

GST

Requires Invoices to be preserved for almost 8 Year to Claim Input Tax Credit

Insist for Digitally Signed Invoice to comply GST with Ease

Your Digital Signature in ProxKey USB token can ensure easy GST compliance

Get ProxKey Signer Tool **Free** to sign all GST invoices



How would you do this?



Stack of File

OR



Store Invoices Digitally

Why Digital Signature for GST compliance

Unlimited Signing

Legally Valid as per Indian IT Act

NO OTP Required

Easy Storage of Invoice

Easy retrieval of Docs

CRYPTO PLANET

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Blockchain is a protocol for exchanging value over the internet without an intermediary, such as a central bank. It is the technology that allows for the secure management of a public ledger or database (also referred to as a 'distributed ledger'), where transactions are verified and securely stored on a network without a physical governing central authority. Blockchain technology is the backbone that supports crypto currencies such as Bitcoins.

In a marked difference from the prevailing systems of exchange of value, where two or more parties need to agree on the value and other commercial considerations for a transaction to happen, Blockchain allows for transactions within a closed group underpinned by a crypto currency. Blockchain offers the storage of records of transaction data through distributed networks. It retains the full history of transactions, which makes them verifiable and independently auditable. It also enables peer-to-peer transfer of value, potentially eliminating the need for intermediaries. In addition, event triggered programmable contracts, also known as smart contracts, can be stored and executed on Blockchain.

What is so powerful about this new technology?

There are several intrinsic features of a Blockchain that lend it its power and allows it to record and transfer value over the internet in a peer-to-peer manner:

1. **Near real time:** It enables near real time settlement of recorded transactions, removing friction, and reducing risk.
2. **No intermediary:** It is based on cryptographic proof, allowing any two parties to transact directly with each other, without the need for a trusted third party.
3. **Distributed ledger:** The peer-to-peer distributed network records a public history of transactions, making Blockchain distributed and highly available.
4. **Irreversibility:** It contains certain and verifiable record of every single transaction ever made that cannot be altered without altering the entire chain. This prevents double spending, fraud, abuse, and manipulation of transactions.
5. **Censorship resistant:** Crypto economics ensures that Blockchain continues pumping out new blocks and that blocks are not being reverted or altered.

The Gartner hype cycle puts Blockchain


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technology just below the peak of expectations, which means that experts still see another 18-24 months before this technology becomes main stream. Most industry experts and pundits concur, but would rather see it moving quickly beyond proof of concepts (POCs) into production sooner rather than later. While significant investments have already been made into the Blockchain ecosystem, a lot still needs to be seen. Several companies have done POCs globally, with financial services industry leading the way. The leading global banks have been actively working together in the Global Blockchain consortium R3, which is a consortium partnership of over 80 of leading financial institutions and regulators led by R3, a distributed ledger technology firm. There are several use cases around global money movements (payments and remittances), trade finance, digital identity, smart contracts, and several others that have been established and leading firms are investigating into.

Blockchain in CFO's office:

The key question facing CFOs is how to evaluate the potential and the business case for Blockchain for their respective businesses and help the C-suite make the right level of investments in the technology, before it is too late. The global economy is quickly moving towards platform-based shared business model driven by technologies, such as Blockchain. Therefore, it is not just the CIO who alone should be leading the discussion at the C-suite for Blockchain, the CEO and the CFO, should also jointly participate in the conversation of investing in new platform based technologies, such as Blockchain, that have the power to disrupt entire business models.

There are several specific use cases where the Blockchain technology can prove to be useful for the Finance Function. Some of these are listed below:

- a) Budgeting and Forecasting
- b) Inter-company reconciliations
- c) Financial Audit



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- d) Vendor Management
- e) Shareholder Voting

Budgeting and expense management: Conducting the budgeting and expenses on a Blockchain involves placing the entire budget data on the Blockchain and allowing the transfer of value (i.e. money) on the Blockchain to the various parties connected with the Blockchain. It will create an audit trail for each and every dollar/rupee spend, providing greater transparency and internal accountability.

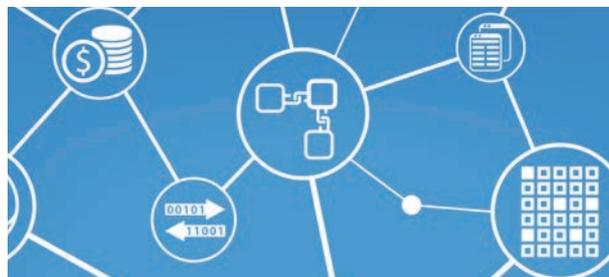
Consolidations and inter-company eliminations: With the record keeping and transaction management features of Blockchain, it can easily hold the financial transactions for the group companies and aid consolidation of the financials for the group and eliminate inter-company entries. The Blockchain does not work on the double entry book-keeping system, instead it maintains a single records ledger for all transactions. The immutable nature and the historical record maintenance will facilitate accurate consolidation of financials, enforce documentation of intercompany transactions, and promote intercompany synergies.

Financial audit: With a company using the Blockchain to post every transaction on the Blockchain in real-time, the nature of financial audit will change completely. Instead of having quarterly or annual audits, the company could look to audit its financials on a daily basis. Financial audits on a Blockchain may eliminate the need for third party validators, reduce audit expense and costs for books maintenance, and provide better governance and transparency.

Requisition and vendor management: Blockchain's ability to hold assets, transfer titles and value, and execute smart contracts will make it possible to create requisitions and manage vendors. Vendor data and identity can be easily held and verified using the digital identify feature and smart contracts can execute automated remittances and payments, reducing vendor cash conversion cycle, eliminating need for reconciliation, and promoting efficient Vendor management.

Accounts payable process: Upon addition of a vendor's digital identity to the Blockchain and the negotiated terms on a Blockchain smart contract,

Financial audits on a Blockchain may eliminate the need for third party validators, reduce audit expense and costs for books maintenance, and provide better governance and transparency.



using shared sub-ledgers, vendors can see the requisition requests in real-time. Smart contracts can track individual assets to document their provenance, track their ownership, combat frauds, and initiate automated payments. As a result, processing time will be reduced and security can be enhanced. The system will also eliminate the need for reconciliation of PO and invoices; and drive better vendor relations.

Shareholder voting: Shareholder voting system can deploy the Blockchain to record the ownership of securities; and issue voting right assets and voting token assets for each shareholder. In order to exercise the vote, a user may spend voting tokens to cast votes on each meeting agenda item if they also own the voting right asset. This system has been tested by NASDAQ in a trial conducted in Estonia. Clear benefits of such a system include: increased transparency due to reduced manual intervention, greater trust in the corporate decision making, and better investor relations and shareholder participation.

Blockchain in action: Use cases

Case 1: A global e-commerce company is offering a different approach to online retail, by connecting buyers and sellers directly. The open-source project is creating a decentralised network for peer-to-peer commerce. Instead of visiting a website, users download and install a program that directly connects them to other people looking to buy and sell goods and services, removing the middlemen altogether.

Case 2: A bank in Japan has completed a three-month trial on the application of mijin (a platform for creating Blockchains) to its accounting systems in a real-world environment. In the demonstration, 2.5 million virtual bank accounts and an environment with capacity to process 90,000 transactions every hour were created, with significantly reduced risk of failure and fraud.

Case 3: A leading consumer equipment manufacturing company in India has started using Blockchain to make payments to their suppliers. Earlier, the payment process was cumbersome and involved several steps that included confirmation of delivery by the company, raising of a physical bill of exchange by the supplier and submission of invoice and transport documents to one of India's leading bank, for payment. After the implementation of Blockchain, the details of invoices processed in the company's ERP system get transferred to the bank on Blockchain, and then are discounted and funds are disbursed to the vendors of the company. On the due date, the solution facilitates an automated debit from the company's account maintained with the bank. The entire process cycle for bill discounting

has come down from four-five days to almost real time; entire audit trail is maintained and transactions have become completely paperless.

Way forward – Indian context: Recently, Reserve Bank of India (RBI) has published a white paper on the potential use of Blockchain in India, based on a proof of concept testing the end to end technology play in the interbank remittance process. The Whitepaper concluded that the proof of concept provided an overall good demonstration of the use cases and helped broaden the understanding of the technology and potential end uses. It is expected that RBI will stay in step with the global adoption of Blockchain for accepted mainstream usage by monetary authorities around the world and this technology will gain credence and usage soon. For the finance leaders, this is a profound transformation in the horizon upending the traditional double entry accounting protocols and driving significant efficiencies and economies. There are many unanswered questions still – such as revenue recognition principles for a Blockchain transaction. It is only expected that the ecosystem supporting Blockchain will gradually fall in place as the regulatory framework evolves. ■

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