

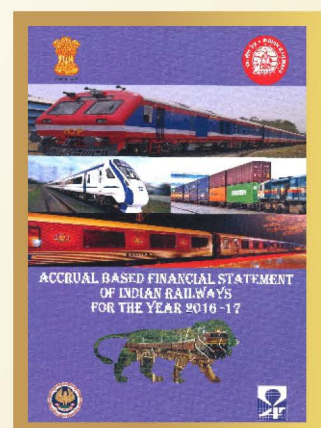
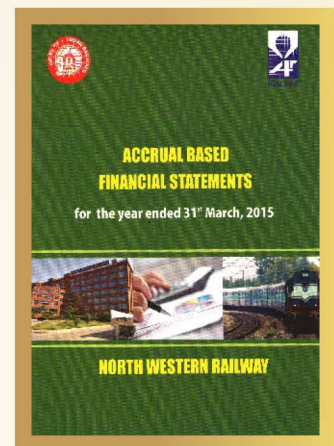
ICAI-ARF: Research Projects Journey

The ICAI-ARF has embarked on a remarkable journey of advancing accounting and financial management practices through a diverse array of research projects. Since its inception, ICAI-ARF has played a pivotal role in shaping the landscape of financial reporting, governance, and accounting reforms across various sectors and regions. ICAI ARF has provided invaluable insights and recommendations through initiatives aimed at improving financial practices in municipal corporations, government departments, and corporations. Each project reflects a commitment to enhancing transparency, compliance, and financial accountability, driven by the ICAI-ARF expertise and dedication to fostering effective financial management systems. The detailed descriptions of below Research Projects undertaken and completed highlight the, ICAI ARF significant contributions to shaping financial and accounting backdrops:

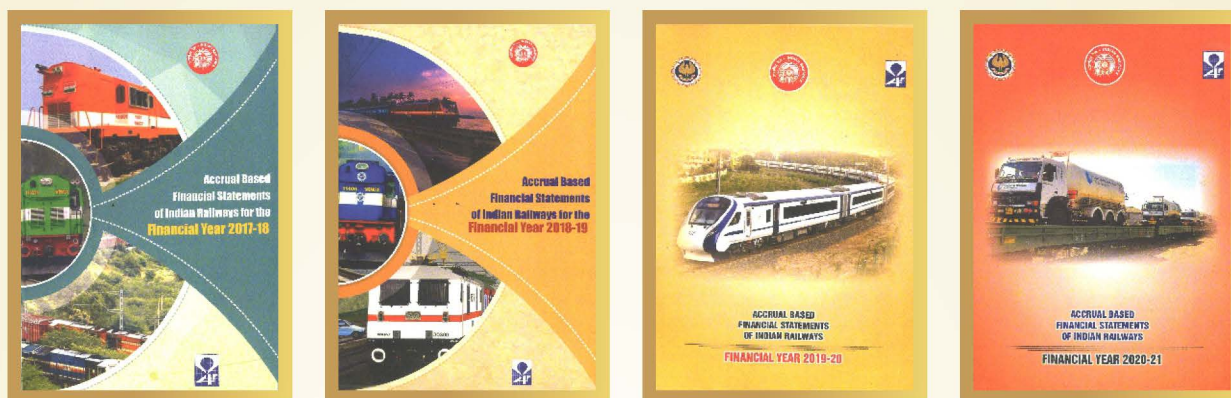
1. **Accounting Reforms in Indian Railways** - The Ministry of Railways, Government of India initiated the Accounting Reforms on Mission Mode in Indian Railways with an aim to mark a major shift towards enhanced financial transparency and accountability by preparing its Accrual Based Financial Statements. As a part of this initiative, Indian Railways engaged ICAI ARF for on-ground research work on the Accounting Reforms. Under this project, the following initiatives have been undertaken:
 - **Pilot studies at Ajmer and Rail Coach Factory, Kapurthala** - Initially, pilot studies were conducted at Ajmer and Rail Coach Factory, Kapurthala. Pilot study at Ajmer Division is a milestone in the history of accounting reform in Indian Railways. This study paves the path for accounting reforms and its success. The study aims to prepare the financial statements of a division on accrual basis. A comprehensive study was also undertaken to examine the existing cash-based government accounting system at the Rail Coach Factory (RCF), Kapurthala. This was complemented by a pilot study aimed at introducing accrual-based accounting within the facility. Additionally, the study included a detailed analysis of the costing system, aligning it with the requirements of an integrated accrual accounting framework. It was successfully completed in 2016.

- Validation of Accounting Reforms Report and Related Pilot Study Project on Migration to Accrual-Based Accounting System at North Western Railway Headquarters at Jaipur of Indian Railways: ICAI ARF also conducted a pilot study to introduce accrual accounting in Indian Railways, aiming to increase the management accountability and provide better decision-making information. Deliverables of the project were:
 - i. Validation Report on AR report Recommendations
 - ii. Comprehensive Scope Evaluation Report
 - iii. Formats of Reporting
 - iv. Chart of Accounts and Register for Accrual Impact
 - v. Fixed Asset Register
 - vi. Periodic Financial Statements for the year 2014-15 which Account,
 - vii. Balance Sheet, Cash Flow statements, etc.
 - viii. Suggest redundancies in preparation of existing financial/Accounting statements
 - ix. Suggest improvements in existing systems and streamlining of existing procedures
 - x. Accrual Accounting Implementation Manual

- **Rolling Out Accrual Accounting across all Zones, Production Units and other offices of Indian Railways:** After successful completion of the pilot studies, the exercise of preparation of Accrual Based Financial Statements (ABFS) was scaled up to cover the entire Indian Railways, including all Zonal Railways, Production Units, and other offices. First ever Opening Balance Sheet (as on 01st April 2015) of Indian Railways was prepared in August 2018. After Opening Balance Sheet, the ABFS of IR for financial year 2015-16 and financial year 2016-17 were prepared using the grafting method and released in February 2019.



- **Second Phase of Roll Out of Accrual Accounting in all the Zonal Railways and Production Units over Indian Railways:** ICAI ARF was entrusted the task of



preparation of ABFS from financial year 2017-18 to financial year 2020-21 supplemented by some studies. Preparation of Financial Statements for the financial year 2017-18 to 2020-21 were started in 2020 and completed in 2022.

- **Compilation of Financial Statements for FY 2021-22 & 2022-23 and Balance Sheet as on 31.03.2022 & 31.03.2023 for Indian Railways, identification, and adjustment of prior period items based on a review of data for the last four years (FY: 2017-18, 2018-19, 2019-20 and 2020-21) mentioned in the notes to accounts of the respective years.:** In 2023, ICAI ARF was further awarded the work of preparation of ABFS for financial year 2021-22 and financial year 2022-23 with treatment of Prior Period Items (PPI). The Accrual-Based Financial Statements for the fiscal years 2021-22 and 2022-23, along with balance sheets as of March 31, 2022, and March 31, 2023, have been prepared and submitted on June 5, 2024 and December 19, 2024 respectively.

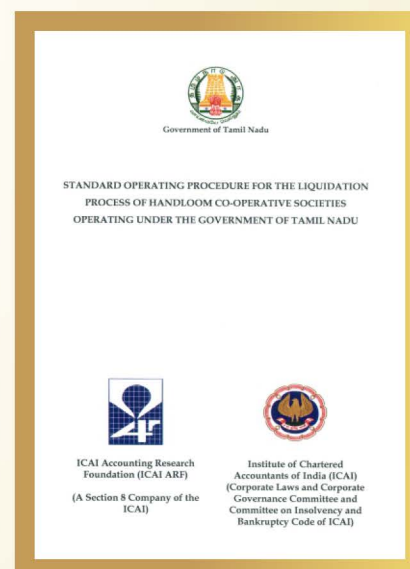


2. **Preparation of common framework for compliance with Major Ports Authorities Act, 2021 and MPA (Accounts & Audit) Rules, 2021 - Indian Ports Association:** The ICAI has been engaged by the Indian Port Association (IPA) to (a) Review of the existing financial reporting practices followed by the Major

Ports (b) Assess the gap between the accounting Format, policies and procedures and (c) Suggest common framework for financial reporting in the light of MPA Act 2021 and MPA (Accounts and Audit) Rules 2021. The detailed study was done and the Common Framework for the preparation of Annual Accounts for Major Ports and recommendatory Significant Accounting Policies for major ports have been submitted by the ICAI ARF to IPA.

3. **Formulation of Procedure manual for the realization of assets from Weavers' cooperative societies pending or proposed for liquidation - Department of Handloom, Government of Tamil Nadu:** In October 2022, ICAI ARF undertook a project for the Department of Handlooms, Government of Tamil Nadu, to draft a procedure manual for the realization of assets from Weavers' cooperative societies pending or proposed for liquidation. The Standard Operating Procedure for the Liquidation Process of Handloom Co-operative Societies was submitted in May 2023.

4. **Rewriting the Tamil Nadu Finance Code and Accounts Manual - Treasuries and Accounts Department, Government of Tamil Nadu:** The project with the Treasuries and Accounts Department focuses on rewriting the Tamil Nadu Finance Code and Accounts Manual. This includes updating The Tamil Nadu Treasury Code (Volume I & II: Part I & II), The Pay & Accounts Office Manual, and The Tamil Nadu Accounts Code (Volume I, II & III). The Report was submitted to the Commissioner of Treasuries and Accounts Department.

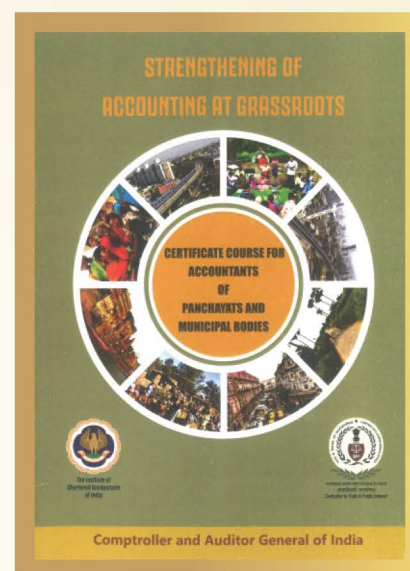


5. **Preparation of Study Material on Financial Reporting and Financial Risk Management for Certified Practising Accountants Papua New Guinea (CPA PNG):** ICAI ARF assisted CPA PNG in developing modules on Financial Reporting and Financial Risk Management tailored to the needs of Papua New Guinea nationals and other stakeholders. The modules cover areas such as IFRS,

International Taxation, Derivatives, Corporate Governance, and Business Finance. This project commenced in September 2021, and the modules were submitted to CPA PNG in February 2024.

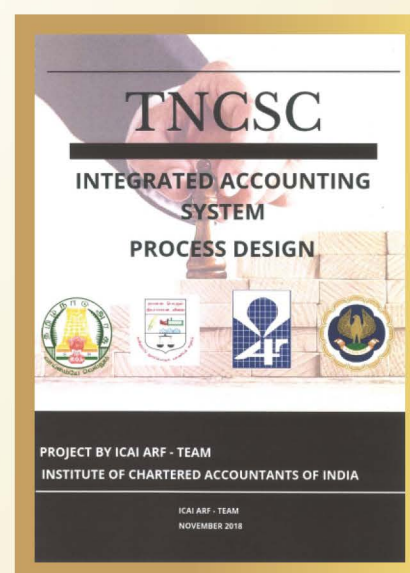
6. Certificate Courses for Accountants of Panchayats & Municipal Bodies.

The Certificate Course for Accountants of Panchayats and Municipal Bodies was formally launched on Audit Diwas In November 16, 2023, with registrations beginning on December 1, 2023. These courses are being run through Board for Local Bodies Accountants Certification (BLoAC) established under ICAI ARF. The Governing Board of BLoAC is chaired by ADAI, O/o C&AG. The brochure of these courses was launched by Hon'ble C&AG and then President, ICAI on 16th November 2023. The Courses aim to make available trained accounting personnel at grass root level to improve accounting of local self Government even at remote locations.

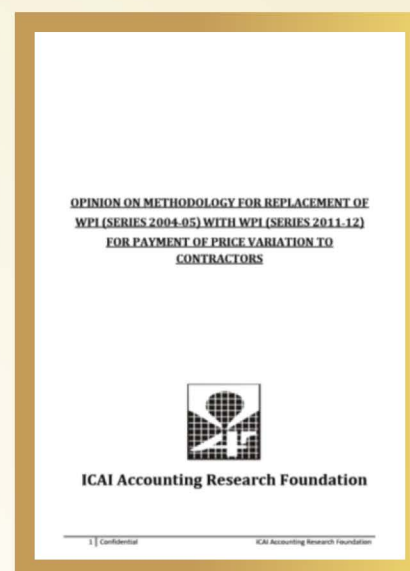


7. Consultancy Assignment to Develop Integrated Accounting System including a complete IT enabled Management Information System - Tamil Nadu Civil Supplies Corporation (TNCSC):

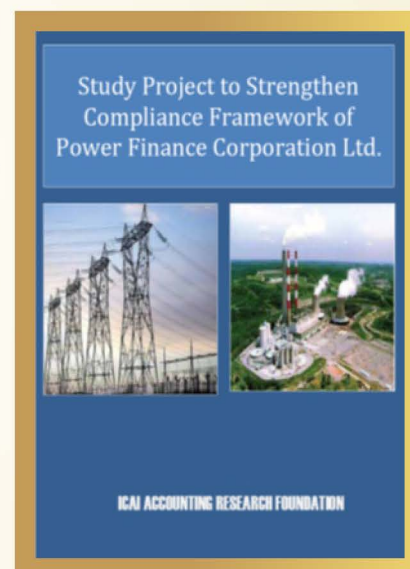
The study aimed to evaluate TNCSC's existing accounting practices and review challenges in implementing an Integrated Accounting System. The report, which was explanatory in nature, details current software and accounting practices and provides recommendations for improvements. The final report was submitted to TNCSC in January 2019.



8. **Project for Dedicated Freight Corridor Corporation of India Limited (DFCCIL):** In July 2018, ICAI ARF guided DFCCIL on the methodology for replacing the WPI (series 2004-05) with WPI (series 2011-12) for contractor price variation payments. The report was submitted to the DFCCIL in July 2018.



9. **Power Finance Corporation Ltd. (PFC) Project:** ICAI ARF conducted a pilot study in November 2015 to assess PFC's compliance environment, identify areas for improvement, and propose a roadmap for establishing a Compliance Framework to enhance financial reporting, statutory compliance, disclosures, and robustness.



10. **Kerala State Insurance Department (KSID) Project:** Initiated in November 2009, this project focused on accounting reforms in the Kerala State Insurance Department and was successfully completed.
11. **Employees Provident Fund Organization (EPFO) Project:** Initiated in December 2014, this project involved designing a strategy for migrating EPFO's accounting system to a double-entry accrual accounting system. It was successfully completed in October 2015.

12. All India Institute of Medical Sciences (AIIMS) Project: From October 2011 to November 2013, ICAI ARF worked on converting AIIMS's accounts to an accrual basis. The project included preparing Accounts, Training, and Audit Manuals and assisting in financial statement preparation for the years ending March 31, 2012, and March 31, 2013. The project also involved restructuring budgeted heads, accounting processes, and setting up an Asset Register.

13. Department of Posts Project for Implementation of Accrual System of Accounting: ICAI ARF undertook a pilot project to implement an accrual accounting system in two postal units of the Department of Posts, one in an urban area and one in a rural area, under the jurisdiction of the Pay & Account Office (PAO) in Delhi. The project was successfully completed during the F. Y. 2011-12.

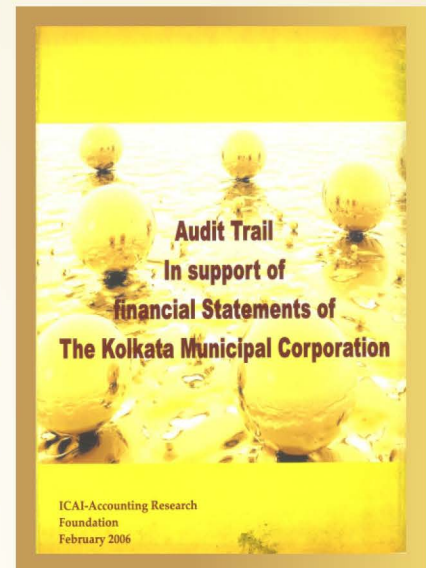


14. Project on Outcome Budgeting: This project aimed to review the budgeting and costing systems and propose Outcome Budgeting and Integrated Cost Accounting Architecture as outlined in the Indian Railway Budget Announcement of 2015-16. The concept paper was submitted to Indian Railways in July 2008 and hosted on their website for comments.

15. Controller General of Accounts Project: In May 2006, ICAI ARF began a project with the Controller General of Accounts to bring accounting reforms to identified pilot units, i.e., Dr. Ram Manohar Lohia Hospital, New Delhi, and CPWD Divisions in New Delhi Zone of Ministry of Urban Development under the MOU between, the office of Controller General of Accounts (CGA), India and ICAI having a twinning arrangement with ICAI ARF. The Controller General of Accounts and the ICAI have decided to cooperate and collaborate with each

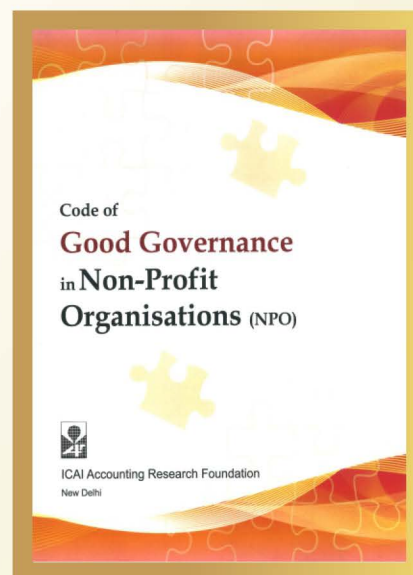
other to improve financial recording, reporting and management system and utilize the financial information for better management in Pilot Units. Funded by the World Bank, the project was completed in September 2008.

- 16. Kolkata Municipal Corporation (KMC) Project:** ICAI ARF started this project in June 2004 to apply advanced financial monitoring reforms in KMC and completed it in September 2007. The ICAI ARF assisted KMC project included in preparing and presenting final accounts, conducting business process studies, and providing technical inputs and training program for capacity building etc. In the work relating to final accounts, ICAI ARF has provided a number of technical inputs which assisted KMC in dealing various problems associated with the project.

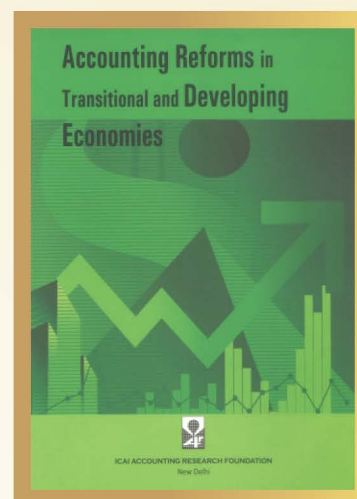


- 17. Project on converting the accounts of the Municipal Corporation of Delhi to an accrual basis:** Commenced in March 2002 and completed in May 2006, this project focused on converting the accounts of the Municipal Corporation of Delhi to an accrual basis. ICAI ARF assisted in preparing and presentation of financial statements for the year ending March 31, 2006, and actively involved in restructuring and refining of various budgeted heads, accounting processes, setting up an Asset Information System and introduction of accrual system of accounting in the various zones of MCD.
- 18. Financial and Accounting Reforms, Capacity Building, and Related Strategies in Urban Local Bodies (EU Project):** Awarded by the Delegation of the European Commission to the ICAI with twining arrangement with the ICAI ARF, this project aimed to introduce financial and accounting reforms in city governments, leveraging European experiences. The project, completed by September 2006, was praised for its high-quality outputs by the European Commission.

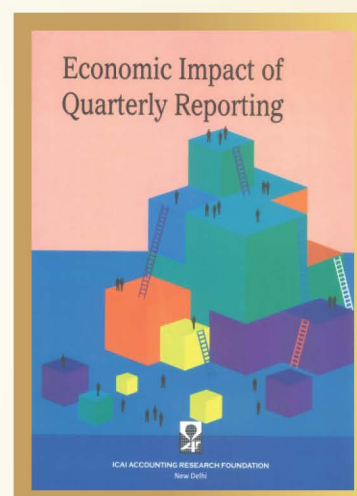
19. **Electronic Commerce and Direct Taxation:** The objective of this research project was to study electronic commerce, its significance, and the issues arising from the application of existing income tax laws.
20. **Strengthening Rural Decentralization (SRD) at Gram Panchayat Levels in West Bengal:** ICAI ARF successfully completed a DFID-funded project to improve accounting, auditing, procurement, and capacity-building systems at the Gram Panchayat level in State of West Bengal.
21. **Project on Outcome Budget:** The then Hon'ble Union Finance Minister introduced Outcome Budget from 2005-06, as a part of the reform in public expenditure management. ICAI ARF, as a partner in national development, undertook the project to review the Outcome Budget prepared by the various Ministries and Departments with a view to improve these. The project has been completed successfully under the Chairmanship of Shri Suresh P. Prabhu, Hon'ble Member of the Parliament. The then Finance Minister had assured that the suggestions contained in the report would be considered by the Government for making Outcome Budget an effective tool for financial and programme accountability.
22. **Developing a Code of Governance for Non-Profit Organizations (NPOs) by International Credit Rating Agency (ICRA):** This research study examined governance in NGOs, including corporate governance principles, NPO profiles, legal frameworks, performance attributes, fundraising, and corporate governance models applicable to NPOs.



- 23. Accounting Reforms in Transition and Developing Economies:** This project explored accounting reforms in transition and developing economies, gap analysis, international practices and methodology, implementation roadmaps for accounting reforms and corporate governance, government accounting system and impact analysis of accounting reforms. The target groups are the government and other stake holders, research groups, international funding agencies etc.

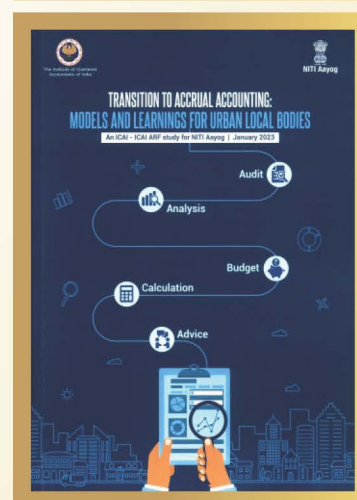


- 24. Project on Economic Impact of Quarterly Reporting:** The project investigated the economic impact of quarterly reporting to re-evaluate its role. By providing evidence, the project results could influence policy formulation by SEBI and other agencies.



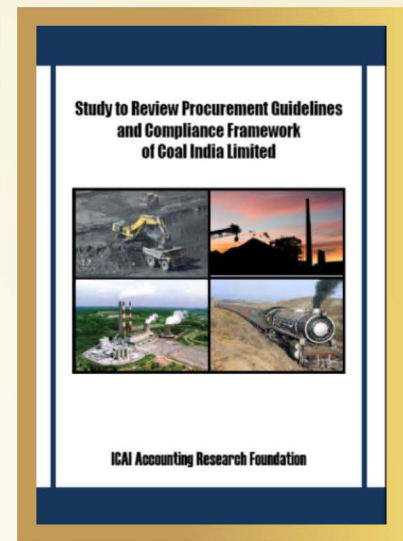
- 25. Transition to Accrual Accounting in ULBs: Implementation Models and Lessons Learned from Select Indian Cities - A NITI Aayog – ICAI - ICAI ARF Study.**

In 2021-22, the Committee on Public & Government Financial Management of ICAI, in collaboration with NITI Aayog and ICAI ARF, conducted a research study on “Transition to Accrual Accounting: Models & Learnings for Urban Local Bodies” to highlights how accrual accounting enhances financial and fiscal management and includes insights from early-adopting states and international case studies.



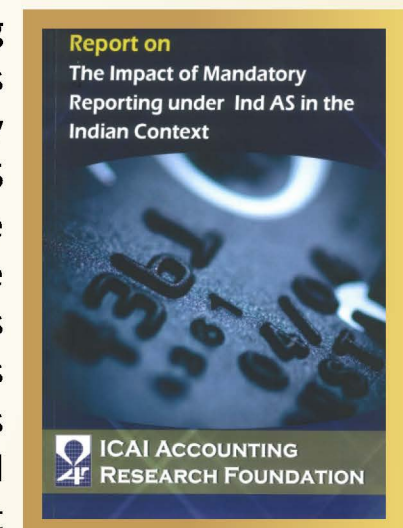
26. Pilot Study Project for Policy Review and Compliance Framework - Coal India Limited (CIL)

Project: In October 2015, ICAI ARF undertook a pilot study to review CIL's Capital Expenditure Procurement Process, Policy, and Compliance Framework. The report was submitted to the CIL in May 2016.



27. A Study on the Impact of Mandatory Reporting under IFRS on Corporate Governance in India:

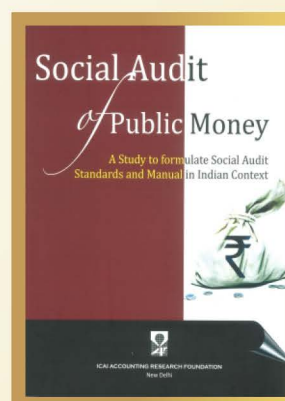
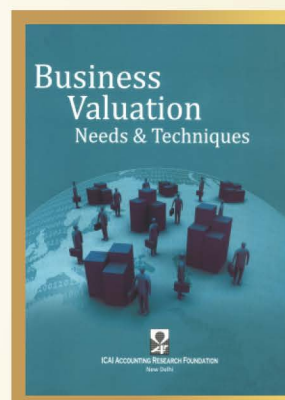
This project is to review the consequences of mandatory IFRS adoption on Indian companies, comparing Ind AS and IFRS, examining corporate governance structures of Indian companies and the disclosure norms and the impact there on of various provisions of IFRS; and to identifies the environmental concerns such as the legal & regulatory aspects (Companies Act, 2013), economic policy issues, financial regulation norms and taxation provisions, that influence companies on adoption of IFRS and study their respective implications.



28. Issues in Accounting – Research Study on Recognition, Measurement, and Disclosure Issues in Biotechnology and Other Life Science Companies, IT Companies, and Advertising Companies:

This research project addressed accounting issues in knowledge-based industries, focusing on biotechnology and other emerging industries with high research content. The study covered recognition, measurement, and disclosure of intangible assets and was published under the title "Accounting Issues in Knowledge and Technology Intensive Industries."

- 29. Study of Fixed Income Securities Markets in India:** The project's objectives were to analyze the structure, development, and trends in various segments of the Indian Fixed Income Securities Markets, including Government Securities, Municipal and Corporate Bonds, Treasury Bills, Certificates of Deposits, and Commercial Papers. The aim was to identify major issues and suggest policy measures.
- 30. A Study of Emerging Opportunities for Environmental Audit:** The project aimed to review environmental audits, assess strengths and weaknesses of environmental auditing practices, evaluate driving forces for implementation of environmental audit, determining the role of internal auditors and making recommendations and strategies to strengthen current auditing procedures.
- 31. A Study on Valuation of Intangibles:** This research focused on current methods for valuing intangible assets, disclosure requirements, and developing a valuation method to aid investors in making informed and better investment decisions.
- 32. A Study on Business Valuation:** The project aimed to study and derive purpose-oriented methods for business valuation, popularize and disseminate valuation benefits, and suggest suitable methods for valuing the business.
- 33. Social Audit of Public Money: A Study to Formulate Social Audit Standards and Manual in the Indian Context:** The research aimed to develop Social Audit Standards and a Manual, including secondary data collection in the field of social audit, to collect, classify and interpret primary data through organizing field research study in the field of social audit and to write final technical report incorporating recommendations of the research study.



- 34. A Study of the Processes Employed by Indian Companies for Encouraging Creation of Intellectual Assets and Fostering a Thriving IPR Culture:** This project investigated into the processes and practices followed by companies worldwide that have consistently built their IPR asset portfolios, to evaluate processes and practices followed by Indian companies in building a portfolio of IPR assets, to identify key factors as well as processes and practices influencing the success rate of creation of IPR assets and to enrich the literature on intellectual asset management in the Indian context.