

From the President



CA. K. Raghu, President, ICAI

“ I am happy to share that in a welcome signal to the rising power of India and Brand Indian CA, more than 4,000 accountancy leaders from over 100 countries showed special interest in the Indian viewpoint at the XIX World Congress of Accountants recently organised in Rome, Italy under the auspices of IFAC on the theme ‘2020 Vision: Learning from the Past, Building the Future’. This mega event provided a chance to Indian accounting profession to affirm its fundamental role in serving the public interest and to exchange mutually beneficial ideas. Two of ICAI’s ambitious projects – Women Empowerment and Reading Rooms, were also showcased in ‘WCOA 2014 Project Gallery’.”

Dear Professional Colleagues,

“ **W**e are what we repeatedly do. Excellence, therefore, is not an act, but a habit,” rightly said Aristotle, which is worth taking note by all of us. I believe that akin to our profession, excellence is a never-ending forward journey. Excellence, when invested in ‘Today,’ leads to an all-the-more excellent ‘Tomorrow’. So, let’s make ‘excellence’ our habit in whatever we do and let it be the hallmark of our profession in both our traditional and new-age roles.

World Congress of Accountants in Rome: India Makes an Impact

I am pleased to inform you that we successfully shared India’s accounting and finance vision at the XIX World Congress of Accountants recently organised at the legendary Auditorium Parco Della Musica in Rome, Italy under the auspices of the International Federation of Accountants (IFAC) on the theme ‘2020 Vision: Learning from the Past, Building the Future’.

I am happy to share that in a welcome signal to the rising power of India and Brand Indian CA, more than 4,000 accountancy leaders from over 100 countries showed special interest in the Indian viewpoint at the event. Chosen as one of the speakers to talk on the theme ‘Facilitating credit in the SME marketplace’ in the Indian perspective, I had the opportunity of sharing the concerns of SMEs in India and how professional accountants can play a proactive role in supporting the SMEs which contribute to growth and development of the nation.

I am happy to note that this mega event provided a chance to Indian accounting profession, to affirm its fundamental role in serving the public interest and to exchange mutually beneficial ideas. I am pleased to share with you that two of ICAI’s ambitious projects— Women Empowerment and Reading Rooms, were also showcased in ‘WCOA 2014 Project Gallery’. In the same spirit of positioning our profession on global platforms, I also participated in the IFAC and CAPA Board meetings in Rome.

ICAI Geared Up for IFRS Convergence

India is set to usher in a new era of accounting reforms with the adoption of the new Indian Accounting Standards (Ind AS) converged with IFRS from 2015-16 on a voluntary basis and from 2016-17 mandatorily. As a long-time ardent propagator of convergence with IFRS, the ICAI is fully responsive to the requirements

of this emerging scenario, and is all geared up to facilitate this convergence process in the country.

Meanwhile, beginning a new era of transparency in our standard setting process, the comments of the members and public to our Exposure Drafts and other documents can now be submitted online which will be uploaded on the website of ICAI for public viewing. We hope that our new/revised Ind AS converged with IFRS will be notified by December end by the Ministry of Corporate Affairs. We have already started a nation-wide exhaustive exercise to train our members in the new Indian Accounting standards and we foresee a global demand of Indian CAs with IFRS expertise.

Implementation of the Companies Act, 2013—ICAI Role

Another important emergent area of national and professional importance on which we are focusing our attention is the implementation of certain crucial provisions of the Companies Act, 2013. In this regard, I would like to apprise you of the following important developments:

(a) **Guidance Note on Reporting on Internal Financial Controls:** I am happy to inform you that the final *Guidance Note on Reporting on Internal Financial Controls Over Financial Reporting* has been approved by the Council of the Institute. The Guidance Note will serve as a guidepost for the members to report on the adequacy and effectiveness of internal financial controls under Section 143(3)(i) of the Companies Act, 2013.

In fact, on a representation made by us, the MCA has amended Rules for Chapter 10 (Audit and Auditors) of the Companies Act, 2013 and Reporting on Internal Financial Control u/s 143(3)(i) has been deferred for one year i.e., up to 31.3.2015. Having regard to the fact that reporting on internal financial controls is a very onerous responsibility cast on the auditors by the Companies Act 2013, in addition to issuing the Guidance Note, we are already working to utilise this time for training the members on how to appropriately implement the requirements of this Guidance Note.

(b) **Study Group To Examine Impact of Companies Act, 2013:** The Auditing & Assurance Standards Board has also constituted a broad based study group to examine the impact of the provisions of the Companies Act, 2013 and the Rules thereunder, particularly those relating to the

duties and responsibilities of the auditors on the existing suite of Standards on Auditing. The Group is evaluating such areas in the existing Standards on Auditing which need revision or enhanced application guidance to meet these requirements.

Partnering with Government Flagship Programmes

Responding to the need of the hour, the Government has rightly launched three important flagship programmes, viz 'Make in India,' 'Pradhan Mantri Jan Dhan Yojana,' and 'Clean India Mission'. In line with our tradition as partner in nation-building, we envisage a vast scope of our involvement in ensuring the success of these ambitious programmes. I feel that our 235,000 Chartered Accountant fraternity and 850,000-strong CA student community can significantly contribute to the success of these schemes. While I have already launched ICAI's 'Clean India Campaign' from Bangalore last month, we have also developed a detailed action-plan on how ICAI can associate with these programmes.

While *Make in India* is aimed at making India a manufacturing hub, facilitate investment, and foster innovation, the *Pradhan Mantri Jan-Dhan Yojana* is a National Mission for Financial Inclusion. The *Clean India Mission* not only aims at correcting the country's reputation for poor public hygiene and rudimentary sanitation but also promises a positive economic impact. I request all of you to give your suggestions and come forward to actively participate in these nation-building initiatives and make them a grand success.

Popularising CA Course in Universities

With a view to popularise the Chartered Accountancy Course among the university students, we have been creating endowment funds with various Universities for the award of "Gold Medal" to the topper of B.Com (Hon.) and B.Com (P). Recently, we have created endowment at Karnataka State Open University, Mysore and Sikkim University, Gangtok for the award of Gold Medal for B.Com (Hons.) examination. With this, we have so far created 54 such endowments.

Mutual Recognition Agreement with ICAEW

As part of my proactive drive to strengthen our Association with International Accounting Bodies, I recently signed a Mutual Recognition Agreement (MRA) with the Institute of Chartered Accountants

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in England and Wales (ICAEW) on the sidelines of the World Congress of Accountants at Rome recently. This MRA will add a new dimension to our relationship with ICAEW to the benefit of the members of both the accounting bodies. You may recall that we had recently renewed our MoU with ICA Australia and MRA with CPA Australia to increase mobility of accounting professionals in India.

I Promise to Push Indian vision as IFAC Board Member

I humbly take pride in joining the league of world accountancy leaders serving the profession globally with my election to the Board of the International Federation of Accountants (IFAC) for a period of three years from November 2014 to November 2017. In this highly responsible and prestigious position, I look forward to proactively link Indian accounting vision and issues with the ultimate vision of IFAC, which is to get global accountancy profession recognised as a valued leader in the development of strong and sustainable organisations, financial markets, and economies. I am thankful to the IFAC for having reposed faith in me to serve accounting profession on a global scale.

All Set for Mega International Conference in Bangalore

I am happy to inform you that the date and venue of our 3-days mega international conference in Bengaluru on the theme '*Accountancy Profession: Building Global Competitiveness; Accelerating Growth*,' have been finalised. This high-profile event will be held from 29th to 31st January 2015 at the magnificent and historic Bangalore Palace, in Bengaluru which will bring together 3,000 delegates from across the world. Situated at the heart of the Bengaluru city, the Palace, quite similar to the medieval castles of England, was built in the year 1887 by the Wodeyar dynasty and is adorned with magnificent wood-carvings and Tudor-style architecture on the inside.

This high-profile event, spread in 11 technical sessions and panel discussions, will also witness parallel sessions on women and young members, a health session and a spiritual session besides an informative ICAI Project Gallery showcasing two projects of each of our branches and overseas chapters. Special pavilions will be set up for Technology, International Initiatives, IFRS and Small and Medium Practitioners. For the ease of delegates, a Mobile App and a registration website have also been put in place for

this mega Conference. The details of the Conference have been published elsewhere in this journal. Since it will be an event which will tremendously enhance our global professional outlook, I request all of you to take out time from your schedule to actively participate in this Conference, which will offer 14 hours CPE credit. SAFA meetings will also be organised alongside the Conference.

Pushing the Agenda of Member Benefits and Capacity Building

Providing professional benefits to our members and enhancing their capacities have been very high on my agenda throughout this year. Continuing with this drive, we have recently taken three new initiatives, which include concessional arrangement for Microsoft 365 software license and a unique Accounting software for our members. Another such initiative, which will benefit both our members as well as students, is to provide Quick Heal Total Security anti-virus software for Android enabled mobile phones. I call upon you to make optimum use of these high-utility measures to enhance your professional capacities.

Four New Certificate Courses to Promote Specialisation

The present era is the era of specialisation. In the wake of growing business complexities, knowledge requirements, regulatory & legal changes and client expectations, specialists will be preferred over generalists in future too. Taking due note of this emerging scenario, the ICAI had been offering 14 Certificate Courses for its members. I am delighted to inform you that keeping up the momentum of this drive, we have now launched four more Certificate Courses to help members build new skill sets. These include the courses on '*Corporate Social Responsibility (CSR)*,' '*Financial Markets and Securities Laws*,' '*Wealth Management & Financial Planning*,' and '*Information Systems Security*.' These new courses aim to make our members specialise in the emerging new-age domains and tap the vast career opportunities in the respective fields. I am sure that members would find these new courses highly beneficial and rewarding.

Strengthening our Regulatory Mechanisms

Our vigilant and fool-proof regulatory mechanisms make a strong foundation of our profession's credibility. As such, throughout this year, I have paid special attention to ensure that our regulatory mechanisms remain vibrant, robust and effective,

particularly through our Disciplinary Committee, Financial Reporting Review Board and Peer Review Board.

(a) **Disciplinary Committee/Board of Discipline:** Throughout this year, we have been frequently convening the meetings of the Disciplinary Committee under Section (21-B) and Board of Discipline (21-A). A considerable numbers of cases have been taken up and punishments were awarded in these meetings. As you may be aware that we have already completed probe and taken action in Satyam scam, while proceedings are on in ₹ 870 crore Reebok scam. Here, I take this opportunity to allay any perception from any quarters about delay in delivery of justice and re-emphasise that while law takes its own course, the ICAI is committed to ensuring justice in all disciplinary cases and thereby upholding the values of Excellence, Independence and Integrity which form the benchmarks of this noble profession.

(b) **FRRB:** During this Council Year so far, the Financial Reporting Review Board has reviewed 80 cases referred to it by QARC of SEBI and 24 cases selected on *suo-moto* basis and 36 audited accounts of Political Parties referred by Election Commission of India.

(c) **Making Peer Review Mechanism more Robust:** To make our Peer Review Mechanism more effective, the Peer Review Board has developed a Web Form facilitating online updation of Reviewers' details for level wise classification, and so far nearly 800 existing reviewers have uploaded their details online. This will facilitate the matching of Peer Reviewer profile with that of the Practice Unit to be reviewed.

Stage Set for High-Profile ICAI Corporate Forum 2014

I am pleased to inform you that in line with our annual tradition, the stage is set for the ICAI Corporate Forum 2014 on 31st January and 1st February, 2015 at Hotel Sahara Star in Mumbai. This mega event will comprise three concurrent events viz., Corporate Conclave, Financial Services Expo and ICAI Awards, 2014. I request all of you to enthusiastically participate in this knowledge-and-fun-filled gala event.

Working for Welfare of Our Branch Employees

I am of the view that our human resources are pivotal

to effective execution of the policies and programmes of our Council and thus I am very much considerate to their interests and welfare. In this regard, it was for long being noticed that hundreds of employees actively engaged in the ICAI work at the grassroots branch level were not getting their dues as compared to their other colleagues. This year, we at the Council proactively took up their cause and finally, I am happy to inform you that we have launched the long-due 'ICAI Branch Employees Scheme, 2014' to address their concerns and earlier disparities. I am sure that the benefits of this Scheme, which is part of the ongoing administrative reforms, will motivate them to perform their duties more sincerely with an added sense of belonging.

Executive Head of ICAI – Change

Let me inform you that there has been a change at the level of executive head of the Institute with the retirement of Shri T. Karthikeyan as the Secretary, ICAI on 31st October 2014. I take this opportunity to bid a hearty farewell to Karthikeyan ji, who served the interests of the ICAI with impeccable integrity and track record in more than 37 years of dedicated service to the Institute. On behalf of accounting fraternity, I wish him a healthy and peaceful retired life for years to come.

I also welcome Shri V. Sagar as the new Acting Secretary of the ICAI and look upon him to take forward the rich legacy of our Institute. I wish him all the best.

As I conclude, I take this opportunity to welcome the onset of winter. December not only reminds us of celebrations but also about the change as a way of life. Let's keep in tune with changing times in professional realms too. On the eve of Christmas, let us vow to give our heart to friends and our forgiveness to foes. Let us display our tolerance to adversaries, offer our selfless services to nation and charity to the needy. Merry Christmas to all of you!

Best Wishes,



CA. K. Raghu
President, ICAI

New Delhi, November 22, 2014