



THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF INDIA  
KUWAIT CHAPTER

# JAGRUTI

The awakening...

   ICAI Kuwait chapter

 ICAI Kuwait  

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## Editorial Note

Dear Readers and colleagues,

The Editors of The Institute of Chartered Accountants of India, Kuwait Chapter are pleased to present the 6th issue of the newsletter “Jagruti- the awakening”. The world is evolving every day, on one hand we could see the countries resuming travel and on the other hand we keep hearing the news of new variants and strains of the Covid-19 virus. Surrounded by all this dilemma, Jagruti here again strives to bring clarity on various topics of the accounting and finance world through the pen of different authors and speakers.

To begin with the newsletter presents to you an interview with CA. (Dr.) Aman Chugh- Father of Financial Planning, Portfolio Management and Derivatives & Guru of Financial Markets and Economics. Through the discussion with him, we could learn various aspects of his life and his views and takes on the current and future economic conditions. He also imparts us with his two cents on the most complicated markets of derivatives.

We have all lived our journey as an accountant, but here we bring to you the Journey of an Accountant narrated by one of our fellow Chartered Accountant in the most captivating way where in Shiva who has joined a new office, meets new people, and learns the intricacies of his job. Let’s read Shiva’s story together and see what unfolds.

As we said the world is evolving, so is the financial market. The recent change the world has witnessed is the transition from traditional IBORs, such as LIBOR and other IBORs to Risk Free Rates (RFR), which is what another article in this newsletter clarifies. The article highlights the changes brought forward

by IASB to accommodate the shifts and the accounting and disclosure requirements.

In these times, more than ever, we require inner peace. We need to fight all uncertainties and have clarity of thoughts. Easier said than done. The next article “Necessity of peace awareness” helps you with some tips and tricks and also highlights the importance of inner peace. The newsletter further dwells on the same issue from a diary note by KTS which highlights the fact that uncertainties will surround us always, however, what is needed from us is to be more accepting and accommodating. Learn to let go, forgive and accept all that you cannot change.

The issue is rounded up with two book recommendations, namely, Jane Eyre by Charlotte Bronte and Freakonomics: A Rogue Economist Explores the Hidden Side of Everything., message from CA. Ashok, poem and artwork from the talented children of our members, past events round up and fun corner for all of you.

We urge all our members and their families to come forth and contribute to the newsletter in every manner possible. As the name Jagruti suggests, it is to keep each one of us awake. So, we request all to share your knowledge and talent with the world.

At last, your feedback is what makes the newsletter better with each passing day. Please do write back to us at [editorialboard@icaikw.org](mailto:editorialboard@icaikw.org).

*“Mankind must remember that peace is not God’s gift to his creatures; peace is our gift to each other.”*

*Stay Happy, Stay Healthy.*

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# INTERVIEW WITH

## CA. AMAN CHUGH

**Author, consultant, speaker and Trainer, Derivatives and Technical Analysis Expert**

***1. Could you please take us through your journey of becoming a Chartered Accountant, then earning the doctorate and getting various other academic and professional achievements? How smooth was this journey?***

Jai Hind Hai, I came from a lower middle-class family and I would say this way, although my father has retired as chief engineer from Punjab state electricity board but throughout, he has been very honest, and you would understand if someone is doing governmental job with full honesty one wouldn't earn that much money. While father was in different domains like vigilance, technical audit etc. and being chief engineer, one of the highest positions in Punjab Electricity Board, father had plenty of opportunities to make lots of money throughout his life but he was so honest that even if he had tea in the office, he would pay for it from



his own pocket. So, I have been brought up with those values and ethics. Very early in my career, I realized that I wouldn't be a fit in my father's field, because I wasn't good at basics like how the electricity is generated, voltage, amplifiers, currents etc. and similarly wasn't interested in mugging up biology as a subject. But at the contrary my mathematics was very strong. Somehow, I developed my liking for economics due to my inclination towards money/business since childhood. My parents

were very liberal since the beginning. Though most of my family members are in engineering field but I was free to pursue my passion. In those times my father was posted in a small town known as 'Ruppad'. After passing tenth standard and leaving town I moved to Chandigarh in 'paying guest' (PG) arrangement to begin my journey. PG accommodation was provided by a professor who redid his garage into PG rooms and under strict instruction from my parents, I was to stay there for 2 years (11th and 12th) under mentorship of my



landlord professor. And this is all in the years 1997-98.

For career guidance, I reached to few well-known and respected Chartered Accountants without knowing any pre-requisite details, not even what CA's do. As typical youngsters, I was highly impressed with the CA's lifestyles (bungalow, car, and servant), as they seemed very appealing to me since childhood.

The PG life itself was filled with challenges, to name a few, ceiling fan wasn't there for height restrictions; due to nearby manhole, there was problem of bugs; only resource for ventilation and cooling was a broken pedestal fan. I used to spend summer nights on the roofs of nearby parked cars. This is how my journey started. On a brighter side, I made good friends with some of the locals, some were rich and their parents also got to know me. Their parent often insisted me to stay over for night and offered food as well. All of us used to do group studies on those night stays. I used to read their new books and tutor my friends as revision for myself. This is how I developed my interest in teaching. Struggle continued throughout the completion of 12th and graduation in commerce along with my CA and luckily, I passed out at the age of 21 years. I have been to hotels where there were no electricity for 18 hours in summers, borrowed money from friends for college/academic notes and teaching them in return.

While doing my article ship with PriceWaterhouseCoopers (PWC), in early stages of my CA career, I realized that I wasn't made for audit, taxation and accounting which a typical CA would do, rather I was more fascinated with money making business (like funding, assets management etc.), how the market works (equity, mutual funds, fixed income, derivative, forex), how economy works etc. I wanted to learn more about it as I didn't

get this stuff from theory or during my training. I feel lucky that I got the right profile in early stage of my career while I was working in EY Dubai or GE US in Investment Banking profile at the age of 23 and earning big bucks already. I realized I was meant for Indian markets and left to USA on this note. I joined ICICI Bank in corporate and SME banking division around 2006 when it was initially launched first in India and focused more on retail banking. I was leading north zone in ICICI Corporate SME department and as recognition of my success, I got the star awards which are highly prestigious among bankers (less than 2 % of bankers in banking get this award). Then I moved to treasury department where I learnt a lot about derivatives. With my all accomplishments, I received several suggestions to complete another qualification like Company Secretary (CS) or Indian Administrative Services (IAS) but I was more fascinated with lawyer's status (namely emblem on the car, house etc.). Furthermore, as part of childhood dream to be called as "Doctor", I completed my PhD's in currency and derivative and happened to be only PhD holder in currency and derivatives across the world. As an interest, I completed M.Com. and MBA as well. This has been my journey in corporate world till 2013-2014, then I started thinking to set up my own business/branding and this was the beginning of my advisory firm which caters to the needs of fortune 500 companies, and a trainer to the regulatory bodies like SEBI, RBI, various other industrial associations like CII and Chambers of Commerce, and various Schools and Universities across India. I was also invited in USA for million dollars round table (MDRT) to address 15000 financial advisors across 78 countries. I was also invited in Malaysia to address 5000 people of 12 countries in South East Asia. This how I got the recognition in media and built relationships with governments and ministries. This has been my journey around my career and professional achievement.

**2. You have been titled as Father of Financial Planning, portfolio management and derivative. What is your overall experience in treasury functions, derivative markets, and the global markets? How can a Chartered Accountant excel in these areas, considering the fact that very few CA's consider it as a career choice?**

Well, while I gained a lot of exposure from PWC India, EY Dubai and GE USA and even in corporate and SME banking in ICICI, I always realized that I don't know much about the market. There is a dear friend of mine Devik Maheshwari, we grow up together from childhood studies to CA trainings. He always persuaded me to join treasury function. When I got the star award in ICICI bank, I was given the opportunity to work under treasury department. When I moved to treasury in July 2007 and started handling the Northern region, it was peak of the season and having limited knowledge in treasury, I started pitching derivative products to my corporate SME customers, while I still didn't know how the derivative restructuring is done, let alone the exotic options as we have been taught in academics (not correct in practice). We have been academically taught derivative strategies like strangle, straddle and butterfly but in reality, strategies used are knock in, knock out, one touch, double one touch, seagulls, range forwards, stance which are never discussed in theoretically. We were taking advantage to structure derivative products around these real-life strategies. Things were going really well until the 2008 crisis hit the market. It was a learning curve to see the crisis unfold before our eyes and brought a lot of maturity in our understanding as to how actually derivatives work. Just to give a glimpse, total world GDP is about USD 90 Trillion however total derivative trades volume in one year is about USD 1500 trillion. As most of us don't even know, derivatives trade 12-13 times over entire world's GDP. Notional markets (Derivative market) influence the actual market (GDP market). Most of us think derivatives are

only equity and commodity but on the contrary 93% of the total derivatives volume are currency swaps and Interest rate swaps, remaining 2-3% of the market belongs to equity and commodity each. If one has to understand how derivative works, one should start from currency and interest rate where major chunk of the volume lies. Moreover, majority of derivatives are traded 'over the counter' which are dealt by very niche unit treasury divisions in banks. Such highly specialised people are around 400 to 500 across India and around 4000-5000 in the entire world. In nutshell, these experts are the one who are very well versed with the 'know-how' of the global market because it is intertwined with derivative markets.

Considering these facts, most of us are misguided by TV personalities, friends and acquaintance who feeds us technicalities about derivative markets and don't actually know about it at all. That is the reason why 99% of people lose money because these 1% highly specialized people will be making money (zero sum game). These 1% are the big corporate houses and treasury division of Banks which actually make big bucks. Normally, 40 to 50% of total Bank's profit is earned by highly specialized derivatives unit in treasury division. My experience with the niche area in treasury function has been wonderful. I got to see the market peaks, i.e., bull run from 2007 to 2008, and market crash in 2008 that taught me life changing lessons from watching giants fall (Lehman Brothers) and at the same time gave me a lot of mental maturity. A lot of corporates also bore the losses and some of them filed cases against us. I got to know the legal framework of strategies we built and learnt to defend in courts. That brought me 360 degrees understanding and learning about our own derivative strategies.

One of the hindrances that CA faced while studying these subjects is that the theory is

totally outdated/irrelevant and professors who are teaching these should be replaced with real-life industry experts. These changes will bring proper vision into an aspiring CA candidate and, for CA members and practicing CA's, special courses should be designed which are delivered by industry experts who actually deals in these in their 9-to-5 life, instead of a so-called consultant. Once this is successfully implemented, in my opinion, new practice opportunities will be available in this domain. Young CA or established CA may provide expertise in equity, financial and derivative markets and cater the needs of not only small corporates/SME's but also to lots of individual clients. Once a CA develops comprehensive understanding of interest rate derivative, currency derivatives, he/she will be able to grasp 360 degree understanding of the equity markets, financial markets, other derivative markets, and overall economy. I believe that there are ample of opportunities for CAs in this field provided that they enter with right set of minds, training and understanding. ICAI has a major role to play here as well various forums/societies (formally/informally) needs to hand-hold CA training on these subjects.

***3. What are your views on the global markets, Indian fiscal and monetary policies, and future outlook of global as well as Indian market? Do you believe that the Indian stock market is undervalued at the moment and will head towards a correction in near future?***

So market and economy are both inter-related concepts but shouldn't be taking in same direction. Market is forward looking which denotes how economic releases would be, that cause confusion to many and they try to co-relate market and economy. Let's understand economy first. Till date from last 20 years, economy has been consumption driven, be it India, USA or UK, everyone was focusing on

growth and somehow consumption growth will be limited without pulling investment driven infrastructure plan. Multiplier will be limited. Which has been realized by many countries and thankfully India has realized this quite early, thanks to the newly formed government in 2014. From 2016-17, government has been doing investment driven reforms though there was a lot of criticism on RERA, GST and demonetization but we have to understand that this criticism is coming from which sect of societies. Idea was simple, i.e., to build infrastructure and bring investment driven economy so that forward looking, multiplier impact can be seen in the future economy. Similar concept is also adopted by USA in COVID-19 'new capital expenditure plan', to build infrastructure base. However, one thing India is doing differently is bringing structural reforms in economy like labor reform, tax reform, land reform, electricity reform, financial market reforms etc. There are a lot of reforms India is trying to bring along with investment driven economy. Most people think markets are liquidity driven but what I understand is that, it not only liquidity driven but also dependent on structural reforms and investment driven. Because of its results, I have a very bullish perspective on economy specially from 2020 onwards. Despite of past two- three slow years resulting from Covid wave 1 hit and severe wave 2, tremendous recovery is the evidence of the bullish perspective I mentioned. In 2020 lockdown, it was perceived that Indian economy will be shattered but how amazingly we re-gained the business confidence index for next 6 months (90 or above) that shows the robustness of our current economy. Moreover, thankfully it is an inclusive growth as agriculture; service and manufacturing etc. are all growing. Especially structural reforms we did in manufacturing sector, to name few, we get out of RCEP, focused on PLI schemes, Aatmanirbhar Bharat, startup India etc. I consider these are structural reforms based

on investments driven model and these will lay down the strong foundation for new India. We will see the satisfaction and growth in Indian market.

Currently, due to USA's withdrawal from Afghanistan, it has left Asia on brink of war and disputes, though I understand there is silent agreement between USA and Taliban to focus on China to create few hiccups with China-Pakistan and the border issue with India-China. But going forward what I understand is, this is a structured USA scheme to dismantle China and Pakistan slowly. More like its world war type situations, where not only weapon but there was trade war, currency war, semi-conductor chips war, water war and defense equipment war also. I feel that in the near future we will witness the robustness of USA economy and downgrade of Chinese economy. India will definitely emerge as a winner; will be doing well on economic and market front for next one and a half year to two years. This is my outlook of Indian and Global market. If China goes into slow-down mode, Australia and New Zealand will also feel the jolt as China is their main consumer. Slowly India will step in for imports from Australia and New Zealand. Our relationship with Taiwan would also improve (unlike past on electronic import only). Very soon India will emerge as a superpower of the world. This is my expectation for economic front as well.

In my opinion, we should stop evaluating Indian stock market in the 'overvalued' or 'undervalued' terms because it is fundamentally based on price-earnings ratio which is irrelevant in structural reforms-investment driven economy where we are heading fast. We will see the result of the same after 2022. In near future and going forward, we would see India as superpower and India on a bull-run. Any retrenchment would be a good correction to invest. However, there is one important point that we all look up to Nifty-

Sensex as the same time we forget that not all the shares will grow in Nifty-Sensex. Every asset class, namely Gold, Silver, Real estate, Equity, Bonds, Mutual Funds has its own Bull-run time zone. Even in same class of assets, not all the portfolios grow same time, example, there is a time for plots, then residential flat, commercial space etc. Similarly in stocks, sometimes technological sector will be reaching high, sometimes pharma etc. We should be very careful while building our portfolio that, even though Nifty-Sensex will reach to new highs, not all the shares will run, and there are historical examples to support this view.

***4. What have been your biggest hiccups or fallbacks through the entire professional journey and what learning you derived from them. How difficult can be excelling in these segments of treasury functions.***

Since childhood, I have been fighting struggles, like I mentioned earlier, sleeping on the roof of car, commuting by bicycles, learning from borrowed books from friends and teaching them in return and make sure they passed too. Struggles continues, I joined PWC for articleship and got under a very tough boss, tough audit client and remote locations, crazy work hours (8 am till 4 am), taught me well that this is my grinding period. Journey went on and I joined GE USA Investment Banking division, while working on acquisition deals with an opposite unfriendly team. In these unkind scenarios, not only I learnt to coordinate with opposite teams but also how to extract work from them. Then in ICICI SME/Corporate Division, I got to build the team from ground up and the same time having exposed to different industries like steel, auto, textile etc. and got to understand the balance sheet exposure (reading financial statement) for funding requirements. These were a lot of learning curves and expanded my horizon. I also learnt to develop client relationship and coordination, liaison, and communication



with different people and these were great value additions to me. In my opinion, most of my learning credit goes to treasury function, especially when we were hit by 2008 crisis, we had USD 1 Billion mark to market exposure in our books. Out of which, my territory was major contributor in it hence obviously there was mountainous pressure on me. On the top of that, few of my client went into litigation against those structured deals which I had created. I do regret that if I could have understood the deals more closely and with proper due diligence, this whole episode could have been avoided. These crisis-led dilemmas not only hit the professional career but also affected my personal life as I was recently married and settling into a new life. However, there was tremendous support from the family and I got this idea from them if I could restructure the 'reverse deal' to minimize the client's losses. I was defending deals in court of law against those clients who went into litigation. Dealing with such disgruntled clients, convincing them on deals which could minimize the losses, it was arduous task but again an amazing learning curve for me. These whole episodes taught me real derivative market, world market, economy, how the highs and lows come etc. These challenging times were my great teacher. Then only I realized I could write a book on these; I did the Ph.D. on it. My suggestion to fellow derivate aspirants is that first understand the currency swaps and Interest rate derivative, try them on paper before executing a real deal. Everyone want to be rich quickly and retire early but we forget that first we have to make investment on ourselves and our knowledge rather than making 'monetary investment'. Still, I believe there are a lot of growth opportunities in treasury functions but starting point should be learning and knowledge base.

**5. We all are aware that there is a huge negative sentiment around the option trading considering the risk profile and previous experiences on people. How can one responsibly explore the opportunities in options derivatives?**

First and foremost we should understand that negative sentiments in option market is basically because 99% of people, as I mentioned earlier, do not understand options market. They believe they understand the derivative market but if we observe them closely, they are putting money where someone told them to. Rule of thumb, whoever invests on someone else advice will always lose money. Remaining 1% who actually understand the market, there are few who are prejudiced to their experience in the market. As I had mentioned earlier, these few niche people are sitting in treasury OTC desk dealing in the 93% of total worlds derivative volume (400 to 500 in India, and 4000 to 5000 in the world). These are the guys who are making real money. Rest all are trying their luck in the derivative market and thus the negative sentiments. If we want to trade in market, as thumb rule, use derivative for hedging purpose only and not for speculation. Here, hedging means either you have underlying assets, or you have enough resource to cover for it. If you don't have either of it or you are dealing on 'margin base' then you shouldn't be dealing in derivatives at all. Just to give you an example, if there is an exporter who is supposed to receive USD and if he takes the hedge position then its viable, but some retail person speculating on USD position (short/long) could create troubles for him. Similarly, if someone has underlying Reliance share and hedges it with option then it makes sense, but if someone takes naked long/short position on an option, it will be again, trouble for him.

So, in order to invest RESPONSIBLY in

derivative trading, one has to make considerable investment in SOLID KNOWLEDGE base and learn from someone who has actually done OTC trading in their careers (specially currency and Interest rate derivative). If one does not have access to such tutor/trainer, then one should do paper trading (proxy trading on paper).

As a conclusion and RULE OF THUMB, always do the derivative trading for HEDGING purpose where you actually own underlying assets and need a derivative cover, then there is a fair chance to make money. However, if you go with naked trading (speculation on derivative short/long position), then more often than not, you will lose money.

**6. An author of landmark book on Financial Derivatives, advisor to government, speaker on various platforms, Trainer of derivative instruments, corporate work experience with leaders like EY, PWC, ICICI... what next? What message do you have for our fellow and aspiring Chartered Accountants?**

Well, GOD has been kind to me and given me such opportunities to work with fortune 500 companies, governmental bodies. From there on, I had vision to educate the masses with regards to financial literacy, like how markets work and behave, how to invest, how to save etc. Second vision was to get associated with government, especially with PMO financial/economic advisor as to how to transform India to be one of the best capitals and Financial market in the world. I firmly believe that universe is conspiring to make me stronger and capable and has put me on this path to succeed.

As a message to my fellow CA's or aspiring CA's, I would request to focus on re-urbanization i.e. Tier 2 and Tier 3 cities where, I believe growth

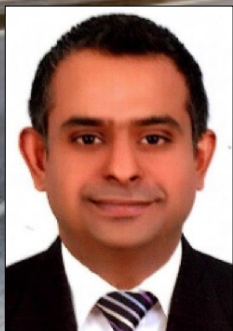
will be exponential. It's been a common practice that young CA's from Tier 2 and Tier 3 cities generally leave for metros and Tier 1 cities for better prospects. In my opinion, if we trained them well in financial markets then can make their careers grow while still staying in their cities.

Further as a suggestion to our senior CA's who have well established practice with multi-verticals like audit, accounting, and taxation they should collaborate with such young CA's with financial market background. It will be a value addition to senior CA practitioners. It will be a win-win situation to both. Young CA's don't have to leave their hometown to Metro and Tier 1 cities (which is going through severe infrastructure restraints like bridge crowded public utilities, inflation etc.). Secondly the young CA's will get to stay in their hometowns with the family support system. Third, we will be creating a third domain of advisory in CA practice which will be different from typical brokerage firms (though they are disguised using advisory tittle) but in reality, these brokerage firms are selling products where they have their vested interest in brokerage/commission.

I already have such an initiative called knowledgepreneur, a platform to cultivate knowledge based financial market advisor-young CA and I appeal to all CA practitioners to start similar trend so that we can not only nurture the young CA brigade on financial advisory but also educate the whole society to invest right and invest wisely. It will be prosperous for all.

**Jai Hind.**

# JOURNEY OF AN ACCOUNTANT



**CA. Padmanabhan S**  
*National Bank of Kuwait,  
Kuwait's Group finance function*

Shiva was wondering why the Head of Finance of his bank had summoned him in the morning as he was walking towards his office. Three years with the management-reporting unit and Shiva was settling down into his role. Nice and easy!

His boss welcomed him to his office and started out with how happy the management was with his performance, interaction with peers and businesses across the bank so far. What came next was something that Shiva had not prepared for!

His boss queried, "How would you consider a move to the Financial Reporting team?" Since this was something out of the blue for Shiva, he hesitated. He almost stuttered when he said "Could you please let me know what would be my role in the team? Also, I was really getting into the groove with the management reporting responsibilities."

"Thomas (head of financial reporting) will explain the role to you in detail. Think about the role. And my personal advice would be to take this role as it is not an opportunity which everyone will get. We will fully back your decision whether it is yes or no."

Taken aback by the suddenness of the offer, Shiva mustered enough strength to reply "I am open to any change. But I need some time to revert to you with my decision".

Boss agreed to Shiva's request and as Shiva headed out of the office, he went straight to Bhaskar to seek a time to understand better on the role on offer.

Thomas was keen to explain the role for Shiva that was in his mind. "Shiva, the plan is to kick start an initiative called 'understanding the business'. You have been with us for three years and you know most of our finance team as well as teams in businesses across the bank. I see value in that hence I suggested your name for this initiative." "I am grateful to know that I have been offered this chance to work on a new initiative" responded Shiva.

"As you would have noticed in the past three years, the bank has witnessed changes in its core banking system. What we, as a finance function, need at this hour is to enrich our existing documentation to reflect the updated business processes and system flows leading to the generation of accounting entries for each business activity. As part of the initiative, I envisage adding some meat to the bones by adding some high-level understanding of the overall business and enhance the existing documentation and also link the accounting entries with the references to the accounting standards."

"This sounds like quite an interesting initiative. I am rusty on the accounting standards side after being with the management reporting team for quite some time" said Shiva sheepishly.

"Well, I am sure you can brush upon them when you are here. Just let us know if you are in or not."

Shiva walked back to his desk in deep thought.



Yet undecided on the offer, he walked to his boss, Ramnath (head of management reporting) for counsel. Ramnath advised him to consider the pros and cons objectively before he decides quipping that personally he would go for the move.

Shiva decided to have a chat with his mentor back in India after work.

Moorthy, whom Shiva considered as his mentor, was a partner in one of the major consulting firms. Shiva consulted him for his views when he encountered any unique situation.

“Moorthy Anna (elder brother), I have been offered an opportunity to move within the finance function and am considering whether to move or not. Can you please guide me from our experience as I am unable to make a decision?” Shiva got straight to the point as soon as Moorthy answered.

“You seem to be very impatient today. First, you should relax. It is normal to have some anxiety when faced with sudden questions in life. My initial comment is change is good. As they say, change is the only constant in life. Now tell me more about the role on offer.” Shiva gave a brief of the role.

“The initiative sounds good. I am no accountant as you know, but I feel that if as an accounting team you are able to connect with business and understand them better it will definitely help in the long run. Basically, it could help in getting their perspective of things. And I believe it helps deliver better solutions. I think you should grab this opportunity and it will do well for you in the long run.”

Shiva, feeling more relieved after the chat, dozed off immediately after dinner.

Next morning.

Shiva seeks an appointment first thing with the head of finance. “Atul, I am ready for the move.....”

### Understanding the business – Cards

Shiva and Thomas were chatting on how to proceed with the new project.

“I am glad you decided to move to our team. Initiatives of these kind are not easy to be carried out without dedicated resources.” Shiva was just easing into the new team structure.

“I would recommend that you chart out the business units which we need to cover and then draw up a plan for the documentation. Then we can meet each business unit to dedicate the right resource for the project.”

Shiva draws up a plan and meets Thomas the next day.

“I suggest that we start with Credit Cards. It is quite a unique business and would be interesting to start off with” said Shiva eagerly. “Also, Thomas do you have any structure in mind for the document?”

Thomas considered Shiva’s suggestion and okayed it. “I leave the whole conception of the document to you Shiva. I have mentioned the objective with which we are starting this project. Let that be your guide. Let’s organize a meeting with the cards team.”

The meeting with the cards head was fruitful. He was quite appreciative of the initiative and assigned Rudolph who was a senior team member with vast experience in the cards department for the project.

Shiva exchanged pleasantries with Rudolph on the day of his scheduled meeting to discuss the credit cards business after which he jumped straight to the subject. “Rudolph, could you give me an idea of the how the cards business works? An overview of how the customer views it, what happens at the system level at the time of transactions, unique features of the cards business and what are the control activities in the back office. And please do go a bit slow as my knowledge of the cards business is rudimentary and stops with swiping the card and my balance getting displayed on my statement.”

Rudolph jokingly quipped “You want to eat a



buffet in 5 minutes is it? Let us take it session by session. Credit cards industry is quite unique and has a lot of flavors with various intermediaries playing their part.”

### Customer perspective

Customer is given a credit limit by the Bank after evaluation of his credit eligibility and issues a credit card. We are called the issuing bank for transactions performed by the cards issued by us. Common transactions permissible using a credit card are as follows:

1. POS (point of sale) transactions at a local merchant by card issued from our bank. The merchant is registered with our Bank.
2. POS transactions at a local merchant by card issued from our bank. The merchant is registered with another local Bank.
3. ATM withdrawal.
4. POS transaction at our merchant by a card issued by a third party local or foreign bank.
5. POS transactions at an overseas merchant either online or physically outside the country.

### Transaction details from the bank's perspective

#### 1. POS (point of sale) transactions at a local merchant. The merchant is registered with our Bank.

At the point of transaction, credit card transaction information from the terminal at the merchant is sent electronically to the VISA system via the Bank's switching system. If the transaction amount is within the available balance, transaction is processed and available balance is reduced to that extent in the VISA system.

The merchant sends electronically at the end of day summary of the transactions in order to reflect the amount due to him from the Bank. Bank pays the amount due to the merchant less a merchant commission (income for the bank). Simultaneously, the bank debits the

card holders balance to reflect receivable amount by the amount of transaction.

#### 2. POS transactions at a local merchant by card issued from our bank. The merchant is registered with another local Bank.

At the point of transaction, credit card transaction information from the terminal at the merchant is sent electronically to the VISA system via the acquiring Bank's (third party bank) switching system. If the transaction amount is within the available balance, transaction is processed and available balance is reduced to that extent in the VISA system.

The merchant sends electronically at the end of day summary of the transactions in order to reflect the amount due to him from the third-party Bank. Bank pays the amount due to the merchant less a merchant commission. Simultaneously, VISA sends the acquiring bank<sup>1</sup> details to our bank electronically. Our bank debits the card holders balance to reflect receivable amount by the amount of transaction and pays VISA. Also, the acquiring bank shares a portion of the merchant commission with the issuing bank (our bank in this example). This is called an interchange fee income from our perspective.

*(<sup>1</sup>If a bank's merchant processes a transaction of a card issued by a third-party bank, it is called an acquiring bank)*

#### 3. ATM withdrawal.

At the point of transaction, credit card cash withdrawal information from the ATM is sent electronically to the VISA system via the Bank's switching system. If the transaction amount is within the available balance, transaction is processed and available balance is reduced by the amount withdrawn plus a fee (income for our bank) in the VISA system.

Simultaneously, the bank debits the card holders balance to reflect receivable amount by the amount of transaction plus a fee

income based on information from the bank's ATM.

#### 4. POS transaction at our merchant by a card issued by a third party local or foreign bank.

At the point of transaction, credit card transaction information from the terminal at the merchant is sent electronically to the VISA system via the acquiring Bank's (third party bank) switching system. If the transaction amount is within the available balance, transaction is processed and available balance is reduced to that extent in the VISA system.

The merchant sends electronically at the end of day summary of the transactions in order to reflect the amount due to him from the third-party Bank. Bank pays the amount due to the merchant less a merchant commission. Amount due from the third-party bank is settled via VISA. We also share a portion of the merchant commission earned with the third-party bank (settled through VISA) and this called interchange fee paid (expense for us).

#### 5. POS transactions at an overseas merchant either online or physically outside the country.

The modus operandi is exactly the same as illustrated in point number 3. Just that the exchange rate used for conversion is determined by VISA and all settlements to VISA is done is USD.

Shiva was taking notes vigorously as Rudolph explained each transaction. "Phew! This buffet will take some digestion" Shiva quipped. "I will chew on this information and revert to you". Thanking Rudolph for his time Shiva headed back to his office.

Shiva shared his notes with Thomas the following day who was impressed with the start." This is a good start Shiva. Now let us move to the next step of linking these with business rules followed by linking to accounting standards....."

### Understanding the business – Trade Finance

Shiva was feeling excited after completing his documentation of the cards business. "Thomas, I think I will start with Trade Finance next". Thomas went about introducing Shiva to the head of Trade Finance who recommended that Shiva start with Letter of Credit and then move to Letter of Guarantee.

Abdallah who headed the Letter of Credit (LC) business welcomed Shiva. "So, Shiva, heard you want to understand about the LC business. Can you please let me know what is this initiative about so that I can give you the right information"? Shiva explained the initiative and concluded by saying "Abdallah, would be great if you could explain the process from beginning till end and if you don't mind a bit slowly since my knowledge of LC is at best basic".

#### Letter of Credit (LC)

A letter of credit is a written undertaking by a bank (issuing bank) to the beneficiary (exporter or seller of goods) in accordance with the instruction of the buyer or importer of goods (applicant) to effect payment of a prescribed amount within a specified time against presentation of the prescribed documents. The documents have to conform to the instructions of the applicant.

There are different types of LC's, an internet search will yield you good results on the same, but the mechanism is kind of same for all of them. It is also common to have a confirmation added to an LC. The typical income for a bank from an LC issuance comprises of an issue commission, confirmation charges and/or negotiation charges.

"Could you please take me through the life cycle of a typical LC transaction" Shiva interjected.

#### Example of an import LC

Importer X in country A, at the behest of exporter Y in country B, approaches Bank A (let us assume our bank) for a letter of credit. Basically, we will issue an LC in favor of an exporter Y's

bank, say Bank B, undertaking to settle the amount due from importer X upon production of the shipping documents. In short, we take the credit risk of importer X for a small commission. In this example, Bank B is called the advising bank as they advise exporter Y regarding the LC for which Bank B charges an advising fee (income for bank).

There can be also a confirming bank in some instances. In the above example, at the request of exporter Y, importer X can request Bank C in country B (can be any country) to add their confirmation to the LC issued by Bank A (our bank). Basically, Bank C takes on the credit risk of Bank A and undertakes to make good the payment in the event of default by Bank A. Bank C gets a confirmation fee income which is paid by importer X or exporter Y as per their negotiated terms.

“Sounds simple when you explain it but I am sure can be quite a task in actual operation” Shiva said smiling. “Abdallah, I believe there is also bill discounting which your department handles as well as export LC’s.”

“Now, you are a champion Shiva” quipped Abdallah. “Export LCs can be illustrated based on the above example. You just need to consider the exporter in the example as our bank’s client.”

### Bill discounting

Continuing with the above example, suppose exporter Y needs to discount the above LC before the due date of the payment from importer X and assume exporter Y is our client. We will credit an amount at a discount of the value of the bill, for e.g., 99% of the bill value is credited to exporter Y. The amount of discount is our income (interest income).

“Shukran jazeelan Abdallah. I am sure I will have a lot more questions as I go deeper into the project”.

“Masha Allah! Inta kalam Arabi” said Abdallah laughing. “Ay waqt fadhal”.

### Letter of Guarantee

Next morning, Shiva walked into Jaishankar’s, head of guarantee products, office.

“Jai, I read up a bit on guarantees and understand that they are issued for various purposes like tenders, performance, payment guarantees etc. Also, I understand that we do issue guarantees as well as counter guarantees. I would like to understand better about all these products”.

“Seems like you have done a bit of homework. Guarantees can seem quite simple but operationally are quite a task. What I can do is illustrate it through an example to help you understand the mechanics.”

### Example of LG

Customer A approaches Bank A to issue a performance guarantee for say a construction project. Bank A issues a guarantee which is basically an undertaking that the bank will make a payment specified in the guarantee in the event customer A fails to execute the project. Bank A charges customer A commission for issuing the guarantee which is recognized over the term of the guarantee. Bank A assumes Customer A’s credit risk.

### Example of counter guarantee

Counter-guarantees are typically issued in cases where a multi-national corporation wants to get a guarantee issued by a local bank. Customer A, a multi-national headquartered in country A wins a contract in country B (our country) and requires a performance guarantee to be submitted. Customer A approaches bank B (our bank) to issue a performance guarantee to the local counterparty for a fee. Bank B issues this guarantee based on a guarantee issued by Bank A which is the primary bank of customer A and is domiciled in Country A. In short, we assume Bank A’s credit risk.

“Wow, you explained the transaction in a simple word, but I am sure I will have more questions when I delve deeper”. Shiva departed for his office to pen notes after his discussion.

Thomas was in deep thought after he read the notes from Shiva. “You have documented the

transaction flow well Shiva. But I think there is quite a bit of work left to be done with respect to the trade finance products, especially from a group reporting perspective, especially when it comes to provisioning.”

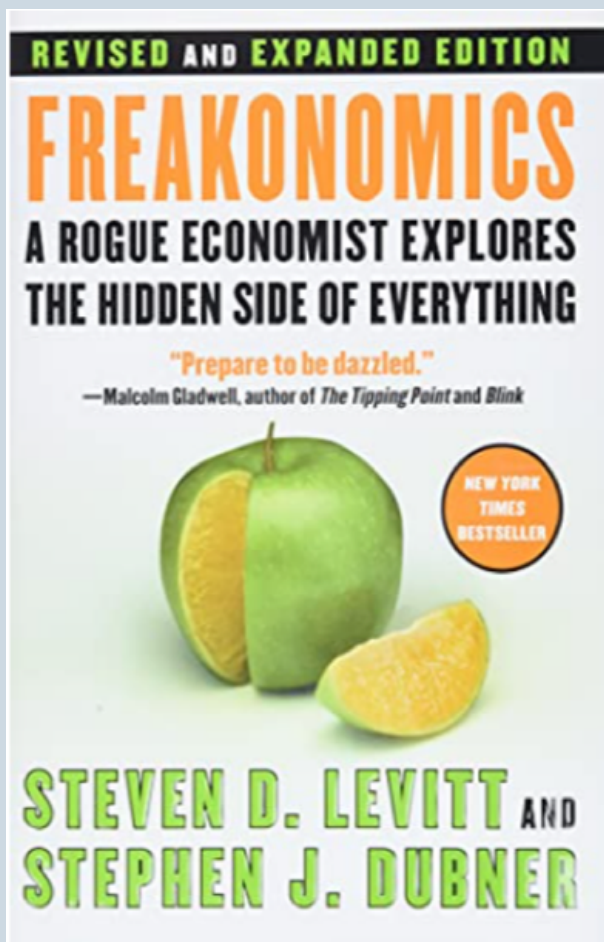
- How do we address reporting for intra-group guarantees? For e.g., where counter-guarantees have been given by our own

subsidiaries for guarantee issued by us?

- How do we address for loans extended by one of our subsidiaries to a customer where guarantee is issued by another subsidiary?

“I knew these products are not what meets the eye.....” mused Shiva.

Thus, continues Shiva’s journey...



“Morality, it could be argued, represents the way that people would like the world to work, whereas economics represents how it actually does work.”

**Freakonomics: A Rogue Economist Explores the Hidden Side of Everything**

Authors are bombarded with radical questions throughout the book like; link between legal

abortion and crime rate in certain city; secretes of Ku Klux Klan; which is more dangerous, a gun or a swimming pool? What do school teachers and sumo wrestlers have in common? Why do drug dealers still live with their moms?; And so on. Authors use the statistics to extract the answer to these questions and spot a pattern that will be far from conventional data-interpreting and extremely refreshing.

“An incentive is a bullet, a key: an often-tiny object with astonishing power to change a situation”

Authors not only redefine the statistical reading but also re-imagine the typical-dry-complicated economics principals, in layman terms, which anyone can understand, relate, and implement in their day-to-day life. Authors intriguing storytelling and grappling analogy to comprehend typical economic concepts are simply mind boggling. Economics, in general is a dry subject and most people tend to escape from it from the time they pass the University. But this book is an eye opener for such people and make it less intimidating that one thought it was.

Highly recommend to everyone who wants to decode the everyday life-dataset-pattern with economic conventional wisdom!!

“An expert must be BOLD if he hopes to alchemize his homespun theory into conventional wisdom.”

**CA. Trisha Dalmia**



# IBOR REFORM

## (THE TRANSITION FROM TRADITIONAL IBORS, SUCH AS LIBOR AND OTHER IBORS TO RISK FREE RATES (RFR))



**CA. Vamsi Krishna**

*Audit Assistant Manager, RSM Kuwait and a member of ICAI Kuwait*

### What is Libor?

Libor (London Interbank Offered Rate) and other IBORs (Interbank Offered Rates) are, in theory, benchmark interest rates that banks would charge each other for short-term loans. Libor has been used in financial markets since the 1980s and is currently published for five currencies over seven time periods (or 'tenors'). Libor rates are determined by quotes provided by a panel of banks. For example, a three-month GBP Libor is what benchmark interest rate banks would charge each other to borrow sterling for three months. Libor is easy to use and so is found in a variety of financial products, including loans, derivatives, and bonds.

### Why Libor is being replaced

On 5 March, the Financial Conduct Authority (FCA) confirmed it would no longer compel panel banks to provide quotes for most Libor rates after 31 December 2021, including GBP Libor. This means that the Libor administrator will not have the information needed to publish the rates from that date.

There are compelling reasons for the FCA's push to replace Libor. Libor is vulnerable to manipulation, as was discovered in the 2012 Libor rigging scandal. In addition, Libor operates on the assumption that there is a robust unsecured interbank market. However, Libor has become unrepresentative because banks have moved away from funding their activities via the interbank market following the financial crisis.

IBORs are being replaced by alternate risk-free rates (ARRs/ RFRs). ARR are being developed in key markets to replace current LIBOR currency rates: US dollar, Euro, British pound, Swiss franc, and Japanese yen.

Jurisdiction	Working Group Sponsor	LIBOR currencies	Replacement ARR
US	Federal Reserve Bank of New York	USD LIBOR	Secured Overnight Financing Rate (SOFR)
UK	Bank of England	GBP LIBOR	Sterling Overnight Index Average (SONIA)
EU	European Central Bank	EUR LIBOR	Euro Short-Term Rate (ESTER)
Switzerland	Swiss National Bank	CHF LIBOR	Swiss Average Rate Overnight (SARON)
Japan	Bank of Japan	JPY LIBOR	Tokyo Overnight Average Rate (TONA)

ARRs are structured differently than LIBOR rates, which will mean complexity for impacted companies. For example, US dollar LIBOR is typically a forward-looking term rate with a 3-month or 1-month tenor that implicitly includes bank credit risk. Whereas ARR like the US SOFR is a backward-looking overnight rate and, as a repo rate, is secured by collateral. Many of the current LIBOR contracts would extend beyond December 2021 which is the deadline agreed by global regulators to discontinue LIBOR with an alternative reference rate

## Challenges:

Simply substituting Libor with Sonia is not straightforward, because of the different ways in which the rates are calculated. Libor is forward looking, with rates set at the start of an interest period. Sonia is backward looking, calculated using transactions from the previous business day on an overnight basis. In addition, RFRs do not contain the risk or time premium that was built into IBORs. This means that swapping Libor for Sonia without making other changes would lead to a different economic outcome for the parties.

Even if IBORs and RFRs were equivalent, amending all of the rates in legacy contracts is a monumental task. For certain products, such as bonds, amending the rates would require noteholders to be notified and agree to the change (known as ‘consent solicitation’). This is burdensome and potentially impossible for certain products due to the number of noteholders.

Lenders should now either only be offering loan products based on RFRs or be including contractual arrangements to facilitate Libor replacement.

## Summary of IASB Phase 2 of IBOR Reform

Key areas addressed by IASB in its Phase 2 to ensure smooth transition to RFRs.

S.No.	Key Areas addressed	Summary
1	Practical expedient for particular changes to contractual cash flows	<p>The Board amended IFRS 9 to add a practical expedient that enables a company to account for a change in the contractual cash flows that are required by the reform by updating the effective interest rate to reflect, for example, the change in an interest rate benchmark from IBOR to an alternative benchmark rate.</p> <p>For the purpose of the Phase 2 amendments, a change in the basis for determining the contractual cash flows is required by the reform only if:</p> <ul style="list-style-type: none"> <li>(a) the change is necessary as a direct consequence of the reform; and</li> <li>(b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis.</li> </ul> <p>If a company makes any changes to the contractual cash flows beyond those required by the reform, the company would:</p> <ul style="list-style-type: none"> <li>- first apply the practical expedient to the changes required by the reform; and</li> <li>- then apply the applicable requirements in IFRS 9 to any other changes.</li> </ul>

To enable insurers and lessees to apply a similar practical expedient in relation to their financial instruments and leases respectively, the Board also amended IFRS 4 and IFRS 16.

### **An example of an economically equivalent change**

- A company replaces IBOR with a nearly risk-free alternative benchmark rate.
- The risk-free rate is lower than IBOR and, to account for the economic basis difference, a fixed spread is added to the risk-free rate.
- Such a change in the benchmark rate, with the addition of a fixed spread adjustment, is an example of a change that would meet the Board's economically equivalent condition.

## **2 Relief from specific hedge accounting requirements**

Companies are required to amend their hedging relationships to reflect:  
designating an alternative benchmark rate as the hedged risk.  
changing the description of the hedged item, including the designated portion, or of the hedging instrument; or  
changing the description of how the entity would assess hedge effectiveness (IAS 39 only).

Because a company would make changes required by the reform to the hedged items and hedging instruments at various times, companies may need to amend a hedging relationship more than once.

The Board also provided relief from the hedge accounting requirements in IFRS 9 and IAS 39 for

### **1) Amounts accumulated in the cash flow hedge reserve**

When the company changes the description of the hedged item to reflect changes required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. Therefore, the company reclassifies the cash flow hedge reserve to profit or loss only when the cash flows of the amended hedged item affect profit or loss.

The same relief is applied to the amount in the cash flow hedge reserve relating to hedging relationships that have been discontinued.

### **2) Separately identifiable requirement**

If an alternative benchmark rate designated as a non contractually specified risk component fails to meet the separately identifiable requirement at the date it is designated, it will be deemed to be separately identifiable if a company has a reasonable expectation that the rate will meet the requirement within 24 months from the date it is designated.

The 24-month period applies to each rate from the date a company designates an alternative benchmark rate for the first time.

### 3) Groups of items designated as hedged items

Companies allocate hedged items to subgroups within the hedging relationship based on the benchmark rate being hedged. The qualifying criteria for hedged items in IFRS 9 and IAS 39 are separately applied to each subgroup.

### 4) Retrospective effectiveness assessment (IAS 39 only)

For the purpose of the retrospective effectiveness assessment only, companies are permitted to reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply the Phase 1 relief. This choice is available for each hedging relationship

3	Disclosure requirements	The Board amended IFRS 7 to require a company to make additional disclosures in its financial statements so that investors can better understand the reform's effects on that company.
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The additional disclosure requirements are designed to balance the benefits to investors with a company's costs to provide the additional information. These objective-based disclosure requirements limit the costs of applying the amendments by allowing companies to choose their own methods for disclosing the required information.

4	Transition and effective date	<p><b>Transition</b></p> <p>The amendments apply retrospectively, but companies are not required to restate comparative information. Additionally, a company is required to reinstate a discontinued hedging relationship if, and only if:</p> <ul style="list-style-type: none"> <li>the company discontinued the hedging relationship solely because of changes required by the reform; and</li> <li>at the date of initial application of the amendments, that discontinued hedging relationship meets all qualifying criteria for hedge accounting.</li> </ul>
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### Effective date

The amendments apply for annual periods beginning on or after 1 January 2021. Earlier application is permitted.



# NECESSITY OF PEACE AWARENESS



**Narrayan Raam Sankar**  
S/O CA. Raam M.S.S.  
B. Tech Medical  
Biotechnology, 2nd year

In a time riddled with uncertainty, distrust, confusion and stress, peace seems so far-fetched an idea that it seldom crosses our minds. Most of us can't envision a peaceful world as part of the future anymore. Peace has always remained an ideology; an ideal state or condition that is almost impossible to see the world over, like ideal gases. The thought exists, there is demand for it, but unfortunately, not much is done to take us towards peace.

I firmly believe that ignorance is mankind's worst enemy. "Ignorance is bliss" is the biggest, most blatant lie ever, and it has taken swathes of people under its grasp. We never get peace because we never ask the important questions, never try to work towards them and are just not hungry enough to see a change. We the Homo sapiens, as a species, have continually caused huge changes to the planet without delving too much into the consequences and have in turn turned world peace into a far-fetched dream. In fact, we've made peace a rare occurrence in the

lives of other species, too.

So, where do we begin? Yes, the journey towards peace starts at the individual level, and progresses to the family, the locality, the community, the country and finally, the world. We must understand that peace is a virtue that can only exist in the absence of certain others: anger, ego, stress, dishonesty, jealousy, etc. None of these is part of our nature. None of us is inherently made to be jealous or dishonest all the time. Circumstance is what leads to all this. Unfortunately, we've encased ourselves in shells; we fail to see these "unwanted characteristics" when they show up in us while focusing on those that we see in others. Ironically, what we see is simply the mirror image of what we display. If we sit down to think about this, we could go a long way to bridging the gap between being ignorant and being aware (with respect to peace).

Peace is often misunderstood to be the absence of desire. Other misconceptions include thinking peace to be a state of enlightenment, treating peace like some Holy Grail that only the "special ones" are entitled to, etc. Peace has also been made a commodity; some objects are sold to

“invoke the peace in you”. However, just like you can’t buy a kilogram of anger, you cannot buy an object that will “induce peace in you”. I repeat once again: peace is our very nature, and involves us being ourselves, for starters.

When we start observing more and reacting/retorting less, we experience a shift in perspective. One must do it to feel it, to experience it and understand the inner mechanisms behind the happenings around us. It is said that the wise speak less, listen, and observe more. The ones we called “wise” are not just people with knowledge; they have the right mix of knowledge, rational thinking, and a composed intellect. They are closer to peace than any of us are, and the first step towards peace is observation.

Once observation takes charge, awareness follows. Awareness is a necessity because unless you’re aware of a problem or a situation, you have no urge/need to act on it. Understanding the patterns of cause and effect will enable you to make calculated decisions. We only have problems because of indecision, because something happened to create a sticky situation in the first place. When awareness about peace spreads, people are in a better position to do something about it. By observing our activities, we can make out where we’re going wrong. And by now I’m pretty sure every one of us has a long list of things that have gone wrong, both for the individual and for the world. Peace will automatically make its entrance when we start to eliminate these problems, one after the other.

Of course, the process of acting on the problem should be carried out just as carefully. Keeping the interests of others in the society in mind is a great start. The next time you’re about to react to someone or act on something, I urge you to assess whether that action will contribute to peace or be detrimental to it. There is a barometer in everyone that enables us to feel this out. Peace is not something that can be described qualitatively or quantitatively, but it can definitely be felt. Act wisely, act rationally. Peace will join the parade.

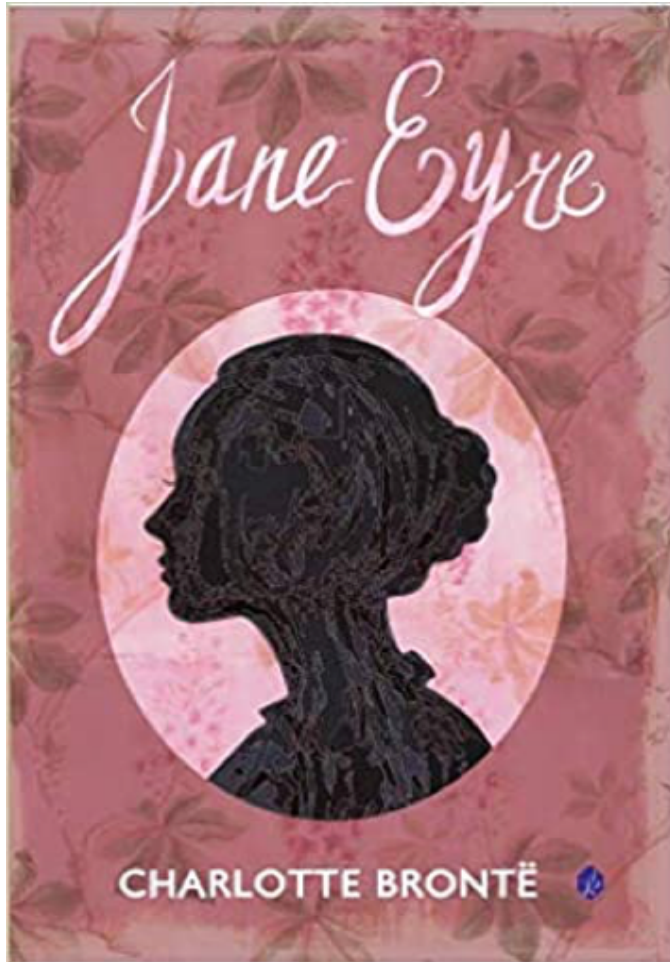
“World peace” has always been a dream; a lot have worked towards it, some have neglected it and others, opposed it. The idea has always been taken with a pinch of salt; will humans ever be able to establish peace in every part of the planet? We are humans, after all, and just like other animals, we are territorial creatures. We are animals. We possess the same primal instincts powered by our cerebellum that we observe, for instance, in a wild boar or a leopard on that show on Nat Geo Wild. However, what we also have is a well-developed cerebrum (still undergoing development) that adds another notch to the capabilities of our brains: better emotional recognition and response, better judgement, better sensing of the environment and the situation, etc. that we can put to good use.

Any decision has to be made after assessing all the possible options and making sure that the one we’ve picked keeps everyone happy, or at least doesn’t make anyone feel bad or at a disadvantage. Societal peace is the larger interest here, so sometimes we may find ourselves in situations where we might have to put ourselves at a slight disadvantage to benefit everyone else. In those cases, I say: go ahead with it, because the happiness that other people experience will affect you positively, and you’ll be the winner!

Techniques like meditation and practicing “silence sessions”, along with focusing on breathing techniques really help, because they have the ability to center you. These techniques help you relax and pay attention to your thoughts, feelings, and emotions from an objective viewpoint, i.e., as an outsider. This will help build your character, enable you to take better decisions and manage any issues you face, like anger, ego, or stress, with ease. Once you start viewing things from the outside, you start seeing the bigger picture. The road seems to get narrower as it moves further away from you; look at it from above and it will always have the same width.

Let us all make ourselves more aware of the importance of peace. Let us do all we can to spread peace. It is no easy task, but good things never come easy. However, when you experience the fruits of peace, it will be well worth it.





### Jane Eyre by Charlotte Brontë

*"I would always rather be happy than dignified."*

Charlotte Brontë was a British novelist, the eldest out of the three famous Brontë sisters whose novels have become standards of English literature.

Jane Eyre is a classic novel which highlights the struggles of an independent orphan women in the 19th century. It portrays the Victorian era so beautifully that every detail just comes alive as you read it.

"Women are supposed to be very calm generally: but women feel just as men feel; they need exercise for their faculties, and a field for their efforts, as much as their brothers do; they suffer from too rigid a restraint, to absolute a stagnation, precisely as men would suffer; and it is narrow-minded in their more privileged fellow-creatures to say that they ought to confine themselves to making puddings and knitting stockings, to playing on the piano and embroidering bags. It is thoughtless to condemn them, or laugh at them, if they seek to do more or learn more than custom

has pronounced necessary for their sex."

The above lines from the book sum it why it was one of the most controversial books of 19th century. The book was one of the firsts which was questioning the social norms for females. It revolved around the author who as a female stuck to her morals and her ideas of what is right and wrong, in spite of being questioned by the society.

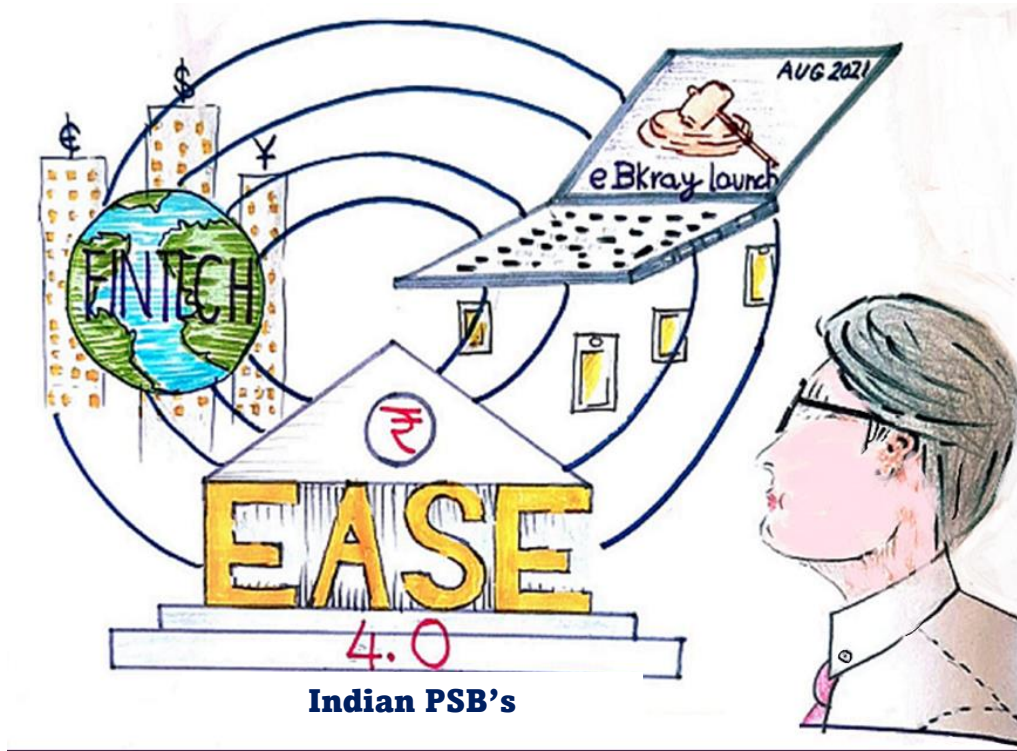
"I am no bird; and no net ensnares me; I am a free human being, with an independent will; which I now exert to leave you."

In the story Jane is orphaned as a child and has led her entire young life as an outcast who is rejected and demeaned by her stepbrother and sisters. With great difficulty she makes her way to Thornfield which is a boarding school for girls. The story moves around her hardships in the school to the friends and acquaintances she makes, then how she takes the job of a governess alone and falls in love. The entire journey goes through turmoils of sorrow, happiness, friendship, trust, independence, suppression, intelligence, art, fantasy, desire, and above all love.

"I can live alone, if self-respect, and circumstances require me so to do. I need not sell my soul to buy bliss. I have an inward treasure born with me, which can keep me alive if all extraneous delights should be withheld or offered only at a price I cannot afford to give."- One of the best lessons the book gave me is summed up in this sentence from the author. The book keeps emphasizing at several stages how a lady of 19th century stood up for her self-respect and withdrew from all luxury's life could present.

"I do not think, sir, you have any right to command me, merely because you are older than I, or because you have seen more of the world than I have; your claim to superiority depends on the use you have made of your time and experience." – And this just sums it all. Life is an experience in itself. One should never stop learning. The better use you make of your time, the brighter you would shine. The book is very colorful, vivid, and just lets you immerse in the author's story with such ease. The book is "art of storytelling" being displayed at its best.

**CA. Trisha Dalmia**



## C.A. Ashok's perception

Long awaited **EASE 4.0** launched in Indian PSU Banks:

- **Smart lending by analytics**  
introduction of end-to-end digitised loan process. Coordinate with eBkay platforms for lowering risks.
- **Simplified, resilient and 24x7 banking**  
fast-track IT systems in cloud-based solutions in approved policies and framework.
- **Data enabled agriculture financing**  
outbound call-centre outreach to semi-urban & rural areas in regional languages. Leverage with agritech firms and automated agricultural loans, borrower interaction with digitised land records.
- **Collaborating with the FinTechs**  
collaborate with NBFCs & other FinTechs to build co-lending models.

“CA Ashok’ is an imaginary cartoon character and an honorary member of ICAI Kuwait Chapter. He has agreed to provide a synopsis of a few matters of current affairs in the Indian Finance / economic / Accountancy fields.’ by CA Dipen Sen



## FUN CORNER

Here is a word scrabble for this edition's fun corner. All terms are basic finance and accounting terms.  
Have fun solving!

1 H A C S W O L F  

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2 O F C E S T R A  

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3 R A M L I N G A  

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4 C A N F A I L I N  

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5 C A R C U L A  

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6 R A B E K V E N A  


7 N E P S T E R L E A V U  


8 I D A T U P E T R O R  


9 B U R N E S T E E D  

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10 S T E V E N M I N T  

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# FROM THE DIARY OF CA. KAIZAR



**CA. Kaizar Shakir**

*Past Chairman*

*ICAI, Kuwait Chapter (2020 -21)*

*Director and CFO*

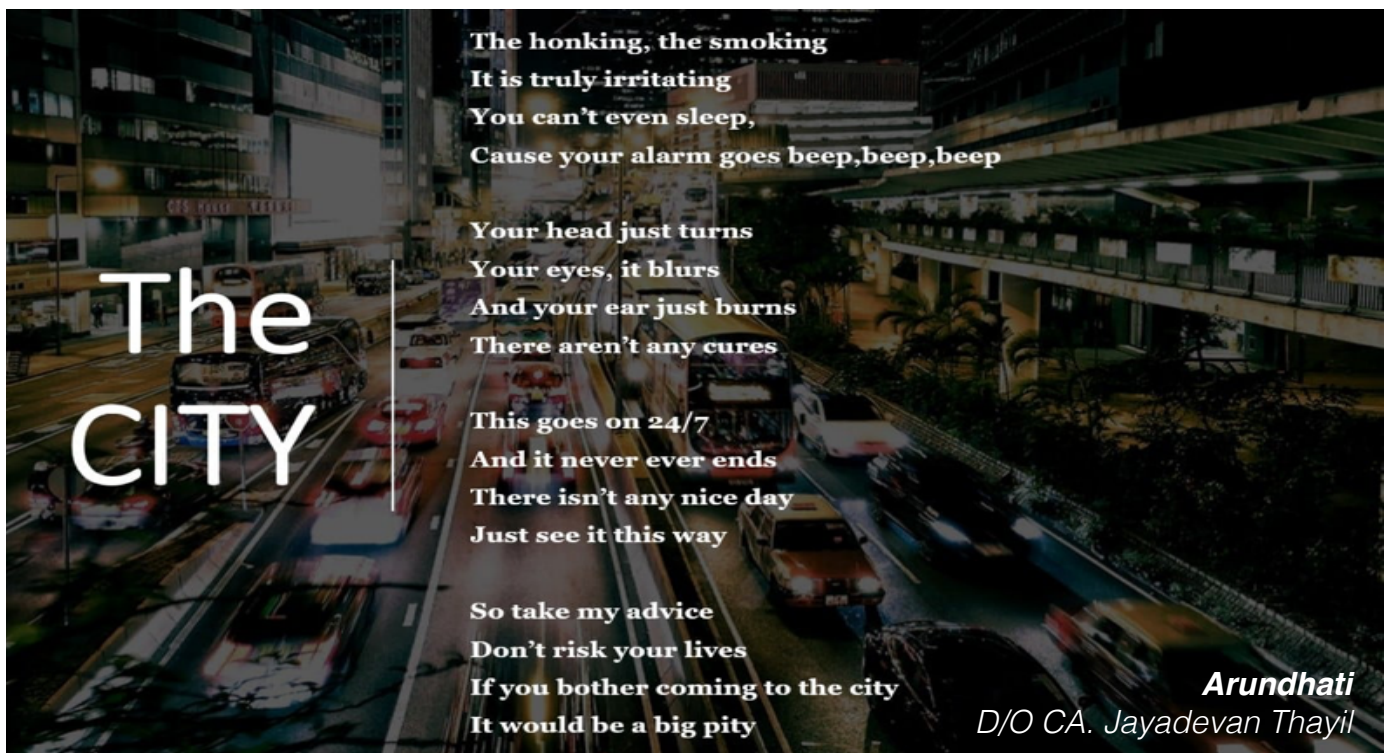
*Gulf Consult*

‘To be or not to be, that is the question’ Life is full of glorious uncertainties, and to add to this existential dilemma, there’s no dearth of choices. Some are born leaders who can weigh the merits and demerits, quickly deciding on a course of action, forging on forward, full of confidence. At the other end of the spectrum, are some people, who can’t seem to make up their mind, endlessly debate, weighing options, like a feather swaying whichever side the wind seems to be blowing. In debating the ifs and buts, we get stuck in the decision quagmire, often ending up missing the train that has already departed by the time we reach the platform. Always seeking validation, plagued with self-doubts, even after deciding on a course of action, rueing what could have been otherwise.

## As for me, I wonder where I fit in!

Over the years, I have learnt to be more comfortable and accepting of whatever the world has in store for me, convinced that whatever happens does so for the best. Whether it’s becoming a Chartered Accountant or a Seaman, some factors are beyond my, or anyone’s control. So, I actively seek the silver lining of each cloud, however transient it may be, and seek to make the best from the circumstances, learning from life’s experiences and perhaps mistakes.

I tend to go with the flow, occasionally swimming against the tide, focus on enjoying the moment, fully realising how fleeting it is. Once it has passed, it’s etched in stone, and nothing will ever bring it back. Yesterday’s history, tomorrow’s a mystery, but today’s a gift, that’s why it’s called the present. And when the burden of the world seems too much to bear, or my shoulders droop, I take comfort in the serenity prayer, “God, grant me the serenity to accept the things I cannot change, courage to change the things I can, and wisdom to know the difference.” ... KTS



**Arundhati**  
D/O CA. Jayadevan Thayil

## HIGHLIGHTS

ICAI Kuwait Chapter continued the focus on health and well-being of its members in these difficult times and carried forward the weekly meditation classes which started from 12th of June for the members and their families.

The long Eid holidays were seasoned with a family game – “Ding Dong”. The committee was overwhelmed to see the enthusiasm and hidden talent amongst the fraternity members.

### **A Fall back on several CPEs held during the Q3 21 period:**

13th July – “Embrace Change with Continuous Innovation” by Oracle

24th July- “IFRS – Current & upcoming updates of 2021” by CA. Meghdoot Jajoo (IFRS expert Advisor)

7th August – “7 Masterstrokes on Negotiation” by Dr. Kamal K. Jain (Professor, IIM Raipur)

25th August – Joint event with Qatar chapter on “Nothing is Impossible” by Mr. Madan Lal (former Indian cricketer and coach, member of 1983 world cup winning team) and “On becoming a transformational Leader” by Dr. Anil Khandelwal (Former chairman & MD Bank of Baroda & Dena Bank)

4th September, 7th September and 11th September – Advanced excel tutorials by CA. Vijay Agrawal

Further to the above, the Chapter also organized a bowling event for its members and their family. Winners of the event in different categories were –

Male – Ronak Barola, Jai Garg, Suman Mishra

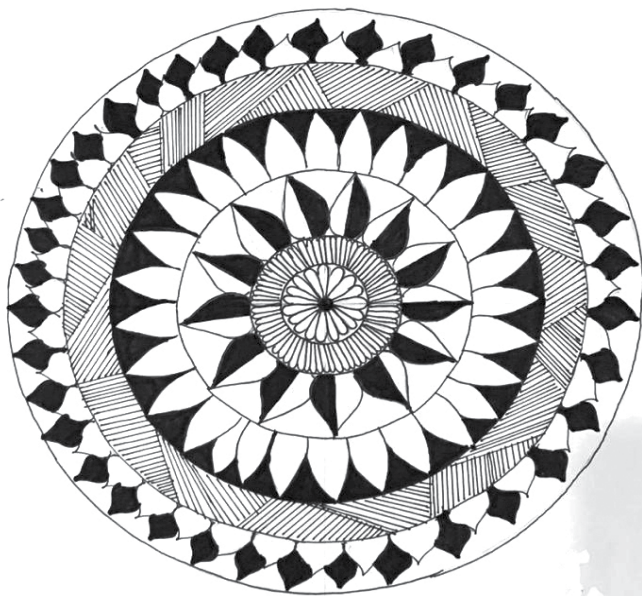
Female – Rutika Makan, Sweta Chipra, Sugra Hussain (W/O Akil Hussain)

Kids – Tanishka (D/O. Sai Devata), Shrey Dhand (S/O Anup Dhand), Tussa (D/O Jasim Patel)

The Chapter also engaged in negotiating and contributing towards a 4 day workshop on “Business Valuation Masterclass” with Prof. Aswath Damodaran scheduled to be conducted in Jan’22



# Art Works



Shrinjoyee  
29/05/21



Shrinjoyee  
9/10/20

By Shrinjoyee Mazumdar  
D/O CA. Subhodeep Mazumdar



## FUN CORNER

### Solution

- 1 C A S H F L O W
- 2 F O R E C A S T
- 3 M A R G I N A L
- 4 F I N A N C I A L
- 5 A C C R U A L
- 6 B R E A K E V E N
- 7 P R E S E N T V A L U E
- 8 A U D I T R E P O R T
- 9 D E B E N T U R E S
- 10 I N V E S T M E N T

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