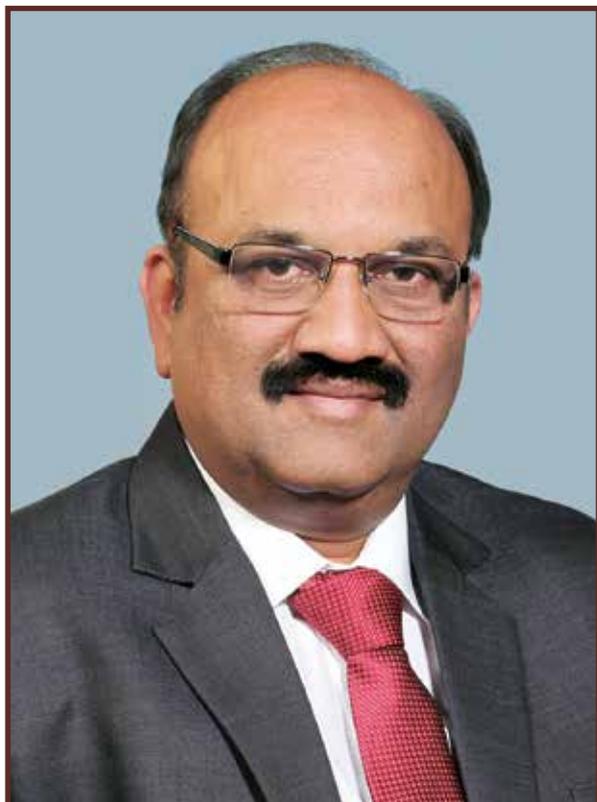


# From the President



**CA. Manoj Fadnis, President, ICAI**

**Dear Friends,**

**N**othing can bring you peace but yourself. Nothing can bring you peace but the triumph of principles, writes Ralph W. Emerson. I too believe in the power of *self* and *principles*, which we respect and stand for in our life. For me, this is all the more important as I have been entrusted with the responsibility of a leader. I consider it an absolute honour to serve my profession while joining the strong lineage of its leadership. Albert Einstein quite beautifully links human endeavours and excellence: *We have to do the best we can. This is our sacred human responsibility.* And I promise to do justice to my responsibilities in that sense too.

It is indeed a privilege to communicate as 63<sup>rd</sup> President of The Institute of Chartered Accountants of India and welcome and express my gratitude to all its stakeholders. I wish to record my gratitude to all my Council colleagues for demonstrating trust in my leadership—for my election as Vice-President in 2014 and now as President in 2015. I wish to thank my fraternity for extending their help and support on all coveted instances.

I also wish to thank my predecessor-in-office CA. K. Raghu, who has guided and supported me during my tenure as Vice-President of the Institute. The Institute has certainly benefitted from his penchant for IT aspects of the profession. Associating with him has added to my professional understanding. I am fortunate to receive his continued support in our quest for holistic professional growth.

I congratulate my Central Council colleague CA. M. Devaraja Reddy on his election as the new Vice-President of the Institute. I am sure, his rich professional experience including his recent stint as Chairman of the Board of Studies of the Institute, especially in conceptualising a new futuristic CA Curriculum, will help us. His contribution will certainly benefit the profession at large and also help me in executing my agenda of growth.

### **Increased Share in Government's Agenda**

It is satisfying that our nation has taken a serious note of our contribution and duly appreciated the same. Even the representatives from the Government have recognised that we are in sync with our times. I accept with pride that we constantly endeavour to become contemporary with training and technology. In fact, we work hard to constantly update both our curriculum and publications. We have been helping the Government to shift to that accrual system of accounting. Supporting the green initiatives, we have already started our journey towards a paperless system. With our financial expertise, we are helping the Government in performing its job better and thereby partnering in the nation-building process. This year, we plan to increase our engagement with standing committees of the Parliament by submitting more representations.

### **Lok Sabha Speaker Appreciates ICAI**

Recently I had an opportunity to meet the Hon'ble Lok Sabha Speaker Smt. Sumitra Mahajan in Indore, the unanimously elected Speaker, who serves the Lok Sabha for the eighth term. Having interests in women's welfare and social reforms, she was really happy to know that ICAI too has these welfare issues on its agenda. On behalf of the profession, I have assured her of our continued support.

### **Expectations from Union Budget 2015-16**

By the time my message reaches you, the Union Budget and the Rail Budget for 2015-16 would have been presented. Having high expectations from this Government's first full Budget in the backdrop of our recovering economy, growing investor confidence and bringing inflation in control, I hope that both the

Budgets will be rich on policy measures especially towards bettering the business environment and fiscal consolidation. A reform-oriented budget can really deliver the promised good days to our country. Implementation of Goods and Services Tax (GST) is recognised as the single biggest tax reform in the country.

I feel proud that for the first time a member of our profession CA. Suresh Prabhu will present the highly-awaited Rail Budget. He has announced to leverage the IT measures in the railways.

I am sure both these budgets will herald a new era in the Indian economy.

## International Conference Brings in Global Recognition

It gives me immense pleasure to inform that the Institute recently organised a very successful three-day International Conference on *Accountancy Profession: Building Global Competitiveness; Accelerating Growth* in Bengaluru. This was inaugurated by the Union Railway Minister CA. Suresh Prabhu as Chief Guest along with the *Guest of Honour* Rajya Sabha MP CA. K. Rahman Khan. Eminent speakers on the occasion included Member of Parliament Dr. Kirit Somaiya, NACAS Chairman CA. Amarjit Chopra, SAFA President Mr. Arjuna Herath from Sri Lanka, ICA Australia CEO Mr. Lee White and CPA Ireland CEO Mr. Eamonn Siggins, among others. Around 2,300 national and international delegates participated in this Conference. On the sidelines, SAFA Board and Committees meetings were held along with the launch of SAFA House—SAFA's *Knowledge and Training Centre*. (A detailed report has been published in this Journal.)

International accounting bodies have acclaimed our global presence and expressed their gratitude for our contribution at various international professional platforms.

## 65<sup>th</sup> Annual Function Held in New Delhi

Recently, the 65<sup>th</sup> Annual Function of the Institute was organised in New Delhi which was inaugurated by the Chief Guest Union Minister of State (Independent Charge) for Power, Coal and New & Renewable Energy CA. Piyush Goyal. The Union Minister praised the Council for giving a dynamic shape to the profession, which has earned high regards for integrity and transparency. (A detailed report has been published in this Journal.)

## ICAI to Support Sanitation Audit

In taking the mission *Swachh Bharat Abhiyaan* forward, public-sector undertakings governed by

the Ministries of Power, Coal and New & Renewable Energy have decided to spend their corporate social responsibility (CSR) funds in constructing toilet complexes in schools which either have insufficient or no such facility at all. Union Minister CA. Piyush Goyal had requested the profession to take up the verification and audit of the amount spent as part of our own CSR on *pro bono* basis. Acting swiftly on his request, we have published an appeal/ notification for all practicing members asking them to communicate their interest for this audit by 28<sup>th</sup> February 2015. I personally urge upon my fraternity to participate wholeheartedly in this unique and responsible *Abhiyaan*. Let us commit ourselves to fulfilling our social responsibility.

## All Ind AS Converged with IFRS Notified—ICAI Plays a Key Role

I am glad that the Ministry of Corporate Affairs of the Government of India has notified, dated 16<sup>th</sup> February 2015, all the Indian Accounting Standards (Ind AS) converged with IFRS by placing them on its website after formulation thereof by the ICAI and their review by the National Advisory Committee on Accounting Standards (NACAS). This marks an important milestone in the evolution of accounting standards in India by placing them almost at par with the globally-accepted IFRS.

Presently, there are only four compulsory carve-outs from IFRS and going forward we hope that even these will be addressed, as we are in touch with the International Accounting Standards Board (IASB) in this regard. I am pleased to mention that in the past also, the ICAI along with a few other countries has been able to convince the IASB to change the IFRS. For instance, Ind AS 41, *Agriculture*, was not notified in 2011 since it was felt that the requirement to measure biological assets at fair value would not be appropriate particularly for those assets having life of more than one year and are maintained for its produce, such as, tea bushes. The ICAI, along with some other countries (*e.g.* Malaysia) took up this issue with the IASB and suggested that such biological assets termed as 'bearer plants' are more of the nature of plant and machinery and, therefore, should be accounted for in the same way. I am pleased to inform that the IASB, in 2014, amended IAS 41, *Agriculture*, to scope out the bearer plants from the standard and scope the same in IAS 16, *Property, Plant and Equipment*. Following these amendments in IAS 41 and IAS 16, the Ind ASs now notified include Ind AS 41, *Agriculture*. Another example is that, in 2011, IFRIC 15, *Agreements for the Construction of Real Estate*, was not considered for the purpose of notification and such agreements

# From the President

were scoped in Ind AS 11, *Construction Contracts*, so that the real estate industry may follow percentage of completion method. This issue was also taken up with the IASB along with various other countries. In this regard, the IASB also held an outreach meeting with the representatives of real-estate industry in India in 2012. Pursuant to such discussions, the IASB in its recently-issued IFRS 15, *Revenue from Contracts with Customers*, has addressed this issue. Accordingly, the Ind ASs now notified contain Ind AS 115 corresponding to IFRS 15 which addresses the concerns that were raised by the real estate industry with regard to IFRIC 15.

I am confident that ICAI will continue to play an important role not only in formulating high-quality national Accounting Standards but would also play an equally significant role in the formulation of IFRS by sending inputs to IASB from time to time.

I am happy to state that the Institute has completed the process of formulating the Indian Accounting Standards converged with IFRS in a time-bond manner. On 10<sup>th</sup> July 2014, the Union Minister of Finance in his maiden budget speech had mentioned that the Indian corporates will move towards the International Accounting Standards, on a voluntary basis, with effect from 1<sup>st</sup> April 2015 and on a mandatory basis from the year 2016 in a phased manner.

I am happy to report that the Accounting Standard Board (ASB) of *The Institute of Chartered Accountants of India* undertook the herculean task of updating all the Ind ASs as notified in 2011 and also formulating the converged Indian Accounting Standards up to IFRS 15. The due process was rigorously followed and after extensive discussion and deliberations in the ASB and in the meetings of the Central Council, these *Standards* were finalised. Thereafter, they were given to the NACAS which generally accepted the recommendations of the Council of the Institute. With the hosting of all these standards on the website of the Ministry of Corporate Affairs, the entire process has been completed in record time of less than six months. This technical contribution of the Institute is a testimony of what the profession can collectively contribute towards the growth and progress of our country.

## Review of CA Education and Training

Strengthening the CA education and training is *numero uno* on the Council agenda. I am happy to acknowledge that the Council has finalised the draft for *New Scheme of Education and Training for Chartered Accountants as three-tier Scheme*, i.e. Foundation, Intermediate and Final. This was launched formally

for public comments at the 65<sup>th</sup> Annual Function through the hands of Union Minister CA. Piyush Goyal. In order to have structured inputs and wider participation, the draft *Scheme* has been hosted for public comments.

## One among Us Honoured with Padma Shri

One of our highly respected members, CA. T. V. Mohandas Pai, who has an illustrious professional career, has been awarded *Padma Shri* this year. He is also one of the most generous members of the Institute, having contributed a sum of ₹50 lakh to the CA Benevolent Fund. I appreciate this fact and congratulate him from the core of my heart for making the profession proud.

## Scheme for Retrospective Restoration of Membership Welcomed

In order to mitigate the hardships of our members whose names stand removed due to non-payment of membership fee, the Council has decided to give them an opportunity by way of the *General Amnesty Scheme*. This is a one-time dispensation for retrospective restoration of their membership. I sincerely request them not to lose this excellent opportunity to reconnect.

## Three New Committees Formed

I am happy to inform you that we have formed three new committees in the Institute, i.e. Corporate Social Responsibility Committee, Management Committee and Career Counselling Committee, to advance the responsibility agenda from the perspectives of our society, members/students and employees of the Institute.

## ICAI Corporate Forum Awards in Mumbai

In order to provide our members a platform to interact with Indian corporates, we recently organised the ICAI Corporate Forum in Mumbai comprising *ICAI Awards and Corporate Conclave*. At ICAI Awards, the Institute honoured the members for their contribution across Indian business sectors, corporate houses and MNCs. The Jury for the awards was headed by the Hero Group Executive Vice-Chairman & MD Shri Kamal Kant Munjal. Chief Guest for this Award function was Zee Entertainment Enterprises Ltd. Chairman Dr. Subhash Chandra. *Corporate Conclave—In Pursuit of Excellence* provided its 250-odd participants an opportunity to listen to eminent speakers and experts.

## ICAI CSR Awards in Mumbai

I am happy to inform that ICAI CSR Awards 2014 were recently held in Mumbai to recognise corporate

# From the President

enterprises, not-for-profit organisations, individuals, etc., for their outstanding CSR contribution in the country. Awards were given in the fields of health, education, women empowerment, rural development, renewable energy and alleviation of poverty, to name a few. The Jury headed by CA. Keki Minoo Mistry, Vice-Chairman & CEO, HDFC Ltd., consisted of 11 responsible citizens of the country, including Shri Prakash Jha (film director) and our past-President CA. Uttam Prakash Agarwal. Most notably, the Jury decided *suo moto* to give the *Best CSR Citizen Award* to Mr. Azim Premji.

## ICAI Awards for Excellence in Financial Reporting

ICAI Awards for Excellence in Financial Reporting were given away recently in Chennai. Rajya Sabha MP CA. K. Rahman Khan was the Chief Guest on the occasion. The award function was preceded by a technical workshop on *Towards Excellence in Financial Reporting*. The awardees of the competition were decided by a jury chaired by CA. K. Rahman Khan. The members of the Jury included IICA DG & CEO Dr. Bhaskar Chatterjee, NACAS Chairman CA. Amarjit Chopra, former CMD of Indian Overseas Bank Shri M. Narendra and former Deputy C&AG Shri A. K. Awasthi, among others.

## Articled Assistants' Stipend Doubled

I take pride that studying for CA qualification is very much affordable for all strata of our society. Students irrespective of their financial background become members of the Institute through their hard work and dedication. Students being the future of our profession have always been high on the Institute's agenda. In a move to support them economically during their articleship, the Council has decided with immediate effect (i.e. 23<sup>rd</sup> January 2015) to double their stipend for all three years of articleship payable to articled assistants.

## Action Plan—Spearheading Professional Excellence

Past cannot be changed. It asks us to halt and review and then it inspires us to prepare and move ahead. Future though cannot be approached but must be welcomed. It gives us an opportunity to complete if we have left something unfinished. But we can always work on the present and mould that to our perspective. Nietzsche says: *The future influences the present just as much as the past*. So, an informed process based on the systematic study of past and future can help us change the present. Only then we can produce an effective Action Plan. Zig Ziggler adds another

dimension—it is true that *our children are our only hope for the future, but we are their only hope for their present as well as their future*. Therefore, basically, we will have to work harder if we wish to secure a happy future for the generation next professionals.

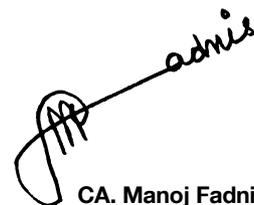
It is time to think beyond the basics and traditional functions, and explore new professional horizons. To spearhead growth and champion excellence in profession, this year we will focus on strengthening CA education and training. We will also consolidate our profession abroad by representing more on global platforms. We will empower our research and technology activities. I also believe that any institutional development will require its employees to be happy and satisfied. Therefore, we will focus on streamlining the HR practices of the Institute. Infrastructure will be on the agenda too, since academics cannot grow without that. I feel that ethics and integrity should continue to govern our profession. A robust disciplinary mechanism has to be in place to aid the Institute. Whatever we do in the country affects the country. Therefore, our commitment to the nation has to be very strong.

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Times are changing swiftly, so are the expectations from the profession. James Russell says: *Each day the world is born anew for those who take it rightly*. We have to accept the challenges. I am quite aware of the quantum of the task ahead. With the objective to achieve excellence and accomplish the vision, we will have to put our best foot forward. Helen Keller says: *Alone we can do so little; together we can do so much*. I too know that we will accomplish more with cooperation from all stakeholders including the employees of the Institute, who have constantly contributed to the profession in numerous capacities. While there are too many milestones to achieve, time is limited. Therefore a suitable *Action Plan* is an absolute requirement.

Friends! It must be March now. Winter has lost its harshness and grey days are already over. It is time for optimism to return in life in the form of bright sunny days. Let us work hard to create a bright future for the coming generations of accountancy profession.

Best wishes,



CA. Manoj Fadnis  
President, ICAI

New Delhi, February 21, 2015