ICAI in Media: Glimpses of May and June, 2018

The Indian EXPRESS

Union Cabinet approval of MRA between ICAI and SAICA

New Delhi, May 10, 2018

ICAI The Union Cabinet chaired by Prime Minister Narendra Modi has approved the Mutual Recognition Agreement between the Institute of Chartered Accountants of India and The South African Institute of Chartered Accountants to establish a mutual co-operation framework for advancement of accounting knowledge and development of the accounting profession in South Africa and India. Signing of the Agreement between ICAI & SAICA would facilitate recognition of Indian Accountancy Professionals with local Accountancy qualification in addition to existing ICAI qualification, which will increase their professional avenues in S.African markets.Union Cabinet approval on SAICA MRA indicates India's determination for facilitating export of accountancy services and promotion of global mobility of accountancy services which is earmarked as one of important Champion Sectors initiative.ICAI compliments & support GOI and look forward to work together for of Action plan of Champion Sectors.

Business Standard

New Delhi, May 15, 2018

ICAI compliments Union Cabinet for Approving MoU with The South Africa Institute of Chartered Accountants

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the Mutual Recognition Agreement between the Institute of Chartered Accountants of India (ICAI) and The South African Institute of Chartered Accountants (SAICA) to establish a mutual co-operation framework for the advancement of accounting knowledge, professional and intellectual development, advancing the interests of their respective members and positively contributing to the development of the accounting profession in South Africa and India.The recent Union Cabinet approval on SAICA MRA indicates India's determination for facilitating export of accountancy services and promotion of global mobility of accountancy services in digital world which is earmarked as one of the important Champion Sectors initiative and ICAI compliments the move and support the Government of India and look forward to work together for other areas of Action plan of Champion Sectors.MoUs with National Board of Accountants and Auditors (NBAA), Tanzania; Saudi Organization for Certified Public Accountants (SOCPA); Institute of Certified Public Accountants of Kenya and CPA Afghanistan are going to be signed once cleared by Government of India. The agreement would facilitate recognition of Indian accountancy professionals in foreign land and would increase mobility of professionals.

BusinessLine

New Delhi, May 16th 2018

Insolvency: Quality, competence drive choice of the resolution professional

ANALYSIS

KR SRIVATS

New Delhi, May 16

As banks and financial institutions try to resolve the bad loan cases there is huge demand for insolvency resolution professionals.

So far, chartered accountants, company secretaries and lawyers have walked away with the mandate to provide resolution professional services. Non-professionals, including graduates from non-commerce backgrounds and having management experience of 15 years, and who have qualified themselves as RPs, are looking to break a sort of 'glass ceiling' to get the mandate.

The reason is not far to see. Under the insolvency framework, it is the Committee of Creditors (CoC) that decides on the appointment of RP. The CoC wields significant influence and in many occasions it even replaces the interim resolution professional appointed by NCLT with its own choice of RP.

It prefers professionals given the quantum and nature of work involved in resolution which is done in a time-bound manner.

So are non-professionals being deprived of mandates as RP? There could be multiple reasons for such perceptions. One main problem is that fewer cases are admitted by the NCLT under the Insolvency and Bankruptcy Code than the number that comes knocking on the tribunal's doors. There is sort of excess supply of RPs vis-à-vis the number of cases that require such professionals, say experts.

More in number There is excess supply of RPs vis-à-vis the number of cases that require such professionals, say experts GETTY IMAGES

By one estimate, less than 25 per cent of the cases that come to the NCLT are taken up. So this problem of all RPs not getting work will be there till the concept of 'individual insolvency' becomes a reality. "Once individual insolvency regime comes into effect and takes wings, there will be lot of work for all RPs whether professionals or non-professionals," said an IBC observer.

As on date, to become a RP, one has to enrol with an insolvency professional agency (IPA) and register with insolvency regulator IBBI. There are three registered IPAs in the country — one each floated by the CA Institute, CS Institute and Cost Accountants Institute.

Professional edge

Pankaj Mahajan, Head-Restructuring and Insolvency, Mazars Advisory LLP, said non-professionals do have an equal opportunity to demonstrate their capabilities and acquire mandates, as the law has not differentiated between them and professionals while granting them the registration certificates as insolvency professionals.

"Everyone, be it a professional or a non-professional, has a level playing field. If you talk about survival, I am of the firm view that survival in any profession depends on the level of competence and quality of delivery and the same shall hold true in this case too. Incompetent players will be weeded out, be it professionals or non-professionals," Mahajan told *BusinessLine*. At the same time, Mahajan also highlighted that IBC intends to resolve a corporate default within a limited time frame, with the duty of running the business of such corporate on "going concern basis" being cast on the resolution professional.

Given the huge quantum of work and the deadlines involved, CAs/CS/CWAs or an advocate are better equipped to do the work given their extensive experience in these areas and their thorough understanding of the nuances of businesses across domains, he said.

Training professionals

Saurav Kumar, Partner, IndusLaw, a law firm, said time has come to review the appointment of resolution professionals.

The regulations, inter-alia, does allow individuals with 15 years of experience in management to become a resolution professional.

"We are typically seeing professionals such as chartered accounts and company secretaries being appointed as resolution professionals. In a complex scenario, they may not have the appropriate management skills to run the process efficiently and at the same time manage the affairs of the company," he said.

The IBBI should consider imparting training to such professionals, Kumar said. "It would also be exciting to see more individuals with management backgrounds participate as resolution professionals," he said.

Recently the role of the RP has come under a lot of criticism. They are being condemned by both the stakeholders and the NCLT for not following the process mandated under the Code, he said. Some Benches of NCLT had given adverse directions in relation to the bidding process of Essar Steel, Bhushan Power and Binani Cement. The Kolkata Bench of NCLT has recently accepted that the independence, transparency and competency of a resolution professional may have been misplaced and have asked the IBBI to review of the code and regulation around this aspect.

Some statistics

Till date, the Indian Institute of Insolvency Professionals of ICAI has registered 1,064 insolvency professionals. Of this, as many as 952 are chartered accountants; 33 advocates; one company secretary; two cost and management accountants and 76 graduates.

In the case of ICSI Institute of Insolvency Professionals, as many as 556 insolvency professionals have been enrolled. Of this, as many as 356 are company secretaries; 27 are chartered accountants; 90 advocates; 73 management experts and 10 cost accountants.

THE ECONOMIC TIMES

Cabinet Okays ordinance to amend IBC

Mumbai, May 24, 2018

The Union Cabinet approved additional changes to Insolvency and Bankruptcy Code through an ordinance, easing rules to enable promoters of micro, small and medium enterprises to bid for their companies and giving homebuyers a stronger say in the resolution plan for developers.

The Insolvency and Bankruptcy Code Amendment (Ordinance) 2018 also seeks to streamline bidding eligibility provisions to remove grey areas, a step that's expected to reduce disputes, people aware of the amendments said. "Concurrence of the President is awaited," information technology minister Ravi Shankar Prasad said at a briefing after the meeting.

This is the second ordinance issued to make changes to the insolvency framework. The first high-profile resolution was cleared last week, with Tata Steel acquiring Bhushan Steel in a Rs 35,200-crore deal with lenders. With the implementation of IBC, several issues had been thrown up and the government set up a 14-member high-level committee chaired by ministry of corporate affairs secretary Injeti Srinivas to suggest changes.

The ordinance proposes to bring homebuyers on par with financial creditors, which will ensure they get their homes or dues when a developer becomes insolvent. Homebuyers will get representation on the committee of creditors and the advance given by them to the builder will be considered credit. to lower the voting threshold for approval of resolution plans to a 66% majority from 75% earlier. Withdrawal of an insolvency application will be allowed if 90% of the creditors agree.

The lower threshold is to encourage a resolution plan instead of liquidation. A higher limit would allow a few creditors to reject a plan and push the insolvent entity into winding up.The first ordinance had Introduced Section 29A in the IBC, which barred many people and entities from bidding for companies undergoing resolution. It included promoters with recognised non-performing assets against their names.

Under the proposed change, promoters and managers or guarantors to creditors of MSMEs undergoing resolution would be able to bid for their companies, except in the case of proven wilful default. This was done because there was very little outside interest in MSMEs. This measure would ensure faster resolution of MSME cases.

The new ordinance makes Section 29A more stringent in some cases. It is expected to bar people who enter into backdoor arrangements with corporate debtors formally or informally, directly or indirectly, from bidding for insolvent companies by bringing them within the scope of the definition of connected people. The definition of related individuals, which has so far not been covered in the code, is likely to be added as part of the amendments.

BusinessLine

New Delhi, May 18, 2018

New accounting standard proposed for financial instruments

KR SRIVATS

New Delhi, May 18

The CA Institute has come out with an exposure draft for accounting standard on financial instruments (AS 109).

The standard has been drafted on the basis of IFRS 9, financial Instruments applicable for small and medium enterprises (SMEs). It has provisions from the existing Guidance Note on Accounting for Derivative Contracts issued by the CA Institute.

Comments can be sent on the exposure draft for AS 109 till June 30, the CA Institute has said.

Currently, under existing Accounting Standards (AS) there is no comprehensive robust standard on financial instruments. However, certain guidance with regard to financial instruments exist which is provided under: (1) AS11, the effects of changes in foreign exchange rates; AS13, Accounting for Investments and Guidance Note on Accounting for Derivative Contracts.

However, under Ind Ass, comprehensive standards and guidance is given on the subject under 3 Ind AS: (1) Ind AS 32, Financial Instruments: Presentation (2) Ind AS 107, Financial Instruments: Disclosures and Ind AS 109, Financial Instruments.

THE HINDU BusinessLine

New Delhi, May 26th 2018

India Inc's debt woes open new career path

IBBI sets up working group on graduate programme on insolvency

KR SRIVATS
New Delhi, May 25

India Inc's debt problem may soon lead to a new career opportunity for bright young professionals entering the job market in India.

Insolvency regulator IBBI has taken an important step to create a new route for young professionals to take up the career of insolvency professionals.

Towards this end, the Insolvency and Bankruptcy Board of India (IBBI) has set up a working group on 'Graduate Insolvency Programme' (GIP). This working group has been tasked to recommend the content, structure and delivery mechanism for the GIP in three months.

Working group members

The working group comprises TV Mohandas Pai, Chairman, Manipal Global Education; PR Ramesh, Chairman, Deloitte India; Sumant Batra, President of the Society of Insolvency Practitioners of India; KV Subramanian, Professor, Indian School of Business; and Sameer Sharma, Director General of the Indian Institute of Corporate Affairs.

"We are looking to create a route for newly qualified young bright professionals (CA, CS, law graduates) to take up a career as insolvency professionals through the GIP," MS Sahoo, Chairman, IBBI and convenor of this working group, told *BusinessLine*.

This will be besides the current route, where professionals such as chartered accountants, company secretaries, cost accountants or lawyers with 10 years' experience can become insolvency professionals by taking up a limited insolvency examination and registering with one of the three insolvency professional agencies.

Currently, a management expert with 15 years' experience can also take this route.

Currently, there is no special route for young professionals to become insolvency professionals and the graduate programme is expected to fill this gap, corporate observers said.

THE ECONOMIC TIMES

New Delhi, May 26, 2018

ICAI Issues Valuation Standards

NEW DELHI Chartered accountants' apex body ICAI has issued a framework for consistent, uniform and transparent valuation practices for its members. The Institute of Chartered Accountants of India (ICAI), in a release, said that it has issued valuation standards as a benchmark for valuation practices applicable for its members. "With a vision to promote best practices in this niche area of practice, the standards lay down a framework for the chartered accountants to ensure uniformity in approach and quality of valuation output," ICAI said. Compliance with the standards would be mandatory for chartered accountants providing valuation reports under various provisions of the Companies Act. – PTI

India Today, Aspire

June 18, 2018

ICAI SIGNS THE MUTUAL RECOGNITION AGREEMENT WITH SAICA

CA. Naveen ND Gupta, President - ICAI and Ms. Fanisa Lamola, Acting CEO, South African Institute of CA, signing the Mutual Recognition Agreement between the ICAI and SAICA in the presence of Dr. K.J. Srinivasa, Hon'ble Consul General of India to Johannesburg, South Africa. The event was also graced by CA. Prafulla Chhajed, Vice President - ICAI

The Institute of Chartered Accountants of India (ICAI) has signed the Mutual Recognition Agreement (MRA) with the South African Institute of Chartered Accountants (SAICA) on June 4, 2018 at SAICA HO, Johannesburg, South Africa. Signing of the Agreement between ICAI & SAICA would facilitate mutual recognition of each other's Qualification and admit the Members in good standing by prescribing a bridging mechanism between the two Institutes. During the MRA signing Ceremony, CA. Naveen N.D. Gupta, President, ICAI mentioned that "The MRA between ICAI and SAICA would help to foster strong working relations between the two accounting institutes and will lead to greater mobility of professionals at either end and would herald a new dimension of professional opportunities for Chartered Accountants of both the countries thus benefiting more than 1000 Indian CAs in Africa region and other ICAI members in India who wish to get International qualification".

Ms. Fanisa Lamola, SAICA's Chief Executive Officer expressed "The MRA leading to Membership Pathways, between ICAI and SAICA would be beneficial for the members of both countries".

Speaking at the MRA Signing Ceremony, the Guest of Honour of the event, Dr. K.J. Srinivasa, Hon'ble Consul General to Johannesburg, South Africa said "The MRA would be beneficial for both ICAI and SAICA members and would herald new avenues for business in India and South Africa's young professionals". He also assured full support for all future endeavors of ICAI and SAICA in the country. CA. Prafulla Chhajed, Vice President, ICAI while addressing at the MRA Signing ceremony mentioned "I am sure that this agreement would be a starting point for a long term and mutually beneficial relationship between ICAI and SAICA, helping each other for the development of the profession in India and South Africa." Last month on May 2, 2018, the Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi had approved the signing of MRA between the ICAI and SAICA to establish a mutual co-operation framework for the advancement of accounting knowledge, professional and intellectual development, advancing the interests of their respective members and positively contributing to the development of the accounting profession in South Africa and India. Under the terms of MRA, Members of ICAI are exempted from appearing in Part I i.e. Initial Test of Competency (ITC) and Practical Training requirements of SAICA and can become the member of SAICA on the basis of completing the Assessment of Professional Competence (APC) examination.

Further, if an individual ICAI applicant, in good standing, fulfills the "competency requirements" of the SAICA Competency Framework, membership of SAICA may be granted without completing the SAICA APC examination. The competency requirements consists of parameters like Academic transcripts; Work experience; Portfolio of work; Evidence from employers etc.

THE HINDU BusinessLine

Centre may not give NBFCs more time to switch to Ind AS

K.R. Srivats, New Delhi, May 27, 2018

The Centre and the RBI, for now, have virtually turned down NBFCs' request to defer Ind AS implementation by one year as has been done for banks.

"The sense we have got out of the meeting is that the MCA is not inclined to defer Ind AS for NBFCs. Both the MCA and RBI at this point are not in favour of deferring Ind AS for NBFCs," said a source who attended the meeting convened by MCA. The Ministry of Corporate Affairs (MCA) had on Friday convened a meeting of financial sector regulators and stakeholders to discuss, among other things, the NBFCs' request for deferment of Ind AS by one year.

Raman Aggarwal, Chairman, Finance Industry Development Council (FIDC), said the MCA Secretary assured in the meeting that he will meet RBI Governor and discuss this matter. "FIDC would, therefore, knock the doors of the RBI once again to seek deferment by one year," Aggarwal told *BusinessLine* when contacted.

Sandip Khetan, Partner and National Leader, Financial Accounting Advisory Services (FAAS), EY India, said: "The reasons due to which Ind AS has been deferred for banks cannot be attributed to NBFCs as the two are different from both legal structuring and risk framework perspective," he said.

Moreover, many NBFCs that are group companies of companies under the corporate Ind AS roadmap have been reporting under Ind AS for group reporting purposes from 2016-17, he said.

The National Advisory Committee on Accounting Standards Chairman Amarjit Chopra said the committee had at the meeting conveyed to the MCA that it is not in favour of deferring Ind AS for NBFCs.

Charanjit Attra, Partner, Financial Accounting Advisory Services, EY India, said: "NBFCs will have to produce Ind AS numbers for its interim reporting (quarterly or six monthly). This would be a welcome step for NBFCs which are a subsidiary or controlled by an entity to which Ind AS is applicable and the core investment companies". Other NBFCs would have to publish disclosures at the end of the financial year ending March 31, 2019, he said.

Business Standard

ICAI comes out with accounting standards for cash flow statements of local bodies

May 31, 2018

Chartered accountants' apex body ICAI today said it has issued accounting standards for local bodies with respect to cash flow statements.

The Accounting Standards for Local Bodies (ASLBs) are aimed at ensuring that the financial reporting by local bodies reflects how efficiently and effectively local bodies have discharged their responsibilities in using public funds, according to ICAI.

The Institute of Chartered Accountants of India (ICAI) has issued ASLB 2 'Cash Flow Statements'.

"Application of ASLB 2 will be useful for the local bodies to identify their sources of cash inflows, cash outflows, and the cash balance as at the reporting date which will provide users of financial statements with information for both accountability and decision-making purposes," the institute said in a release.

A cash flow statement, when used in conjunction with the other financial statements, provides information that enables users to evaluate the historical changes in cash and cash equivalents and changes in net assets/equity of an entity, among others, it added.

"ASLB 2 covers all aspects with respect to preparation and presentation of statement of cash flow in more detail than the existing municipal accrual accounting framework available for use by local bodies.

"... the enhanced disclosures as prescribed in ASLB 2 would lead to improved and better transparency in the financial operations of local bodies in the larger public interest," the release said.

The key of persistence opens all door closed by resistence. - John Di Lemme