THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

NOTIFICATION

New Delhi, the 28th September, 2012

(Chartered Accountants)

No.1-CA(5)/63/2012.– In pursuance of sub-section (5B) of Section 18 of the Chartered Accountants Act, 1949, a copy of the Audited Accounts and Report of the Council of the Institute of Chartered Accountants of India for the year ended 31st March, 2012 is hereby published for general information.

63rd ANNUAL REPORT

The Council of the Institute of Chartered Accountants of India (hereinafter referred to as the "Council") has immense pleasure in presenting its 63rd Annual Report for the year ended 31st March, 2012.

The Council, at the outset, commends the members and students for the position which the Chartered Accountancy profession has been occupying and the role it has played over the years for the growth and development of Indian economy.

While highlighting through this Report, the important activities of the Council and its various Committees for the year 2011-2012, besides the accounts of the Institute of Chartered Accountants of India (ICAI) for that year, the Council also takes this opportunity to cover in this Report major initiatives, important events, statistical profile relating to members, students, details of seminars, conferences, workshops and training programmes organised during the period upto July, 2012.

During the sixty three years of its existence, the ICAI has achieved the recognition as a premier accounting body for its significant contribution in the field of education, professional development and maintenance of high ethical standards. The ICAI and its members are known for rendering services of high ethical standards over the last more than six decades with commitment to the cause of excellence, independence, ethical conduct and highest standards of professional integrity.

Our members are quite well aware of the emergence of knowledge based economy which has thrown challenges for speedy and accurate financial reporting as well as opportunities to the public for availing services of Chartered Accountants. In this regard, the ICAI has put in lot of efforts in enabling the members familiarize themselves with information technology which is of great importance as it helps to take advantage of the technological advancements in providing value added services to the corporate world. The compulsory Continuing Professional Education scheme for the members has helped them in updating their knowledge and keeping them abreast of the latest developments in the traditional fields of Accounting, Auditing, Taxation as well as non-conventional and emerging areas too.

Our members have been playing a vital role in discharging their functions in an objective, fair and unbiased manner, keeping in view professional ethics, values and integrity which are integral to the profession of Chartered Accountants in India. They have been successful in living up to the expectations of society while protecting the wealth of the investors. They have commanded great respect in playing a sheet anchor role in the collection of revenue to the Government, both in direct and indirect taxes.

The Indian Chartered Accountants are gaining importance in the international markets and ICAI has taken initiatives in global recognition of its members by entering into MRAs/MOUs with foreign accountancy bodies particularly in England and Australia.

1. THE COUNCIL

The twenty-first Council composed of 32 elected members and 8 members nominated by the Central Government, was constituted on 12th February, 2010 for a period of three years. The composition of the Council for the year 2012-13 has been shown separately.

2. COMMITTEES OF THE COUNCIL

The Council, in terms of Section 17 of the Chartered Accountants Act, 1949, constituted, on 12th February, 2012, three standing and various Non-Standing Committees/Boards to deal with matters concerning the profession. The Council also constituted a Board of Discipline and a Disciplinary Committee in pursuance to the provisions of Sections 21A and 21B of the Chartered Accountants Act, 1949 respectively. Satyam Bench of Disciplinary Committee was also constituted to deal with Satyam related disciplinary cases. Further, a Disciplinary Committee, a Standing Committee, was also constituted under Section 21D of the said Act to deal with disciplinary cases falling under the erstwhile disciplinary mechanism. During the year ended 31st March, 2012, 194 meetings were held of various Committees of the Council.

3. AUDITORS

CA. Ashhok Kumar Jain, FCA and CA. Pushpendra Surana, FCA were the joint auditors of the ICAI for the financial year 2011-12. The Council wishes to place on record its appreciation of the services rendered by them.

4. STANDING COMMITTEES

4.1 Executive Committee

This Committee is responsible for all regulatory functions, e.g., maintenance of various registers pertaining to students/members/firms, admission, removal and restoration of members, matters relating to members including issue of certificate of practice, matters relating to students including according permission, wherever required, condonation of delay on the part of students/members/firms, matters connected with Branches including setting up of new Branches, opening of new Chapters, Students Associations at the Branch level and overseas office and those connected with employees etc. The functions of the Committee also include developing infrastructural facilities at all levels all across the country, proposals for amendments in the Chartered Accountants Act, 1949 and the Regulations/ Rules made thereunder, and any other matter touching upon the realm of policy of the Institute.

Some of the important decisions taken by the Committee including those recommended to the Council during the period under Report related to matters on:

- Setting up of Certified Students' Registration Centres to facilitate service to those desirous of joining the Chartered Accountancy Course at their doorstep

- Consideration of the question as to whether the day(s) intervening the days of Chartered Accountancy Examination(s) formed part of training of an articled assistant
- Use of special logo by Branches/ Regional Council who are entering in Golden/ Diamond/ Silver Jubilee year and Special Grant to Regional Councils commemorating their Diamond Jubilee and to concerned Branches commemorating their Silver/ Golden Jubilee sanction
- Revision in the grant in the second and third years for organising Orientation Programme by Regional Councils, on the lines of the said Programme in the first year
- Setting up of a Branches of SIRC at Sivakasi (Virudhunagar District), Tamil Nadu and Kannur (Kannur District), Kerala
- Setting up of Branch(es) of Chartered Accountants Students' Association at Ajmer, Alwar, Allahabad, Bellary, Bharuch, Bilaspur, Bhilwara, Bhubaneswar, Cuttack, Dhanbad, Erode, Ghaziabad, Jamshedpur, Kakinada, Kumbakonam, Kota, Lucknow, Navi Mumbai, Muzaffarnagar, Pali, Patna, Pondicherry, Rajamahendravaram, Rourkela, Saharanpur, Sambalpur, Siliguri, Tirunelveli, Tirupati, Tirupur, Tuticorin, Vapi, Varanasi, and Vellore
- Enhancement in the grant payable to Regional Councils/ Branches for organising one-day seminars, Regional/ sub-regional/ State level Conferences, National Convention, International Conferences
- Formulation of policy/ advisory for sending of notice etc. in respect of Annual General Meeting of Regional Councils and their branches to their members by e-mail
- Nomination of the Transparency Officer (TO) for RTI matters in the ICAI
- Revision in Gratuity payable to employees of the ICAI
- Extending employee benefit initiatives
- Revision in the grant for Social Get-Together for ICAI Employees Association
- Appointment of HR Consultants to undertake holistic study on Human Resources Development Systems/HR Effectiveness in ICAI

Recommendations received from respective Committees which were then brought before the Council along with the recommendations of the Executive Committee:

- Introduction of a Certificate Courses on Internal Audit, Regulatory and Accounting Aspects of NPO Sectors, and on Concurrent Audit of Banks
- In principle approval for overseas launch of the Certificate Course on Valuation at Dubai Chapter of the ICAI
- Advisory on Minimum Scale of Fees for different professional assignments, as recommended by the Committee for Capacity Building of CA Firms and Small & Medium Practitioners
- Increasing the remuneration payable per Annual Report to Technical Reviewers who are appointed to review primarily the technical contents of Annual Reports and other documents received from the entities which participate in the competition 'ICAI Awards for Excellence in Financial Reporting'
- Increasing the amount of honorarium payable per Annual Report to Technical Experts (who assist the Financial Reporting Review Group in the preparation of their reports), provided such experts are the members who possess at least ten years of experience in practice or in service
- Amount of honorarium upto Rs.1 lakh provided [to be determined by the Research Committee on merits on a case to case basis] to author of a research publication
- Revision in honorarium paid to resource persons for preparing each basic draft on the queries received by the Expert Advisory Committee
- Introduction of E-Newsletters by the Ethical Standards Board, Continuing Professional Education Committee, Auditing and Assurances Standards Board, and Internal Audit Standards Board on a periodical basis

- Revision in the Terms of References of the Direct Taxes Committee, Committee on International Taxation and Indirect Taxes Committee
- Organisation of the Workshop on Role and Responsibilities of Nominee Directors in the Board of Government Companies as well as the budget towards conduct of the said Workshop
- Procuring Tax Compliance Software, and MCA 21 Compliance Software for circulation to members and firms free of cost to facilitate their capacity building
- Procuring 'Saral PayPack' Software rebranded as 'Payroll' software and to upload the same in the Committee website www.icai.org.in as well as to circulate the software CD free of cost on special request by Members & CA Firms
- Procuring software on 'MDA ABC-P' rebranded as 'Billing & Accounting' and to upload the same in the Committee website www.icai.org.in as well as to circulate the software CD free of cost on special request by Members & CA Firms
- Procuring the XBRL software named 'eXBace' rebranded as 'ICAI-XBRL' software and to upload the same in the Committee website www.icai.org.in as well as to circulate the software CD free of cost for 2 financial years on special request by CA Firms
- Pilot Project on Live Virtual Classes
- Extension of Registration date for Integrated Professional Competence Course (IPCC) in view of delayed declaration of CPT result
- Exclusion of certain topics from the Chartered Accountants Final (N) Course Syllabus
- Shortening of the duration of the Six Weeks' Residential Programme to 30 days with certain changes in the course contents to give more emphasis on communication skills
- Organization of Special Counselling Sessions for examinees who have not been able to clear CA Examinations
- Organizing Faculty Development Programmes for CPT and for IPCC/PCC/Final Course
- Approval, in principle, for the setting up of additional Reading Rooms particularly at those places where there are large numbers of students and which can be supervised by the Regional Councils and Branches under whose jurisdiction such a place falls
- Review of the decision earlier taken on holding of National Conventions by the Regional Councils/ Branches
- Revival of organization of School Level Debate Competitions (organized earlier as a part of Diamond Jubilee Celebration of the ICAI at Branches, Regional and National Level) every year as well as reimbursement of the expenditure to the Regional Councils, Branches as well as participants at the Regional and National Level as also the Guidelines for organizing the Debate Competitions
- Grants to Regional Councils/ Branches for organising of CA Students' Festivals
- Special Grant to the Regions/ branches for organizing programmes on Co-operatives and NPO Sectors
- A Special grant extended to all the Branches organizing Two Days' Workshop on Service Tax
- MoU entered into between ICAI and Indian Institute of Corporate Affairs to do joint educational research programs of technical nature, share technical resources, organize joint seminars/conferences/workshops, share technical materials

4.2 Finance Committee

The Finance Committee controls, implements and supervises the activities related with and incidental, inter-alia, to maintenance of true and correct accounts, formulation of annual budget, investment of the funds, and disbursements from the funds for expenditure – both revenue and capital.

4.3 Examination Committee

The Chartered Accountants Professional Competence (PCE), Integrated Professional Competence (IPCE) and the Final Examinations were smoothly conducted all over the country and abroad in 279, 278 and 239 centres respectively from 2nd to 16th May, 2011. The total number of candidates, who appeared in the said PCE, IPCE and Final Examinations and passed were as follows:

	Both Groups		Group I		Group II	
	Appeared	Passed	Appeared	Passed	Appeared	Passed
PCE	22,245	3,794	33,272	12,122	35,903	10,783
IPCE	38,446	7,933	89,346	29,078	51,836	14,975
Final	32,419	6,649	48,548	17,641	53,766	14,338

Further, the examination on Post Qualification Course on Insurance and Risk Management (IRM) was conducted in May, 2011 wherein 33 candidates appeared and 21 passed the said examination.

Besides, the Common Proficiency Test [CPT] was held successfully on June 19, 2011 and on December 18, 2011 across the country and abroad at 332 and 331 examination centres respectively located in 140 cities. The total number of candidates who appeared and passed in the CPT are as under:

	Appeared	Passed
CPT held on June 19, 2011	1,39,226	46,372
CPT held on December 18, 2011	1,15,984	40,975

The Chartered Accountants Professional Competence (PCE), Integrated Professional Competence (IPCE) and Final Examinations were smoothly conducted all over the country and abroad in 181, 300 and 251 centres respectively from 1st to 17th November, 2011. The total number of candidates, who appeared in the said PCE, IPCE and Final Examinations and passed were as follows:

	Both Groups		Group I		Group II	
	Appeared	Passed	Appeared	Passed	Appeared	Passed
PCE	14,477	2,366	21,031	7,498	26,906	8,807
IPCE	43,206	7,422	92,908	33,109	70,259	20,511
Final	31,705	5,003	49,299	12,590	57,186	15,905

The examinations on Post Qualification Course in Management Accountancy Course (MAC) (Part-I), Corporate Management Course (CMC) (Part-I), Tax Management Course (TMC) (Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organization (ITL & WTO) were also conducted in November, 2011. The total number of candidates, who appeared in these examinations and passed were as follows:

	Appeared	Passed
Management Accountancy Course (MAC)	04	Group I – 01 Group II – Nil Both Groups - Nil
Corporate Management Course (CMC)	03	NIL
Tax Management Course (TMC)	13	NIL
Insurance and Risk Management (IRM)	43	27

International Trade Laws & World Trade Organisation (ITL&WTO)	05	Group A – 05 Group B – 01 Both Groups - 01

During the year, members-related Information Systems Audit – Assessment Test was held successfully on June 18, 2011 all over the country in 46 examination centres and another Information Systems Audit – Assessment Test was held successfully on December 24, 2011 all over the country in 38 examination centres. The total number of candidates, who appeared in these examinations and passed were as follows:

	Appeared	Passed
ISA – AT held on June 18, 2011	1,295	607
ISA – AT held on December 24, 2011	1,269	405

During the year, the Examination Committee had taken the following significant initiatives:

The ICAI has been continuously reorienting its Examination Processes right from the question paper setting stage to declaration of results so that the integrity and sanctity of the examination system which is well known for the past 63 years are maintained and further strengthened and developed.

The ICAI's examinations test the theoretical understanding as well as practical application of each of the topics covered in the CA curriculum so that the students once they qualify could meet the expectations of the stakeholders of the profession.

Focusing on analytical abilities of the students by avoiding predictability to the maximum possible extent, the ICAI's examinations continue to ensure that the qualified students are well groomed professionals.

- **Automation:** Automation of process covering the coding, attendance data capturing, reconciliation and capturing of marks (after evaluation by examiners), tabulation put in place for May 2011 continued for November 2011 and May 2012 examinations.

- **Workshops for Experts associated with the Examination Activities of the ICAI:** The Examination Committee successfully conducted six batches of Workshops for Examiners focusing on the theme enhancing the uniformity in evaluation of answer books at Chennai, Noida, Mumbai and Kolkata during May 2011. Apart from sensitizing these experts on the values of our ICAI in general and examination system in particular, an element of continuing examiner education has been built in these workshops whereby the examiners interact with subject experts. Around 2260 examiners have benefited by this endeavour which was repeated after a gap of 6 years. Special focus was given to newly enrolled examiners.

- **Reading Time:** In line with the international best practices in the area of testing students, a 15-minute reading time allowance given to candidates in the Chartered Accountants Examinations before the scheduled time of commencement of the examination with effect from May 2011 Examinations, continued for November 2011 and May 2012 examinations.

- **Online Examination Application Form:** The candidates who opted to fill up the examination form online were exempted from payment of the cost of application forms.

Every effort is being taken to popularize the Online Examination Application submission so that the same becomes the only mode of application in the near future.

- **Special Examination:** Arising out of the Mutual Recognition Agreement / Memorandum of Understanding entered with the following foreign professional accounting bodies, the first Special Examination was successfully conducted on July 21st and 23rd, 2011 followed by another on June 18th, 19th & 21st, 2012 in New Delhi.
    - The Institute of Chartered Accountants of England & Wales (ICAEW)
    - The Institute of Chartered Accountants of Australia (ICA Australia)
    - The Institute of Certified Public Accountants in Australia (CPA Australia)
    - The Institute of Certified Public Accountants in Ireland (CPA Ireland)
    - Canadian Institute of Chartered Accountants (CICA)

  The above Special Examination is open to the members of the above overseas accounting bodies.

- **Support to overseas Accounting Institutes:** The Examination Committee provided the technical assistance and support for the conduct of ISA Assessment test to the Institute of Chartered Accountants of Sri Lanka and Institute of Chartered Accountants of Nepal.

- **Admit Cards:** Downloading of Admit cards with specimen photographs and signatures of the concerned students from the website has been facilitated with effect from November 2011 CA Examinations.

- **Appointment of Checkers:** With effect from the examinations held in May 2012, checking of answer books after evaluation by the examiners is required to be carried by a member of the ICAI from out of the Panel drawn for the purpose. The checking involves, inter-alia, whether answers to all questions/sub–questions have been evaluated, the marks awarded have correctly been carried to the cover page, there is any totalling error etc. The feedback received from the examiners, consequent to the above revised procedure, is encouraging.

- **Online Verification Applications:** Effective from the examinations held in November, 2011, the candidates desirous of verification of their marks, consequent to declaration of results, have been facilitated to file their application on-line. The same has been extended for the examinations held in May, 2012 as well.

- **Certified Answer Books:** Started providing copies of the Answer books/ allowed inspection of answer books for the students under the provisions of Right to Information Act.

- **New Examination Centres:** With a view to facilitate students to appears in the examinations from as near their place of residence as possible. new Centres have been opened at Kishangarh at national level and Muscat (for main examinations) at international level w.e.f. May 2012 Examinations. Further, it is proposed to open new centres in Kakinada, Sivakasi (for CPT), Bhiwani, Surendranagar w.e.f. November, 2012/ December, 2012 Examinations.

4.4 Disciplinary Committee

- **Disciplinary Committee under Section (21D) of the Chartered Accountants Act, 1949**

  This Committee assists the Council in the maintenance of the status and standards of professional qualification awarded by the ICAI. In discharging its avowed responsibility of conducting disciplinary inquiries against members whose cases have been referred to it by the Council upon prima facie opinion, during the year 1st April, 2011 to 31st March, 2012, this Committee held sittings on 12 occasions for a period spanning 17 days and at venues covering the various regions of the country. During the year, the Committee concluded its enquiry in 46 cases, which included cases, referred to it in previous years.

  During the year under review, the Council considered 71 Report(s) of the Disciplinary Committee. Out of the above Report(s) considered, in 34 cases, the Respondents were held guilty of professional/other misconduct under First or Second or both the Schedules.

- **Board of Discipline under Section 21A of the Chartered Accountants (Amendment) Act, 2006**

  The Board of Discipline has been constituted by the Council under Section 21A of the Chartered Accountants (Amendment) Act, 2006. The scope of work of the Committee includes:

  - To consider the prima facie opinion of the Director (Discipline) in respect of all Information and Complaints where opinion of the Director is that the member is prima facie guilty of professional or other misconduct mentioned in the First Schedule to the Act and all cases where prima facie opinion is that the member is not guilty of any professional or other misconduct irrespective of Schedules and passing of Orders
  - To enquire into, arrive at a finding and thereafter award punishment in respect of guilty cases of any professional or other misconduct mentioned in First Schedule to the Act
  - To consider letter of withdrawal from Complainants and permit withdrawal if the circumstances so warrant

  During the period of review i.e., 1st April, 2011 to 31st March, 2012, the Board of Discipline considered a total No. of 240 Prima-facie opinions formed by the Director (Discipline) in terms of Rule 9 of Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Out of the same, in 43 cases, the Respondents were held prima-facie guilty by the Board of Discipline and accordingly the cases were referred to Board of Discipline/Disciplinary Committee, as the case may be for further enquiry.

  Similarly, out of the cases referred for enquiry, the Board of Discipline had completed enquiry in 8 cases, out of which in 2 cases, the member was held finally guilty.

- **Disciplinary Committee New under Section 21B of the Chartered Accountants (Amendment) Act, 2006**

  The Disciplinary Committee has been constituted by the Council under Section 21B of the Chartered Accountants (Amendment) Act, 2006. The Scope of Work of the committee includes:

  - To consider the prima facie opinion of the Director (Discipline) in respect of all Information and Complaints where opinion of the Director is that the member is

prima facie guilty of professional or other misconduct mentioned in the Second Schedule or in Both the Schedules to the Act and passing of Orders
- To enquire into the allegations of professional or other misconduct, issuing notices to the witnesses and their examinations, arrive at a finding and award punishment in respect of guilty cases of any professional or other misconduct mentioned in Second Schedule or in Both the Schedules to the Act
- To consider letter of withdrawal from Complainants and permit withdrawal if the circumstances so warrant

During the period of review i.e., 1st April, 2011 to 31st March, 2012, the Disciplinary Committee considered a total No. of 65 Prima-facie opinions formed by the Director (Discipline) in terms of Rule 9 of Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Out of the same, in 50 cases, the Respondents were held prima facie guilty by the Disciplinary Committee and referred to Disciplinary Committee for further enquiry.

Out of the cases referred for enquiry which includes cases referred in earlier years, the Disciplinary Committee had completed enquiry in 71 cases and wherein in 31 cases, the members were held guilty of professional misconduct.

Cases dealt with under the Old Disciplinary Mechanism [Section 21(D)]

Statistics of cases placed before the Council and the Disciplinary Committee during the period from 1st April, 2011 to 31st March, 2012

Sl. No.	Particulars	No. of cases
1.	a) Number of complaint cases placed before the Council for its prima facie opinion	Nil
	b) Number of cases considered by the Council under Section 21 for its prima facie opinion as to whether the case warranted reference to Disciplinary Committee or not	Nil
	c) Out of the above, number of cases referred by the Council to Disciplinary Committee for enquiry	Nil
2.	Number of cases concluded by the Disciplinary Committee during the above period (out of the total pending cases with the Committee for enquiry)	46
3.	Number of reports of Disciplinary Committee considered by the Council (including reports of those cases, which were heard during the earlier years)	71
4.	Out of the above...	
	a) Number of cases in which Respondents have been found guilty under the First Schedule for affording an opportunity of hearing before the Council before passing an order under Section 21(4) of the Chartered Accountants Act, 1949	13
	b) Number of cases in which Respondents have been found guilty under the Second Schedule and/or other misconduct to be referred to High Courts under Section 21(5) of the Chartered Accountants Act, 1949	17

	c) Number of cases in which Respondents have been found guilty under the First Schedule and the Second Schedule/other misconduct	4
	d) Number of cases referred back to the Disciplinary Committee for further enquiry	2
	e) Number of cases in which Respondents have been found not guilty of any misconduct	35
5.	Number of cases in which Orders passed under Section 21(4) in respect of the Respondents who were found guilty under the First Schedule.	29
6.	Number of cases disposed of by the High Court under Section 21(6)	9

Cases dealt with under the New Disciplinary Mechanism
Period from 1st April, 2011 to 31st March, 2012
Board of Discipline (Under Section 21-A) – 8 meetings

a)	Number of Complaint/Information cases considered by the Board of Discipline (under Section 21A) wherein prima facie opinion of the Director (Discipline) was formed	139/101
b)	Out of the above, number of Complaint/Information cases referred by the Board of Discipline for further enquiry	84/16
c)	Number of cases in which enquiry was completed by the Board of Discipline (including those cases, which were referred to the Disciplinary Committee during the earlier years)	8
d)	Number of cases in which punishment has been awarded by the Board of Discipline (including those cases, which were referred to the Disciplinary Committee during the earlier years)	3

Disciplinary Committee (under Section 21-B) – 26 meetings

a)	Number of Complaint/Information cases considered by the Disciplinary Committee (under Section 21B) wherein prima facie opinion of the Director (Discipline) was formed	39/14
b)	Out of the above, number of Complaint/Information cases referred by the Disciplinary Committee for further enquiry	17/11
	Number of cases in which enquiry was completed by the Committee (including those cases, which were referred to the Disciplinary Committee during the earlier years)	71
d)	Number of cases in which punishment has been awarded by the Disciplinary Committee (including those cases, which were referred to the Disciplinary Committee during the earlier years)	29

5. TECHNICAL AND PROFESSIONAL DEVELOPMENT

5.1 Accounting Standards Board

With a view to formulate Accounting Standards to provide a sound, reliable and high-quality accounting and financial reporting system and to harmonise the diverse accounting policies and practices in India, the ICAI had set up the Accounting Standards Board (ASB) in 1977. Since its inception, ASB has been working in this direction by formulating new Accounting

Standards as well as revising the existing Accounting Standards from time to time with the objective to bring the Standards in line with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The ASB with a view to provide guidance on the uniform applications of the Accounting Standards in increasingly complex business environment, also issues various guidance material from time to time.

Legal recognition of the Accounting Standards formulated by the ICAI was granted in October 1998 with insertion of Section 211(3A), (3B), and (3C) in the Companies Act, 1956. As per Section 211(3C) of the Act, Accounting Standards issued by the ICAI may be prescribed by the Central Government in consultation with the National Advisory Committee on Accounting Standards (NACAS). As per the proviso to the section, till the notification of the Accounting Standards by the Government, the Accounting Standards issued by the ICAI are required to be followed by companies. In the year 2006, Accounting Standards 1 to 7 and 9 to 29 prepared by the ICAI were notified by the Ministry of Corporate Affairs, Government of India, under the Companies (Accounting Standards) Rules, 2006 vide its notification dated December 7, 2006 in the Gazette of India. These were made effective in respect of accounting periods commencing on or after the publication of these Accounting Standards (i.e., December 7, 2006). Further, Limited Revision to Accounting Standard (AS) 15 was notified under Companies (Accounting Standards) Amendment Rules, 2008 vide its notification dated March 27, 2008. Amendment to Accounting Standard (AS) 11 was notified under Companies (Accounting Standards) Amendment Rules, 2009 vide notification dated March 31, 2009 and Companies (Accounting Standards) Amendment Rules, 2011 vide notification dated May 11, 2011, by the Central Government in consultation with NACAS.

With globalisation and liberalisation, the financial reporting system has become complex from the point of view of allocation and optimum utilisation of economic resources amongst the various business units, activities carried on by an entity at different locations across the globe. Therefore, for the purpose of assessing and evaluating the proper allocation and optimum utilisation of economic resources achieved by the entity's management, it is necessary that financial reports should contain reliable, comparable and transparent financial information. This information also helps the present and potential investors, creditors and other users in arriving at rational decisions for their investments and interests in entity. In the present era of globalisation the businesses are not restricted to a single jurisdiction and most of the businesses have presence in number of jurisdictions across the world. Therefore, to maintain comparability in financial reporting a need for a single set of globally accepted and high-quality Accounting Standards has often been felt. The International Financial Reporting Standards being issued by the IASB are increasingly being recognised as the global financial reporting standards. Many countries have either adopted or have permitted adoption of IFRS for preparing financial statements of various entities. Though the Accounting Standards issued by ICAI are primarily based on IAS/IFRS, in certain cases, the Accounting Standards have departed from IASs/IFRSs in view of legal and regulatory requirements apart from the economic conditions prevailing in the country.

Convergence with International Financial Reporting Standards has gained worldwide momentum in recent years. Financial Accounting Standards Board (FASB) of USA and IASB are also working towards convergence of US GAAP and IFRS. The Securities and Exchange Commission (SEC) of USA has decided to permit filing of IFRS-compliant financial statements without requiring presentation of a reconciliation statement between the US GAAP and IFRS. In this scenario, with India being an important emerging global economy, the ICAI decided in 2007 to converge with IFRS from 1st April 2011 for certain class of companies. The Ministry of Corporate Affairs also agreed to do so. Convergence, among other things, would help Indian entities raise capital from abroad at a low cost. It will also benefit chartered accountants in opening of increased opportunities abroad for the Indian professionals.

The ICAI, last year, accomplished the task of formulation of IFRS-converged Indian Accounting standards. The Ministry of Corporate Affairs also hosted thirty five (35) Indian Accounting Standards on its website. However, due to tax implications and other unavoidable reasons, these Indian Accounting Standards are yet to be notified by the Government.

While formulating these Indian Accounting Standards, as a policy, efforts have been made not to make any changes in IAS/IFRS except where changes were considered extremely necessary keeping in view the Indian conditions and circumstances in the national interest. Accordingly, there are a few departures from IAS/IFRS. Indian concerns in this regard are being raised before the IASB so that these are properly addressed at international level also. It is believed that over a period of time these departures will be phased out.

Subsequent to the finalisation of Indian Accounting Standards (Ind ASs) by the ICAI, International Accounting Standards Board (IASB), revised the certain IAS/ IFRSs such as IAS 1, *Presentation of Financial Statements*; IAS 12, *Income Taxes*; IAS 19, *Employee Benefits*; IAS 27, *Separate Financial Statements;* IAS 28, *Investments in Associates and Joint Ventures;* IFRS 1, *First-time Adoption of International Financial Reporting Standards;* IFRS 7, *Financial Instruments: Disclosures* and issued the certain new IFRSs such as IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*. Therefore, to keep pace with the changes take place in the IAS/IFRSs, during the year, Accounting Standards Board of the ICAI also finalised new/revised Indian Accounting Standards (Ind ASs) corresponding to the new/revised IASs/IFRSs issued by the IASB. The abovementioned Indian Accounting Standards are currently under the consideration of NACAS. The Indian Accounting Standards corresponding to IAS 41 *Agriculture* and IFRS 13 *Fair Value Measurement* are being formulated by the Accounting Standards Board.

As the existing Accounting Standards will continue to applied on Small and Medium Enterprises (SMEs) after the Indian Accounting Standards (Ind ASs) get notified, the ICAI has decided to revise the existing Accounting Standards to bring them in line with the Ind ASs to the extent provisions of Ind ASs provide the less onerous treatment as compared to existing ASs and improves accounting without making the same too complex. Accordingly, the ICAI has formulated a Concept Paper for the revision of existing Accounting Standards. During the year, the Board started the process of revising the existing Accounting Standards. To start with, the Draft of revised Accounting Standard (AS) 10, *Accounting for Tangible Fixed Assets* is being finalised.

The Accounting Standards Board also contributes and collaborates with International Accounting Standards Board and other bodies such as Asia Oceanian Standards Setters Group (AOSSG), International Forum of Accounting Standards Setters (IFASS) etc., on technical and research activities by taking active participation in their meetings and projects. In this regard, comments to the IASB are also sent on their consultative documents such as Exposure Drafts and Discussion Papers.

India is also Chairing the AOSSG Working Group (WG) on Agriculture with Malaysia, to examine the issues involved in the IAS 41, *Agriculture*. During the year a number of discussions were held amongst the Working Group members to examine the modification or amendments required in the IAS 41. On recommendations made by the WG, AOSSG has submitted its proposal on amendments to IAS 41, *Agriculture,* to IASB.

The Accounting Standards Board, during the year, also organised outreach meetings to discuss real estate-specific issues in relation to the Exposure Draft of *Revenue from Contracts with Customers* issued by IASB March 15, 2012 at Chennai. The Board also organised one outreach meeting to discuss the exposure draft on *Leases* issued by the International Accounting Standards Board (IASB) on May 09, 2012 at Mumbai. At these meetings, CA. Prabhakar Kalavacherla, Member, International Accounting Standards Board was also present.

During the year, the Accounting Standards Board started updating the Compendium of Accounting Standards 2006. Since the publication of Compendium of Accounting Standards 2006, some major changes had taken place, e.g. Accounting Standards were notified by the Central Government and various announcements relating to the applicability of the standards have been issued by the ICAI. The updated Compendium of Accounting Standards 2012 has been released on July 01, 2012.

A brief overview of various activities of the Accounting Standards Board during the period under report is as follows:

5.1.1 Formulation of Indian Accounting Standards (Ind ASs)

During the year, Accounting Standards Board has finalised the following Indian Accounting Standards (Ind ASs) corresponding to the new IFRSs which are currently under the consideration of the NACAS after the same being approved by the Council of ICAI:-

- Indian Accounting Standards corresponding to IFRS 10, *Consolidated Financial Statements*
- Indian Accounting Standards corresponding to IFRS 11, *Joint Arrangements*
- Indian Accounting Standards corresponding to IFRS 12, *Disclosure of Interests in Other Entities*

5.1.2 Revision/Amendments to Indian Accounting Standards (Ind ASs)

During the year, Accounting Standards Board has finalised the following amendments/ revisions to the Indian Accounting Standards (Ind ASs) hosted on the Ministry of Corporate Affairs (MCA's) website which are currently under the consideration of NACAS after the same being approved by the Council:

- Revised Ind AS 27 corresponding to IAS 27, *Separate Financial Statements*
- Revised Ind AS 28 corresponding to IAS 28, *Investments in Associates and Joint Ventures (as amended)*
- Revised Ind AS 19 corresponding to Revised IAS 19, *Employee Benefits*
- Amendment to Ind AS 1 corresponding to Amendments in IAS 1, *Presentation of Financial Statements*
- Amendments to Ind AS 12 corresponding to Amendments in IAS 12, *Income Taxes*
- Amendments to Ind AS 101 corresponding to Amendments in IFRS 1, *First-time Adoption of International Financial Reporting Standards*
- Amendments to Ind AS 107 corresponding to Amendments in IFRS 7, *Financial Instruments: Disclosures*

5.1.3 Accounting Standards Board has released/finalised the following publications

- Compendium of Accounting Standards 2012

- Publication on Indian Accounting Standards (Ind ASs): This publication contains 35 Indian Accounting Standards (Ind ASs) hosted on the MCA's website
- Guidance Note on '*Accounting for Real Estate Transactions (Revised 2012)*'
- Guidance Note on '*Accounting for Rate Regulated Activities*'
- Guidance Note on '*Accounting for Self-generated Certified Emission Reductions (CERs) (Issued 2012)*'

5.1.4 Revision of Existing Accounting Standards

During the year, the Board formulated the Concept Paper for the revision of existing Accounting Standards which was considered and approved by the Council. To start with, the Draft of revised Accounting Standard (AS) 10, *Accounting for Tangible Fixed Assets* is being finalised. Other existing Accounting Standard under revision are:

(i) AS 1, *Disclosure of Accounting Policies*
(ii) AS 4, *Contingencies and Events Occurring After the Balance Sheet*
(iii) AS 12, *Accounting for Government Grants*
(iv) AS 15, *Employee Benefits*
(v) AS 20, *Earnings Per Share*
(vi) AS 29, *Provisions, Contingent Liabilities and Contingent Assets*

5.1.5 Contribution to the Activities of the International Accounting Standards Board (IASB) and Participation in Other International Developments

The Board interacts with the IASB at various levels, such as:

- Active participation in the meetings of the World Standard-Setters with IASB and Regional Standard-Setters with the IASB
- The Board circulates and hosts on the website, various Exposure Drafts/Discussion Papers issued by the IASB for comments by various stakeholders
- To play a more influential role pending convergence with the IFRS, the Board constitutes from time to time, Study Groups to formulate comments primarily relating to India-specific concerns, which are reviewed by the ASB, prior to its submission to the IASB
- Organising Outreach Meetings to analyse Discussion Papers or Exposure Drafts issued by the IASB
- ICAI also hosted the Second Meeting of the Emerging Economies Group (EEG) of International Accounting Standards Board (IASB) at New Delhi, wherein, various issues faced by the Emerging Economies in convergence with the IFRSs, particularly in the area of foreign currency translation, were discussed in detail
- As India is Chairing the AOSSG Working Group (WG) for Agriculture with Malaysia, on recommendations made by the WG, AOSSG submitted its proposal of amendments to IAS 41, *Agriculture*, to IASB

5.1.6 Comments on the following IASB Exposure Drafts/Discussion Papers were sent to the IASB

- Exposure Draft on *Assets and Liability Offsetting*
- Exposure Draft of Improvements to IFRS
- Proposals to adjust the mandatory effective date of IFRS 9, *Financial Instruments*
- Exposure Draft on Supplement Document on *Financial Instruments: Impairment*
- Exposure Draft on *Investment Entities*
- Exposure Draft on Government Loans Proposed amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards*
- Exposure Draft on *Revenue from Contracts with Customers*

5.1.7 Interaction with Regulatory Bodies

Being the premier accounting body, the ICAI, through ASB, interacts with various regulatory bodies from time to time and expresses its views on various accounting matters. In addition to the above, regular meetings are held with MCA on various accounting issues.

5.1.8 Other Projects

Indian Accounting Standards under finalisation

- Indian Accounting Standard corresponding to IAS 41, *Agriculture*
- Indian Accounting Standard on corresponding to IFRS 13, *Fair Value Measurement*

Indian Accounting Standards under formulation

- Indian Accounting Standard for *Extractive Industries*

Other Documents under consideration

- Consideration of *Framework of Presentation of Management Commentary* issued by IASB

5.2 Committee on Accounting Standards for Local Bodies

The ICAI in the year 2005 constituted the Committee on Accounting Standards for Local Bodies to formulate the Accounting Standards for Local Bodies. The Committee has been established with the primary responsibility to conceive and suggest areas in which Accounting Standards for Local Bodies (ASLBs) need to be developed, formulate ASLBs, integrate the ASLBs to the extent possible, with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, provide implementation guidance on ASLBs, review and revise the ASLBs, assist Local Bodies in adoption of accrual system of accounting, and propagate the ASLBs among the stakeholders in preparation and presentation of financial statements.

The ASLBs formulated by the CASLB are sent to the Technical Committees on Budget and Accounting Standards for Local Bodies for Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs) constituted by the Ministry of Urban Development and Ministry of Panchayati Raj respectively, for recommending the same for implementation by the State Governments concerned.

Since its inception, the Committee has issued the following Accounting Standards for Local Bodies (ASLBs):

1. Accounting Standard for Local Bodies (ASLB) 1, *Presentation of Financial Statements*
2. Accounting Standard for Local Bodies (ASLB) 3, *Revenue from Exchange Transactions*
3. Accounting Standard for Local Bodies (ASLB) 4, *Borrowing Costs*
4. Accounting Standard for Local Bodies (ASLB) 5, *Property, Plant & Equipment*
5. Accounting Standard for Local Bodies (ASLB) 6, *Events After the Reporting Date*
6. Accounting Standard for Local Bodies (ASLB) 7, *Inventories*

Other publications of the Committee include '*Preface to the Accounting Standards for Local Bodies*', English and Hindi versions of booklet on '*Accrual Accounting for Local Bodies: Elected Representatives and Stakeholders*' and Status Paper on '*Accounting Reforms in Local Bodies in India and Role of Chartered Accountant's.*

Apart from above, various projects undertaken by the CASLB during the last and previous years for preparation of Accounting Standards for Local Bodies (ASLBs) corresponding to International Public Sector Accounting Standards are in progress.

The President of the ICAI is a member of the Government Accounting Standards Advisory Board (GASAB) and is also represented on its various Sub-Committees formulated from time to time by GASAB. The President of the ICAI participates in the meetings of GASAB and contributes to the technical activities of the Board.

5.3 Audit Committee

The Audit Committee of ICAI overviews the ICAI's financial reporting process and disclosure of financial information leading to presentation of financial statements that are true and fair. It also recommends appointment, scope and removal of statutory auditors and internal auditors of Head Office and Decentralized Offices and internal auditors of Regional Councils and Branches having membership strength more than 1000 and fixation of audit fee including payment for any other services to the auditors. It also holds discussions with auditors and recommends/ initiates appropriate action wherever required. The Committee also reviews adequacy of internal control systems including the policies relating to security and integrity of data, ICAI's financial and risk management policies, reports of Statutory Auditors and those of Internal Auditors of Head Office, Regional Councils, Decentralized Offices, branches where decentralized offices are located and Branches having membership strength of more than 1000. The Committee reviews reports/ recommendations of the Regional Audit Committees and gives directions and/or initiate appropriate measures as required. During the period under report, the following activities have been undertaken:

- Terms of Reference of Central Audit Committee and Regional Audit Committees has been revised for more clarity and extending the scope of work of Central Audit Committee and Regional Audit Committees.
- Statutory Quarterly audit of Head Office and Regional Councils of ICAI are being taken up from 2012-2013 onwards.
- Previously, the Chartered Accountant in person (as individual capacity) was being appointed as Statutory Auditor of the ICAI. From 2012-2013 onwards the Chartered Accountant Firms will also be considered as per legal advice received.

5.3.1 Initiatives

1. The Committee has taken steps for co-option of members to the Regional Audit Committees so that greater expertise is brought into the working of the Committees.
2. The Committee has taken steps for setting up a group for establishing world-class reporting in the ICAI.
3. The Committee has taken steps to start Operational Audit at the Head Office. Procedures are being drafted for the same.
4. The Committee has suggested starting Concurrent Audit for the Capital Projects being undertaken at the Head Office/ Regional Councils/ Branches.
5. Appointment of Statutory Auditors of the ICAI would be made from the firms across the country according to MEF data after obtaining Disciplinary Clearance and Peer Review. The Committee is now in the process of setting up suitable procedures for appointment of auditors from all over the country for its Head Office at Delhi.
6. Steps are being taken for revision of fees of auditors of Branches/ Decentralised Offices/ Regional Councils and Head Office of ICAI to bring in line with the minimum fees recommended by Committee for Capacity Building of CA Firms and Small & Medium Practitioners of ICAI.

7. Initiative is being taken to decrease the time taken for preparation and finalization of accounts.

5.4 Auditing and Assurance Standards Board

Audit plays an important role in serving and protecting the public interest by strengthening accountability and reinforcing trust and confidence in financial reporting. Audit helps enhancing the economic prosperity, expanding the variety, number and value of transactions that people enter into. However, in the recent years, due to the growing complexity of the business environment and business models and their geographical spread the auditing profession is witnessing a quantum leap in the expectations from the profession.

The ICAI too recognizes the pressing need to respond to these expectations proactively. The ICAI, through its Auditing and Assurance Standards Board (AASB) develops high quality standards on auditing, review, other assurance, quality control and related services. The Board also develops Guidance Notes on generic as well as industry specific issues in auditing. These documents, after a rigorous due process of the Board, are issued under the authority of the Council of the ICAI. The auditing standards issued by the ICAI are harmonized with the International Standards issued by the IAASB. The latter are recognized for their high quality and have a global acceptance. The Board also formulates Technical Guides, Practice Manuals, Studies and Other Papers which are issued under its own authority for the guidance of the members. To provide guidance to the members in implementation of Standards on Auditing (SAs) issued under the Clarity Project, the Board also brings out Implementation Guides to those Standards. The following is a comprehensive overview of the important achievements of the Board till date:

<u>Engagement & Quality Control Standards</u>

Quality Control Standards

- 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*

Engagement Standards

- 37 Standards on Auditing, including 35 Standards issued under the Clarity Project
- 2 Standards on Review Engagements (SREs)
- 2 Standards on Assurance Engagements (SAEs)
- 2 Standards on Related Services (SRSs)

Statements on Auditing

- 2 Statements on Auditing

Guidance Notes on Auditing

- 28 Guidance Notes on Auditing

<u>Publications</u>

Industry Specific Guidance Notes

- Audit of Banks
- Audit of Accounts of Members of Stock Exchanges
- Audit of Companies Carrying on General Insurance Business
- Audit of Companies Carrying on Life Insurance Business

Implementation Guides

- Implementation Guide on Reporting Standards (SA 700, SA 705 and SA 706)
- Implementation Guide to SQC 1
- Implementation Guide to Risk-based Audit of Financial Statements (Revised Edition 2012)
- Implementation Guide to Standard on Auditing (SA) 530, *Audit Sampling*
- Implementation Guide to Materiality in Planning and Performing an Audit

Technical Guides/Guides

- Technical Guide on Audit of Non-Banking Financial Companies (Revised Edition 2012)
- Technical Guide on Audit in Hotel Industry
- Technical Guide on Audit in Automobile Industry
- Technical Guide on Audit in Telecom Industry – Revenue, Fixed Assets and Related Operating Costs
- Technical Guide on E-Commerce - Considerations for Audit of Financial Statements
- Practitioner's Guide to Audit of Small Entities
- Guide to Audit of Complex Financial Instruments

Studies

- A Study on Money Laundering: An Accountant's Perspective
- A Study on Basel II and Risk-based Supervision

Other Publications

- Handbook of Auditing Pronouncements 2011 Edition
- Background Material for Audit Training Workshops and Seminars
- What is an Audit – Understanding an Audit of Financial Statements
- Convergence with the International Standards of IAASB: Position Paper and Work Plan
- Issues on the Companies (Auditor's Report) Order, 2003

5.4.1 The Year 2011-12

During the year 2011-12, six meetings of the Board were held. During the year, the Board brought out a number of publications, e.g., Handbook of Auditing Pronouncements 2011 Edition, Technical Guide on Audit in Automobile Industry, Guidance Note on Certification of XBRL Financial Statements, Guide to Audit of Complex Financial Instruments, Implementation Guide to SA 530, '*Audit Sampling*', Implementation Guide to Materiality in Planning and Performing an Audit, Implementation Guide to Risk based Audit of Financial Statements (Revised edition 2012), Technical Guide on Audit of Non-Banking Financial Companies (Revised edition 2012). During the year, the Board organised a number of seminars/ programmes/ conferences/ workshops relating to auditing standards and auditing aspects at various places across the country. Programmes were held at Visakhapatnam, Allahabad, Ernakulam, Indore, Kolkata, Baroda, Mangalore, Bhubaneswar, Jodhpur, Pune and Cuttack. During the year, the Board launched its E-learning Course on Standards on Auditing. During the year, the Board brought out the first issue of its E-newsletter. During the year, the Board submitted the suggested Revised Format of Long Form Audit Report (LFAR) in case of Bank Branches to the Reserve Bank of India. During the year, the Board submitted the views of the ICAI on the Proposed Companies (Auditor's Report) Order, 2011 and the Proposed Companies (Auditor's Report to the Central Government) Order, 2011 to the Ministry of Corporate Affairs. During the year, the Board submitted the views of the ICAI on the Proposed Formats of Form 23AC-XBRL and Form 23AC-XBRL to the Ministry of Corporate Affairs.

5.4.2 Projects under Progress
In addition to these, the Board also undertook several other projects during the year relating among others, to Engagement and Quality Control Standards, Revision of Guidance Notes, Implementation Guides and Technical Guides.

5.4.3 Other Initiatives and Development
Interaction with Regulatory Bodies
The Board, from time to time, interacts with the regulators and Government institutions such as, Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Insurance Regulatory and Development Authority (IRDA) Comptroller and Auditor General of India (C&AG), etc., to discuss critical issues relating to auditing standards and other aspects relating to auditing.

Contribution to the IAASB Activities and Responding to International Developments
The ICAI is actively involved in the developments made at international level. The ICAI being the founder member of the International Federation of Accountants (IFAC), the Board, through its Chairman and Secretary, remained in touch with the International Auditing and Assurance Standards Board (IAASB) of the IFAC and provided its inputs to the IAASB from time to time. The IAASB organized the IAASB-NSS meeting on April 26-27, 2012 at New York. Chairman, AASB and Secretary, AASB represented the ICAI at the said meeting.

Creating Awareness and Capacity Building
Creating awareness on auditing standards among the members was one of the main agenda for the Board during the year 2011-12. In this process, to facilitate one to one interaction with the members on issues faced by them in auditing and also to impart knowledge on the auditing standards issued by the ICAI, the Board organised a number of seminars/ programmes/ conferences/ workshops on auditing standards and other aspects relating to auditing at Visakhapatnam, Allahabad, Ernakulam, Indore, Kolkata, Baroda, Mangalore, Bhubaneswar, Jodhpur, Pune and Cuttack.

Future Strategy and Work Program
The Board will focus on creating awareness about the new/ revised Standards on Auditing (SAs) issued under the Clarity Project. For this purpose, the Board will adopt two prong strategies. It will orgainse seminars/ conferences/ training programs/ workshops on auditing standards and other auditing aspects and will continue to issue implementation guides to new/ revised SAs so as to help the members to better understand and implement the Standards. The Board will also bring out other literature on auditing like Guidance Notes, Technical Guides, Studies, Other Guides to guide the members on the auditing issues, generally as well as in specific industry sectors.

5.5 Committee on Banking, Insurance & Pension
Initiatives
- A representation has been sent to insurance companies to give weightage to the DIRM Qualification while recruiting members of ICAI particularly in their Finance and Investment Department.
- A letter has been sent to Insurance Institute of India, Mumbai to consider exempting a few more papers of its various professional Course viz. Licentiate/ Fellowship Courses in addition to the existing exemptions available for the members of ICAI with or without DIRM Qualification.

- The Committee conducted four Workshops on Insurance jointly with the IRDA for the benefit of the members of ICAI handling audit of insurance companies and senior executives of the insurance companies at Hyderabad, Kolkata, New Delhi and Mumbai on 13th, 20th, 23rd and 24th March, 2012 respectively. The Workshop at Hyderabad was inaugurated by Shri J. Hari Narayan, Chairman, IRDA. CA. Jaydeep N. Shah, President, ICAI, CA. Subodh Kumar Agrawal, Vice President, ICAI and Chairman of the Committee also addressed the participants. The Workshops at Kolkata, New Delhi and Mumbai were inaugurated by Shri R.K. Nair, Member, IRDA. The Workshops were very successful and proved to be an apt occasion for the participants to interact with the senior functionaries of IRDA and insurance companies to discuss the emerging issues prevailing in insurance sector. In general, the participants expressed their satisfaction over the conduct of the Workshops.
- The Committee has reconstituted ICAI Technical Group for PFRDA in order to provide the technical support to the Pension Fund Regulatory and Development Authority in the area of accounting and auditing.
- The Committee has submitted a few observations on the IRAC Norms to the RBI for its consideration.
- The Committee has constituted a Working Group for reviewing and revising the DIRM Course Curriculum so as to align the Course with current scenario of the insurance industry and make it more useful for the members.
- On behalf of the Committee, a presentation on "Price Management – Pricing as the Most Important Profit Driver" was made at the 2nd Asian Motor Insurance and Claim Management Conference on 25th July, 2011 at Colombo, Sri Lanka. The Secretariat of the Committee provided technical inputs for the presentation.
- The Committee has been providing support and guidance to Regional Councils and Branches of ICAI to conduct programmes on insurance and pension sectors to develop and enhance the core competencies of the members of ICAI in these domain.
- The Committee has conducted four batches of the Orientation Programmes (being an integral part of the DIRM Course) for the DIRM Technical Examination passed members of ICAI to enable them to complete the last phase of the Course and make them eligible to award the DIRM Course Pass Certificate
- Suggested Answers for the DIRM Technical Examinations held in May and November, 2011 have been prepared and hosted at the website of ICAI for the benefit of the members pursuing the DIRM Course.
- A publication viz. Supplementary Study Materials (one of the course materials for the DIRM Course) has been reprinted.
- The total number of registrations to the DIRM Course has reached 4062 till 30th June, 2012.

5.6 Committee for Capacity Building of CA Firms & Small and Medium Practitioners

5.6.1 Overview

The Committee for Capacity Building of CA Firms and Small & Medium Practitioners is a non-standing Committee of the ICAI formed under regulatory provisions of The Chartered Accountants Act, 1949. This Committee was formed in the month of February, 2010 by the President, ICAI under nomenclature 'Committee for Capacity Building of CA Firms and Small & Medium Practitioners' by combining previously formed Committees, Committee for Capacity Building of CA Firms and Committee on Small & Medium Practitioners. The Committee aims at strengthening CA firms as well as Small & Medium Practitioners to rejuvenate their practice portfolio. Primarily, the Committee conceptualizes and implements various means for strengthening their capacity and postulates guidelines for consolidation of CA firms.

5.6.2 Major initiatives of the Committee

Exclusive website www.icai.org.in

The Committee has developed a Website namely www.icai.org.in, where the CA Firms and Practitioners may create their portals as per the norms laid down by the Council of ICAI. The website provides a platform for the CA Firms to upload their firms' details and gives them an opportunity to reach out to the members and CA firms practicing worldwide.

The website has various downloadable software useful for office management and efficient documentation for the members and firms. The website includes e-library facility containing various Knowledge resources such as Guidance Notes, Accounting Standards, Publications, Expert Advisory Opinions, Code of Ethics etc. for easy reference by the practitioners. This will be helpful in enhancing the knowledge base of the members and CA Firms.

The website also acts as a forum for consolidation of the members and CA Firms by providing for consolidation measures like Networking, Merger and Corporate Form of Practice. The members may visit portals of other members and firms and like-minded persons may join hands to grow big to compete in the international front.

The website also contains a Discussion Forum wherein the members may share their knowledge and experience gained through their practice.

The Committee has initiated various measures to strengthen and enhance the portfolio of members and Firms and awareness on such measures is being created through this website so that the Practitioners may be benefitted by such endeavours of the Committee.

ICAI-Tax Suite: Tax Compliance Software

The Committee has arranged to provide the Tax Compliance software namely 'ICAI-Tax Suite' to the Practitioners & Firms free of cost for 2 years, which combines facility for Income Tax, TDS, Audit Reports, Project Report/CMA, Form Manager, AIR (Annual Information Return), Service Tax and Document Management. The aforesaid software has already been circulated to all the CA firms free of cost as well as uploaded in the Committee website http://icai.org.in/regdownload.html.

ICAI-ROC: MCA-21 Compliance Software

The has arranged to provide the MCA-21 Compliance software namely 'ICAI-ROC' for the Practitioners & Firms free of cost for 2 years, pertaining to management of secretarial requirements & generation of forms as per MCA-21 Requirements. This software also provides the members the facility to prepare Auto filing of eForms, Shares Records/ Certificates, Meetings & Minutes, Resolutions/ Drafting, Annual Return forms and maintenance of Registers and Reports etc. The aforesaid software has already been circulated to the CA firms/ Practitioners on special written request received from them as well as uploaded in the Committee website http://icai.org.in/regdownload.html?downloadmode=ICAIROC.

Minimum Recommended Scale of Fees

The Committee has prescribed the Minimum Recommended Scale of Fees for the professional assignments done by the members of ICAI. The recommendation is about the fee to be charged as per the work performed for various professional assignments. The fee has been recommended separately for metro and non-metro Cities. The details of the

Minimum Scale of Recommended Fees are available at http://www.icai.org/post.html?post_id=7252.

Quick Insight 2012: CA profession

The Committee has made a publication 'Quick Insight 2012' to be circulated among the CA Firms. The Quick Insight 2012 is a perfect tool to provide the practitioners with all requisite information. It compiles information on all important areas of the profession like Tax, Accounting & Auditing Standards, LLP, MCS & other services, list of Mandatory Statements and Standards on Audit, important forms related to students as well as relevant information pertaining to the CA profession and will be of great benefit to the practitioner. The Quick Insight 2012 is available at http://www.icai.org/post.html?post_id=8634

Revision of Guidelines for Networking

The Committee has considered practical difficulties in consolidation of CA Firms – formation of Networking. The Committee has appropriately finalized the revised Guidelines of Networking facilitating members and firms for its easy adoption. The details of the Revised Guidelines of Networking is available at http://www.icai.org/post.html?post_id=7710.

ICAI-XBRL software

The Committee has arranged an 'ICAI-XBRL' software which is a solution for converting Financial information of the Company in XBRL format as per MCA mandate. The ICAI-XBRL software will be available to all CA firms free of cost for two financial years. The details about the arrangement of the ICAI-XBRL software is available at www.icai.org.in.

Billing & Accounting software

The Committee has arranged for a software on Accounting and Billing on Cash Basis for CA Firms named as 'Billing & Accounting' Software. The software is a complete package to manage all the accounting and billing requirements of a CA Firm on Cash System of Accounting. This package provides the facility to generate bills, receipts, vouchers etc. The Billing & Accounting software will be available to all CA firms free of cost for two financial years. The details about the arrangement of the Billing & Accounting software is available at www.icai.org.in.

Payroll Software

The Committee has arranged for 'Payroll' Software' for CA Firms which is a complete package to manage all small business firms' PF, ESI, PT and TDS aspects of the same. The Payroll software is available to all the CA firms free of cost for two years. The details about the arrangement of the Payroll software is available at www.icai.org.in.

Health Insurance Scheme for Members & Students of ICAI

The Committee has arranged for Health Insurance Scheme through New India Assurance Co. Ltd., Mumbai, for members & Students of ICAI. The details about the arrangement of the Health Insurance Scheme is available at www.icai.org.in.

Outreach Programmes

The Committee has organized outreach programmes to reach out to the Practicing Members of ICAI for enhancement of their practice portfolio as well as enriching the knowledge base of the Practitioners from various Moffusil/ Remote parts of the country.

Interactive Meeting for Networking & Capacity Building of CA Firms

The Committee has arranged an Interactive Meeting for Networking of CA Firms on 8th January, 2012 during the international Conference at Chennai. Total 202 Practitioners/CA

Firms participated in the aforesaid Interactive Meeting. The Interactive Meeting has been very successful, extending technical knowledge on capacity building measures and bringing majority of participants to join hands for forming network and merger.

Meeting with the Chair, SMP Committee, IFAC

The then Chairman, CCBCAF & SMP had a meeting with Mr. Giancarlo Attolini, Chair, SMP Committee, IFAC on 7th January, 2012 for enhancing the practice portfolio of the Practitioners in Global scenario, particularly in India.

Publications of the Committee

The Committee has brought out the following publications for enriching the knowledge base of the Practitioners:

- A book on "Basics of Service Tax & Scope for Profession"
- A book on "Guide to Management of Practice for Small and Medium Sized Practitioners"
- A book on "A Bird's Eye View of Micro, Small & Medium Enterprises (MSMES) and Small & Medium Practitioners in Indian Economy"

The Committee has held 127 professional development programmes between 1st April, 2011 and 30th June, 2011.

5.7 Continuing Professional Education Committee

The ICAI has all along endeavoured to keep its members aware of and abreast with the professional and technological changes that are taking place, around the globe, in this ever changing economic environment, through the process of continuous skill honing, in the form of life-long learning either by way of classroom teaching, e-Learning mode, in-house Executive Development Programmes, Teleconferences, Awareness programmes and Webcasting.

To keep pace with the global requirements, CPE requirements have now been made mandatory for all the members of the ICAI, whether he/she be in practice or service and such system is measured, monitored and managed scientifically.

5.7.1 Activities in brief:

1. Six Meetings of the CPE Committee were held from April, 2011 to April, 2012
2. CPE credit hours requirements for the block of 3 years started with effect from 01-01-2011 to 31-12-2013 to be complied with by different categories of members have been issued.
3. The Statement on CPE has been revised w.e.f. 1-1-2011. The same is available on the Website of the ICAI for information of the members.
4. The CPE Advisories have been revised w.e.f. 1-11-2011. These Advisories are available on the Website of the ICAI for information of the members.
5. The Committee introduced the new Advisory on Structured Learning Activities applicable w.e.f. January, 1, 2011.
6. The Committee has finalized the revision in norms for formation and functioning of the CPE Study Chapters. The same are under consideration of the Council.
7. The Committee has finalized the revision in norms for formation and functioning of the CPE Study Groups. The same are under consideration of the Council.
8. The CPE Committee has finalized the new Advisory on Study Tours abroad by the Central Committee/ Regional Council/ Branches. The same is under consideration of the Council.

9. The Parameters for granting the status of "National Seminar", "National Conference", "International Conference" and "All India Conference" as applicable to all programmes having CPE credit have been revised w.e.f. 01-06-2012.
10. Council directions for Professionalisation of conduct of CPE Programmes have also been amended w.e.f. May, 2012.
11. To promote XBRL Initiatives, the Committee initiated the awareness programme and hands on training on XBRL at more than 800 locations from February 2011 onwards.
12. **CPE Calendar:** The Committee has finalised CPE Calendar for the year 2012-13 which contains more than 400 topics on various areas of professional interest.
13. **E-Newsletter:** The Committee has started bringing out its e-newsletter "CPE Bulletin" on periodical basis which would serve as a useful information tool for the members. Three volumes of the e-newsletter (CPE Bulletin) have already been brought out.
14. **E-learning Initiatives:** The Committee decided to bring out e-learning modules on the topics such as Customs, Central Excise, VAT and GST. For this purpose, the Central Committee on Indirect Tax has been requested to develop the e-learning modules.
15. **Transparency in Continuing Professional Education Programmes:** The Committee has also addressed the issue of transparency in CPE Programmes. The Committee introduced Management Information System on the CPE Portal using IT Tools to increase the awareness in public about the various activities performed and major events being taken up by the ICAI. This enables the members to view a city wise list of the forthcoming CPE programmes with the contact details of the POUs for registration.
16. **Monitoring of Continuing Professional Education Programmes:** With a view to monitor CPE programmes, the Committee had re-constituted the Regional CPE Monitoring Committees in all the 5 regions and also revised its Terms of Reference to make them more effective.
17. **Initiatives taken for professionalisation in conducting CPE Programmes**
    - A CPE Programme shall always start at the announced time and punctuality shall be adhered to.
    - No time shall be spent on introduction purposes. The CPE programme shall start directly with the Technical session by the Faculty.
    - Mementos shall be given preferably in the form of useful books.
    - Details of the Programme should be uploaded on the CPE Portal well in advance (i.e. at least 3 days prior to the programme).
    - Back dated events would not be considered for approval of CPE Hours (i.e. programme details uploaded after holding of the event).
    - A communication has been sent to all the POUs to organise programmes on Code of Ethics.
    - A communication has been sent to all the POUs requesting them to plan the programmes to be organised and to upload the details of the forthcoming programmes at least 2 months in advance so that the members may find it easier to plan time out of their busy schedule to attend the programmes.
    - A communication was sent to the Chairmen of all the Non-standing Committees requesting them to adhere to the existing CPE guidelines by their respective Committees.
18. In a step to change the mindset of the regulators and public at large, the CPE Committee at its meeting held in February, 2012 decided to organize the Outreach programme for them. The Committee has prepared a list of various regulators in India for writing them that the CPE Committee of ICAI is desirous of holding programme on professional topics for their officers and to request them to send their requirements for such programme.

19. A list of Members holding COP (excluding senior members), who have complied with the minimum CPE requirements for the calendar years 2008, 2009 and 2010 was hosted on the website of the ICAI for information of the members.
20. A provision has been made on the CPE Portal, for uploading the soft copy of the BGM by the POUs which is circulated in their respective CPE Programmes, before uploading the attendance of a particular CPE event on recommendatory basis.
21. The CPE Committee has brought out a CD on Power Point Presentations on Management Consultancy Courseware.
22. The CPE Committee has brought out a DVD on the compilation of Articles written by experts on various Professional topics which can be used by the Programme Organising Units (POUs) as Standardised Background Material whenever they organize CPE programmes on the concerned topics.
23. In its endeavor to ensure the compliance of CPE hours requirement by the members, a communication has been sent to the Chairmen of all Regional Councils & Branches and Convenors of CPE Study Circles/Chapters/Groups to felicitate three members each from their respective Programme Organizing Unit (POU) who have scored highest number of CPE hours under Structured Learning Activity (SLA) in the calendar year 2011 (from 1st January, 2011 to 31st December, 2011).
24. **Action Plan for the year 2012-13:** The Committee has also issued its action plan for the year 2012-13
25. The Committee has decided to launch the Certification courses on XBRL and Conveyance, Drafting and representation before Appellate Authorities and Regulators.
26. The Committee has requested all its POUs to organize programmes on the Auditing Standards namely SA 700, 705 and 706 compulsorily.
27. **Modular Training Programme on Service Tax:** The Committee has requested its POUs to organise Three days Modular Programmes on Service Tax with a view to equip the members with the latest developments taking place in the field of service tax.
28. **Promotion of CPE Programmes through Webcast:** The Committee had organized 32 CPE Teleconferencing Programmes at IGNOU, New Delhi since April, 2011 on various professional topics.
29. **In-House Executive Development Programmes:** The Committee is also promoting the In-House Executive Development Programmes for the benefit of the members working in various Corporate on various topics. The Committee had organized 11 In-House Executive Development Programmes since April, 2011 for various PSUs.
30. **Mega Programmes:** Twenty Mega Programmes were organized by the Committee since April, 2011.

5.8 Corporate Laws and Corporate Governance Committee

The Corporate Laws & Corporate Governance Committee has the vision to become an instrument towards empowerment of the profession as well as to accelerate & facilitate a fair corporate regime with the best global practices. The Committee examines Corporate Laws/ Limited Liability Partnerships/ Rules/ Regulations/ Notifications/ Schemes issued vis-à-vis best practices and makes appropriate representations/ suggestions to the concerned Ministries of Government and participates in the law making process.

While recognizing that the Chartered Accountants are the best professionals to do the valuation job across the world, the Committee is running Certificate Course on Valuation at various centres in the country. The Certificate Course on Valuation has now been spread to Tier I, II and III cities and the registration for the course received overwhelming response. In order to further expand the Course, the Committee has launched the Course at Dubai. It is a milestone and a significant achievement of the Committee. It is a momentous step in taking the Certificate Course on Valuation globally. Plans are underway to introduce e-learning course in Valuation. This course, being first of its kind, is an empowerment process to the profession. Besides, the Committee is contemplating to introduce new Certificate Courses on Insolvency and Mergers & Acquisitions very shortly.

The Committee organizes programmes/ seminars/ workshops/ training programmes covering a wide range of contemporary topics and brings out publications for the benefit of the members. Programmes have been drawn up for organizing at the branch level on emerging newer areas and changes in the Corporate Laws/ Corporate Governance/ Corporate Social Responsibility/ Audit Committee and other matters of interest to the members. During India Corporate Week being celebrated by Ministry of Corporate Affairs every year, the Committee co-ordinates in organising ICAI-MCA joint National programmes across different places in the country.

The Committee for the benefit of the members brings out Guidance Note, Background Material, Reports, Commentaries, References in relation to Corporate Laws and Corporate Governance. As one of its major initiatives, the Committee has brought out the Guidance Note on the Revised Schedule VI to the Companies Act, 1956.

Significant AchievementsRevised Schedule VI to the Companies Act 1956

- Released *Guidance Note on the Revised Schedule VI* to the Companies Act, 1956.
- Further, FAQs on Revised Schedule VI have been prepared and uploaded on ICAI website.
- A Study on the Impact of Revised Schedule VI on industry specifics like Automobile, Banking, Housing Finance companies, NBFCs etc.

- **Certificate Course on Valuation**
  - The Committee has so far conducted 27 batches of the Certificate Course on Valuation. Till 31st July, 2012, 1604 members have been registered for the Course, out of which, 989 have appeared in the evaluation test. 882 members have passed the examination.
  - In order to further expand the Certificate Course on Valuation, the Committee has launched a fresh batch at Dubai. It is a milestone and a significant achievement of the Committee. It is a momentous step in taking the Certificate Course on Valuation globally.
  - The Committee is planning next overseas launch of Certificate Course on Valuation at Muscat.
  - This year, the Committee has decided to conduct 15 batches of the course at Delhi, Ahmedabad, Mumbai, Nagpur, Indore, Chandigarh, Pune, Kolkata, Guwahati, Siliguri, Chennai, Bangalore, Hyderabad, Jaipur and Kanpur.

- **MCA - 21**

a) Renewal of existing Certified Filing Centers (CFCs) and registration of new CFCs for filing Financial Statements in XBRL

The MCA has reopened the registration process of CFCs for a period of 2 months from October 1, 2011 and decided to allow enrolment of more CFCs so that the involvement of professional in XBRL filing and peak filing can be expanded to a large extent. The announcement for registration of CFCs has been hosted on ICAI's website.

b) Certified Filing Centres

The Committee is creating awareness with regard to implementation of filing of Financial Statements in XBRL form with the Certified Filing Centres registered through the ICAI.

c) Peak Filing of Balance Sheets/Annual Reports

At the request of MCA, ICAI facilitated them for creating awareness among the members about the filing of company's Balance Sheet and Annual Return as per the alphabetical order given by them. This was to avoid last minute rush and system congestion in MCA-21 due to heavy filing in last few days available for filing.

- **Suggestions/ Representation made to Ministry of Corporate Affairs** in respect of the following:
  - Views/ Suggestions on the Circular issued by MCA on the proposal to prohibit filing of forms in case of non filing of annual returns
  - Views/ Suggestions on the Companies (Cost Accounting Records) Rules, 2011 and the Companies (Cost Audit Report) Rules, 2011
  - *Horizontal Study on Corporate Governance* in Public Sector Undertakings (PSUs)
  - *Draft Code* for Independent Directors
  - *Critical Issues* on Revised Schedule VI to the Companies Act, 1956
  - *Inputs* given on Draft Companies (Auditor's Report) Order, 2011
  - Answers to the questions raised by MCA on Corporate Governance Index for Rajya Sabha
  - Letters was sent to MCA with regard to harmonization of applicable laws (like Clause 41 etc.) due to Revised Schedule VI.

- Representation to SEBI for Harmonization of Clause 41 of SEBI in line with Revised Schedule VI (Accordingly, SEBI has revised Clause 41)
- Presentation before Parliamentary Committee on Public Undertakings on the Horizontal Study on Corporate Governance in PSUs
- Suggestions on simplification of procedures under the Companies Act, 1956
- Suggestions on the Draft Terms of Reference of Working Group on the Cross-Cutting issues concerning industry for the Twelfth Five Year Plan
- *Inputs to National Foundation for Corporate Governance on regulatory overlaps* or gaps, on LLPs and on the procedures as laid down under the Companies Act 1956
- Prepared the Inputs on various Policy Papers:
  - National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business
  - Draft *National Competition Policy*
  - National *Manufacturing Policy*
  - *Document* on Rotation of Auditors
  - *Technical Note* on Internal Audit
  - *Concept Paper on Minority Shareholder - A Transnational Perspective*
  - *Technical Note on the Role of Audit Committee* in the appointment of Auditors
  - Document on *key concerns and Issues on Companies Bill 2011*
- Prepared the Souvenir, Daily Newsletter and the Report for Journal for ICAI International Conference 2012 at Chennai in January, 2012
- Prepared Background material on "Governance and Ethics" for programme organized by Vision Committee for Media Professionals
- Prepared the backgrounder for the One Day Workshop on Corporate Governance at Kolkata in January, 2012.
- President, ICAI, Vice President, ICAI and Chairman CL&CGC met Shri Yashwant Sinha, Chairman, Parliamentary Standing Committee on Finance in connection with the

Companies Bill 2011 in February, 2012. Also, ICAI suggestions on Companies Bill 2011 have been submitted to the Parliamentary Standing Committee on Finance in February 2012.

- Prepared Items and issues for the Agenda for the First Meeting of the India – Netherlands Joint Working Group on Corporate Governance and Corporate Social Responsibility in New Delhi in February 2012.
- Critically analyzed and discussed the Draft Manual on the functioning of Official Liquidators by MCA.
- The suggestions/ comments on Form 23 AB (Statement containing salient features of Balance Sheet and Statement of Profit and Loss, etc. as per section 219(1)(b)(iv) were given for discussion with the Ministry of Corporate Affairs.
- Suggestions have been submitted on eForm 23 AC - Format of Balance Sheet and eForm 23ACA - Statement of Profit & Loss based on Revised Schedule VI.
- Prepared backgrounder for the Workshop on "Role and Responsibilities of Nominee Directors on the Board of Government Companies" held at Chennai.
- Draft Report of the Group on the following 5 topics was prepared based on the deliberations of the Group constituted to give its recommendations to Council - ref MCA Letter dated 27.02.2012.
  - Independent Oversight of Audit firms
  - International Studies on Mandatory Firm Rotation (MFR) with their position and opinions
  - Allowing Indian Chartered Accountancy firms to use internationally recognized names
  - Transition provisions in the ICAI guidelines on conversion of Chartered Accountant firms into LLPs
  - Effective training opportunities for students (articles assistants) in the profession of Chartered Accountants
- Prepared the Report on follow up of action points relating to investor related issues for ICAI identified from India Corporate and Investor Meet (ICIM) events in February, 2012 for onward submission to MCA:
  - 20-point summary report to help common investor to read and understand the financial information of a company as published in Annual Reports
  - Brief Paper on Colour Coding of Financial Products
  - Survey questionnaire of extent of household savings being channelized in capital market

- **Meetings with Ministry of Corporate Affairs (MCA) on professional matters**
  - (i) Interactions with the officials of MCA with regard to Verification of Companies, Integration of Members' data with that of MCA and organizing Investor Awareness Programmes in March, 2011
  - (ii) Interaction with Secretary, MCA on the issues relating to Code of Independent Directors in June 2011
  - (iii) The review meeting of MCA-21 at MCA in September 2011
  - (iv) Meeting at MCA twice to discuss issue with respect to CFCs in September 2011
  - (v) Meeting at MCA on Peak filing of annual return in October 2011
  - (vi) Meeting at MCA on Peak filing of annual return in November 2011
  - (vii) Meeting at MCA for Replacement of CARO 2003 with CARO 2011 in November, 2011
  - (viii) Meeting at MCA for India-Netherlands Joint Working Group on Corporate Governance and Corporate Social Responsibility in February 2012
  - (ix) Technical Committee Meeting at MCA to discuss issues in implementation of Revised Schedule VI to the Companies Act 1956 in June, 2012 at Delhi

3706 GI/12-18

(x) Technical Group Meeting with MCA to discuss issues in implementation of Revised Schedule VI to the Companies Act 1956 in June, 2012 at Chennai

- **Seminars/Conferences organized by the Committee**

The Committee had conducted various programmes including Awareness Programmes, live webcast, national conferences, teleconference, workshop, meet, etc.

- **Initiatives/ Projects in Progress**

1. The Committee is formalizing the new course - Certificate Course on Mergers & Acquisition as decided by the Council
2. To develop an e-learning module of the Certificate Course on Valuation
3. To organize one-day awareness programmes on Corporate Governance/Corporate Laws/ LLP etc.
4. Conduct Training Programmes on Independent Directors
5. Rating of Corporate Governance
6. Formation of Association of Audit Committee members
7. Formation of new Forum for Registered Valuers
8. Formulation of Standards on Business Valuation
9. The Committee has proposed to conduct Half Day Conclaves with the Ministry officials at field level in each region of ICAI to discuss various aspects and issues arising out the implementation of Revised Schedule VI to the Companies Act, 1956
10. Improvising Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)

5.9 Direct Taxes Committee

5.9.1 Representations to CBDT on various issues related to Direct Taxes

(a) Representation to Chairman, CBDT for extension of Due date of filing of Income Tax Returns on 27th September, 2011: Considering the prevailing situation in Hyderabad, Telangana districts of Andhra Pradesh, North eastern states and other muffasil areas, the then CBDT Chairman was requested to extend the last date of filling income tax returns suitably. Accordingly, the due date was extended from 30th September, 2011 to 31st October, 2011 only in the State of Sikkim.

(b) Representation to CBDT to curb misuse of membership details in income tax returns: The Committee had made a representation to bring to the kind attention of CBDT that the membership details of the members are being misused by some assessees who resort quoting the details of a member who has not audited their accounts for that year, as the tax audit report is not required to be submitted along with the return. In order to curb this malpractice, the ICAI has suggested that on the basis of data of practicing members provided by ICAI, a user id and a password may be made available to every member so that the member can view all the tax audits reports uploaded in his name.

(c) Meeting with the then Chairman, CBDT on 21st October, 2011 and submission of inputs of ICAI on Tax Accounting Standards (TAS): With regard to Discussion paper on TAS released for public comments, the ICAI in its detailed suggestions has respectfully submitted that the prescription of such "Standards" is not necessary and would increase complexity and litigation, which is contrary to the objectives of the CBDT. However, if at all Tax Accounting Standards are to be notified, the same should be notified under section 295 rather than section

145 and should be re-named as "Tax Computational Standards" instead of Tax Accounting Standards.

(d) **Representation to CBDT regarding difficulties being faced by the assessees:** A representation was made to CBDT to consider the practical difficulties being faced by assesses due to generation of erroneous arrear demands by CPC and in submission of ITR-V to CPC, Bengaluru. The CBDT was also requested to extend the time limit for submission of ITR V. Accordingly, the due date for submission of ITR-V for A.Y 2011-12 has been extended upto 31.03.2012 or 120 days from the date of upload, whichever is later.

(e) **Representation on the Definition of "Accountant" in the Direct Taxes Code Bill - Recommendation of Standing Committee:** The Committee has submitted a representation to the Hon'ble Finance Minister, wherein it has been mentioned that there is no confusion regarding recommendation of Standing Committee and that the stand taken by the Ministry of Finance in this regard, which is backed by various judicial pronouncements may be taken into consideration while reconsidering the definition of "Accountant"

(f) **Representation of ICAI before Central Direct Taxes Advisory Committee (CDTAC):** Various matters of wide importance like difficulties being faced by assessee due to arrear demand, submissions of ICAI on Tax Accounting Standards, guidelines for empanelment of auditors for special audit under section 142(2A), etc. were placed before the said Committee during the 3rd & 4th meeting of the CDTAC held on 06.09.2011 & 14.02.2012 respectively.

(g) **Request to CBDT to review the ITR forms vis-à-vis the requirements of Revised Schedule VI:** As the Revised Schedule VI has been made applicable from 1st April, 2011, the Committee had requested CBDT to review the Income tax return forms vis-à-vis the requirements of Revised Schedule VI of the Companies Act, 1956.

(h) **Issues in respect of TDS & CPC**

- **Submission of issues in respect of claiming credit of TDS to the Standing Committee:** The Committee had submitted various issues being faced by assesses in claiming TDS credit to the Standing Committee on TDS formed by the Directorate of Income-tax (TDS) in the meeting held on 20.06.2011. The issues so submitted were discussed in detail and well taken by the Standing Committee.

- **Submission of PAN based issues related to CPC and TDS:** The Committee was requested to submit PAN based issues on TDS & CPC so that possible solutions may be carved out. Thus, an announcement was hosted on the website of ICAI requesting members to share the hardships being faced by them regarding TDS and CPC. The issues so received were compiled and submitted to appropriate authorities.

(i) **Guidelines for empanelment of an accountant, if any, adopted to conduct special audit u/s 142(2A):** The Committee had requested the CCIT, Delhi for providing the guidelines for empanelment of an accountant, if any, adopted to conduct special audit under section 142(2A) so that the same can be analyzed and general guidelines can be suggested for undertaking the audit under section 142(2A).

(j) **Preparation of draft Single Direct Taxes Return Form for Direct Taxes Code:** In response to a request received from CIT(Systems), the Committee had prepared and submitted an preliminary draft of the Single Direct Taxes Return Form for Direct Taxes Code to CIT (Systems).

(k) **Submission of illustrative Master Guides in respect of circulars/ notifications/ instructions issued by the CBDT to DIT (TDS):** On the basis of suggestion earlier made by the Committee to Standing Committee on TDS, ICAI was requested to provide a draft master circular incorporating all the circulars/ notifications/ instructions etc. be issued on a particular subject. Accordingly, illustrative Master Guides on two subjects were prepared and submitted for the consideration of DIT (TDS).

5.9.2 Budget - 2012

(a) Pre-Budget Memorandum, 2012

The Committee had placed the core issues before the then Chairman, CBDT in a Pre-Budget Meeting held on 25.11.2011. Thereafter, the detailed Pre-Budget Memorandum, 2012 was submitted to the CBDT.

(b) Budget viewing session

The Committee organised a Budget Viewing Workshop jointly with Indirect Taxes Committee and Committee on International Taxation at the Headquarters, New Delhi on 16th March, 2012.

(c) Articles on Direct Taxes proposals of Budget 2012 published the Chartered Accountants Journal

As a general practice, on request eminent members contributed articles on various clauses of direct taxes proposals of Union Budget, 2012 for publishing in the April, 2012 issue of the Journal.

(d) Live Webcast on Union Budget, 2012

The Committee organised a 'Live Webcast' on Union Budget, 2012 jointly with Indirect Taxes Committee and Committee on International Taxation on 16th March, 2012 wherein the experts in taxation discussed the budget proposals at length. The webcast was well received by the members and was viewed by 17,441 members.

(e) Post Budget memorandum, 2012

The Committee had invited the suggestions for the inclusion in Post Budget Memorandum, 2012. The suggestions so received were compiled and considered by the Committee at a special meeting held on 11.4.2012 jointly with Committee on International Taxation. The memorandum so finalised was submitted timely to the Ministry of Finance.

5.9.3 ICAI views presented before the Committee formed by MCA to identify the tax issues arising out of convergence between the Companies Act, 1956, IFRS, DTC and GST and matters related thereto:

The meeting of the said committee were held on 23.05.2011 and 29.06.2011. The submissions of ICAI were duly considered by said Committee.

5.9.4 Release of "Handbook on the Process of E-filing of Income Tax Returns"

The CBDT had made e-filing of returns along with digital signatures mandatory also for Firms/HUFs and individuals who are required to get their accounts audited under section 44AB of the Income-tax Act, 1961 from the AY 2011-12. The Committee took an initiative by providing a Handbook on the process of e-filing of income-tax returns. This handbook acts as a ready referencer for all our members.

5.9.5 Clarification regarding non-inclusion of audits conducted under sections 44AD, 44AE and 44AF in the "specified number of tax audit assignments"

For the removal of doubts, an announcement was hosted which clarified that audits conducted under sections 44AD and 44AE of the Income-tax Act, 1961 shall not be taken into account for the purpose of reckoning the "specified number of tax audit assignments".

5.9.6 Application received from members forwarded to the DGIT (Investigation) in respect of assignment of forensic examination and analysis of seized electronic data by the Income-tax Department

In response to a reference received from Income-tax Department to provide details of chartered accountants who have experience in Forensic Information Technology audits, an announcement was hosted on the website inviting applications from members. The applications so received were complied and submitted to the DGIT (Investigation) for further consideration.

5.9.7 Arrangement with Taxmann

In order to make the relevant educational resources timely available to members at minimum cost, the Committee had entered into an arrangement with Taxmann, wherein it has agreed to provide all material that is hosted and made available by it as a part of its standard practice and procedure on its website www.taxmann.com at a negotiated price of Rs.3,500/- p.a. vis-a-vis its market value which is Rs.7,500/-.

5.9.8 Mass mail for inviting suggestions to improve taxpayer's services

In response to a letter received from Directorate of Income-tax (TDS) for suggesting ways to improve tax payer's services, an announcement was hosted on the website requesting members to share ideas on the ways and means to improve tax payer's services. The suggestions so received were compiled and submitted to appropriate authorities.

5.9.9 Seminars and Conferences

The Committee had organised a number of seminars/ conferences/ workshops during the period 01.04.2011 to 30.06.2012 at various places like Indore, Kolkata, Hyderabad, Surat, Allahabad, Bhopal, Delhi, Bangalore, Chennai, Kanpur, Goa, Jamnagar etc. Further, a series of Tax Awareness programme are being organised by the Committee all over the country to bring the Income-tax Department closer to the members of the ICAI. During the said period, these awareness programmes were organised in Agra, Faridabad, Salem, Nagpur, Anand, Ranchi, Jammu & Nashik.

5.10 Committee on Economic, Commercial Laws & WTO

The Committee on Economic, Commercial Laws & WTO is a non-Standing Technical Committee of the ICAI and its mandate inter-alia includes serving the multifunctional task of Analysis, Knowledge dissemination, inputs to policy formulation, organization of various programs on contemporary issues in the fields of Economic, Commercial & International Trade Laws and WTO.

The following initiatives were taken by the Committee during the period April, 2011 to June, 2012;

5.10.1 International Initiatives

International Council for Commercial Arbitration (ICCA)

International Council for Commercial Arbitration (ICCA) Singapore 2012 Congress was held on 10th-13th June, 2012 in Singapore to provide a premium platform to interact and exchange ideas with fellow international arbitrators, judges and corporate counsels, to serves as a business networking hub, to facilitate discussion on cutting-edge topics of mutual interest. The ICAI representatives attended the congress.

Asia Pacific Regional Arbitration Group Conference

The Asia Pacific Regional Arbitration Group (APRAG) organised a conference under the theme "International Arbitration in a Challenging Region", on 9th-10th July, 2011 at Malaysia to improve standards and knowledge of international commercial & investment arbitration, together with other forms of alternative dispute resolution. The conference was attended by delegates from all over the world. The ICAI representatives attended the conference.

Interaction with Trade officials of Embassies /High Commissions in India

An Interaction of the Trade officials of various Embassies/High Commissions in India with the ICAI was organised by the Committee jointly with the International Affairs Department on 11th July, 2011 at New Delhi to promote the bilateral cooperation between the two nations and how the ICAI can work together with the missions in India. Hon'ble Shri S.M. Krishna, Minister of External Affairs, Government of India was the Chief Guest at the Occasion. Representatives from 37 countries participated. The President and Vice-President along with the Past Presidents and Central Council Members interacted with the Trade officials of Various Embassies/High Commissions and exchanged their views. Officials from the Ministry of External Affairs and the Ministry of Finance were also present.

WTO Public Forum

The WTO Public Forum under the theme "Seeking Answers to Global Trade Challenges" was held at Geneva from 19th to 21st September, 2011. The Forum dwelt on the issues of multilateral trading system and how WTO can promote coherence at the international level to better address world problems and contribute towards improved global governance, identifying the principal challenges for the multilateral trading system and finding solutions to ensure that the WTO responds to the fast changing world. The Forum was attended by delegates from all over the world. The ICAI representatives attended the programme.

Austrian Conference for Arbitration Practitioners

Austrian Conference for Arbitration Practitioners on the theme "Arbitration in Europe – A framework in the Making" was held on 17th-18th February, 2012 at Vienna, Austria. The conference aims to provide a platform for discussions and updations on the leading topics in International Arbitration and on the salient arbitration issues like; application of EU Law by Arbitral Tribunals, EU law and due process in Arbitration, European Law and Investment Arbitration, impact of EU Law on the Arbitration Procedure and role of the European Convention 1961 in Arbitration. The representatives of the ICAI attended the conference.

5.10.2 Suggestions submitted on various reports/ discussion papers/ draft notes to the Government/ Govt. Departments/other bodies

- The comments on the Draft Foreign Contribution (Regulations) Rules, 2011 submitted to Ministry of Home Affairs, Government of India.
- The comments on the Backgrounder Paper No.S/C/W/301 on Presence of Natural Persons (Mode 4) submitted to the Ministry of Corporate Affairs.
- The inputs for inclusion in the Chapter on Service Sector in Pre-Budget Economic Survey 2011-12 covering the General Landscape of Accounting, Auditing and Book

Keeping Services in global context and Major Developments Institutionally submitted to the Ministry of Finance, Government of India.

- Views on the issues related to the FDI in Accountancy Sector submitted to the Secretary, Ministry of Commerce and Industry, Government of India

5.10.3 Certificate Course on Arbitration

As a partner of the nation building phenomenon and appreciating the larger role of members in the Alternative Dispute Redressal Mechanism, this specialized Committee equips its members in this niche area through the Certificate Course on Arbitration for its members. The Course has been designed for 6 Days. The objective of this Course is to familiarize the members with the relevant laws which impact the arbitration process and the practical procedural aspects and to build the competency level of the members of the ICAI to position them as multidisciplinary consultants in the global service market.

During the year the Committee organized five batches of the Course at New Delhi, Ahmedabad, Mumbai, Ghaziabad and Pune. Till 31st July, 2012, 466 members had enrolled for the course, out of whom, 459 members have completed the course. Rest 7 members did not appear for the evaluation test and could not complete the course.

Eminent faculties drawn from the legal fraternity like Judges of Supreme Court and High Courts, Officials from the office of the Solicitor General of India, Senior Advocates of Supreme Court of India and High Courts and the experienced members of the CA profession and senior officers of the Government Departments and the Regulatory bodies addressed the participants.

There are at present 459 members who are empanelled on the ICAI Panel of Arbitrators. ICAI Panel of Arbitrators is widely known and being promoted amongst National and State Chambers of Commerce, Apex Organisations, Judicial and Quasi-Judicial Bodies and Apex Regulators which seek the services of these professionals.

5.10.4 Post-Qualification Course in International Trade Laws & WTO

30 days Personal Contact Programme (PCPs) for the Year 2011 organised by the Committee at New Delhi in two phases for 15 days each (First Phase: from July 11-25, 2011 and Second Phase: August 5-19, 2011) for the members registered for the International Trade Laws & WTO Course, willing to be eligible in Part-I examination of the Course held in November, 2011. Eminent faculty consisting of senior Government officials in different Ministries/Departments, Copyright Board, faculty from Indian Institute of Foreign Trade, noted law firms, people from trade and industry, professionals, consultants and other research based organizations in the field of International Trade Laws and WTO addressed the participants.

5.10.5 Seminars/Workshops/Conferences

During the year, the Committee organised 10 Seminars/Workshops/Programmes.

5.11 Ethical Standards Board

The world today is in a state of turmoil and uncertainty, caused by economic ups and downs, wars over natural resources, tyrannical regimes in some countries and struggle for livelihood by mankind across the globe. While the doomsayers often predict a scenario of disaster and havoc for the world, there are certain factors which are a constant beacon of light for the humanity: that of faith, optimism and ethics. Ethics is perhaps the most palpable of such factors; since if willing, it can be readily brought from a mere thought into conduct. Ethics builds an individual's character, which in turn is a foundation for a strong nation, and a strong world.

We realize the general importance of ethics in life, however, with the advancement of civilization, the importance of ethics has assumed in business, service & professional areas has also been well identified the world over. ICAI Code of Ethics for Chartered Accountants is a glowing example of this: incorporating not only the provisions of the statute, but also the fundamental principles for chartered accountants, provisions of IFAC Code of Ethics, Council decisions and guidelines, decisions of the Supreme Court and High Courts, professional standards, etc. The Code of Ethics is updated time to time to keep pace with the changing needs. For instance, undercutting was violative of Clause (12) of Part-I of the First Schedule to the CA Act prior to 2006 amendment of the CA Act, but it has been repealed after the said amendment, and consequently provisions relating to it have been removed from the Code. Similarly, the Council has recently repealed the Chapter XII (Minimum Audit Fee in respect of Audit) of the Council General Guidelines, 2008, wherein after there is no minimum fees for audit. Another significant recent development is the shift from 'should' to 'shall' in the IFAC Code of Ethics (2010 edition), imposing a requirement on the professional accountant or firm to comply with the specific provision where 'shall' has been used. These changes will be reflected in the revised edition of the Code of Ethics in the offing.

Now, lets have a brief insight into the Ethical Standards Board, which is entrusted, *inter-alia* with other functions, with updating Code of Ethics from time to time: for the formulation of ethical standards for members in response to changing conditions and environment, the Council constituted Ethical Standards Committee (as it then was) at its 74th Meeting held in December, 1975. It was named as Ethical Standards Board in 2008. The mission of the Board is *"To work towards evolving a dynamic and contemporary Code of Ethics and ethical behaviour for members while retaining the long cherished ideals of 'excellence, independence, integrity' as also to protect the dignity and interests of the members"*. The Board formulates standards of ethics for members, stringent enough to guarantee the confidence building in the public. It reviews and revises its publications *'Code of Ethics'*, *'FAQ on Ethical Issues'*, *'Guidance Note on Independence of Auditors'* and *'Guidance Note on Revision of the Audit Report'* from time to time. The Board promotes public awareness and confidence in the fundamental principles *viz.* integrity, objectivity, competence and professionalism for members. It also examines and deals with the complaints of members against their unjustified removal as auditors of an entity, as per procedure evolved, and takes necessary steps to protect the interest of its members.

5.12 Expert Advisory Committee

Accounting is the language of business. In today's economic environment, where complex and intricate business transactions are taking place on a regular basis, accounting has also become complex and intricate. Therefore, accounting professionals, while discharging their duties are often posed with difficulties, especially in the application and implementation of the accounting and auditing principles to various unique and complex business situations. To provide guidance and assistance to the accounting professionals in such a scenario, the Expert Advisory Committee has been constituted by the Council to answer the queries raised by them in matters dealing with the application of various accounting and auditing standards, guidance notes and other pronouncements of the ICAI in accordance with the Advisory Service Rules framed for this purpose. The Advisory Service Rules are available on the web-site of the ICAI, at its hyperlink, http://www.icai.org/new_category.html?c_id=142 or can be obtained from the ICAI's Head Office at New Delhi.

Over the years, the role of the Committee has been well recognised for its independent and objective opinion by private and public sector enterprises, by the members in industry and practice, as well as by the Regulatory and Government authorities, such as Comptroller and Auditor General of India (C&AG), Ministry of Corporate Affairs, etc.

During the period from 1st April, 2011 to 30th June, 2012, the Committee finalised 35 opinions received from the members of the ICAI. Various issues on which the Committee opined during the period were accounting for sales tax exemption benefit under Ind AS, ESOP accounting, depreciation on freehold land having mineral reserves and the internal roads, provision for warranty under construction contract and corresponding revenue recognition, computation of depreciation on extra shift workings, accounting for leave liability, accounting treatment and disclosure in respect of cost recoverable in accordance with the provision of Production Sharing Contract (PSC) which is already written off, whether accumulated differences on transition out of the tonnage tax scheme is a permanent difference, etc.

All the opinions finalised by the Committee during a year are published as a volume of the Compendium of Opinions. Till now, twenty-nine volumes of the Compendium have been released. A CD containing around 1200 opinions contained in all the twenty-nine volumes of Compendium of Opinions with user-friendly features for easy referencing has also been released, which is available with Volume XXIX of the Compendium of Opinions. The next volumes of the Compendium in the series are under compilation and are likely to be released for sale shortly.

Some of the opinions finalised by the Committee are published in every issue of the ICAI's Journal 'The Chartered Accountant'. Recent opinions of the Committee are also hosted on the knowledge sharing page of the Committee on the website of the ICAI.

5.13 Committee on Financial Markets and Investors' Protection

The Committee on Financial Markets and Investors' Protection has been formed with an objective to educate investors about their rights and responsibilities, informing them about grievance redressal mechanism and importance of fundamental analysis based on balance sheets and other financial statements specially notes and other disclosures is one of the focus area of the Committee. The Committee has also published various publications on Capital Market and for Investors Awareness programmes.

For the year 2011-12, the Committee activities included the following:

5.13.1 Projects

Interface with Regulatory Authorities – RBI, SEBI & MCA – Submissions/ Suggestions on Policy/ Discussion Papers

- **Meeting with Ministry of Finance and Ministry of Corporate Affairs on the Report of the Takeover Regulations Advisory Committee (TRAC) & Bimal Jalan Committee Report**

ICAI got representation in two very important Committees formed by the Ministry of Corporate Affairs. Two members of the Council were nominated on 'Committee to advise the Government on the proposed Takeover Code' and 'Committee to advise the Government on the Bimal Jalan Committee Report on Ownership and Governance of Market Infrastructure Institutions (MIIs)' respectively.

The Committee had already compiled and submitted its recommendations including suggestions on the Report of the Takeover Regulations Advisory Committee and Bimal Jalan Committee report to SEBI.

- **Certification Courses**

The Committee started its new batch of Certificate Course on Forex and Treasury Management on 10th September, 2011 at Mumbai and on 17th September, 2011 at Delhi. The examination for the same was held on 5th & 12th February, 2012 at Delhi and Mumbai respectively and the results were declared on 11th May, 2012. Till 31st July, 2012, 242 members had enrolled for the course, out of which 107 have qualified. 77 members are yet to appear for the examination. In respect of Certificate Course on Derivatives, out of 13 members who have enrolled for the same, 8 members have qualified.

5.13.2 Programmes Organized

- **India Corporate and Investor Meet**

CA. G. Ramaswamy, the then President, ICAI attended the meeting chaired by Hon'ble Union Minister for Corporate Affairs, Dr. M. Veerappa Moily on 15th December, 2011 on the subject of India Corporate and Investor Meet wherein it was decided that ICAI be requested to take a lead role in organizing Mega event - 'Investors Meet & Corporate Meet' at Chennai on 7th February, 2012. Hon'ble Minister of Corporate Affairs highly appreciated the programme conducted by ICAI as lead partner.

- **MCA-ICAI Investor Awareness Programmes**

For the year 2011-12, the Committee conducted total of 994 Investor Awareness Programmes throughout India through its branches (156 programmes) and resource persons (838 programmes) under the aegis of the Investor Education and Protection Fund of the Ministry of Corporate Affairs of the Government of India.

5.13.3 Publications

- **Two Publications for Investor Awareness Programmes**

ICAI translated and published two informative booklets - 'First steps to Investing - A Beginner's Guide' and 'Primer for First time and Existing Investors', developed by the MCA for investor awareness programmes in Punjabi, Gujarati, Telugu, Assamese and English languages. The copies of the same were presented to Dr. M. Veerappa Moily, Hon'ble Minister of Corporate Affairs by President ICAI in a meeting on organizing Investors' Meet 2011 held on 22nd October, 2011.

5.14 Financial Reporting Review Board

The ICAI, continuing with its endeavours to improve the financial reporting practices in the country, has constituted the Financial Reporting Review Board (FRRB). The FRRB reviews the General Purpose Financial Statements of various enterprises and the auditors' report thereon either suo-motu or on a reference made to it by any regulatory body(ies) or where serious accounting irregularities have been highlighted by the media reports with a view to determine, to the extent possible:

a) Compliance with the generally accepted accounting principles in the preparation and presentation of the financial statements;

b) Compliance with the disclosure requirements prescribed by the regulatory bodies, statutes and rules and regulations relevant to the enterprise; and

c) Compliance with the reporting obligation of the enterprise as well as the auditors.

As per the Operating Procedures of the FRRB, the Board is assisted by Technical Reviewers and Financial Reporting Review Groups in review of the General Purpose Financial Statements and the auditors' report thereon. The preliminary review of the General Purpose Financial Statements and the auditors' report thereon selected for review is conducted by the Technical Reviewers selected from the panel maintained by the Board. Preliminary review reports of Technical Reviewers on review of the General Purpose Financial Statements and the auditors' report thereon are considered and finalised by Financial Reporting Review Groups before the same are finally examined by the Board.

5.14.1 Review of General Purpose financial statements and auditors' report thereon

During the period, the Board has completed the review of 48 cases out of which, 1 case has been referred to the Director (Discipline) of the ICAI, for 41 cases, appropriate note on non-compliances have been issued to the auditors of the enterprises which have been observed during the review of the financial statements of such enterprises.

5.14.2 Constitution of Financial Reporting Review Groups

The Board constituted thirty four (34) Financial Reporting Review Groups during the period for consideration and finalisation of the preliminary review reports submitted by the Technical Reviewers on General Purpose Financial Statements and the auditors' report thereon.

5.14.3 Conduct of Training Programmes/Workshops

In order to cope up increasing volume of work, the Board felt the need to enhance the number of technical reviewers empanelled with it. Accordingly, the Board conducted various training programmes/ workshops at various Regional Offices and Branches to impart training to the members of the ICAI for review of the general purpose financial statements of the enterprises and finally to empanel them with the Board. During the period, the Board conducted two training programmes at Ahmedabad and Hyderabad.

In addition to the training programmes, the Board organised nine Workshops at various places during the period.

5.15 Indirect Taxes Committee

5.15.1 Activities relating to Annual Budget, 2012

- **Pre-Budget Memorandum, 2012**

The Pre-Budget Memorandum, 2012, containing the suggestions of the ICAI on law relating to central excise duty, customs duty and service tax, prepared on the basis of suggestions received from the branches regions, and members at large, more specifically from the members of this Committee was submitted to the Finance Ministry on 7th December, 2011.

- **Pre-Budget Meeting with Ministry of Finance**

The recommendations made by the ICAI with regard to Budget, 2012, in relation to service tax, central excise duty, customs duty, central sales tax and CENVAT Credit Rules, 2004 were submitted to officials of CBEC for their consideration in the meeting organized by the Ministry of Finance on 25th November, 2011 by the then Chairperson and Secretary, Indirect Taxes Committee.

- **Budget Viewing Session on Union Budget, 2012**

The Committee organised a Budget Viewing Session jointly with Direct Taxes Committee and Committee on International Taxation at the Head Office, New Delhi on 16th March, 2012 to analyse the Budget Proposals of 2012-13. After the Budget was presented by the Hon'ble Finance Minister, the proposals were discussed in detail by the members and highlights of the significant indirect taxes proposals were prepared and hosted on the website the same day.

- **Live webcast on Union Budget, 2012**

The Committee organised a 'Live webcast' on Union Budget, 2012 jointly with Direct Taxes Committee and Committee on International Taxation on 16th March, 2012, wherein the expert discussed the budget proposals at length. Several members presented the views of the ICAI in respect of tax proposals arising out of Union Budget, 2012. The webcast was well received by the members.

- **Articles on Indirect Taxes Proposals of Union Budget, 2012 for the Budget Special issue of CA Journal**

The Committee invited members to contribute articles on the indirect tax proposals of the Finance Bill, 2012. The related articles published in the Journal of ICAI – 'The Chartered Accountant', *Service Tax Perspective of Finance Bill, 2012, Impact of Budget 2012-13 on Central Excise and Paradigm Shift in Taxing Services.*

- **Post-Budget Memorandum, 2012**

The Committee submitted the Post-Budget Memorandum, 2012 on Indirect Taxes to the Government on 20th April, 2012. Some of the suggestions of ICAI have been accepted by the Government e.g., suggestion of specifying time limit for deemed notices issued under sub-section (1A) of section 73 of the Finance Act, 1994 and including repair and maintenance contracts under works contracts service have been accepted while passing the Bill in the Lok Sabha.

Further, the amendment relating to exclusion of transactions which are deemed to be sale of goods in terms of Article 366(29A) of the Constitution namely works contract, lease or hire of goods and temporary transfer of the right to use any goods had been suggested by the Committee in its comments sent to the CBEC on "Revised Concept Paper on Taxation of Services based on Negative List".

5.15.2 Suggestions / Comments / Other inputs submitted to CBEC

- **Submission of suggestions to the Central Board of Excise & Customs (CBEC) on "Draft Circular on Service Tax Refund to exporters through Indian Customs EDI Systems (ICES)"**

The Central Board of Excise & Customs issued "Draft Circular on Service Tax Refund made available to exporters on specified services used for export of goods through Indian Customs EDI System (ICES)" inviting comments/ suggestions on the same. The measures proposed in the draft Circular were:

(i) Service Tax Refund will be processed in the ICES through the Custom Houses.

(ii) Service Tax Refund will be given electronically to the exporter who opts for claiming STR based on schedule. In case an exporter wishes to claim STR on export of goods on actual basis he will approach the concerned Central Excise/Service Tax field formations.

(iii) Service Tax Refund will be processed and sanctioned on the ICES system subject to the safeguards indicated.

The Committee welcomed the proposal to grant the refund of service tax electronically on the lines of duty drawback as it would expedite the refund process and would go a long way in facilitating the trade, industry and various stakeholders. Several suggestions were made by ICAI which was submitted to the CBEC on 26th August, 2012 to make this scheme more effective and assessee friendly.

- **Draft Circular on Refunds in Service Tax**

In response to the *Draft Circular on Refunds in Service Tax* issued by the CBEC seeking comments/ suggestions with a view to streamline the process of sanctioning of refund claims, mainly arising on account of service tax borne on input services that have gone into exports of services in terms of Notification No. 5/2006, the Committee has submitted its suggestions on the aforesaid Draft Circular to CBEC on 12th December, 2011.

- **Submission of suggestions on "Taxation of Services based on a Negative List of Services - Concept Paper for public debate"**

The Central Board of Excise & Customs issued a first draft Concept Paper on "Taxation of Services based on a Negative List of Services" for public comments/ suggestions. The Committee submitted its suggestions on 30th September, 2011. The Committee suggested that whatever be the method adopted, it must be coupled with appropriate liberal modifications in the provisions relating to CENVAT credit. This would be extremely important if all the services are brought into the tax net to ensure that the chain does not break. Any denial of CENVAT credit in respect of inputs or input services used for the purpose of business activities would lead to cascading effect and frustrate the objective of having comprehensive taxation of services.

- **Submission of suggestions on the Revised Concept Paper on Taxation of Services based on a Negative List of Services**

The CBEC have issued a *Revised Concept Paper on Taxation of Services based on Negative List* for public comments/ suggestions. The Committee submitted its suggestions on the revised Concept Paper on 16th January, 2012, after due deliberations at a Teleconference of the members of the Committee on 18th December, 2011.

- **Submission of suggestions relating to TDS in Service Tax**

The CBEC had proposed to introduce a mechanism of tax deduction at source for service tax collections. Suggestions on the proposal were submitted to the Government on 4th November, 2011 wherein it was suggested that such a mechanism was not desirable in indirect tax regime as:

(i) it would entail higher compliance cost for the assessees and result in blockage of funds thereby increasing the cost of doing business;

(ii) any move to introduce TDS would cause hardship to the assessee especially those who are from the unorganized sector who were as it is facing difficulties in complying with the requirements of Point of Taxation Rules, 2011;

(iii) Goods and Services Tax (GST) is on anvil which would subsume service tax within its gamut at which time the comprehensive list would be preferable.

- **Submission of suggestions on the Constitution 115th Amendment (Goods and Service Tax) Bill, 2011**

The Committee welcomed the Constitution 115th Amendment (Goods and Service Tax) Bill, 2011 and committed to provide full support to the Government in this path-breaking initiative. The Bill would pave the way for the most awaited reform in indirect taxation system of India.

One of the significant recommendations made was that experts in the area of accounting be also there in the Bench of Goods and Services Tax Dispute Settlement Authority considering that GST is value added tax system and its monitoring is record based. The accounting professionals would facilitate in understanding the financial implications of the dispute and its resolution.

- **Interaction with the Officials of CBEC**

CBEC had sought clarifications relating to State Level VAT and the meeting for the same was attended by the then Chairperson, Indirect Taxes Committee and another member in May, 2012. Key provisions relating to registration under State VAT Laws were also provided to the CBEC as a measure of facilitation.

- **Interaction with the Chairman, CBEC and other senior Officials of the CBEC**

Shri S.K. Goel, Chairman and the Joint Secretary-II, TRU, Central Board of Excise and Customs, addressed the members of the Committee at its 19th Meeting. The President, ICAI, while interacting with the Chairman, CBEC and the Joint Secretary, CBEC, took up the issues relating to shift in Point of Taxation for Chartered Accountants, additional 2% burden of service tax on payments received after 31st March, 2012, parity between CAs and lawyers in respect of legal consultancy and representational services and applicability of Service Tax on ICAI.

5.15.3 Representations made to CBEC

- **Representation to CBEC seeking clarification on applicability of service tax on CPE programmes organised by the ICAI**

The Committee submitted a representation to the CBEC seeking clarification on applicability of service tax to CPE programmes organised by the ICAI. The Chairperson of the Committee met the Member (Budget & Computerization) and the Joint Secretary-II (TRU) on 14th June, 2011 and requested them to issue clarification in this regard.

- **Representation in respect of online filing of service tax returns (Form ST-3) and applications form for registration under service tax (Form ST-1)**

A representation was made to the CBEC on 3rd January, 2012, to highlight the difficulties faced by the assesses in online filing of service tax returns (Form ST-3) and application form for registration under service tax (Form ST-1).

- **Representation in respect of Updation/modification of information provided at the time of original application for registration under the service tax while the registration is in process**

The Committee submitted a representation to the CBEC on 3rd January, 2012 to allow the assessee to update/ modify the information/ data provided at the time of original application/ updation of data originally provided, during the period an application for registration of service tax is being processed.

- **Special Representation to the CBEC**

On 2nd April, 2012, CA. Subodh Kumar Agrawal, the Vice-President, ICAI, the Chairman of the Committee and two other Council members met the Chairman and Joint Secretary, Central Board of Excise and Customs and submitted a memorandum highlighting various issues relating to service tax like :

(i) Changes in Service Tax Rules and Point of Taxation Rules which had an impact w.e.f. 01.04.2012

(ii) Changes in the Section 66D – Negative List of services – effective along with negative based taxation

(iii) Mega Exemption Notification – 12/2012 – ST – effective along with negative based taxation

(iv) Persons liable to pay tax – 15/2012-ST – Effective along with negative based taxation etc.

5.15.4 Programmes/Seminars/Workshops

The Committee organized a number of workshops, awareness programme, national convention, conclave, seminar, etc. during the year:-

5.15.5 New Publications: *Compilation of Registration Provisions under VAT Laws of Different States*

The Committee brought out a new publication viz. "Compilation of Registration Provision under VAT Laws of different States". It contains information in respect of registration provisions under VAT laws of 20 States.

5.15.6 Others

- **Certified Facilitation Centres under ACES project of Central Board of Excise and Customs (CBEC)**

The Committee continues to support e-initiatives of the Central Government and facilitated registration of 845 Chartered Accountants as Certified Facilitation Centres under ACES project of CBEC.

- **Certificate Course on Indirect Taxes**

The Committee is committed to update the knowledge base of the members of ICAI in the area of Indirect Taxes. After receiving an overwhelming positive response from members, the Committee decided to have a specific focus on the Certificate Course on Indirect Taxes and has organized Course at Chennai, Vasai, Hyderabad, Vishakhapatnam, Bangalore, Mangalore, Mumbai, Pune, Delhi, Rajkot, Jamnagar, Ghaziabad, Bellary and Baroda. Till 31st July, 2012, 719 members have been trained in this Course. The Result of Assessment Test will be declared in October, 2012.

- **IDT Net**

The Committee continued to provide updates to the registrants of IDT Net, an on-line networking portal for the members practicing or working in the field of indirect taxes. The updates are a summary of notifications, circulars issued by CBEC from time to time, other important happening in the areas of indirect taxes are also represented in those updates to keep the members abreast with the latest developments in the field of Indirect Taxes. The portal is linked with the website of the ICAI.

5.16 Committee on Information Technology

The Committee on Information Technology has been constituted by the Council as a non-standing Committee in the year 2000 to identify Information Technology challenges facing the profession and convert them into gainful professional opportunities for members by conducting Conferences, Seminars, and Practical Workshops, Training programmes, ERP/ IT courses apart from Practice Guides, Training Aids, Software's and Publications on Information Technology for the benefit of members.

A. **Post Qualification Course on Information Systems Audit:** The Post Qualification Course on Information Systems Audit has been the first and foremost initiative launched by the Committee to enable members to offer value added services in the field of IS Audit.

B. E-learning courses/CDs/CBTs:

i) Online e-Learning Courses
   a. Service Tax
   b. Standards on Audit
   c. Transfer Pricing

ii) E-Learning CDs/CBTs
   a. Using CAATs/ GAS
   b. Using MS-Excel 2007 as an Audit Tool
   c. Windows, Network & WiFi Security – An Intro
   d. IS Security, Cyber Threats & Review – An Intro

C. ERP Courses: The **ERP courses** offered by the Committee offer twin benefits of learning at your convenience and reduced costs - SAP and Microsoft Dynamics NAV, Oracle.

D. Certificate Course on forensic Accounting and Fraud Detection: The Committee offers Certificate Course on Forensic Accounting and Fraud Detection. This programme is now rolled out across the country. Till 31st July, 2012, 67 members had enrolled for the course, out of which 54 members have completed the same.

E. IT Awareness Programmes: The Committee organizes so many IT related workshops which are of flexible duration and very useful for the members.

F. ISA MEET: The Committee organizes ISA meets for the ISA Qualified members.

G. Professional Opportunities: The Ministry of Information Technology has a Computer Emergency Response Team **(CERT-In)** which deals with cyber security in the country and also has a panel of IT Auditors & IS Auditors. Some CA Firms are also on this panel. Computer Emergency Response Team (CERT-In) has recognized D.I.S.A (ICAI) as empanelment for IS auditors.

The ICAI had taken up with Reserve Bank of India for recognizing the DISA (Diploma in Information System Audit) offered by ICAI as equivalent to CISA (Certified Information System Auditor) of ISACA. This objective has now been fulfilled and RBI has advised that system audits may be conducted by the D.I.S.A. (ICAI) qualified members.

D.I.S.A. (ICAI) Recognized for Empanelment of Auditors for Auditing Infrastructure of Certifying Authorities

5.16.1 Significant Achievements

1. **ISA Meets:** The Committee has conducted ISA Meet at Bangalore, Indore, and Noida in which ISA qualified members were invited to share their experiences and Knowledge.
2. **National Conference on Cloud Computing:** National Conference on Cloud Computing was organized successfully on 15th June 2012, jointly with Bangalore Branch of SIRC.
3. **Workshop on "Data Analytics and Continuous Controls Monitoring":** The Committee has conducted three days' workshop on "Data Analytics and Continuous Controls Monitoring" which was jointly organized with IASB at Sector–62, Noida from 15th June to 17th June, 2012.

4. **Certificate Course on Forensic Accounting and Fraud Detection:** The Committee had conducted Certificate Course on Forensic Accounting and Fraud Detection at Centre of Excellence Hyderabad in the month of January, 2012.
5. **Train the Trainers Programme on Forensic Accounting:** The Committee organized Train the Trainers programme on Forensic Accounting at Centre of Excellence Hyderabad on 22nd & 23rd June, 2012, where participants who had completed the Certificate Course on Forensic Accounting and Fraud Detection were invited.
6. **ISA Professional Training Classes:** The Committee on Information Technology has conducted 90 ISA Batches from April, 2011 to 30th June, 2012 in which about 4000 candidates have completed their professional training across the country.
7. **Registration & Activity Statistics of Courses:** The following table summarizes the data for Registration in the Courses organized by the Committee since inception:

Sr.	e-Learning Course Name	Registrations
1	Service Tax	6725
2	Standards on Audit	616
3	Transfer Pricing	6602
Sr.	**Course Name**	**Registrations**
1.	ISA	36781
2.	CAAT	3226
3.	SAP ERP Course	482
4.	FAFD	82

5.17 Internal Audit Standards Board

The function of internal auditing is very important for proper functioning of business organisations. An internal auditor drives and is simultaneously driven by the corporate governance agenda of the organisations.

The ICAI is committed to continue its efforts in helping to understand, guide and shape the internal audit profession in the country. The aim is to help internal auditors to be able to identify and critically evaluate the elements of governance and risk management in an organization; identify and understand how operational objectives link into the higher level objectives; understand the relationship between risk management and corporate governance; and be able to relate the organization's risk appetite to the appropriateness of controls and be able to undertake reviews to assess their effectiveness and report to management accordingly.

The ICAI had constituted a non-standing Committee, *Committee on Internal Audit* on February 5, 2004. The Committee was renamed as *"Internal Audit Standards Board"* in November, 2008. The primary mission of the Board, as approved by the Council in its terms of reference, is to reinforce the primacy of the ICAI as a promoter, source and purveyor of knowledge of internal audit in the country. The basic idea was to enable its members to provide more effective and efficient value added services related to this field to the industry and others and help the latter to systematise and strengthen their governance process by systematising and strengthening their control and risk management process.

To achieve its above mentioned mission, the Board has set the following as its objectives in its terms of reference:

- To review the existing internal audit practices in India

- To develop Standards on Internal Audit (SIAs) to be issued under the authority of the Council
- To develop Guidance Notes on the issues relating to internal audit, including those arising from the SIAs, to be issued under the authority of the Council
- To issue Clarifications on the issues arising from the SIAs, to be issued under the authority of the Council
- To develop studies, reports, etc., on issues arising from SIAs, to be issued under the authority of the Council
- To undertake research in the field of internal audit
- To organise/ provide technical assistance in conferences, workshops, etc., on the topics related to internal audit

The Board is working relentlessly to bring out high quality technical literature in the form of Standards on Internal Audit and Technical Guides/ Studies/ Manuals, which constitute important tools in helping the internal auditors to provide effective and efficient internal audit services to the clients and/ or employers.

5.17.1 Standards on Internal Audit

Standards on Internal Audit issued by the Board focus on the principles to be followed, the objectives to be achieved and the essential considerations for the internal auditor in planning, conducting, documenting and reporting on internal audit. The Standards represent the basic principles and practice of internal audit and establish the basis for evaluation of internal audit performance.

The Board has, till date, issued 17 Standards on Internal Audit (SIAs) which are recommendatory in nature in addition to the Preface and Framework for Standards on Internal Audit.

In order to provide one stop reference of the existing suite of Standards amongst the members, the Board has issued *Compendium of Standards on Internal Audit*, covering text of all the seventeen Standards on Internal issued till date.

The Board is in process of issuing new Standard on Internal Audit on *Related Parties*.

5.17.2 Industry Specific Technical Guides and Other Technical Literature on Internal Audit

Apart from codifying internal audit best practices in the form of Standards on Internal Audit, it has also been the endeavour of the Board to help the members possess an always expanding tool-kit of technical kits. In this direction, the Board has been working relentlessly to issue generic and industry-specific technical guides, which comprehensively cover detailed procedures to be undertaken by the internal auditor in respect of industry specific and other contemporary areas.

The Board has, till date, issued a number of industry-specific Technical Guides such as Oil and Gas (downstream and upstream), Aluminium, Telecommunication, Construction, Educational institutions and BPO, that help the members of the ICAI as well as others working as internal auditors in the respective industries to understand the basic operations undertaken by the industry and also the internal audit aspects relating to the same.

The Board is in process of issuing Technical Guide on Tendering Process Audit. Some of the crucial industries for which the Board is planning to issue the Technical Guides are Power, Petrochemical, IT Software, Textile, etc.

In addition to it, the Board has been, through research literature, able to address many contemporary areas of interest of members such as, Social Audit, Investigative Audits and Coordination of Internal Auditor with Functional Heads. The Board is in the process of issuing Guide on Corporate Social responsibility.

During the year 2011-12, the Board has issued the following Technical Guides and other Generic Guides:

1. Technical Guide on Internal Audit of Mutual Fund

The Indian mutual fund industry is one of the fastest growing sectors in the Indian capital and financial markets. In view of the complexity, volume, growth of the mutual funds industry, internal auditors have a dynamic role to play to support the management in helping fostering this growth. In view of the above, the Board has issued this "*Technical Guide on Internal Audit of Mutual Fund*" which would help the members in gaining profound knowledge about the internal audit of mutual fund industry. The scope and structure of the Technical Guide is well suited to cater to the professional needs of the members.

2. Technical Guide on Internal Audit of Life Insurance Business

During the last two decades, the economic reforms have impacted the growth of financial sector of India significantly. As an integral part of financial sector reforms, insurance sector has emerged as regulatory development sector. IRDA has issued various regulations with the objective of improving market efficiency, enhancing transparency and bringing the Indian market up to international standards. With the very same objectives, the IRDA, being insurance sector regulator, has mandated quarterly internal audit of insurer. This would not only ensure compliance with the legal and regulatory norms but would also prove instrumental in making the system more efficient.

The Board is committed to this move of the IRDA has issued "*Technical Guide on Internal Audit of Life Insurance Business*" which is aimed to equip the internal auditors with deeper understanding of this unique and complex industry.

3. Handbook on Professional Opportunities in Internal Audit

The globalisation of business, growing complexity of transactions and new-age IT infrastructure have revolutionised the concept of trade and commerce. Simultaneously, the fear of risks has also grown and to combat and reduce risk, internal auditors have come up with better internal controls. Internal audit profession has witnessed a sea-change from the traditional typical 'compliance' or 'transaction' audit to a much more dynamic 'Risk-based Audit', 'Controls Assessments', 'Controls Rationalisation' and so forth. The range of activities undertaken by internal audit teams has increased and gained importance. They cover a whole gamut of operations ranging from review of finance and operations to providing assurance and consulting services.

This "*Handbook on Professional Opportunities in Internal Audit*" issued by the Board discusses the evolving opportunities for the members in internal audit and is a useful tool for the future of internal auditors.

4. Guide on Environmental Audit

Environmental auditing seems to date back, formally, to around the promulgation of the U.S. National Environmental Protection Act (NERA) in 1969. Recognising the growing importance of the subject of environmental auditing as the survival and growth mantra for business these days, the Board has issued this "*Guide on Environmental Audit*". The main objective of this Guide is to provide a general overview of the concept of environmental auditing as an emerging area.

5. Technical Guide on Internal Audit of Infrastructure Industry

Infrastructure Industry in India has been witnessing rapid growth in its different sectors due to growing urbanization and increasing rate of foreign investments in this field. The government has taken various initiatives to develop the infrastructure sector. Effective internal audit provides a tool to ease out all the complexities, ensures that systems and processes are adequate to support the growth and are adapted to the changes in various applicable regulations, thereby ensuring sustained growth and development. The Board has issued publication "*Technical Guide on Internal Audit of Infrastructure Industry*". The Technical Guide gives guidance on the internal audit of the companies engaged in development of infrastructure facilities on 'Build operate and Transfer' basis and has been divided into various chapters.

6. Technical Guide on Internal Audit of Not-For-Profit Organisations (NPOs)

The not-for-profit sector plays a central role in enriching people through its charitable, social, cultural, educational contribution and in providing support to weaker section of the society. Financial accountability, transparency and good governance are the need of the hour in the NPO sector. This sector offers challenging and rewarding opportunities to Chartered Accountants in particular. They can play an important role in increasing the standards of resource mobilization, accountability and transparency in Not-for-Profit Sector. In view of the above, the Board has issued this "*Technical Guide on Internal Audit of Not-For-Profit Organisations (NPOs)*" which comprehensively deals with the peculiar aspects of NPO sector, including various regulatory aspects and provides a step-wise approach for internal audit.

7. Technical Guide on Internal Audit of Mining and Extractive Industry

Mining sector is one of the largest and capital intensive sectors in the country. Globalization, competition of new mineral properties, and environmental regulations and concerns are some of the issues that introduce new layers of complexity for companies operating in mining sector. In view of the above, the Board has issued this "*Technical Guide on Internal Audit of Mining and Extractive Industry*". This comprehensive publication aims to help the members to understand entire spectrum of operational, conceptual and practical issues related to internal audit in mining sector.

5.17.3 Certificate Courses

The Board also conducts the following Certificate Courses:

I. Certificate Courses on Enterprise Risk Management

The Board offers Certificate Course on "Enterprise Risk Management" to enable members to develop competence in this emerging field and offer value added services. This course would help the members to understand the various issues relating to the enterprise risk management and in developing the necessary skills to provide value added services in this area. The Board has successfully completed the four batches of the Course organised at Delhi, Mumbai and Hyderabad respectively. Till 31st July, 2012, 79 members had registered for the course, out of which 75 have passed the examination.

II. Certificate Course on Internal Audit

A professionally qualified chartered accountant, having regard to his training, education and exposure to the various facets of operations of an entity is well suited for internal audit. Keeping this in view, the Board has launched this Certificate Course on Internal Audit. The

Board has successfully completed the first batch of the Course organised at Hyderabad. Till 31st July, 2012, 20 members had registered for the course, and all 20 have passed the examination.

III. Certificate Course on Concurrent Audit of Banks

The Board conducts Certificate Course on "Concurrent Audit of Banks" to enable members to understand the intricacies of concurrent audit of banks. Considering the vast coverage of Concurrent Audit of Banks, including the legal and regulatory framework in which the banks operate, the Board has increased duration of the course from three days to six days. The Board has successfully completed four batches of the Course at Noida, Mumbai, Hyderabad and Nagpur. Till 31st July, 2012, 126 members had registered for the course, and all 126 have passed the examination.

5.17.4 Quarterly E-newsletter "Internal Audit and Beyond"

The Board has issued two editions of its quarterly E-newsletter "Internal Audit and Beyond". The aim of the e-newsletter is to create awareness and understanding about internal auditing as a vibrant, growing, global profession that is deeply rooted in the concepts of transparency, reliability, effectiveness and ethics. This e-newsletter is a means to provide valuable content on best practices and topical issues within the internal auditing profession.

5.17.5 Conferences and Other Programmes

With a view to develop internal audit as one of the core competence area of the members and to update their skills in various contemporary issues related to internal audit, the Board organizes conferences, seminars, training programmes, workshops on internal audit in various parts of the country which are hosted by the concerned Regional Council/ Branches of the ICAI. During this period, the Board has organised 14 such programmes.

The Board is planning to organize events in the field of, real estate and construction, power, not-for-profit organisations, retail sector, insurance sector, mutual fund, financial services, etc.

5.18 Committee on International Taxation

During the year, the Committee on International Taxation has organized seminar, national convention, training programme, study tours, teleconference programme etc. at several locations.

The Committee recognizes the significance of spreading knowledge of the subject of International Tax through out the country and, therefore, initiative has been taken to develop E-learning modules to facilitate the learning of the subject by any member residing in remotest area.

Apart from the above activities, the Committee has brought out following publications on International Taxation for the overall benefit of our esteemed members:

- Technical Guide on Taxation of Expatriates (July 2011)
- Technical Guide on Royalty and Fees for Technical Services (July 2011)
- Aspects of International Taxation - A Study (January, 2012)
- Guidance on Report on International Transactions under Section 92E of the Income Tax Act, 1961 (Transfer Pricing) (under revision)
- Taxation of Non-Residents (under revision)
- Background Study Material on International Taxation (under revision)
- ABC of Double Tax Avoidance Agreements (under revision)

- Monthly Articles on International Taxation in the ICAI's Journal
- Digest of Case Studies on International Taxation (In progress)

At present, the Committee is conducting Post Qualification Certificate Course on International Taxation. Eminent, expert and learned faculties drawn from all over India give value addition to this course. The course is recognized all over India and positive feedback is also received from the participating members. Till 31st July, 2012, 1026 members have enrolled for the course, out of which 497 have completed the same. Now, looking to the overwhelming response, it is proposed to convert the course into Post Qualification Diploma Course.

5.19 Committee for Members in Industry

5.19.1 Career Assistance Programmes organised for the benefit of the Members of the Institute

The Committee for Members in Industry organizes Campus Placement Programmes for Chartered Accountants at frequent intervals throughout the year. The Committee is committed to provide world class placement services to the members and best accounting and finance talents to the industry.

For the year 2011-12

- **Campus Placement Programme for Small and Medium sized Enterprises (SME's) and Small and Medium sized CA Firms**

Special Campus Placement programme for the Small & Medium sized Enterprises (SMEs) & the Small and Medium sized CA Firms were held at 8 centres namely Ahmedabad, Bangalore, Chennai, Kolkata, Mumbai, Nagpur, New Delhi and Pune and was a success.
Total no. of Candidates registered: 1562
No. of Candidates shortlisted : 654
No. of Companies Participated: 37
No. of candidates selected: 41
The highest package of Rs. 8.00 lacs was offered by Zee Learn Limited at Mumbai.

- **Orientation Programme for Newly Qualified Chartered Accountants on 8th & 9th August, 2011 at Vigyan Bhawan, New Delhi**

The Committee had conducted Orientation Programme on 8th & 9th August, 2011 at Vigyan Bhawan, New Delhi for Newly Qualified Chartered Accountants. Orientation programmes are organized by the Committee before the start of the Campus placement prgramme to help the newly qualified Chartered Accountants to prepare them for appearing before the companies participating in the Campus Placement Programme organized throughout the country at 17 centres namely Ahmedabad, Baroda, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Ernakulam, Hyderabad, Indore, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Pune.

- **Campus Placement Programme for Newly Qualified Chartered Accountants – August-September, 2011**

The Committee has successfully organised Campus Placement Programme – August-September, 2011 at 17 centres across India. More than 1100 Newly Qualified Chartered Accountants have been offered the job out of 10169 registered newly qualified Chartered Accountants. Highest salary offered is Rs. 13.93 lacs per annum by ITC.

- The Committee has organised Campus Placement Programme exclusively for Small and Medium sized enterprises (SMEs) and Small and Medium sized Practitioners (SMPs) from 18th to 21st October, 2011 at 14 centres.

- **Industry HR Meet**

The Committee organized HR meet on 27th April, 2011 at New Delhi wherein 20 HR executives had participated.

For the Year 2012-13

- **Orientation Programmes**

The Committee has conducted Orientation Programme for the candidates who have appeared in the Campus Placement Programme - February-March, 2012 at 17 centres. In the Orientation Programmes, eminent faculties were invited to address the candidates on various topics such as expectations of the Corporates from the Chartered Accountants, Soft Skill required for Fresh Chartered Accountants, How to succeed in Personal Interviews, Opportunities for Chartered Accountants in various industries etc. At New Delhi Centre, ICAI had invited CA. Piyush Goyal, Member of Parliament, Rajya Sabha in the Orientation Programme to address the newly qualified Chartered Accountants.

- **Campus Placement Programme**

The 35th edition of the Campus placement programme for the newly qualified Chartered Accountants was conducted in two phases at 16 centres across the country and around 9000 candidates had registered for the programme which had the participation of prominent organizations including public limited companies, public sector undertakings, banks, etc. offering lucrative compensations to the newly qualified Chartered Accountants. On an overall basis, more than 800 jobs were offered to the candidates registered for this programme. Also, 76 top entities from the industry had participated in this programme with total no. of 129 interview teams across all the centres. The selected Chartered Accountants have been offered rewarding salary packages for the international as well as the domestic posting. Highest salary under international posting was made by Olam International, i.e. US $ 50,000 per annum and, under domestic posting, it was offered by Bharti Airtel Rs. 14 lakh per annum.

- **HR Meets**

The Committee has organized ICAI - Industry HR Meet on 29th May, 2012 at premises of ICAI, New Delhi.

5.19.2 Developing Competencies amongst the members of ICAI in industry

For the Year 2011-12

- **eNewsletter 'Corporate Communiqué**

The Committee has released 6th, 7th & 8th issues of the eNewsletter 'Corporate Communiqué. These issues of eNewsletter "Corporate Communiqué" pave way to keep members in industry of the ICAI abreast of the latest developments with regards to initiatives taken by the ICAI through this Committee.

- **Outreach Programme**

The Committee has organised four Outreach Programmes. The Committee has organised several seminars, conference, Meets, workshop etc.

- **Launch of ICAI Web TV (www.icaitv.com)**

The Web TV was launched by Hon'ble CA. Rameshwar Thakur, Past president ICAI and the then Governor of Madhya Pradesh. Considering the fact that members in industry find it difficult to attend Seminars and Conferences due to their work pressures, it was decided that CPE should be offered at their door step.

- **Launch of ICAI Connect - A Membership Revival Campaign**

The ICAI Connect was formally launched by Shri D.K. Mittal, the then Secretary, Ministry of Corporate Affairs on the 63rd CA Day held on 1st July, 2011 at Vigyan Bhawan, New Delhi. ICAI Connect is a drive to attract all the Chartered Accountants who have not opted or renewed their membership of ICAI.

For the year 2012-2013

- **Outreach Programmes**

The Committee has organised two Outreach Programmes during 2012-2013

- **CPE Study Circles for members in industry**

ICAI has notified the norms for CPE Study Circles, which caters exclusively for the members in industry. These CPE Study Circles are being contemplated to help Members who are in industry to achieve the objectives of maintaining their core competencies and exchange professional knowledge amongst the members apart from fostering and developing fellowship. Please visit http://www.cmii.icai.org/cpe.asp to see the entire norms of the CPE Study Circle for members in industry.

The Committee has been empowered to approve, guide and supervise the CPE Study Circles for members in industry, which will conduct Continuing Professional Education Programmes for the members in industry. The norms provide for the minimum number of members required and the application procedure, rules for functioning, administration and accounts of these CPE Study Circles. 64 CPE Study Circle for members in industry have already been formed so far by the Committee.

- **Programmes on Contemporary topics for the benefit of the members in industry**

The Committee has organised a programme on How to be Successful in Practice and How to be a Successful Entrepreneur in New Delhi, Mumbai, Ahmedabad, Pune and Bangalore.

- **Industry Specific Seminar**

The Committee has organised National Workshop on Media & Entertainment on June 1 & 2, 2012 in Mumbai.

- **Residential Refresher Course**

The Committee has organised two Residential Refresher Courses at Margao on 8th-10th June, 2012 and at Vapi on 30th June & 1st July, 2012.

- **Members in Industry Meet**

To improve the relationship between the ICAI and the members working in industry and to discuss the issues of contemporary importance and mutual concern, the Committee is organizing meetings of the Members who are at the helm of affairs in the Corporates in all major cities.

5.19.3 Fifth Annual Corporate Forum - December 2011 – Bangalore

Recipients of ICAI Awards - 2011

S. No.	Name of the Awardee	Organisation	Designation	Category
1	CA. Keki Mistry	Housing Development Finance Corporation Limited	Vice Chairman & CEO	CA Business Achiever – Financial Sector
2	CA. Chandrasekaran Ramakrishnan	TATA Motors Limited	President & CEO	CA Business Achiever – Corporate
3	CA. Prabhakar Rao Bantwal	Suprabha Protective Products Pvt Limited	Chairman & Managing Director	CA Business Achiever – Small Medium Enterprises
4	CA. C.M. Sharma	Aegis Limited	Global Chief Financial Officer	CA Business Achiever – Global Achiever
5	CA. Neeru Abrol	National Fertilizers Limited	Director - Finance	CA Business Achiever – Woman
6	CA. Patel Hasmukhbhai Baldevbhai	Gujarat Alkalies & Chemicals Limited	Chief Finance Officer	CFO – Manufacturing Sector
7	CA. Ravi Venkatraman	Mahindra & Mahindra Financial Services Limited	Chief Financial Officer	CFO – Financial Sector
8	CA. C.P. Toshniwal	Pantaloon Retail India Limited	Chief Financial Officer	CFO – Service Sector
9	CA. Karandeep Singh	Sapient Corporation Pvt Limited	VP Finance & Managing Director (India)	CFO – Information Technology
10	CA. Sarwate Milind Shripad	Marico Limited	Gropu CFO & CHRO	CFO - FMCG Sector
11	CA. Devatha Prasad	Essar Projects (I) Limited	Head of Finance for India	CFO – Infrastructure & Construction
12	CA. O.K. Balraj	Escorts Group	Group Chief Financial Officer	CFO – Engineering & Capital Goods Sector
13	CA. T.K. Ananth Kumar	Oil India Limited	Director (Finance)	CFO – Public Sector
14	CA. Vibha Padalkar	HDFC Standard Life Insurance Co.	CFO	CFO - Woman
15	CA. Siddhanta Goel	Volkswagen India Pvt Limited	Asst. General Manager (Finance)	CA Professional Achiever – Manufacturing Sector
16	CA. S.V. Sunder Krishnan	Reliance Life Insurance Co. Limited	Chief Risk Officer	CA Professional Achiever – Service Sector

17	CA. Revati Parag Kasture	Credit Analysis & Research Limited (CARE)	General Manager	CA Professional Achiever - Woman
18	CA. Gargi Ray	Infosys Limited	Senior Manager – Risk & Compliance	CA Professional Achiever – Information Technology

5.20 Peer Review Board

In its proactive pursuit to upgrade and maintain audit quality standards, the Council took initiative as far back as 1998 to introduce a system of review of the work of professionals and subsequently the Indian accountancy profession took a giant leap forward with the establishment of Peer Review Board in April, 2002. Such an endeavour of the Council aims to maintain and enhance the quality of assurance services and to guide its members in improving their performance and ensuring adherence to various technical standards issued by it from time to time. It is the ICAI's endeavour to meet the demands of high quality assurance, consistency and greater transparency. The Statement on Peer Review was released in early 2002 and revised in December, 2011 which lays down the framework for conduct of peer reviews by setting up the Peer Review Board. The main objective of Peer Review is to ensure that in carrying out the assurance service assignments, the members of the ICAI (a) comply with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto and (b) have in place proper systems including documentation thereof, to amply demonstrate the quality of the assurance services.

In order that there is consistency and uniformity in carrying out reviews by the Reviewers, the Board imparts training to the Reviewers, before assigning them the practice units for review. The Board has organized Peer Review Training Programmes for untrained Peer Reviewers on January 20, 2012 at Ghaziabad and on February 3, 2012 at Kolkata. During these programmes, 129 members have been trained as peer reviewers. The Board has also revised the notification cost to be paid by the practice unit to the Peer Reviewer for conducting the Peer Review.

The SEBI has made mandatory with effect from April 1, 2010 for the listed entities, that limited review/statutory audit reports submitted to the concerned stock exchanges shall be given only by those auditors who have subjected themselves to peer review process and who hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

The Comptroller & Auditor General of India has recognized the Board's work; as it seeks additional details from the Chartered Accountants firms about their Peer Review Status in the application form for allotment of audit for public sector undertakings. Furthermore, from last few years, the C&AG annually seeks details from ICAI of those firms which have been issued certificate by the Board.

The Peer Review Process aims to cover all firms of Chartered Accountants (PUs) in a phased manner in three levels. PUs covered under Level I have been selected in 5 phases and those under Level II have so far been selected for 4 phases. Selection of PUs under Level III has also been made under Phase I thereof. Details of PUs selected, reviews completed and Peer Review Certificates issued are given below.

During the last 10 years of its existence, the Board has come a long way and Peer Review Mechanism is being widely accepted by the profession. The Sub-Committee of the Peer Review Board for consideration of the Final Clean, qualified and the follow on reports met during this Council year and in total 5608 Practice Units have been issued Peer Review Certificates by the Peer Review Board till date. The revised statement on Peer Review was released in December 2011

Position regarding selection of Practice Unit

Selection of Practice Unit	No. of PU selected	% of selection	Peer Review completed/ under progress
Selection under Stage 1 **(SI)**	2786	26.08%	2331
Selection under Stage 2 **(SII)**	5081	47.57%	4162
Selection under Stage 3 **(SIII)**	2815	26.35%	1970
Grand Total *	**10682**	**100%**	**8463**

Coverage of Practice Unit (year wise)	No. of PU selected	Selection of Practice Unit (Phase wise)	Level I	Level II	Level III
2003-2005	2016	Phase 1	223	1509	2718
2005-2007	3798	Phase 2	284	1269	97
2007-2008	1647	Phase 3	460	1084	-
2008-2009	1680	Phase 4	732	962	-
2009-2010	1106	Phase 5	1087	257	-
2010 onwards (Suo-motu)	435				
Grand Total *	**10682**	**Total**	**2786**	**5081**	**2815**

Position Regarding Peer Review Reports

Statistics as on	Reports received (Final/ Qualified)	Peer Review Certificates issued	Follow up Review recommended	Reports to be Considered by the Board/Incomplete Reports
Grand Total *	**6043**	**5608**	**392**	**43**

Second Cycle of Review

Stage	PUs Selected/ Reviewers names intimated	Reviewers selected by PUs	Reviewers consented	Reviewers yet to give consent	Final reports Received	Peer Review Certificates issued
Level I	**573**	**367**	**348**	**19**	**226**	**214**
Level II	**560**	**304**	**267**	**37**	**167**	**137**

***As on June 2012**

Number of Trained Reviewers – 4413

The total number of Training Programmes organized - 117

5.21 Professional Development Committee

The Professional Development Committee was set up in the year 1962 as a non-standing Committee by the ICAI. The Committee is one of the most vibrant Committees of the ICAI which has always been making vigorous efforts towards exploring, and making available ample opportunities for the members of the ICAI in different sectors of the economy. It determines the professional development needs and identifies issues and other areas, which can impact the profession. In order to achieve this, Committee has been striving to generate more professional opportunities for the members of the ICAI by exploring/ pursuing new/ existing areas where the professional skills of the members could be utilized in a productive and fruitful manner. The Committee has also made considerable efforts to ensure that equitable opportunities are available to all members of the profession. Apart from exploring unchartered territories in the professional development, the Committee strives to strengthen the communication process with multitude of users across the different sections of the society and educate them about the role of Chartered Accountants. With a view to enhance skill sets of Chartered Accountants in the existing and new areas, it also organizes seminars, workshops on contemporary areas of interest.

For the year 2011-12, Reserve Bank of India had proposed to carry out changes in allotment of Bank Branch Audits of the Public Sector Banks by raising the minimum threshold (advances) limit of branches which will not be subject to audit by statutory auditors from Rs. 3 crores to Rs. 20 crores on an annual basis. The President and the Council were fully seized of the matter and proactive steps were taken to engage the Government and appropriate authorities i.e. Ministry of Corporate Affairs and Ministry of Finance in a dialogue. Considering the merit in the case made out by us, the Ministry of Finance decided to get all branches of Public Sector Banks with advances of Rs 6 crores or above and one third of the rest of the branches audited for the year 2011-12.

The Committee took many initiatives during the year, like holding meetings with different officials of Ministry of Finance, in different government departments, regulatory bodies etc. Besides meetings, the Committee organized seminars and workshops with the objective of improving the skills of the members, keeping them abreast of the niche areas, newer rules & regulations and bringing members and regulators closer to each other.

The Portal for CA Networking and consolidation, which is available at the link www.canet.co.in continues with its initiatives to provide a platform to Chartered Accountants to network with the people who share similar ideas, goals and visions and who complement strengths of participants of the Network.

The Committee's Knowledge Portal www.pdicai.org continues to provide its services to the members with timely and essential information on professional opportunities in different sectors to the members.

One of the major achievements/ endeavours of the Committee during the year is the submission of Report to Shri Kapil Sibal, Hon'ble Union Minister of Human Resource Development on Implementation of Accounting Standards in Educational Institutions of Department of Higher Education, Ministry of HRD. Following the acceptance of the report, Ministry of HRD had organized a meeting of Financial Advisors of all centrally funded technical institutions wherein ICAI gave a presentation on conversion to accrual basis of accounting, fund based accounting, the specific accounting standards applicable to educational institutions and the way forward. Further, UGC convened a meeting of the Registrar and Finance Officers of the Central Universities for Conference – consultations on implementation of new accounting standards issued by ICAI wherein ICAI gave a presentation about the modalities for the implementation of accounting system.

To explore more professional avenues, representations were sent various Government authorities and meetings were held with various authorities with the objective to explore more professional avenues and to focus on the untouched areas in the existing avenues.

To ensure equitable professional opportunities and to provide opportunities to its members, various authorities/ organisations were provided with the panels of Chartered Accountants/ firms.

In its endeavour to consider ways and means to provide specific assistance in improvement of skill and talent of our members, the Committee organized various Conferences, Seminars, Workshop and training programmes during the period.

5.22 Committee on Public Finance & Government Accounting

ICAI through its Committee on Public Finance & Government Accounting is focusing in the areas of financial reporting, accounting, auditing and is also laying emphasis on issues on Public Finance and Government Accounting and is thus striving to create resources/outcomes of utility to society at large. The Committee is involved with activities contributing towards nation building by providing assistance to Central and State Governments to develop effective mechanism for financial administration and management of public fund. The Committee also strives to provide awareness to all stakeholders including employees, media, NGOs and society at large about the benefits and necessity of accounting reforms in Government sector for addressing the issues of transparency, good governance and for meeting challenges posed by consumer activism, citizens rights and RTI etc.

The principal objectives of the Committee are:

- To review, analyze, recommend and suggest measures to the Local, State & Central Government, PSUs and other organizations in policy assessment, planning and execution in public finance, reforms in government accounting system and maximizing public fund's utility to augment and vitalize economic growth for end beneficiaries.
- To provide training within the Government bodies, to evolve methods which would enable in use of present day information technology in assisting the accounting reform process, collaboration and coordination with the Comptroller & Auditor General of India and Controller General of Accounts to bring improvements in the framework of government accounting system.
- To suggest to the Central and State Government the means and ways which would assist in widening the tax base & in better administration of the revenue collection, improve MIS, budgetary control mechanisms, and enhance accountability and transparency.
- The Committee also strives to undertake capacity building measures for the profession to enable the profession to assist the Government in the process of implementation of government accounting and public finance reforms.

The Action Plan of the Committee for the year 2012-13 are:

1. To develop policy, projects and frameworks that streamline processes and reflect a modern public sector approach in public finance and government accounting
2. To prepare approach paper and road map for accounting reforms and to evolve strategy for the reforms. For this, sub-group under the Committee would be formed.

The said groups would also collaborate with CGA, C&AG and other Government bodies. The approach papers would become the basis for discussions with the CGA, C&AG and other Government Bodies.

3. To respond to the requests from agencies for advice and assistance in a professional and timely manner
4. To promote research in collaboration with State and National level bodies in the areas of public finance and government accounting
5. To organize meetings with the Government Accounting Standards Advisory Board (GASAB), CGA and C&AG for working out the modalities to carry out the Government Accounting Reforms
6. To organise interactive meetings with public functionaries and policy makers for exchange of more technical and viable inputs for the development of the Committee
7. To interact with IFAC, CAPA, SAFA, universities, research and training institutes including UNO, World Bank, ADB, Ford Foundation, Canadian International Development Agency, DFID and to forge linkages within and outside the country for undertaking collaborative research and exchange of information and publications
8. To undertake research and encourage research by others in support of the development of financial reporting standards
9. To provide assistance to Central and State Government to develop effective mechanism for financial administration and management of public fund
10. To come out with e-newsletter, publications and research materials on public finance and government accounting.
11. To undertake and organize training course, seminars, workshops and policy dialogue with a view to enhance understanding of issues concerning public finance and government accounting
12. To develop a communication plan that informs our stakeholders about our role as a source of expert guidance

The major initiatives of the Committee during the year included organising of various training programmes, workshop, conferences, awareness programmes and launch of Study Report on 'Accounting on Food, Fertilizers & Oil Subsidy' and Publication on 'Fiscal Responsibility and Budget Management Act : A Review of the Performance of Enacted States'.

5.23 Research

Research Committee is one of the technical committees of the ICAI. This Committee was constituted as a non-standing Committee by the Council as early as in the year 1955 with a view to undertake research activities to further improve the quality of services rendered by the profession.

The Committee publishes Guidance Notes, Technical Guides, Monographs, etc., to provide guidance on application of accounting principles as enunciated in Accounting Standards as well as general guidance in areas in respect of which Accounting Standards have not been issued. It undertakes research on contemporary subjects.

The Committee conducts the prestigious annual competition, 'ICAI Awards for Excellence in Financial Reporting', with a view to improve and encourage the presentation of financial statements. The winners are selected, in various categories through a robust process involving three tier evaluation by the technical evaluators, shield panellists and finally, Jury comprising eminent persons representing wide ranging interests of users of financial statements.

5.23.1 Achievements of the Committee

The Committee published a 'Study on manner of IFRS Implementation in EU and Current Status of IFRS Implementation in select countries' in the month of August, 2011. This Study brings out the reason and background for adoption of IFRSs by various members states of EU and its current status. The study also covers select other countries like Australia, Canada, Brazil and provides an insight into the processes adopted for IFRS implementation by these countries.

5.23.2 Important Projects in Progress

The Committee has various other projects at different stages. These are listed below.

a. Revised Guidance Note on Accounting for Oil and Gas Producing Activities

The Guidance Note on the subject was originally published in the year 2003 and with the technological and other innovations and changes in the regulatory and other environments, need was felt for revision. The study group has submitted its report and meetings with the industry representatives have been held to discuss the report.

b. Guidance Note on Accounting Issues in Telecom

Owing to global developments in the field of telecom and considering the complexities in accounting involved in the sector, the project involves identification of specific issues and providing guidance on accounting thereon.

c. Technical Guide on Accounting Issues in Retail Sector

Retail sector has emerged lately as the fastest growing sector of the economy. The concept of providing everything from grocery to vegetables to electronic items under single roof has caught the fancy of Indian consumer in a big way and so also the need to provide guidance on complex accounting issues involved therein. Meetings have been held with the industry representatives and issues have been identified.

d. Technical Guide on Accounting for Films and Related Talent in Entertainment Sector

The Entertainment Sector has noticeably been the high growth rate sector with the entry of corporates in this sector and recognition of it as "industry" for various purposes by the Government. Meetings with the industry representatives have been held and the key issues where guidance is necessary are identified.

e. Study on Varied Accounting Policies followed for Accounting of Financial Instruments by Listed Companies in India

Accounting Standards 30, 31 and 32 issued by the ICAI for accounting of financial instruments are recommendatory at present. At the same time, there are wide variety of instruments under use and the perception is that there are diverse accounting practises. The study seeks to identify the accounting policies adopted by entities to recognise, present and disclose transactions in and information in this regard.

5.23.3 ICAI Awards for Excellence in Financial Reporting for financial year 2010-11

Record number of 222 entries participated across the sixteen categories in which the competition was conducted for 'ICAI Awards for Excellence in Financial Reporting' for the year 2010-11.

Jury was chaired by Shri A.K. Awasthi, Deputy C&AG cum Chairman Audit Board. Other members of the Jury who attended the meeting were Shri A.K. Purwar, Chairman, India

Venture Advisors Pvt. Ltd & Former Chairman, SBI, CA. Anand Rathi, Chairman, Anand Rathi Group, Former President, Bombay Stock Exchange & Former Central Council Member, ICAI, CA. B.A. Prabhakar, CMD Andhra Bank & Former ED, Bank of India, CA. K.K. Maheshwari, Business Director, Pulp & Fibre Business, Aditya Birla Group & Wholetime Director, Grasim Industries Ltd, CA. Rakesh Jhunjhunwala, Leading Investor & Partner, Rare Enterprises, CA. Vallabh Bhanshali, Chairman, Enam Securities Ltd, CA. V.K. Chopra, Former SEBI Member & Former Chairman and Managing Director, Corporation Bank & SIDBI & Former Executive Director, Oriental Bank of Commerce and Shri M. Ramaprasad, Member (Non-Life), IRDA.

Awardees for the Year 2010-11

Category		Award	Name of the Entity	Annual Report and Accounts for the year ended
I	***Public Sector Banks***	Gold Shield	Decided not to give any Gold Shield in this category	--
		Silver Shield	Decided not to give any Silver Shield in this category	--
		Plaque for Commended Annual Report	Bank of Baroda	March 31, 2011
II	***Private Banks*** *(including Cooperative banks)*	Gold Shield	HDFC Bank Ltd.	March 31, 2011
		Silver Shield	Yes Bank Ltd.	March 31, 2011
			Kotak Mahindra Bank Ltd.	March 31, 2011
III	***Foreign Banks***	Decided not to give any award in this category		
IV	***Insurance Sector***	Gold Shield	Birla Sun Life Insurance Company Ltd.	March 31, 2011
		Silver Shield	SBI Life Insurance Company Ltd.	March 31, 2011
		Plaque for Commended Annual Report	HDFC ERGO General Insurance Company Ltd.	March 31, 2011
V	***Financial Services Sector*** *(other than Banking and Insurance)*	Gold Shield	Shriram Transport Finance Company Ltd.	March 31, 2011
		Silver Shield	Infrastructure Development Finance Company Ltd.	March 31, 2011
		Plaque for Commended Annual Report	GRUH Finance Ltd.	March 31, 2011
VI	***Manufacturing Sector*** *(Turnover equal to or more than Rs. 500 crore)*	Gold Shield	Dr. Reddy's Laboratories Limited	March 31, 2011
		Silver Shield	Hindustan National Glass & Industries Ltd.	March 31, 2011

		Plaque for Commended Annual Report	Carborundum Universal Limited	March 31, 2011
			Bajaj Auto Ltd.	March 31, 2011
VII	***Manufacturing Sector*** *(Turnover less than Rs. 500 crore)*	Gold Shield	Tilaknagar Industries Ltd.	March 31, 2011
		Silver Shield	Wendt (India) Ltd.	March 31, 2011
		Plaque for Commended Annual Report	Symphony Limited	June 30, 2010
VIII	***Infrastructure & Construction Sector*** *(excluding power sector and ports) (Turnover equal to or more than Rs.500 crore)*	Decided not to give any award in this category		
IX	***Infrastructure & Construction Sector*** *(excluding power sector and ports) (Turnover less than Rs.500 crore)*	Decided not to give any award in this category		
X	***Service Sector*** *(other than financial services sector, transport, shipping and shipping/port allied services) (Turnover equal to or more than Rs. 500 crore)*	Gold Shield	Tata Consultancy Services Limited	March 31, 2011
		Silver Shield	Persistent Systems Limited	March 31, 2011
		Plaque for Commended Annual Report	Crisil Ltd.	December 31, 2010
			Wipro Ltd.	March 31, 2011
XI	***Service Sector*** *(other than financial services sector, transport, shipping and shipping/port allied services) (Turnover less than Rs. 500 crore)*	Gold Shield	Nucleus Software Exports Limited	March 31, 2011
		Silver Shield	Decided not to give the Silver Shield	--
		Plaque for Commended Annual Report	Decided not to give the Plaque	
XII	***Transport, Shipping, Ports and Shipping/Ports Allied services***	Decided not to give any award in this category		
XIII	***Power Sector*** *(includes generation, distribution,*	Gold Shield	Decided not to give the Gold Shield	--
		Silver Shield	Decided not to give the Silver Shield	--

	transmission, renewable energy etc.)	Plaque for Commended Annual Report	The Tata Power Company Ltd.	March 31, 2011
XIV	***Not-for-Profit Sector***	Gold Shield	The Akshaya Patra Foundation	March 31, 2011
		Silver Shield	Decided not to give Silver Shield	--
		Plaque for Commended Annual Report	HelpAge India	March 31, 2011
XV	***Local Bodies***	Decided not to give any award in this category		
XVI	***Agricultural Sector***	NIL		

5.24 Vision & Perspective Planning Committee

The Vision and Perspective Planning Committee is striving to recognize areas of thrust by taking into account the emerging developments nationally and internationally which have possible bearing on the areas carved out for the profession factoring in the changing market dynamics and external forces which may challenge the existing functional profile.

Significant Achievements and Initiatives: 2011-12

For the year 2011-12, significant initiatives and achievements of the Committee are mentioned below:

- A report has been submitted on the "Emerging Regulatory Regime" after studying all the regulatory reports which have raised challenges in front of the profession and come out with 10 major recommendations to incorporate in the work plan of the ICAI. The recommendations made under the report aims at preparing accounting professionals in the emerging milieu along with better governance within ICAI and revitalizing trust on the services being provided by Chartered Accountants among various stakeholders in the society.
- A Concept paper has been drafted on introducing a "Course for Charity and NGO Accounting" by the ICAI in view of the growing role of NGOs in India, its essential to govern them for better financial management and governance.
- The Committee has released the ICAI Vision – 2030 with Strategic Direction Plan for the coming 3 years at the Annual Function on 11th February, 2012 which looks ICAI as a world's leading accounting body by 2030. This document has redefined ICAI Vision with an aim to harness the opportunities and address the challenges presented by the rapidly changing environment so that, **by 2030, ICAI becomes:**

> World's **leading accounting body,**
> a regulator and developer of **trusted and independent professionals** with
> **world class competencies**
> in accounting, assurance, taxation, finance and business advisory services

- Special Meeting of Council members for Strategy formulation was held wherein more than 223 action points were identified for developing the ICAI Vision – 2030 and were forwarded to respective Committees to suitably incorporate in their Committee's work programme.
- The Committee also assisted and formulized the framework for allowing Overseas Citizens of India, to pursue the Chartered Accountancy profession in India which has

been submitted to the Ministry of Corporate Affairs for their consideration as per the announcement made by Prime Minister on Bhartiya Pravasi Diwas in January, 2008.

- A sub-group under the Committee is working on "Review of FATF Standards – Preparation for the 4th Round of Mutual Evaluation - Second Public consultation". Under the current report accounting profession under the DNFBPs is being covered under the AML/CFT provisions under the Risk Based approach. It is mandated to undergo in-depth study and examine its wider implication to the accounting profession.
- The Vision and Perspective Planning Committee and Public Interest Advisory Committee along with Financial Intelligence Unit (FIU) had organized a Joint workshop on "Addressing the Risk of Money Laundering and Terrorist Financing" on 30th June, 2012 at Mumbai. The workshop attracted the attention of 50 participants from the level of CFOs, Director (Finance), Senior Managers, Compliance Officers from Insurance, Banking, financial services and allied sectors. This workshop was first of its kind aimed for knowledge dissemination amongst the finance Professionals on Money-laundering.
- This Committee and Public Interest Advisory Committee had organized an Orientation programme for Media Professionals on 1st-2nd May, 2012 and 30th June, 2012 at New Delhi and Mumbai respectively. The programme was divided into three technical sessions. The programme witnessed a gathering of about 50 media professionals comprising of editors, correspondents, reporters etc. from newspapers, magazines, electronic and online media. Media professionals from The Times of India, Economic Times, CNBC TV 18, The Hindu Business Line, Bloomberg UTV etc. attended the programme. The programme was organized with the objective of making media fraternity aware of the evolving Accountancy/ Financial Services sector in the country, knowledge dissemination on financial management & regulatory policies, to enable the media professionals to comprehend the financial matters/policies in toto, and report it in a simplistic nature for the understanding of the common man.

5.25 Ind AS (IFRS) Implementation Committee

The ICAI has always taken proactive measures to promote a sound financial reporting system in the country. Currently, more than 120 nations and reporting jurisdictions permit or require the use of IFRS. The ICAI, in 2007 decided to converge with International Accounting Standards (IAS)/ International Financial Reporting (IFRS) issued by International Accounting Standards Board (IASB), which are increasingly recognised as Global Financial Reporting Standards. This initiative of ICAI was supported by the Ministry of Corporate Affairs.

In accordance with the above stated objective, the ICAI has formulated IFRS-converged Indian Accounting Standards (Ind ASs) and the same have been placed on the website by the MCA in, February 2011, after the recommendation of the National Advisory Committee on Accounting Standards (NACAS).

The task of ensuring smooth implementation of Indian Accounting Standards (Ind ASs) has been entrusted to Ind AS (IFRS) Implementation Committee of ICAI. Moving forward in this direction, the Committee has been making every possible effort to enhance the knowledge of members and other stakeholders for proper implementation of Ind ASs/IFRS.

The Committee is working to provide guidance to the members and other stakeholder by issuing Educational Materials on Indian Accounting Standards. An Educational Material contains summary of the respective Indian Accounting Standard and the Frequently Asked Questions (FAQ) covering the issues, which are expected to be encountered frequently while implementing the Standard. The text of Ind AS is also included as Appendix to make the Educational Material comprehensive. So far, three Educational Materials namely Educational Material on Ind AS 1, *Presentation of Financial Statements*, Educational Material on Ind AS 2, *Inventories* and Educational Material on Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* have already been issued. Draft Educational Materials on various Ind ASs, namely, Ind AS 10, *Events After the Reporting Period*, Ind AS 18, *Revenue*, Ind AS 101, *First-time Adoption of Indian Accounting Standards*, Ind AS 108, *Operating Segments* are at advanced stage of finalisation. Educational Materials on various other Ind ASs are being formulated. The Committee coordinates with the Accounting Standards Board of the ICAI with regard to various issues in Indian Accounting Standards converged with IFRS.

This Committee is also taking adequate steps to enhance the knowledge of the members and other stakeholders for proper implementation of IFRS-converged Indian Accounting Standards (Ind ASs) by conducting workshops, seminars and Certificate Course. In this direction, an extensive 100-hour Certificate Course on IFRS, is being conducted by the Committee in India and abroad to impart knowledge about Ind ASs/IFRSs with sufficient classroom training and e-learning facility to make the members competent in this era of IFRS. From April, 2011 to June, 2012, 39 batches of Certificate Course on IFRS have been conducted wherein a total of 1372 participants have undergone the class room training. Till 31st July, 2012, from out of 4065 members who have registered for the course, 4032 members have completed the classroom training. 1632 members have qualified the examination.

The Study Material on Indian Accounting Standards for Certificate Course on IFRS is being revised. Volume I of this Study Material has already been issued.

The Committee is also conducting workshops and seminars on IFRS/ Ind ASs to create awareness amongst the members and other stakeholders. In this regard, from May, 2010 to September, 2011, all India chain workshops on Indian Accounting Standards was conducted in collaboration with the MCA. Under this programme, 39 workshops were organised in various cities of the country to equip the concerned stakeholders with the essential knowledge of IFRS converged Standards. More than 2000 members were trained in these workshops. A 3-days workshop on IFRS has been conducted for the mid and senior level officers of Central Warehousing Corporation, wherein 37 officers have participated and trained on various Standards.

In addition to above, as per its Terms of Reference, the Committee would interact with Central Government, State Governments, and other national and international bodies on IFRS converged Indian Accounting Standards with regard to implementation related issues. The Committee would also deal with industry-specific issues involved in implementation of Ind ASs.

5.26 Public Relation Activities

During the year, the Public Relations activities saw an increased interaction with Media, within the ICAI, with its members, branches and regional offices. Some of the important activities undertaken by the PR division include the following:

- The ICAI celebrated its 63rd Foundation Day function on July 1, 2011. The then Governor, Madhya Pradesh, Hon'ble CA. Rameshwar Thakur, the then Union Minister of Corporate Affairs, Hon'ble Shri Murli Deora, the then Deputy Chairman, Rajya Sabha, Hon'ble CA. K. Rahman Khan, Hon'ble Minister of State for Corporate Affairs, Shri R.P.N Singh, the then Secretary, Ministry of Corporate Affairs, Shri D.K. Mittal attended the function. The function was widely covered by the media.

- The International Conference titled "Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth" was organized in Chennai from January 6-8, 2012. The then Finance Minister of India, Hon'ble Shri Pranab Mukherjee, Hon'ble Union Minister of Corporate Affairs, Dr. M. Veerappa Moily and the then Deputy Chairman, Rajya Sabha, Hon'ble CA. K. Rahman Khan attended the Conference. The Conference was attended by 2000 delegates from India and abroad. The whole event was given wide coverage in the media.
- The Campus Placement Programme organized by the Committee for Members in Industry of the ICAI in February-March, 2012 was widely covered by the media and the top salary packages offered to the new Chartered Accountants all over India were highlighted.
- The Media interactions increased through one to one interviews, constantly apprising the media of the latest developments regarding the curriculum, profession, introduction of new courses, new guidelines for CAs, visit of foreign delegations, other activities and events etc.
- The potential and scope of Chartered Accountancy Profession in today's dynamic context was promoted by way of articles as well as through interactive meetings/releases issued to the press at national/ regional level and through various TV Channels.
- Logistic support was provided to various departments within the ICAI, to the regional Offices and Branches with a view to develop communication link between the ICAI and its offices/related organizations.
- As part of the PR exercise, appropriate coverage was organised in print and electronic media to different Seminars /Programmes /Events of the ICAI.
- The press and media continues to be apprised of the emerging developments in the profession through constant interactions and in particular after each of the Council meetings.

6. INTERNATIONAL AFFAIRS COMMITTEE

Positioning Brand "Indian CA Globally"

The International Affairs Committee continued its endeavour to provide a strong interface to Indian members for recognition of professional opportunities abroad and this was inter-alia intended to be achieved through rendering technical support to the countries by way of formal accountancy infrastructure recognition of ICAI qualification abroad presenting Institutes' view point through its nominees on International Forums and important conferences /seminars. The ICAI Chapter abroad continue to play a lead role in achieving the said mandate of the Institute. Further, Government delegations led by Hon'ble Minister and Secretary, Ministry of Corporate Affairs, Government of India to Dubai, Abu Dhabi, Australia and Japan were helpful in sharing emerging global perspective on issue of economic/global significance.

6.1 MoU/MRAs

Taking globally the mission of Indian Chartered Accountancy profession in this era of globalisation, the ICAI has signed MoUs and MRAs with various accounting bodies of the world.

6.2 MoUs/MRAs entered into by ICAI before April 2011

The Institute of Chartered Accountants in England and Wales

The ICAI signed a Memorandum of Understanding (MoU) with The Institute of Chartered Accountants in England & Wales (ICAEW) on November 20, 2008. The MoU would provide for mutual Recognition and Examination arrangements for the members of the two largest Institutes of the world.

CPA Australia

The ICAI and CPA Australia Ltd, signed Mutual Recognition Agreement (MRA), on February 03, 2009 to recognize the qualification, training of each other and admit the members in good standing by prescribing a bridging mechanism.

The Institute of Chartered Accountants in Australia

The ICAI signed a Memorandum of Understanding (MoU) with The Institute of Chartered Accountants in Australia (ICAA), on principles of reciprocity on July 03, 2009.

CPA Ireland

The ICAI signed an MRA with CPA Ireland on September 08, 2010. The agreement would allow members of ICAI and CPA Ireland to recognize each other's qualification.

Canadian Institute of Chartered Accountants

The ICAI signed a Memorandum of Understanding with the Canadian Institute of Chartered Accountants for reciprocal membership arrangements on February 07, 2011. This agreement would facilitate mobility of members across the borders and further strengthen the ties between India and Canada.

6.3 MoUs/MRAs entered into by ICAI from April 2011 to June 2012

The ICAI renewed Memorandum of Understanding with the College of Banking and Financial Studies, Oman on May 27, 2011. Under the MoU, CBFS shall sponsor and facilitate the working of the Chapter of the ICAI at Muscat to undertake professional developmental activities and training programmes for the benefit of accountants of all nationalities domiciled or residing in the Sultanate of Oman, and in that process assist the CBFS. The ICAI shall provide assistance and support to CBFS in capacity building of Omani Nationals in Finance, Accounts, Auditing, IT, Corporate Governance and allied areas under the MoU.

The ICAI signed Memorandum of Understanding with the Association of International Accountants, UK on January 07, 2012 coinciding with the International Conference 2012 at Chennai. This MoU is in addition to the MoU which ICAI signed with the Institute of Chartered Accountants in England & Wales on November 20, 2008. The two bodies wish to work together to develop a mutually beneficial relationship in the best interest of members and their organizations. The MoU entails coming together of the two Accounting bodies working in tandem with each other to provide a synergy.

The ICAI signed a bilateral co-operation with the Institute of Chartered Accountants of New Zealand during the sidelines of the CAPA Meeting held in Beijing from May 30, to June 02, 2012. The ICAI signed a MoU with the New Zealand Institute of Chartered Accountants on August 08, 2012 for recognition of members at either end to herald a new dimension for business globally.

6.4 Details of ICAI candidates registered and candidates registered with ICAI under MoU/MRA

(A) Details of ICAI candidates registered under MoU/MRA as on March 31, 2012

Name of the Institute	Registered	Appeared in the Examination	Passed the Examination
The Institute of Chartered Accountants in Australia	266	123	92
CPA Ireland	4	1	1
CPA Australia	977		560 members advanced from ASA to CPA/ FCPA 301 members are at ASA level
The Canadian Institute of Chartered Accountants	107	45	6
The Institute of Chartered Accountants of England and Wales	Information being collected		

(B) Details related to the candidates registered with ICAI under MOUs/MRAs as on March 31, 2012

Name of the Institute	Registered	Passed the Examination
The Institute of Chartered Accountants of England and Wales	2	1
CPA Australia	7	2
The Canadian Institute of Chartered Accountants	1	0

6.5 Delegations that visited ICAI during April, 2011 to June, 2012

- Visit of Mr. Goran Tidstorm, IFAC President and Mr. Ian Ball, IFAC Chief Executive to ICAI on July 29, 2011
- Visit of delegation from Ministry of Finance, Bhutan on July 14, 2011
- Visit of Japanese Delegation to Bangalore, India for Indo-Japan Forum on August 03, 2011
- Visit of Mr. Tan Boen Eng, Council Member, ICPAS, Ms. Regina Tan, Ministry of Trade & Industry & Ms. Janet Tan, Executive Director, ICPAS
- From Singapore on August 02-03, 2011
- Visit of Prof. Arnold Schilder, Chair, International Audit and Assurance Standards Board (IAASB of IFAC) and Mr. Jim Sylph, Executive Director, IFAC from IAASB to New Delhi, India on November 20-23, 2011
- Meeting of the Emerging Economies Group (EEG Group of IASB) at New Delhi, India on 19th-20th December, 2011
- Visit of delegation from Chartered Alternative Investment Analyst Association (CAIA) on February 29, 2012
- Meeting with the Development Director from The ACT on March 15, 2012
- Meeting with Mr. Justin West, Head of New Business Opportunities, The Institute of Chartered Accountants of England and Wales on 9th April, 2012

6.6 Events/conferences held during the period April 2011 to June 2012

- Conclave of trade officials of Missions in India on 11th July 2011 at Vigyan Bhawan, New Delhi
- International Conference on the theme on "Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth" during the period 6th-8th January, 2012 at Chennai Trade Center, Chennai
- MOSAIC First Steering Committee Meeting on 22nd February, 2012 at Jaipur
- 20th meeting of SAFA Board held on 14th March, 2012 at New Delhi

7. OTHER ACTIVITIES

7.1 Human Resource Development

The effective performance of an organisation depends upon the quality and competence of its human resources. Towards this, the ICAI not only continued to focus on retaining its high performance work force, but also initiated steps to attract the best and the brightest talent. Recognizing also the fact that training is the backbone for enhancement in the level of competence and personality development, continued emphasis was laid on participation in training programmes, courses organized within and outside the premises of the ICAI.

Training Programmes – April, 2011 onwards

S. No.	Date of Programme	Duration (Days/ Hours)	Title	No. of Participants	No. of man hours (= No. of participants x No. of days trained x No. of Hours each day)
Delhi Office					
01.	14.10.2011	3 hours	Half Day Workshop on motivation and related areas	40	40 x 3 = 120 hours
02.	21.10.2011	3 hours	Half Day Workshop on motivation and related areas	15	15 x 3 = 45 hours
03.	21.10.2011	1 day	Excel Training Workshop	35	35 x 1 = 35 hours
04.	24.10.11	2 hours	HR Workshop on Financial Planning and related areas	43	43 x 2 x 1 = 86 hours
05.	03.11.2011	1 day	HR Workshop on Professionalism and Team Spirit in collaboration with SEBI	65	65 x 1 = 65 hours
06.	24.11.2011 to 27.11.2011	4 days	Orientation Programme organized by M&SS Section at Centre of Excellence, Hyderabad	23	23 x 4 x 8 = 736 hours

07.	03.02.2012	1.30 hours	Screening of documentary film on The Global Economic Crisis of 2008	20	20 x 1.30 = 30 hours
Mumbai Office					
01.	6.07.2012 & 7.07.2012	2 days	Staff Training Programme at KJ Somaiya Institute of Management Studies & Research	6	6 x 2 x 8.30 = 102 hours
02.	23.07.2012	2 hours	Business Seminar on Doing Business with Indonesia and Invitation to visit Trade Expo Indonesia 2012	4	4 x 2 = 8 hours
Chennai Office					
01.	04.08.2011	3 hours	Professional Etiquette	34	34 x 3 = 102 hours
Kanpur Office					
01.	24.11.2011 to 27.11.2011	4 days	Preparation of Manual and Work Procedures	7	7 x 4 x 8 = 224 hours
02.	15.12.2011	3 hours	Soft Skills and query handling	41	41 x 3 = 123 hours
			Total		1676 hours

Aiming at future sharpening the skills and knowledge and also bringing attitudinal changes for providing quality services to members, students and others concerned, various structured training programmes on different topics were organized in the headquarters in Delhi as well as in regional offices.

In its quest to attract the best and the brightest talent, time-scheduled recruitment drives with focus on faculty/ academics were successfully undertaken during the period under report.

Further HR Initiatives aiming at grievance redressal, timely counselling, enhanced facility management etc. taken during the period under report include, better and quality work environment, weekly departmental meetings, periodic employee counseling, together with grievance seeking and hardship mitigating steps.

7.1.1 Reconstituted HR Group to finalise various HR issues raised/ references received from concerned quarters

The reconstituted HR Group held five meetings during the report period. The convenor of the Group has been requested to recommence the tasks being addressed by the Group and arrange to submit the report.

7.1.2 Engagement of M/s. MERCER for ICAI HR Transformation and Development Systems

Pursuant to the Executive Committees' approval for engaging HR Consultants, M/s Mercer has been engaged for ICAI HR Transformation and Development Systems which would also include HR Project Planning and Organisation Diagnostic, Role Clarification, Design of Communication Plan and Training for HR Line Managers etc.

The aim of the exercise is to put the best practices elsewhere in the ICAI's context in so far as; they are relevant for ICAI work programme. Further, the existing practices within the ICAI would be compared with the practices prevalent in the similarly placed organisations for bench marking for betterment of the institutional working and employee morale. The role of the Consultant will not only to give a Report but also assist in the implementation of various recommendations.

7.2 Committee on Management Accounting

The Committee on Management Accounting undertakes the activities to inculcate the required knowledge of business strategy and risk management and develop the skill of decision making on crucial issues in the business process towards providing professional services to Indian industry to improve its operating efficiency and promote sustained growth.

To fulfil the above objective, the Committee conducts prestigious one year *Master in Business finance Certification Course* (MBFCC). The course extensively covers various topics of advanced financial management like financial markets, capital markets, capital budgeting, project financing, investment banking, fund raising, corporate valuation, mergers and acquisitions, portfolio management, banking, international finance, forex markets, treasury management, risk management etc. with an aim to provide knowledge and skill required for tomorrow's CFO and high end consultancy in finance.

During the period under report, the Committee started 2nd batch of the course at Delhi and Mumbai in July, 2011 and 3rd batch at Delhi, Mumbai, Chennai and Kolkata in January, 2012. Till 31st July, 2012, 993 members had enrolled for the course, out of which 172 members have already qualified. It may be noted that 515 members are undergoing the course, for which examination is likely to be held shortly. Following are major highlights of the course during the year:

1. About 200 participants got enrolled for the 2nd batch started at Delhi and Mumbai in July 2011.
2. Residential programme of this batch were organised in the month of August, 2011 and February, 2012 at Centre of Excellence, Hyderabad. Both the programmes were well attended and participants appreciated the contents coverage, delivery and facilities of Centre of Excellence, Hyderabad.
3. Evaluation Test for the Level 1 for 2nd batch was held in Month of November, 2011 in which total 63 students appeared at Delhi and 77 at Mumbai. The result of the same was declared and 57 students at Delhi and 58 at Mumbai were declared successful.
4. 3rd batch of the course was successfully launched during the month of January, 2012. With this batch, this course was first time launched at Chennai and Kolkata besides the Delhi and Mumbai. A total of about 300 participants got registered for this batch.
5. First Residential programme of the 3rd batch was organised during the month of July, 2012.

6. Evaluation Tests for the Level 2 and Level 3 of 2nd batch and Level 1 of 3rd batch were held in May/June 2012.
7. The Committee also strengthened the panel of faculties and experts through the advertisements in CA Journal, ICAI website and newspapers.

The Committee also publishes a quarterly journal 'Management Accounting and Business Finance'. The articles of the journal provide high quality of research findings and analytical observations on different issues of management accounting and business finance closely related to Indian industrial scenario.

7.3 Committee for Members in Entrepreneurship & Public Services

The Committee for Members in Entrepreneurship & Public Services was constituted last year to encourage and enhance the participation of CA members who are into Entrepreneurship or Public Services in the ICAI's activities. The objective of the Committee is primarily to recognize contribution of ICAI members in Entrepreneurship & Public Services to the economy as a whole and to factor in their vision and perspectives in the work program of ICAI. The Committee is working on the aspects realizing mutual benefit of such members as well as the other members of the ICAI; so as to create and enlighten additional opportunity areas for young Chartered Accountants and furthering the profession, *inter-alia*.

7.3.1 Conclave of ICAI Members in Entrepreneurship & Public Services organized between 1.4.2011 to 31.3.2012

During period under report, the Committee had organized two Conclaves of ICAI Members in Entrepreneurship & Public Services on 22nd September, 2011 and 24th January, 2012. First Conclave held on September 22, 2011 at New Delhi was inaugurated by CA. Piyush Goyal, Hon'ble Member of Parliament, Rajya Sabha. Justice CA. Rajiv Shakdher, Hon'ble sitting Judge of Delhi High Court presented Special Address at the occasion. More than 50 highly members of the profession who have established themselves as successful Entrepreneurs or are engaged in Public Services were present on the occasion. The list of such personalities present included CA. Tajendra Luthra, Joint Commissioner of Police (Special Branch), Delhi, CA. Raman Roy, Founder, Quattrro Global Services Pvt. Ltd, CA. S.S. Gupta (IAS), Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, CA. Sandeep Kumar Sultania (IAS), Vice Chairman & Managing Director, Andhra Pradesh Tourism Development Corporation Limited. During the Conclave, members of the profession deliberated upon the role of the ICAI in the context of Chartered Accountants opting for Entrepreneurship or Public Services.

Another such Conclave of ICAI Members in Entrepreneurship & Public Services was organized on 24th January, 2012 at Mumbai. The Conclave was inaugurated by CA. K. Rahman Khan, the then Deputy Chairman, Rajya Sabha. CA. Suresh Prabhu, Former Union Minister, Government of India presented the Special Address at the occasion. Many highly members of the profession in public service and entrepreneurship including CA. G.E. Veerabhadrappa, President, Income Tax Appellate Tribunal, CA. S.K. Solanki, Commissioner of Service Tax-1, Mumbai, among others, attended the event.

The Committee is also compiling a database of CA Members who are into entrepreneurship or public services. Till date, the Committee has compiled a database of around 125 CA Members who are into public services and 120 members who are into entrepreneurship.

7.4 Committee for Cooperatives & NPO Sectors

The Committee for Cooperatives & NPO Sectors was formed in the month of February, 2011 with the objective to strengthening these sectors which has significant amount of contribution in Indian economy and almost touches each of the citizens of the country in one way or another. During the year, the Committee decided to conduct Certificate Courses on Regulatory and Accounting aspects of NPO Sectors. Thus, its terms of reference was modified to that extent.

7.4.1 Programmes/ Seminar/ Conferences

The Committee organised a number of residential refresher course, seminars, workshops, conference etc. during the year.

7.4.2 Interaction(s) with the Ministry of Home Affairs

An interactive session with the Secretariat, Ministry of Home Affairs, Government of India, was held in April, 2011 on their invitation. The objectives of interaction were to sensitize Chartered Accountants about common irregularities/ discrepancies with reference to implementation of Foreign Contribution (Regulation) Act, 2010 and about financial, accounting and auditing issues of the non-profit organization sector. A presentation was made by ICAI on the basics of accounting for the NPO sector to follow, which was well appreciated.

7.5 Public Interest Advisory Committee

The Public Interest Advisory Committee, along with the Vision and Perspective Planning Committee organized a joint workshop with Financial Intelligence Unit (FIU-India) and Orientation Programme for media professionals at Mumbai and New Delhi. The details of the same have been covered in para 5.24 of the Report.

7.5.1 MoU with IICA

ICAI has entered into MOU with IICA for use of logistic facilities at their Manesar facility. The MOU embarks upon technical cooperation with IICA in areas of mutual interest and provides path-ways for possible collaboration in training of ICLS Officers, sharing of ICAI Centre of Excellence at Hyderabad and technical assistance in arranging mid career and specialized training programs for Company Law Officers and programmes to be undertaken for the banking sector by IICA; amongst others.

7.6 Moments of Pride for the Profession

It was a moment of pride for the profession, when the ICAI past-President, CA. Yezdi H. Malegam was conferred with the 'Padma Shri' by the Government of India. CA. Yezdi H. Malegam and CA. T.N. Manoharan were honoured at the 62nd Annual Function of the ICAI held on 11th February, 2012 at New Delhi. It was highly satisfying, inspiring and encouraging to see the contribution of one of our professional brethren being recognised at the highest echelon of Indian polity. A matter of great honour for the profession, it is the third occasion when a past President of ICAI has been honoured with this fourth highest civilian award of the country. The first two being, CA. R.K. Khanna and CA. T.N. Manoharan.

7.7 Project Parivartan - IT Governance Initiative of ICAI

Project Parivartan is a journey embarked on to bring about a paradigm shift in the working of the ICAI. The sole aim of "Parivartan" is to create a truly next generation virtual ICAI, brought about by IT transformation of the ICAI. It will provide students, members, government, stakeholders with a centralized digital platform to improve and optimize the interactions with the ICAI while ensuring high and improved turnaround in service times. ICAI will ensure complete visibility and accessibility to the information to the authorized end users ensuring its reliability and accuracy.

The areas that are covered under the project are as follows:

1. IT Infrastructure – Procurement, Implementation and Maintenance
2. Data Centre Co-hosting
3. Application Development

All IT Infrastructures (Servers, Networking devices and system software's, storage) required as part of this project have been procured and delivered successfully at out data centre co-hosting services location.

We have also finalized/ engaged two network service providers for MPLS VPN WAN connectivity which will be implemented across all offices of ICAI in phased manner over period of time.

The ICAI has also set up world class data centre at co-hosted location in Noida Phase-II and is in-progress of completing work at disaster recovery centre at co-hosted location in Bangalore for the purpose of business continuity.

Our application portfolio consists of 28 applications covering the entire student & members' lifecycle, ERP and other applications that will be used for operational efficiency. The applications are proposed to be rolled-out in a phased manner over period of time. We have completed requirements gathering for 10 applications and signed-off by end users, in-process of closing requirements for remaining applications. Four applications are currently under the UAT at Noida Sector 62. Further, software development is in process for around 8 applications.

M/s Infosys has been engaged for Program Management Office. Full time team of 12 officials has been specifically recruited to drive key initiatives along with our partners for System Integration.

7.8 Infrastructure Development

- Bhoomi pujan/ Foundation stone laying ceremony was held at Aurangabad, Bharuch, Erode, Guntur, J&K, Madurai, Mangalore, Pimpri-Chinchwad, Rajamahendravaram, Surat, Thrissur, Tirupur, Trichur and Varanasi branches.
- New premises were inaugurated at Ahmednagar, Bellary, Bhilai (auditorium), Coimbatore, Durgapur (auditorium), Erode, Kolkata, Madurai, Nashik (auditorium), Nellore, Rajkot and Sivakasi.
- Building construction was commenced at Kanpur for the Regional Office.

8. OTHER MATTERS

8.1 Annual Function of the ICAI

The 62nd Annual function of the ICAI was celebrated on February 11, 2012 in New Delhi. Hon'ble Union Minister of Corporate Affairs, Dr. M. Veerappa Moily was the Chief Guest. Prizes and medals to meritorious students in the examination conducted by the ICAI, Shield and certification of appreciation to the outstanding regional council and branches of the

ICAI, were given away at the said function. The media gave a wide coverage to the whole event. ICAI Vision – 2030 was also released on the occasion.

8.2 Celebrations of Chartered Accountants Day – 1^{st} July, 2012

With strong foundations in professional excellence, independence and integrity, the ICAI celebrated its 64^{th} Foundation Day on 1^{st} July, 2012, as 'CA Day'. Celebrations started with the hoisting of ICAI's flag at the ICAI headquarters by CA. Jaydeep N. Shah, President, CA. Subodh Kumar Agrawal, Vice President and Secretary, Shri T. Karthikeyan in the presence of a large gathering of Council members, Regional Council members and officials. In the evening, a grand function was organised where ICAI took stock of its growth and its services to the membership and other stakeholders in particular and the nation in general. Chief Guest, Past President, ICAI, CA. Ved Jain delivered a special address on *Recent issues in Direct Taxes.* The President shared his vision for the profession along with the initiatives being taken in the interest of membership as well as the nation.

8.3 Central Council Library

The Central Council Library is globally connected through Internet, fully computerized & operational. Library material including database of Books, Journals & Articles can be searched through Subject, Author, Title, Topic, Keyword, & Publisherwise. This record is available on Liberty Online Services www.icai.org under "Know your Institute – Central Council Library"- online search OPAC-Liberty for the books, Journals, articles etc. in the library. The services under the website are, self-explanatory. Some of these links such as list of online Journals, E-books, Articles from Chartered Accountants Journals and online database of Books, Journals and Articles in the Library, provide further search in the above online databases. One can even suggest new Books/Journals under "Suggest Books/Journal columns" for consideration by the ICAI. One may note that The "Accountants Browser" is an index of important/ Professional Articles with archives for last 15 years. Reference service is also provided to the Researchers & Scholars from different Universities & CPT Course Students as a special case. Noida Office of the ICAI & Vishwas Nagar Students library has also been provided with library facilities by the Central Council Library, along with nucleus Libraries provided to each Directorates of the ICAI and various Committees.

Besides above, the Library has installed a number of the databases in the Central Council Library premises and at various Departments to facilitate the search for required material by the students, Members, Faculties and the Research Scholars. A New Software – Liberty is acquired connecting the database of Central Council Library with all Regional libraries database. Central Council Library is also procuring necessary publication/ Books for the various Certificate courses offered by ICAI including a provision of publication/ Books for all Committees.

The Web Services are available on www.icai.org- Central Council Library.

Several online data base have been installed in the Library. Several online journals have been subscribed in the Library.

We are in a process of modernizing the Central Council Library by digitizing the maximum possible collection, subscribing E-Books, E-Journals and other online databases along with refurbishing the Central Council Library. The Articles in Accountants Browser are available for reference along with many E-Books with Text.

Library rules for Students, Members, Faculties, Staff etc have been done uniform through Libraries of ICAI.

8.4 Editorial Board

The Editorial Board is a non-standing Committee of the ICAI with a Mission to convey regularly to the members the professional knowledge, matters of interest of profession, matters relating to the ICAI and its activities and such other matters as deemed to be of educational/ professional value in a structured manner, through the journal '*The Chartered Accountant*'. The reach and impact of the Journal can be gauged by its circulation figure which stands at more than 226000 today, and its global readers include Chartered Accountants, allied professionals, CA Students and academic professionals from renowned national and international institutions.

A 'Brand Ambassador' of ICAI and the most visible indicator of the ICAI's profile for the members, students and external audiences, *The Chartered Accountant* today matches the global standards of professional Journals, be it content quality, in-depth topical coverage, interactive features, international standard layout/ design, paper quality, overall look and feel or greater reach. It is increasingly being recognised as one of the most reliable and reader-friendly tools of professional knowledge update, not only for the members but also for allied professionals, institutions and a cross-section of the economic world in India and abroad, if its readers' feedback is any indication.

The Chartered Accountant journal is also available online on ICAI website www.icai.org. Recently, the online journal has been transformed into a new hi-tech user-friendly e-magazine, which has taken the journal browsing experience to a new level where the reader gets a feeling as if he is browsing through the journal in hard copy, turning page after page. The latest technology has made our online journal more user-friendly and convenient by ensuring easy search, navigation, downloads, e-mail facility etc. Further, in the new version of e-journal, one can also 'Listen' the contents, besides making use of a range of other facilities. However, for the added and alternative convenience of readers, the journal continues to be hosted in the PDF format as well.

Surging ahead with its mission to keep the ICAI's members and other readers of *The Chartered Accountant* journal up-to-date on various subjects, emerging areas, aspects and challenges of the profession in today's age of fast-paced globalisation, the Editorial Board has established many a landmark during April, 2011 and 30th June 2012.

Following are the highlights of some significant achievements:

Contents and e-Journal

- **Wide range of topics covered:** From April, 2011 to June, 2012 issues of the journal, about 200 articles on various topics were published.
- **New Features:** Some new features like 'Tech for You', 'Inspiration,' 'Ind AS', 'Insurance', 'Outsourcing', 'Foreign Trade', 'World Trade Organisation', 'Capital Market' etc. were introduced in the journal. Existing features like 'From the President', 'Legal Update', 'National Update' and 'International Update' etc. were further upgraded to keep the members better informed.
- **Special Focus:** As part of ICAI overall efforts to keep the members up-to-date on matters related to the profession, the Board gave special coverage to '63rd Annual Function' of the ICAI and brought out the April, 2011 issue on Union Budget 2010-11. The May 2011 issue focused on 'Internal Audit' while June, 2011 issue specially covered the 'XBRL'. The August, 2011 specially focused on 'Social Audit and

Sustainability' and on articles by IRDA Chief Shri J. Hari Narayan and Director General in C&AG, Shri K.P. Sasidharan' while the September, 2011 issue was dedicated to the theme 'Information Technology'. The December 2011 issue focused on 'Valuation', January, 2012 issue specifically covered ICAI Corporate Forum-2011 event and February, 2012 issue comprehensively covered ICAI International Conference held in Chennai, and Significant Achievements of the ICAI during February, 2011 and January, 2012. The March, 2012 issue specially published a report on ICAI's 62nd Annual function held in New Delhi. The May, 2012 issue mainly focused on different aspects of accounting.

- **Major Highlights:** One major highlight of the year was July, 2011 special issue. In line with the tradition to celebrate 'CA Day' coinciding with the foundation day of the ICAI, the Board came out with a special issue of the journal for the month of July, 2011. Besides the routine features, this special issue included the invited articles from national and international Leaders of Accountancy Profession like President IFAC, President CAPA, CEO CPA Australia and Past Presidents of the ICAI. This special issue also highlighted the Messages given by the then President of India, Smt. Pratibha Devisingh Patil, Vice President of India Shri Hamid Ansari, the then Union Minister of Corporate Affairs Shri Murli Deora, the then Governor of Madhya Pradesh and Past President of ICAI CA. Rameshwar Thakur, the then Deputy Chairman of Rajya Sabha, CA. K. Rahman Khan and the Minister of State for Corporate Affairs Shri R.P.N Singh on the occasion of CA Day. The July issue also had exclusive features like 'Nostalgia' and 'Did You Know' column wherein interesting historical facts from the history of accountancy profession were highlighted. Other special features included 'Celebrations' and 'In-quotes'.

  Another highlight of the period of report was the April, 2012 issue which focused on various important aspects of Union Budget 2012-13. In all 13 budget-oriented articles invited from leading authors were published in the journal within a short deadline after presentation of the Budget on March 16, 2012.

  The May, 2012 issue specifically gave coverage to veteran leader CA. NKP Salve and his very rare photographs were also published as a mark of tribute to the departed leader.

- **In Conversation:** The Board revived the column 'Face 2 Face' (renamed as In-Conversation) in the journal and published interviews of inspiring personalities from Indian polity, industry and accounting profession. Under this column interviews/ speeches of International Federation of Accountants CEO Mr. Ian Ball and the then Secretary, Ministry of Corporate Affairs Mr. D.K. Mittal were published. The then Rajya Sabha Deputy chairman CA. K. Rahman Khan, Chairman of the Parliamentary Standing Committee on Finance Shri Yashwant Sinha and CBEC Chairman Shri S.K. Goel were also covered under this feature.

- **Action Plan for 2012-13:** An action plan for 2012-13 has been prepared, as part of which the overall Journal design and layout has been upgraded matching in line with established standards from July, 2012 issue. Other highlights of the Action Plan include 'developing a 'Style Sheet' of journal to bring in uniformity/ consistency in language. It will be a sheet summarising the editorial conventions to be followed in preparing text for publication. An 'Author's Panel/ Data Bank' will be developed with the objective of getting, on the first hand, quality articles written by experts respective fields.

- **Deterrent Action against Instances of Plagiarism:** In order to maintain and enhance the quality and credibility of the journal content, thorough checking of the articles at random was initiated to check the practice of plagiarism, noticed among some authors submitting articles for journal. A comprehensive anti-palgiarism policy has been prepared which is being considered by the Editorial Board.

- **Journal Highlights through e-mail:** For added and reach and convenience of members, the highlights of journal with live links of the contents are being emailed to all the members in PDF format. This initiative is aimed at enabling the members get to know the highlights of the journal in real time just at the click of a mouse instead of waiting for the hard copy of the journal to arrive.

Layout and Design

- The Cover Page of the journal has been redesigned and reoriented to arouse readers' interest from the first page itself. The Cover now focuses on quotes of inspiring personalities of Indian polity of the past and the present suiting different occasions.

- Layout-design and font type face of the entire journal were further upgraded to match international standards.

- The Masthead and basic template of the Cover and inside pages were further improved.

Other Initiatives

- **Online Feedback Survey:** An online 'Feedback Survey' was conducted regarding the journal as per the comprehensive plan to further improve upon the journal. The survey got about 1600 responses. The findings show that *From the President* (President Page) is the most-read and preferred feature followed by features *Circular/Notifications* and *Accounting*. On a question about desired new features in the journal, most of respondents wanted new 'Career/ Opportunities and Soft Skills' features/ sections to be introduced in the Journal. Maximum respondents stressed that opportunity in profession and its practical aspects should be given more space.

- **Complimentary List Upgraded:** As part of the brand building exercise and to deepen ICAI reach among the prominent personalities relevant to the profession, the complimentary list of the journal has been further revised as a continuing process, with a number of addressed updated, obsolete entries deleted and several new names having been added under various categories.

- **Members Convenience:** For added convenience of reading the journal, members were given option to get the copy of their journal at their residential addresses if they so desired.

- **Focused announcements for ICAI events in Journal:** With a view to give a more focused and objective coverage, the format of Events related announcements for publication in the journal has been revised.

- **DVD of Past Issues of The Chartered Accountant journal**
  In an important initiative to provide a single point reference window to the readers of The Chartered Accountant journal, the Editorial Board is bringing out DVD of past issues of the journal in two phases. In phase one, expected to be completed soon, a

DVD of last 10 years of the journal (July 2002-June 2012) will be brought out. In the second phase, a DVD of all the past issue of the journal since the start of its publication in 1952 will be brought out.

8.5 Amendment in the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988

8.5.1 Amendments in the Chartered Accountants Act, 1949

With a view to facilitate formation of limited liability partnership firm, the Parliament passed the Chartered Accountants (Amendment) Act, 2011. The said Act received the assent of the President of India on the 8th January, 2012 and has come into force from 1st day of February, 2012. The amended provisions of the Act permits the members and the firms to enter into partnership with members of such other recognised professions as may be prescribed.

The other amendments in the said Act submitted by the Council to the Central Government in December, 2012 includes, - strengthening the disciplinary mechanism of the ICAI, bringing the firms of chartered accountants to the disciplinary mechanism, empowering the Council to exercise disciplinary jurisdiction on the firms and enlarging the scope of award of punishment which includes financial fine and penalty. These amendments are under active consideration of the Central Government.

8.5.2 Amendments in the Chartered Accountants Regulations, 1988

As reported in the last Report, the Council submitted certain amendments in the Chartered Accountants Regulations, 1988 for approval of the Central Government. The Central Government has accorded its final approval to these amendments. The amendments so approved have been brought into force w.e.f. 1st August, 2012 and paved the way for the following:-

- Direct entry to the Chartered Accountancy Course for graduates and post-graduates with specified percentages of marks and Intermediate passed students of the Institute of Cost Accountants of India and the Institute of Company Secretary of India. The details in this behalf have been hosted in the website of the ICAI.

- Change in criteria for passing the Common Proficiency Test: For passing the Common Proficiency Test, the new provisions require a candidate to obtain at one sitting a minimum of thirty percent marks in each section and a minimum of fifty percent marks in the aggregate of all the sections. The provision for negative marks continues.

- Power to Council to amend the rules and syllabus for all the existing Post Qualification Courses.

- Introduction of Advance Course on Information Technology Training before admission to Final Examination.

- Charging the fee on percentage basis in the case of certain Management Consultancy Services, such as certain fund raising services, debt recovery services, services related to cost optimization and such other services as may be decided by the Council from time to time.

The full text of amendments have been notified in Part III – Section 4 of the Gazette of India, Extraordinary, dated 1st August, 2012 and these are also available on the website of the Institute.

9. MEMBERS

9.1 Membership

During the year ended 31st March, 2012, 21903 new members were enrolled by the ICAI bringing the total membership to 192513 as on 1st April, 2012.

During the year ended 31st March 2012, 2817 associates were admitted as fellows, in comparison to the figure of 2449 in the previous year.

Total Members as on 1.4.2012

Category of Members	Fellow (1)	Associate (2)	Total of Columns (1) and (2)
In Full Time Practice	56904	26340	**83244**
In Part-time Practice	3102	5141	**8243**
Not in Practice	11365	89661	**101026**
Total	**71371**	**121142**	**192513**

9.2 Convocation

Since November 2008, the ICAI has been organising Convocation to confer membership certificates on newly enrolled members. The Convocation is organized at each of five Regional Headquarters twice a year covering the period from March to August and September to February whereat membership Certificates are conferred to members admitted to the membership during the said period.

In this regard, for members admitted between April, 2011 and August, 2011, the Convocation was organized in January, 2012 and February, 2012 at each of the Regional Headquarters of the ICAI. For the members admitted between September, 2011 and February, 2012, the Convocation to be held shortly.

9.3 Chartered Accountants' Benevolent Fund

Established in December, 1962, the Chartered Accountants Benevolent Fund continues to provide financial assistance to needy persons who are or have been members of the ICAI and their dependents, for maintenance, their educational and medical needs etc. The financial and other particulars of the Fund are as follows:

Details of Membership

1. Total Life Members as on 31st March, 2011 = 102110
2. Total Life Members as on 31st March, 2012 = 108644
3. Total Additions of New Life Members (as on 31st March, 2012) = 6534
4. Total Financial Assistance given upto 31.03.2012 = Rs. 20,921,612

Details of Financial Particulars

	During the year ended 31st March, 2012 (Rs.)	During the year ended 31st March, 2011 (Rs.)
Total Assistance provided	20,921,612	20,855,500
Administrative Expenses	70,714	20,723

Surplus (Deficit) of the Fund	6,894,605	(3,765,059)
Balance of the Fund	1,231,037	5,663,568
Balance of Corpus	116,384,645	100,103,645

9.4 S. Vaidyanath Aiyar Memorial Fund

During the year ended 31st March, 2012, 60 scholarships of the value of Rs. 500 each per month are to be given to the students undergoing the Chartered Accountancy course. The number of life membership of the Fund increased from 3656 as on 31st March, 2011 to 4624 as on 31st March, 2012. The balance in the credit of the Fund was Rs.3,525,311 as on 31st March 2012 as against Rs. 2,337,975 as on 31st March, 2011.

9.5 Chartered Accountants Student's Benevolent Fund (CASBF)

The Fund was established in August, 2008 with the aim and objective to provide financial assistance, scholarships etc. to the students registered with ICAI. During the year ended 31st March, 2012, 262 scholarships of the value of Rs. 1500 each per month for one year in the form of financial assistance were given to the students undergoing the Chartered Accountancy course. The balance in the credit of the general fund was Rs.29,612,395 as on 31st March, 2012 as against Rs.17,361,063 as on 31st March, 2011.

10. STUDENTS

Brief about BOS

As far back as in September, 1954, the Council established a 'Coaching Board' to impart theoretical education to students registered for the Chartered Accountancy course. Such an agency was established as it was considered more effective way of catering to the needs of the students rather than relying on the system of recognizing private institutions.

To start with, registration for the theoretical training was voluntary. However, from 1956, it was made compulsory. Since then, any student registering as an articled or audit assistant (earlier, articled or audit clerk) was required to register himself as a student of the Coaching Board. Since the students for the course are scattered all over the country, uniformity was ensured through correspondence course conducted by the Coaching Board. Later on in 1977, the name of Coaching Board was changed to "Board of Studies". Today, the Board is solely responsible for the administration of the Chartered Accountancy curriculum imparting theoretical education to students undergoing Chartered Accountancy course.

With the adoption of distance-education mode by the ICAI since 1955 and successful implementation of the same for over five decades, the ICAI has emerged as a pioneer in this field. By undertaking this responsibility, it has ensured the highest quality and consistency by providing education material and other academic inputs from time to time at the most affordable prices. Through the adoption of model of integrating theoretical education and practical training, it has been able to facilitate the development of not only professional knowledge and skills amongst large number of students but also inculcate professional values, ethics and attitudes. The Board of Studies provides a comprehensive package of educational inputs to enable the students to prepare adequately for the examinations. In view of the large number of students scattered throughout the country as well as abroad, it aims to leverage technology and theoretical education through virtual mode for the benefit of students. It has established computer labs all over the country in which CA students are getting training in Information Technology. In order to equip students with the presentation skill and real life environment and to enhance their overall personality, the Board organizes Orientation Programme and Course on General Management and Communication Skills (GMCS).

The Board of Studies has also entered into Memorandum of Understanding with various universities enabling CA students to acquire BBA, B.Com, M.Com, MBA degrees. The Board also organizes a large number of National Conventions, Seminars and Conferences to update the students with the latest knowledge in different professional subjects.

Some of the significant achievements during the year are as follows:-

10.1 Accreditation Scheme
The number of Accredited Institutions as on 31st March, 2012 is 87, out of which 62 are for imparting coaching for Common Proficiency Text (CPT) and 25 for Professional Competence Course (PCC)/ Integrated Professional Competence Course (IPCC). The Board has revised the criteria and guidelines for accreditation of institutions for organizing Coaching Classes for the CA Course. The revised guidelines have been sent to the institutions already accredited to apply afresh under the new scheme.

10.2 Exhaustive revision in Hindi Study Material for IPCC & Final Course
On the basis of revised English study material, the study material of Final and IPCC Course in Hindi has undergone revision.

10.3 Suggested Answers
In order to facilitate and guide the students for better preparation for examinations, suggested answers for Professional Competence Course (PCC), Integrated Professional Competence Course (IPCC), Accounting Technician Course (ATC), and Final (New) Course Examinations held in May/June, 2011 and November/December, 2011 were printed well in advance and made available to the students. These suggested answers were also hosted on the website of the ICAI (with downloadable option, free of cost) before declaration of the results.

10.4 Revision Test Papers
The Revision Test Papers (RTPs) for PCC, IPCC/ATC and Final exams were published in time which enabled the students to prepare well for their examinations. These were also hosted on the web site of the ICAI with free of cost downloadable option.

10.5 Revision of Study Materials
As a part of continuous process of updating the knowledge of students, the contents of various study materials have been updated/ revised with incorporation of appropriate changes. The study material for IPCC along with the Practice Manuals of all the subjects was revised in July, 2011 followed by Taxation in November, 2011. Similarly the study material for Final Course along with the Practice Manuals of all the subjects was also exhaustively revised in January, 2012 while the study material and Practice Manual for DTL & IDTL were revised in November/December, 2011.

10.6 Digest of Select Cases
The digest of select cases in Direct and Indirect Taxes 2011 containing important cases in Direct and Indirect Tax Laws has been published in the Group 2 Revisionary Test Paper - May 2012 of Final Course.

10.7 Supplementary Study Materials in Taxation subjects
Supplementary study material in Direct and Indirect Taxes is an annual publication containing amendments made by the Finance Act with latest circulars and notifications issued during the year. Accordingly, the Supplementary Study Material relating to Taxation

for IPCC and Final Courses containing the amendments made by the Finance Act, 2011 and important notifications/ circulars issued between 1st May, 2010 and 30th April, 2011 and between 1st May, 2010 and 30th June, 2011 respectively was brought out for the benefit of the students.

10.8 List of Publications of Board of Studies

The publications brought out by the Board included study materials in respect of Common Proficiency Test (CPT), Integrated Professional Competence Course (IPCC) and Final Examinations. The Board also brought out Course material on Information Technology Training Programme/ Course, suggested answers for Professional Competence Course (PCC), Integrated Professional Competence Course (IPCC) and Final Examinations.

10.9 E-Learning Initiative for CPT & IPCC Course

The Board has taken the following e-Learning initiatives for the benefit of students this year:

(a) CPT online Self Assessment Test

The Board has made available Online Self-Assessment Test for the CPT Course in following three formats to enable students make a Self-Assessment of their preparation for the forthcoming examination.

1) All subjects Online Self-Assessment Quiz - Consists of 50 questions to be answered in one hour with a passing requirement of 50%.
2) Subject-wise Self-Assessment Quiz - Consists of 25 questions to be answered in 30 minutes with a passing requirement of 50%.
3) Chapter-wise Self-Assessment Quiz - Consists of 12 questions to be answered 15 minutes with a passing requirement of 50%.

(b) E-Learning Module on Financial Analysis using MS-Excel 2010

The Board has made available Online e-Learning module on "Financial Analysis using MS-Excel 2010" to provide hands-on practical (HOT) training on use of MS-Excel 2010 using Case Studies for some financial analysis requirements, on the BoS Knowledge Portal for the benefit of Students at the following URL: http://www.icai.org/new_post.html?post_id=7934&c_id=219

(c) Updated CPT e-Learning on www.CAShiksha.com

The CPT e-Learning lectures on www.CAShiksha.com website offering bilingual training (English & Hindi) have been revamped. The students can access this e-Learning resource free of cost through self registration. This e-Learning Content would be ported to the Learning Management System (LMS) being implemented as a part of Project Parivartan.

(d) E-Learning Module CPT General Economics Subject

The Board has made available online topic-wise e-Learning lectures on CPT General Economics, along with self-assessment tests for each chapter, for the benefit of CPT students at the following URL: http://www.icai.org/new_post.html?post_id=8483&c_id=340

(e) IPCC e-Learning

The Board's endeavour this year is to make available e-Learning modules of 200-300 hours for the IPCC Course. These modules would be developed in-house with lectures being delivered by leading faculty members including faculty teaching at respective Regional/ Branch offices of the ICAI.

10.10 100 Hours Information Technology Training

Presently, 151 Information Technology Centres in India and 1 at Dubai have been established by the ICAI and are functional. The details of computers installed in these Centres and the students trained during the year are as under:

Computer Labs fully functional	152
Labs establishment in process	1
Number of computers installed	4,539
Number of students trained from April, 2011 to March, 2012 (As per information available)	20,585
Annual capacity to train students in ICAI labs	1,63,404

Module-1 of the study material on 100 Hours Information Technology Training has been thoroughly revised. The training is being imparted using the latest versions of the software included in curriculum.

10.11 Course on General Management and Communication Skills

During the year, 663 batches of the 15 days Course on General Management and Communication Skills were organized by Regional Councils and their branches at 72 centres across the country (inclusive of Dubai Centre) and 31,175 students participated in these programmes, as compared to 16,273 during 2010–2011.

10.12 Orientation Programme for Integrated Professional Competence Course (IPCC) and Accounting Technician Course (ATC)

Students registered for Integrated Professional Competence Course (IPCC) and Accounting Technician Course (ATC) have to undergo mandatory Orientation Programme spanning 35 hours. During the year, 699 batches of Orientation Programme were organized at 95 centres and 30,258 students participated in these programmes, as compared to 51,574 during 2010–2011.

10.13 One day Faculty Development Programme for GMCS Course & Orientation Program

The Board of Studies has organized **"One day Faculty Development Programme (FDP)"** for the faculty members delivering lectures in GMCS Course and Orientation Programme to ensure uniform and effective delivery of sessions and also to create standardization in Orientation Programmes and GMCS Courses. The Programme was organized as per the following schedule:

S.No.	Region	Date of the Programme	Venue
1	Northern	6.6.2012	India Habitat Centre, New Delhi
2	Eastern	8.6.2012	EIRC Auditorium , Kolkata
3	Central	12.6.2012	Mehfil Restaurant, Kanpur
4	Western	27.6.2012	WIRC Auditorium, Mumbai
5	Southern	29.6.2012	SIRC Auditorium, Chennai

10.14 Scholarships granted to students

During the year, the Board studies granted Scholarships to 275 students under Merit, Merit-Cum-Need, and Need based and Weaker Sections categories.

10.15 Students' Journal

The Board since June 1997 has been publishing a monthly Journal for students called "Chartered Accountant Student". The Students' Journal called Students' Newsletter till

December, 2009 included regular features such as articles on topics relevant to the CA Students, academic updates, and important announcements. The Journal continued to be popular and proved very useful to the student community, as well as members of the ICAI.

10.16 Best Article Award

A judging committee comprising of two eminent Chartered Accountants considered 15 articles published in the CA Students' Journal between June 01, 2010 and May 31, 2011 for the best and 2nd best awards. "Indian Accounting Standards Converged with IFRS – an overview and presentation of Financial Statements" written by Ms. Krutika Fadnis was adjudged the best and "Clubbing of minor's Income – Some Issues" by Mr. Sudeep Goyal as the 2nd best. Certificates and Cash Prizes were given to the article writers at the Annual Function of the ICAI.

10.17 Recognition of CA Course for Ph.D Programme

With the constant follow up with various Universities, the Board has been successful in obtaining recognition for CA Course from 85 Universities, besides 6 Indian Institutes of Management and the Association of Indian Universities for the purpose of pursuit of Ph.D./Fellow Programme. Further, the University Grants Commission (UGC) has declared that the threshold limit of 55% marks in post graduate examination is not applicable in case of the Chartered Accountants for enrollment to Ph.D Programme.

10.18 One Day Seminars

During the year, 143 One-day Seminars were organized by 41 Branches.

10.19 Elocution Contests

The Branch Level Elocution Contests were organized by 92 Branches, including 5 Regional Councils. Apart from this, 5 Regional Level Contests were organized. The All India Elocution Contest was held at Chennai on 18th January, 2012.

10.20 Quiz Contests

The Branch Level Quiz Contests were organized by 92 Branches, including 5 Regional Councils. Apart from this, 5 Regional Level Contests were organized. The All India Quiz Contest was held at Chennai on 18th January, 2012.

10.21 CPT Faculty Development Programme (FDP)

The Board organized the "CPT Faculty Development Programme" on January 2-3, 2012 at ICAI Centre of Excellence, Hyderabad for 72 faculty members nominated by the Regional Councils and Branches for training/ orientation with respect to emphasis on teaching skills, teaching methodology, subject specific break-out session etc., to enable the faculty members to impart coaching in a better and methodical manner, for the benefit of students. The Board has also organised second CPT FDP on May 17-18, 2012 at the ICAI Centre of Excellence, Hyderabad in which 97 faculty members were trained.

10.22 National Convention and All India Conference of CA Students

During the year, 13 National Conventions and 1 All India Conference were organized at Baroda, Nagpur, Indore, Ludhiana, Kolkata, Lucknow, Mumbai, Bhubaneswar, Chennai, Faridabad, New Delhi, Ghaziabad, Pune and Bangalore

10.23 Regional/Sub-Regional/State Level Conference

The State level Conferences were organized at Amravati and Guntur. The Regional level Conferences were organized at Amritsar, Jaipur, Sri Ganganagar, Udupi and Chennai. The Sub-Regional Conferences were organized at Ranchi, Vasai and Chennai.

10.24 CA Students' Festivals
During the year, 20 Branches including Regional Councils organized 22 CA Students' Festivals.

10.25 Sports Competitions
During the year, 26 Branches including Regional Councils organized 37 Sports Competitions.

10.26 Online Articles Placement Portal
To facilitate placement of Articles in CA firms on pan India basis, an On-line Articles Placement Portal - http://bosapp.icai.org was made operational from 5th October, 2010. The portal provides a platform to the Chartered Accountants firms having vacancies for Articled Assistants, to shortlist eligible students for selection of articled assistants, and call them for interview at their offices. Eligible CA Firms and candidates who are willing to avail of this facility are required to register on-line through the articles placement portal.

10.27 Joint Seminars with Universities
During the year, 7 Joint Seminars were held by the Branches including Regional Councils with the coordination of various Universities/IIMs viz., Baraktulla University, Sardar Patel University Gujarat, Burdwan University, IIM Kozhikode, University of Jammu, Bharati Vidyapeeth University Pune and Shivaji University Kolhapur.

10.28 Career Counseling Programmes
Career Counselling Programmes are being organized at Regional Councils and Branches to popularize the CA Course and also to help students for getting their academic queries in various subjects of the curriculum resolved. During the period from 1st April, 2011 to 30th June, 2011, 174 Career Counselling programmes were organized by 29 Branches, including Regional Councils, at different locations throughout the country. The Board has made available a Multimedia Career Counselling CD to Regional Councils and Branches providing complete details of the Chartered Accountancy Course and a copy of the same has also been hosted on the website of the Institute.

10.29 Mega Career Counselling Programmes
During the year, 13 Mega Career Counselling Programmes were organized by branches throughout the country.

10.30 Special Counselling Programmes (How to Face CA exam?)
During the year 29 Special Counselling Programmes were organized by 15 branches, including Regional Councils.

10.31 ICAI participation at Education Fairs
ICAI has participated at various Education Fairs/ Career Fairs/ Career-Expo as a part of its promotion for popularize the chartered accountancy course at Education Boutique-2011, Education Expo-2011 (by Education Times), Career Fair, Education and Career Expo-2011, Education Boutique-2012 (by Education Times), Career Expo-2012, Educational Exhibition "Horizon" (by M/s Malayala Manorma) at Jaipur, New Delhi, Nagpur, Mumbai, Kolkata, Pune, Lucknow, Ahmedabad, Bengaluru, Chennai, Chandigarh, Hyderabad, Thane, Patna, Trivandrum, Quilon (Kollam), Cochin, Palghat (Palakkad), Trichur, Kannur, Kottayam and Calicut.

10.32 Four Weeks Residential Programme on Professional Skills Development
Four weeks Residential Programme on Professional Skill Development (General Management, Personality Development and Communication Skills) has been organized by the Board for the benefit of all the students who have passed Chartered Accountancy Final/ IPCC/ PCC/ PE–II Examination and pursuing last year of article training or completed Articleship training are invited to join the course. The programme is helping the CA students and newly qualified CAs in imbibing the professional skill required for effective functioning in business organizations and profession. Six batches have been organized during September, 2011 to June, 2012.

10.33 Memorandum of Understanding with Bharathiar University
The ICAI and University of Madras entered into a Memorandum of Understanding on 2nd December, 2011 to offer Undergraduate & Postgraduate courses viz. B.B.A, B.Com, M.Com & M.B.A. to members & students of the ICAI.

10.34 Toll free numbers for answering students' queries
A toll free number 1800-200-2501 is dedicated to answer the queries from students. The said dedicated line functions from the Board and the academic queries are answered by the faculty members concerned.

10.35 Students' Statistics
The details in respect of students registered during the previous nine years from 2004-05 to 2011-2012 and from 1st April, 2012 to 30th June, 2012 are indicated hereunder.

Year	Final (Old & New)	CPT	PCC	IPCC
2004-05	11,061			
2005-06	13,010			
2006-07	11,838	1,29,110 (from 13/9/2006 onwards)	24,041 (from 13/9/2006 onwards)	
2007-08	19,558	1,42,612	61,186	--
2008-09	11,562	1,39,140	33,764	18,318 (from 10/12/2008 onwards)
2009-10	24,109	1,63,397	1,204 (Registration discontinued from 1/7/2009)	81,833
2010-11	38,084	1,57,403	--	79,523
2011-12	26,004	1,59,163	--	53,499
1st April, 2012 to 30th June, 2012	4,426	30,651	--	839

So far, 10852 persons have qualified Accounting Technician Course.

During the period 1st April, 2011 to 31st March, 2012, 26 students of Professional Education (Course-I) opted for switch over to Common Proficiency Test Course (against 6 students in 2010-2011). The number of students of Professional Education (Course–II) who switched over to Integrated Professional Competence Course (IPCC) during the year 2011-12 is 1221. The number of students who converted from Professional Competence Course (PCC) to Integrated Professional Competence Course (IPCC) during the year 2011-12 is 615.

11. REGIONAL COUNCILS AND THEIR BRANCHES

The ICAI has five Regional Councils, namely Western India Regional Council, Southern India Regional Council, Eastern India Regional Council, Central India Regional Council and Northern India Regional Council with their Headquarters at Mumbai, Chennai, Kolkata, Kanpur and New Delhi respectively.

The total number of branches of Regional Councils is 128. Currently, there are 21 Chapters of the ICAI outside India. Currently, there are 24 Reference libraries all over India

11.1 Branch Building

During the period under Report, a number of branches of Regional Councils continued to evince interest in having their own premises. In all, 79 branches have their own premises.

11.2 Rotating Shield

The ICAI awards each year Shield to the Best Regional Council. The award is given on the basis of overall performance. Similarly, a separate Shield is awarded to the Best Branch each year. The award is given on the basis of established norms. Rotating Shields to the Best C.A. Students' Association on all India basis and Best Branch of Students' Association on Regional Basis have been instituted from the year 1999. For the year 2011, these Shields were awarded at the Annual Function held on 11th February, 2012 to the following winners:-

1. Best Regional Council- Jointly to Western India Regional Council & Southern India Regional Council

2. Best Branch of Regional Council
   - Small Size Branch Category – Bhilai Branch of CIRC and Tuticorin Branch of SIRC
   - Medium Size Branch Category – Aurangabad Branch of WIRC and Salem Branch of SIRC
   - Big Branch Category - Ernakulam Branch of SIRC, Baroda Branch of WIRC, Nagpur Branch of WIRC

3. Best Branch of Students' Association
   - Western Region - Baroda Branch of WICASA
   - Southern Region - Ernakulam Branch of SICASA
   - Eastern Region - Guwahati Branch of EICASA
   - Central Region - Bhilai Branch of CICASA

4. Best Students' Association – Western India Chartered Accountants Students' Association

5. Considering their performance, the following Regional Council and Branches were separately awarded Highly Commended Performance certificate:

   Regional Council - Central India Regional Council

   Small Size Branch Category –
   - Siliguri Branch of EIRC
   - Erode Branch of SIRC

   Medium Size Branch Category:
   - Trichur Branch of SIRC

- Bhopal Branch of CIRC
- Bhubaneswar Branch of EIRC

Big Branch Category

- Surat Branch of WIRC
- Ludhiana Branch of NIRC
- Indore Branch of CIRC

11.3 Decentralised Offices

Recognising the value of expeditious and personalised service which are achievable through the process of decentralisation, the Council has already set up five Decentralised Offices at Bangalore, Hyderabad in Southern Region, Ahmedabad, Pune in Western Region and Jaipur in Central Region besides the Decentralised offices already functioning from Mumbai, Chennai, Kolkata, Kanpur and New Delhi. Considering the increasing volume of work/ activities at the regional level eight more Decentralized offices have been set up at Nagpur, Surat, Vadodara and Thane (Western Region), Ernakulam and Coimbatore (Southern Region), Indore (Central Region) and Chandigarh (Northern Region).

11.4 Branches of Chartered Accountants Students' Association

With a view to actively involving students of the Chartered Accountancy Course in the development of spirit of fellow-feeling and promotion of social, cultural, academic and intellectual development etc., the Council has always been encouraging students to set up branches of Chartered Accountants Students' Association. In this process, so far 93 branches of Students' Association have already been set up.

12. FINANCE AND ACCOUNTS

The Balance Sheet as on 31st March, 2012 and the Income and Expenditure Account for the year ended on that date as approved by the Council are enclosed.

13 APPRECIATION

The Council is grateful to members of the profession who functioned as co-opted members on its Committees, persons nominated on the Boards/ Committees constituted under the Chartered Accountants Act, 2006, the Regional Councils, its branches, and their members, and to the non-members who assisted the Council during the year 2011-2012 in the conduct of its educational, technical and other developmental activities and in its examinations.

The Council wishes to place on record its appreciation of the continued assistance and support given by the Central Government and its nominees on the Council during the year 2011-2012.

The Council wishes to place on records its heartfelt gratitude to Hon'ble Shri Pranab Mukherjee, the then Union Finance Minister of India, Dr. M. Veerappa Moily, Hon'ble Union Minister of Corporate Affairs, Hon'ble Shri Murli Deora, the then Union Minister of Corporate Affairs, Hon'ble Shri S.M. Krishna, Union Minister of External Affairs, Hon'ble Shri Kapil Sibal, Union Minister of Human Resource Development, Hon'ble Shri R.P.N. Singh, Union Minister of State for Corporate Affairs, Hon'ble CA. K. Rahman Khan, the then Deputy Chairman, Rajya Sabha, Hon'ble CA. Rameshwar Thakur, Past president ICAI and the then Governor of Madhya Pradesh, Hon'ble Shri Yashwant Sinha, Chairman of the Parliamentary Standing Committee on Finance, CA. Piyush Goyal, Member of Parliament, Rajya Sabha, Shri D.K. Mittal, the then Secretary, Ministry of Corporate Affairs, Shri A.K. Awasthi, Deputy C&AG

cum Chairman Audit Board, Shri K.P. Sasidharan, Director General, Office of C&AG, Shri J. Hari Narayan, Chairman, IRDA, Shri R.K. Nair, Member, IRDA, Shri S.K. Goel, Chairman, CBEC, and other dignitaries who were kind enough to grace the various programmes of the ICAI. The Council also desires to place on record its sincere appreciation to the various functionaries at State level who graced programmes organised by the organs of the ICAI.

The Council also acknowledges its appreciation of the sincere interest evinced by various State Governments in the numerous initiatives taken by the ICAI and the steps already/being initiated by them, pursuant to such initiatives.

The Council also acknowledges its appreciation of the sincere and devoted efforts put in during the year 2011-2012 and thereafter by all officers and staff of the ICAI.

STATISTICS AT A GLANCE

MEMBERS

(From 1st April, 2002)

TABLE I

Year (As on)		Western Region	Southern Region	Eastern Region	Central Region	Northern Region	TOTAL
1st April, 2002	Associate	20771	13456	5872	5493	9074	54666
	Fellow	13540	11248	5296	6400	10580	47064
	Total	34311	24704	11168	11893	19654	101730
1st April, 2003	Associate	23194	14446	6374	6318	10287	60619
	Fellow	14279	11742	5572	6909	11135	49637
	Total	37473	26188	11946	13227	21422	110256
1st April, 2004	Associate	24515	14943	6515	6714	10697	63384
	Fellow	15091	12377	5836	7557	11846	52707
	Total	39606	27320	12351	14271	22543	116091
1st April, 2005	Associate	26351	15724	6785	7552	11640	68052
	Fellow	15834	12969	6146	8207	12338	55494
	Total	42185	28693	12931	15759	23978	123546
1st April, 2006	Associate	28528	16700	7172	8480	12898	73778
	Fellow	16385	13358	6313	8539	12573	57168
	Total	44913	30058	13485	17019	25471	130946
1st April, 2007	Associate	31159	18237	7829	9642	14182	81049
	Fellow	16896	13646	6488	8882	12880	58792
	Total	48055	31883	14317	18524	27062	139841
1st April, 2008	Associate	32364	19203	7939	10045	14642	84193
	Fellow	17646	14034	6738	9472	13398	61288
	Total	50010	33237	14677	19517	28040	145481
1st April, 2009	Associate	34294	20666	8193	10578	15951	89682
	Fellow	18442	14516	7002	10007	13951	63918
	Total	52736	35182	15195	20585	29902	153600
1st April, 2010	Associate	36390	21733	8512	11252	17104	94991
	Fellow	19181	15076	7192	10615	14461	66525
	Total	55571	36809	15704	21867	31565	161516
1st April, 2011	Associate	38608	22998	9154	12329	18547	101636
	Fellow	19831	15612	7406	11182	14943	68974
	Total	58439	38610	16560	23511	33490	170610

1st April, 2012	Associate	45273	25505	11069	15963	23332	121142
	Fellow	20510	16132	7578	11720	15431	71371
	Total	65783	41637	18647	27683	38763	192513

MEMBERS

(From 1st April, 1950)

TABLE II

	Associate	Fellow	Total
As on 1st April, 1950	1,120	569	1,689
As on 1st April, 1951	1,285	672	1,957
As on 1st April, 1961	4,059	1,590	5,649
As on 1st April, 1971	7,901	3,326	11,227
As on 1st April, 1981	16,796	8,642	25,438
As on 1st April, 1991	36,862	22,136	58,998
As on 1st April, 2001	51,603	44,789	96,392
As on 1st April, 2002	54,666	47,064	1,01,730
As on 1st April, 2003	60,619	49,637	1,10,256
As on 1st April, 2004	63,384	52,707	1,16,091
As on 1st April, 2005	68,052	55,494	1,23,546
As on 1st April, 2006	73,778	57,168	1,30,946
As on 1st April, 2007	81,049	58,792	1,39,841
As on 1st April, 2008	84,193	61,288	1,45,481
As on 1st April, 2009	89,682	63,918	1,53,600
As on 1st April, 2010	94,991	66,525	1,61,516
As on 1st April, 2011	1,01,636	68,974	1,70,610
As on 1st April, 2012	**1,21,142**	**71,371**	**1,92,513**

STUDENTS GROWTH PROFILE

(From 31st March, 1999)

1 During the year	Foundation/PE (Course-I)	Intermediate/PE (Course-II)	Final	CPT	PCC	IPCC	ATC	Total
1998-99	43,809	28,253	12,227			-	-	84,289
1999-00	44,180	27,508	10,787			-	-	82,475
2000-01	35,999	23,405	9,026			-	-	68,430
2001-02	34,215*	29,403**	11,524			-	-	75,142
2002-03	35,524	33,283	11,102			-	-	79,909
2003-04	38,188	34,232	11,390			-	-	83,810
2004-05	39,000	34,190	11,061			-	-	84,251
2005-06	38,901	39,467	13,010			-	-	91,378
2006-07	45,617	32,339	11,838	1,29,110* **	24,041***	-	-	2,42,945
2007-08	-	-	19,558	1,42,612	61,186	-	-	2,23,356
2008-09	-	-	11,562	1,39,140	33,764	18,318****	8****	2,02,792
2009-10			24,109	1,63,397	1,204	81,833	4	2,70,547
2010-11			38,084	1,57,403	-	79,523	9	2,75,019
2011-12			26,004	1,59,163	-	53,499	3	2,38,669

* includes PE (Course I) students registration from 1.10.2001 to 31.3.2002: 5006

** includes PE (Course II) students registration from 1.10.2001 to 31.3.2002: 11848

*** from 13th September, 2006 to 31st March, 2007

**** from 10th December, 2008 to 31st March, 2009

COMPOSITION OF THE COUNCIL (2012 – 2013)

President
CA. Jaydeep N. Shah

Vice-President
CA. Subodh Kumar Agrawal

Period
12^{th} February, 2012 onwards

Secretary
Shri T. Karthikeyan

Auditors
CA. Ashhok Kumar Jain
CA. Pushpendra Surana

Internal Auditors
Bhasin Raghvan & Co.
Rajender Kumar Singal & Associates

Members of the Council (2012-13)

Elected Members

CA. Abhijit Bandyopadhyay	Kolkata
CA. Amarjit Chopra	New Delhi
CA. Anuj Goyal	Ghaziabad
CA. Atul Chunilal Bheda	Mumbai
CA. Bhavna Doshi	Mumbai
CA. Charanjot Singh Nanda	New Delhi
CA. Devaraja Reddy M.	Hyderabad
CA. Dhinal Ashvinbhai Shah	Ahmedabad
CA. G. Ramaswamy	Coimbatore
CA. J. Venkateswarlu	Hyderabad
CA. Jayant Gokhale	Mumbai
CA. Jaydeep Narendra Shah	Nagpur
CA. K. Raghu	Bangalore
CA. Madhukar Narayan Hiregange	Bangalore
CA. Mahesh P. Sarda	Jamnagar
CA. Manoj Fadnis	Indore
CA. Naveen N.D. Gupta	New Delhi
CA. Nilesh Shivji Vikamsey	Mumbai
CA. Pankaj Inderchand Jain	Mumbai
CA. Pankaj Tyagee	New Delhi
CA. Rajendra Kumar P.	Chennai
CA. Rajkumar S. Adukia	Mumbai
CA. Ravi Holani	Gwalior
CA. S. Santhanakrishnan	Chennai
CA. Sanjay `Voice of CA' Agarwal	New Delhi
CA. Sanjeev Maheshwari	Mumbai
CA. Shiwaji Bhikaji Zaware	Pune
CA. Subodh Kumar Agrawal	Kolkata
CA. Sumantra Guha	Kolkata
CA. V. Murali	Chennai
CA. Vijay Kumar Garg	Jaipur
CA. Vinod Jain	New Delhi

Nominated Members

Shri Anil K. Agarwal	New Delhi
Shri Ashutosh Dikshit	New Delhi
Shri Deepak Narain	New Delhi
Shri Gautam Guha *(From 29^{th} March, 2012)*	New Delhi
Shri Manoj Kumar *(From 2^{nd} September, 2011)*	New Delhi
Shri Prithvi Haldea	New Delhi
Shri Sidharth Kumar Birla	New Delhi
Dr. T.V. Somanathan *(Upto 1^{st} September, 2011)*	New Delhi
Smt. Usha Narayanan	Mumbai
Smt. Usha Sankar *(Upto 28^{th} March, 2012)*	New Delhi

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012
AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of The Institute of Chartered Accountants of India as at 31st March, 2012 and also the annexed Income and Expenditure Account and the Cash Flow Statement for the year ended on that date. The accounts of the Institute's Decentralized Offices, Computer Centers, Regional Councils and their Branches audited by other auditors and that their reports have been incorporated and duly considered while preparing our report. These financial statements are the responsibility of the management of the Institute. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted the audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We further report that:-

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) The Balance Sheet, Income & Expenditure Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   c) In our opinion, proper books of account are maintained in conformity with the requirements of the Chartered Accountants Act, 1949;

   d) In our opinion the Balance Sheet, Income & Expenditure Account and Cash Flow Statement comply with relevant Accounting Standards;

   e) In our opinion and to the best of our information and according to the explanations given to us, the statements together with the schedules attached and read with the Accounting Policies and Notes Forming Part of Accounts give a true and fair view in conformity with the Accounting Principles generally accepted in India:

      i) In the case of Balance Sheet, of the state of the Institute's affairs, as at 31st March, 2012;

      ii) In the case of Income & Expenditure Account, of the surplus for the year ended on that date; and

      iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Sd/-
CA. PUSHPENDRA SURANA
CHARTERED ACCOUNTANT
MEMBERSHIP NUMBER-504087

Sd/-
CA. ASHHOK KUMAR JAIN
CHARTERED ACCOUNTANT
MEMBERSHIP NUMBER-080008

Place: New Delhi
Date: 22.09.2012

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
BALANCE SHEET AS AT MARCH 31, 2012

(Rupees in Lacs)

	Schedule		Amount As At 31/03/2012		Amount As At 31/03/2011
SOURCES OF FUNDS:					
Reserves and Surplus	I		**67591.54**		52778.78
Earmarked Funds	II		**16285.56**		11544.63
TOTAL			**83877.10**		64323.41
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	III	**35921.78**		32159.76	
Less: Depreciation and Amortisation		**9519.15**		8042.19	
Net Block			**26402.63**		24117.57
Capital Work in Progress (including capital advances)			**9873.25**		6190.93
Investments:	IV				
Earmarked Fund Investments		**16285.56**		11544.63	
Employee Benefit Investments		**3197.94**		3141.63	
Other Investments		**34643.03**	**54126.53**	28318.23	43004.49
Current Assets, Loans & Advances:					
Inventories	V	**753.77**		655.18	
Cash & Bank Balances	VI	**7533.55**		5777.85	
Loans & Advances	VII	**3958.75**		2679.37	
Interest Accrued on Investments		**2051.93**		2604.78	
Sub - Total		**14298.00**		11717.18	
Less: Current Liabilities & Provisions					
Current Liabilities	VIII	**17625.37**		16928.50	
Provision for Employee Benefits		**3197.94**		3778.26	
Sub - Total		**20823.31**		20706.76	
Net Current Assets (Liabilities)			**(6525.31)**		(8989.58)
TOTAL			**83877.10**		64323.41
Statement of significant accounting policies	XII				
Notes forming part of Accounts	XIII				

Schedules referred to above form an Integral Part of the Balance Sheet.

Sd/-	Sd/-	Sd/-	Sd/-
CA. MAHESH KUMAR SHARDA	**T. KARTHIKEYAN**	**CA. SUBODH KUMAR AGRAWAL**	**CA. JAYDEEP N. SHAH**
ADDITIONAL SECRETARY	SECRETARY	VICE PRESIDENT	PRESIDENT

As per our Report of even date attached

Sd/-	Sd/-
CA. PUSHPENDRA SURANA	**CA. ASHHOK KUMAR JAIN**
CHARTERED ACCOUNTANT	CHARTERED ACCOUNTANT
MEMBERSHIP NUMBER- 504087	**MEMBERSHIP NUMBER - 080008**

Place: New Delhi
Date: 22.09.2012

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31.03.2012

(Rupees in Lacs)

	Schedule	Amount Year ended 31/03/2012	Amount Year ended 31/03/2011
INCOME			
Fees	IX	**40747.20**	36070.46
Seminars		**3667.90**	4241.80
Other Income	X	**5891.67**	3892.49
TOTAL		**50306.77**	44204.75
EXPENDITURE			
Salaries & Allowances		**5058.42**	5944.87
Printing & Stationery		**5971.02**	4918.10
Seminars		**3522.52**	3420.24
Other Operating Expenses	XI	**15715.27**	12050.06
Depreciation and Amortisation		**1491.66**	1518.04
Prior Period Adjustments		**287.45**	38.29
TOTAL		**32046.34**	27889.60
NET SURPLUS		**18260.43**	16315.15
Appropriation to Funds / Reserves :			
Education Fund [Policy No.III(c)]	XII	**5220.05**	4635.39
Employees Benevolent Fund [Policy No.III(d)]	XII	**32.13**	23.90
General Reserve		**13008.25**	11655.86
TOTAL		**18260.43**	16315.15

Statement of significant accounting policies XII
Notes forming part of Accounts XIII
Schedules referred to above form an Integral Part of the Income and Expenditure Account

Sd/-	Sd/-	Sd/-	Sd/-
CA. MAHESH KUMAR SHARDA	**T. KARTHIKEYAN**	**CA. SUBODH KUMAR AGRAWAL**	**CA. JAYDEEP N. SHAH**
ADDITIONAL SECRETARY	SECRETARY	VICE PRESIDENT	PRESIDENT

As per our Report of even date attached

Sd/-	Sd/-
CA. PUSHPENDRA SURANA	**CA. ASHHOK KUMAR JAIN**
CHARTERED ACCOUNTANT	CHARTERED ACCOUNTANT
MEMBERSHIP NUMBER- 504087	**MEMBERSHIP NUMBER - 080008**

Place: New Delhi
Date: 22.09.2012

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31.03.2012

	(Amount Rupees in Lacs)			
	2011-12		**2010-11**	
A. Cash flows from operating activities				
Net Surplus		**18260.43**		16315.15
Adjustments for:				
Depreciation and Amortisation	1491.66		1518.04	
Interest on investments	(3468.23)		(1904.06)	
		(1976.57)		**(386.02)**
Operating surplus before working capital changes		**16283.86**		**15929.13**
(Increase)/Decrease in Inventories	**(98.59)**		46.54	
(Increase)/Decrease in Loans & advances	**(1279.38)**		(532.29)	
Increase/(Decrease) in Current Liabilities	**696.87**		676.26	
Increase/(Decrease) in Provision of Employee Benefits	**(580.32)**		1598.71	
	-------------	**(1261.42)**	--------------	**1789.22**
Net cash from operating activities		**15022.44**		**17718.35**
B. Cash flows from investing activities				
Acquisition of Fixed Assets including Capital Work in Progress (Net)	**(7459.05)**		(8516.35)	
Acquisition of Investments (Net)	**(11122.04)**		(12372.25)	
Interest on investments	**5051.58**		2305.09	
Capital Receipts	**(186.47)**		87.70	
Net Cash from Investing Activities	-------------	**(13715.98)**	--------------	**(18495.81)**
C. Cash flows from financing activities				
Admission Fees from new members	**238.80**		109.64	
Contribution from members	**210.44**		296.42	
	-------------	**449.24**	------------	**406.06**
Net Increase/Decrease in cash and cash equivalents		**1755.70**		**(371.40)**
Cash and Cash equivalents at the beginning of the year		**5777.85**		6149.25
Cash and Cash equivalents at the end of the year-Refer Schedule No-VI		**7533.55**		**5777.85**

Note:

1. The above Cash Flow Statement has been derived using the Indirect method prescribed in AS-3 issued by the ICAI.
2. Enclosed Schedules I to XIII form an Integral Part of the Cash flow Statement

Sd/-	Sd/-	Sd/-	Sd/-
CA. MAHESH KUMAR SHARDA	**T. KARTHIKEYAN**	**CA. SUBODH KUMAR AGRAWAL**	**CA. JAYDEEP N. SHAH**
ADDITIONAL SECRETARY	SECRETARY	VICE PRESIDENT	PRESIDENT

As per our Report of even date attached

Sd/-	Sd/-
CA. PUSHPENDRA SURANA	**CA. ASHHOK KUMAR JAIN**
CHARTERED ACCOUNTANT	CHARTERED ACCOUNTANT
MEMBERSHIP NUMBER- 504087	**MEMBERSHIP NUMBER - 080008**

Place: New Delhi
Date: 22.09.2012

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE 1
RESERVES AND SURPLUS

(Rupees in Lacs)

	EDUCATION Amount As At		INFRASTRUCTURE Amount As At		GENERAL Amount As At		OTHERS * Amount As At		TOTAL Amount As At	
	31/03/2012	31/03/2011	**31/03/2012**	31/03/2011	**31/03/2012**	31/03/2011	**31/03/2012**	31/03/2011	**31/03/2012**	31/03/2011
Opening Balance	**16,270.76**	10,772.05	**3,057.11**	2,645.75	**32,959.76**	21,789.75	**491.15**	395.34	**52,778.78**	35,602.89
Appropriation from Income & Expenditure A/C	--	--	--	--	**13,008.25**	11,655.86	--	--	**13,008.25**	11,655.86
Transfer from/(to) General Reserve, Infrastructure Reserve and Other Reserves	--	--	**97.73**	2.28	**(109.78)**	(65.79)	**12.05**	63.51	**0.00**	0.00
Transfers from/(to) Earmarked Funds	**1,881.01**	5,498.71	**91.26**	0.18	**(157.32)**	(348.52)	**(0.38)**	(0.39)	**1,814.57**	5,149.98
Admission Fees / allocated Entrance Fees	--	--	**238.80**	109.64	--	--	--	--	**238.80**	109.64
Donation received for Buildings	--	--	**210.44**	296.42	--	--	--	--	**210.44**	296.42
Net (Depletion)/Addition	--	--	**16.78**	2.84	**(533.49)**	(71.54)	**57.41**	32.69	**(459.30)**	(36.01)
Total	**18,151.77**	16,270.76	**3,712.12**	3,057.11	**45,167.42**	32,959.76	**560.23**	491.15	**57,591.54**	52,778.78

***Note:** Other Reserves are Reserves such as Library Reserves and Class Room Training Reserves as appearing in the books of Regional Councils and Branches.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE II
EARMARKED FUNDS

(Rupees in Lacs)

	Opening Balances Amount As At		Appropriation from Income & Expenditure Account Amount As At		Transfer from/(to) Reserves and Surplus Amount As At		Contribution received/Addition during the year Amount As At		Income during the year Amount As At		Payments during the year Amount As At		Total Amount As At	
	01.04.2011	01.04.2010	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**31.03.2012**	31.03.2011
RESEARCH FUNDS	**1,332.12**	1,233.73	--	--	--	--	**11.45**	--	**134.14**	98.39	--	--	**1,477.71**	1,332.12
ACCOUNTING RESEARCH BUILDING FUND	**462.33**	427.65	--	--	--	--	--	--	**46.56**	34.68	--	--	**508.89**	462.33
EDUCATION FUND	**7,814.81**	8,027.13	**5,220.05**	4,635.39	**(1,881.01)**	(5,498.71)	--	--	**786.95**	651.00	--	--	**11,940.80**	7,814.81
MEDALS AND PRIZES FUNDS	**166.26**	161.58	--	--	--	--	--	--	**16.86**	9.23	**(0.17)**	(4.55)	**182.95**	166.26
STUDENTS SCHOLARSHIP FUNDS	**83.01**	73.37	--	--	--	--	**4.92**	5.01	**7.90**	6.38	**(10.62)**	(1.75)	**85.21**	83.01
EMPLOYEES BENEVOLENT FUND	**226.04**	187.56	**32.13**	23.90	--	--	--	--	**22.76**	15.21	**(0.35)**	(0.63)	**280.58**	226.04
OTHER FUNDS (REGIONAL COUNCILS AND BRANCHES)	**1,460.06**	1,258.14	--	--	**66.44**	348.73	**256.46**	118.69	**105.25**	64.28	**(78.79)**	(329.78)	**1,809.42**	1,460.06
TOTAL	**11,544.63**	11,369.16	**5,252.18**	4,659.29	**(1,814.57)**	(5,149.98)	**272.83**	123.70	**1,120.42**	879.17	**(89.93)**	(336.71)	**16,285.56**	11,544.63

SCHEDULE III
FIXED ASSETS

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Rupees in Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost as at 1.4.2011	Additions during the year	Adjustments/ Transfers/ Sale	**Cost as at 31.3.2012**	Upto 1.4.2011	For the year	Adjustments/ Transfers/ /Sale	**Upto 31.3.2012**	**W.D.V. as on 31.3.2012**	W.D.V. as on 31.3.2011
A. Tangible Assets:										
1. Land - Free Hold	7,115.78	1,932.14	--	**9,047.92**	--	--	--	**--**	**9,047.92**	7,115.78
2. Land -Lease Hold	3,226.00	--	--	**3,226.00**	258.32	40.26	--	**298.58**	**2,927.42**	2,967.68
3. Buildings	10,802.78	644.92	--	**11,447.70**	1,216.62	479.60	--	**1,696.22**	**9,751.48**	9,586.16
4. Electric Installations & Fittings	1,097.00	48.20	(4.13)	**1,141.07**	445.22	68.06	(0.65)	**512.63**	**628.44**	651.78
5. Computers	3,461.16	208.07	(38.91)	**3,630.32**	3,028.28	286.79	(7.39)	**3,307.68**	**322.64**	432.88
6. Air Conditioners	838.34	419.84	(3.55)	**1,254.63**	392.71	154.08	(2.03)	**544.76**	**709.87**	445.63
7. Furniture & Fixtures	2,377.35	299.30	(1.37)	**2,675.28**	742.59	180.19	(0.26)	**922.52**	**1,752.76**	1,634.76
8. Lifts	245.09	37.25	(2.02)	**280.32**	85.46	16.53	--	**101.99**	**178.33**	159.63
9. Office Equipments	1,703.05	156.78	(7.14)	**1,852.69**	636.56	174.22	(2.22)	**808.56**	**1,044.13**	1,066.49
10. Vehicles	85.32	8.07	(0.59)	**92.80**	45.47	9.40	(0.22)	**54.65**	**38.15**	39.85
11. Library Books	621.14	66.33	--	**685.53**	621.14	66.33	--	**685.53**	**--**	--
B. Intangible Asset:										
Software	586.75	0.77	--	**587.52**	569.82	16.21	--	**586.03**	**1.49**	16.93
TOTAL	32,159.76	3,819.73	(57.71)	**35,921.78**	8,042.19	1,491.67	(14.71)	**9,519.15**	**26,402.63**	24,117.57
Previous Year Figures	21,162.34	11,095.89	(98.47)	32,159.76	6,550.88	1,518.04	(26.73)	8,042.19	24,117.57	14,611.46

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE IV
INVESTMENTS

(Rupees in Lacs)

	Amount As At 31/03/2012	Amount As At 31/03/2011
A. LONG TERM INVESTMENTS (AT COST)		
Bonds		
(I) Government of India-8% (taxable) Bonds-2003	--	2350.00
Others		
(II) Fixed Deposits with Scheduled Banks	**7000.00**	6700.00
B. OTHER INVESTMENTS		
Short term deposits with scheduled banks (having duration upto one year)	**47126.53**	33954.49
Total Investments	**54126.53**	43004.49
ALLOCATED TO:-		
Earmarked Fund Investments	**16285.56**	11544.63
Employee Benefit Investments	**3197.94**	3141.63
Other Investments	**34643.03**	28318.23
Total	**54126.53**	43004.49

SCHEDULE V
INVENTORIES

(Rupees in Lacs)

	Amount As At 31/03/2012	Amount As At 31/03/2011
Publications and Study Materials	**671.31**	610.19
Consumables Stores	**82.46**	44.99
Total	**753.77**	655.18

SCHEDULE VI
CASH AND BANK BALANCES

(Rupees in Lacs)

	Amount As At 31/03/2012	Amount As At 31/03/2011
Cash in Hand	**18.35**	14.40
Cash at Bank	**7515.20**	5763.45
Total	**7533.55**	5777.85

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE VII
LOANS & ADVANCES (Considered Good)

(Rupees in Lacs)

		Amount As At 31/03/2012	Amount As At 31/03/2011
Loans and Advances-Staff		**228.67**	232.67
Interest Recoverable from Staff Loans		**118.55**	104.64
Security Deposits		**238.43**	142.51
Accounts Receivables		**1931.18**	1400.86
Other - Advances & Pre-payments		**1441.92**	798.69
	Total	**3958.75**	2679.37

SCHEDULE VIII
CURRENT LIABILITIES

(Rupees in Lacs)

		Amount As At 31/03/2012		Amount As At 31/03/2011
Fees Received in Advance				
Examination Fees	**1344.40**		2269.18	
Journal Subscription	**24.74**		20.26	
Membership Fee	**589.73**		466.23	
Education Fee	**9926.77**		7648.02	
Post Qualification Courses (PQC)	**126.90**		115.20	
Certificate Courses	**3.33**		5.75	
Seminar Fees & Other Collections	**1112.53**	**13128.40**	845.40	11370.04
Creditors for Expenses		**3347.92**		4609.84
Other Liabilities		**1,149.05**		948.62
Total		**17625.37**		16928.50

SCHEDULE IX
FEES

(Rupees in Lacs)

		Amount Year ended 31/03/2012	Amount Year ended 31/03/2011
Education		**24273.08**	22497.08
Examination		**9990.85**	8659.06
Membership		**4407.27**	3272.40
Students' Registration		**510.17**	388.88
Entrance		**94.29**	34.22
Students' Association		**382.29**	238.89
Post Qualification Courses (PQC)		**260.55**	221.50
Certificate Courses		**828.70**	758.43
	Total	**40747.20**	36070.46

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE X
OTHER INCOME

(Rupees in Lacs)

		Amount Year ended 31/03/2012	Amount Year ended 31/03/2011
Publications		**935.42**	1,014.32
Interest on Investments		**3468.23**	1904.06
Students' Newsletter		**0.74**	2.11
Journal -- Subscription		**149.62**	149.72
News Letters (Regional Councils and Branches)		**71.92**	66.99
Campus Interview (Net of Direct Expenses)		**421.84**	518.25
Expert Advisory Fee		**9.33**	3.25
Interest on Staff Loans		**13.14**	18.66
Provision No Longer Required Written Back		**478.72**	1.06
Others		**342.71**	214.07
	Total	**5891.67**	3892.49

SCHEDULE XI
OTHER OPERATING EXPENSES

(Rupees in Lacs)

		Amount Year ended 31/03/2012	Amount Year ended 31/03/2011
Postage, Telephone & Telegrams		**1920.75**	1548.60
Rent, Rates & Taxes		**1810.49**	1183.15
Traveling & Conveyance-Inland		**1311.09**	1181.88
Overseas Relations:			
- Traveling		**197.27**	213.53
- Membership Fee of Foreign Professional Bodies		**95.72**	61.28
- Other Expenses		**43.05**	38.77
Repairs & Maintenance		**1177.82**	914.17
Publications		**634.61**	520.96
Fees & Expenses to Examiners, Consultants and Others		**4841.03**	3823.24
Class Room Training Expenses		**2427.23**	1797.20
Advertisements and Publicity		**351.90**	254.18
Office Meeting Expenses		**118.16**	47.31
Merit Scholarship		**52.37**	46.99
Audit Fee			
- Head Office		**4.14**	4.14
- Other Offices		**18.92**	14.80
Other Expenses		**710.72**	404.86
	Total	**15715.27**	12050.06

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE XII
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

I ACCOUNTING CONVENTION

These accounts are drawn up on historical cost basis and have been prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and are on accrual basis unless otherwise stated.

II REVENUE RECOGNITION

a. Membership Fee:

(i) The Entrance Fee is collected at the time of admission of a person as a member and one third thereof is recognized as income in that year.

(ii) Annual Membership and Certificate of Practice Fee(s) are recognized in the year as and when these become due.

b. Distant Education and Post Qualification Course Fee are recognized over the duration of the course.

c. Examination Fee is recognized on the basis of conduct of examination.

d. Subscription for Journal is recognized in the year as and when it becomes due.

e. Revenue from Sale of Publication is recognized at the time of preparing the sale bill i.e. when the property in goods as well as the significant risks and rewards of the property get transferred to the buyer.

f. Income on Interest bearing securities and fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

III ALLOCATIONS/TRANSFER TO RESERVES & SURPLUS & EARMARKED FUNDS

a. Admission Fee from Fellow Members and 2/3rd portion of the Entrance Fee from persons admitted as Members is taken to Infrastructure Reserve.

b. Donations received during the year for buildings and for Research purpose are accounted for directly under the respective Reserves Account.

c. 25% of the Distant Education Fee not exceeding 50% of the net surplus of the year is transferred to Education fund.

d. 0.75% of Membership Fee (Annual and Certificate of Practice Fee) received from the members during the year is allocated to the Employees' Benevolent Fund.

e. Transfer to Education Reserve from the following earmarked funds:-

(i)	From Accounting Research Building Fund	100% of the cost of additions (net of deductions) to Building relating to Accounting Research Building Fund
(ii)	From Education Fund	50% of the cost of additions net of deductions) to other Fixed Assets

f. Income from investments of Earmarked Funds is allocated directly to Earmarked Funds on opening balances of the respective Earmarked Funds on the basis of Weighted Average Method.

IV FIXED ASSETS/DEPRECIATION AND AMORTISATION

a. Fixed Assets excluding land are stated at historical cost less depreciation.

b. Free hold land is stated at cost. Leasehold land is stated at the amount of premium paid for acquiring the lease rights. The premium so paid is amortized over the period of the lease.

c. Depreciation is provided on the written down value method at the following rates as approved by the Council, based on the useful life of the respective assets:

Buildings	5%
Air conditioners & Office Equipments	15%
Lifts, Electrical Installations & Furniture & Fixtures	10%
Vehicles	20%
Computers	60%

d. Depreciation on additions is provided on monthly pro-rata basis.

e. Library Books are depreciated at the rate of 100% in the year of purchase.

f. Intangible Assets (Software) are amortized equally over a period of three years.

V INVESTMENTS

a. Long term Investments are carried at cost and diminution in value, other than temporary, is provided for.

b. Current investments are carried at lower of cost or fair value.

VI INVENTORIES

Inventories of paper, consumables, publications and study material are valued at lower of cost or net realizable value. The cost is determined on FIFO Method.

VII FOREIGN CURRENCY TRANSACTIONS

a. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount at the exchange rate prevailing on the date of transaction.

b. All incomes and expenses are translated at average rate. All monetary assets/liabilities are translated at the year end rates where as non-monetary assets are carried at the rate on the date of transaction.

c. Any income or expense on account of exchange rate difference is recognized in the Income and Expenditure Account.

VIII EMPLOYEE BENEFITS

a. Short term employee benefits are charged off in the year in which the related service is rendered.

b. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined on the basis of actuarial valuation. The Actuarial valuation is done as per Projected Unit Credit Method. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Income & Expenditure Account and are not deferred.

c. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contribution to the Provident Fund Trust are charged to the Income and Expenditure Account for the period when the contribution to the respective fund is due.

IX IMPAIRMENT OF ASSETS

a. The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted cost of capital.

b. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

X PROVISIONS

A provision is recognized when an enterprise has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SCHEDULE XIII
NOTES FORMING PART OF THE ACCOUNTS

1. CONTINGENT LIABILITIES AND COMMITMENTS:

(Rupees in Lacs)

		2011-12	2010-11
(i)	Claims against the ICAI not acknowledged as debt	**2633.18**	642.07
(ii)	Capital Commitments (net of advances)	**973.58**	3977.80

2.1 OTHER NOTES

a) CBDT granted exemption u/s 10(23C)(iv) of the Act to the Institute up to Financial Year 2004-05. However, renewal application for subsequent years i.e. Financial Year 2005-06 to 2007-08 and Financial Year 2008-09 have been rejected by DGIT(E) on the ground that activities of conducting Coaching Classes/Holding Seminar/Campus interview is business for which no separate books of accounts are maintained. The Orders passed by DGIT(E) have been challenged by filing Writ Petition before Hon. Delhi High Court.

b) The Institute is registered under section 12A of the Income Tax Act, 1961 and eligible for exemption of income under section 11 of the Act. CIT (A) granted exemption of income under section 11 of the Act in financial years 2005-06 and 2006-07, which was denied by Assessing Officer in Assessment proceedings and the appeals filed by the Department before ITAT have also been dismissed. The Assessing Officer, following the Order of ITAT, allowed the exemption u/s 11 of the Act in Financial Year 2007-08. Hon. Delhi High Court also dismissed the appeal of the Department against the Order of ITAT for the Financial Year 2006-07. However, in assessment year 2009-10 the assessing Officer again denied Exemption u/s 11 of the Act and raised demand of Rs.42,98,94,394/- as the Department has not accepted the Orders of ITAT and High Court. The Institute has filed appeal against the Order of Assessing Officer before CIT(A), which is pending.

c) The Institute has also filed SLPs before Hon. Supreme Court against the Orders of the Hon. Delhi High Court, disposing the Writ Petition filed by the Institute against the Orders passed by DGIT(E) denying exemption U/s 10(23C)(iv) of the Income Tax Act, wherein the Hon. High Court held that the activities of the Institute fall under the category of "advancement of any other object of general public utility" within the definition of "Charitable Purpose" given in section 2(15) of the Act; whereas the Hon. Court also observed in the same Orders that the Institute is also engaged in the educational activities as it conducts various Post Qualification Professional courses for its Members. The main activities of the Institute are Educational Activities and other activities carried on by the Institute may fall under the category of "advancement of any other object of general public utility.

The Institute has already filed an SLP against the Order of the Delhi High Court passed in the Financial Year 2006-07 dismissing the appeal of the Department, against the observation of the Hon. Court that the activities of the Institute fall under the category of "advancement of any other object of general public utility" within the definition of "Charitable Purpose" given in section 2(15) of the Act."

2.2 A sum of Rs. 250 per student, registered with effect from 1st April, 2009, being portion of student's association fee, is remitted to Chartered Accountants Students Benevolent Fund.

2.3 Leasehold land includes Rs. 6.17 Lakhs relating to the land in I.P. Estate, Delhi adjacent to existing H.O. plot, allotted by Land and Development Authority, for which Memorandum of Agreement and Lease Deed execution is in progress.

2.4 The disclosures required under Accounting Standards-15 (Revised) on "Employee Benefits" issued by the Institute of Chartered Accountants of India are given below:-

Defined Contribution Plan

Contribution to defined contribution plan, recognized i.e. Employer's Contribution to Provident Fund is charged off for the year.

Defined Benefit Plan

The Employees Gratuity Fund Scheme managed by the Life Insurance Corporation of India is a defined Benefit Plan. The Present Value of Obligation is determined on Actuarial Valuation using the Projected Unit Credit Method to build up the final obligation. The obligation for Leave Encashment and Pension is also recognized on the same basis as Gratuity.

Status of Defined Benefit Plan

Status of the defined benefit plan as required by Revised Accounting Standards-15 is as follows:

(Rupees in Lacs)

	Gratuity (Funded)		**Leave Encashment (Un-Funded)**		**Pension (Un-Funded)**	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Reconciliation of opening and closing balances of Defined Benefit obligation						
Defined Benefit obligation at beginning of the year	**1581.39**	771.80	**1786.62**	1039.26	**1230.09**	1163.65
Current Service Cost	**91.40**	97.63	**245.67**	157.98		
Interest Cost	**135.31**	60.81	**153.06**	81.68	**107.55**	95.91
Actuarial (gain)/loss	**(352.31)**	720.49	**(155.35)**	606.06	**(270.43)**	(27.37)
Benefits paid	**(70.00)**	(69.36)	**(74.74)**	(98.36)	**(1.82)**	(2.11)
Defined Benefits obligation at year end	**1385.79**	1581.39	**1955.26**	1786.62	**1065.39**	1230.08
Reconciliation of opening and closing balances of fair value of plan assets						
Fair value of plan assets at beginning of the year	**944.77**	875.73		--		--
Expected return on plan assets	**121.58**	80.89		--		--
Actuarial gain/(loss)	**17.14**	0.11		--		--
Employer contribution	**725.11**	--		--		--
Benefits paid	--	(11.96)		--		--

Fair value of plan assets at year end	**1808.60**	944.77			--	--
Reconciliation of fair value of assets and obligations						
Fair value of plan assets as at 31st March, 2012	**1808.60**	944.77			--	--
Present value of obligation as at 31st March,2012-Long Term	**1385.79**	1581.39	**1955.26**	1786.62	**1065.40**	1230.08
Present value of obligation as at 31st March,2012-Short Term			**177.29**	124.92		
Amount recognized in Balance Sheet as at 31st March,2012	**(422.81)**	636.62	**2132.55**	1911.54	**1065.40**	1230.08
Expenses recognized during the year						
Current Service Cost	**91.39**	97.62	**245.68**	157.98		--
Interest Cost	**135.31**	60.81	**153.06**	81.68	**107.55**	**95.91**
Expected return on plan assets	**(121.58)**	(80.88)				
Actuarial (gain)/loss	**(369.44)**	720.37	**155.35**	606.06	**(270.43)**	**(27.37)**
Short term liability			**177.29**	124.92		
Net Cost	**264.32**	797.92	**731.38**	970.64	**(162.88)**	**68.54**
Actuarial assumptions						
Mortality Table	**LIC 1994-96 Ultimate**	LIC 1994-96 Ultimate	**LIC 1994-96 Ultimate**	LIC 1994-96 Ultimate	**LIC 1994-96 Ultimate**	LIC 1994-96 Ultimate
Attrition Rate	**05.00% p.a.**	05.00% p.a.	**05.00% p.a.**	05.00% p.a.	**05.00% p.a.**	05.00% p.a.
Imputed Rate of Interest	**08.75% p.a.**	08.25% p.a.	**08.75% p.a.**	08.25% p.a.	**08.75% p.a.**	08.25% p.a.
Salary Rise	**Basic:03:00 % p.a. & D.A.: 06:00 % p.a.**	Basic:03:00 % p.a. & D.A.:06:00 % p.a.	**Basic:03:00 % p.a. & D.A.:06:00 % p.a.**	Basic:03:00 % p.a. & D.A.:06:00 % p.a.	**Basic:03:00% p.a. & D.A.: 06:00% p.a.**	Basic:03:00% p.a. & D.A.: 06:00% p.a.
Return on Plan Assets	**09.30% p.a.**	09.30% p.a.				
Average Remaining Working life	**18.68 Years**	18.17 Years	**18.68 Years**	18.17 Years	**18.68 Years**	18.17 Years
Investment Details	**100% invested in LIC**	100% invested in LIC	**2132.55***	1911.54*	**1065.40***	1230.08*

* Investments are maintained by the Institute.

2.5 Campus Interview Income has been shown as net of directly attributable expenses and common expenses have been debited in the respective heads of expenditure.

2.6 Only directly attributable expenses on the activities of Publications and Seminars have been charged to these heads of expenditure respectively and indirect expenditure on these activities is charged to functional heads of expenditure.

2.7 Prior period Income includes the following:-

	(Rupees in Lacs)	
	2011-12	2010-11
Others	**47.78**	9.52
Total	**47.78**	9.52

Prior period expenses include the following:-

Printing & Stationery	**121.02**	--
Examination Expenses	**35.00**	0.07
Repairs & Maintenance	**--**	0.20
Traveling & Conveyance	**1.31**	--
Salary & Allowances	**35.75**	--
Rent, Rates and Taxes	**--**	1.05
Others	**142.15**	46.49
Total	**335.23**	47.81

2.8 The Institute operates predominantly in India and in one segment i.e. furtherance of the profession of Chartered Accountancy.

2.9 Previous year figures have been re-grouped and re-classified wherever considered necessary to make it comparable with those of current year.

T. KARTHIKEYAN, Secy.

[ADVT. III/4/104/12-13/Exty.]

Printed by the Manager, Government of India Press, Ring Road, Mayapuri, New Delhi-110064 and Published by the Controller of Publications, Delhi-110054.