

# From the President



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

**Dear Friends,**

**D**espite diversity, the way educational system has developed and strengthened in India, we have to appreciate our ancestors for their vision and contribution. History confirms that India has been a destination for learning for centuries. Benjamin Franklin said: *...only thing more expensive than education is ignorance. If you think education is expensive—try ignorance.* Education can help people in developing their faculties, i.e. forces of mind and body, and having freedom of thought and action. Education empowers our conceptual and technical skills and help people in questioning, knowing and understanding their obligations to society, while making them responsible and tolerant towards others' beliefs and perspectives.

With this understanding, forefathers of Indian accountancy profession took pains and undertook this strenuous task of laying the foundations of accountancy education in the country. They knew that national economy required to be served and strengthened, and they sensed this

in quite good time. They knew, if they wanted to serve they would first require to be educated. Today both our Government and industry accept the mandatory nature of chartered accountants' services to the national economy.

If we look at the 66-year old ICAI, we will find a very long list of astonishing achievements, enviable milestones and landmark developments, which indicates the remarkable height our profession has achieved over the years; additionally, if closely observed, our Institute stands tall behind the strong global standing of Indian economy. World-over, accounting regulators and institutions appreciate the way ICAI has shaped the profession in India and connected the same to global economy. Also, regulators in India acknowledge ICAI's role in strengthening the existing accounting procedures of the Indian Government and industry. The second largest accounting body, ICAI, has grown in proportion to the way our country has—it will rise when India rises. Through international MRAs and MoUs, we are connecting to more of world institutions and regulators. Let us salute the legacy of our profession since it is because of their accomplishments achieved in the past responsibly through integrity, righteousness and conscientiousness.

Now I would like to talk at length about some of the significant developments in accountancy profession that have taken place over the past one month:

**ICAI Celebrated CA Day:** I am happy to share with all of you that the ICAI celebrated its Foundation Day on 1st July on completing 66 glorious years at its 150 branches 5 Regional Councils and overseas chapters. As per the tradition, the celebrations started with the ICAI flag hoisting event followed by the CA Day function in New Delhi, where one among our members and Union Minister of State (I/C) of Power, Coal and New & Renewable Energy, CA. Piyush Goyal, participated in the function as its Chief Guest. ICAI Secretary Shri V. Sagar welcomed the dignitary guests and I had the opportunity to address them representing the ICAI Council. The function concluded with the addresses of illustrious past-Presidents of

ICAI, CA. T. S. Vishwanath and CA. Mukund M. Chitale on *Paradigm Shift in CA Profession* and *Strategy for Sustainability* respectively. A detailed report on CA Day celebrations has been included in this Journal.

**International Conference on 7<sup>th</sup>-9<sup>th</sup> August in Indore:** ICAI, being responsible to its stakeholders, will hold its *International Conference on Accountancy Profession: Spearheading Excellence* on 7<sup>th</sup>-9<sup>th</sup> August 2015 in Indore. IFAC immediate past-President Mr. Warren Allen, IAASB Chairman Prof. Arnold Schilder, AICPA immediate past-Chairman Mr. William E. Balhoff, CPA Ireland Chief Executive Mr. Eammon Siggins, CPA Ireland President Mr. Brian Purcell, Member of Parliament and Parliamentary Committee on Energy Chairman Dr. Kirit Somaiya, SEBI Chairman Shri U K Sinha, National Advisory Committee on Accounting Standards (NACAS) Chairman & ICAI past-President CA. Amarjit Chopra, former Wipro ED & CFO Shri Suresh Senapaty, senior members CA. P. R. Ramesh and CA. T. P. Ostwal, and Padma Shri awardee and ICAI past-President CA. T. N. Manoharan, among others, will address the delegates at the Conference. I would request all stakeholders of the profession to block their dates, attend the Conference and take advantage of this grand platform.

**ICAI Past-President CA. Kamlesh Shivji Vikamsey Appointed on Committees of IMF and ITU:** It is a matter of pride for the profession that ICAI past-President (2005-06) CA. Kamlesh Shivji Vikamsey has been appointed member on External Audit Committee of *International Monetary Fund* (IMF) and on Independent Management Advisory Committee of *International Telecommunication Union* (ITU). IMF is an organisation of 188 countries, which works to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. ITU is a subsidiary agency of United Nations committed to connect people of the world irrespective of their economic status or place of residence. I congratulate CA. Kamlesh Shivji Vikamsey for achieving this feat.

## Research-Oriented Initiatives of ICAI:

The Accounting Research Foundation of ICAI is taking a number of tasks for the cause of accounting education and research. You might recall that I had informed last month on the ICAI's active technical support to the Indian Railways with regard to its migration to accrual system of accounting. Similarly, the Employees Provident Fund Organisation (EPFO) had engaged the ICAI to prepare a report on Migration Strategy at EPFO from Cash to Accrual-Based Accounting System; we have submitted the draft report and the matter is under discussion with the EPFO. Power Finance Corporation (PFC) too has approved the ICAI's technical assistance to them in the strengthening of compliance framework. An MoU with PFC is being worked out.

## ICAI Launches Swachh Vidyalaya Abhiyaan:

I am happy to inform that the ICAI has launched *Swachh Vidyalaya Abhiyaan* last month by conducting the physical verification of the completed school toilet block/unit as constructed by the NTPC in the Karimnagar district in Telangana. ICAI has been coordinating with the central public-sector undertakings (CPSUs) governed by the Ministries of Power, Coal and New & Renewable Energy and till date, documents have been shared with three CPSUs namely, National Thermal Power Corporation Limited (NTPC), National Hydroelectric Power Corporation (NHPC) and Coal India Limited. Further, NTPC has shared its list of school toilet blocks/units where construction/repair work has been completed. I am happy that more than 625 members have expressed their interest and confirmed their commitment to this initiative and this has been shared with the Ministries and the aforementioned CPSUs.

## ICAI Representations and Companies (Amendment) Act, 2015:

I am very happy that the Companies (Amendment) Act, 2015 has been notified and made applicable from 29<sup>th</sup> May 2015 except for reporting on fraud by auditor and omnibus approval for related party transactions by audit committee. It is satisfying to note that the ICAI representations have inspired some of the amendments, such as in Reporting on Fraud

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by Auditors- Section 134 and 143 (12), Audit Committee- Section 177, Loan to Directors- Section 185 and Section 212 (6), among others. A summary of provisions as prepared by the ICAI as per the Companies (Amendment) Act has been brought out in the Series 12 of Bulletins of Companies Act, 2013. ICAI has hosted the same on its website for the benefit of our members.

**ICAI to Help IR Lab India formed by IIRC & CII:** Recently in a teleconference with IIRC (International Integrated Reporting Council) CEO Mr. Paul Druckman, discussions were held on the possible areas of collaboration with IIRC to promote the concept of *integrated reporting* in India. Mr. Druckman informed about their collaboration with CII Centre of Excellence for Sustainable Development (CII-CESD) and said that *IR Lab* India formed by IIRC and CII requires help of the ICAI, since SEBI had requested the Lab to produce a roadmap for acceptance of Integrated Reporting in India. In this regard, ICAI was requested to conduct a study in financial reporting practices in India and explore how the profession could support the transition to *integrated reporting*. Later, a delegation of CII-CESD visited the ICAI to share the activities of IR Lab India.

**ICAI Takes Serious View of Members' Affidavits in respect of Delayed Filing of Clients' Appeal:** The ICAI has come to know of some cases where its members have filed affidavits admitting their mistakes before the ITAT in respect of delayed filing of their clients' appeal, and of the ITAT's strong response that such cases raise a question on the competence and work ethics of such chartered accountants. The fact that members are expressing professional lapses towards their assessees in form of affidavits presents a grim view. These affidavits are being submitted to the ITAT by the Counsel for the assessee for the purpose of seeking condonation for delayed filing of the appeal. I wish to inform that the ICAI has taken a serious view of the matter.

**ICAI for Speedy and Effective Disposal of Disciplinary Cases:** I am happy to inform all

of you that in order to expedite the disposal of disciplinary cases, the ICAI has devised a strategy to divide the Disciplinary Directorate in three wings—(i) Prima Facie (ii) Legal and Administrative and (iii) Hearings before Board of Discipline under Section 21-A (BOD) and Disciplinary Committee under Section 21-B (DC)—with a view to achieve clearance of all cases received up to the year 2015 in the Council year 2015-16. Over the past one month, hearing in 4 cases have been concluded and punishment was awarded in 01 case too in one meeting of BOD, while hearing has been concluded in 13 cases and punishment has been awarded in 4 cases in three meetings of DC. Hearings in 13 and 31 cases have been concluded this year in the meetings of BOD and DC respectively. More meetings of BOD and DC will take place in July-August 2015, and a sizeable number of cases will be taken up.

**ECI Looks up to ICAI to Empower Auditors of Political Parties:** Recently, ICAI had organised a Programme on Financial Reporting Practices for Political Parties with a view to enhance the financial reporting skills of auditors of various political parties. The event was inaugurated by the Chief Election Commissioner of India, Dr. Nasim Zaidi who appreciated the efforts of ICAI. He also urged the auditors to ensure that financial statements of political parties conform to *Guidance Note on Accounting and Auditing of Political Parties* as mandated by the Election Commission of India's *Guidelines on Transparency and Accountability in Party Funds and Election Expenditure*. Later in a communication sent to the ICAI, Election Commission of India has expressed their appreciations for holding of this programme for auditors of various political parties, and said that this has marked a *beginning of greater participation and transparency in the field of political finance*.

**ICAI Approves Land Acquisition Proposals of its Branches:** I am happy to inform our stakeholders that the ICAI has recently approved the proposals of its Goa, Pali, Agra, Gorakhpur, Moradabad and Gurgaon Branches with regard to the acquisition of land.

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## Convocations for Newly-Qualified Members:

After the first round of convocations held successfully for newly-qualified members of the ICAI in May-June 2015 in Mumbai, Ahmedabad, Chennai, Pune and Jaipur, more convocations were held this month in Hyderabad, Kolkata, Delhi and Kanpur to celebrate the winning spirit of the newly-qualified members.

## ICAI Action on C&AG Report on Performance

**Audit:** As you are aware, pursuant to the report, *Performance Audit on Appreciation of Third Party (Chartered Accountants)-Reporting in Assessment Proceedings* for the year ended March 2014, of the Comptroller and Auditor-General of India, the ICAI had constituted a group originally in January 2015 and later reconstituted in March 2015, which has placed its detailed report before the Council of the Institute. The ICAI has initiated its action *vis-à-vis* the Group's report. In order to test the sanctity and *locus standi* of the existing ICAI guidelines issued with regard to the ceiling on tax audits, under the amended Act, opinions have been sought from the legal experts. ICAI has also recommended to the Directorate of Income Tax (Systems), certain changes in the tax audit form/utility to be notified for 2015-16, so that a quality control over the tax audit assignments by chartered accountants could be maintained.

## ICAI Final Examinations and CPT Results

**Declared:** I am happy to inform that the results of the Chartered Accountants' Final Examination held in May 2015 and Common Proficiency Test held in June 2015 have been declared. This time, the first rank has been shared by *Ms. Shailee Chaudhary* from Delhi and *Mr. Rahul Aggarwal* from Secunderabad who have got 75.75 per cent. Second and Third Rank have been achieved by *Ms. Chitturi Lakshmi Anusha* from Machilipatnam and *Mr. Deval Bhadresh Modi* from Mumbai respectively. Results of the CPT (Common Proficiency Test) June 2015 have also been declared. It is encouraging that ratio of number of passed to number of appeared is better in case of female candidates than in case of males. *Mr. Meka Naresh Kumar* from Hyderabad, *Mr. Katla Suresh* from Vijayawada and *Ms. Saloni*

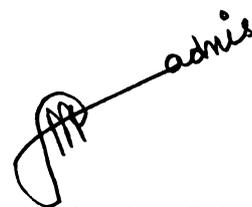
*Jindal* from Indore have obtained first, second and third rank respectively in CPT.

I would like to congratulate all the rank holders and those who have passed the CA Final and CPT examinations. However, for those who could not clear these, being a senior in profession I would advise them to do hard work and attempt again wholeheartedly; I am sure, they will succeed eventually.

I take this opportunity to appreciate the way female candidates have performed and shined in CPT and Final examinations. Women today have been successfully performing duties across the professions. As responsible citizens, we need to create an environment in the country so as women could feel free and happy. In fact, Elizabeth Cady Stanton had once remarked before a senate judiciary committee in 1892: *The talk of sheltering woman from the fierce storms of life is the sheerest mockery; like men, women too have been trained to protect themselves, to resist, to conquer.* It is their birthright to have self-sovereignty. We will have to learn to respect and appreciate women in family, social life, higher education, government, trade and profession, and all other walks of life. ICAI considers women empowerment as one of our important professional agenda. Recently, in a historic and gender-sensitive move, ICAI has decided to recognise women's contribution that if members desire, their father's name may be substituted by mother's name in their membership certificates, certificates of practice, pass certificates and other records.

Women, being the first teachers of human beings, will for sure construct a generation of more courageous and responsible citizens of integrity. Let us salute them for the privilege of their presence through thick and thin of our lives.

Best wishes,



CA. Manoj Fadnis

President, ICAI

New Delhi, July 23, 2015