SIRC. The Seminar was inaugurated by Hon'ble Shri C. Ramachandraiah, Member of Parliament, and a Member of the Profession and was Presided over by Shri Rosaiah Konejeti, Hon'ble Minister for Finance, Government of Andhra Pradesh. The Programme was also attended by Dr. Mohan Kanda, IAS, Chief Secretary, Government of Andhra Pradesh. A Key Note Address on the theme

'Emerging Professional Opportunities in the WTO Regime with special reference to Competition Law and Policy' was delivered by Shri Vinod K. Dhall, IAS, Member, Administration, Competition Commission of India. During Technical Sessions Dr. S. Chakravarthy, (IAS Retd.), Former Member MRTD Commission and Former Special Chief Secretary, Government of Andhra Pradesh, Shri R. Gopalan, IAS, Joint Secretary, Ministry of Commerce, Government of India and Shri R.K. Gupta, IRS, Joint Secretary, Ministry of Finance, Government of India Chaired the Technical Sessions on Competition Law & Policy – Opportunities for Accounting Professionals, Export of Services – An Acknowledged Opportunity and Cross Border Transactions – Issues and Emerging Opportunities for Accounting Professionals respectively. The program also included a Special Address on Emerging Role of Accounting Professionals in VAT Regime by Shri V. Bhaskar, IAS, Commissioner of Commercial Taxes, Hyderabad. The Seminar, which was well attended by members, received wide media coverage.

- A National Conference on 'New Challenges New Solutions in IT & WTO Era' from November 4-6, 2004 was organised by the Committee on Trade Laws and WTO at New Delhi jointly with the Committee on Information Technology and NIRC of ICAI. During the Special Session of the Conference Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry launched the Post Qualification Course in International Trade Laws and WTO. Shri R. Gopalan, Joint Secretary, Ministry of Commerce chaired the Technical Session on Realities of Liberalisation of Trade in Services, and the Technical Session on Emerging Professional Opportunities in the WTO Regime was chaired by Shri T. K. Viswanathan, Secretary, Legislative Department, Ministry of Law & Justice, Government of India. The Conference was well attended by a large number of officials from the Ministry of Commerce, Ministry of Law & Justice, Ministry of Small Scale

Industries etc., members, media and others. The Conference had issues and themes right from identifying potential, introspecting ourselves and the need to realigning our professional competence to meet the demands of the industry.

- Awareness Programmes on 'Imperatives of WTO Regime and Accountancy Sector - Challenges and Opportunities' were organised at Hyderabad with Hyderabad Branch of SIRC of ICAI on September 25, 2004, at Jalandhar with Jalandhar Branch of NIRC of ICAI on October 4, 2004, and at Kolkata with EIRC of ICAI on June 17, 2005. A comprehensive Background Material on 'Basics of WTO and Impact & Opportunities for Chartered Accountants in the WTO Regime' was also brought out for the purpose.

5.14.5 Knowledge Sharing

The Knowledge sharing page developed by the Committee and displayed at the website of the ICAI under the link "KM" (knowledge management) continued to provide useful and relevant information on the basic understanding of WTO. The page intends to keep the members abreast of latest development in the ever-changing global trading environment.

5.14.6 Memorandum of Understanding between ICAI and IIFT

A Memorandum of Understanding between the ICAI and the Indian Institute of Foreign Trade (IIFT) is proposed to be entered into for technical collaboration in the field of WTO, particularly in relation to Post Qualification Course in International Trade Laws and WTO. The proposed MOU aims at: -

- Sharing of faculty as resource persons;
- Support by the Indian Institute of Foreign Trade towards the organization of Personal Contact Programmes for Post Qualification Course in International Trade Laws and World Trade Organisation;

- Sharing of library and other infrastructure of IIFT to ICAI members registered for the Post Qualification Course in International Trade Laws and World Trade Organisation;
- Exchange of technical and other documents related to the development of knowledge base in the area of International Trade Laws and WTO;
- Bringing out Joint research and studies in areas of WTO resulting in joint publications;
- Organisation of Joint seminars, workshops on topics of contemporary interest on mutual cost sharing basis; and
- Exchange of technical know how and expertise to facilitate transfer of knowledge and expertise.

5.14.7 Assessment of Initial Offers under GATS

The Committee has been making an assessment of the Initial Offers under current GATS negotiations, in so far as sector specific/horizontal limitations have been inscribed, by various WTO Member Countries in the areas of services which a Chartered Accountant can render such as accounting, auditing, book keeping, taxation, computer related services to include the software, data processing and data base services, management consultancy, legal and financial services for bringing out a Research Study to suggest possible strategies for deriving comparative advantages there from.

5.15 Committee on Insurance

- The Committee launched the Post Qualification Course in Insurance and Risk Management (DIRM) for the benefit of members of ICAI in April 2003. The subjects cover the elaboration, inter alia, of the principles and practice of life and general insurance, insurance accounting and management, regulatory framework, asset and liability management, solvency margin, technical aspects related to various general and life insurance products, risk management measures, reinsurance,

application of information technology tools in the management of insurance business and controls and the strategies on product formulation and ancillary areas. The Course has been framed with the vision to equip the members with the insurance industry-specific knowledge.

- The Committee organized a National Conclave on Insurance on 6th November, 2004, at Hyderabad. The Chairman, IRDA was the Chief Guest.
- An All India Conference on Current Issues of Professional Relevance was organized jointly by the Committee on Insurance and PR Committee on 25th June, 2005. The Conference was inaugurated by Hon'ble Deputy Chairman of Rajya Sabha, Shri K. Rahman Khan. Topics on Insurance, Banking, Taxation, Service Tax, Fringe Benefit Tax, Banking Cash Transaction Tax, Drafting of Documents for Real Estate and IT & BPO were discussed at the Conference. Eminent Speakers addressed the various Sessions. The Conference was attended by 800 participants.
- The Committee maintained close liaison with the IRDA on issues concerning the industry and the ICAI.
- The Course, being an industry-specific specialization, has received tremendous response in terms of registration. Till 30th June, 2005, 2566 Members have been enrolled for the Course. The region-wise break-up of the candidates is as follows:

Region	As on 31st March, 2005	As on 30th June, 2005
Western	443	463
Southern	974	983
Central	454	469
Eastern	279	286
Northern	360	365
Total	2510	2566

- The Second Technical Examination was held between 5th & 9th Nov. 2004 and 266 candidates appeared for the same. 73

candidates were declared successful at the second Technical Examination. The third Technical Examination was held between 6th & 10th May, 2005.

- Orientation Course for candidates declared successful at the Technical Examination held in May & November, 2004 organized at various places. The total number of participants was 45 & 95 respectively.
- Knowledge Portal launched on Institute's website www.icai.org continues to be maintained. It contains News Section, Contemporary Quotient, Course Information/Announcements and Press Room. It is beneficial for members in practice & service associated with insurance sector and also for members pursuing IRM Course.
- Technical Guide on Inspection of Investment Function of Insurance Companies issued.
- Course Material has been revised.

6. INTERNATIONAL INITIATIVES

During the year, the Committee carried on the process of evaluation of the Institute's qualification by overseas accounting bodies for the purpose of allowance of exemptions to the Institute's members from examination and training forming part of the overseas bodies' qualification. Being a long drawn process involving the evaluation of qualification, training, continuing professional education and disciplinary requirements as also having regard to the current state of negotiations under GATS involving domestic sensitivities, the results of the process are slow; yet at the same time the Institute is continuing its efforts for early culmination of the process.

The prominent role played by the Institute is evidenced in form of nomination it enjoys in the governing boards of international accounting bodies namely the International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA) and South Asian

Federation of Accountants (SAFA) in addition to their various functional committees. The Institute's representative currently holds the office of Vice-President of SAFA. In addition to the governing boards, the Institute is represented on :

Committees of IFAC :

- Education Committee,
- Small and Medium Practitioners Permanent Task Force,
- Developing Nations Permanent Task Force,
- International Public Sector Accounting Standards Board
- Professional Accountants in Business Committee

Strategic Committee of CAPA

SAFA

- Centres of Excellence on Education, Training & CPD
- Centres of Excellence on Standards and Quality Control
- Centres of Excellence on Ethics and Independence of Auditors
- Centres of Excellence on Best Presented Accounts Award & Best Corporate Governance Award
- Working Group to Recommend upon Way Forward for Restructuring of SAFA
- Working Group on Accrual Accounting in South Asian Region
- Working Group on Best Corporate Governance Practices in South Asian Region
- Working Group on Networking of Firms
- Task Force on Study of Cost Indices of major Products in SAARC Countries
- As Advisor (uptil December 2004)
- As Permanent Secretary

The Institute hosted the 20th Anniversary Conference on "Integrated Financial Markets in the SAARC Region" of the South Asian

Federation of Accountants (SAFA) on August 27-28, 2004. Regulators such as the Securities and Exchange Board of India, Securities and Exchange Commission of Pakistan, Securities and Exchange Commission of Sri Lanka and the Securities Board of Nepal presented respective viewpoint on the theme.

The Institute also hosted the meetings of SAFA Assembly, Advisory Body comprising of Past Presidents, Task Force on Study of Cost Index of Major Products in SAARC Region and heads of member bodies on research initiatives of the member bodies on August 26 - 27, 2004 at New Delhi.

A joint conference on "Enhancing Accountability and Good Governance in the Public Sector" was organised with the Public Sector Committee of the International Federation of Accountants (IFAC) on November 1, 2004 at New Delhi.

- The Institute also hosted the meeting of the Public Sector Committee of IFAC on November 2 - 4, 2004 at New Delhi.
- The Institute organised a study tour to China to undertake a study of its capital market regulations, banking and insurance industry, stock market mechanism, university education system etc. and interaction with the respective Chinese authorities. The tour was organised from November 23, 2004 to December 3, 2004.
- A seminar on the theme of 'Redefining the Accounting Profession' was organised under the auspices of the State Audit Institution, Sultanate of Oman on November 25 - 26, 2004 at Muscat, Oman.

Twenty six students from the chartered accountancy member bodies from Bangladesh, Nepal, Pakistan and Sri Lanka participated in the 17th All India ICA India Students Conference organised on December 25 - 26, 2004 at Nagpur, India.

- An exchange programme for the Indian chartered accountancy students enabling their orientation towards the professional environment in other South Asian countries was organised with the Institute of Chartered Accountants of Pakistan (ICAP) during January 2005.
- A Conference on the Role of the Profession in Developing Economies was organised by the Institute at Abu Dhabi on January 9 - 10, 2005.
- A joint conference was also organised with ICA of Pakistan on the theme Accounting Profession: New Horizons at Lahore, Pakistan on January 14 - 15, 2005.
- The Indonesia Chapter of the Institute with its objective to organize professional development and learning activities held a seminar on January 30, 2005.
- A joint conference with the Institute of Chartered Accountants of Nepal was organised on the theme 'Professional Accountants: Looking Beyond Frontier' at Kathmandu, Nepal on January 30 - 31, 2005.

At the invitation of the Institute, Mr. Graham Ward, President, International Federation of Accountants (IFAC) and Mr. Ian Ball, Chief Executive IFAC were in India from February 16-18, 2005. Their visit coincided with the multifaceted discussions with Government, Regulators, CFOs, members of the profession and media to have the mutual sharing of Indian perspective and make the Indian Government and Regulators empathize with the emerging developments globally and steps taken by IFAC. During their three-day visit, they met Hon'ble Commerce and Industry Minister, the Hon'ble Minister of State for Company Affairs (Independent Charge), the Reserve Bank of India Governor, the Comptroller and Auditor General of India and officials of Securities & Exchange Board of India. President, IFAC asserted that IFAC was in full favour of

unhindered movement of accounting professional and was also working with leading World bodies like the World Bank and other regulators to establish best practices in the accountancy profession. IFAC President advocated for a greater role of the accountancy profession in India in the international arena. Coinciding with the visit, a conference 'Changing Paradigm in Accounting Profession' was organised at Mumbai on February 18, 2005.

A high-level team of evaluators of the Asia / Pacific Group (APG) on Money Laundering, a regional body responsible for implementation and assessment of the international standards to contain money laundering and financing of terrorism in member jurisdictions, visited the ICAI on March 21, 2005.

- An international Conference on 'E-Challenges & Focus 2005' was organised on March 17 – 18, 2005 by the Institute's Chapter at Dubai.
- Dubai chapter of the Institute organised a technical Seminar on May 29, 2005, on the recent developments in the financial reporting standards and their implications and in the field of Financial Management.
- The Institute entered into a Memorandum of Understanding with the Institute of Chartered Accountants of Nepal on July 18, 2004 at Kathmandu, Nepal focusing *inter alia* on the provision of technical support for the establishment and implementation of accounting and auditing & assurance standards, guidance notes, code of ethics etc, for members of the Nepalese Institute formulation of Continuing Professional Education mechanism, designing and development of study material and training system for ICAN students, suggesting measures for promotion and support of research activities and joint conferences between the two bodies.

- A delegation of the Institute of Chartered Accountants of Nepal comprising its President and Executive Director visited the Institute on December 6 - 7, 2004 to discuss the modalities and finalisation of action plan in respect of assistance to ICA of Nepal by the Institute.
- President, Vice President and a Council Member of ICA of Nepal visited the Institute from May 2 – 5, 2005 and held wide ranging discussions on rendering of assistance by the Institute to ICA of Nepal in areas of Peer Review, conduct of ISA Course, revision of syllabi and Continuing Professional Education.
- The Institute has committed its support to ICA Nepal *inter alia* in the introduction of Peer Review framework and Post Qualification Course in Information System Audit for the ICA Nepal membership and has conducted an awareness program on Peer Review System and Information Systems Audit on June 17-18, 2005 at Kathmandu.
- In furtherance of the process of bilateral cooperation, members of the Institute holding certificate of practice have been permitted to acquire the membership of the ICA of Nepal upon passing their examination in (i) Commercial Laws; (ii) Direct Tax; and (iii) Indirect Tax and practice in Nepal in form of firms only, in which the share of the foreign citizen(s) shall not exceed 51 percent.
- A Memorandum of Understanding was also signed with the Institute of Chartered Accountants of Sri Lanka on July 18, 2004 to support the conduct of the Course on Information and Systems Audit (ISA) for the members of the Sri Lankan Institute providing *inter alia* for the deputation of Institute's officials / faculty members for the conduct of professional training, provision of background material, provision of facility of Research Online Study Material

(ROSM) and online practical tests for candidates, arrangement for the conduct of Assessment Tests for the conduct and administration of the course.

- During a study tour to China organised by the Institute in November 2004, discussions were held with the officials of Chinese Institute of Certified Public Accountants. In order to reinforce the ties of cooperation between the two Institutes, it was agreed to set up a technical desk at each of the Institutes for dedicated handling of queries of members of the two bodies, exchange and render support in development of technical documentation and offer expertise to each other in the areas of examination, peer review, financial report review, continuous professional education, post qualification courses etc. A Memorandum of Discussions between the two Institutes outlining the above decisions is under finalization.
- Negotiations are being held with the Institute of Certified Public Accountants of Singapore (ICPAS) for entering into MRA in Accountancy Sector under the aegis of India – Singapore Comprehensive Economic Co-operation Agreement (CECA).
- The Committee also explored the prospects of supporting the accountancy profession in countries where the profession does not have a constitutional set up.

An approach paper in respect of the Institute's proposal titled 'Technical Cooperation to UAE for Institutionalization of Accountancy Profession and Capacity Building' has been submitted to the office of the Consular General of India in the UAE.

- A delegation from the State Audit Institution, Oman (SAI) led by H. E. Mr. Nasser H. Al-Rawahy, Deputy President, SAI visited the Institute on June 4, 2005

to discuss the role of ICAI in institutionalization of accounting profession in Oman including setting up of its own accounting body. The proposed Memorandum of Understanding (MoU) between SAI and the Institute is geared towards SAI's collaboration with ICAI and setting up of a branch office of the Institute at Muscat, Oman.

- The Institute was represented on the Roundtable on Implementation of International Accounting and Auditing Standards held on October 15, 2004 in Basel, International Auditing and Assurance Standards Board and National Standard Setters meeting held on February 10 - 11, 2005 in London, meeting of Standard Setters in SAFA Region on February 23, 2005 held in Colombo and meeting of the Intergovernmental working group of experts of International Standards of Accounting and Reporting (ISAR) on SMEs.

In the month of May 2005, the Institute launched *ICAI International*, an electronic quarterly communiqué purported for members of the Institute based overseas.

- The Committee has compiled a set of Frequently Asked Questions from the perspective of the Institute's members based in foreign countries. The same have been hosted on the Institute's web-site.
- The Institute opened two new chapters during the year in Nigeria and Port Moresby (Papua New Guinea) expanding the total number of Institute's chapters worldwide to 15.
- The Institute continued to address the issue of promoting mutual recognition arrangements for the Indian profession with other international accountancy bodies and at the same time addressed the domestic concerns as well. The

Institute's communications have highlighted that the Govt.'s offer in accountancy sector be guided by national interest and take into account the concerns of the profession by not diluting the initial offer made for accountancy services. The Institute has pressed on the need for seeking effective commitments/offers and removal of professional and non professional barriers from the major trading partners so that the Indian accounting professionals get an effective access to these countries.

- The Institute continued to participate at the various meetings called by the Ministry of Commerce and Industry, Government of India for presenting its perspective on the ongoing negotiations in the Accountancy Sector.
- The Delegation of the European Commission to India, Bhutan, Maldives, Nepal and Sri Lanka under the EU-India Small Projects Facility Program for the year 2004 had awarded a project to the Institute titled FINANCIAL AND ACCOUNTING REFORMS: CAPACITY BUILDING AND RELATED STRATEGIES.
- Based on the recommendation of the Committee, the Council of the Institute has decided to allow CPE credit to Institute's members for attending the seminars, conferences, etc. organised by the South Asian Federation of Accountants (SAFA) or under the aegis of SAFA by its chartered accountancy member bodies.
- The Institute is also hosting an International Conference on the theme "Accounting Profession: Adding Value to New Horizons of Economic Growth" on September 1 – 2, 2005 at New Delhi.
- The Institute shall host the meetings of SAFA Assembly and its Centres of Excellence and Working Groups from September 1 – 3, 2005 at New Delhi.

- The Institute would be hosting the meetings of the Developing Nations Permanent Task Force of IFAC during the latter half of 2005.
- The Institute has also received in-principle approval of the International Innovation Network (IIN) to host the IIN Conference for 2006 and the meeting of its Coordination Committee in January 2006. IIN is an organisation of accountancy institutes from approximately 20 countries in Europe, Africa, Asia and the Americas representing over one million accountants worldwide.

7. OTHER ACTIVITIES

7.1 Human Resource Development

7.1.1 HRD Training Programme

The ICAI organised training programmes on following areas/subjects to sharpen knowledge & skill and to bring attitudinal changes for providing enhanced and better services to its members & students and also to all concerned :

- Regular Training Programmes/Workshops for Officers and staff of the Institute covering areas like Individual Empowerment, Attitude and Executive Effectiveness, Stress Management, Time Management & Communications.
- Subsequent round of the series on Yoga Therapy
- Specially designed series of Managerial Effectiveness/Executive Development Programmes for middle, senior and top level Executives
- Periodic/continued sessions on sharing of knowledge, experience and identification of areas of concern/priority aiming Secretaries to Non-Standing Committees
- Awareness and Interactive Sessions for New Entrants

- Weekly Workshop Accounting Standards and allied topics
- Periodic Interactive Orientation Courses for Officers
- Periodic Interactive Sessions for Staff at various levels
- Seminar on MIS and its Effectiveness
- Workshop on VAT
- Workshop on Library Services
- Subsequent series of Computer Training

Further HR Initiatives aiming at grievance redressal, timely counselling, enhanced facility management, etc. are as follows :

- Open the month with the grievance seeking and initiation of hardship mitigating process/steps
- Departmental Monday Meetings
- Periodic employee counselling on areas requiring additional/focussed employee attention
- Continued support to lower rung of employees to bring them to mainstream by upgrading performance and delivery levels to the required benchmark

Thus, regular HR training programmes were held spanning more than 2,750 man hours at the headquarter and regional office levels.

7.1.2 Human Resources - Welfare Measures

The ICAI has always recognised that its Human Resources are the most important asset for all its success in past and also strongly believe that this asset may overcome all hurdles for all times to come and place the ICAI as a **Guiding Star**. It continued to provide enhanced Welfare measures for its employees, during the year as well.

7.2 Use of Information Technology in Member's and Student's Services

7.2.1 Virtual Institute

The Council is happy to announce taking the 'Virtual Institute' to the global world. The first task of centralization and integration of members and students on all India basis has been completed. There are some operational problems but the goal is in sight and these problems are expected to be resolved shortly.

The Virtual Institute has a sophisticated Infrastructure and Data Center as the primary delivery center (PDC) of the application. After an exhaustive study Chennai was identified as the location of the PDC and New Delhi as the Disaster Recovery (DR) site. Chennai and New Delhi together with the other regional offices combine to form a Wide Area Network. All regional offices are linked up with Chennai through high bandwidth leased lines. The branches connect to the PDC through a dialup VPN since their usage is intermittent and limited to one or two persons. A 2 mbps pipe between Delhi and Chennai not only supports the daily traffic between the two locations but also takes care of the online synchronization of the DR database at New Delhi.

The data center is a high-end establishment with Oracle 9i database server with Real Application Cluster (RAC) running on Sun Cluster, Citrix application server farm and a web server farm. The DR site hosts a scaled down setup. In the event of a disaster at the PDC, the data is secured and critical operations resuscitated by connecting to the DR site.

The Virtual Institute application, the result of two years of concerted effort, sits atop the entire infrastructure. The application is accessed within the WAN environment through the Citrix thin computing client. Internet users (members and students) access the application through the web server on their browsers.

The progress achieved so far in this project has tied together the operations of all the five regional offices into a unified centralized system. With this all operational functions of the ICAI have been brought onto a common intranet with seamless flow and availability of information. An online Internet channel to the Students and Members by the name 'ICAI e-

seva services to members & students' has been provided on the ICAI website to enable students & members to interact with the Institute. The facility enables members and students to pay fees online using payment gateway.

7.2.2 Communication Backbone:

The Institute has switched over its communication backbone to Reliance network. The Institute has been using Reliance mobile services, data lines by way of Virtual Private Network and Internet services since beginning of this year.

7.2.3 ICAI's Enterprise e-mail server:

The Institute's enterprise e-mail server has been upgraded with robust anti spam/ anti virus controls having features such as personal & global address books, corporate directory, web based calendaring and scheduling, mail policy, and web based administration for unlimited number of users.

7.2.4 Online Multi Purpose Empanelment Form

The IT department of the Institute enabled Professional Development Committee to announce an Online Multi Purpose Empanelment Form. The usual Bank Empanelment Form was expanded in scope and made into a multipurpose empanelment form facilitating the ICAI to respond to various entities' requests for panels from the database created through the responses to the Multipurpose Empanelment Form.

7.2.5 Online access to List of Members

A facility has been provided on the ICAI website for online access to List of Members as on April 1, 2005. The facility enables a search based on either membership number or name. General Public will be in a position to find out whether somebody declaring himself as a Chartered Accountant is a member of the ICAI using this facility.

7.2.6 Online publications sale:

During the year, it was decided to introduce a concept of online selling of Institute publications. Accordingly, a system was developed which enables users to select the publications and pay the price of the publications as well as courier charges online using credit cards. The publications subsequently gets couriered to the user as per the address indicated at the time of making online request on the ICAI site for purchase of publications.

In addition to the above, a facility was introduced to enable members and students to pay their fees online using credit cards and Electronic Clearing System (ECS).

7.2.7 E-regulation

The ICAI is a sub-certifying authority for issuance of digital certificates. ICAI is the 1st Institution to acquire a digital certificate issuing capability as a sub-certifying authority.

As a part of e-regulation, The Institute introduced a facility for Digital Signing of online forms/ data submitted and establish a secured channel for communication between the client machine (i.e. members/ employees) and web server using secured HTTP connection using the digital signatures issued, ICAI sub-certifying authority. To start with, this facility was introduced using digital signatures on e-mails. A system is being introduced wherein students and members will be in position use digital signatures for online signing of all regulatory forms with the ICAI. Additionally for added security and access control the ICAI integrates Digital Certificate based access control mechanism to enable members & students to file online forms. Currently the digital certificates issued by the ICAI enables members to act as e-intermediary with Income Tax department.

7.2.8 ICAI Portal

During the year, a decision was taken to revamp the ICAI website and make it an

interactive portal. Currently the development in this direction is taking place and soon the ICAI website will be made into an interactive portal. The ICAI website was moved from the Internet Service Provider's premises to the ICAI's own premises. A facility for online viewing of library book titles based on author/ keyword search was also introduced.

7.2.9 Intranet

The ICAI intranet facility has been put to effective use. All internal communication of the office happens on intranet. Online complaint register for users for issues relating to Information Technology department as well as Administration department has been introduced on the intranet facilitating the users to track their complaints/ requests. A system for online viewing/ printing of salary slip, income tax statement and personal details has also been implemented on the intranet.

7.3 Audit Committee

The Council of the ICAI constituted the Audit Committee with a view to overseeing its reporting process and disclosure practices in respect of financial information. The focus of the Committee while reviewing the annual financial statements and reports before submission to the Council was primarily on:

- adherence to the Accounting policies and reconciliation etc.
- compliance with Accounting Standards and applicable legal requirements.
- weighing the adequacy of internal control system.
- efficacy of the data security and integrity etc.
- evaluation of financial and risk management policies.

During the year, the Committee while functioning within the ambit of its Terms of Reference, had detailed discussions with both the internal and statutory auditors of ICAI at regular intervals. The Committee reviewed the overall position of ICAI accounts and shared the views and suggestions of the auditors apart

from evaluating the adequacy and effectiveness of the internal control systems including data security, integrity etc. It recommended various measures to ensure uniformity in accounting principles among regional offices and adherence to laid down policies of ICAI.

The Committee felt necessary to hold Central as well as Regional Audit Committee meetings at regular intervals i.e. at least once in every two months with a view to review the position of accounts and audit observations. Accordingly, the Regional Audit Committees also met at periodic intervals to take stock of the situation at respective regional offices and suggested measures for greater and more effective internal controls to enhance operational efficiency. After reviewing the observations of the Regional Audit Committees, the Central Audit Committee recommended its views to the Executive Committee to arrive at a policy decision and for further improvement in overall efficiency which was ultimately accepted by the latter.

The Committee also reviewed the scope of work for internal auditors and made it more comprehensive to cover almost all the major areas of control aspects including, financial and risk management. The Committee also initiated a move towards creation of a database of all internal and statutory auditors of ICAI for effective communication with and free flow of information from them as well as monitoring timely compliance of audit observations and consequently, early finalization of yearly accounts.

7.4 Financial Reporting Review Board

The Financial Reporting Review Board was established in July 2002 with a view to further strengthen the financial reporting framework prevalent in the country and to bring an overall improvement in the quality of attestation services being rendered by the members of the profession. The Board reviews the general-purpose financial statements of the enterprises with a view to determine compliance, *inter alia*, with the accounting standards issued by the ICAI.

The year under report was the first year of effective functioning for the Board. During the year, the Board took-up review of general-purpose financial statements of twenty companies for the financial year 2002–03, selected on a random basis. As per the Operating Procedures of the Board, the preliminary review of these statements was conducted by the Technical Reviewers selected from the panel maintained by the Board. The review reports submitted by the Technical Reviewers were considered by the Financial Reporting Review Group constituted for this purpose. The Board then considered the reports submitted by the Group. The review of these 20 companies has since been completed. Out of twenty cases, the Board has referred six cases to the Secretary of the ICAI for examining the same, in terms of the provisions of the Chartered Accountants Act, 1949. The Board has also referred five cases to the regulatory bodies relevant to the enterprises for appropriate action against the enterprises. (Out of these five cases, four cases are the same that have been referred to the Secretary of the Institute).

After completing the reviews of the above-mentioned twenty companies, the Board has selected 125 companies for review of general-purpose financial statements for the year 2003-2004, on a random basis. For conducting these reviews, the Board has empanelled 80 Technical Reviewers on the panel of reviewers maintained by it and constituted six Financial Reporting Review Groups in different parts of the country. The review of these financial statements has already commenced.

7.5 Committee for Review of Education and Training (CRET)

7.5.1 The goal of accounting education and practical experience is to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. The profession needs to ensure that individuals who become professional accountants achieve an agreed level of competence, which is then

maintained. The means by which individuals develop and maintain competence is through education and practical experience, followed by continuing professional development.

7.5.2 ICAI has been making continuous efforts to strengthen Education and Training of the students as it considers them the backbone of the profession. As a matter of policy, the ICAI has been conducting periodic review of the Education and Training. The present scheme of Education and Training in force from October 2001 is based largely on the recommendations of the Review Committee (1998). With view to meeting challenges posed by information revolution, economic reforms and globalisation combined with international developments, the Council of the Institute constituted the High Powered Committee on Review of Education and Training in May, 2003 with the following terms of reference:

- To review the existing system of education and training for membership of the Institute in order to determine and ensure its relevance and adequacy in the context of the changing environment and demands on the profession.
- To consider and adopt appropriate measures to ensure that the system meets the benchmarks and other prescriptions embodied in the International Education Standards, with reference to Pre-qualification as well as Post-qualification developed by International bodies such as the Education Committee of the International Federation of Accountants.
- To review the existing curriculum in order to consider and adopt appropriate changes in the contents of Professional Education Programs for students.
- To consider and adopt measures to gain increasing international recognition, acceptance and application of our education and training process and Mutual Recognition Agreements.
- To consider issues concerning Continuing Professional Education and Development for

Members (including Post-membership examination).

- To consider such other matters arising from the foregoing as the Committee may determine.

7.5.3 The Committee adopted a comprehensive approach to appraise the present system of education and training in terms of its strengths and weaknesses and determination of competency profile in terms of users' needs before formulating any scheme of education and training including design and analysis of questionnaires, commissioning of separate study groups, inviting view from the general public, etc.

7.5.4 The Council of the Institute at its 252nd meeting held in July, 2005 approved Report of the Committee for Review of Education and Training. As per recommendations, the proposed overall scheme of pre-qualification education and training leading to the membership of the ICAI be as under:

- Enroll with the Board of Studies for the Common Proficiency Test (CPT) after passing Class X examination (or its equivalent) or thereafter;
- Taking the Common Proficiency Test after appearing in 10+2 examination (or its equivalent) or thereafter provided there is a gap of at least three calendar months between the enrolment for CPT and appearance at CPT; and passing both;
- Register for practical training and enroll with Board of Studies after passing CPT and 10+2 (or its equivalent) for undergoing theoretical instruction for Professional Competence Course (PCC) and practical training simultaneously;
- Undergoing integrated theoretical instruction and practical training for a period of three and a half years while pursuing Professional Competence Course and Final Course;

- Undergoing compulsory Information Technology Training (ITT) of minimum of 100 hours (or as decided by the Council from time to time including modalities thereof) which may commence immediately after appearing at CPT examination or during practical training relevant to professional subjects included in the chartered accountancy course (to be decided by the Board of Studies from time to time in consultation with the Council) to be eligible to appear for the Professional Competence Examination;
- Passing the Professional Competence Examination after 18 months of commencement of practical training;
- Undergoing General Management and Communication Skills Course of minimum 100 hours (or as decided by the Council from time to time as to duration and modalities thereof) after passing the Professional Competence Examination but before enrolment as a member of the Institute.
- Passing Final Examination conducted by the Institute held either during the last six months of the practical training or thereafter, provided there is minimum one examination gap between the Professional Competence Examination and Final Examination, if such Final Examination is taken up during the practical training.

7.5.5 It is proposed to increase the Practical Training from existing three years to three and half years to ensure that effective three years Practical Training (net of leave period) is imparted in harmony with the International Standards. The thrust on Information Technology Training and General Management Communication Skills course also intends to produce a well-rounded professional. With the introduction of the new scheme, the total duration of time in becoming a CA shall be around four years as against the five years and three months as at present.

7.5.6 In the era of Communication and Information Technology, the Council has recommended extensive use of e-learning facility in imparting theoretical education. The proposed restructuring of subjects is also likely to see emphasis on Business Ethics, Information Technology apart from traditional core areas like accounting including management accounting, auditing, taxation including indirect taxation and financial management. Assessment methods are also likely to undergo radical change because there will be dominant emphasis on multiple-choice type questions at CPT stage while case-study method would be the main focus of Final Examination. It is proposed that no restriction of attempts be imposed on all three examinations, namely, Common Proficiency Test (CPT), Professional Competence Examination (PCE) and Final Examination.

7.5.7 The modalities of the overall scheme as finalized by the Council of the Institute are being fine-tuned and, consequently, the proposed amendments in the Chartered Accountants' Regulations, 1988 shall be forwarded to the MCA. Keeping this in view, the new scheme may come into force in 2006.

7.6 Committee on Internal Audit

7.6.1 Mission

The Committee on Internal Audit was constituted as a Non-Standing Committee of the ICAI on 5th February 2005 to reinforce the primacy of the ICAI as a promoter, source and purveyor of knowledge relating to internal audit and other aspects related to it in the Society so as to enable its members to provide more effective and efficient value added services relating to this field to the Industry and others and help the latter to systematic and strengthen their governance process by systematising and strengthening their control and risk management process.

7.6.2 Objective

The objective of the Committee is to review the existing Internal Audit Practices in India and to develop Standards on Internal Audit (SIAs), to

develop Guidance Notes and Issue Clarifications on the issue arising from SIAs, so that these may be issued under the authority of the Council of the Institute.

7.6.3 Preface to the Standards and Guidance Notes on Internal Audit

During the year, the Committee finalised the Preface to the Standards and Guidance Notes on Internal Audit. The Preface is intended to serve as a foundation as well as benchmark to important issues such as the scope and function of the Committee on Internal Audit, defining the term "internal audit", the procedure for formulation of the Standards on Internal Audit, applicability of the Standards and Guidance Notes on Internal Audit, implications of the non-adherence to these Standards and Guidance Notes, disclosures with respect to these Standards and Guidance Notes, effective date of the Standards etc.,

7.6.4 Modular Training Programme on Internal Audit

The Committee also provided technical support in the form of the Background Material for the following programmes of the ICAI:

- Three-day Residential Modular Training Programme on Internal Audit at Kodai canal (jointly with the Committee for Continuing Professional Education).
- Two Day National Conference on Internal Audit at Mumbai (jointly with the Western India Regional Council of the ICAI)

7.6.5 Knowledge Page

During the year, the Committee has widened the coverage of and totally revamped its Knowledge Page. It currently contains such information as Terms of Reference, Constitution of the Committee, Significant Achievements, Preface to the Standards and Guidance Notes on Internal Audit and FAQs.

7.6.6 Projects in Progress

During the year, the Committee has constituted study groups to prepare the drafts of the following proposed Standards on Internal Audit:

- Basic Objectives and Principles Governing an Internal Audit
- Planning an Integral Audit
- Documentation
- Assessment of Internal Controls

7.6.7 Other activities

During the year, the Committee has also approved the following projects:

- Draft Assessment of Internal Controls w.r.t. Clause 49 of the Listing Agreement
- Draft Guidance Note on Internal Audit of Treasury in Banking Industry
- Internal Audit and Corporate Governance
- Importance of Soft Controls against Hard Controls

8. Other Matters

8.1 Annual Function of the ICAI

The 55th Annual Function of the ICAI was held on 4th February, 2005 at New Delhi. Hon'ble Shri Kamal Nath, Union Minister for Commerce & Industry was the Chief Guest. Prizes and medals to the meritorious students in the examinations conducted by the ICAI, shields and certificates of appreciation to the outstanding Regional Council and Branches of the ICAI, were awarded. The Function was attended by a very large number of invitees including senior Government Officers, members, students, officers and staff of the ICAI. The Chief Guest showered flowers of appreciation on the profession of Chartered Accountants.

8.2 Chartered Accountants' Day

In commemoration of the Chartered Accountants Day, a Function was organised on 1st July, 2005 at New Delhi. Hon'ble Shri H.R. Bharadwaj, Union Minister for Law & Justice was the Chief Guest. Hon'ble Shri K. Rahman Khan, FCA, Deputy Chairman, Rajya Sabha, Hon'ble Shri Suresh P. Prabhu, FCA, Member of Parliament and Hon'ble Shri C. Ramachandraiah, FCA, Member of Parliament were the Guests of Honour. Special addresses were delivered by them. Besides the above, the Branches at various places also organised the Function locally in a befitting manner.

In commemoration of the this occasion, all buildings of ICAI at Headquarters, Regional Offices and their Branches were named as 'ICAI Bhawan'.

8.3 Amendments in The Chartered Accountants Act, 1949 and The Chartered Accountants Regulations, 1988

8.3.1 Amendments in The Chartered Accountants Act, 1949

As reported in the last annual report, the Council of the Institute finalised the recommendations of the Working Group on the amendments to the Chartered Accountants Act, 1949 and submitted the same to the Central Government on 3rd August, 2002 for its consideration. Meanwhile, the Central Government came out with The Chartered Accountants (Amendment) Bill, 2003 in December, 2003. The same was placed before the Rajya Sabha by the Central Government which has been subsequently referred to the Parliament Standing Committee on Finance. The ICAI's response to the said Bill had been submitted. It is expected that the amended Act would come in to force any time.

8.3.2 Amendments in the Chartered Accountants Regulations, 1988

(i) During the year, the Central Government accorded its approval in principle to draft amendments in Regulations 25B(2) and 28B(3)

– Admission criteria of the Professional Education (Examination - I) and Professional Education (Examination - II) and Regulation 48(1) for increasing the rates of stipend payable to articled clerks joining training after passing PE-II Examination. The said draft amendments were published in the Gazette of India for inviting objection(s)/suggestion(s) within 45 days time from the respective date(s) on which the said publications were made available to public. On expiry of the specified period, further course of action will be initiated to mitigate the hardship being faced by the students.

8.4 Central Council Library

The Central Council Library provides Books, Journals, Newspapers and Reference facilities to Members, Students and Faculties of different Directorates of the Institute, Secretaries of the different Committees, Nucleus Libraries at Headquarters, Scholars from different Universities and PE-I Course Students. The library is also providing photocopy & Internet Services to the Members, alongwith a list of Articles compiled from various Professional Journals and Newspapers, a list of which is published every month in the Institute's Journal under the title Reference- "Accountant's Browser". Noida office of the Institute and Vishwas Nagar Student Library have also been provided with Library facilities by the Central Council Library. Networking through Delnet, a Network of Libraries in India & abroad is Operational and the Computerization of Library material including Books, Journals, Articles, Members record is available on Library Software. A strong base of more than 11,000 articles including articles from ICAI Journal "Chartered Accountant" is also available in Library Software. Besides above, the library has also acquired PROWESS LAN Version, corporate database of more than 8000 Companies. Grand Zurich Software for Legal Decisions, ITR online, Excus-a Software for Electronic Library for Excise, Customs and Service Tax and Allied Laws is also available alongwith CDs on different subjects in the Central Council Library. Library is providing Web services appearing in

www.icaai.org/libraryservices in Institute's Website such as:- Accountant's Browser, Articles from the Chartered Accountant, Bibliographic details of : Conference/Seminar, CD's available in Library, The Chartered Accountant's Index (Journal of ICAI) , List of Recommended Books for PE-I, PE-II & Final study of ICAI, Library Security Deposit Rules Students/Members, Library News & Views, List of Journals /Newspapers subscribed by the Library, Photographs available in the Library, Recent Additions of Books ,List of SAFA Books, Suggest Books/Journals etc.

Besides above, Library facilities are also provided at the Regional Offices and Branches throughout the Country. Efforts are on to link different Regional Libraries to Central Council Library Database after computerizing these Libraries. Library is also downloading/ acquiring the important Publications from IASB, IFAC, AICPA, ICAE&W, AASB & other International Professional Bodies for the reference of Members & Faculties at Central & Regional Libraries.

8.5 Editorial Board

8.5.1 'The Chartered Accountant', journal of the ICAI is the 'Brand Ambassador' for it. Further, journal is the most visible and recurrent indicator of the ICAI's profile for the members, students as well as external audiences. Continuing with its zealous drive to uplift the ICAI's Brand Ambassador '*The Chartered Accountant*' journal to an international standard, The Editorial Board of the Institute has performed many a remarkable feat this year. Be it content quality, in-depth topical coverage, international standard layout/designing, paper quality, overall look and feel, greater reach or timely delivery of the journal, the Board has scored on all counts.

Having attained a higher level of professional standard, the journal has developed into a far more valuable tool of information and professional knowledge this year, not only for members but also for allied professionals, institutions and a cross-section of the economic world in India and abroad. With ever-widening

reach and readership base, the total circulation the journal stands at more than 1,65,000 today.

8.5.2 During the period under the report, following were the key achievements of the Editorial Board:

(i) Features and Articles:

- During the period from July 2004 to June 2005 in all 1760 pages were printed in comparison of 1400 pages printed during corresponding last year. Further, as many as 202 articles were published during the year under report in contrast to 86 articles published during last year. Articles published were on all topical issues relevant for the members covering Accounting, Audit, Taxation and Law.
- A number of new features and sections including 'Professional Horizons', 'Tech 4 You', 'Career Watch', 'Accounting & Auditing Standards', 'Inside ICAI', 'Interview', and 'Readers Queries' (with incentives for best answers), etc. have been introduced.
- With a view to provide most relevant and focused information the Board has decided to bring out theme issues. The journal was brought out on the following themes:

Budget 2004-05 - July 2004

Corporate Laws - September 2004

Tax Reforms and Finance - October 2004

Risk Management - November 2004

Alternate Dispute Resolution -December
2004

Audit Quality Management - January 2005

Banking and Finance -February 2005

Union Budget 2005-2006 - March 2005

Bank Audit - April 2005

Corporate Governance - May 2005

Value Added Tax - June 2005

(ii) Contributors:

- A host of leading personalities, experts and faculty from the fields of accountancy, trade, commerce, industry, insurance and finance, etc. from India and abroad, have contributed in the journal.
- A standard panel of expert authors from different professional areas has been formed to ensure publication of quality and topical content in the journal. Comprehensive guidelines have also been prepared for the authors in this regard.
- Honorarium for reviewers of the articles has been increased while a new approach of getting the articles reviewed by two reviewers has been adopted to ensure error-free content in the journal.

(iii) Layout, Design and Printing:

- A holistic change in the basic layout, design and overall look and feel of every section of the journal has been approved to give a major facelift to the journal with effect from July 2005 Special Issue.
- A new printing, publication, despatch and delivery arrangement has been entered into for the journal with effect from July 2005 Special Issue on the theme 'Accountancy Profession in Global Perspective' which has been planned to be brought out in new look style of international standard.
- It has been decided to publish the entire journal in '4-colour format', upgrade the paper quality, initiate a comprehensive brand promotion and advertisement generation exercise and to ensure delivery of the journal on 1st of every month under the new printing and publication arrangement.
- The design and feel of the Mast Head of the journal has been upgraded to match international look with effect from October 2004 issue. The 'Spine Printing' module, giving the name/volume number/ price of the journal in the spine of the journal, has been introduced from September 2004 issue. The Cover Page of the journal has

been redesigned to match global standards with effect from February 2005 issue.

(iv) Other Initiatives:

- A complete list of circulars issued by different departments and ministries is being hosted on the ICAI website and the same is being continuously updated month-wise in addition to the publication of Circulars section in the journal with effect from March 2005 issue.
- The reach of the journal has widened with inclusion of the names of all the Members of Parliament, Secretaries to the Government of India, Chief Ministers and Chief Secretaries of all the state governments.

9. MEMBERS

9.1 Membership

During the year ended 31st March, 2005, 8,778 new members were enrolled by the ICAI bringing the total membership to 1,23,546 as on 1st April, 2005.

During the year ended 31st March, 2005, 3,246 associates were admitted as fellows, compared to the figure of 3,459 in the previous year

Total Members as on 1.4.2005

Category of Members	Fellow	Associate	Total of Columns
In Full Time Practice	45,586	21,283	66,869
In Part-time Practice	3,521	7,768	11,289
Not in Practice	6,387	39,001	45,388

9.2 Chartered Accountants' Benevolent Fund

Established in December, 1962, the Chartered Accountants' Benevolent Fund continues to provide financial assistance to needy persons who are or have been members of the ICAI and their dependents, for maintenance of the dependents, their educational and medical

needs etc. The number of life members of the fund increased from 54,904 as on 31st March, 2004 to 63,071 as on 31st March, 2005. The financial particulars of the Fund are as follows :

	During the year ended 31.3.2004	During the year ended 31.3.2005
1. Total Assistance provided	39,41,223	44,26,777
2. Administrative Expenses	4,77,879	5,40,441
3. Surplus of the Fund	13,91,599	13,81,087
4. Balance of the Fund	1,59,67,275	1,73,48,362
5. Balance of Corpus	4,10,49,000	4,94,54,000

10 STUDENTS

10.1 Students Statistics

The total number of students enrolled for the PE-I, PE-II and Final Course during 1st April, 2004 and 31st March, 2005 are as under :

Course	2003-2004	2004-2005
PE-I	38188	39000
PE-II	30395	33063
PE-II with articles	3837	1127
FINAL	11390	11061

The total number of students on the rolls of the Board of Studies as on 31st March, 2005 (excluding those students who were registered for PE-I Course) was 3,28,550 as against 3,07,462 as on 31st March, 2004.

10.2. Accreditation Scheme

During the year ended 31st March, 2005 accreditation was granted to 43 Institutions for organising the classes for students of PE (Course-I) and 30 Institutions (including 2 Branches) for PE (Course-II). During the year there was no addition to the number of Institutions for Final Course and 7 Institutions (including 1 branch) continues to be accredited for Final Course. The names of 10 Institutions each for PE-I and PE-II Courses were deleted for non-payment of Annual Levy for the financial year 2004-2005. As on 31st March, 2005, the total number of accredited Institutions for PE (Course-I) is 178 and PE (Course- II) is 95. 36 Institutions organised

classes for the benefit of students of PE (Course- I) for November 2004 and 57 Institutions organised the classes for May, 2005 Examinations. 25 Institutions organised classes for the PE (Course- II) students for November, 2004 and 20 Institutions for May, 2005 Examinations.

10.3 Review of Study Materials

As a part of continuous process, the study materials are reviewed by various subject experts and their comments and suggestions wherever considered appropriate are incorporated in the next print of the study module after due editing and verification.

10.4 Students' Counselling

Counselling Services have been in operation in Regional Headquarters to help students getting clarified their academic queries in various subjects of the curriculum.

10.5 Computer Training Course of 250 Hours

The number of students registered for computer training course of 250 hours in different regions for the period of 1st April, 2004 to 31st March, 2005 are as follows:

Western region	4422
Southern region	3282
Eastern region	1691
Central region	2503
Northern region	2305

To make the training available to the students in the vicinity of their residence, the Board of Studies widened the scope of accreditation and 61 more Institutions (including 2 Regional Councils, 7 Branches) operating at city level were granted accreditation for conducting the course.

10.6 Course on General Management and Communication Skill

During the year, 175 batches of the 15 days' Course on General Management and Communication Skills were organized by Regional Councils and their Branches at 42

Centres across the country for the benefit of 8,000 participants.

10.7 Seminars and Conferences

During the year, the Board continued its policy of promoting organisation of One Day Seminars, Elocution/Quiz Contests and Regional/State Level Conferences. Branch /Regional Levels Elocution/Quiz Contests were organized by 5 Regional Councils and 25 Branches. Final Elocution/Quiz Contest was held at Jodhpur in January, 2005.

- S.I.R.C., Chennai, E.I.R.C., Kolkata, Baroda Branch of W.I.R.C and Ernakulam Branch of S.I.R.C., Asansol Branch of E.I.R.C., have organized Regional/Sub Regional Conferences on 27/28.11.2004, 1.8.2004, 18/19.6.2004, 4/5.8.2004 and 5.12.2004 respectively. Hisar Branch of N.I.R.C. organized State Level Conference on 20/21.8.2004.
- The Jaipur Branch organized National Convention for C.A. Students on 17th & 18th January, 2005.
- 17th All India C.A. Students Conference was organized by the Board of Studies at Nagpur.
- 2 Regional Councils and 23 Branches of different Regional Councils organized One Day Seminars. S.I.R.C. and 8 Branches of Regional Councils conducted other Educational Events.
- Southern Regional Office and Trichur Branch of S.I.R.C. organized Faculty Development Programmes on 18-19.12.2004 and 18.6.2004 respectively.

10.8 Scholarships

During the year ended 31st March, 2005, Scholarship were granted to 96 students [24 Merit Scholarships, 4 Merit-cum-Need based scholarships, 68 Need-based scholarships]. Further, scholarships were awarded to 37 students out of the income from various endowments set up for the purpose.

10.9 Students' Newsletter

The monthly C.A. students' newsletter – 'The Chartered Accountant Student' containing useful articles, academic updates, write-ups and other relevant announcements continued to be popular and proved useful to the students. The publication proved to be popular among the members too.

The first prize (Rs. 2000/-) for the best article was awarded to Ms. Lakshmi Jayaram, Kochi, for her article on "Peer Review" published in the Newsletter of Ernakulam Branch of SICASA.

10.10 Introduction of Open Book System in the Sunday Test Paper Scheme

The Scheme of Open Book System in the Sunday Tests has been introduced for Business and Corporate Laws, Company Laws and Secretarial Practice, Direct and Indirect Tax Laws.

10.11 Conducting Virtual Classes

The first inaugural virtual class was conducted on 1st February, 2005. Shri R. Bupathy, an eminent faculty and past President of ICAI, delivered a lecture on "Issues in Taxation on Business Income".

10.12 Online Examinations for Eligibility Tests for Professional Education (Course – II) on pilot basis.

During the year, 5 Online Examinations (in 20 batches) for Eligibility Tests for the subjects of Information Technology, Income tax and Financial Management of Professional Education (Course – II) were conducted in association with an external vendor.

10.13 Online Opinion Poll

The Board has initiated a series of Online web-poll seeking opinion on different aspects related to the students.

10.14 Students Exchange Programme

Under the aegis of Students Exchange Programme, 26 students (ICAP-7, ICAB-4, ICAN-11, ICASL-4) of SAFA member bodies visited India and participated in 17th All India CA Students Conference at Nagpur. 9 students of ICAI also went to Lahore at the invitation of ICAP in January, 2005.

10.15 Development of E-Learning Module

The area of education and training is undergoing a sea change due to the many new forms of technology that are becoming available. Web-based learning, CD-ROM training and interactive computer simulations are transforming the future of education. E-education in its various forms is becoming an integral part of the educational system internationally. At the preliminary level, the ICAI is interacting with the students through a specifically created e-mail id guidance@icai.org. This is monitored by a consultative group of faculty and provides on-line help to the students. Students who do not have the facility to get the guidance for solving their academic problems arising in the course of their preparation can take advantage of the scheme.

During the year, the Board continued to focus itself in imparting education mainly through distant education mode to the students of the professional course of Chartered Accountancy as well as Professional Education Courses. It also played a crucial role in the functioning of four non-standing Committees, viz., Auditing & Assurance Standards Board, Committee on Commerce Education & Career Counselling, Committee on Financial Markets & Investors' Protection, Fiscal Laws Committee. Besides, it is also providing technical support to Peer Review Board.

The Board is in process of creating On-line Chatting, expanding the scope of online Examinations for Eligibility Tests and PE-II and Final Courses.

10.16 Self-development Booklet Series

Self-development booklet on Audit Documentation was brought during the year.

10.17 Branches of Chartered Accountants Students' Association

With a view to actively involving students of the Chartered Accountancy Course in the development of a spirit of fellow-feeling and promotion of social, cultural, academic and intellectual development etc., the ICAI has always been encouraging students to set up branches of Chartered Accountants Students' Association. In this process, so far 34 branches of Students' Association have already been set up.

10.18 S. Vaidyanath Aiyar Memorial Fund

During the year ended 31st March, 2005, 57 scholarships of the value of Rs. 300 each per month were given to the students undergoing the Chartered Accountancy Course. The membership of the Fund was 349 as on 31st March, 2005 as against 346 as on 31st March, 2004. The balance in the credit of the Fund was Rs. 9,02,384/- as on 31st March, 2005 as against Rs. 6,86,834/- as on 31st March, 2004.

10.19 Recognition of CA Course for Ph. D. Programme

With constant follow-up with various Universities, the Committee on Commerce Education & Career Counselling has been successful in obtaining recognition for CA Course from 76 Universities besides the 4 Indian Institutes of Management and the Association of Indian Universities for the purpose of PHD/Fellow Programme.

11. Regional Councils and their Branches

11.1 The Institute has five Regional Councils, namely, Western India Regional Council, Southern India Regional Council, Eastern India Regional Council, Central India Regional Council and Northern India Regional Council with their

Headquarters at Mumbai, Chennai, Kolkata, Kanpur and New Delhi respectively.

11.1.1 The total number of branches of Regional Councils is 104.

11.1.2 The total number of Chapters of the Institute outside India is 15.

11.1.3 The total number of Reference libraries all over India is 24.

11.2 Branch Building

During the period under Report, a number of branches of Regional Councils continued to evince interest in having their own premises. In all, 54 branches have their own premises.

11.3 Rotating Shield

The Institute awards each year Rotating Shield to the Best Regional Council. The award is given on the basis of overall performance. Similarly, a separate Rotating Shield is awarded each year to the Best Branch. The award is given on the basis of established norms. Rotating Shields to the Best C.A. Students' Association on all India basis and Best Branch of Students' Association on Regional Basis have been instituted from the year 1999. For the year 2004 these Shields were awarded at the Annual Function held on 4th February, 2005 to the following winners:-

- Best Regional Council - Western India Regional Council
- Best Branch of Regional Council - Nagpur Branch of Western India Regional Council
- Best Students' Association - Western India Chartered Accountants Students' Association
- Best Branch of Students' Association
 - Western Region - Baroda Branch of WICASA
 - Southern Region - Ernakulam Branch of SICASA

Considering their performance, the following branches were separately awarded certificates for Highly Commended Performance:-

- Baroda Branch of Western India Regional Council
- Hubli Branch of Southern India Regional Council
- Salem Branch of Southern India Regional Council

11.4 New Decentralised Offices

Recognising the value of expeditious and personalised service which are achievable through the process of decentralisation, the ICAI has already set up five decentralised Offices at Bangalore, Hyderabad in Southern Region, Ahmedabad, Pune in Western Region and Jaipur in Central Region besides the decentralised offices already functioning from Mumbai, Chennai, Kolkata, Kanpur and New Delhi. Considering the increasing volume of work/activities at the regional level seven more decentralised offices have been set up at Surat, Nagpur and Vadodara (Western Region), Ernakulam and Coimbatore (Southern Region), Indore (Central Region) and Chandigarh (Northern Region).

12. FINANCE AND ACCOUNTS

The Balance Sheet as on 31st March, 2005 and the Income & Expenditure Account for the year ended on that date as approved by the Council are enclosed.

13. APPRECIATION

13.1 The Council is grateful to members of the profession who functioned as co-opted members on its Committees and to the non-members who assisted the Council during the year 2004-2005 in the conduct of its educational, technical and other developmental activities and in its examinations.

13.2 The Council wishes to place on record its appreciation of the continued assistance and support given by the Central Government and its nominees on the Council during the year 2004-2005.

13.3 The Council wishes to place on record its heartfelt gratitude to the dignitaries who were kind enough to grace the various programmes of the ICAI. The Council also desires to place on record its sincere appreciation to the various functionaries at State level who graced the programmes organised by the organs of the ICAI.

13.4 The Council also acknowledges its appreciation of the sincere interest evinced by various State Governments in the numerous initiatives taken by the ICAI and the steps already/being initiated by them, pursuant to such initiatives.

13.5 The Council also acknowledges its appreciation of the sincere and devoted efforts put in during the year 2004 - 2005 by all officers and staff of the Institute.

STATISTICS AT A GLANCE

MEMBERS (FROM 1.4.1997)

TABLE I

Year (As on)		Western Region	Southern Region	Eastern Region	Central Region	Northern Region	TOTAL
1.4.1997	Associate	14649	11013	4906	3972	6971	41511
	Fellow	11042	8975	4369	4560	8049	36995
	Total	25691	19988	9275	8532	15020	78506
1.4.1998	Associate	16160	11564	5187	4351	7406	44668
	Fellow	11501	9420	4558	4909	8733	39121
	Total	27661	20984	9745	9260	16139	83789
1.4.1999	Associate	17935	12515	5562	4875	8001	48888
	Fellow	12038	9942	4779	5345	9374	41478
	Total	29968	22457	10341	10220	17375	90366
1.4.2000	Associate	17771	13023	5807	5057	8411	50069
	Fellow	12200	10369	4941	5617	9784	42911
	Total	29971	23392	10748	10674	18195	92980
1.4.2001	Associate	19243	12915	5732	5215	8498	51603
	Fellow	12868	10749	5077	5995	10100	44789
	Total	32111	23664	10809	11210	18598	96392
1.4.2002	Associate	20771	13456	5872	5493	9074	54666
	Fellow	13540	11248	5296	6400	10580	47064
	Total	34311	24704	11168	11893	19654	101730
1.4.2003	Associate	23194	14446	6374	6318	10287	60619
	Fellow	14279	11742	5572	6909	11135	49637
	Total	37473	26188	11946	13227	21422	110256
1.4.2004	Associate	24515	14943	6515	6714	10697	63384
	Fellow	15091	12377	5836	7557	11846	52707
	Total	39606	27320	12351	14271	22543	116091
1.4.2005	Associate	26351	15724	6785	7552	11640	68052
	Fellow	15834	12969	6146	8207	12338	55494
	Total	42185	28693	12931	15759	23978	123546

MEMBERS (FROM 1.4.1950)

TABLE II

	As on 1.4.1950	As on 1.4.1951	As on 1.4.1961	As on 1.4.1971	As on 1.4.1981	As on 1.4.1991	As on 1.4.2001
Fellows	569	672	1,590	3,326	8,642	22,136	44,789
Associates	1,120	1,285	4,059	7,901	16,796	36,862	51,603
Total	1,689	1,957	5,649	11,227	25,438	58,998	96,392

	As on 1.4.2002	As on 1.4.2003	As on 1.4.2004	As on 1.4.2005
Fellows	47064	49637	52707	55494
Associates	54666	60619	63384	68052
Total	101730	110256	116091	123546

STUDENTS GROWTH PROFILE (FROM 31.3.1996)

	During the year 1995-96	During the year 1996-97	During the year 1997-98	During the year 1998-99	During the year 1999-2000	During the year 2000-01	During the year 2001-02
Foundation/ PE (Course I)	29,015	28,209	37,052	43,809	44,180	35,999	34,215*
Intermediate /PE (Course II)	19,288	21,354	24,652	28,253	27,508	23,405	29,403**
Final	8,675	9,275	9,394	12,227	10,787	9,026	11,524
Total	56,978	58,838	71,098	84,289	82,475	68,430	75,142

	During the year 2002-03	During the year 2003-04	During the year 2004-05
Foundation/ PE (Course I)	35524	38188	39000
Intermediate /PE (Course II)	33283	34232	34190
Final	11102	11390	11061
Total	79909	83810	84251

* includes PE(Course I) students registration from 1.10.2001 to 31.3.2002 : 5006

** includes PE(Course II) students registration from 1.10.2001 to 31.3.2002 : 11848

COMPOSITION OF NINETEENTH COUNCIL (2005 – 2006)

PRESIDENT	VICE-PRESIDENT	PERIOD
Shri Kamlesh S. Vikamsey, FCA	Shri T.N. Manoharan, FCA	5 th February, 2005 onwards
SECRETARY Dr. Ashok Haldia		

MEMBERS OF THE NINETEENTH COUNCIL (2005 – 2006)

ELECTED MEMBERS:

Shri Abhijit Bandyopadhyay	Kolkata
Shri Amarjit Chopra	New Delhi
Shri Anuj Goyal	Ghaziabad
Shri Charanjot Singh Nanda	New Delhi
Shri G. Ramaswamy	Coimbatore
Shri H.N. Motiwalla	Mumbai
Shri Harinderjit Singh	New Delhi
Shri J.P. Gokhale	Mumbai
Shri Jaydeep Narendra Shah	Nagpur
Shri K.P. Khandelwal	Kolkata
Shri Kamlesh S. Vikamsey	Mumbai
Shri Manoj Fadnis	Indore
Shri Pankaj Inderchand Jain	Mumbai
Shri R. S. Adukia	Mumbai
Shri S. Gopalakrishnan	Hyderabad
Shri S. Santhanakrishnan	Chennai
Shri S.C. Vasudeva	New Delhi
Shri Shanti Lal Daga	Hyderabad
Shri Sunil Goyal	Jaipur
Shri Sunil Talati	Ahmedabad
Shri T. N. Manoharan	Chennai
Shri Uttam Prakash Agarwal	Mumbai
Shri V. Murali	Chennai
Shri Ved Jain	New Delhi

NOMINATED MEMBERS:

Ms. Bulbul Sen (w.e.f. 18.01.05)	New Delhi
Shri Jitesh Khosla	New Delhi
Shri K.C. Parashar	Jodhpur
Shri Pawan Kumar Sharma	Guwahati
Shri Sidharth Kumar Birla	New Delhi
Shri T.G. Srinivasan (w.e.f. 08.11.04)	New Delhi

AUDITORS

Shri Shashi Kumar, FCA	New Delhi
Shri Manu Chadha, FCA	New Delhi

