



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

**HAPPY**  
**ONAM**



**2024 SEPTEMBER E-NEWSLETTER**

# OFFICE BEARERS

CHAIRPERSON

CA. Anoop V Francis

VICE CHAIRPERSON &

TREASURER

CA. Satheesh T G

SECRETARY

CA. Divya Dharmarajan

SIGASA CHAIRPERSON

CA. Paulson E M

PAST CHAIRPERSON

CA. Ajith Kaimal R

IMMEDIATE PAST CHAIRPERSON

CA. Jeen Paul

# INSIDE

03 *Editor's desk*

04 *Chairman's message*

06 *Article*



# EDITOR'S NOTE

Dear Members,

As we step into this vibrant month, I want to extend my heartfelt Onam greetings to each of you. I hope you had the opportunity to celebrate this beautiful festival with your loved ones, cherishing the values of unity, love, and joy that Onam represents.

Many of you are currently occupied with Tax Audits and Company Audits, and I understand the challenges that come with deciphering the latest changes in Tax Audit Reporting and the Schedule III Amendments under the Companies Act, 2013. As you navigate these complexities, I encourage you to maintain comprehensive notes, which will not only streamline your internal processes but also enhance knowledge sharing within your teams.

As the saying goes, "Gaining knowledge is the first step to wisdom. Sharing it is the first step to humanity." This philosophy is especially relevant in our profession. By embracing continuous learning and the spirit of sharing, we not only enhance our own skills but also contribute to the growth of our teams and the profession as a whole.

On September 5th, we observed Teacher's Day, a day dedicated to honoring those who guide and inspire us. Teachers are an integral part of our lives. They impart knowledge, instill values, and help shape us into the individuals we are today. As Chartered Accountants, many of us also assume the role of teachers – whether we are training Articled Assistants, mentoring colleagues, or contributing to the learning of others in the profession. It is essential that we recognize the significance of this role and always approach it with humility, patience, and a desire to lead by example.

I hope you find this month's newsletter informative and engaging, and that it provides you with the tools and knowledge needed to tackle the challenges ahead.

Happy Reading!

Jai Hind, Jai ICAI.

Warm regards,

CA. Jeen Paul  
Newsletter In Charge



# CHAIRPERSON'S MESSAGE

Dear Professional colleagues,

I extend warm greetings to you all.

On the occasion of our nation's 77th Independence Day, we had the privilege of coming together as a community to honor this momentous day. I had the honor of hoisting our tricolor flag at ICAI Thrissur. The event was made all the more meaningful by the presence of many of our members, including the Managing Committee, students, and staff. Together, we reflected on the sacrifices of our freedom fighters and renewed our commitment to contribute to the nation's growth through our profession.

In keeping with our objective to foster professional development and knowledge sharing, on 21st August 2024, we conducted a CPE seminar on the "Taxation of Charitable Trusts." The session was expertly delivered by CA. Prasanth Srinivas from Kottayam. It was an enriching experience, where members gained valuable insights into the complexities of tax regulations affecting charitable trusts, a subject of growing importance in today's regulatory environment.

As Onam is just around the corner, the festive spirit is already in the air. I would like to take this opportunity to wish all our members a very Happy Onam in advance! May the festival bring joy, prosperity, and togetherness to you and your families.

Your active participation in both the national day celebration and the seminar reflects the vibrancy and commitment of our ICAI Thrissur community. I am confident that we will continue to work together in shaping a brighter future for our profession and society.

Jai ICAI Jai Hind

CA. ANOOP V FRANCIS  
CHAIRPERSON

# BLOCK CHAIN - UNLOCKING FUNCTIONAL KNOWLEDGE POTENTIAL OF THE PROFESSION

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**