

# INTERNATIONAL CONFERENCE ON ROLE OF ACCOUNTANCY PROFESSION IN ANCHORING ECONOMIC GROWTH: A REPORT



Following is the summary of the International Conference on 'Role of Accountancy Profession in Anchoring Economic Growth' organised by ICAI in Mumbai from January 19-21, 2006.

(From Left) Mr T.N. Manoharan, Vice President ICAI, Sir David Tweedie, Chairman International Accounting Standards Board (IASB), Mr. Graham Ward, President International Federation of Accountants (IFAC), Dr. Y. V. Reddy, Governor Reserve Bank of India (RBI), Mr. Kamlesh S. Vikamsey, President ICAI and Dr. Ashok Haldia, Secretary, ICAI share the dais at the inauguration of the International Conference on 'Role of Accountancy Profession in Anchoring Economic Growth' organized by the ICAI in Mumbai from 19th to 21st January 2006.

## Day 1:

### Inaugural Session:



Dr. Y. V. Reddy, Governor RBI, lights the lamp to inaugurate the conference as the Chief Guest as (standing from left to right) Mr. Kamlesh S. Vikamsey, President ICAI, Mr. T. N. Manoharan, Vice President, ICAI and Sir David Tweedie, Chairman, IASB, look on.

Dr. Ashok Haldia, Secretary, ICAI- in his welcome address stated that the Conference would seek to explore the role of Accountancy Profession in Anchoring Economic

Growth. He stated that this conference is a continuation of the step carried forward in pursuance of the Vision of ICAI 2049 given by the Hon'ble President of India in the International Conference at New Delhi in September 2005 wherein the Hon'ble President described Chartered Accountants as Partners in National Development.

He further added that the Hon'ble President had exhorted the profession to work towards a business model for ensuring a growth rate of 10% and one of the way forward was to provide for a robust reporting framework for value addition of economic maximization at such stage of the activity.



Dr. Ashok Haldia



Sir David Tweedie

Sir David Tweedie, Chairman IASB, referred to Indians as intellectual Indians and stated that Indian accountants bring the intellectual prowess in accounting and auditing debate globally. He added that time has come when India has to play an even more important role in the world of

accountancy. He stated that the global profession needs the inputs of the Institute of Chartered Accountants of India in making appropriate accounting and auditing standards. He informed that the thrust for international accounting standards grew out of the Asian financial crisis of 1997 and just like many other countries India is also moving towards international accounting standards. He stated that many countries have differences because of local laws and other differences in some cases. He added that IASB feels that India should follow international standards and in case India has a better solution, IASB is prepared to examine the same accordingly. He informed that the international standards should be global standard and therefore IASB proposes to send a team of experts to India to debate these issues. He stated that in order to harness the experience and intellectual capacity of the Indian profession, they want to start the convergence process with India. He added that India's participation in formulating the best standards globally is welcome.

Mr. Graham Ward, President, International Federation of Accountants, thanked the Institute of Chartered Accountants of India for the invitation to participate in this conference and for addressing him as the 'Friend of India'. He stated that India as a founding member has a long tradition of active involvement and support to the international profession. Acknowledging the active role being played by the Institute's nominees on IFAC Board and various other committees, he stated that without their active participation and support, IFAC could not have successfully achieved its objective at the world stage. He revealed that India is not only the World's second fastest growing economy, but also the second most preferred location for Foreign Direct Investment in the world market and encouraged the professionals help maintain the same image. He expressed the view that the role of Indian chartered accountants is relevant and indispensable to the successful future of India and the World as a whole. He highlighted the role being played by the ICAI in achieving the IFAC Mission and in keeping the values of integrity, transparency and expertise so as to ensure the reputation of the profession worldwide.

Mr. Kamlesh S Vikamsey, President, ICAI, in his Presidential address, referred to the Chartered Accountants Amendment Bill which has been passed by both the Houses of Parliament and thanked the Group of Ministers, the guidance and wisdom by Hon'ble Shri H. R. Bhardwaj, Union Minister of Law, Hon'ble Shri Prem Chand Gupta, Minister of State for Company Affairs, Independent



Mr. Graham Ward



Mr. Kamlesh S. Vikamsey presents a memento to Dr Y V Reddy, Governor, RBI

Charge and the Ministers and officials of the Ministry of Company Affairs in appreciating the points put forth by the Institute. He also thanked the Chartered Accountants Members of Parliament namely Shri K Rehman Khan,



Mr. Kamlesh S. Vikamsey

Shri Suresh Prabhu and Shri Ramachandraiah for their support to Institute's efforts. He stated that the challenges before the profession are increasing with the growth of economy coupled with shattering of the international boundaries and opening up of the profession worldwide. He informed that in order to keep pace, the Institute is coming up with the

new curriculum which will be at par with the international standards of education, in order to fulfill the demand for global chartered accountants. He further stated that the Institute is working with the government for conversion of accounts on accrual basis and is also working towards global convergence of standards and in this direction it is having discussion with government and regulators for removing the shackles for adoption of international



A view of the gathering at the Inaugural session of the Conference.

standards. Referring to the circular issued by the Finance Ministry of India regarding appointment of auditors of banks to be left with the Board of Directors of banks, he stated that this will affect adversely the independence of auditors and requested the Chief Guest, the Governor of Reserve Bank of India to take up the matter appropriately with the Minister of Finance.

Dr. Y. V. Reddy, Governor, Reserve Bank of India, the Chief Guest for the session, in his address highlighted the micro and macro economic aspects of the importance of information generated by adoption of proper accounting standards.

He mentioned that an effective market mechanism must be instituted in the economy to ensure effective capital mobilisation and its prudent allocation in securing long term economic growth with assured stability. He emphasised that development of effective market needs to be supported by high quality participants, which includes intermediaries, issuers, investors, regulators and the professionals. He added that both in domestic and international arena, accounting professionals play a complementary role in building a credible, reputable and internationally competent image irrespective of the capacity in which they perform.

Speaking further on the crucial role of auditors in the process of economic reforms Dr. Reddy said "In case of a banking entity, the systematic impact of any crisis may not remain localized to the banking entity but could, under certain circumstances, translate into a systemic issue with far greater consequences. Therefore, a critical link in the successful implementation of the financial reform process lies with the auditors of banks when they ensure that the financial statements of banks reflect the highest level of integrity."

He stated that RBI is planning to constitute a group comprising of representatives of the RBI and ICAI, to sort out pending issues relating to standardization of audit formats, concurrent audit of banks and empanelment of auditors as well as implementation issue on certain accounting standards.

While pointing out that with the opening up of the Indian economy, firms are sourcing finance from abroad through both the debt and equity routes, as also acquiring stakes abroad he stated that in this context, the issue of adopting best practice in accounting, tailored to country-specific requirements, acquire added importance and priority, the Governor stated. He emphasized that the demand for greater transparency and more effective financial reporting has placed renewed pressure on those preparing and attesting financial reports to comply with the accepted accounting standards, and also ensure that these standards are properly applied.

As regards the point raised by Mr. Kamlesh Vikamsey regarding circular of the Finance Ministry of India relating to appointment of Bank Auditors, he stated that being a regulator, he was for autonomy and assured that he will definitely place the views of the Institute before the Finance Minister personally.



Mr. T.N. Manoharan

Mr. T. N. Manoharan, Vice President, ICAI, expressed his heartiest gratitude and proposed vote of thanks for the distinguished dignitaries. He mentioned that ICAI had grown to become a leader of the profession internationally, which manifests from the leadership role assumed by ICAI's representatives on governing bodies and technical committees of several international

bodies like IFAC, CAPA, SAFA and IIN. He stated that Chairman IASB had dictated a valuable message to the Indian profession to be partner in the movement worldwide for convergence with the international financial reporting standards and that ICAI stands committed to the mandate through exposition of sheer professionalism in contribution to standard-setting and application, and equipping the Indian professionals to serve the economy through support to sustained growth objectives.

### **Technical Session: Accounting Standards and Financial Reporting**

Mr. S. Gopalakrishan, Council Member, ICAI, welcomed and introduced Sir David Tweedie, Chairman, International Accounting Standards Board (IASB).



Sir David Tweedie

Sir David Tweedie, Chairman, IASB, who also chaired the technical session, in his presentation on Acceleration Towards Convergence and Global Financial Reporting Standards shared with the audience the prime objective of IASB to promulgate single set of high quality financial reporting standards to be adhered to globally. He mentioned about the surging acceptability of IFRSs and the approach of standard-setters in countries like Australia, New Zealand, Canada, China and Japan to adopt and converge towards those. He stated that as the modern economies continue to evolve and the national trade milieu swiftly integrate to a common universal marketplace; the investors and regulators will need assurance that a uniform language is used to present the financial results; and the IFRSs serve

as a syntax thereof. He advocated the reconciliation of basic conceptual framework itself based upon which the establishment of varying reporting standards to measure and present financial performance are framed.

He expressed that ICAI and other national standard setters were credited with valuable support to IASB in standard-setting process. He iterated his confidence in the Indian expertise continuing to benefit the conceptualization, promotion and implementation of high quality international standards of financial reporting.

Sir Tweedie further mentioned that the formulation of financial reporting standards involved consideration of range of intricate conceptual and transactional issues. He described that in the technical session, the important issues like accounting aspects of business combinations, provisions for contingencies and differential financial reporting standards for small and medium-sized enterprises, would be discussed.

Mr. Warren McGregor, Member, IASB highlighted the objective of the IASB-US Financial Accounting Standards Board (FASB) joint project on 'Business Combinations' to develop a single high-quality standard for accounting for business combinations to be used for both domestic and cross-border financial reporting. He also put forth the broad principles dealing with convergence and improvement in accounting for business combinations and shared the principal changes proposed in IFRS 3 and FASB's Statement 141 on the subject.



Mr. Warren McGregor,  
Member IASB

Mr. Y.H. Malegam, Chairman, National Advisory Committee on Accounting Standards (NACAS) and Past President ICAI mentioned about the regulatory aspects of adherence to accounting standards in the Indian context. He spoke about the proposed principle-based approach of IASB to define an SME and enlightened the audience on the stand taken by ICAI on applicability of accounting standards on SMEs. He presented the economic statistics of Indian SMEs to signify these entities as representative of the Indian economy in terms of number, range of businesses and contribution to the exchequer.



Mr. Y.H. Malegam,  
Chairman NACAS and  
Past President ICAI

He also mentioned about the intended approach of IASB and other standard-setters in national jurisdictions

in direction of the formulation of differential financial reporting standards for SMEs and iterated the various grounds including consistency, timeliness and cost-benefit dissection for preference of the approach to consider relaxations in each standard as compared to the development of a separate standard for SMEs. He expressed that conferment of relaxations to SMEs was a transitional phenomenon and in bid to improve the quality of financial reporting, these entities will on their own tend to converge towards internationally acceptable financial reporting standards for other commercial enterprises.

Mr. G. Ramaswamy, Central Council Member ICAI proposed vote of thanks to the Chairman and learned speakers.

## Technical session: Reforms in Government Accounting — The way forward



Member of Central Council Mr. Charanjot Singh Nanda addresses the gathering at the Technical Session on 'Reforms In Government Accounting – The Way Forward'. Others on the dais are (from left): Mr. Abhijit Bandyopadhyay, Central Council Member, Mr. N.P. Sarda, Past President ICAI, Mr. Kanwal Nath, Chairman GASAB and Dy. Comptroller & Auditor General of India, Mr. S.W. Oak, Additional Controller General of Accounts and Mr. Ian Ball, Chief Executive, IFAC.

Mr. Abhijit Bandyopadhyay, Central Council Member, ICAI welcomed the speakers for the session.

Mr. N.P. Sarda, Past President, ICAI chaired the session and stated that looking at the magnitude of funds invested in the public sector, adequate efforts are not being made in the direction of government accounting. He also informed about the initiatives taken by the government in formulating standards for government sector. Mr. Sarda also introduced the speakers for session.

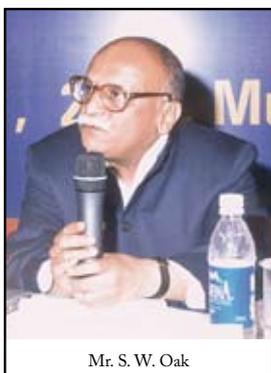
Mr. Ian Ball, Chief Executive, International Federation of Accountants in his address briefly talked about IFAC,



Mr. Ian Ball

its mission and its standards setting committees and elaborated on the role of the International Public Sector Accounting Standards Board. He stated that the financial standards for governments and financial standards for corporates should be the same and if there needs be any difference because of recognition, this difference should be minimal. He added that the users of the financial information should be able to understand the government accounts just as they can read the corporate accounts. He was of opinion that the quality of government reporting is very low and the standards of reporting governments require from corporates is well above the standards of its own reporting. He stated that low quality of reporting can lead to manipulation of information and is indicative of poor financial management. He further stated that the proportion of resources which the government consumes and produces is significant and therefore they must follow high quality of reporting. He explained the rationale for the International Public Sector Accounting Standards (IPSAS) and stated that these are a must for high-quality reporting. He informed that the governments which have moved to accrual accounting have been able to reap rapid paybacks. Speaking about the barriers to transition to accrual accounting, he stated that very few governments around the world are making efforts in improving quality of government accounting and hence lack of political will was main barrier in transition to accrual reporting. He informed that OECD, EC, NATO, IFAC have adopted IPSAS and multi-lateral banks like the World Bank also promote IPSAS in borrower countries.

Mr. S. W. Oak, Additional Controller General of Accounts, in his presentation, informed about the accounting practices before independence and thereafter. He stated that there was externality of maintenance of accounts as also of approvals. He informed that reforms were initiated in the year 1975 when maintenance of accounts was moved from the Comptroller and Auditor General of Accounts to different Union Ministries and the Secretaries to these ministries were made the Chief Accounts Officers. He further informed that treasuries have been done away with and public sector banks as also a few private banks have been authorised by the government for revenue collection and also for expenditure. Speaking



Mr. S. W. Oak

about accrual system of accounting, he raised doubts if the success was as per intended outputs in the countries which have adopted the accrual system of accounting. He however stated that the government is in for reforms in accounting and is focusing on compliance. He added that he looked forward to assistance and cooperation from the ICAI in the process of reforms in government accounting.

Mr. Kanwal Nath, Deputy CAG & Chairperson, GASAB, highlighting the features of government accounting, stated that the focus was mainly on public accountability through legislative compliance and that Government accounting is cash based and based on rules instead of the standards. He informed that in August 2002 GASAB was constituted to formulate accounting standards for the Union and State governments. In his presentation, he listed out the factors which were responsible for reforms in government accounting and these included demand for more transparent financial reporting of corporations; accounting and financial reporting being used as a tool for financial management and fiscal policy; long-term liabilities; better stewardship of assets; new stakeholders like media, international agencies etc. The reforms necessitated shifts to accounting standards and therefore GASAB came into existence. He also informed that 12th Finance Commission had also recommended shift to accrual system of accounting and the same has been accepted by the government. He stated that the road map for the shift has to take into account the interest of stakeholders which are mainly the Union and State Governments. Mr Nath further stated that GASAB is undertaking codification of Rules into standards and that one standard has been finalised and exposure draft for four government accounting standards have already been issued. He also dwelt upon the challenges being faced by GASAB in formulating the government accounting standards.



Mr. Kanwal Nath

Mr. Charanjit Singh Nanda, Central Council Member, ICAI, proposed the vote of thanks to the chairman and distinguished speakers.

## SPECIAL ADDRESSES

### Role of Audit Committees in Promoting Governance in Banks

Mr. Rajkumar S. Adukia, Central Council Member ICAI, welcomed and introduced Mr. A. K. Purwar, Chairman of the State Bank of India to the audience.

Mr. A. K. Purwar, in his address, appreciated the presence of Chartered Accountants in the Audit Committee of Banks which has put the banks on a very sound

professional footing. Mr. Purwar while touching upon new business environment and the changes taking place in the economy due to new world trade order, said that mergers & acquisitions are the order of the day. He said every third corporate customer of his bank is talking about global acquisitions. He asked Indian Chartered Accountants to take the opportunities thrown up by opening up of the world economy and occupy due space in the global market. He said, in the fast changing environment, technology is the most critical thing and auditing function has to strive very hard to keep pace with the technological changes, where every thing is on the computers e.g. all the core-banking functions are on the systems; to audit these on an ongoing/periodical basis requires entirely different auditing skills. He stressed upon the strengthening of internal controls in all the diversified banking operations. He stated that, in his view, Audit Committee of the Board is the soul of Corporate Governance and that Audit Committee plays a crucial role in ensuring high quality financial reporting.



A. K. Purwar, Chairman  
State Bank of India

Mr. Anuj Goyal, Central Council Member ICAI, gave vote of thanks to the learned speaker.

### Governance Beyond Legal Framework

Mr. Anuj Goyal, Central Council Member ICAI, welcomed and introduced Mr. Nishith Desai, Mumbai-based International Taxation lawyer.

Mr. Nishith Desai, while expressing gratitude for inviting him to speak at the International Conference, stated that while in US if someone is to start a new business, he approaches a lawyer; in India, most of them approach an Accountant and therefore the responsibility is even higher on the Chartered Accountants to mould the client's behavior by inculcating good practices. He added that at the end of the day governance means how you govern yourself, how you behave yourself? While noting the virtues of the profession of Chartered Accountants viz., Excellence, Independence, Integrity, transparency, Accountability and Global Perspective, he said that most of these are intangibles and the foremost task is how you get these intangibles into the behavior of an organization and amongst the people who manage that organization. Citing Mahatma Gandhi for giving the concept of trusteeship management, he said, that the concept given at that time is of great relevance today.



Mr. Nishith Desai

He also cited an article from the Harvard Business Review by Charles Handy, a contemporary corporate philosopher, and said, that at that point of time, they were talking about virtual organizations, which meant that using technology, people would work from different locations and people won't be able to see who are actually working for them and where from. The moot thing is how do you manage these kind of virtual organizations? Charles Handy answered the question by using the word 'Trust' by saying, that future organizations would be managed by trust but it should not be blind. Mr. Desai stressed upon the difference between trust in an external context, the concept given by Mahatma Gandhi, where you are the trustee of the business for the society and trust in an internal context, concept as given by Charles Handy. He said that when you combine these two it gives an excellent business model. In the new generation organizations, we have to think not only in terms of price and product but also how do we govern ourselves. At the end, while talking about philosophy and technology, he recommended, that when it comes to accounting it is very important to have some kind of philosophy and we as an Institute should move towards knowledge-based accounting that would include both philosophical aspect and technological aspect.

Mr. Anuj Goyal gave vote of thanks for the session.

### World Congress of Accountants 2006: A Prelude

Mr. K. P. Khandelwal, Central Council Member, ICAI, welcomed Prof Recep Pekdemir, Chairman, Expert Accountants' Association of Turkey, to the session on "World Congress of Accountants 2006: A Prelude".

Prof Recep Pekdemir (Dr), gave video presentation on the 17th World Congress of Accountants scheduled to be held in Istanbul-Turkey from 13th to 16th of November 2006. He said that the World Congress's goal is to provide a forum for discussing some of the most pressing challenges facing our profession today and to explore, how in the global context, the professional canvas effectively serve the public interest. While explaining how 'Istanbul' is the right place for the World Congress of Accountants, he said that we are committed to economic growth and stability and that Istanbul's geographic location is appropriate as it is situated at the epicentre of Europe, Asia and the Middle East. In the light of recent unfortunate incidents of accountancy, he stressed upon the importance of



Prof. Recep Pekdemir

protecting investors' interest by improving the accuracy and reliability of corporate disclosures. After giving a brief presentation on the programme scheduled for the 17th World Congress of Accountants, he invited everyone to Istanbul for the grand event.

Mr. K.P. Khandelwal, Central Council Member, ICAI, also gave vote of thanks for the session.

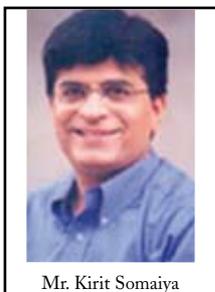
## Day 2:

### SPECIAL ADDRESS

#### Enhancing Stakeholders Confidence in Growing Capital Markets Protection of Stakeholders' Interest

Mr. Jayant Gokhale, Central Council Member, ICAI introduced the speaker for the session.

Mr. Kirit Somaiya, Former Member of Parliament, in his address, dwelled upon the significance of protecting the interests of the stakeholders for the development of the economy. He stated that the growth of the economy goes hand-in-hand with the growth of the capital market and highlighted the fabulous growth made by the Indian capital market in a short span of 8-10 years. He mentioned that the Accountants now have a crucial role to play in restoring the confidence of the stakeholders in the capital markets (due to scams) and protecting the case of the various stakeholders associated in capital markets.



Mr. Kirit Somaiya

He added that Indian capital market has the potential to grow and appealed before the Chartered Accountants to be planners for the Vision of 2049 rather than assuming a limited role of promoters only. He also mentioned that the public image of a Chartered Accountant needs to undergo a change from merely that of loophole finder in the policies of government to Partner in National Development. He emphasized the need of having some ideals for the Chartered Accountants community and requested ICAI to move in the direction of placing the profession on a pedestal where it can be looked up with more respect in terms of ethical values and thus can be instrumental in policy making and strengthening policy implementation for achieving the societal good.

Ms. Preeti Mahatme, Regional Council Member, WIRC gave a vote of thanks for the session.

### SPECIAL ADDRESSES

#### Enhancing Confidence in Accountancy Profession – A Continuing Challenge

Mr. S.C. Vasudeva, (A) Central Council Member, ICAI, introduced the session and the resource person for the session Mr. Graham Ward, President, International Federation of Accountants.



Mr. Graham Ward

Mr. Graham Ward, in his special address stated that the international accountancy profession has a unique, critical and practical role to play in building stronger and more stable economies around the globe. He stressed that the continued investor and public confidence in the professionals would come from the increased role of Chartered Accountants.

Mr. Ward added that public trust is the only weapon that can empower the entire accountancy profession across the nations and augment the level of confidence in stakeholders demand furnishing credible information before the stakeholders by the accountants. Speaking on IFAC's initiatives he mentioned that the Federation is continuously working for strengthening the accountancy profession and is furthering harmonization of the accounting standards around the globe. He stated that IFAC primarily focuses on four specific areas for achieving its objectives which includes:

- Adherence to ethical standards
- Enhancing the quality of the audit process through the development of high quality of the audit process through the development of high quality of international standards.
- Encouraging firms and member bodies to monitor the quality of those processes and
- Encouraging strong corporate governance and management accountability.

He also dwelled upon the IFAC's Developing Nations Committee whose current endeavors include helping developing nations establish an accounting body where it doesn't exist and helping enhancement of the already existing accounting bodies in these countries. He appealed to all the accounting bodies to adhere to high ethical standards and help bring social stability with good governance in the businesses and stressed that through convergence to international standards the accountants all over the world can deliver the promise of quality and enhance public trust in the profession.

Mr. Praful Chajjed, Regional Council Member, WIRC gave a vote of thanks.

## Building Professional Competencies

Mr. Sunil Goyal, Member WIRC welcomed and introduced Mr. Raymond Madden, Executive Director, ICAEW, UK.

Mr. Raymond Madden made the presentation on behalf of Mr. Ian Morris, President, ICAEW, who could not participate due to unavoidable circumstances. He emphasised the need for professional competence for achieving economic growth and stated that Continuing Professional Development (CPD) plays a vital role in achieving such competence. He added that the relations among the Institutes across borders are very critical for the success of accountancy profession as a whole and the Institutes must learn from each other and share the research and development made in different regions along with the best practices of each region.



He quoted that “ it’s not your aptitude but your attitude which determines your altitude” and elaborated on the important role played by CPD in building such winning attitudes in professional accountants. He also talked of the strategy adopted by the ICAEW in helping candidates build lifelong careers and achieving professional qualification in England. He also drew the attention of the audience towards the newly developed qualifications of market relevance by ICAEW, which includes qualifications build on IFRS and those relating to corporate finance. As to the recent initiatives of ICAEW, he mentioned about the diploma in financial management launched by ICAEW in collaboration with the University of Oxford.

He discussed the need of harmonisation in accounting practices being followed all over the world and emphasised the need of publicising the values of accountancy profession. He also added that the accountants must continuously endeavor to add value to their profession and be responsive to the market needs that will help bring objectivity and transparency in the operations and help build greater public trust in the profession all over the world.

Mr. Sunil Goyal, Regional Council Member, WIRC gave a vote of thanks.

## Government Accounting – Challenges and Opportunities for Developing Nations

Mr. Pankaj Jain, Central Council Member ICAI welcomed and introduced Mr. Michael Hathorn, President, Institute of Chartered Accountants of Scotland.

Mr. Michael Hathorn appreciated ICAI’s commitment in leading the adoption of the government accounting standards in India. He mentioned that International Public Sector Accounting Standards Board (IPSASB) has clearly distinguished the difference between profit making entities and those forming part of the public sector enterprises and have thus come up with a different mechanism of accounting for public sector enterprises. IPSASB have come up with standards for the government accounting which got approval in the year 2000 and since then a number of countries including nations like UK, Canada, Germany, France have shown their commitment in adopting the same, be stated.

He mentioned that countries like Japan, China and India are also considering the adoption of certain set of standards for the public sector as it helps management in not only discharging its functions of decision making but also improves their accountability towards public at large. He added further that the International Public Sector Accounting Standards can be used as accounting framework to start with in shifting from cash basis to accrual basis of accounting for the government enterprises by the countries. He informed that the nations need not rewrite the standards issued by IPSASB but only need to apply these standards differently keeping in view the differences in the situation specific to their country.

He encouraged ICAI to continuously endeavor in the adoption of the accrual based standards for government sector enterprises as he believed that the accountants today have not only the responsibility of financial reporting but also budgeting for the nation which in itself puts forth a challenge for the entire community of accountants.

He also guided ICAI valuably in the process of adoption of the accrual basis of accounting for government sector. He also emphasised that the nations need to set a timeframe for the adoption of accrual based standards and assured all possible support to the nations heading in this direction.

Mr. Sanjeev Lalan, Regional Council Member, WIRC gave a vote of thanks for the session.

## SPECIAL ADDRESSES:

### Fair Value Accounting

Mr. K. P. Khandelwal, Central Council Member, ICAI welcomed Mr. Ian Mackintosh, Chairman, UK, Accounting Standards Board.

Mr. Ian Mackintosh, commenced his address with the concept of fair value accounting and quoted it to be a very topical and controversial subject. He added that people all over the world hold very strong views on the subject and some even believe that the concept is to be imposed upon them. He stated that there is complete disagreement as to where we should be heading with regard to the concept. Mr. Mackintosh also dwelled the attention of the audience towards the present position of the accounting procedure wherein the assets are measured at other than historical cost like in the case of intangible assets, financial instruments, inventories and deferred tax liabilities etc.



Mr. Ian Mackintosh

He further discussed the current developments affecting the controversy like the International Accounting Standard - IAS 39, Exposure draft on business combinations, Canadian paper on initial recognition of assets and liabilities and a promise by IASB to open the debate on fair value. Speaking on the perceived problems in the adoption of fair value accounting he deliberated upon the lack of deep and liquid markets, volatility and use of exit values. Concluding his presentation he emphasised the need of locating a possible way forward that may include holding a full debate in the context of the concepts project and the one recognising importance of the fuller due process in this direction.

Mr. K. P. Khandelwal, Central Council Member, also gave a vote of thanks.

### Narrative Reporting

Mr. Uttam Agarwal, Central Council Member ICAI welcomed Mr. Warren McGregor, Member, IASB.

Mr. Warren McGregor commenced his address with a brief introduction of financial reporting. He explained that the scope of financial reporting is limited to the information provided within the financial statements. He added further that the information presented outside the statements is outside the scope of the current IFRSs.



Mr. Warren Mc Gregor

He pointed out that there is an absence of useful conceptual guidance in existing frameworks about what information should or need not be disclosed, where to disclose it or in what format it be disclosed and these

issues will be addressed in the Conceptual Framework Project at a later stage. He added that the Performance Reporting Project, which has its roots in the Conceptual Framework Project, aims to set standards for presentation of information to improve usefulness in assessing financial performance and financial position. He also touched upon the problems in the existing situation and the manner the project is likely to move with respect to the performance reporting.

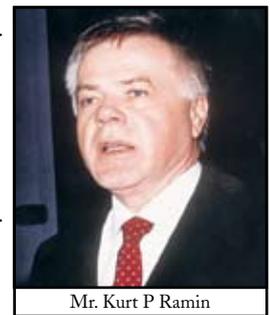
He informed that Disclosure Framework project is being progressed by the staff of Canadian Accounting Standard Board and its objective is developing the conceptual underpinning for establishing standards on presentation, display and disclosure of financial information which will certainly give way to the many present day "out-of-date" disclosure requirements. While he discussed the Management Commentary Research Project, he informed the project research team comprises of planners from New Zealand, UK, Canada and Germany and the Comments on the same are due on 28th April 2006. He concluded his presentation with the objectives and principles behind the Management Commentary Research Project.

Mr. Nihar Niranjan Jambusaria, Regional Council Member, WIRC gave vote of thanks.

### XBRL

Mr. Amarjit chopra, Central Council Member, ICAI, welcomed and introduced Mr. Kurt P. Ramin, Chairman, XBRL.

Mr. Kurt Ramin, shared with the audience the concept of Extensible Business Reporting Language and informed that the XBRL has so far seen 6 years. Introducing the XBRL, he stated that XBRL International is a Not-for-profit consortium of approximately 300 companies and agencies worldwide working together to build the XBRL and promote and support its adoption. He further informed that XBRL has gained popularity world over and the organization such as Publicly Traded Companies in China, Spanish Stock Exchange use XBRL. Further, XBRL prepares its expansion in several European countries (Italy, Luxembourg, Poland, Portugal and others), India, South Africa, Latin America, Singapore and the United Arab Emirates; are using it. Also Tax XML Technical Committee recommends use of XBRL (Oasis-OECD)



Mr. Kurt P Ramin

He also gave the audience a disposition of how XBRL can benefit their organisation and shared the benefits at all stages of business reporting supply chain.

Mr. Shrinivas Joshi, Regional Council Member, WIRC gave a vote of thanks.

## SPECIAL ADDRESSES

### Accountant's Role to Business Chieftdom

Mr. H. N. Motiwalla welcomed and introduced Mr. K. M. Mistry, Managing Director, HDFC Ltd.

Mr. K. M. Mistry, Managing Director, HDFC Ltd. in his address dwelled upon the multi-faceted role being played by the Chartered Accountants all over the world. He clarified that the accountants today are facing a challenge professionally and must be able to adapt with the roles expected of them else they will perish from the market scenario all together. He stated that the accountants have a significant role to play in managing risk imperatives, which cover both the internal as well as the external risks and are therefore expected to broaden their horizons with respect to identification of the potential areas of risks. He further pointed out that the accountants have assumed importance in undertaking measures for safeguarding stakeholder's interests and ensuring transparency in the financial operations.



Mr. K. M. Mistry

He further discussed the important role played by the derivatives and stated that the corporations as the consumers of derivatives need to evaluate the pros and cons of these instruments of hedging risks adequately. He also emphasised that the differences in the accounting practices all over the world need 'synchronisation'. He suggested ICAI to place the concepts of macroeconomics in the syllabi of the Chartered Accountants adequately because the subject has far reaching benefits for the Chartered Accountants in discharging their functions.

Mr. H. N. Motiwalla, Council Member, ICAI gave a vote to thanks for the session.

### Accountant's Role to Business Chieftdom

Mr. Durgesh Kabra, Member, WIRC welcomed Mr. Gautam Doshi, Group President, ADA Enterprises.

Mr. Gautam Doshi, in his address, explained that Accountants are at the helm of each of the industries and it is because of their versatility that the profession instills in them that one sees accountants working in diverse areas with excellence. He encouraged the Chartered accountants to be multi-faceted in their approach, be visionaries in order to be able to discharge the responsibilities. He added

that a thorough planning needs to be done to achieve the vision of becoming a multi-skill professional.

He was of the view that professionals in India are not used to working in teams with the right kind of attitude and that assumes importance in the light of challenges put forth before the profession in the era of liberalisation. He encouraged the accountants to develop the right attitude towards other fellows and incorporate the ideals of fairness and trustworthiness in dealing with their clients.

Discussing further, Mr. Doshi added that the accountants in India need to have a vision in their idea, confidence to build up their future and willingness to assume risk if they want to become successful professionals. He concluded with the appreciation for the fundamental skills that are imparted by the ICAI to the accountants and was confident that whatever domain the chartered accountants may join, they will be able to prove their abilities.

Mr. B.M. Agarwal, Regional Council Member, WIRC gave vote of thanks.

## Day 3:

## SPECIAL ADDRESS

### Networking of Expertise: A Tool for Capacity Building

Mr. P.K. Sharma Central Council Member, ICAI, welcomed and introduced the Chairman of the Session, Mr. S.P. Chhajed, Past President of ICAI.



Mr. P. K. Sharma, Central Council Member, addresses the gathering at the Special Address session on 'Networking of Expertise: A Tool For Capacity Building'. Other present on the dais are (from Left): Mr. S. P. Chhajed, Session Chairman and Past President ICAI, Mr. Anthony Pugliese, Senior Vice President AICPA, USA, Ms. Sharron Gunn, Chairperson, International Innovation Network

In his opening remarks Shri S.P. Chhajed gave a panoramic view of the Session and introduced the topics to be taken by Session Resource(s).

Mr. Anthony Pugliese, senior Vice President, American Institute of Certified Public Accountants (AICPA), USA in his address focused on the operation of alliances working within the United States which according to him have increased by over 200 per cent since 2002 because of SOX resulting in outsourcing of work. He explained that these alliances are different from accounting associations and is a cooperation between unrelated firms of all sizes which are making alliances and this has been due to specialized services in area of tax, personal financial planning, business derivation, merger, amalgamation and technology. Further quality assessment in United States is given by requirement to review other firms audit work. According to him the alliances of smaller with bigger (that is upstream alliances) and vice versa are taking place with a trend that generally the sharing at local level is between the smaller firms and larger firms are sharing at the National level in United States. These collaborations result in flow of knowledge, however, in the process challenges like practice development issues and business and management strategy development issues also come up and most important is the issue of personality; which the firms are trying to learn to live with. The alliances are generally taking place for sharing best practices. According to him the issues of alliances worldwide are common and AICPA is addressing these issues by jointly working with International Innovation Network.



Mr. Anthony Pugliese

Ms. Sharron Gunn, Chairperson, International Innovation Network stated that the global accountancy profession today is facing challenges than ever before, since margins for traditional services are narrowing and clients are demanding services at competitive prices and trends of lower service provider loyalty have also been witnessed. Further the need for an innovative business model has come up in the wake of reduced demand for traditional services and blurring of demarcation between various services. She high-lighted the need for innovation aspect and stated that network such as the IIN will enhance our chances of attracting high caliber people to create a dynamic global profession of



Ms. Sharron Gunn

tomorrow. She further stated that different countries have different levels of development and same is true for the membership profile as well. She gave an overview of IIN functional structure and the work being carried out by its 8 task forces. She further added that the objective of IIN is to share information about the product and services, about the delivery of product and services, bench marking, joint development, consultation and collaboration. She further stated that the IIN membership give access to information and ideas and is a fast track to development. According to her the challenges to the accounting profession are common globally and one needs to take a concerted stand.

Mr. S.P. Chhajed in his concluding remarks expressed the need for IIN to increase its horizon as while it has made a good beginning by having 15 members; it would be more fruitful to have more and more countries giving their views on such issues which have a universal dimension.

He also explained about concept of networking and mergers as is taking place in India. According to him the networking and merger may have limited takers in context of more significant % of firms attuned to giving a customized services.

He was of the view that Indian firms may not benefit in the scenario and the SME standards will bring in a condition wherein the small and medium practitioners will not be willing to learn other standards. His view was that one needs to evolve and adopt strategies in tandem with time so as to convert challenges into opportunities and cause growth for oneself.

Mr. Sanjeev Maheshwari, Chairman, WIRC proposed vote of thanks.

## Panel Discussion

### Accountancy Profession: Perspective for Development and Cross Border Services

Mr. H.N. Motiwalla, Central Council Member, ICAI, in his welcome address stated that with the services sector occupying the centre stage of global trade, one has to look



into sweeping characteristics that bind professionals in a smaller world to determine the developmental landscape. He further stated that accountancy professionals have a large stake in cross borders services and introduced Mr. P.N. Shah, Past President, ICAI, the Chairman for the Session.

Mr. P.N. Shah, informed the audience about the role being played by the Institute at the international level from last few decades. According to him, the first CAPA conference in 1957 was held in Manila wherein late Shri S. Vaidyanath Aiyer, the then President Chaired the First Technical Session. Further the 4th and 10th CAPA conference were held in India. He also stated that the IFAC owes its existence to the Draft constitution of IFAC; the meeting of International Coordination Committee which proposed it, was also held in Delhi and Shri B.L. Kabra, Past President, ICAI, went on to become the Dy. President of IFAC. He also stated that the SAFA which has come as a sub regional body has also come up because of the region having characteristics of some what similar culture, similar trade practices, legal system, economic relations and alike. He further added that the Institute has prepared the draft constitution of SAFA in eighties and made a brief reference to Centres of excellence, student and faculty exchange programme under aegis of SAFA. He further added that the thrust in SAFA should be on unification of education, ethical standards and convergence of accounting standards.



Mr. P.N. Shah

transnational audits becoming a reality. According to him, a larger issue involved in today's era is accumulation of knowledge and usage of technology to harness the inner potential. He also touched upon the issue of cross border services and emphasized the need of culmination of process of mutual recognition agreement for free flow of people and services. Mr. Vikamsey then also spoke of the perspective of Indian profession on opening up and according to him the profession has a great opportunity as the opening up will unfold the value; however it is to be coupled with MRA's and he stressed for removal of skepticism affecting this process. He also stated that the Indian Profession is for building up the capacity so that the opportunities available globally are encashed.



Mr. Indrajit Fernando

Mr. Indrajit Fernando, Vice President, SAFA, in his address stated that the region represents over 300,000 accountants who are looking after the economic health of wealth generating Institutions. He stated that the borders are disappearing and the globalization is bringing us together. He stated that the profession should look upon the ways and means to anchor economic growth and that has to be seen in the context of millennium development goals enshrined by SAARC like eradicating poverty, which is the prime driving force in the region for all policy makers. He was of the view that the profession should suitably address this issues as SAFA accountants are a big community. Carrying further, he stated that while the SAFTA is a step forward in the regional cooperation and we should also look at the European Union Model which is the best model; he stated that while larger issues like poverty, large population, habitation for all, education are the core driving issues across the region; the profession has a larger role in ensuring the reach of these Government projects to needy. He requested the profession to up-hold highest professional standards, safeguard public interest, so that the profession goes from strength to strength in times to come.



Mr. Kamlesh S. Vikamsey

Mr. Kamlesh Vikamsey, Deputy President, CAPA in his address introduced the activities of CAPA and stated that it is a conglomerate of accountancy bodies drawn from all across the globe and the CAPA takes up the regional issues at a global platform and is also assisting the other accounting bodies in activities like sourcing global publications at concessional prices and setting up of Institutes in countries where none exist. According to him, while the last century belonged to the manufacturing sector, the current century is an era of technology and one has to learn, harness and use it to one's benefitment, whether one is in practice or employment. Technology has reduced the importance of physical locations and it is changing at a mind boggling pace. He further stated that technology will result in

Mr. Syed Shabbar Zaidi, President, The Institute of Chartered Accountants of Pakistan, in his address touched upon the expectation gaps from the profession which according to him related to:

- Trust Gap – Confidence in public reporting



Mr. Shabbir Ali Zaidi

- Knowledge Gap – policy makers to understand the importance of accountancy terms.
- Perception of Audit – What we do viz-a-viz stake holder interest.
- Communication Gap

He stated that these issues are common to all countries in SAFA and indicated that the Pakistan Institute is working to bridge these gaps. He further added that too many regulations are disturbing trends for the profession wherein the effectiveness of regulations get diminished. He further stated that their Institute's stress is more on taking international best practice in corporate governance, accounting standards, taxation and fiscal law areas for meeting domestic needs. He further added that their Institute is working towards simplifications of regulations. He stressed upon the need for a separate accounting standards for SMEs as it is a requirement of their economy for achieving economic growth. According to him, accrual accounting in the region is likely to take time and while they have no separate oversight mechanism, they are working towards improving the networking of small and big firms. He ended his presentation on the note that time has come to talk of real economic issues in the region and then only regional cooperation can move forward in a meaningful manner.

Mr. Yohun Perera, President, Institute of Chartered Accountants of Sri Lanka, stated that he endorses the views given by President of Institute of Chartered Accountants of Pakistan with regard to commonality of expectation gap issues in the SAARC region. He stated that Srilanka has made heavy investment in education and have literacy rate of 92%. The profession has 3000 members out of which 25% are overseas and only 30% are in public practice. He informed that Srilanka institute is also looking forward to SMEs standards as other standards primarily cater to developed markets. He added that Srilanka recognizes the need for a global qualification and SAARC countries should come together on this aspect. He spoke about investment and opportunities in the area of information technology and made reference to FTAs with India for exchange of professional services. According to him Forensic Audit and SOX compliance offers a large professional opportunity. He stressed upon the need to alliances between different countries and the need for organising more and more student exchange programmes. He further stated that as we go to a globalised era, firm to firm alliances are important.



Mr. Yohun Perera

Mr. Enkh-Amgalan Lamjav, Vice President, Mongolian Institute of Certified Public Accountants, spoke about the profession of Mongolia and Mongolian economy in general, and that Mongolian economic activity is largely influenced by neighbouring economy like China and has grey economy as well. He stated that while the GDP growth is 5% currently, economy is largely depending upon Agriculture and mineral deposits. He further stated that their Institute is a creation by Ministry of Justice to assist corporate governance in accounting and audit for protecting interest of stake holders, impose code of conduct and ethics and carry research in accounting and auditing. He informed that the Mongolian Institute has four committees in the area of ethics, training, accounting and audit practices. He also added that they have converted the international standards in auditing and those developed by Public Sector Accounting Board in local language. He expressed desire for working closely with other professional bodies particularly India.



Mr. Enkh-Amgalan Lamjav



Mr. Reetun Khemraj

Mr. Reetun Khemraj, Chairperson of Mauritius Institute of Public Accountants, dwelled upon the Mauritian profession. He stated that the Mauritius is going to be the hub of financial services and currently they recognize the qualification of select accounting bodies of which the Indian chartered accountancy qualification has also been recognized for doing the attest work as per the Companies Act of Mauritius. He further stated that for regulation of profession, the Financial Reporting Act has been enacted and the Financial Reporting Council which inter alia provides for registration of these auditors with Mauritius Institute of Public Accountants. He expressed the desire to have a mutual recognition agreement culminated with the Indian Institute in line with the thinking of national government of Indian and Mauritius who are working towards the same.

Mr. Anthony Pugliese, Sr Vice President, American Institute of Certified Public Accountants (AICPA) shared with the audience the recent initiatives of the Institute to ensure continued and multifarious professional growth of CPAs. He mentioned about the financial reporting models and guidance material developed by AICPA to

encourage effective learning of qualified CPAs and AICPA students. He also illustrated the areas including convergence with IFRSs, compliance with the Sarbanes Oxley Act, small companies auditing standards and related framework, role of audit committees in ensuring effective corporate governance, etc in which AICPA serves as guide to the professionals in America and the other countries. He also stated that AICPA's current work programme included a host of areas in which the opportunities for CPAs are evolving and mentioned that in areas such as business valuation in mergers and acquisitions, forensic audit, the practical guidance tools were contemplated to be developed to enlighten the CPAs and students.



Mr. Anthony Pugliese

Mr. Kamlesh S. Vikamsey, President ICAI while speaking on behalf of the Institute of Chartered Accountants of Nepal (ICAN) informed that it was formed in the year 1997. ICAN derived ICAI's technical support for the institution of framework for the administration of profession in the country. He informed that ICAN had since continued to consult ICAI in its further professional developmental initiatives. He regarded ICAN as a responsible instrumentality in establishment of accounting, auditing and ethical standards for the constituents of the profession in Nepal. He praised the role and contribution of ICAN towards the activities of international organs like IFAC, CAPA and SAFA and also its philosophy to entitle ICAI members to practice in Nepal. He also expressed the commitment of ICAI to continue to support ICAN and the accountancy profession in Nepal.

## Valedictory Session

Dr. Ashok Haldia, Secretary ICAI, in his welcome address, stated that the outcome of the Conference was highly satisfying. He added that the Conference helped in forming and linking the role and core competencies of the chartered accountants with economic growth of the country. He also stated that the Conference made all present realize the importance of Chartered Accountants and of the accounting and financial reporting system in attracting flow of foreign investment and effective and optimum usage of economic



Dr. Ashok Haldia



(From Left): Mr. T. N. Manoharan, Vice President ICAI, Mr. C. Ramachandraiah, Member of Parliament, Mr. Suresh Prabhu, Member of Parliament, Mr. V. N. Kaul, Comptroller and Auditor General of India, Mrs. Komal Anand, Secretary, Ministry of Company Affairs, Mr. Kamlesh S. Vikamsey, President ICAI and Secretary ICAI at the valedictory session of the conference.

resources of the country, with proper accountability. While speaking about Global Village, he stated that the Conference helped in identifying the challenges and opportunities that lie before the profession in the changing era. Dr. Haldia also introduced the Chief Guest and the Guests of Honour to the audience.



Mr. Kamlesh S. Vikamsey

Mr. Kamlesh Vikamsey, President ICAI, while referring to the Conference as a highly successful one, stated that the regulators, key government officials, corporate leaders and 20 speakers from 15 countries deliberated upon the core professional accountancy issues and their linkages with the economic growth of the nation. He added that the deliberations at the Conference were very enriching and that all participants would have surely taken back considerable inputs which will help them in their professional pursuits. He thanked all the dignitaries for taking out time to address the conference and enlightening the participants with their erudition. He also referred to the bilateral meetings which the ICAI had with the representatives of other accounting bodies and stated that these meetings will lead to better co-operation between the professional bodies. He informed that the Chief Minister of Maharashtra would be laying the foundation stone of the Institute's building at the Bandra Kurla Complex on Jan 25, 2006 and invited all present to participate in the ceremony.

Mrs. Komal Anand, Secretary, Ministry of Company Affairs, while delivering her address, remarked that she was glad to be amongst the august gathering at the



Mrs. Komal Anand

International Conference, which has provided an opportunity to the professionals, those in industry and other stakeholders to have an interaction with the prominent personalities worldwide in the field of accountancy. Mrs Anand highlighted that the challenges to the Indian economy thrown up by the transformation of

the world into a global village have resulted in an ever-increasing need for transparency and trust.

It was highlighted that ICAI has a significant role to play in ensuring that prime objectives of good corporate governance are obtained without imposing unreasonable compliance costs by inducting new technological tools and also maintaining high standards of excellence and integrity and continuing education. Mrs. Anand complemented the Institute for bringing about innovative changes in the profession particularly with reference to the continuous reforms in education and training.

Mentioning the steps taken by the Government to encourage professional excellence in the working environment, Mrs. Anand informed the gathering about the changes instituted in the quality of peer review mechanism of the Institute and stringent disciplinary proceedings by the CA Amendment Act; revision of the Companies Act in order to bring about transparency in the functioning of corporates and to imbibe a spirit of responsibility in the functioning of the Boards.

While commending the greater value addition and support of Institute towards the governments' reform agenda for better governance and accountability so that an effective and efficient use of all public resources is ensured, Mrs Anand asserted that the Institute's responsibility was to ensure application of sound accounting principles, uniformity and comparability in preparation of financial statements as well as harmonization with the International Accounting Standards.

Reposing her faith in the Indian Chartered Accountants, Secretary, MCA, said that the adapting to the new challenges and keeping excellence and competitiveness as the primary goals, the profession would meet the needs of the time and shoulder the economic development in the country.

Mr. C. Ramachandraiah, Member of Parliament, in his opening words expressed satisfaction on the progress made by his alma mater, the Institute of Chartered Accountants of India and complemented the Institute

for instilling continuous reforms in its education and training process and for emphasizing the need for continuous professional education for improving the quality of its existing membership. He welcomed the Institute's initiatives in reinforcing the quality of service rendered by its members by instituting suo motu steps such as Peer Review, which are viewed as positive steps by the stakeholders as

well as structuring the Institute's work program to meet the emerging scenario by introduction of super-specialty courses. He said that enormous opportunities would be proffered to the professional service providers with the coming of GATS into operation and professionals like Chartered Accountants would be sought after because of the skill sets available with them at large. He expressed confidence that the Chartered Accountants would be able to contribute in a very effective manner to the GATS regime and their work would be of immense value to the end users of financial statements and other stakeholders at large.

Mr. Suresh Prabhu, Member of Parliament, in his Keynote Address on 'Creating Professional Opportunities through Partnership in Economic Development' informed that the Conference had examined, in the Indian context, how the role of Chartered Accountants could be modified to suit the present day needs of ensuring accelerated

economic growth and meet the demands and challenges of addressing poverty and social inequalities. Distinguished international speakers had debated on the strategies to deal with the issue and how Chartered Accountants can address the problem. While the Government is supporting ICAI to play the role very effectively, the accelerated growth rate can be sustained if we are able to improve the household savings rate as well as the Government savings rate. The Chartered Accountants have a significant role in suggesting a system to the Government to improve the savings rate and by devising a system wherein output parameters can be integrated even under committed revenue and capital expenditure.

Stressing on the need for Corporate Social Responsibility, Mr. Prabhu presented a new dimension to the concept. He explained that though corporates must undertake socially desirable projects, their prime objective is not social development but maximize wealth



Mr. C. Ramachandraiah



Mr. Suresh Prabhu

generation for its shareholders. At the same time, as good corporate citizens, it is obligatory for corporates to undertake such socially responsible projects. He enjoined the audience to evolve a partnership model whereby social issues are managed and operated by institutions which are mandated to carry on social activities such as NGOs and those activities are financed by corporates by devoting a share of their profits.

The Chief Guest of the Valedictory Session, Mr. V. N. Kaul, Comptroller and Auditor General of India expressed pleasure at the opportunity to share his thoughts with the gathering and commended the Institute for choosing to organize the International Conference on a subject that has equal relevance for public as well as private accountants. He stated that the direct relationship between good accounting practices and better economic outcomes was widely recognized. He commented that there were two dimensions to the nexus between accountancy and economic growth. The first being the technical dimension, which related to defining good accountancy practices and the Institute was paying attention to the same. The other dimension was how to regulate the corporate creed with proper best practices and the role of accountants in addressing this dimension. The Chief Guest commended the Institute for paying equal attention to both the technical and the ethical aspect of accountancy.



Mr. V. N. Kaul

Mr. Kaul detailed the policies set in motion to change the government accounts and financial reporting systems and their implications for the growth and development of the country. Mr. Kaul explained the need for governmental accounting to switch over to accounting on accrual basis from the existing cash basis of accounting. He informed that the transition would not be quick and easy but considering the benefits of double entry system of accounting over the existing systems, it was imminent. While informing that the Governmental Accounting Standards Advisory Board was drawing out a roadmap for the migration, he extolled the virtues of the process.

He stated that only a 'Whole of Government System' would enable decision-makers the objective of a comprehensible control over public expenditure, give a true & fair view of the public sector as a whole and undermine Govt.'s efforts to improve overall efficiency as the public sector expenditure, enable creation of a public sector more responsible to the strategic direction of Govt.'s policy. For meaningful financial reporting, the Govt. would have to consider development of an integrated oversight

mechanism over government accounting system, which currently remains fragmented.

He laid down the requirements for institution of the system and looked forward to receiving cooperation from the Institute.

While indicating specific directions of future reform agenda in govt. accounting systems, Mr. Kaul stressed that accounting reforms have relevance and can succeed only if set in a larger framework of complementary public sector reforms and is a component of a wider budget system reforms. He was confident that in view of the changes taking place in the world of accounting, the forces of convergence would propel accounting and budgeting reforms in India also.



Mr. T. N. Manoharan

Mr. T. N. Manoharan, Vice President, presented a vote of thanks to the distinguished guests of the valedictory session. He stated that the presence of the Hon'ble C & AG had added significance to the conference adding that if ever a Balance Sheet of the Government of India was drawn up, the C & AG being the constitutional functionary of the Government of India would feature on the asset side, as the Goodwill of the Govt. of India. Mr. Manoharan expressed gratitude to Mr. Suresh Prabhu, Member of Parliament for his electrifying speech. Vote of thanks was also expressed for Mr. C Ramachandraiah, Member of Parliament, for his address as well as for his support to the CA Amendment Bill in the Parliament. Equating Mrs. Komal Anand, Secretary, MCA to a friend, philosopher and guide to the profession, Mr. Manoharan expressed his gratefulness for her presence at the Conference.

While drawing the valedictory session of the International Conference to a close, Mr. Manoharan placed on record his appreciation for the distinguished dignitaries, resource persons, chairmen of all technical sessions as well as the valuable presence and contribution of the qualitative audience during all the three days of the Conference.

Mr. Manoharan stated it was always felt that the profession had the capacity to play a role in anchoring the economic growth; this forum had brought to fore that the profession also had an opportunity to play a role in the burgeoning economy. He expressed his thankfulness and added that the profession would join hands with other stakeholders for a credible economy in the incredible India. □