

*On the occasion of*

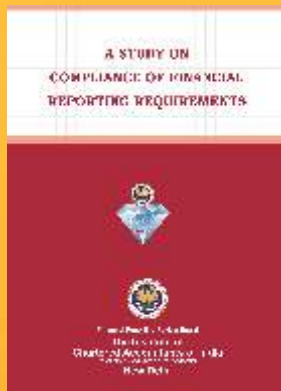
**100<sup>th</sup>**

**MEETING**

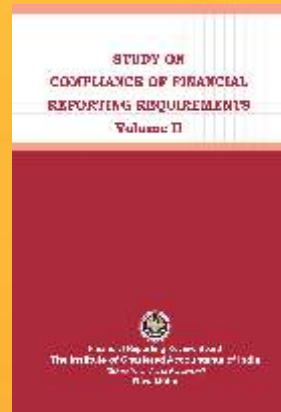
*of*

**Financial Reporting Review Board (FRRB)**

*Moving towards Better Quality Financial Reporting*



2010



2014



2018



**Financial Reporting Review Board**  
**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)  
**New Delhi**

## Messages

### PRESIDENT, ICAI



I am pleased to know that Financial Reporting Review Board (FRRB) of ICAI is holding its 100th meeting on January 23, 2019. In today's dynamic world expectations from professionals have increased much more than what was expected from them in yester years.

Accountancy and auditing profession in India has covered a long distance since its inception in 1949. Still there is no limit for excellence and there will be so many milestones to achieve in the time to come. It must be remembered that maintaining integrity and upholding public trust is an important yardstick on which accountants and auditors need to prove themselves. Since its formation in year 2002, FRRB has been playing vital role in strengthening the best financial reporting practices amongst the members as well as corporates. I congratulate present as well as all of the Boards constituted in past for their reverent efforts and contributions.

With the hope and best wishes that FRRB continue to do such astounding work in years to come, I once again congratulate FRRB on its 100th meeting

**CA. Naveen N.D. Gupta**

### VICE-PRESIDENT, ICAI



The accountancy and auditing profession is recognized worldwide as the one bringing transparency and creating trust for various stakeholders. I sincerely believe that it can be more productive and innovative in serving our

country if services are rendered more diligently. The objective behind the formation of Financial Reporting Review Board, in year 2002, was that there should be a dedicated department that could review the general purpose financial statements and thus ensure the compliance with various financial reporting requirements and I am glad to say that the Board has fared well on the expectations of the then Council. I congratulate the past Board(s) as well as the present Board for their devoted efforts.

I congratulate CA. Sanjay Vasudeva, Chairman, FRRB, CA. M. P Vijay Kumar, Vice-chairman, FRRB and all the members of the Board for hosting the felicitation event. I believe the FRRB will continue to do the tremendous work in years to come.

**CA. Prafulla P. Chhajed**

### CHAIRMAN, FRRB



The Financial Reporting Review Board (FRRB) of ICAI established in the year 2002 has achieved a number of milestones since its formation. Over the years, the relentless efforts and quality contribution of the Board ably supported by the technical reviewers and the

members of the FRRG has enhanced the status of the ICAI as regulator. With its close co-ordination and interaction with various regulators such as MCA, SEBI, IRDAI, ECI the FRRB has strived in national interest and has undertaken the review of financial statements of various enterprises in public interest. The Board has truly lived up to ICAI's vision as partner-in-nation building by responding to the expectation of the regulators and the society in working towards improvement of the financial reporting practices in the country.

**CA. Sanjay Vasudeva**

### VICE-CHAIRMAN, FRRB



Financial statement of an entity is primary source of the information about its financial health. The users of the financial statements are widely dependent on the information depicted in the financial statement of the enterprises.

Therefore, the accuracy, transparency and adherence with the requirements of reporting standards and relevant regulations are of the key importance in preparation and presentation of the financial statements. Since its formation in 2002, FRRB by undertaking the review of financial statements and auditor's report thereon has been playing a paramount role in improving the financial reporting practices prevailing in India and also supporting ICAI being an effective regulator of Accounting Profession, by advising cases of non-compliance with reporting requirements to the Disciplinary Directorate of ICAI and where appropriate to the Ministry of Corporate Affairs.

**CA. M.P. Vijay Kumar**

## *Moving towards Better Quality Financial Reporting*

**FORMATION :** The Financial Reporting Review Board (FRRB) was constituted by the Institute of Chartered Accountants of India (ICAI) in 2002.

**OBJECTIVE :** To develop and maintain an environment of sound financial reporting which is important to promote investor confidence in audited financial statements.

### **COMPOSITION OF THE BOARD**



The composition of the Board represents a broad spectrum of professional and regulatory experience. The Board comprises Central Council members of the ICAI, Government nominees and the representatives from the following offices from time to time:

- Securities and Exchange Board of India (SEBI),
- Comptroller and Auditor General of India (C&AG)
- Insurance Regulatory and Development Authority (IRDAI)
- Central Board of Direct Taxes (CBDT).

### **INDEPENDENCE OF THE BOARD**

The Council always endeavoured to provide independence to the Board and also to keep it separate from the disciplinary mechanism of the Institute. To ensure independence of the Board, it neither has co-opted members or ex-officio members including the President and Vice-president of the ICAI nor has any member of Disciplinary Committee on the Board.

### **SCOPE OF WORK**

- Review of General Purpose Financial Statements of enterprises selected suo motto or as a special case.
- Creating awareness regarding compliance with Accounting Standards, Standards on Auditing, Statement on CARO and other reporting obligations relevant to various enterprises among the preparers and auditors of financial statements through:

#### ➤ **PUBLICATION**

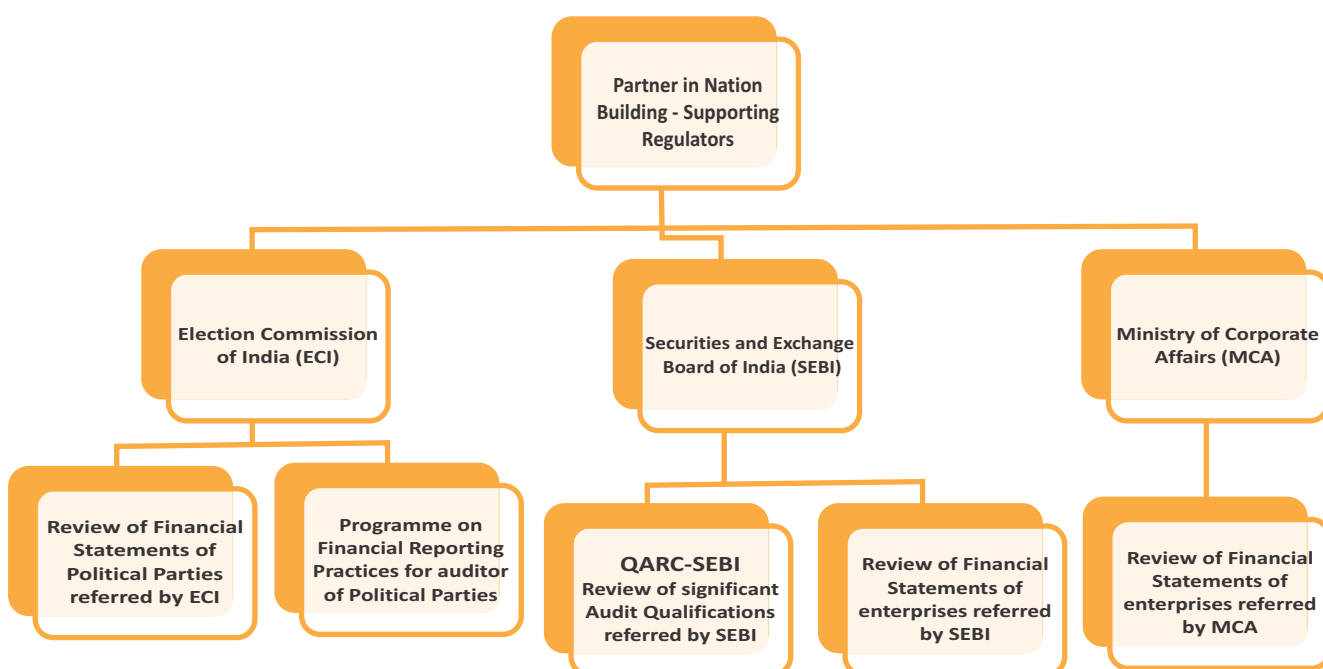
With an objective to educate the preparers of financial statements, auditor and other Stake holder about the compliance with various financial reporting requirements, the Board has released three volumes of its publication 'A Study on Compliance of Financial Reporting Requirements'. The Publication contains pertinent observations of the Board on compliance aspects of various Financial Reporting Requirements in context of the applicable Accounting Standards, Standards on Auditing, Guidance Notes as well as other relevant laws and statutes.

➤ **ARTICLES IN JOURNAL**

With a view to apprise the members of the Institute and others concerned about the major non-compliances observed during the review, the FRRB compiles such non-compliances from time to time and publish the same in Journal of the Institute and also host them on the Website of the Institute.

➤ **ORGANIZING AWARENESS PROGRAMMES / WORKSHOPS / SEMINARS/ TRAINING PROGRAMMES.**

## **Partner In Nation Building - Supporting Regulators**



ICAI is constantly making endeavours to contribute towards Nation Building and foster enriching relationship with its members, government and public at large. In this endeavour, ICAI-FRRB always support the regulators in strengthening Financial reporting compliance by way of providing assistance to Qualified Audit Report Review Committee (QARC) of Securities and Exchange Board of India (SEBI) in review of significant audit qualifications of the listed enterprises, Election Commission of India in review of annual audited accounts of political parties and undertakes review of other cases as referred by the regulators time to time. The details are as follows:

❖ **FORMATION OF THE SHELL COMPANIES REVIEW GROUP**

As a suo-motto proactive measure and in view of public interest and importance of matter, the ICAI constituted Shell Companies Review Group (SCRG) under FRRB to undertake the review of shell companies on references received from Regulatory/Government bodies like 'Task Force on Shell Companies' of Government of India etc.

❖ **ELECTION COMMISSION OF INDIA (ECI)**

To improve the transparency in the financial statements of political parties, FRRB is working closely with ECI (Regulator of Political Parties) by reviewing the financial statements of political parties referred to it from time to time and organising programme for the auditor of political parties

➤ **REVIEW OF FINANCIAL STATEMENTS OF POLITICAL PARTIES:**

Election Commission of India had requested ICAI to scrutinize the annual audited accounts of various political parties in order to ascertain if they have complied with the applicable Accounting Standards. Accordingly, FRRB had reviewed the annual audited accounts of such political parties and a detailed report on various accounting and reporting deficiencies observed in their financial statement have been submitted to the ECI and / or to the concerned auditors to enable them to improve upon the quality of financial reporting and to exercise greater care in future.

➤ **PROGRAMME ON FINANCIAL REPORTING PRACTICES FOR POLITICAL PARTIES**

To enhance the financial reporting skills of the auditors of Political Parties, a “Programme on Financial Reporting Practices for Political Parties” was organized in the year 2015 at New Delhi. Dr. Nasim Zaidi, Chief Election Commissioner of Election Commission of India and Shri. P.K. Dash, Director General (Election Expenditure) of Election Commission of India graced the event.

Election Commission of India has appreciated the role played by FRRB for reviewing annual audited accounts of various political parties and also in holding workshop for auditors of political parties. Considering the FRRB as an effective mechanism, ECI is continuing to refer the annual audited accounts of various political parties to the Institute.

❖ **SUPPORTED QARC-SEBI**

- Played a key role in supporting Securities and Exchange Board of India (SEBI) in its endeavour to improve financial reporting practices of listed enterprises. FRRB submitted its views on the specific audit qualification(s) of all the cases referred by QARC of SEBI (112 enterprises) along with additional information, if any received by the company and /or the auditor, as the case may be.
- FRRB also provided comments on SEBI's proposal to improve its mechanism for dealing with the qualified audit reports filed in SEBI by the listed entities.

## *Scope of Review Conducted By FRRB*

Review of the general purpose financial statements of enterprises and auditor’s report thereon with a view to determine, to the extent possible:

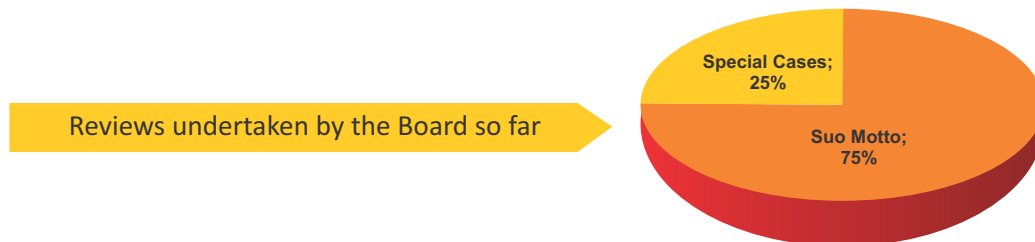
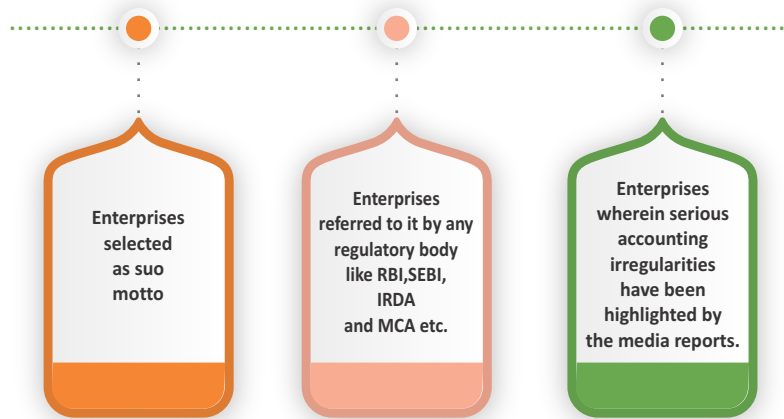
Compliance with the generally accepted accounting principles in the preparation and presentation of financial statements;

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

Compliance with the reporting obligations of the auditor

## Selection of Enterprises For Review

The Board reviews the general purpose financial statements and the auditor's report of the following enterprises :

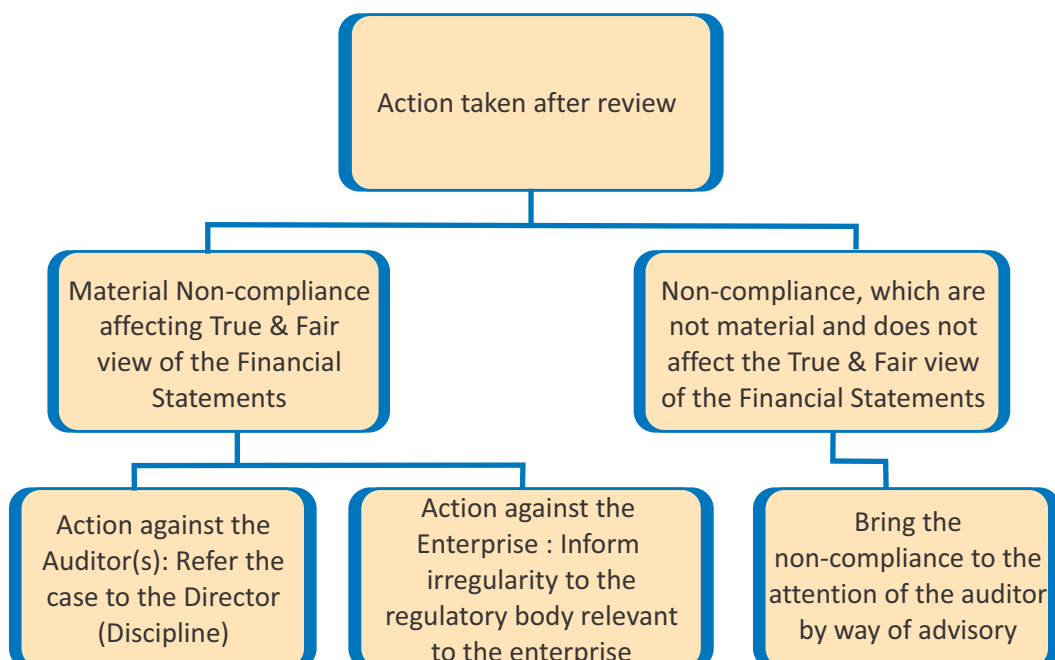


**REVIEW PROCESS :** The Board follows three-tier review process viz:

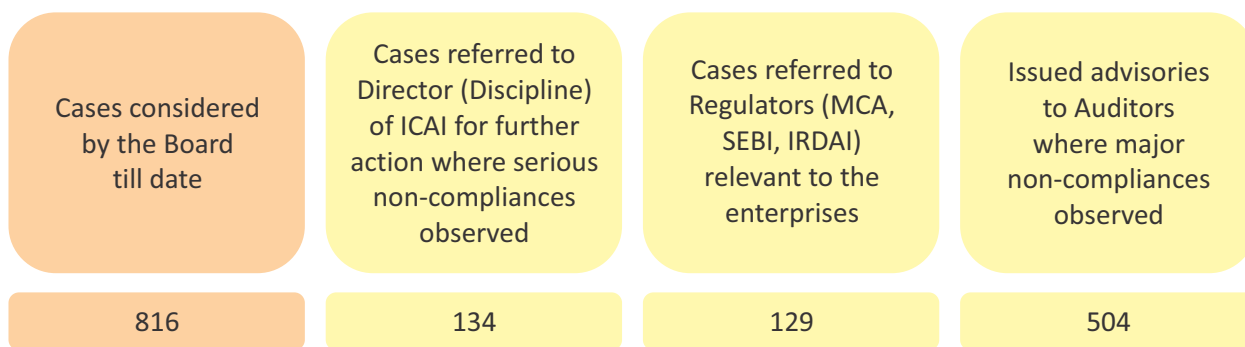


## Actions Taken By The Board Based On Review

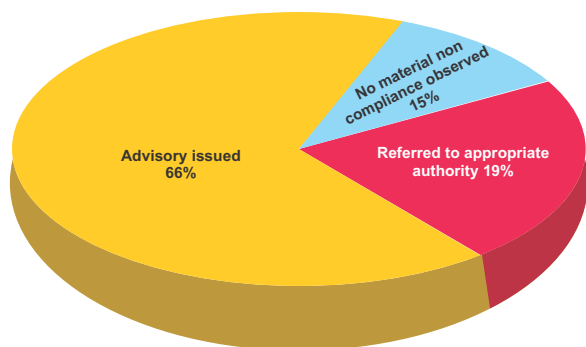
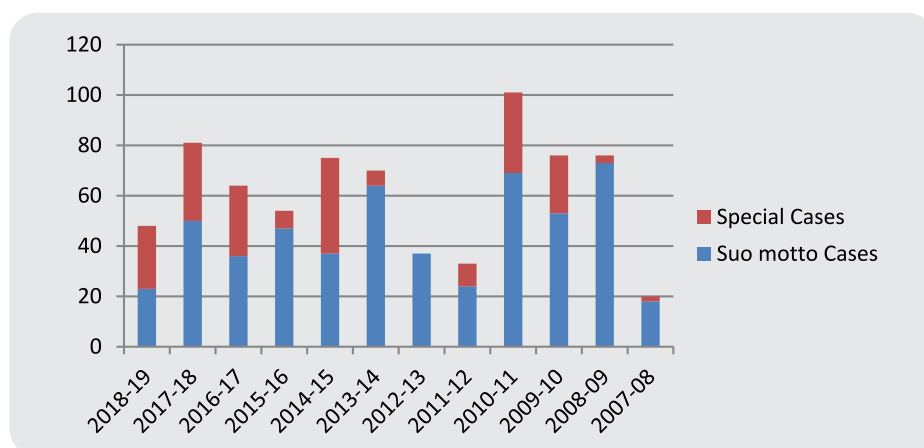
The Board may take following actions based of the review of the financial statement:



## Total Cases Reviewed Since Inception

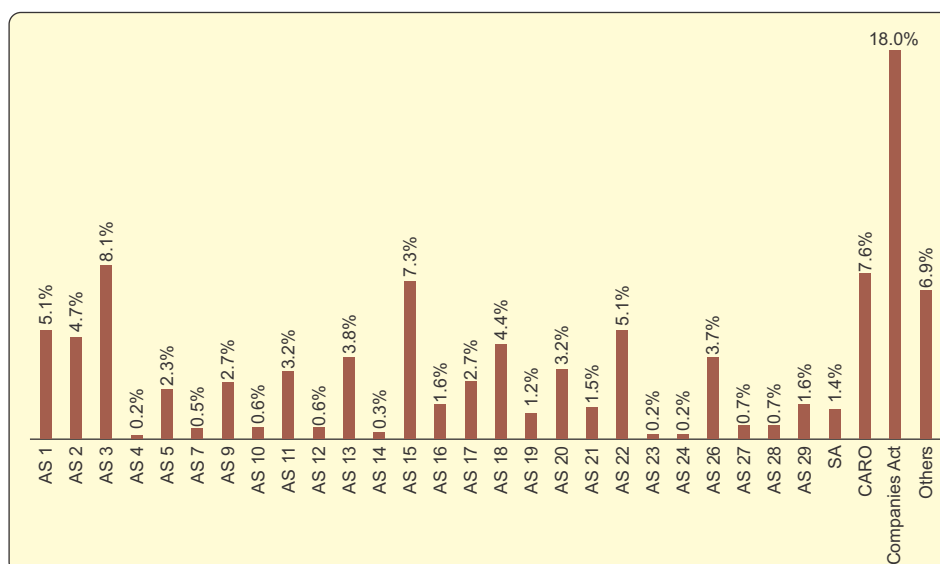


Break-up of cases reviewed by the Board:



Summary Of Action Taken By The Board So Far

At A Glance: Non-compliances Observed By The Board During The Course Of Review.



## Creating Awareness Among The Members

### ARTICLES IN JOURNAL

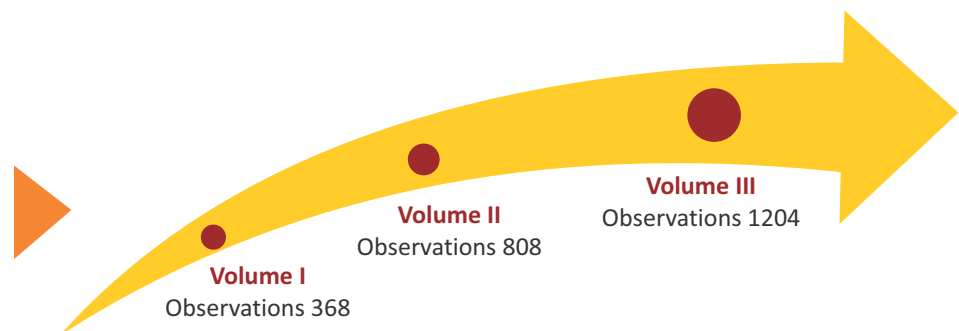
With a view to apprise the members of the Institute and others concerned about the non-compliances observed during the review, articles are published in the Institute's Journal, 'The Chartered Accountant'.

### PUBLICATION:

So far, following publications have been released which contains pertinent observations of the Board on compliance aspects of various Financial Reporting Requirements:

- A Study on Compliance of Financial Reporting Requirements
- Study on Compliance of Financial Reporting Requirements (Volume II)
- Study on Compliance of Financial Reporting Requirements (Volume III)

### *A Study on Compliance of Financial Reporting Requirements*



## Programmes

In its endeavour to improve financial reporting practices in the country, from the year 2007, FRRB initiated to organize Awareness Programmes on Financial Reporting Practices, updating the knowledge of the preparers of the financial statements and auditors with the amendments taking place in financial reporting framework and also to apprise them about the common non-compliances observed by the Board during review of various financial statements.

## FRRB assisting in regulation of the CA profession

After functioning for more than sixteen years, the Financial Reporting Review Board (FRRB) is firmly established as an important and influential tool to bring transparency in financial reporting. Its presence has been acknowledged by various quarters of the society be it members of the Institute or various regulatory authorities. It has achieved a niche in reviewing the financial reporting practices of the enterprises that is also reflected from the fact that SEBI has approached ICAI to support it in review of qualified audit reports. It is envisaged that the reviews carried out by the Board, is improving the overall quality of attestation services being rendered by the members of the profession. The ongoing task of undertaking reviews by the Board would definitely be helpful in further strengthening of the accounting and financial reporting practices in the Country. The Board services were acclaimed by SEBI, Election Commission of India etc. and continue its journey in pursuit of excellence, independence and integrity.

## Opportunities Available For Chartered Accountants In FRRB

As mentioned above a panel of Technical Reviewer is maintained by the Board. A member of the Institute who fulfils following criteria may apply to get himself registered in the panel of TRs:

1. In practice and possesses experience of 10 years or more in the field of accounting and auditing or
2. In the industry and possesses the comparable experience.

An online application form is hosted at Institute's website and can be accessed at [https://www.icai.org/new\\_post.html?post\\_id=969&c\\_id=61](https://www.icai.org/new_post.html?post_id=969&c_id=61).



## PAST CHAIRMEN OF FRRB



**CA. Amarjit Chopra**  
Year 2002-03



**CA. Vinod Jain**  
Year 2003-04



**CA. Sunil Talati**  
Years 2004-05,  
2005-06, 2008-09



**CA. S. C. Vasudeva**  
Year 2006-07



**CA. Jayant P. Gokhale**  
Year 2007-08



**CA. Mahesh P Sarda**  
Year 2009-10



**CA. Jaydeep Narendra Shah**  
Year 2010-11



**CA. Abhijit  
Bandyopadhyay**  
Year 2011-12



**CA. Sanjeev K.  
Maheshwari**  
Year 2012-13



**CA. Nilesh Shivji  
Vikamsey**  
Years 2013-14, 2014-15



**CA. Dhinal  
Ashvinbhai Shah**  
Year 2015-16



**CA. Nihar Niranjana  
Jambusaria**  
Year 2016-17



**CA Babu Abraham  
Kallivayalil**  
Year 2017-18

## COMPOSITION OF THE FRRB FOR THE COUNCIL YEAR 2018-19

**CA Sanjay Vasudeva**  
Chairman

**CA M. P. Vijay Kumar**  
Vice - Chairman

### MEMBERS

**CA Nilesh S. Vikamsey**  
**CA Babu Abraham Kallivayalil**  
**CA Ranjeet Kumar Agarwal**  
**CA Anil Satyanarayan Bhandari**  
**CA Prakash Sharma**

**CA Kemisha Soni**  
**CA Sanjiv Kumar Chaudhary**  
**Ms. Ritika Bhatia, Government Nominee**  
**Shri Vijay Jhalani, Government Nominee**

### SPECIAL INVITEES

**Shri Naveen Singhvi (C&AG)**    **Shri TTVVPS Chakravarti (SEBI)**    **Shri R. K. Sharma (IRDAI)**

## GLIMPSES OF FRRB



*Programme on Financial Reporting Practices for Political Parties. Dr. Nasim Zaidi, Chief Election Commissioner of ECI and Shri P.K. Dash, Director General (Election Expenditure) of ECI graced the event.*



*'Awareness Programmes on Financial Reporting Practices' at Chandigarh Branch of ICAI.  
Lamp Lightening by CA. Naveen N.D. Gupta, President, ICAI*



*Training Programme for Technical Reviewers of FRRB, inaugurated by Hon'ble CA. K. Rahman Khan, FCA Deputy Chairman, Rajya Sabha*



*2 Day Residential workshop organized at Centre of Excellence, Hyderabad to guide the Technical Reviewers and members of FRRGs*



*National Workshop on Financial Reporting Practices at Goa Branch of ICAI*



*Seminar for Preparers and Auditors of the Financial Statements at New Delhi. Lamp Lighting by Shri V.Kurian, Ex- DG (Commercial) C&AG. A panel discussion by CFOs of renowned corporates as well as experienced members in practice.*



*Workshop on Financial Reporting Practices organized by Jamnagar Branch of ICAI.*



*Training Programme for Technical Reviewers held at Kolkata.*



*Awareness Programme on Financial Reporting Practices at Nagpur Branch of ICAI.*



**Financial Reporting Review Board**  
**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)  
**New Delhi**