

# FINANCIAL REPORTING REVIEW BOARD

## Significant Achievements

*Council Year 2016-17*

### 1. Brand Building

#### *Uphold public confidence in the abilities and role of Chartered Accountants*

##### **Review of General Purpose financial statements and Auditors' Report thereon**

ICAI through FRRB reviews the quality of financial reporting practices followed by their members and the corporates by undertaking review of the financial statements and auditors report thereon of various enterprises selected on suo-motto basis or as special case. Considering it as an effective mechanism, the Board has been empowered for seeking information from the auditor(s) of the enterprises in reference to which media and /or regulator has highlighted/ referred any information involving serious accounting and/or auditing irregularities.

During the year, Board had undertaken review of financial statements of 139 enterprises selected in current Council Year or that selected in previous year but pending completion of review. Till date, the preliminary review of 132 enterprises has been completed out of which the Financial Reporting Review Groups have, so far, submitted review reports of 124 enterprises. During the current Council Year, the Board has completed review of 40 enterprises.

It may be mentioned that during the year, the gross financial irregularities were reported in the media regarding Mallya Group involving diversion of funds, the Board had undertaken review of general purpose financial statements of Kingfisher Airlines Ltd and other UB Group enterprises, i.e. United Spirits Ltd. and United Breweries (Holdings) Ltd for the financial period from 2009-10 to 2014-15 to assess the performance of auditors in discharging their duties. It includes 16 financial statements undertaken based on media group.

### 2. Contribution to Society – Commitment to Nation

FRRB of ICAI is playing a paramount role in improving the financial reporting practices prevailing in India. The regulators are approaching it to perform various assignments for it. The significant assignments that were performed by the Board towards partner in nation building are as follows:

- During the year, SEBI has requested ICAI to undertake a study for identifying early warning signals to detect entities running unauthorised collective investment scheme

which would help MCA to take preventive action. The FRRB had a dialogue with SEBI, it also undertook preliminary review of information relating to 50 cases received from SEBI. At present, it is in the process of collecting further information from SEBI for the said study.

- Election Commission of India has appreciated the role played by FRRB in previous year for reviewing annual audited accounts of various political parties and also holding a workshop for auditors of political parties. It has again requested FRRB to undertake review of the annual audited accounts of at least six National political parties and recognized parties with income/ expenditure exceeding Rs. 10 Crore. Accordingly, the Board has, during the year, undertaken the review of 22 annual audited accounts of political parties out of which its review on 12 audited accounts has been completed.

In its endeavour to support regulators as well as to bridge the gap between the regulators and members, FRRB is constantly reviewing the cases on reference received from MCA, SEBI, ECI or any other regulator.

### **3. Empowering Members**

#### *Programmes to help members specialise in emerging areas of audit, accounting and consulting*

To enhance the knowledge of members on review skill, as well as to update them with the changes made in financial reporting framework, Board organized 3 awareness programmes on Financial Reporting Practices in various Branches of the Institute that were well attended by 197 members.

### **SIGNIFICANT INITIATIVES FOR THE YEAR 2017-18**

As a proactive measure, to expedite the review process of the Council year 2017-18, the Board has already selected, on suo motto basis, the general-purpose financial statements and auditors' reports thereon of 55 enterprises pertaining to financial year 2015-16 and review process of these enterprises will soon be initiated.