

MISSION 2006

A REPORT ON INITIATIVES COMPLETED / IN PROGRESS

Esteemed colleagues,

On getting elected to the office of the Vice President of ICAI on 5th February, 2005, I decided that the next 730 days will be devoted for the ICAI and I will not carry on my professional practice during this period. Therefore, I migrated to Delhi and by living there; I made visits to various places by call of duty and to honour other engagements. The good wishes and greetings received from members, students and other well-wishers were overwhelming, and that gave me the strength to shoulder my responsibilities.

On 5th February, 2006, when I was elevated as the President of ICAI, I placed at the table of the Council, "Mission 2006", identifying 10 top priorities for implementation during the year. I also placed a year planner indicating the schedule of meetings to be chaired by me including the Council meetings. All the Council meetings were held as scheduled and most of the other meetings were also conducted on the specified dates.

I had segmented the year into three compartments of four months each. During the first four months—February to May, 2006—I was stationed mostly in the headquarters and hardly attended any programmes or made any visits. This period was used for initiating and pursuing projects and various initiatives as part of Mission 2006. Continuous presence in headquarters helped in planning for execution, necessary follow-up and effective coordination with Government, regulators, officers and staff of the ICAI. Considerable time was devoted to upgrade the editorial contents of the journal and to provide the much required impetus for ensuring quality, facelift and timely delivery thereof.



The next four months—July to September 2006—were earmarked for extensive and whirlwind tours across the country, to meet members and students in as many places as possible. Firstly, to disseminate information on the developments in the profession, and secondly, as well as more importantly, to obtain feedback and suggestions on the happenings and issues faced by the profession. I made it a point to visit even the smallest of the places enroute or otherwise to get a feel of the issues concerning them at the grass root level, apart from knowing their grievances and expectations. The visits were utilised to motivate the branches and encourage them to strengthen the infrastructure in view of the increased grants provided by ICAI. The valuable suggestions given by the members during those visits enabled me to take up and implement certain projects; criticism offered moulded my thinking and action; and the warmth and affection showered, touched and synergised me.

The last four months—October, 2006 to January, 2007—I had been in headquarters for half the time to accomplish the projects that were nearing completion and the rest of the time was devoted in participating in milestone events and infrastructure-related activities. En-

hancement of a range of grants for acquiring land, building, air-conditioning, furnishing and establishing computer centres have motivated the branches to create new infrastructure, which will go a long way in rendering quality service to members and students, besides strengthening the limbs of ICAI in the emerging competitive and challenging scenario for decades to come. I could visit 60 branches, 15 CPE chapters and 7 chapters abroad during the year.

Various Committees have excelled in their functioning and contributed to the growth and excellence of the profession, in tune with the terms of reference. In addition to the performance of Committees, ICAI has been focusing on Mission 2006 priorities. The Regional Councils, branches, officers and staff of the ICAI have excelled in contributing to the successful implementation of various tasks identified under Mission 2006 at the respective levels. Independent of the specific tasks and projects completed by various Committees, Regional Councils and branches of ICAI, some of the initiatives done from the headquarters are listed hereunder, to provide an account of the measures undertaken during the year. Some of the initiatives accomplished during the year were those initiated in the earlier years by our illustrious past Presidents and Council members.

The respect and affection at the command of the office of the President rejuvenated me to serve the profession to the best of my ability. Members and students stood by me during turbulent times to ably face the issues and challenges encountered. Being away from my personal life did not appear to be difficult as I was always amidst the larger family of the CA fraternity, to which I belong. I was able to communicate to the members periodically by mass emailing. The tremendous response to such communication made me more enthusiastic and facilitated my accessibility on an on-going basis. Every SMS, call, email and letter pouring

in daily from well-wishers and friends with a view to encourage me, guide me, and praying for my good health; infused high amounts of moral strength, courage and conviction. None of the tasks handled appeared to be burdensome as the passion to do them provided absolute strength, stamina and satisfaction. Replying to about 500 mails on a weekly basis, invariably late in the night enabled me to keep in touch with my beloved members and students.

I must specifically thank my esteemed Council colleagues, more particularly the Government nominees, who offered me the best of support and team spirit in the execution of the priorities. Presidents, CA. N.D. Gupta, CA. Ashok Chandak, CA. R. Bupathy and CA. Sunil Goyal during whose tenure of office, I was given adequate opportunities, groomed my skills and potential as a leader. CA. Kamlesh S. Vikamsey, with whom I served as his Deputy, had nurtured my attitude and talent not only to serve as a capable Vice President, but also to get equipped for the elevation as the President. CA. Sunil H. Talati, my Deputy, shouldered various responsibilities assigned to him and contributed his best. I must also record my sincere gratitude to all the other past Presidents who offered their guidance and counseling from time to time.

Chairmen of the five Regional Councils, CA. Sunil Goyal, CA. M. Kandasami, CA. Subodh Kumar Agrawal, CA. Vijay Kumar Garg and CA. Harish Chandra Agarwal along with Regional Council members have provided the required support, and excelled in steering the respective Regional Councils and the branches under their jurisdiction, to serve the profession in a commendable manner. Chairmen of many branches, along with their dedicated team, performed beyond expectations and brought glory to the profession. I must mention that entering public life to serve the profession gave me widest possible exposure during the

six years of Council membership. Unique and unforgettable experiences, besides giving enormous satisfaction, made my life worth living. Devoted participation in Council meetings provided enrichment, and I was privileged to occupy a seat next to CA. N.V. Iyer for three years in the Council, which proved to be an educative experience.

I must acknowledge the services of Dr. Ashok Haldia, Secretary, ICAI and his dedication, devotion and unstinted support in all the endeavours of ICAI. The officers and the staff of the ICAI have given their best and extended their mite. A special mention needs to be made about all the four Directors viz. Dr. Avinash Chander, Mr. T. Karthikeyan, Dr. T.P. Ghosh and Mr. Vijay Kapur, who have toiled to translate many dreams into reality. My vision to launch the new CA curriculum fructified, and the efforts to enhance brand image of CA fraternity in the eyes of Government, regulators and public materialised.

As I am giving an account of Mission 2006 accomplishments/initiatives, independent of the achievements by various Committees which are normally covered in the Annual Report, I must wholeheartedly thank all the

members and students for their good wishes and prayers for me. I am confident that my successor will continue the proactive projects which are in progress, with more zeal and vigour. I sincerely regret in case I was the cause of any discomfort or hardship to any of you, and seek your indulgence for any lapse on my part in terms of your expectations and for any inadvertence.

I owe my stature and position in life to the profession of Chartered Accountancy, and assure that my commitment to serve the fraternity will remain undiminished for the rest of my life. I congratulate the newly elected 20th Council, 19th Regional Councils and branch managing committee members, foreign chapter office bearers, and wish them successful tenure of office. I sign off with folded hands, and extend my good wishes and prayers to everyone of you.

Jai Hind. Jai ICAI.

Yours sincerely

CA. T. N. Manoharan
President, ICAI

1. ANCHORING ECONOMIC GROWTH

- ❖ ICAI is involved in government accounting reforms by being part of Government Accounting Standards Advisory Board (GASAB) under the aegis of C&AG.
- ❖ Initiated pilot projects for conversion of accounts into accrual basis in co-ordination with Controller General of Accounts.
- ❖ Developing disclosure requirements for municipalities as part of the reform conditions under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and developing Standardised Service Level Benchmarks (SSLBs), jointly with Public Record Of Operations and Finance (PROOF), as mandated by the Ministry of Urban Development.
- ❖ Conducted training programmes for service tax and central excise officials in co-ordination with NACEN, CBEC, Finance Ministry, twice at Faridabad and once in Mumbai, Bangalore and Chennai.

- ❖ Financial Statements drawn on accrual basis in respect of Municipal Corporation of Delhi released.
- ❖ Contribution made in policy/legislation formulation in respect of Limited Liability Partnership Law; E-forms under the Companies Act; new Company law; and Schedule VI.
- ❖ Continuous contribution to the Revenue Department of the Finance Ministry in issuing clarifications and circulars.
- ❖ Constitution of High Level Committee to recommend a model framework for the outcome budget of the Government of India.
- ❖ Formats of Financial Statements for Stock Brokers developed on the request of SEBI.
- ❖ Working on project for suggesting reforms in the gram panchayat level, accounting, auditing and financial systems awarded by Department for International Development, Government of UK.

2. PROMOTING SOCIAL DEVELOPMENT

- ❖ Formulating accounting standards for local bodies as envisaged by the Ministry of Urban Development.
- ❖ Developing systems and control mechanism to ensure the effective utilisation of the funds allocated for Sarva Shiksha Abhiyaan and Mid-Day Meals Scheme.
- ❖ Investor Awareness/Empowerment programmes organised at Agra, Ghaziabad, Ambala, Hisar, Bhatinda, Patiala, Coimbatore and Gwalior.
- ❖ Capacity building programme organised for municipal officers of Tamil Nadu Government.
- ❖ The EU project on accounting and financial reforms in urban local bodies in India completed successfully and technical deliverables accepted by the European Commission which are in the process of dissemination to the members as separate literature.

3. STRENGTHENING TECHNICAL AND RESEARCH ACTIVITIES

- ❖ ICAI's accounting standards have been recommended by National Advisory Committee on Accounting Standards and notified by the Government.
- ❖ Steps taken for decentralisation of Technical Directorate at Regional Centres - One established in Southern Region and other regions to follow.
- ❖ Task Force constituted for preparing Concept Paper on Convergence of Indian Accounting Standards with IFRS.
- ❖ Group constituted for promoting XBRL in India.
- ❖ An agreement reached with ISACA to adopt the Systems Audit Standards. The MOU between ICAI and ISACA in this regard is pending with Government for approval.

- ❖ A study on accounting issues in knowledge and technology intensive industries pertaining to non-financial disclosures and specific items of intangibles completed.
- ❖ A complete list of Publications, Standards, Exposure Drafts and Technical Literature issued during the year have been published as Annexures to the Mission 2006-A Report.
- ❖ Many research publications are in the making and the ones nearing completion relate to Technical Guide on Accounting and Auditing in Not-for-Profit Organisations (revised), Check-list for Disclosures under Accounting Standards & Guidance Notes issued by ICAI and Schedule VI of the Companies Act, 1956 and Study on Methods in Special Audit and Investigations.

4. DEVELOPING INFRASTRUCTURE

- ❖ Renovation and refurbishing of substantial portion of headquarters building of ICAI undertaken.
- ❖ The year started with 105 Branches and ended with 114 Branches with the formation of Branches at Rajamahendravaram, Sambalpur, Bharuch, Bellary, Kakinada, Gorakhpur, Nellore, Bilaspur and Sangrur.
- ❖ Created new scheme of grant for enabling branches to acquire land ranging from Rs. 12.5 lacs to Rs. 25 lacs from ICAI.
- ❖ Enhanced building grant ranging from Rs. 12.5 lacs to Rs. 25 lacs besides grant for Air Conditioning of premises ranging from Rs. 3.5 lacs to Rs. 7.5 lacs.
- ❖ Creating new grant for establishing Computer Centre to the extent of 75% of the cost, not exceeding Rs. 10 lacs at branches.
- ❖ Additional land acquired by Ahmedabad and Erode branches.
- ❖ New Branch premises inaugurated at Udupi, Chandigarh, Tuticorin, Pondicherry and Agra.
- ❖ Expansion projects undertaken at Belgaum, Visakhapatnam, Indore, Calicut and Jamnagar.
- ❖ Furnishing including air-conditioned Seminar Hall sanctioned for Nagpur, Trichur, Kumbakonam, Trivandrum, Madurai, Udupi, Visakhapatnam, Tuticorin, Mysore, Bhubaneswar, Lucknow, Raipur, Ghaziabad and Chandigarh. Many of these have been completed.
- ❖ Computer centre operationalised at Chennai, Madurai, Trivandrum, Visakhapatnam, Tuticorin, Alwar, Udaipur and Dhanbad.
- ❖ Centralised UPS systems installed in all offices of ICAI.
- ❖ Digital library inaugurated at Chennai.
- ❖ Steps continued to establish Centres of Excellence in lands acquired in Hyderabad, Noida and Mumbai.
- ❖ Representations made to Chief Ministers for allotment of land to establish Centres of Excellence in the States of Kerala, Uttar Pradesh, Karnataka and Tamil Nadu.

- ❖ Laptops and LCD projectors provided to 70 branches.

5. FURTHERING INTERNATIONAL INITIATIVES

- ❖ Chapters established at Toronto, Melbourne and Sydney and formally inaugurated Kuwait Chapter.
- ❖ Discussions in progress on promoting bilateral co-operation between Indian and UK accounting sector.
- ❖ Negotiations in progress with Institute of CPAs in Singapore for mutual recognition of qualification under the Indo-Singapore Comprehensive Economic Cooperation Agreement.
- ❖ Discussions initiated for mutual recognition of qualification with Institutes in Australia, USA and France.
- ❖ Offered technical assistance to Mongolian Institute of Certified Public Accountants and to Bhutanese Government for strengthening accounting infrastructure in their respective countries.
- ❖ Signed an agreement with the Centre of Excellence for Applied Research & Training (CERT), Ministry of Education, UAE for devising international curriculum as per the local requirements of UAE, review of existing education system in the area of accounting and auditing and assisting them in setting up of independent Institute for promoting chartered accountancy as a profession.

6. STEPPING UP STUDENTS SERVICES

- ❖ New curriculum launched with CPT as the quarterly objective screening mechanism.
- ❖ Got the nomenclature 'Articled Clerk' changed to 'Articled Assistant'.
- ❖ Recommended increase in vacancies for "Articled Assistants" and training up to 7 per CA and 1 for paid assistant for Government's approval.
- ❖ In order to create awareness about the Course, CD, brochures and uniform literature in regional languages have been distributed in the schools. A film on CA Curriculum is also under production and nearing completion. Advertisements have been released in daily newspapers and magazines.
- ❖ Career counselling programmes organised all over the country.
- ❖ VCDs released on various subjects.
- ❖ Discussions on with IGNOU and other universities across the country for granting exemption from appearance in certain papers in commerce graduation to students who pass PCE/PE-II.
- ❖ Representation made to HRD Ministry for inclusion of Commerce subject in school curriculum from 8th standard onwards.
- ❖ The year started with full-fledged examination centres in 93 cities and ended with centres in 102 cities with the addition of new exam centres at Ahmednagar, Erode, Kumbakonam, Pondicherry, Kollam, Palghat, Patiala, Saharanpur and Sangli. For CPT, new centres opened at Anand, Karnal, Sonepat and Tirupur. New centers are

being opened at Rourkela, Tuticorin and Bellary. In addition to existing centres at Dubai and Kathmandu, Abu Dhabi is being added as a new foreign centre. From November 2007, Tuticorin, Rourkela and Bellary will be full-fledged centres of holder examinations.

- ❖ Introduced the concept of Continuous Professional Learning (CPL) with Regional Centres and Branches organising weekly study circle meetings for students.
- ❖ Initiated the process of setting of a Fund for Education and Welfare of Students (FEWS) to provide scholarships to students on need/merit basis.
- ❖ Launched group insurance by LIC for students for sum assured of Rs. 1 lakh with single premium payment of Rs. 600 for the entire CA Curriculum period of four years.
- ❖ E-learning being launched for PCC course and to be expanded to cover final course in the near future.
- ❖ Examination reforms carried out including enhancement in the honorarium paid to various examination functionaries and synchronising the declaration of result of PE-II/PCE with that of PE-I and Final results date.

7. REACHING OUT TO MEMBERS

- ❖ Mass emailing and website effectively utilised for dissemination of information to members on various initiatives taken by ICAI.
- ❖ In-house executive development programmes held with Corporates.
- ❖ Corporate form of practice allowed in 'Consultancy Management'.
- ❖ Course on 'Valuation of Business' and Course on 'Insolvency' finalised and Certificate Course in Consultancy Management approved.
- ❖ Many new features added to the 'The Chartered Accountant', the official journal and timely delivery ensured.
- ❖ Group insurance introduced for members and their spouses through LIC.
- ❖ Restriction on validity of eligibility for ISA examination removed.
- ❖ To promote interaction with members in Industry, CFOs meet organised at Chennai, Delhi, Mumbai, Gurgaon, Pune and Noida.

8. ORIENTATION OF SMPs AND YOUNG MEMBERS

- ❖ New centers for conducting campus interviews added at Kanpur, Baroda, Indore and Bhilai.
- ❖ CA firms made eligible to be recognised as Certified Filing Centres under MCA-21.
- ❖ Training programmes for independent directors held at Hyderabad, Kolkata, Dhanbad, Amritsar, Delhi, Agra and Ludhiana.
- ❖ Soft skills module under formulation for members.

9. DEVELOPING HUMAN RESOURCE

- ❖ Employee strength at branches increased.
- ❖ Training programmes and orientation workshops conducted for staff of ICAI.
- ❖ Steps taken for streamlining, printing and distribution of publications.

10. FOCUSING ON BRAND BUILDING MEASURES

- ❖ Corporate film and booklet on 'ICAI profile' released.
- ❖ Designed and produced ICAI motto audio and video CDs
- ❖ Dress Code prescribed for members.
- ❖ Usage of prefixes 'CA,' 'CA – Alphabets of trust,' 'ICAI – Partner in Nation Building,' 'Indian CA - Nurtured in India, Groomed for the World,' 'Jai Hind, Jai ICAI' popularised.
- ❖ Started using nomenclature within ICAI in place of Institute in all literature and communication.
- ❖ Efforts on to identify logo for the profession to be used by members.
- ❖ Business Organizer brought out by ICAI.
- ❖ Advertorial released in financial dailies on July 1, CA Day and in in-flight magazines such as Swagat, Darpan and Jetwings.
- ❖ Press Conferences held at regular intervals to make public important decisions taken by Council and various Committees besides highlighting contribution of ICAI at macro level.

ANNEXURES TO MISSION 2006 - A REPORT

A. PUBLICATIONS RELEASED DURING THE YEAR

- ❖ Guidance Note on Recognition of Revenue by Real Estate Developers
- ❖ Compendium of Accounting Standards (including Interpretations as on July 1, 2006)
- ❖ Guidance Note on Audit of Banks (2006 Ed)
- ❖ (Revised) Guidance Note on Reports on Company Prospectuses
- ❖ AAS 35, "The Examination of Prospective Financial Information"
- ❖ Standard on Internal Audit (SIA) 1 - Planning an Internal Audit
- ❖ Technical Guide on Internal Audit in Oil & Gas Refining and Marketing (Downstream) Enterprises
- ❖ Technical Guide on Internal Audit in Aluminium Industry
- ❖ General Guidelines on Internal Audit (Revised)
- ❖ Business Planning
- ❖ Guidance Note on Audit of Fringe Benefits under the Income-tax Act, 1961 (With Supplementary G. N. on Tax Audit under Section 44AB of the Income-tax, Act, 1961)
- ❖ Study of Financial Records and Understanding of Audit Techniques – A Training Manual for the Central Excise and Service Tax Officers
- ❖ Aspects of International Taxation – A Study

- ❖ Hand Book on Capital Market Regulations
- ❖ Guidance Note on Compliance of Conditions of Corporate Governance as Stipulated in revised Clause 49 to the Listing Agreement
- ❖ Pension Plans
- ❖ A Study on Anti Money Laundering and Insurance Sector
- ❖ Supplementary Study Material for the Guidance of DIRM candidates
- ❖ Frequently Asked Questions on Members & Firms
- ❖ Guidance Note on Accounting for Credit Available in Respect of Minimum Alternative Tax Under the Income Tax Act, 1961
- ❖ Guidance Note on Measurement of Income Tax Expense for Interim Financial Reporting in the Context of AS 25
- ❖ Compendium of Guidance Notes – Accounting (As on July 1, 2006) (Including CD)
- ❖ Compendium of Opinions – Volume XXV
- ❖ Accounting Standard Interpretation (ASI) 14 (Revised), Disclosure of Revenue from Sales Transactions

B. STANDARDS, EXPOSURE DRAFTS AND OTHER TECHNICAL LITERATURE BROUGHT OUT DURING THE YEAR.

- ❖ Preface to Auditing and Assurance Standards, The Statements on Auditing and Guidance Notes
- ❖ Framework for Assurance Engagements
- ❖ Revised Auditing and Assurance Standard (AAS) 19, Subsequent Events
- ❖ Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements
- ❖ Standard on Internal Audit (SIA), Basic Principles and Objectives of Internal Audit
- ❖ Standard on Internal Audit (SIA), Documentation
- ❖ Revised Preface to Standards and Guidance Notes on Internal Audit
- ❖ Preface to the Accounting Standards for Local Bodies
- ❖ Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement
- ❖ Limited Revisions to Accounting Standards (AS) 2, AS 11 (revised 2003), AS 21, AS 23, AS 26, AS 27, AS 28 and AS 29
- ❖ Re-Exposure Daft of Proposed Accounting Standard (AS) 31, Financial Instruments: Presentation