

THE PRESIDENT

FROM

Dear Members, Last two decades have witnessed technology being used as an instrument of change by all organisations across the globe to provide better services to stakeholders, and ensure better governance and transparency.

The ICAI being a service organisation has to be efficient to meet challenges posed by the growth in membership and enrolment of students. It is needless to state that the existing services should not only be maintained and strengthened but the scope and extent of services should also grow qualitatively over a period of time to meet diverse needs of ever increasing membership and number of students. It was in this context that the Virtual Institute Project was

the least, introducing a new way of working. The task is huge, but the evolving new system is the flagship of the ICAI as it moves into the future. I am also happy to inform you that the ICAI's website is now ready to transform into a portal. 'User Acceptance Tests' in this regard are already complete and the portal is set to go online by the end of December 2005.

Pursuant to acceptance of recommendations of the Committee for Review of Education and Training (CRET), the Council has finalised draft Regulations, which have been submitted to the Central Government for its approval. On receipt of the approval, the same will be notified/exposed, inviting suggestions/objections from all concerned. We hope that the new scheme of education and training may come into force by July 2006. I also reassure all students undergoing the chartered accountancy course that, as always, due care shall be taken while formulating the transitional provisions to safeguard their interest.

The ICAI has intervened in the Writ Petition filed by the Bar Council of India in the Delhi High Court challenging the vires of Section 288 of the Income-tax Act, 1961 and Section 60 of the Delhi Sales Tax Act, 1975 being violative of Section 29 of the Advocates Act, 1961. The Hon'ble High Court, after hearing the arguments of the Council of the ICAI allowed the ICAI as a necessary party to the case and directed the Petitioner to file the amended petition making the ICAI as Respondent. Through this

column, we shall keep you posted with the developments in this matter.

An International Conference on Values and Perspectives of the Accounting Profession in Developing Nations was organised recently at Kolkata, coinciding with the meeting of the IFAC's Developing Nations Permanent Task Force. At the inaugural session of the Conference, Mr. Ndung'u Gathinji, Chairman, Developing Nations Task Force (DNTF), IFAC was the Chief Guest.

I wish to bring to your notice that the Council has decided to issue an announcement to the effect that enterprises should make certain disclosures regarding "Derivative Instruments" in their financial statements. This is an interim measure pending issue of Accounting Standards on (i) 'Financial Instruments: Presentation', (ii) 'Financial Instruments: Disclosures' and (iii) 'Financial Instruments: Recognition and Measurement' which would deal with the presentation, disclosure and recognition and measurements aspects respectively, of all financial instruments including derivative instruments. The purpose of issuing this announcement is that the users of the financial statements should become aware of the extent of risks to which an enterprise is exposed on account of its dealings in derivative instruments and unhedged positions in foreign currency exposures.

Apart from this announcement, the Council has also decided to make a limited revision to Accounting Standard (AS) 29, Provisions, Contin-



President
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conceived, aiming to provide a single integrated format for members and students cutting across all geographical barriers. It is an ambitious project involving not only process re-engineering but also building a huge infrastructure, migrating from islands of legacy systems, correcting a large amount of legacy data, and last but not

gent Liabilities and Contingent Assets. By virtue of this revision, AS 29 is now applicable to 'onerous contracts'.

The new requirements prescribed by SEBI under Clause 49 are to take effect from 1st January 2006. The corporate entities will have to comply with new requirements such as composition of minimum number of Independent Directors, powers and role for Audit Committee and other financial disclosures. The corporates have to get a compliance certificate from the statutory auditors of the company on compliance of new requirements of corporate governance. This certificate should be sent annually to all the shareholders and also to the stock exchanges. Keeping in view the conditions prescribed by the SEBI and in order to facilitate the members of the profession in issuance of compliance certificate, the ICAI at its recent Council Meeting has finalised the new Guidance Note on Certification of Corporate Governance.

I am happy to inform you that the National Tax Tribunal Bill, 2005 (NTT) has been passed by the Lok Sabha. Under Clause 6 of the NTT Bill, a person will be qualified for appointment as a member of the NTT if he has been a member of the Income Tax Appellate Tribunal or of the Customs, Excise and Service tax Appellate Tribunal for at least seven years. Thus a Chartered Accountant who has served as a member of the Income Tax Appellate Tribunal for at least seven years is eligible to be appointed as a member of the NTT. Under clause 13, a Chartered Accountant holding a certificate of practice can appear before the NTT. A le-

gal practitioner is also eligible to do so. However, only a legal practitioner or an officer of the government can appear on behalf of the Government. This is a great opportunity for Chartered Accountants and I am sure that the members will acquaint themselves well with this challenging assignment.

As members of a dynamic and pragmatic profession, we have been continuously adapting ourselves to the latest concepts and techniques in various areas of our specialised services. Apart from ensuring that the entrants to our profession are persons of the requisite calibre and possess the desired degree of skill and competence, it has been the constant endeavour of the Council to provide adequate opportunities to members to update their knowledge and remain abreast of the latest developments in different areas of professional competence. The role played by the Regional Councils and their branches deserves appreciation, particularly for their feat of organising a large number of programmes for the benefit of members.

To ensure that any learned profession continues to render useful public service, it must be responsive to the needs of the society. For a service-oriented profession like ours, it is necessary to be alive to the socio-economic changes in the environment and to play a positive role in the service of the society. There is no doubt that today the accountancy profession faces a number of challenges, not only in India but abroad as well. But then, it is only a living and vibrant profession that takes challenges in stride. The very nature of these challenges indicates that



ours is a dynamic and growing profession. Further, all such challenges hide in themselves a lot of opportunities for rendering useful services to the society. The use of public funds and scarce resources by the Central, State and Local Governments is another major focus area, which shall assume greater importance in the years to come. I am confident that the auditors shall be entrusted with more responsibilities to examine effective and efficient use of resources of all kinds. These sentiments are in accordance with the sentiments expressed by His Excellency the President of India, Dr. A.P.J. Abdul Kalam while addressing ICAI's International Conference on Accounting Profession: Adding Value to New Horizons of Economic Growth. He had stated that the "Time has now come for the Chartered Accountants to elevate themselves from the computer audit to system performance audit". I am confident that members will rise to the occasion.

I wish all of you a very happy and professionally satisfying New Year.

Kamlesh S. Vikamsey

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President,
New Delhi, December 3, 2005