



THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA
KUWAIT CHAPTER

JAGRUTI

The awakening...

   ICAI Kuwait chapter

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President's Message

It gives me immense pleasure to note that the Kuwait Chapter of ICAI, on the occasion of CA Day, is launching a quarterly publication of e-newsletter 'Jagruti - The Awakening'.



In this current phase full of crisis and uncertainty, the Kuwait Chapter of ICAI has come out with a unique initiative of keeping the members updated and enhancing their knowledge base relating to the profession by launching this quarterly e-newsletter.

Upgrading the knowledge base and skill set has always been important in our profession. ICAI has always endeavored to provide best possible professional development courses and skills set to update and prepare our members to face the challenges posed by the uncertain times.

With online being the new normal, I am sure that the e-newsletter would play an important role in enhancing the knowledge base of its readers and would keep them updated of the latest developments by bringing best knowledge resources together at one place.

It is also heartening to note the e-newsletter, at the same time would also showcase the literary and artistic talents of the Chapter's members and their families in order to engage with the wider professional community during the pandemic.

I am sure that the e-newsletter would play its part well to support and promote the vital role that Chartered Accountants play throughout the global economy.

I wish the Kuwait Chapter of ICAI great success in its endeavors.

With best regards,

*President, ICAI
CA. Atul Kumar Gupta*

Chairman's Message

'Books give a soul to the universe, wings to the mind, flight to the imagination and life to everything' - Plato



It gives me great pleasure in being part of the committee that has revived this e-newsletter, which was launched almost a decade ago, but discontinued quite immediately then.

I must congratulate the editorial team for their enthusiasm in its revival, especially in a time in which the values of reading and inwardness are so strenuously challenged, I believe literature

is freedom. What day could be more auspicious than today 1st July when in 1949, an act of Parliament gave birth to the Institute of Chartered Accountants of India?

'Jagruti – The Awakening': What does it really mean to be awake? How can being awake help? Why do I need Jagruti (literally speaking) in my life? These are a few questions that must arise in every one's mind. Now, more than ever, we as Chartered Accountants need to awaken – professional challenges need to be manifested from the shadows of complacency and the effulgence of awareness needs to enlighten us. Our CA motto is a quote from the Upanishad which reads "Ya esa suptesu jagarti". It translates as "the one who is awake in those that sleep"

Awakening is not achieved by one nudge to the shoulder, nor a single call – it is something that needs to be consciously adopted into our professional life so that we all can transcend to a better future. We have to be honor bound to follow the ICAI's regulations and to always be compliant and vigilant.

We at Kuwait Chapter are moving ahead with firm belief in anticipation that members of the Chapter and their families will support us with

their contributions and make this e-newsletter a medium of expression and bonding between the Fraternity members and uphold the values of our Institute by imparting and imbibing knowledge through this forum.

Thank you and wish you all my fellow Chartered Accountants – Happy CA Day 2020.

CA. Kaizar Shakir
Chairman – ICAI Kuwait Chapter

Message from the Editorial Desk

**Come let's unite and...
Wake up to knowledge!
Wake up to light!
Wake up to wisdom!
Seek what's right!
Wake up to power!
Wake up to beauty!
Lo and behold! -
'Ya esa Suptesu Jagarti'!**

Dear friends and fellow colleagues,

Knowledge, like currency, should be in wide circulation to draw value. Our Chapter therefore decided to put knowledge into circulation. It is a moment of pride for us as we hold the very first issue of our own e-newsletter 'Jagruti – The Awakening'.

This issue marks yet another grand milestone in the journey of our Chapter. The fact that the e-newsletter is born on the chartered accountant's day only adds immense honor to the e-newsletter as well as to our Chapter.

The name of our e-newsletter draws inspiration from the grand ICAI motto to remain awake amongst those who are sleeping.

The e-newsletter had its humble beginning way back in the year 2006, which could not sustain itself. However, with the new energy infused by the current EXCOM in the form of an Editorial Board for the Chapter, it has got a new boost of life and in a way it has been resurrected from its deep slumber albeit in its current avatar as an e-newsletter.

Our e-newsletter represents the very identity of our Chapter and a medium of expression for the collective voices of all our members. It reflects our thoughts and views and represents the fabric of our collective intelligence.

The Editorial Board places on record, its gratitude to the Executive Committee, all the Sub Committees, the sponsors, authors and all the members at large for the support, without which this e-newsletter would not have reawaken in its current shape.

With this, we request all our members, to contribute as many articles as possible to keep it informative, interesting, and alive for many years to come. As it is said that a journey of thousand miles starts with the first step. Now that the first step is made, we solicit support from one and all to carry our e-newsletter to newer heights.

Editorial Board, ICAI Kuwait Chapter

ICAI KUWAIT during COVID-19

The COVID-19 global pandemic took all of us by surprise, and along with it all our plans, career goals, family events and finances. This pandemic spared none. However as with all things like natural calamities, wars etc., the under privileged section of the society was and continues to be disproportionately affected. As ICAI Kuwait Chapter, we feel truly humbled that we responded immediately to this humanitarian crisis. We were one of the first associations in Kuwait to make a substantial contribution towards the Kuwait Red Crescent Society and to the PM CARES fund in India. This, I am sure in our own small way helped alleviate the sufferings of many of our residents in Kuwait. And our countrymen back home as the pandemic showed no signs of abating, livelihoods of taxi drivers, barbers, maids, small shop workers were disrupted. ICAI Kuwait Chapter, took the challenge once again in early June supported by generous contributions of our esteemed members, reached out and distributed dry grocery kits. We reached out and distributed around 300 kits to our fellow members of society and it was a surreal feeling to see relief on their faces. These people are not beggars but were just caught in these unfortunate circumstances.

ICAI Kuwait Chapter was able to react to this crisis with speed and agility due to the continuous

support of our members, the membership fees together with sponsorship commitments from our sponsors which forms our main source of funding. During these challenging times it is imperative that the show must go on. The chapter continues to host virtual CPE meeting, we restarted our e-newsletter and once things come back to a semblance of normalcy we will be back with more professional events and social and recreational events for the family.

As treasurer of ICAI Kuwait Chapter, may I humbly request you to pay your membership fees for 2020-21 at the earliest. As you can see your membership fees of KD 20 go a long way... **TOGETHER WE CAN GROW, THRIVE AND CARE.**

*Treasurer
ICAI Kuwait Chapter*

ICAI Kuwait Chapter-Interview

with Padma Shri CA. T.N. Manoharan, Past President of ICAI



1. Could you briefly share your experience on the task of Satyam revival? What were your learnings in this turnaround story?

Answer: Satyam crisis occurred on the 7th January 2009 when the Promoter

made a confession that the financial statements were fudged for several years. Government nominated six of us chosen from different fields to revive Satyam. It took us exactly 97 days to turn around the company and allow the strategic investor Tech Mahindra to acquire stakes and gain control on 13th April, 2009. It was a challenging task and we had to act on a war footing. We held Board meetings on a weekly basis and took decisions and resolved issues that were continuously cropping up. Major challenges were- 1. Restoration of financial stability- with a monthly pay for employees working out to about USD 105 million, outstanding vendor payments at about USD 400 million it was a challenge; 2. Customer retention- most of the customers wanted to terminate the contracts and to pacify them to continue the patronage was tough; and 3. Employee attrition- Key leadership wanted to resign and go. That would have derailed the continuity of the projects and revival of business would have been next to impossible. On all these three major challenges we worked on as a team. As a representative of the Government nominated Board and as Audit Committee Chairman, I positioned myself 24X7 in Hyderabad and was continuously talking to the employees and customers across the globe. We ensured that financial stability was achieved by persuading customers to pay up the dues and also by arranging fresh

credit facility from banks. Similarly, we could retain almost 85% of the customers. I even toured a few countries to personally meet the customers to convince them to patronage. Key leadership were retained by motivation and that helped to achieve business continuity. Because we revived the business as a going concern by preserving assets, ensured significant customer continuation and kept key human resource talent intact, we could go out looking for a strategic investor to infuse funds and take control of the company. Thus, we floated the bidding process and among the three bidders, Tech Mahindra emerged highest bidder and took over Satyam. Later, in 2013, Satyam merged with Tech Mahindra. Now the business has grown three- fold and so also the employee size.

Some of the lessons I picked up during this turnaround story were: 1. By sheer vision, hard work, competence you may reach the top but to stay there you must have integrity. 2. Differentiate between an opportunity and temptation. They say that opportunity knocks rarely but temptation leans on the doorbell. Don't miss any opportunity but do not yield to temptations. 3. Love human beings and use wealth. If you love wealth and use human beings to amass wealth, life becomes miserable because greed is destructive. 4. Nothing is impossible if you attempt on any public cause with nobility and with no personal interest. At the first Board meeting we unanimously passed a resolution that whatever time and effort it takes, we will not charge any remuneration and will not take even a rupee as sitting fee because we felt to resurrect Satyam was to save the pride of the Nation in the eye of the global investors and other stakeholders. Thank God, it worked.

2. As Chartered Accountants, we have been asked a lot about complex tax system of India and lack of a unified approach. Multiple provisions and clarification which often get surpassed by either new circulars or case laws. What are your recommendations to make it easier for a normal layman to grasp the same?

Answer: It is a million-dollar question as it relates to the complex Indian tax laws. Every attempt in the past to simplify the tax law has invariably resulted in complication and consequent litigation. On the indirect taxes front, it is a welcome move by the Government to abolish many levies and consolidate them into one levy in the form of Goods and Services Tax (GST). This law is settling down and efficiency of implementation is being progressively improved. GST is the best thing that happened in recent times in India. But on the Direct tax front, we need to drastically change the mindset of the policy makers and bureaucrats associated with the framing of Income-tax law, rules, notifications and circulars. The tax system is so complex that it consumes so much of man hours and unproductive effort to comprehend and comply. Besides, there is no stability in the law and many times it is changed retrospectively. The British Raj then ruling India was using tax system to exploit Indian Revenue mechanism. But the Indian Government should not continue with the same approach. It is not worth it at all.

My suggestions in this regard are many but listing out here only five of them: 1. Broad base the slab rates and reduce the tax rate to make it affordable for every income earner above the threshold level to pay. Instead of having steep rates resulting in lower compliance and lesser collection, we can lower taxes, enhance compliance and secure higher collections. 2. Create an account to every taxpayer and keep crediting the taxes paid. Let the taxpayer be entitled to certain benefits once his tax contribution crosses certain limits. There can be three categories of taxpayers- Platinum, Gold and Silver and benefits can be accordingly

prescribed. Besides, after the taxpayer attains a certain age, say 60, let him get a % of his average annual contribution as an annual pension. This would persuade voluntary compliance with a sense of pride and dissuade tax evasion. 3. Prohibit retrospective amendments in law so as to ensure stability and reliability. When a Court holds a decision in favour of a taxpayer don't nullify it by amending the law retrospectively. It amounts to changing the rules of the game after the game is played and won by the taxpayer and declare that Government has won the game as per changed rules. Typical example is Vodafone case where Supreme Court held in favour of the taxpayer, but law was retrospectively amended to render the verdict meaningless thereby eroding global investor confidence. Government should not just focus on the income-tax an overseas investor pays but more importantly value the employment generated, value addition to the economy by creation of assets and boosting up of production and exports. 4. Make tax compliance cheaper than tax evasion or cost of litigation. No law is as good as it is enacted, it is only as good as it is implemented. So, implement the law in such a way that honest taxpayers are supported whereas willful defaulters find it difficult to escape. 5. Instead of releasing tax defaulters list, in every city/town hold function to honour and recognize top 10 taxpayers in each of the categories such as individuals, firms, LLPs, Corporates. If these suggestions are adopted, aversion to tax payment would vanish and tax compliance would flourish.

3. What are the measures you would suggest for our economy to reach PM's dream economy of USD 5 trillion?

Answer: Indian Economy has tremendous capability and immense potential to achieve USD 5 trillion mark in GDP size by 2025. My suggestions in this regard are as follows:

- i. Emphasis should be given for "Make in India". All along India was "Service Sector" driven economy. Now the focus should aggressively

be shifted to “Manufacturing Sector” growth. This would, besides making India a self-reliant economy, lead to reduction of imports and increase in exports. Further, this would alleviate poverty faster as manufacturing sector empowers working class with purchase power besides generation employment through ancillary units.

- ii. Large Corporates should be encouraged to enter agricultural sector. Such companies should pool land bank and carry out large scale farming; invest in large scale procurements of seeds and saplings and build infrastructure for irrigation; introduce modern ways of cultivation and harvesting with mechanized tools and equipment; facilitate building storage warehousing and cold storage plants so that what is produced is preserved before distributed and consumed. The GDP contribution that comes from service sector is 57% (Work force 24%); Manufacturing Sector is 26% (work force deployed 22%) and Agriculture Sector is 16% (work force 54%). We should transform to achieve over the next 5 years a contribution of 40% from manufacturing sector and 25% from agricultural sector and the balance 35% should be from Service sector. By then the imbalance in the work force would also be corrected.
- iii. While we can boast that India is a nation with significant young population, we can't say that it has skilled population and healthy population. So, we must focus on skill development among the youth. India's challenge today is not “unemployment” but “unemployability” of the youth in India. During the last few decades there is a mad rush to join Engineering colleges leading to mushroom growth in the number of colleges and at the same time resulting in millions of Engineers unemployed. Instead youth can be empowered with skill sets for the happening sectors. Instead of preparing the youth for white collar jobs, there must be technical institutions to skill them with expertise in manufacturing and agricultural activities. In the current scenario, in many of the cases the educational qualification and employment opportunity do not match. Over 80% of those getting recruited in public sector Banks these days are Engineering graduates with B.E., and B.Tech., qualifications. This mismatch and anomaly can be set right by skilling the youth with matching job opportunities. Whether India would reap demographic dividend or would face demographic disaster will be determined by the success of this single initiative of the Government. In the same manner, we must also work on improving the health care industry so that India's ranking on healthcare access (145) improves paving for the wellbeing of the population. COVID-19 situation should be used to trigger and accelerate this objective.
- iv. India has considerably improved on “Ease of doing business” ranking. Five years ago, India was ranked at 142, then moved to 130, then to 100, later in 2018 to 77 and last year to 63. We must move within top 50 and then aim to achieve a position within top 10. One of the critical reforms Government should accomplish is to ensure that India is free from corruption. Digital intrusion and technological development have substantially reduced human interface and thereby eliminating scope for corruptive practices. This trend should continue and there should be absolute probity in public life. Yet another area where reform is imminent is Judiciary. Indian judicial system is nowhere comparable with developed economies in terms of expeditious disposal of cases. It takes several years to get verdict from cases filed seeking justice. Justice delayed is justice denied. This situation must change for the good. Alternative dispute resolution mechanism and arbitration route should be promoted with adequate infrastructure. These two reforms would pave way for global investment flowing more into India than any other emerging economy like Indonesia, Thailand, Philippines, Vietnam and Bangladesh. Due to COVID-19 crisis,

when it is understood that many multi-nationals would like to move out of China, India can position itself to be that alternative attractive destination by accomplishing these reforms. More investments would lead to more employment, more income generation, more production and supply, more demand and more savings. We will create a virtuous cycle of buoyance in economic activities across the country.

- v. While we can be proud of India being the 5th largest GDP size (on nominal basis) in the world, we are ranked 139 in terms of per capita GDP. Among the top 10 nations in GDP size, we are nowhere near any of the remaining 9 nations. America's per capita GDP is about USD 62,150 and China's per capita GDP is USD 10,080 and India's per capita GDP is just USD 2,135. If all the four suggestions suggested above are successfully implemented, we can be confident that there would be inclusive growth and gap between rich and poor would be reduced. Consequently, the per capita GDP would automatically gallop, and India would emerge as a strong economy.

4. You have served the profession for more than 36 years. What made you choose Chartered Accountancy as your career and profession?

Answer: I was born in a village in an agriculturist family and my Father was a Freedom Fighter. I never knew anything about Chartered Accountancy profession till I completed graduation. I only wished that I should not stop with graduation but must obtain a professional qualification. One of my father's friend and well-wisher advised that if I take up CA Course and work hard, I can qualify to set up my own practice and that there is no retirement age in a profession. This motivated me to take up CA curriculum and qualify in the year 1983. I was also fascinated to study and obtain law degree which I did from the Madras University in 1985. However, my passion was to establish my own

practice as a Chartered Accountant instead of practicing as an Advocate. As I was growing in my practice with more partners and branches in many cities, attractive offers came for merger/ takeover but I remained firm to decline those offers. My dream is to develop an Indian CA Firm to the level of a Multi-National Accounting Firm. Longest race also starts with a small step. Every year we keep taking a few steps towards this goal. This dream may not happen in the near future, but it would certainly be a reality one day.

5. As we are all aware that you have been a prominent member of ICAI, spent lot of time in various esteemed positions in several industries, do you think ICAI needs to change its academic model (for our youth) addressing needs of future? If yes what are your recommendations?

Answer: It is a constant endeavor of successive Leadership and Councils of ICAI to periodically upgrade the syllabus to meet the Market expectations from a qualified CA. Inputs from all stakeholders are taken and duly considered in the process. My recommendations would be therefore not revolving around the CA curriculum but on the training methodology and examination pattern. On the training front: 1. In the present system seniority alone determines the number of students a member can train. I suggest that even the nature and magnitude of the work should be given due weightage. 2. At present Industrial training is optional and when opted for it, the duration is for one year. Since most of the newly qualified CAs move to jobs in Industry than choosing public practice, industrial training can be mandatory and for a longer duration. 3. Post qualification, there has to be a three months orientation course in centers of excellence across India for sharpening the soft skills and personality development of the newly qualified CAs that makes them presentable to the outside world.

On the examination pattern: 1. We must have a blend of online examinations and physical

examinations. 2. Online examination should be based on objective type of questions and physical examination should be based on solving case studies. 3. Questions, at least at the Final examination level, should be testing analytical skills and application of knowledge of the students instead of testing their memory power. Besides, it should test the practical exposure of the students instead of mere theoretical knowledge. 4. In some papers, open book approach should be permitted.

6. We have all witnessed your passion for teaching. You have been mentor and inspiration to huge number of students in the Country. What is your advice to the budding Chartered Accountants and students?

Answer: I wish to congratulate all the students for choosing to pursue the Chartered Accountancy curriculum. Even before India became Republic in 1950, the Government enacted “The Chartered Accountants Act, 1949” and conferred statutory recognition on our profession. The commitment of the profession to the society is enshrined in the motto “Ya esa suptesu jagarti” meaning “That person who is awake in those that sleep”. The accounting profession is a noble profession being the conscience keeper of the finance world. The world is awaiting your arrival as a chartered accountant. So, leave no stone unturned till you qualify. I wish you success. After you qualify don’t limit your challenges but challenge your limitations. The power of your inner energy is so strong that the hindrances or obstacles you face in life are insignificant compared to your potential to overcome them. Even while serving your client or employer, keep the Nation’s interest in mind.

One generation of India gave theosophy to humanity; another generation, built monuments; one another generation was instrumental for the green revolution; yet another ushered in the industrial revolution and the last generation navigated us through the service sector revolution. Now, it is the turn of ICAI, as a Partner in Nation Building and the present

generation of CAs, to co-author an enchanting financial services sector revolution along with the Government and the Regulators. We need to build a robust financial services sector with sound fundamentals thereby transforming our weak, vulnerable but emerging economy into a strong and robust economy. India is known as “Incredible India” and our profession should play a key role in shaping a ‘credible economy’ that would empower India into a developed nation.

7. With the success comes huge responsibilities. As budding Chartered Accountants, we would like to know how you strike a balance between work and personal life.

Answer: It is a matter of fact that in the urge to excel in the professional career and to achieve success in the assignments entrusted, budding Chartered Accountants find it difficult to strike a balance between work and personal life. We must understand and appreciate that first we are all human beings and only thereafter we are professionals. As a human being, each one of us is associated with four important segments in life, viz., Family & relations, Professional career, Health and Ethical Values that govern the life. Let us symbolically assume that each of this segment is akin to a ball. So, every human being carries these four balls all through his/her life. Now, among these four balls three are made of glass and one is made of rubber. It is the professional career that is the rubber ball. Obviously, we need to carry the glass balls very carefully till the end of the life. In the case of rubber ball, even by chance it slips we can retrieve it and it will also bounce back to us. But if a glass ball slips and breaks, then it would be difficult to patch it up. Even if you succeed in patching it up, it may not be the same. For a moment I am not suggesting that rubber ball is not important. In fact, if you are good at handling rubber ball then you will have better capacity to take care of the glass balls. All that I am trying to say is that please do not attend to the rubber ball by being indifferent to the glass balls. Strike a balance. In fact, glass balls don’t demand huge quantity of

time. Family and relations and sustaining health demand only limited but quality time. Values are inherent and part of you to be nurtured on a continuous basis. Because, growth or success without integrity (Ethical values) will be short lived. Actually, another dimension is that If you take care of the glass balls well, you can lead a

happy life and that happiness will give you inner energy and positive attitude to handle the rubber ball very efficiently. This is my suggestion to my young colleagues in the profession. Let us, on the occasion of CA Day the 1st July 2020, re-pledge ourselves in the service to the Nation and uphold the glory of our profession.

COVID-19 – IFRS 16 Accounting Considerations

CA. Shyam Kothari, Director in the Financial Accounting Advisory Services (FAAS) service line of EY Kuwait



The spread of COVID-19 is impacting all industries from various directions. Besides the more visible disruption of production, supply chain and customer uncertainty, companies are also facing risks and challenges relating to crisis management and

people. Even after containment of COVID-19, some of the companies will, possibly, face a financial, regulatory and legal aftermath which is not yet foreseeable.

The imposed lockdown restrictions saw the closure of various commercial venues such as offices and stores, necessitating the revision or modification of existing leases contracts. To illustrate, landlords and real estate companies announced rent reduction plans, whilst others have reached out to their landlords, seeking to renegotiate lease terms. This article intends to highlight the key IFRS 16 accounting requirements that companies acting as lessee ought to consider, when analyzing and quantifying the financial impact of the pandemic, in preparation of respective IFRS financial statements.

IFRS 16, Leases has been effective for periods beginning on or after 1st January 2019 with limited early application permitted and requires lessees to recognize most leases on

their balance sheets. A lessee is required to recognize a right-of-use (ROU) asset and a lease liability representing its obligation to make lease payments.

The key question and challenge businesses are being faced with, is whether the COVID-19 related awarded concession (payment holiday or payment reductions) fulfill the defined criterion of a lease modification in IFRS 16. For example, a company's existing payment obligations may be reduced for a period, followed by a proportional increase of rentals in future.

IFRS 16 sets out the specific requirements on how companies should account for changes in lease payments. To contextualize, the Standard defines a lease modification as a change in the scope or change in the consideration of lease that was not part of the original terms and conditions of the lease. As such, changes in lease payments arising from force majeure clauses in the original terms and conditions of the lease, even if the effect of those clauses (arising from COVID-19 outbreak) was not previously contemplated, do not constitute a lease modification.

Upon meeting the requirements of lease modification, if the said change does not result in the recognition of a separate lease, the entity is required to remeasure the lease liability using a revised discount rate, with a corresponding

adjustment passed to the ROU. Complexity, volumes of modifications and resource constraints are all operational challenges companies could be faced with, when applying lease modification accounting.

In May 2020, IASB amended IFRS 16 to provide a practical expedient relief to lessees from applying lease modification accounting arising from COVID-19 related rent concessions. Importantly, the practical expedient is an elected option and if an entity avails this option it will account for any rent concessions under IFRS 16 as if these are not a lease modification. To avail this option, an entity needs to demonstrate compliance with all the below conditions:

- Change in lease payments is substantially the same or less than the lease consideration preceding the change.
- Reduction in lease payments affects only payments originally due on or before 30 June 2021
- No substantive change to other terms and conditions of the lease.

This is how a lessee applying the practical expedient would account for three types of change in lease payments:

1. A lessee applying the practical expedient would generally account for a forgiveness or waiver of lease payments as a variable lease payment applying paragraph 38 of IFRS 16. The lessee would also make a corresponding adjustment to the lease liability—in effect, derecognizing the part of the lease liability that has been forgiven or waived.
2. A change in lease payments that reduces payments in one period but proportionally increases payments in another does not extinguish the lessee's lease liability or change the consideration for the lease—instead, it changes only the timing of individual payments. In this case, a lessee would continue to both recognize interest on the lease liability and reduce that liability to

reflect lease payments made to the lessor.

3. Some COVID-19 related rent concessions reduce lease payments, incorporating both a forgiveness or waiver of payments and a change in the timing of payments. In such a case the lessee would apply a combination of case 1 and 2 above for respective rent concessions.

Lessee company will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including financial statements not yet authorized for issue, as at 28 May 2020.

IFRS 16 amendments requires disclosure of the fact the practical expedient is applied, nature of contracts and the amount recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

As a direct consequence, companies need to review existing lease contracts to identify whether they contain rent adjustment clauses that may be triggered in the current conditions, identify and document key changes and look through the required management/government measures in relation to COVID-19.

Apart from rent concession, there are few other IFRS 16 related areas which gets impacted due to COVID-19:

- Revised incremental borrowing rate: In Kuwait market, interest rates used to discount the future lease liability is not readily determinable, so companies need to assess the revised incremental borrowing rate. The coronavirus outbreak has exacerbated market volatility and central banks has cut benchmark interest rates. So, there needs to be considerable judgement to determine revised incremental borrowing rate and these judgement needs to be documented.
- Impairment of ROU assets: Impairment indicators (internal or external) needs to be

assessed to see the possibility of impairment of ROU assets.

- Lease Abandonment: Due to global supply disruption and decrease in demand, companies may commit to abandon a ROU asset if it concludes it can no longer make use of it as a result of the COVID-19 outbreak, and either cannot or will not sublease it.

The requirements of IFRS 16 will have an impact on key accounting ratios of lessees. So, companies need to relook into the accounting consideration impact as a result of COVID 19. Going forward, the companies may need to relook into the business strategy and align with the accounting impact from financial reporting perspective.

COVID-19: Financial and Tax Stimulus by Kuwait Government

CA. Naveen Bohra,
Director-Tax KPMG Kuwait



COVID-19 pandemic has disrupted businesses of small and large enterprises operating in Kuwait and as a result, companies have faced difficulties to maintain cash flows and fulfill their statutory compliance.

Given the unprecedented event, Kuwait Government has proactively introduced fiscal policy measures to support businesses and has been continuously reviewing the impact to introduce further measures. The key financials stimulus and tax compliance relaxation introduced by the Government are as follows:

Key Financial Stimulus

- Government has increased budget for

ministries and government departments by KD 500 million for the fiscal year 2020/2021

- Kuwait Banking Association announced a moratorium period up to 6 months on bank loans including waiver of interest and charges (if any for postponement) for retail clients (citizens and expats) and small and medium enterprises (SMEs)
- Central Bank of Kuwait (CBK) announced KD 5 billion additional lending to empower vital sectors and SMEs. The package is launched to encourage banks, provide financing to help productive sectors, and offer liquidity for businesses to continue operations.
- A Higher Steering Committee for Economic Stimulus has been formed to implement the stimulus for the local economy through a series of measures approved in the cabinet resolution on March 31, 2020. One of the proposed stimulus includes offering soft loans up to KD 250,000 (USD 825,000) for SME, which would be payable within four years.

The stimulus is a welcome move from the Kuwait Government and appears that it would eventually reduce the impact of COVID-19 crisis from economic front. However, it is worth noting that these stimulus would be effective to businesses only where these soft loans are provided swiftly and softly i.e., with relaxed requirements and compliance obligations, as opposed to the lending done before pandemic under normal scenario with stricter lending terms.

Key Tax Measures by MOF

The Kuwaiti (shareholding and listed company) and foreign corporates are required to comply with filing of returns Zakat and National Labour Support Tax, Corporate income tax respectively. The Kuwait Ministry of Finance ("MOF") has granted an extension of deadlines with respect to filing of returns, settlements, objections and appeals which were disrupted due to the closure of the public sector in Kuwait based on instructions by the Kuwait Government to combat COVID-19.

1. Extension of deadlines with respect to filing of returns by 60 days from the date the MOF officially resumes its operations, where the fiscal year end of a company is either 31 December 2019 or 31 January 2020. Also, 30 days from the date the MOF officially resumes operations, where the fiscal year end of a company is before 31 December 2019.
2. Corporate income tax, Zakat and National Labour Support Tax due as per respective returns could be settled on or before the extended deadlines mentioned above without any penalty.

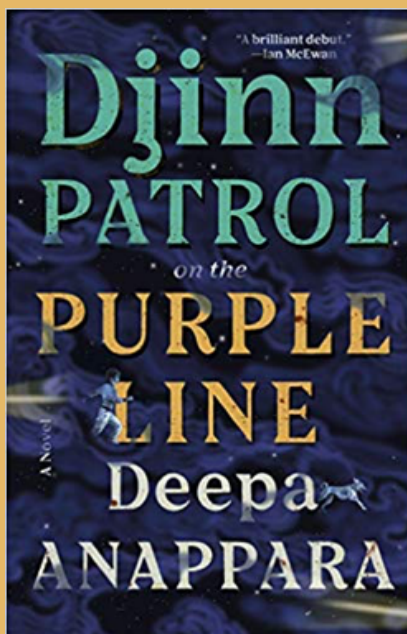
3. A tax assessment issued by MOF could be contested through an objection or appeal. The deadline to submit an objection or appeal before MOF are extended by the same numbers of days as the period of closure of the MOF from 12 March 2020 and when the MOF officially resumes its operations.

The relaxation provided by the MOF would certainly provide corporates a reasonable time in fulfilling their tax compliance and manage cash flows to settle taxes, if any, without any penalty.

While the tax relief is extended to corporates considering current pandemic, it would be relevant to note that since Kuwait Government is planning to move from an oil based economy to non-oil economy, one should expect new taxes (like Value added taxes, remittance taxes etc.) to be introduced in near future to support the Government coffers.

Disclaimer

The opinions expressed in this article are my own and not necessarily those of KPMG Kuwait.



A spirited and determined trio of friends set out to locate their missing classmates. The protagonist Jai, relying on the crime solving skills he has picked up watching reality police shows, is confident of unearthing the mystery of the missing kids.

Drawing on real incidents and a spate of disappearances in metropolitan India, this novel is part detective story and part coming-of-age tale. Despite its dark and poignant themes, it is full of humor and good cheer while cheekily pointing out the absurdities of life.

The children are mischievous, wise beyond their years and innocent all at the same time. Characters are voices to reminiscence through and are much more than a sum of their problems.

We will surely recognize ourselves in the way in which Jai and his friends try to make sense of the world - through the stories they tell themselves, and in their determination to rise above their circumstances.

CA. Andaleeb Girkar

Impact Bias: The Root Cause of Melancholy



Rajan Agiwal, working with Sika as Financial Controller.

Executive Summary:

The article elaborates a philosophical phenomenon of Impact Bias and explains its relevance, importance and impact in life. Daniel Gilbert has explained this concept in his book “Stumbling on Happiness”. Impact bias is defined as our own bias of overestimating the impact of future outcomes. In this article, I have presented my interpretations and learnings from the book by relating them with personal experiences. For every individual to be happy and successful, it is important to take every day as it comes without being over critical of future outcomes. If we can control our impact bias, we can minimize the emotional baggage and be more resilient and happier.

“Nothing can harm you as much as your own thoughts unguarded.”- Buddha.

All of us at some point in our lives have overestimated sorrows of the future and underestimated joys of the present. During these trying times, the health crisis has also given rise to an economic and mental crisis. It has got a ripple effect. Today, some of us have our near and dear ones suffering from medical trauma, while some of us have economic insecurities piling up. This has led to negativity flooding our minds. We all are living in times when we are uncertain about what the future has in store for us. To top it all, news items like the suicide of a successful and famous celebrity; the arduous journey of migrant workers in India where they are walking thousands of miles barefoot to reach home, or about lakhs of people losing their lives to a milligram of the virus, aggravates the sad state of mind.

This environment has created a lot of scope for introspection and analysis. The contemplation reminded me of a very sound philosophical concept by a famous philosopher Daniel Gilbert. Gilbert in his famous book ‘Stumbling on Happiness’ has highlighted a concept of ‘Impact Bias’. Gilbert implies that we humans have a tendency to overestimate the impact of any problem or crisis that may occur in future. Impact bias can be understood by a very simple example, in situations like recession, we keep on thinking about what will happen if we are furloughed or become a victim of layoffs. This sheer thought of job insecurity has a multi-fold emotional impact rather than the effect that actual job-loss would have on our life. This is so because research has revealed that we are programmed to grapple with any problem and our brain returns to a neutral state in a stipulated time. So, the emotional value that we assign to a future problem is remarkably higher than its actual intensity. It can be further elaborated by another example, when there was an outbreak of COVID-19 Pandemic, there was mass hysteria that basic supplies would run scarce or rather unavailable and this led people to indulge in bulk buying and hoarding all the necessities. Everyone was scared about getting infected or starving. The manifestation of fear was more than the actual effect of the virus per se.

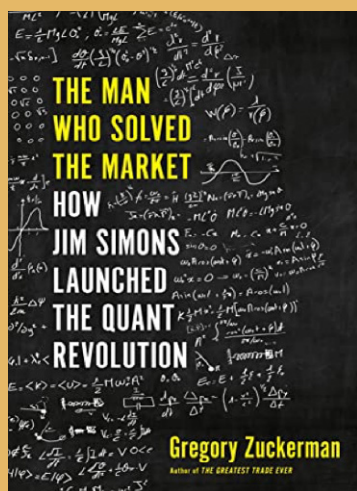
This phenomenon of impact bias has affected us throughout our lives. When I was pursuing my CA, my thoughts would waver more towards what would happen if I fail rather than bright prospects that the future had in store for me. When I read the book by Gilbert, I realized that the primary reason we fall prey to impact bias is our habit of Overthinking. George Bernard Shaw once said that “We are more associated with our burdens than our burdens are associated to us.” Well, as humans we are conditioned to prepare ourselves for challenges, but there is a very thin line between being prepared for

challenges and getting bogged down by the challenges. Very often, we fall into the latter category. We are hardwired to believe that our success is defined by the barometer of society and start gauging ourselves from these standards rather than setting goals of self-growth. This behavior amplifies our impact bias. This can be elucidated by my personal experience. When I was studying for my graduation, I failed in one of my assignments, I was shattered not because I failed, but because ‘what would everyone think of me?’, this thought kept bothering me throughout the day. In the post-dinner conversation, my Uncle gave me very sound advice that “in your life, the only people that should matter is your Inner Circle, they are the ones who genuinely care and they are usually a handful of people. Never ever let social validation bother you or set blinders for you. The magnitude of impact bias can be minimized if we don’t get affected by people’s opinion.

Another aspect of impact bias is that we give more weightage to productivity over presence. It’s important to be productive but without a good sense of presence, productivity is a vain effort. For example, the current times brought in a lot of personal time for all of us. Instead of

unwinding and repurposing our goals of life, we got busy in slogging and proving our worth to our employers. Though this aspect is very subjective, I believe we should not be enamored by superficial productivity without finding meaning and purpose in everything that we do. As Annie Dillard said, “Productivity without presence is just busyness.” So, a good sense of purpose will make us more self-aware and help us repurpose every aspect of our life be it big or small. This will, in turn, elevate our self-esteem and help us overcome the impact bias.

In conclusion, it is extremely important to channelize our thoughts and repurpose the goals of our lives. Introspection and being self-aware will not only help in reducing our agony but also help in elevating our self-esteem. Higher self-esteem will help in making us more resilient. All this, cumulatively, will help us in minimizing the impact bias either consciously or subconsciously. This will also prevent us from ruining our present with the unwanted thoughts of the future. Take every day as it comes, don’t let your present suffer from the thoughts of future sufferings. You begot what you aspire. So, overcome the impact bias, it will help in minimizing the melancholy and sorrows of today.



The Man Who Solved the Market: How Jim Simons Launched the Quant Revolution by Gregory Zuckerman

Shortlisted for the Financial Times/McKinsey Business Book of the Year Award

This book tells the story about Jim Simons and Renaissance Tech that gave an average 66% gross annual return – more than anything generated by Warren Buffett, Peter Lynch, Ray Dalio, Steve Cohen or even George Soros.

Meet the secretive mathematical genius who created the greatest money-making machine in financial history and has gone on to wield enormous influence in the worlds of politics, science, education and philanthropy. Even so, most people would struggle to identify him / his accomplishments based on his attitude aptly portrayed by the Animal Farm quotation ‘God gave me

a tail to keep off the flies. But I’d rather have had no tail and no flies.’

Read Gregory Zuckerman lift the curtain on the adventurous researcher of theoretical mathematics and a pioneer in Quantitative Trading, experience the personal upheavals as he touches the peaks of success.

CA. Andaleeb Girkar



*Sreebha Kumar
W/o CA. Sunil Kumar*

Light at the end of the Tunnel

Depression is that elephant in the room whom we have long tried to ignore but whom we are now trying hard to see, learn and assess like the blind men themselves. No matter how hard we try we will never understand it until it hits us. I do not qualify in any way to suggest a remedy or prevention method to tackle depression, but I am willing to offer emotional help to whoever is in need.

From what I understand, depression is caused by a sense of “rootlessness” in a seemingly perfect world.

1. We are aggressively trying to break away from old patterns and ways that once held our peace and balance together. Change is law of life but then our transition should target another framework that holds its beliefs together rather than ending upon a world that has lost itself in pursuit of endless choices and limitless freedom.

It's like we have left our homes but not yet reached the destination and it's only natural we may seem lost in between. We are not the Universe to grow bigger with the grand chaos, we are mere stardust and we need to find our orbits.

2. The fast-paced lifestyle that has made life into a circus.
3. The disparity between a person and the life that he/she is leading.
4. Watch what you feed yourself, food or thought.

5. Life should be an expression of you and what you make of life.
6. Find an order/ pattern in life that you can engage with and enjoy engaging with. Understand what makes you come alive.
7. Acceptance of what you cannot change.
8. The most important dialogue one should make is to oneself. Talk to oneself. Knowing yourself, not the image you have strived to create for yourself and the people around you. Drop the mask and hug your true self.
9. The new world is a mass of distractions -a vacuum cyclone that has stormed into our lives and taken us away with it from ourselves. Be Kind and tell yourself you do not have to join any bandwagon just to fit in.
10. As cliched as it sounds -
Turn inward,
Touch base with yourself,
Follow your heart,
Pick up YOUR passion,
Learn about yourself and
Lose yourself in you.

Connect with oneself, connect with the larger world and the game of life is balancing both.
11. Your own soul is your Guru. Stay rooted to yourself.
12. When you are struck with sadness and low self-esteem and you can't seem to find a reason to it, the antidote is losing yourself in service of the needy and taking good care of yourself.

Seva is medicine
Dhyanam is cure.
Soul is Guru.
Connect is therapy.

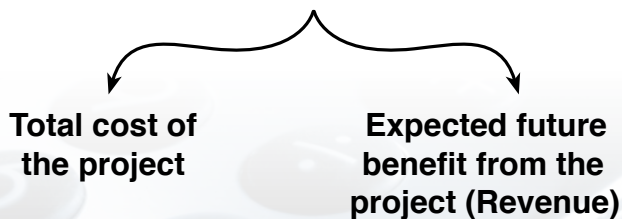


INTRODUCTION TO SOCIAL COST BENEFIT

CA. Jency Sara Easow

The first time I came across the term 'Social Cost Benefit' was during my preparation of the subject called Strategic Financial Management at the CA Final level. The reason why it caught my attention is the unique way of framing a corporate term i.e. by adding the word 'social'. However, the unique phrase gives a new outlook far greater than just addition of an extra word 'social'.

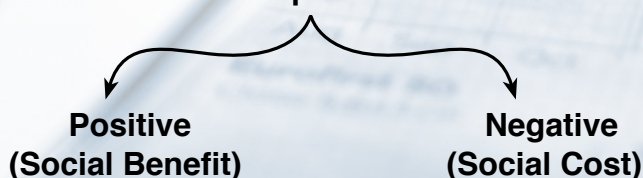
Commercial Cost Benefit



What is Social Cost Benefit analysis?

It is a monetary assessment of the total cost and revenues or benefits of a project, while paying attention to the social cost and benefits which do not feature in conventional costing.

Impact



Let us take an example. A Company proposes an innovation project on standard of living of middle/low income workers. Commercially, the Company would look at the cost (which is the wages to pay for workers to access basic facilities) and the number of hours worked by laborer's to complete the task (which in turn generates revenue to the Company). However,

if we turn this into a Social Cost Benefit project, it would mean enlarging the vision of the project by considering inclusion of benefits to individual well-being (personal development, entertainment, child care facilities); to society (increasing consciousness to conserve environment, fair distribution of available resources) while considering social cost. With the vote option given to workers, the Company takes into consideration the social aspects to be included along with pay.

Features of Social Cost Benefit

1. Social conscience
2. Long term vision of social benefit
3. Willingness to pay

In the current scenario of COVID-19, Social Cost Benefit could be considered in various areas-

1. Protection of social interest (employee interest, community interest) over short term cost.
2. Social responsibility and relationship as a monetary benefit.
3. Long term effects of Social Cost Benefit to the economy.

Challenges in social cost benefit

1. Uncertainty in prediction of impact.
2. Numerous techniques at hand to assign value to non-financial impacts.
3. Social value judgements.

Conclusion

Social cost benefit is indeed a 'Theory of Change'. Reputed organizations like United Nations Industrial Development Organization (UNIDO) and Organization of Economic Cooperation and Development (OECD) have done much work on social cost benefit analysis. A great deal of importance is attached to the social desirability of projects like employment generation potential, value addition, foreign exchange benefit, living standard improvement etc. This technique has got more relevance in the developing countries where public capital needs precedence over private capital.

A BOOK



Reona Gonsalves
D/o CA. Rabin Gonsalves
Bhartiya Vidya Bhavan,
Kuwait
Class 5

A Book is something that can open and close
And never does it make anyone doze

A book is something that carries knowledge
From a school, office or even a college

A book is something that you can read
From a plant or animal to a seed

A book is something from which knowledge flows
out

From peoples cry's to peoples shouts

A book is something that brings laughter and fun

For anyone under the sun

A book is something you can carry anywhere

Or even sit and read on a chair

A book is something that describes everything

From precious gems to angry kings

A book is something that can also describe

A person, place or even a tribe

A book is something that makes you feel

That you are having a fancy meal

A book is something that is your best friend

And can show you all the new trends

You can find a book from American to Indian
shores

Or can even find it at nearby stores

A book is something that has different covers

Like pretty petals of different flowers

A book can be big or small

And can even be found at the mall

A book is something that can be new or old

And can be read even in the cold

Books can tell many things

Like how birds flap their tiny wings

A book can be written by anyone

And can be read just for fun

A book can be read with a snack

And can be placed on a rack

An angry cook and captain hook

Make a great team for a book



MY THOUGHTS ON IMPORTANCE OF FINANCIAL EDUCATION IN THE 21ST CENTURY

Sidhant Jain (S/o CA. Archana Jain) is a budding entrepreneur and a working professional pursuing financial freedom.

Financial literacy is the possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources - Wikipedia



Want to make a lot of money? You made the right decision of pursuing Chartered Accountancy and building a long-lasting career in one of the richest economies of the world.

Did you want the next generation to follow your footsteps too?

The solution is in financial education. Businesses in the 21st century succeed due to long term repeat customers and one of the assets is knowledge.

Why are giants like McDonalds, Enterprise Car Rental, Walmart or Microsoft so strong even in times of financial distress and during times of recession?

These massive giants are some of the largest owners of real estate in the world, and that is one of the key sources of their asset-based income.

What can I do today?

Invest in your financial education and start diversifying your income sources.

Some of the most secure sources of income could be your job income, asset-based income and online cashflows that can pay you in perpetuity.

21st century business owners leverage tools like e-commerce platforms and power of social media to create ongoing cashflow income to supplement their paycheques and reinvest these profits in cash cows.

How do I find my cash cow?

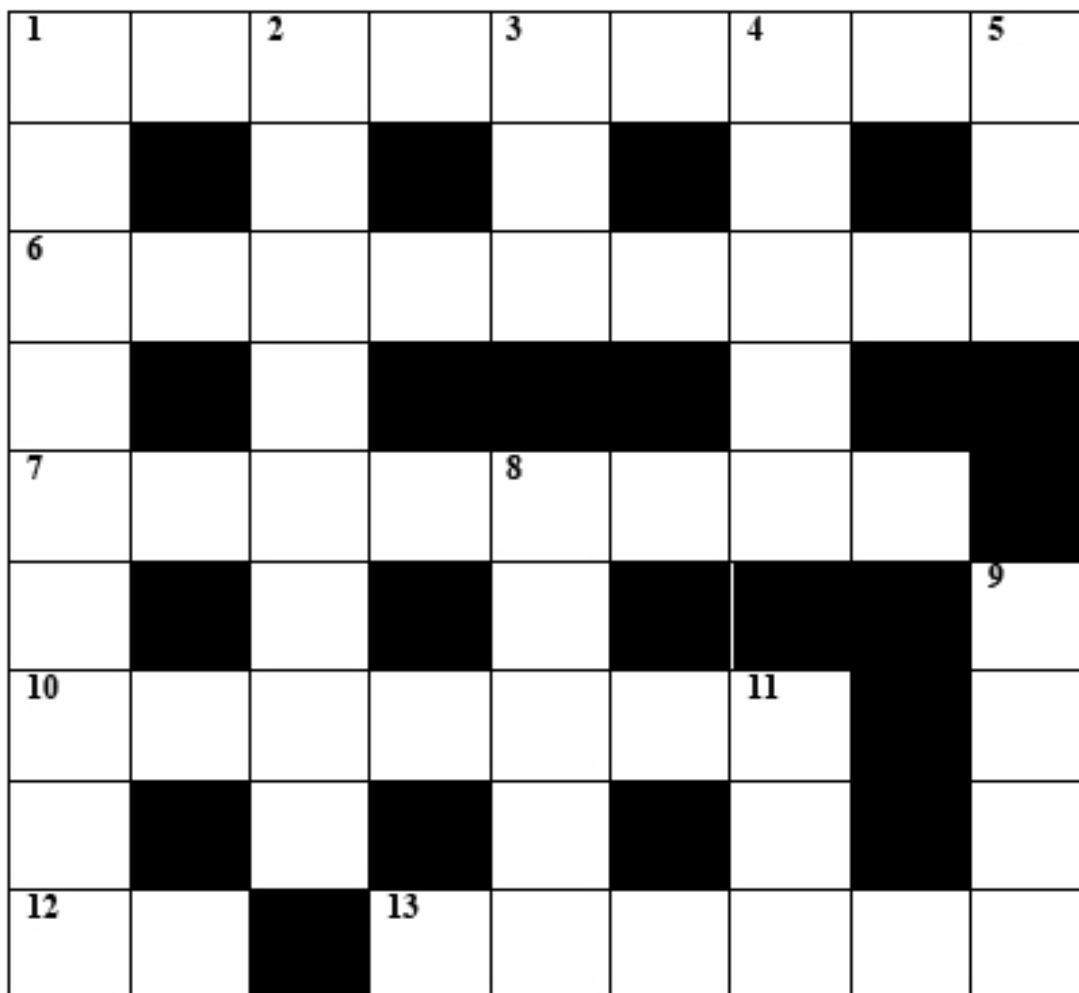
This is exactly where personal financial education comes in handy. For my brother, Film making could be the perfect passion that can create perpetual income but, in my case, it might be something different like drop shipping.

If you have a lot of experience, it's time to share it through online coaching and teaching to benefit the new and upcoming employees so that they too can enjoy the benefits you did.

Stay safe and keep spreading positivity.

FUN CORNER

Here is a puzzle for all the crossword buffs out there! Enjoy solving a combination of quick and cryptic clues.



Clues Across:

- 1 Mixing up first version and urea fail to give the right price (4,5)
- 6 Do not tamper sand idols; There is a joiner within (9)
- 7 Replacing head of painting with the last shirt actually gets you staining (8)
- 10 It requires a great deal of effort for Sonu to mix ore (7)
- 12 In short policeman is reversed (2)
- 13 Short south state combines fruit to become visible (6)

Clues Down:

- 1 Repair frost in AC parts of a whole (9)
- 2 Devil broadcasted and was damaged (8)
- 3 Measure of maximum expected loss (3)
- 4 Seal ears neatly within to acquire knowledge (5)
- 5,9 Finish employer for consumer (3,4)
- 8 Poor T returns with a group of soldiers (5)
- 11 Use Lawyer differently (3)

Art Work



Devata Tanishka (Class 5, DPS)
D/o CA. Sai Devata



Ms. Sri Aishani Talluri
D/o CA. Krishna Pavan Talluri



Devata Nitya Hasini (Class 7, DPS)
D/o CA. Sai Devata

Fun Corner Solution

1	F	A	I	R	V	A	L	U	E	
	R		M		A		E		N	
6	A	M	P	E	R	S	A	N	D	
	C		A				R			
7	T	A	I	N	T	I	N	G		
	I		R		R				9	U
10	O	N	E	R	O	U	S			
	N		D		O		U			
12	S	I			A	P	P	E	A	R