



CA. Subodh Kumar Agrawal, President, ICAI

### Dear Friends,

It's 6.18 in the morning. After getting back from a small walk, I had my first tea that is usually minus sugar and milk. My newspapers have been delivered. As I start reading some of them, I realise: Few more days and June will be over. July is ready to dawn in.

July as a month has a lot of associations for all stakeholders of accountancy profession. Our alma mater had been established by an act of the Parliament on July 1, 1949. We celebrate because the coveted accountancy profession was institutionalised in July. This could take place only because strong efforts were put in by our forefathers on every front of our dear profession. Our profession was accepted by the Govt. of India. Imagine, our Institute was set up even before our

country had its constitution in place. Since the introduction of the Companies Bill in 1913, we have been struggling very hard and putting in voluminous efforts in order to streamline the intricacies in accountancy profession, levelling disparities at various levels.

Very few of us today know that, till 1949, technically speaking, there were actually very few *chartered* accountants. There were various designations in profession—RAs (Registered Accountants), Approved Accountants, Incorporated Accountants, GDA (Government Diploma in Accountancy)—besides the existence of Chartered Accountants who had their education from one of the five chartered societies from UK, e.g. The Institute of Chartered Accountants of England and Wales and The Institute of Chartered Accountants of Ireland. To remove this distinction from the professional makeup of our forefathers, a group of accountants started a war for dignity, since not just Chartered Accountant designates but the industry too thought very high and superior of the chartered designation. That too, when skill-wise, accountants trained and educated in India were no less competent than their UK counterparts. It was the joint efforts of our accounting forefathers and extensive discussions and debates put up by the Government of India officials, enthusiast public advocates, thoughtful political leaders and representatives, etc., in the Legislative Assembly on March 23, 1936, with which our forefathers started their struggle for equality in professional standing. Then in the 18<sup>th</sup> meeting of the Indian Accountancy Board, it was decided to designate all accountants of India as *chartered accountants*. Since then, The Institute of Chartered Accountants of India took over the responsibility to train that class of noble professionals.

This is the time to recall the great endeavours of our accounting forefathers and pay our sincere tribute to them. The month of July gives all of us a reason to recall their contributions. Friends! Let us not forget that we have a solid heritage as gifted by our strong and competent accountancy professionals. Let us continue the tradition and keep on adding glory to that heritage.

Now let me apprise you on some of the major developments in the last one month concerning the accountancy profession:

### **Importance of SA 700 (Revised)**

I wish to record my appreciations for the members, including auditors of companies, auditors of banks and its branches and auditors of insurance companies, for complying with the requirements of the SA 700 (Revised), *Forming An Opinion And Reporting On The Financial Statements* for the audit reports for FY 2012-13 and onwards. I also wish to place on record my appreciations for the regulators and the industry, who have whole-heartedly supported the change to this new auditor's reporting format. At this juncture, Compliance with the Standards on Auditing issued by ICAI, being mandatory in application, ensures a high-quality audit. In particular, the SA 700 (Revised) is aimed at reducing the expectation gap among the readers to the responsibilities of the management *vis-à-vis* the auditors. For the benefit of the readers, the Standard not only requires that headings be given to the various sections in the auditor's report, it also requires separate presentation of auditor's opinion on the financial statements *vis-à-vis* auditor's opinion on other legal or regulatory reporting requirements so that both are clearly distinguishable. Since the SA 700 (Revised) is in effect now, I urge all the members signing audit reports to ensure compliance with the Standards.

### **MoU for Women Chartered Accountants**

We have recently entered into an MoU with the "Avinashilingam Institute for Home Science and Higher Education for Women", Coimbatore, i.e., a deemed university for women, to facilitate our women chartered accountants having three-year experience to pursue PhD programme as both full-time and part-time candidates. Vice-Chancellor of the Institute Dr. Sheela Ramachandran was at ICAI in New Delhi to sign the MoU. Our past-President CA. T. S. Vishwanath was also present. This brings the tally of the institutes to 100 (93 Universities, 6 IIMs and IIT Madras), which have recognised chartered accountants as eligible for pursuing the PhD programme. The CA qualification has been treated as equivalent to postgraduate degree in commerce or allied disciplines.

### **Contributions to CABF**

From the office of accountancy profession, it is quite satisfying to acknowledge before our stakeholders that, during February-May 2013, we have received ₹60,11,996 as contribution in the Chartered Accountants Benevolent Fund (CABF), out of which ₹11,56,996 was received as voluntary contribution. We have already extended a sum of ₹50,76,500 as financial assistance to the families of deceased members of the Institute during this period. It is essential that our CABF continues to receive funds in order to extend help and assistance to our members in crisis. I would request all our members to make generous contributions and also encourage other members to donate to the fund.

### **Inappropriate Response to Tenders**

It has been observed that some members quote abnormally low fee while responding to tenders, which gives birth to a suspicion over the seriousness and quality of their delivery. We had decided in 2010 that

if there is a huge (abnormal) difference between the lowest quote received against a tender (on which the tender is ultimately allotted) and the next lowest quote, then peer review of the said assignment and/or concerned chartered accountants/CA firm thereof can be ordered. The Council later had decided in December 2010 that a cost-sheet be maintained by members of the Institute responding to tenders and accepting professional work, incorporating the details of cost, personnel, hours, etc., which the Institute may call for and refer to for various purposes. I will urge our members to keep these decisions in mind while responding to a tender.

#### **Rising Membership and Student Strength**

I am glad to inform you that the total membership strength has gone up to 2,18,233 as on May 22, 2013, from 1,92,513 as on April 1, 2012. There is an addition of 25,720 new members showing a phenomenal growth in membership strength by 13.36%. Further, it is again a credit to our profession that an incredibly large number of students, i.e., 11,11,267, have registered with us, out of which we have about 6,09,150 under CPT, about 3,08,400 under IPCC, about 24,130 under Intermediate (IPC) Direct Entry Scheme, and about 1,69,600 in final.

#### **Five New Branches in CIRC, NIRC and WIRC**

I am happy to acknowledge before our stakeholders that we have notified the setting up of Sikar Branch of CIRC in Sikar District of Rajasthan (with jurisdiction as Sikar, Khandela, Losal, Palsana and Ringas), Sirsa Branch of the NIRC in Sirsa District (with jurisdictions as Sirsa, Ellenabad and Kalanwali), Rewari Branch of NIRC in Rewari District of Haryana, Nanded Branch of WIRC in Nanded District of Maharashtra, and Dhule Branch of WIRC in Dhule District of Maharashtra (with

jurisdictions as Dhule and Dondaicha). With the increased reach, members of these places would find increased reach beneficial to them. With this addition the total number of branches is now 138.

#### ***e-Sahaayataa***

As all our stakeholders know, we had introduced an online grievance management system of the Institute, *e-Sahaayataa*, to address the queries, complaints and grievances of our stakeholders pertaining to the day to day working of the Institute. Grievances are being expeditiously catered to and are being resolved. I am really happy to see the overwhelming response and appreciation of this system by one and all. We receive queries, complaints and grievances, and resolve them within the stipulated time-frame. However, credit for the success of this system goes to the cooperation of our stakeholders. The system has become all the more refined and evolved over the time. We look forward to your continued support and to serve you better. I call upon all the members to use *e-Sahaayataa* for their queries.

#### **Industrial Training for Articled Assistants**

Articled assistants who pass Intermediate (Integrated Professional Competence) Examination/Intermediate (Professional Competence) Examination/Professional Education (Examination-II)/Intermediate Examination may serve as an industrial trainee in any of the financial, commercial or industrial undertakings, as approved by the Institute, under an eligible member of the ICAI working in that organisation. I would request all members to encourage their final-year articled assistants, who have passed Intermediate (IPC) Examination in entirety, to pursue industrial training for 9-12 months. Other details including application form and the list of organisations permitted to impart industrial training are

available on the Institute's website. Concerned regional offices of the Institute may also be contacted in this regard.

### More Branches to Hold GMCS/ Orientation Programmes

We have extended permission and approval to 11 new branches against their request to organise Orientation Programmes and/or GMCS Course. We have approved Alleppey, Hubli, Sivakasi and Pondicherry Branches for GMCS from Southern Region; Aligarh, Meerut and Ratlam for GMCS, and Bhavnagar for Orientation Programme and GMCS from Central Region; and Karnal, Sangrur and Panipat for GMCS from the Northern Region. Members should inform the articulated trainees/students about the new centres and encourage them to undergo the respective courses at the earliest.

### Examinations

May 2013 examinations have been fairly conducted across all centres except for an untoward event where we have initiated the disciplinary process against the persons responsible. Fair examinations strengthen the essence that accountancy profession communicates to our society and nation at large. We represent our alma mater in everything we do as members of ICAI. It becomes mandatory for us to act sincerely and responsibly while carrying out all our professional work.

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We all like early monsoon which brings relief to the earth from the heat of summer. But this time, it has brought along a serious crisis to the people in some regions of our nation. As a result of torrential rains and a series of flash floods, landslides and cloudbursts, thousands of people, including locals and tourists, are stranded, thousands are missing, and several villages have been

washed away. The extent of human loss is beyond estimate. It is a trying time for all of us. At the least, I request my professional colleagues to contribute generously for this cause. Either individually or in group, we will find out a way to help those affected by the natural calamity.

Celebrated coach Celestine Chua quite responsibly remarks: *The degree of responsibility you take for your life determines how much change you can create in it. He goes on to say: The more you take responsibility for your past and present, the more you are able to create the future you seek.* Besides what the nature has done, if we contemplate on the reasons, we will find that this is also because of ecological instability that we have caused through severe forest depletion and unplanned housing projects. The C&AG had warned of the ecological hazard in these sensitive regions. Growth at the cost of the existing resources is never advisable.

There are things of our concerns and there are not. But being members of the same nation, we have to own up certain responsibilities that are beyond our purview at times. Martin Luther King rightly advises: *You are not only responsible for what you say, but also for what you do not say.*

While we have professional responsibilities of our own, we will have to share the national responsibilities. Let us be responsible to our time and our society.

Best wishes



**CA. Subodh Kumar Agrawal**

**President, ICAI**

New Delhi, June 24, 2013