



**THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF INDIA**  
(SET UP BY AN ACT OF PARLIAMENT)

**2023 FEBRUARY**

**E-NEWSLETTER**

**THRISSUR BRANCH OF SIRC OF ICAI**

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CA. JEEN PAUL

SECRETARY  
CA. SATHEESH T G

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NEWSLETTER IN CHARGE  
& SICASA COORDINATOR  
CA. DIVYA DHARMARAJAN

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## EDITOR'S DESK



*Dear Professional Colleagues,*

My role as the newsletter in charge is coming to an end. I am filled with utmost gratitude to those members who reached out to me with their valuable feedback. Its also very inspiring to note that our Branch have several budding content writers who are willing to delve into technicalities of concepts and share their knowledge for the benefit of other members. The Branch shall always provide maximum support to such writers.

I urge more members to come forward with such technical resources for furtherance of knowledge.

“All good things must come to an end eventually, but the next experience awaits.- Unknown”.

Looking forward to the next role in the Managing Committee and hoping to serve the members and the branch in the best possible way I can.

In this month's newsletter we have published an article by CA Jijil Kumar who has written a detailed article on Blockchain.

Stay tuned for an exclusive interview with the outgoing Chairman in the next issue.

Jai Hind Jai ICAI

*Thank you*

CA. DIVYA DHARMARAJAN,  
NEWSLETTER IN CHARGE



# CHAIRMAN'S MESSAGE



*Dear Professional colleagues,*

My term as Chairperson of Thrissur Branch is coming to an end. I use this occasion to thank all the members of Thrissur branch for the wonderful support given to the branch managing committee and me. It was a learning experience for me and will definitely cherish each and every moment that I as the chairperson got to interact with you all.

I am extremely happy to share with you that Estate Development Directorate of ICAI, New Delhi has approved the budget that we have submitted for a passenger lift so that our seminar hall will be easily accessible for the seniors and the disabled. I recognise the efforts of the CCM members and RCM members for securing the same.

Last month on 06/01/2023 the branch was fortunate enough to host the Regional level Chess and Debate Competition under CA students National Talent Search 2022, Organised by BOS-SSEB. This was the first time that a such a regional event was hosted outside Chennai. The event provided a huge interaction venue to our own students with students outside the state. I do recognise the efforts of our own RC member CA Satheesan P, Chairperson, SICASA, SIRC of ICAI in securing the programme in the favour of Thrissur Branch.

For the first time in Kerala, we had a interbranch football tournament for members and Thrissur branch hosted the same. Teams from all over Kerala enrolled for the tournament and Ernakulam branch took the winner title. Thrissur came second and Thiruvananthapuram third. We also had a friendly football match with the Income tax department and they emerged the winners. I do congratulate the winners and all who participated. I must mention that it was Thrissur branch which proposed that we need to organise sports events at branch levels for improved comadrie between members of the state. I do thank everyone who supported the events.

We conducted one CPE seminar on the subject GST On Construction Industry in association with the Builders Association Of India, Thrissur Chapter, and the faculty was CA. Tony M P. We also conducted a Investor Awareness programme and the faculty was CS. Jackson David.

The branch conducted two career counselling programme during the month of January. The Managing Committee met once during the month. The branch has been conducting coaching classes for the foundation, Intermediate and final. We have stellar results thanks to the wonderful faculties and academic staff of Thrissur branch. More than 31 students qualified final, and intermediate and foundation results were much above the national average.

*Jai ICAI Jai Hind*

**CA. AJITH KAIMAL R  
CHAIRPERSON**

# BLOCK CHAIN - UNLOCKING FUNCTIONAL KNOWLEDGE POTENTIAL OF THE PROFESSION



CA. JIJIL KUMAR

Block chain is now becoming a regularly used technology phrase in the current professional arena of any domain. Let it be science, healthcare, aeronautics, legal or environmental. Chartered Accountancy is not an exception for this. Let us peep into some of the major use cases where this technology can be an enabler for our profession and how that will force our next generation to articulate their professional skills for a real value addition to the clients, society and thereby to the profession.

## Simple definition of Block Chain and relevance to profession:

A blockchain is a distributed and decentralized network which keeps the record of all the transactions across a peer-to-peer membership network. Each member of the network will have highly secure key to access and transact based on their access rights. Each block of transaction will be timestamped and closely knitted. Once validated, these forms an immutable record of such transactions.

So, how chartered accountancy profession becomes impacted in this scenario? Let's explore the foundation on which our profession carries a deep interdependency. To certify any records, financial statements, or for that reason any client certification we rely heavily on the process of **verification and confirmation**. This is exactly what a blockchain does by its inherent nature. It just provides you an immutable record of transaction which provides the ultimate factor of trust that replaces the foundation of verification and confirmation.

With the above scenario, the fundamental process moves to a trusted technology platform. Such an automation will scale the role of auditors to advisories and consultants in their respective domain of expertise. However, where the role of professional scepticism prevails, the adoption of block chain technology will just automate the routine audit

processes and it may not replace the management and audit assertions, factual compliance with materiality and estimations. As the adoption of technology gets integrated with artificial intelligence, which runs on top of blockchain platforms, these activities can also be automated with defined parameters. With the phase of blockchain adoption getting momentum, let us consider some best use cases which can impact an auditor's profession.

## USE CASES DEFINED:

**Challenges to the role of CFO:** With the budgeting and standards for controls through verification and confirmation getting automated, the CFO activities related to record keeping and information consolidation become heavily automated and real-time. The automation processes eliminate the requirement for validation of transactions and process of reconciliations. Budget getting integrated with the stakeholders, will have real time monitoring and update. All these can enable a CFO office to become a trusted advisor to the board of directors and the CXOs. With fine-tuned analytics the accuracy and adoption to the business scenario will be much faster and simplified by playing the role of strategic advisor to the management team.

**Adoption of Smart Contracts:** A smart contract is the core which defines the business functionality with process integration. This is based on pre-defined conditions to check out to the next level or completion of task. Though the implementation of smart contracts is still in its infancy, the rate of adoption and scalability to multiple domains is having an exponential growth rate. These contracts build onto the blockchain platform is driving the business with faster automation and improved validations, providing absolute clarity in the



definition of done. This will ensure the availability of a trusted platform for validating the ownership of assets, immovable properties, educational certificates, health records, individual identities etc. These factors are real contributors for a professional accountant or an auditor who evaluates and performs validation of ownership and related KYC. While this automates the validation process for ownership, it ensures the transaction history with a trusted platform.

Developing smart contracts require hardcore business understanding and functional expertise to define the processes and validation of milestones. Who else can be better functional experts other than our fellow members and accountants? Smart contracts being an integral part of functional automation, this is an undisputed spectrum which provides immense opportunity for the profession of chartered accountants.

**Elimination of Intermediaries:** This being a basic concept of blockchain, its adoption in multiple business domains will have far reaching impact. Let us consider some simple business cases:

1. Where a banking institution becomes redundant when the customer transacts each other with full trust and transparency. Bitcoin is just an example to start with.
2. When the stock market moves to the adoption of blockchain technology, the brokers and intermediaries will wither off the market.
3. If a public blockchain (a sort of open-source platform) could adopt the agricultural product chain, it will result in elimination of all the intermediaries. This will lead to an informed consumer society and a much-benefited agriculturist.
4. An insurance sector integrated with health care platforms will eliminate the agents and intermediaries between the patients and hospitals and doctors.

The opportunities are infinite and the impact on business scenario is quite wide and far reaching both in terms of cost, accuracy and transparency of information available for decision making. While the business looks for critical business decision support in the above areas, a professional accountant can be the first alternate to act as a trusted advisor or consultant.

This will open up a plethora of professional opportunity for accountant's and auditors as business advisors and consultants with real domain expertise.

#### **CHALLENGES FOR BLOCKCHAIN ROLLOUT:**

**Speed and Scale of Adoption:** Blockchain roll out requires integration of multiple stakeholders and their business model adoptability. This calls for a compactable business model and synchronized technology platform which adopts to all the stakeholder's business phase.

**Ensuring Privacy:** One of the basic concepts of blockchain is transparency, which in turn will be a challenge where privacy becomes a prima facie requirement. Multiple modes of ensuring privacy are currently in adoption as the business models rolls out.

**Energy Consumption:** Proof of work consensus and validation processes are quite energy intensive and consumes heavy power. Grid models and quantum technology are enablers to optimize the design for micro-grid energy systems.

**Information Security:** A global concern which requires specific mention while adopting blockchain technology. 51% consensus model for acceptance of transaction blocks require multiple levels of access controls and approvals. Even though by default the transactions are chronologically interlinked with encryption, the key handling and immature technology design and adoption leads to multilevel vulnerabilities within the system. This being a niche area of technology adoption, it calls for clear technical skills both for implementation and evaluation.

**Integrated Functional knowledge:** Being an integrated platform to collaborate the stakeholders, an in-depth understanding of the business cases that interfaces each other is a preliminary requirement. This is an exceptional domain where chartered accountants will be of real value addition.

To conclude, let me reiterate the fact that change is the only factor which will remain constant. The professional community is embracing the changes with much rigour and passion. So, the only challenge here is, how fast the community is ready to accept this challenge and add value to the profession?

**CA. JIJIL KUMAR**



# Glimpses

## JANUARY 23.



**24.01.2023 - CPE SEMINAR ON GST ON CONSTRUCTION INDUSTRY  
IN ASSOCIATION WITH BUILDERS ASSOCIATION OF INDIA THIRUVANANTHAPURAM CHAPTER  
SPEAKER : CA. TONY M P**



**06.01.2023 CONDUCTED THE REGIONAL LEVEL OF CHESS AND DEBATE COMPETITION,  
ORGANISED BY BOS-SSEB. CHIEF GUEST – MR. NIHAL SARIN (INTERNATIONAL GRAND MASTER).  
SPECIAL GUEST :- CA SATHEESAN P (SIRC CHAIRMAN, SICASA)**



# Glimpses

## JANUARY 23.



09.01.2023 CONDUCTED INVESTOR AWARENESS PROGRAMME ORGANISED BY  
COMMITTEE ON FINANCIAL MARKETS AND INVESTORS PROTECTION ICAI.  
FACULTY – CS. JACKSON DAVID, THRISSUR.



14.01.2023 CONDUCTED ALL KERALA INTER BRANCH CA FOOTBALL TOURNAMENT  
"CA PREMIER LEAGUE 23" CHIEF GUEST – MR C V PAPPACHAN RETD.SP KERALA POLICE.



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