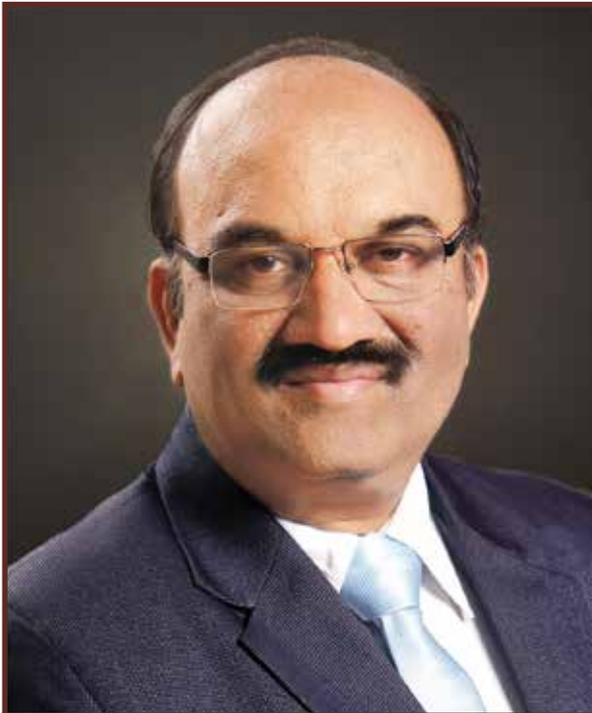


From the President



CA. Manoj Fadnis, President, ICAI

Dear Friends,

Change is inevitable and is the only thing that is constant. But it is the sheer pace of change that makes it a big challenge in the present hi-tech era of liberalisation, privatisation and globalisation, which has put sharper focus on the role of accounting profession. We professionals need to take this challenge head on, to take our age-old tradition of excellence into a prosperous future. Remember: *Continuity gives us roots; change gives us branches, letting us stretch and grow and reach new heights.* Obstacles may come in our way, but as the saying goes: *Obstacles are those frightful things you see when you take your eyes off your goal.*

Primary qualification of a Chartered Accountant must be commitment to a lifetime of learning and to change with times. In a time of drastic change, it is the learners who inherit the future. In today's integrated world, information is the gateway to success. Let us be *information and decision specialists* and help our clients comply

with rules and take enlightened decisions. Let us be a bridge between fiscal administration and business community.

Let me recall the saying: *Success is a journey, not a destination.* So let's continue with our journey with professional panache. The best way to predict the future is to invent it. You can never plan the future by the past. As the saying goes: *The future is not a result of choices among alternative paths offered by the present, but a place that is created--created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating.*

Amid all this, we should also inculcate the habit of introspection that helps in straightening out our experiences and emotions—what we perceived, learnt and expressed in the past. Each of us should introspect in order to benefit from our own experiences. We grow as we introspect. And the answers to questions that we ask ourselves change and evolve us. Eventually, this helps in knowing and actualising the self.

We Welcome Passage of GST Bill in Lok Sabha

I am happy to say that India is now closer to the biggest tax reforms since independence as the Constitution (122nd Amendment) Bill relating to the Goods and Service Tax (GST) has been passed by the Lok Sabha. GST will replace a patchwork of levies by the Central and State Governments with a single nationwide tax on goods and services. As rightly pointed out by our Finance Minister, the GST could indeed add up to 2 percentage points to the growth of our country, Asia's third largest economy. GST will integrate the State economies and boost overall growth. It will create a single, unified Indian market to make the economy stronger besides boosting tax collections. It is estimated that India will gain \$15 billion a year by implementing the GST as it would promote exports, raise employment and boost growth. The GST would subsume Central Excise Duty, Service Tax, Central Sales Tax, State Value Added Tax (VAT), Entry Tax, Octroi and other State levies, and pave the way for formation of a national market.

From the President

Indian accountancy profession is convinced about the immense benefits of GST and is committed to its smooth roll-out and implementation. The implementation of GST will immensely expand our professional horizons and bring tremendous opportunities to the profession. On our part, we have offered the CBEC, our unconditional support in paving the way for its implementation. We have proposed to organise awareness and training programmes for the Excise and Service Tax officials across the country. The background material on GST brought out by the Indirect Tax Committee is being highly appreciated by all.

National Financial Reporting Authority (NFRA)

As Members are aware, the Council has been continuously persuading that the present provisions of National Financial Reporting Authority need reconsideration. The representations were made before the Hon'ble Chairman and Members of the Standing Committee on Finance. It is heartening to note that the Parliamentary Standing Committee on Finance (2014-15) stated in its 13th report that it would like the NFRA to function as an oversight body without any jurisdictional conflict or overlap. It has desired that this aspect may be addressed, when the rules governing NFRA are finalised by the Ministry.

Let us Extend Relief to Nepal Quake Victims

As you are aware, the massive earthquake which rocked Nepal on 25th April 2015 has left more than 8,000 persons dead and several thousands homeless besides destroying property worth billions. Nepal is a member of SAARC and is part of South Asian Federation of Accountants of which India is a founder member. ICAI had in the past helped Nepal in forming a parallel professional institute, *i.e.* Institute of Chartered Accountants of Nepal (ICAN). A large number of Chartered Accountants settled in Nepal are in fact members of the ICAI. Over 4,000 students are pursuing the Indian CA course from Nepal. Our government has launched a massive relief and

rescue operation. Being closely associated with Nepal and its professionals, we must contribute our mite for our beleaguered brothers and sisters in Nepal. As such, the ICAI has decided to stand with the affected members and students of Nepal, and actively participate in the national effort to support them in these difficult times. The ICAI has opened a bank account exclusively for the purpose of collecting donations from its members, students, *etc.*, so that the same can be effectively transferred to the ICAN. I appeal to all members and students to donate generously. Detailed announcement including information on bank account, *etc.*, has been hosted on our website.

Convocations 2015-16: Celebrating Covetous Status as CA

Nelson Mandela has rightly said: *Education is the most powerful weapon which you can use to change the world.* Our comprehensive CA education has the same potential, and when a student completes this education, the occasion deserves celebration. Our convocations serve this purpose of celebration. Additionally, these go a long way in promoting bonhomie among the new members as well as bring them closer to their *alma mater*, *i.e.* ICAI, and their professional fraternity. With this spirit, the first round of convocations 2015-16 were conducted in Ahmedabad and Mumbai this month. More of such events are scheduled in Chennai, Jaipur, Hyderabad, Kolkata, New Delhi and Kanpur in June and July. I am happy to inform that a large number of new members are taking part in these ceremonies, which mark a beginning of their responsible and professional life. I wish all newly-qualified Chartered Accountants a successful professional life ahead.

Four Accounting Standards for Local Bodies issued

The Council of the Institute at its 342nd meeting has approved and issued four Accounting Standards for Local Bodies (ASLBs), *viz.*, ASLB on *Financial Reporting under Cash Basis of Accounting*, ASLB 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, ASLB 19,

From the President

Provision, Contingent Liabilities and Contingent Assets and ASLB 31, *Intangible Assets*. To ensure public accountability and transparency, it is imperative for investors to know the financial position and operating activities of local bodies. Formulation of the Accounting Standards will facilitate implementation of the accrual based accounting by Local bodies, which is the Government's key agenda.

The ICAI has been extending guidance to the local bodies in preparing and presenting their financial statements under cash-based accounting as well as their smooth transition to accrual-based accounting. So far, since 2005, the ICAI has issued 11 (eleven) ASLBs. These ASLBs provide accounting guidance under accrual-based accounting and help local bodies in harmonising their financial reporting practices.

Accrual Accounting—Our Role

I see accrual-based accounting as an important initiative to reform the system of accounts and financial reporting in the Government. A transition from cash-based to accrual-based accounting would make the financial reporting more transparent and meaningful leading to financial statements of Government bodies reflecting the full economic impact of the decisions taken. Through this reform, our Central and State governments can demonstrate their commitment to achieving greater transparency and accountability, and producing better information for decision-making—which in turn should lead to a better use of public resources.

We at the ICAI not only support this move but have been deeply involved in taking this reform agenda forward in various Government entities and departments. We are working as an enabling arm of the Government Accounting Standards Advisory Board (GASAB) of the Comptroller and Auditor General (CAG) of India, which is spearheading the transition from the cash-based to accrual-based accounting system in India. Besides regularly taking part in the meetings of GASAB, we have conducted pilot studies in this regard in the Department of Post and certain units of Central Public Works Department. In

the recent past, we have also held discussions with the Ministry of Railways and the Ministry of Defence in this regard.

Report of Electoral Reforms Group

Elections to the Regional and Central Council of the Institute are around the corner. In this regard, the Council of the Institute at its 342nd meeting has accepted the following recommendations:

- Setting up of polling booth in chapters abroad having more than 500 voters, subject to feasibility and permission to be obtained from MEA, MHA and MCA.
- Ballot papers will include membership no. of candidate along with photograph.
- Polling Officers will be given clear instructions as to which documents to be verified for identification of voter.
- Office to try to make arrangement for display through website of votes cast every two hours.
- Office to host draft list of voters and seek voters to point out errors if any.
- Office to explore possibility of getting confirmation from postal voters that they have posted their vote.

New Certificate Course on Anti Money Laundering Laws

The Council of the Institute at its 342nd meeting approved a new Certificate Course, *i.e.* Certificate Course on Anti Money Laundering Laws (Anti Money Laundering Specialist) for the membership fraternity.

100 Poor but Meritorious Students to Get Scholarship

Students are the lifeline of our profession. As such their interests are high on priority. We at the ICAI have launched a series of measures and initiatives in their interest. One such initiative is scholarships from S. Vaidyanath Aiyar Memorial Fund of ICAI. I am happy to inform you that the managing committee of S. Vaidyanath Aiyar Memorial Fund has decided to award scholarships to 100 poor and needy but meritorious students, who are undergoing articled training in accordance with the Chartered Accountants

From the President

Regulations, 1988. Detailed announcement has been hosted on our website.

Stage Set for Mega International Conference in Indore

I am happy to inform that the stage is set to bring together leading global personalities from accounting profession on to the ICAI stage in a three-day mega International Conference. The Conference will be held in the historic city of Indore on 7th-9th August 2015. Titled *Accountancy Profession: Spearheading Excellence*, this high-profile event, spread over in 11 technical sessions and panel discussions, will witness a mammoth gathering of more than 2,500 national and international delegates. Details of the conference have been published in this Journal. Since such events add tremendously to our global professional outlook, I will request all of you to take out time and actively participate in this Conference. It will offer 14 hours of CPE credit. I invite all of you to enjoy the famous hospitality of the historic Indore, which traces its roots to its 16th century founding as a trading hub. Housing India's third oldest stock exchange, it is the commercial capital and the largest city of Madhya Pradesh, which is area-wise second largest state of India. Often referred to as *Mini Mumbai*, Indore is replete with historical splendour.

CA Day Celebrations

CA Day, July 1, is approaching. With this, we are reminded of our professional responsibility with which the foundation of accountancy profession in India had been led by our great responsible forefathers. We take pride to accept that we have been responding quite responsibly to the call of our nation on all instances, whether it is a case of responding to a natural calamity or to the Government's appeal for professional help. 1st July is celebrated as *Chartered Accountants Day* across the nation by the Institute. Let us celebrate this Day this year too with enthusiasm. We shall undertake some activities at pan-India level so that through our united efforts, our nation witnesses the impact and our profession gets the due visibility. With the coordination of our Regional Councils, Branches and other

programme organising units, we will celebrate this auspicious CA Day in a structured manner. Let us join hands and show our solidarity. I sincerely request you to send your suggestions on how we can celebrate in a more socially- and professionally-relevant way.

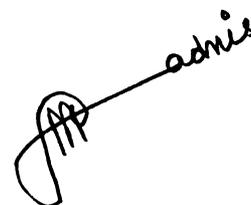
Upholding the dignity of the profession

It is a solemn duty to ensure that we uphold the dignity of the profession by way of rendering high quality professional services. At times, a few of our members may be unknowingly circulating emails which are against the dignity of the profession. Such emails tarnish the image and bring disrepute to the profession. The Council has decided to take action against such members who send malicious emails undermining the dignity of the profession.

Before I conclude, let me remind you that the future belongs to those who live intensely in the present. So we need to intensify our core competence, add more and more value to our services and become total business solution providers. Let's try to tap even the most distant of the emerging opportunities, many of which may come in the garb of challenges.

Pre-conditions of success are definitive vision, daring leadership and decisive action. Strategies that emerge most successful in the long run are those which are based on today's commitments and best aligned with tomorrow's requirements. As such, it is absolutely important that we focus on the big picture and accordingly define our professional objectives. Let's enhance our ability to remain unperturbed by distractions, adapt quickly and move forward with speed to retain our competitive advantage in all times to come.

Best Wishes



CA. Manoj Fadnis
President, ICAI

New Delhi, May 22, 2015