



M. Gopalakrishnan, President

**The future is not something we enter. The future is something we create.**  
– Anonymous

The raging topic in the global economic forum is the sovereign debt crisis which is being faced by the European union. The stronger economies in that region are trying to salvage the situation by various interim as well as long-term measures. All these show the close connect between the international and the national issues. As a professional body we have to expand our vision beyond the national issues and identify areas of cooperation and exchange ideas at the global level which can provide a good leverage at the local level. Gone are the days when professional bodies used to concentrate only on local issues and ignore the realities in the international arena. The Government of India is also closely following up with the professional bodies as to what extent they are tuned to absorb the happenings around the world and work in collaboration with other accounting bodies across the globe.

The Indian economy is also expected to face the impact, with the initial repercussion have already started with wild fluctuations in forex rates. The challenge the business enterprises are going to face in this economic turmoil are to look at costs more closely, so that the impact of the external factors are mitigated by improving the internal efficiencies. The Ministry of Corporate Affairs have been actively promoting the enhancement of cost culture within the organized sector by the Cost Accounting Records and Cost Audit mechanism by the recent notifications. The series of notifications issued in November 2011, has also clarified many issues relating to the entire mechanism. It is very important that the chapters and regional councils hold series of workshops on the matter, involving the industry so that a smooth transition to the principle based approach is possible.

#### **Key Issues**

The members are aware that ICWAI has been on the forefront in submitting its views on the Company's Bill, 2009, which is cleared by Cabinet for placing in the Parliament. We hope the path breaking provisions like spending 2% of Net profits on CSR, Class action suits and Role of Independents Directors will find their due mention apart from provisions relating to cost audit in the revised draft. This is going to be most comprehensive piece of legislation in Independent India, and we congratulate the Ministry of Corporate Affairs, for spearheading one more initiative for progress.

The institute has submitted its comments to Ministry of Corporate Affairs on the National Competition Policy, which is another important piece of document in public domain.

You will be happy to know that Central Board of Direct Tax is in the process of seeking inputs for their exposure draft on Tax Accounting Standards, which indicates the evolving path on accounting for computation of taxable income. This is a welcome development as the present accounting framework has been found wanting to address the issues relating to the Tax Accounting. ICWAI is taking steps by submitting its views on the aspect and I invite wider dissemination of this key matter amongst the members.

I am pleased to share with you ICWAI has been invited to be a member of Accounting for Sustainability (A4S) Accounting Bodies Network. This is an important recognition to the consistent efforts in this matter by the Institute. A4S is a project of Prince of Wales foundation, UK on sustainability having international representation. The Prince's Accounting for Sustainability Project works with businesses, investors, the public sector, accounting bodies, NGOs and academics to develop practical guidance and tools for embedding sustainability into decision-making and reporting processes.

#### **Events-National**

ICWAI was invited to address the CFOs in the Round Table Discussion on Sustainability Reporting organised by CIMA-TATA Group at Mumbai on 3<sup>rd</sup> November, 2011. A Round Table conference on Consultative Process on Integrated Reporting by ICWAI-IICA was held at New Delhi on 23<sup>rd</sup> November, 2011 having participation from CEOs/CFOs of Public/Private Sector Companies and Senior Officials in the Government of India. Ms. Matty Yates, Head International Network, A4S, UK; Shri Sudhir Mital, IAS, Additional Secretary, Ministry of Corporate Affairs and Shri Bhaskar Chatterjee, IAS (Retd.), Director General, Indian Institute of Corporate Affairs guided the discussion.

The Cuttack-Bhubaneswar chapter facilitated the meeting with Shri Naveen Patnaik, Chief Minister of Orissa ICWAI with the delegation comprising myself, Shri Rakesh Singh, Vice

President, and Shri S C Mohanty, Council Member to discuss various points relating to development of our profession in the state. The meeting was followed by a Seminar on CARR & CAR which was well attended by members.

#### **Events-International**

##### **SAFA Event :**

ICWAI organised first Joint Conference of South Asian Federation of Accountant (SAFA) and European Federation of Accountants and Auditors for SMEs (EFAA) Alliance at New Delhi on 2<sup>nd</sup> - 3<sup>rd</sup> November, 2011 inaugurated by Shri Naved Masood, IAS, Secretary, Ministry of Corporate Affairs. The programme had representation from SAFA member bodies, EFAA delegation led by Mr. Geoffrey Britton and Mr. Federico Diomeda, its President and CEO respectively. A Memorandum of Understanding (MoU) was signed between the two organisations having Shri A. N. Raman, President, SAFA executing the same on behalf of SAFA. International Valuation Standards Council (IVSC)

The International Valuation Standards Council (IVSC) held a meeting at Hong Kong from 2<sup>nd</sup> Nov 2011 to 5<sup>th</sup> Nov 2011. I am pleased to inform the members that active participation by the ICWAI team represented by Shri P.V. Bhattad and Shri A. Om Prakash, Council Members, led to nomination of ICWAI as a member of working group of Advisory forum, which advises the board of trustees of IVSC.

##### **IFAC Meeting**

The IFAC Council Meeting was held at Berlin on 15<sup>th</sup> and 16<sup>th</sup> November, 2011. Shri A S Durga Prasad, Council Member, ICWAI was the member of delegation along with me. The experience was quite useful as we were able to understand the current developments in the international arena and how the accounting bodies all over the world are shaping their strategy. The Sovereign Debt Crisis was one key issue which was discussed in detail as it will have impact on all economies including India, as our country is also well connected with global economic environment. We also had interaction with the representatives of Chartered Institute of Management Accountants (CIMA), UK and Internationaler Controller Verenig eV (ICV) [International Controller Association], Germany respectively on the sidelines of the meeting. The interactions were very useful for strengthening the existing tie up with the UK body and explore mutual areas of co-operation with ICV.

The Board and Assembly meetings of South Asian Federation of Accountants (SAFA) were held at Dhaka, Bangladesh on 29<sup>th</sup> November, 2011 under the chairmanship of Shri A. N. Raman, President, SAFA. This was preceded by meetings of various Committees of SAFA held on 28<sup>th</sup> November, 2011 attended by Shri S R Bhargava; Shri S C Mohanty and Shri A. Om Prakash as members of various committees. During the International Seminar on Sustainability on 27<sup>th</sup> November, 2011 at Dhaka, Shri A. N. Raman, President, SAFA was the keynote speaker and shared the dais with Ms. Sheikh Hasina, Hon'ble Prime Minister of Bangladesh.

ICWAI nominee in SAFA, Shri A. N. Raman, President, SAFA will be laying down office on 31<sup>st</sup> December, 2011 and Mr. Muhammad Rafi, from Institute of Cost and Management Accountants, Pakistan will be assuming office from 1<sup>st</sup> Jan 2012. The year in retrospect gave a new shape to the road map that is

being followed by SAFA. The alignment of SAFA activities through a Strategy Matrix to the objectives of SAARC has been hailed as a clear game changer in the strategies and action plan for the Accounting bodies from the SAARC region. I am sure that with the possible inclusion of CPA Maldives over a step by step framework and the various collaborations by SAFA, with EFAA, GRI and other bodies, the coming years will lead SAFA to a new leadership role under the new President. I compliment Shri Raman for the excellent work he has done and offer the best wishes from ICWAI to the incoming President SAFA- Mr. Muhammad Rafi, ICMAP.

Shri Rakesh Singh, Vice President, ICWAI participated in a joint Seminar at Dubai, United Arab Emirates (UAE) organised by ICWAI Overseas Centre, Dubai with Indian Institute of Management Calcutta (IIMC) on 10<sup>th</sup> November, 2011. It was an opportunity to interact with the members in the Region and discuss issues relating to progress of the profession in that region.

##### **Committee Meetings of ICWAI**

I am happy that during the month, various Board/ Committees of ICWAI met and discussed various issues under their domain, assessed the progress on the initiatives already on and the plan of action for the future. The Banking & Insurance Committee, Advanced Studies, Cost Audit & Assurance Standards Board, Cost Accounting Standards Board, National Task Force Meeting, Finance Committee, CAT and RC & Chapter Co-ordination Committee organised their meetings during the month.

##### **Regional Initiatives**

It is heartening to note Regional Councils and Chapters of ICWAI are reciprocating the initiatives of Council of the ICWAI in an equal measure. To mention a few, South Indian Regional Council of ICWAI has entered into an Institute Industry Education Programme with WIPRO, with the aim of benefitting the employees of the Company to acquire a professional accounting qualification. I compliment Team SIRC for the initiative. Northern Indian Regional Council of ICWAI organised a well-attended seminar on recently released Generally Accepted Cost Accounting Principles (GACAP) by ICWAI at New Delhi on 24<sup>th</sup> November, 2011.

##### **Technical Directorate**

To accelerate the progress of issue of CAS and guidance notes, Cost Accounting Standards Board (CASB) of the Institute in its 49<sup>th</sup> meeting held on 25<sup>th</sup> and 26<sup>th</sup> November 2011 has approved the revised Guidance Note on Cost Accounting Standard - 4. Exposure Draft of Cost Accounting Standard on Pollution Control Cost has been released and the same is likely to be released for comments / suggestions shortly.

##### **Professional Development Directorate**

###### **Master Circular number 2/2011**

The Cost Audit Branch, Ministry of Corporate Affairs has issued a Master Circular number 2/2011 dated 11<sup>th</sup> November, 2011 on Cost Accounting Records and Cost Audit. The Circular inter alia covers, various clarifications relating to appointment of cost auditor, cost audit report and audit committee meetings relating to cost audit.

In addition, Cost Audit Branch, Ministry of Corporate Affairs has come out with clarifications on The Companies (Cost Accounting Records) Rules, 2011 and The Companies (Cost Audit) Report through two general circulars issued on 30.11.2011. I am sure that many queries members and industry had on the earlier notifications will be resolved by these notifications.

**National Seminar on Cost and Risk Management at Chennai**

ICWAI has been associated as a knowledge partner for the National Seminar on Cost and Risk Management at Chennai on 19th, November 2011 by the Institute of Public Enterprises Hyderabad. The National Seminar deliberated issues relating to Risk Management particularly, Enterprise Risk Management, Risk Management in Financial sector, Integrated Reporting, Statutory Compliances relating to Cost Accounting Records & Reports Rules etc.

**CAT Directorate**

I am happy to inform that your Institute has taken a firm step forward to reach the wide spectrum of the society by releasing admission notice for ICWAI courses in nearly 206 newspapers across the country on 26<sup>th</sup> Nov 2011. This has created a very positive vibration among the Chapters/Regional Councils. ICWAI plans more such campaigns across the country to reach the larger sections of the youth across the country. The Committee on CAT has also laid down the strategy to be followed to take the course to the next level.

**CEP Directorate**

The Institute is on the forefront in propagating XBRL and I am happy that the combined efforts of CEP Directorate and PD Directorate have started yielding results. The National Seminar on XBRL (eXtensible Business Reporting Language) on 10th November 2011 at Chennai was organised in association with SIRC of ICWAI. In inaugural session, I was able to share the initiatives taken by ICWAI in promoting XBRL. Chief Guest, Shri S. Manjesh Roy- DGM, SEBI, Southern Regional Office briefly discussed the importance of XBRL. The CEP Directorate has also actively organized programmes on XBRL at Bhubaneswar on 23<sup>rd</sup> October, 2011, Kolkata and Ahmedabad on 12<sup>th</sup> November, 2011, Jaipur and Pune on 15<sup>th</sup> November, 2011.

On 24th November, ICWAI in collaboration with Standing Conference on Public Enterprise (SCOPE) organised a one day programme on Companies (Cost Accounting Records) Rules, 2011 and Companies (Cost Audit Report) Rules, 2011. In the opening session I addressed the gathering, along with Chief guest Shri B B Goyal, Advisor (Cost).

I am also pleased to state that as a part of the international training programme, held at Singapore, Malaysia and Bangkok, the participants had an Interaction session with the Vice President and other Technical Team of the Malaysian Institute of Certified Public Accountants (MICPA) Kuala Lumpur on the financial and taxation system and IFRS.

**Membership Directorate**

The efforts to make the membership process more smooth, the Membership Department had specified and uploaded a chart of function wise email ids at the link <http://members.icwai.org/members/contactus.asp>. The members can ask their queries to the concerned email ids as provided in our website and can get prompt replies to their queries.

As an additional measure, we are planning to start online applications for Associate Membership, Fellow Membership and

Certificate of Practice. The process is on and a detailed announcement for this will be made as soon as the system is made functional.

**IT Directorate**

I am also happy to note that the web based system of online registration of the Students (IEPS) is being implemented across the country in all Regional Councils and Chapters of the Institute w.e.f. 06th December 2011. This system would facilitate the registration of student records in the centralized database server of the Institute on real time basis. The necessary user training has already been imparted to the users of Regional Councils and Chapters in the month of October and November 2011. A Helpdesk also has been created to facilitate the Chapters and Regional Councils to solve any issues on the running of the system.

**ICWAI MOU with CISI, UK**

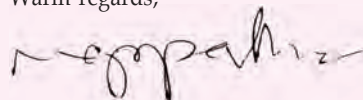
In a path breaking event, the Institute of Cost and Works Accountants of India (ICWAI) and Chartered Institute for Securities and Investment (CISI), UK signed a memorandum of understanding at Mumbai on 1<sup>st</sup> December, 2011 on awarding the membership of CISI to ICWAI members and concessional fee for ICWAI students at a special concessional fee. The Chartered Institute for Securities & Investment is the largest professional body for those who work in the securities and investment industry in the UK and in a growing number of major financial centres round the world. Evolved from the London Stock Exchange, they now have more than 40,000 members in 89 countries. The CISI agreed to offer entry to their membership upon application at Associate (ACSI) level to ICWAI members and Member (MCSI) level to members of ICWAI with three years' relevant experience. Both parties have also agreed to conduct seminars and conferences on contemporary areas such as IFRS, business valuations etc. Further, they have also agreed to share developments in the areas of common interest at international level. I feel this MOU between ICWAI and CISI paves way for long term cooperation in the field of risk management, Assets Servicing, global securities operations and investment in both countries. To give benefit to the students of both the institute, it has been agreed to offer their courses to the students of other institute.

**FIR against malicious and defamatory emails**

ICWAI has always preferred to deal the various issues amicably and in a transparent manner. It was brought to my notice that one of the past President and Council Members of Institute (including one ex-Member of Council) were receiving malicious and defamatory emails from an unverifiable email id. The Institute has taken serious note of it and filed an FIR with Police station at Kolkata, the contents of which are available on the website of the Institute.

With best wishes to you and members of your family for Christmas, New Year and other festivities.

Warm regards,



M. Gopalakrishnan,  
President, ICWAI  
2<sup>nd</sup> December, 2011