

INTERNATIONAL CONFERENCE ON ROLE OF PROFESSION IN NEW MILIEU

The Institute of Chartered Accountants of India organised a mega International Conference, the fourth of its kind, on 'Role of Profession in New Milieu' from 11th-13th January, 2007 at Kamaraj Arangam, Chennai. The three-day event explored the changing dynamics of profession and the potential of the emerging arena for succeeding in professional forums. The event saw participation by regulators, think tank, policy makers and other eminent speakers from all over India and abroad. The international guest speakers included dignitaries from International Federation of Accountants. Besides, a galaxy of resource persons and delegates from 30 countries addressed / participated in the Conference. Following is a brief report on the mega event.

DAY-1:



Inaugural Session

The first ever International Conference in Chennai started on an auspicious musical note with Nadaswaram music, an invocation song 'Jayati Jayati Bharat Mata' rendered by CA. Rama Koushik and traditional lighting kuthuvilakku (lamp) in the backdrop of theme song of ICAI. The event was inaugurated by the Chief Guest Hon'ble CA. K.Rahman Khan, Deputy Chairman, Rajya Sabha.



Dr. Ashok Haldia, Secretary ICAI welcomed the gathering and briefly touched upon the theme of the Conference 'Role of Profession in New Milieu'.

CA. T.N. Manoharan, President, ICAI, in his address expressed his happiness about the first ever International Conference in Chennai and on the participation of the representatives of 30 countries in it. Highlighting SMPs as the focus of the Conference, he



also dwelt on the different facets of a Chartered Accountant as also on the global convergence of accounting and auditing standards. He further said that the ICAI was not averse to the opening of accounting profession in the country but it should be on the condition of reciprocity.



In his thought provoking and forthright speech, the **Hon'ble Deputy Chairman of Rajya Sabha CA. K. Rahman Khan** stressed the need for the profession to play a definite role in shaping the accounting profession both nationally and globally. He talked of the challenges before the ICAI and said that in the next decade the demand for the number of accountants would grow exponentially.

He pointed out that the biggest spender in the country viz., the Government suffers from lack of transparency in its system of accounting. He lamented that there are absolutely no checks and balances in the scheme of Government accounting and that consequently the system gets polluted. A person who is part

of the governing process in this country, he openly admitted that about 25 to 30% of the Government's expenditure is wasteful and plagued by menaces such as corruption, cost escalation, time overruns, faulty reporting systems, etc. He said that ICAI should attempt to do its mite to transform this bleak scenario. There was no system of audit and reporting at all in the monumental government expenditure which runs roughly to Rs.10 lakh crore per annum, he said. He stressed that ICAI's leadership should get their act together to make the Government realise the importance of in-depth audit and ensure that it gets invited to perform the check function. CA. K. Rahman Khan also called upon the ICAI to set accounting standards for Governmental accounting as well.



Mr. Fermin del Valle, President, IFAC, who was the guest of honour, gave a measured and well-articulated speech, in which he mentioned about great role being played by ICAI in the uplift of the accounting profession. He also emphasized on IFAC's principal issues namely, achieving

convergence, code of ethics, assistance to SMEs, etc.

The Inaugural Session came to an end with **CA. Sunil Talati, Vice President of ICAI** giving a vote of thanks.



Technical Session I

The topic of this technical session was 'Accountability and Financial Reporting'. Chairman of the Session, **CA. P.N. Shah**, Past President ICAI, mentioned that as nearly 92% of the CA firms are SMPs, the topic was very relevant to our profession in the emerging global challenges.

Mr. Ian Ball, CEO, IFAC, while covering 'Issues in Accounting of City Governments',



said that the problem was not only on Accounting but also on accountability. He observed that transparency in accounting as well as in reporting was of paramount importance. He mentioned that good financial management requires good reporting but then, he noted, that Governments do not have their Balance Sheet drawn. He said IFAC's contribution towards this issue was through its public sector committees. Countries like US, Canada and UK are in the process of introducing accounting standard in the Government undertakings, he informed.

Mr. Paul Chan, Past President of Hong Kong CPA dealt with 'Accounting and Auditing Standards, Issues and Perspectives in SMEs and SMPs, etc'. According to HK parameters, SMP was one with less than 100 employees, he said. He dwelt more with HK scenario, where more than 96% of the CA firms are SMPs and explained the challenges faced by SMPs in accounting and auditing standards, globalisation vis-à-vis public expectations and shortage of talent in SMPs.

CA. PR Ramesh gave a presentation on "IFRS – Emerging Significance". He emphasized the importance of IFRS in the present scenario of global village and said that IFRS is the corner stone of accountability. He opined that IFRS is the most advanced principle-based Standard, speaking a single global language in which there are more disclosures, with no income smoothening. He said the issues facing IFRS are that they are not recognized in various laws like Companies Act and Tax Laws.

DAY-2

Special Addresses

CA. R. Seshasayee, President, CII, who spoke on 'Corporate Governance Beyond Legal Framework' said that the concept of Corporate Governance was not properly captured by law with corporates more obsessed about the legal requirements and trying to be rule-based citizens. For them, law is binary in nature and



has only two sides, compliance and non-compliance. The cost of non-compliance has created fear in their minds, which prevented them to travel beyond the legal framework. He mentioned that the concept of Corporate

Governance is not alien to India and linked it to an ancient system of trusteeship in the form of Hindu Undivided Families with the Karta as the trustee. He emphasized on the point that the Corporate Governance should be based on ethics and value and not simply rule based. He said that as an incentive for best Corporate Governance practices, we should start celebrating the exemplars who practise the concept based on real ethics and values so as to induce others to emulate. He also suggested that the information required by the concept should be selective and only on exceptional matters since, in most cases, providing more information in the guise of transparency would end up in burying the information.



The **President of IFAC, Mr. Fermin del Valle** spoke on the need for sustaining professional excellence, by understanding the expectations of the users and also to encourage innovation and use of technology in providing the services. He said that a professional service should grow to represent all professional accounting bodies with wide range of expertise. While harping on the need for transparency, he averred that where transparency exists, corruption is not possible. This, he said could be an agenda for accountants, about whom there is a mistaken perception that they do not do

enough in this area.

Mr. T.K. Vishwanathan, Law Secretary, Government of India spoke on 'Changing Profile of Services in Context of Domestic Reforms'. He said: "if accountants had been as bad as lawyers (in updation of knowledge) long before the country would have gone bankrupt." He was complementing the accountants for adapting to the emerging changes.



CA. S. Gurumurthy, columnist, spoke on 'Role of Accounting Profession in the New Economic Order'. He said India is clear about what it is not and the world is not clear about what it is. He expressed concern that in the new economic order, there was a clear demarcation

between the savers and the spenders and quoted the figures that about 70% of the global savings were from Asia and that 67% of the global spending was happening in the America. The American spending (consumption) is what is actually driving the global economic system, he averred. He traced the origin of the economic indicators of Gold to Dollar to paper money and explained how the global financial architecture came to rest on this. On the role of the accounting profession, he said that the leadership of the profession must help the members understand and re-position themselves to face the challenges.

Technical Session II



The second technical session chaired by Past President **CA. B.P. Rao**, focused on the topic 'Country Perspective on SMPs and SMEs'. The session involved representatives from as many as six countries. These included **Dr. Lino De Vecchi** Dy. Chairman SMP Committee from Italy, **Mr. Masum Turker** Chairman, the Turkish Auditing Standards Board, **Mr. K. Reetun**, Chairperson, Mauritius Institute of Public Accountants, **Mr. Yohan Perera** President ICA, Sri Lanka, **Mr. Alex Hilman**, Past President Institute of CPA, Israel, **Mr. Khaliq-ur-Rahman** President ICA Pakistan. They spoke about the problems and the perspectives on the SMEs and SMPs of their respective nations.

Technical Session III

The third technical session focused on 'Strategy for Strengthening SMPs'. In this session **Ms. Sylvie Voghel**, Chairperson SMP



committee of IFAC deliberated upon 'Role of IFAC SMP Committee in Strengthening SMPs'. **CA. Venugopal C. Govind** made a presentation on 'Practice Management for SMPs'. **Mr. Jens Paul**, SMP Committee member also made a presentation on the occasion.

Technical Session IV

The fourth technical session was on the topic 'Emerging Paradigm in Corporate Governance'. **Mr. G. Anantharaman**, Wholetime Member, SEBI, who chaired the session, spoke on the importance of Corporate Governance, which he said was a cushion against market vulnerability. The concept of CG, he said, has acquired a wider significance than ROI. He added that the jargons of Corporate Governance are not mere rhetoric but must be taken as part of business ethics.



Mr. S. Mahalingam, CFO of TCS, talked on 'Clause 49: A Boon or Bane'.

Technical Session V



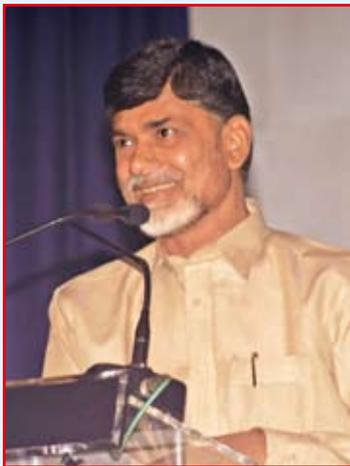
CA. Sunil Goyal, Past President ICAI and SAFA chaired the session in which **Mr. Richard Dyson**, President, ICAE&W, while presenting the latest developments facing accountancy profession, addressed various issues and threats encountered by the accountants in UK. He said the development of our profession went along with the development of capital markets and industrialisation. The reputation and high standards of the profession was possible only through clear codes of conduct. He hoped the collaboration between ICAI and ICAE & W would

be determined soon for the betterment of our profession in general.

Mr. Indrajith Fernando, President, SAFA made a presentation on the SAFA perspective with special reference to NGOs and very particularly articulated the need of the profession to report on the utilisation of the funds received by the NGOs for the natural disasters that keep tormenting South East Asia.

DAY 3

Special Addresses



Former Chief Minister of Andhra Pradesh **Mr. N. Chandrababu Naidu**, in his special address, spoke on "Professionalism as a Tool for Economic Growth". He commended the CA fraternity's progress in the 57 years of its existence. Tracing the

history of economic reforms in the nation, he said it was his firm belief even 10 years back that India would emerge as a strong economic force and actually predicted a 10% growth rate. Recalling his bonhomie with Mr. Bill Gates, he said that he put information technology to the best use to do professional management in the State. Recounting his efforts in reforms in Power Sector, Infotech and Infrastructure, he averred that in all these areas, it was only the professional approach that added value to the society and led to the economic development. Mr. Naidu also recapitulated the great strides the country had made in telecommunication, IT, civil aviation etc. each of which has become a success story.

He called the accountancy profession as one of the important pillars of economic growth and said that the profession is a great intellectual forum, which must utilize their

excellent knowledge and vision to promote wealth in the nation. He said that with nation becoming wealthier, the poverty can be fully eradicated. He said in the current scheme of things, the operation of trickle down effect will take place and the eradication of poverty in the normal course could happen in 30 to 40 years, and appealed to the accountancy professionals to put their minds together to come out with ideas to achieve this in a lesser frame of time. He exhorted the Chartered Accountants to think and brainstorm in this area and help the country to be economically strong at the shortest possible time.

Mr. Paul Pacter, Director of SMEs, IASB spoke on "IFRS for SMEs". He dwelt on the need for SME standards and IASB's approach towards the same.



Technical Session VI

The sixth technical session of the conference was on the topic "Regional Perspective of Accounting Profession". This session saw a detailed exposition by **Mr. Ndung'u Gathinji**, CEO of the Eastern Central and Southern African



Federation of Accountants. He elaborated on the status as well as perspectives of the profession in different nations of South Africa, like Sudan, Nigeria, Kenya, etc.

CA. Kamlesh S. Vikamsey, Past President ICAI and Deputy President of Confederation of Asian and Pacific Accountants (CAPA) spoke on 'CAPA perspective of the profession'.

Professor L. Dondog, President, ICPA of Mongolia, made a presentation on the subject of the 'Mongolian Perspective' of the profession and offered to recognize Indian CA qualification in Mongolia. He traced the history of the accounting and auditing profession and formation of the governing body. He also spoke about the present accounting and auditing standards and their applicability in the Mongolian context.

Technical Session VII



The last technical session was on the topic "Professional Panorama" which was chaired by Past President **CA. R. Balakrishnan. CA. R Bupathy**, Past President, ICAI spoke on 'Issues in International Taxation'. He took four case studies and discussed the various issues and complexities of 'deemed accrual or arising of income in India with reference to Sec.9 of the Income Tax Act'.

Dr. Vishnu Kanhere spoke on 'Forensic Audit – Issues and Way Forward' and

explained the nuances of the forensic audit, the methodology to be adopted in such assignments, and the opportunities available for the professionals in the area.

CA. H. Padam Chand Khincha spoke on the topic "FBT- International Position and Indian Issues" He explained the obtaining scenario in this field in various countries such as Australia, New Zealand, Philippines and the position in countries like UK and USA. He also spoke about the issues in our country's FBT legislation.

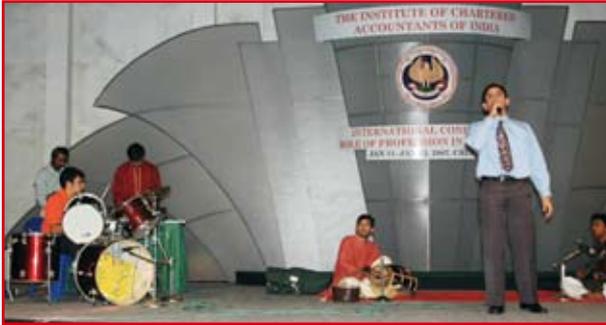
On all the days of the conference, daily bulletin was issued under the caption 'Day Book'. Four such additions were brought out.

Cultural Programmes



The Day One of the International Conference came to an end with a gala cultural show. The lead artiste Srekala Bharath explained the different dance forms of India. The show was conducted in two parts: the first being Bharat Natyam and





the second a medley of folk dances from other parts of the country. The programme included performance of Ramayana incident "Seetha Swayamwara" and a dance called "Bho



Sambho" besides Gujarati, Rajasthani and Bhangra dance forms. After this, the audience was treated with the melodious voice of the visually impaired Mr. Jayaraman, a Chartered Accountant accompanied by two other CA students. The second day's entertainment programme involved a classical music instrument ensemble led by Ms. Kanyakumari, the Violin virtuoso. The John Britto Dance Co. performed variety of modern dances like salsa and ballet. Subsequently, there was the ethnic 'Karagattam', a balancing act performance by CA.Thavamani and his troupe, who showcased the local flavour.

The conference was a grand success, thanks to the conference committee which included the Southern India Regional Council. A special



thanks are due to Chairmen of the sub-committees viz. CA. M.P Vijaykumar, CA. P. Rajendrakumar, CA. A. Selvaganesh, CA. P.S Prabhakar, CA. B. Ramanakumar, CA. C.R. Sundararajan, CA. Uttam Chand Jain, CA. Bhavani Balasubramanian and CA. R. Sivakumar and members of their respective committees who tirelessly assisted and contributed along with student volunteers. Expression of gratitude is also required for CA. S. Rajeshwari, S.Sujatha Shukla Rajan, CA. Sripriya, CA. S. Krishnan, CA. Padmaja and CA. Deepak for



the stage handling and compering. The officers and staff of the International Cell at New Delhi led by Mr. Rakesh Sehgal and officers and staff of Chennai office led by Mr. A. Irudayam have toiled to co-ordinate the conference proceedings in a commendable manner.