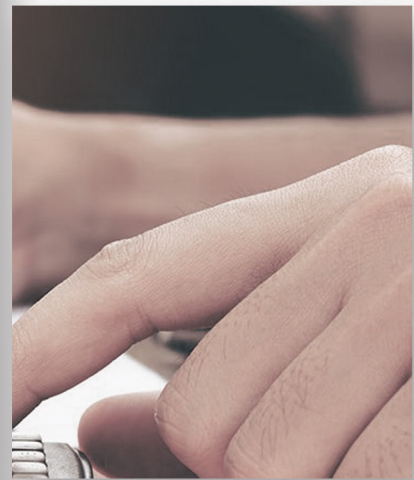




THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA
KUWAIT CHAPTER



JAGRUTI

The awakening...

   ICAI Kuwait chapter

 ICAI Kuwait  

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Obituary



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With a very heavy heart we bid adieu to our beloved Amir,
His Highness the Amir of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah.
The country will always remember him as The Great Humanitarian Leader and a Man of Peace.

On behalf of Institute of Chartered Accountants of India, Kuwait Chapter,
we express our heartfelt condolences. May his soul rest in peace.

We belong to Allah and to Him we shall return.



Editorial Board

Dear friends and colleagues,

As October begins and we move towards the close of the year 2020, it is without doubt that this year will be an unforgettable one. The COVID-19 outbreak has brought about momentous changes in our personal and professional lives and has had far reaching socio-economic consequences. Our vocabulary has been introduced to the hitherto rarely used words such as 'lockdown', 'pandemic', 'quarantine' and 'work from home'.

This issue of Jagruti will introduce you to a Successful work from home strategy – an undeniable requirement of our professional lives now. Although the number of people working remotely has been on the rise for years, the pandemic hit the fast-forward button on this trend and a consistent approach is required for optimal results. However, an increasing number of employees have found that the biggest challenge in these times is 'unplugging from work' and it is of utmost importance that we recognise and attempt to de-stress our professional energies - preventing burnout and reduced professional efficacy.

With gold having a dream run in the year 2020 – Au! It's Gold attempts to address questions regarding this remarkable performance. Increased investment by retail and institutional investors is likely due to aspects of liquidity,

accessibility and risk management. These aspects form the cornerstone of every investment portfolio which we further explore through creation of an Investment Policy Statement ('IPS') – a unique customised investment document essential for a holistic investment approach and optimal returns. As the saying goes – "Always stay rational!"

We delve into the pathway to foreign investment in Kuwait through the Kuwait Direct Investment Promotion Authority - a comprehensive analysis of the regulatory system, incentives and other key facets for direct investment in Kuwait. It explores the applicable law and the latest amendments in light of the current situation.

It is well known that Trade Finance shapes export opportunities. It enables firms which would otherwise be considered too risky, to link into expanding global value chains. Nuances & Mechanism of Trade Finance explores various types of trade finance instruments, procurement process and suitability thereof.

We round off the issue with two timeless books – 'Beyond Good and Evil' and 'Tuesdays with Morrie', artwork by talented kids of our members and the latest Word Search.

We look forward to your feedback and suggestions! Share your thoughts at editorialboard@icaikw.org



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Interview - CA. Paresh Gupta

Brand Ambassador - Government of Rajasthan - Youth Activities Founder and CEO - Global Centre for Entrepreneurship and Commerce



Question 1 – Please tell us more about your career journey. What are the things / people which always motivated you, leading to so many exciting accomplishments?

I am just another man on the block who, by destiny's plot had to return back to India in 2011 due to medical reasons. Whatever happened after that was magical. I feel honored to get some opportunities in life where I was able to contribute to the startup ecosystem and mentor some great people. I am inspired by so many things in life right from failures to success stories. I think the biggest thing which inspired me in life was ridicule from others. I took that as a challenge to be whatever I am today. There are several times when people criticized me, pulled me down and tried to lament me on various grounds and I think that is the biggest motivation to work hard and prove them wrong so that the same people come back and ask for help.

As part of my academic journey, I topped the state in my 12th Boards, graduated from Shri Ram College of Commerce and cleared my Chartered Accountancy exams in one go. Then I did my MBA from London School of Business and Finance and couple of other courses in finance. I started my career as a strategy consultant with PricewaterhouseCoopers consulting companies in the power sector. I then moved to HSBC as Associate Vice President and worked there on various IPOs and cash management business of the bank. I continued my career with companies like Adventity and then Keypoint Consulting (Bahrain) as a finance consultant till 2012 when I decided to take the

plunge into business and returned back to India and started a technology-based education startup named Sharp Edge Learning.

While traveling the country I met over 50,000+ students guiding them on their careers and mentoring over 300+ startups, some of whom are today top-rated startups across India. I worked as a mentor to several startup networks and institutions including Headstart Network, Startup-O Singapore, Viridian E-spark, Startup Oasis, Neos Angels, IITs, IIMs, Kirorimal, Narsee Monjee and several others.

Today I am a 6 times TEDx speaker, Founder of GCEC -Global Centre for Entrepreneurship and Commerce which is a unique combination of practical learning and theoretical knowledge in classrooms, Brand Ambassador Rajasthan Government Youth and Sports Activities and a mentor and advisor to several organizations.

Question 2 – What led you to think of an idea of a college which is synced to a professional course curriculum and helps the youngsters in the learning process.

When I returned back to India, I was surprised to see the education system at a standstill. As if life had paused and there was no change for the last 15 years. Our schools and colleges were only teaching one subject called history while the world around us had changed. I saw teenagers committing suicides, I saw students feeling irritated with the system because it no longer makes sense and many students were struggling with their careers. I saw many MBAs applying for sweeper jobs, several of them were applying for trivial jobs which just did not make sense and that's how GCEC was born.



India as a nation has maximum number of teenage suicides in the world. We see deaths happening in top rated institutions like IITs and IIMs due to study pressures. Right from nursery to post graduation the system is irrelevant for current times. From books to the exam system, everything remains same for the last 15 years. This entire mess in the education system made to think of GCEC which is trying to bring practical learning and theoretical learning together as a whole.

Question 3 – Share with us about your start-ups journey, specially your most successful start-up. What was the biggest challenging start-up and related learning curves?

There are so many people who are doing amazing stuffs in the startup ecosystem. My journey is a pretty small one but very eventful. All I might have done would be to mentor a few 100 startups, invested in 4-5 of them, delivered some talks and sessions at various forums, training sessions, worked with e-cells and incubation centers as advisor and started my own businesses adding to the value chain.

I can't really choose my favourite baby as all my businesses are close to my heart that's why I started them at the first place. I started my startup journey with SHArP Edge Learning which was about creating high end content for engineering students. We got 3 national awards for the business and we were featured as top 5 best education startups in India. I then started 2 education related ventures MAPyourskills and MyCareer Architects. After that I started a power sector consulting company, a business advisory firm, a startup funding company, a real estate business, an agritech business, environmental media company and few others. Also running GCEC as an academic institution has been amazing and we have just been awarded the top 10 best entrepreneurship colleges in India award.

Financially my real estate and consulting

business helped me cover my expenses but it is not a very exciting story to share. By popularity GCEC has been most successful as it has reached people in multiple nations but it is not a startup in the true sense. From a learning point SHArP Edge was the best because it was my first venture where we learnt so many things but we could never take it to the place where we wanted it to be.

Question 4 – Can you guide us what were the top 3 mistakes that every CA professional must avoid while engaging in start-ups?

Top 3 mistakes that I would want all CAs to avoid would be:

1. Don't become overconfident – Most of us tend to get over passionate about our startup ideas. We somehow tend to overlook and stop listening to others. We should always look for mentorship and guidance. Reach out to people and ask for help. Learn what you don't have because nobody knows everything anyway.
2. Don't lose hope - Learn to Fail. This is the key word. Right from your first interview to your first job assignment. There will be rejections, failures and disappointments and one should embrace them with grace and poise. It is not always your fault; it is about the right fitment most of the times. It is okay if you don't crack your interviews. Improve and improve again. Learn from your failures and continue the learning process. Be patient and keep looking for the right place for yourself. Things will turn around and come back.
3. Not to lose focus on sustainability- I think there is an overdose of the statement – "Follow your passion" and to a great extent it is right also but I would like to put a caveat here; life is not only about passion but also about sustainability. You need to remain focused and also sustain yourself. It is good to pursue a career of your choice but firstly



expand your horizons and read about various options available, do good research, meet people and take advice. Sometimes you will need to do things which may not be a perfect choice but you need to put in your 100% there also. You may not get everything that you want but if you don't work hard you will not get anything that you want.

Question 5 – More often than not (or broadly speaking), CA profession is confined to a segment of service/career (Accounting/Auditing etc). If you were to break the stereotype barrier in CA fraternity, what would you recommend to fellow CA professionals which leads them to pursue new avenues/opportunities. How can a CA professional be successful in business ventures?

Most successful entrepreneurs in the world are jack of all trades. The biggest contributor to my growth is Fluidity, Flexibility and being open to new ideas have helped me grow continuously. I have been a person who tried his hands on multiple things in life. As a kid I used to dance, paint, write, play various musical instruments, sing, debate and did all variety of things possible. While I grew up, I worked in a variety of organisations working as a strategy consultant for power sector to a consultant for M&A and banking operations. I have also worked with a variety of startups from agriculture to aeronautics. This much variety of work and meeting a variety of people has helped me to grow as a person and has improved my thinking process.

My first boss used to say, “keep your eyes and ears open and mouth shut and speak when everyone listens to you”. I derive a lot of value from this statement. Most important thing is willingness to learn on a continuous basis. One should continue to learn and never stop the process. Second message here is strong observation skills. Become a keen observer and a listener. Don't jump onto things. Be patient and first analyse the situation and then react. Thirdly,

be fully prepared for any task. When you get an opportunity to speak then you should be well read, well prepared and well-structured in your thoughts. Lastly, maintain good relationships everywhere. Make people listen to you while working in a team.

To survive in business, one should learn to be firm, be ready to face challenges and be willing to fight back. It is an intense race so one should be ready to go the extra mile to win it. Try to be the best at whatever task given to you and never frown upon any work and anyone.

Question 6 – How do you cultivate entrepreneurship in younger fellow Chartered Accountants. When you acquire/invest in start-ups, what are the top qualities you look for while assessing the ideas and entrepreneur?

I think the younger generation is very lucky to get so many resources. With greater money in the hands of people, people are experimenting more. They wish to try doing new things so that's very positive. People have at least started appreciating innovation and novelty. People now take failures as okay. Lot has changed as a mindset of people. I feel young fellow members should be willing to experiment and fail. They should value these resources and start trying.

While we evaluate startups, the most important things that we look at are:

Passion- Most important thing I look for is energy, enthusiasm and passion in a team. If they are willing to give their 100% no task is difficult. We can teach new skills but we can't change energy levels in a candidate.

Integrity – Honesty and trustworthiness are skills too difficult and rare to find now in this world. We always strive for people with values and principles and strong ethical background.

Ability to fail and succeed – Failure is the biggest teacher in the business world. However more

important is how that startup/founders rose from there to succeed. Personal success stories in the past and their abilities to conquer their failures are the biggest factors I would consider making a great entrepreneur.

Question 7 – What are some ideas / or fields which you believe would be best to look into from start-ups view in the coming 5 years?

While the whole world is struggling and raising concerns about business and economic loss, I would like to see it as an opportunity. While there are problems, there are silver linings too. Consider the new economy with opportunities in technology products, robotics, pharmaceuticals, health products, rural marketing, online education, biotechnology, fitness, e-commerce, environmental services and others. Some very specific sectors/ideas that I like include:

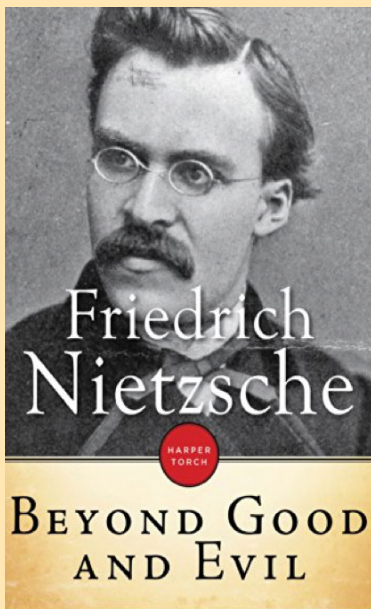
Online gaming – Asian games have started including e-games as medal games and there are talks to making e-games as part of official

games. Huge money potential, lot of people working from home need this break and this sector is expected to boom certainly.

Environment - biodegradable bags and plastic bottles. Hemp clothing, cannabis chewing gums to flower recycling are some areas which excite me and I feel they are the future of startup world.

Agri-tech business – Agri businesses are expected to see the next big revolution very soon. We are looking at Blockchain and IOT (Internet of things) gadgets being used, geo tagging of food ideas to organic food cultivation techniques and remote sensing are the next level game changers in the sector in my view.

Future will belong to well-educated and well-trained startups and businesses. The distinguishing line will vanish. It will be all businesses and they all will require innovation, creative thinking and quick adaptability in the next 5 years. Old fashioned businesses will die.



“Love to one only is a barbarity, for it is exercised at the expense of all others. Love to God also!” Aphorism 67.

Beyond Good and Evil (1886) – Book by Frederick Nietzsche where he told a friend that this book will not be read properly until around the year 2000. He was remarkably right. This book is not like any other book where you will find a stereotypical start and end, rather it is a collection of commentary by Nietzsche and aphorism which revolves around philosophy, nobility, scholars, virtue, free spirit, and human society in general.

Nietzsche is like a hammer who tears down every philosophical pre-conceived notion in his own style, which is brutal but at the same-time life affirming. The book summarizes this in its own beautiful way.

One must not hurry to finish this book, rather indulge in its wisdom and thought-provoking ideas. A reader would immerse in this

book every time they open it and will always come up with more refined, deeper, and newer perspective of elements around us.

“He who fights with monsters should be careful lest he thereby become a monster. And if thou gaze long into an abyss, the abyss will also gaze into thee.” Aphorism 146.

CA. Trisha Dalmia

The Key to a Successful Remote Work Strategy

CA. Rupali Jain



With the dawn of the pandemic in March 2020, one fine evening after returning from work as usual, we were informed about an indefinite suspension of office. The initial feeling was a happy one thinking I could spend more time with family but as

the reality sunk in, I was more startled with the way my life changed.

During the initial days, our team of 5 struggled to keep track of ongoing and pending tasks owing to lack of physical communication and instant coordination. Some of us took it lightly to do the pending tasks thinking we will do it once office resumes while others took it as official leave from office work. After these initial hiccups, we all finally faced the new reality – The reality of “Working from Home” and learnt a lot during this continuing journey of the past 5 months.

It has been very interesting to be acquainted with a new method of work, which seemed impossible earlier and was always frowned upon by the intellectuals who thought work from home is an excuse to avoid work. As we evolved during this process, we developed - rather discovered - new methods to do same tasks in an entirely different and efficient manner. The upshot is successful transition to

remote working where we don't see each other every day but are always working together like a team, the billing graph has picked up its usual pace and there is improved communication and commitment amongst the team members.

The key techniques, which helped us sail through this journey smoothly and efficiently are enlisted (in the order of importance) below:

1. Technology, connectivity and updates – Technology is the master-key of all the keys when it comes to remote working. Once powered with a strong connectivity, the remote working technologies available these days can

create a virtual office right in your home. This virtual office can provide you all office facilities which includes smallest of things like your office white board or training room. Zoom, Microsoft Teams, Google Meet, Transfora, Sharefile etc. are some of the examples of important apps which can make virtual office a reality for you.



As much as it is important to have appropriate technology, updating this technology regularly is equally important to optimize the use of it.

2. Constant Communication – Be it a virtual office, a physical office or even a home for that matter, is there anything functional without proper communication? Nothing. In case of remote working, as we are talking about making

people (sitting at different locations) work on a single project at the same time, communication becomes the baseline and running factor for such virtual office. Constant communication for a virtual office works same way as blood works for a human body - it keeps everything running by supplying energy.

There are plenty of apps available where we can communicate with our office colleagues. We use Microsoft Teams in our office. Another essential practice we follow here is using videos in our office chats on everyday basis as seeing each other makes us feel more connected to each other over audio communication.

The role of team leader is important here in ensuring regular communication amongst the team. Our boss makes sure that our entire team has one video call during the week even if there is little or nothing to discuss about work and the purpose of the call is just to crack jokes on/ with each other.

3. Trust – Trust has coherent existence in remote working since your boss is not sitting over your head to watch over you. It is only mutual trust and understanding between team members that can make it work in long term. After all, we are not school children who need to be monitored all the time.

Trust here must be two ways to make it work, the boss should trust his team, and the team must trust the boss and team members. When it comes to team leader, he should ensure equal workflow to each team member without overburdening or under burdening a particular employee. Similarly, team members should trust their boss for their work, appraisals, growth etc.

4. Self-discipline – Being in the comfort of your home can distract you from professional responsibilities, hence it is important to exercise self-discipline else, it may take a toll on your professional work. Although, one could put several activities under self-discipline but for each individual, the meaning of self-discipline

may differ. For instance, it is important for me to carve out one or two specific workplaces in the house. It is not possible for me to work sitting on the couch or bed, while my husband can work even from his washroom without tumbling an iota of his productivity.

For some people, productivity comes by dressing up formally. While for some, their most productive hours clocks in the middle of the night. To each their own, whatever works for you to enhance your work productivity - do it, as you have the liberty of being your own boss. Only condition here is to do everything keeping your work at the epicenter.

5. Enjoy the perks – Do not take the pressure of being at home at a stretch, instead enjoy the perks that come along with it to boost your morale and your productivity. You don't have to get up and deck up early in the morning, all you must do is lift your laptop and get through work, right in your pajamas. Enjoy this liberty, but be as diligent, honest and attentive with your work as you are in office.

6. Break the chain – One of the disadvantages of remote working could be that there are no weekends or after office hours. We are expected to be present as and when work demands. Such continuous working can exhaust you quickly. Hence, whenever you find some time, break the chain of continuous working and enjoy what you love doing. Do not overwhelm yourself with work as that is not sustainable in long term.

Despite the above tips, an actual insight of challenges, which comes into the process when it actually comes to, remote working may differ from person to person or organization to organization. The challenges faced by one person may seem a cakewalk for another person. It is evolving process and its success or failure is largely dependent on human behavior, trust, integrity and innovation.

KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY

ENTRY POINT FOR FOREIGN INVESTORS



CA. Alok Chugh
Partner - (Al Aiban,
Al Osaimi & Partners)
MENA Government & Public
Sector Tax Leader EY

In the current pandemic situation Multinational companies across the world are reeling under financial and operational pressures. At a macro level, while major economies of the world are facing depression, some countries have announced significant relief packages including Kuwait for the private and public sector. Amongst banking reforms that have extended credit in the economy, Kuwait Direct Investment Promotion Authority (KDIPA) has taken massive strides in extending support to its investors.

In this article we will explore what KDIPA is all about and how it has evolved as a preferred route for multinationals to enter the Kuwait market.

Background – KDIPA

KDIPA was established under Law No. 116 of 2013 (KDIPA Law) as a specialized public authority with financial and administrative independence. KDIPA's objective is to promote direct investment in Kuwait. KDIPA also performs developmental, promotional, regulatory and advocacy roles.

The KDIPA Law replaced Law No. 8 of 2001 regarding the Regulation of Direct Investment of Foreign Capital in the State of Kuwait. In

particular, investors that obtain a license from KDIPA are not subject to the general requirement for Kuwaiti nationals to own at least 51% of the capital in a Kuwaiti investment, and may establish a 100%-owned subsidiary, branch or representative office.

Key Benefits

KDIPA is empowered to provide various benefits for investing entities. These include:

- 100% ownership of entity in Kuwait;
- Visa quota for its employees including expatriates;
- Tax incentives;
- Customs duty exemptions; and
- Allocation of land and real estate

The Executive Regulations to the KDIPA Law were issued in December 2014, through Ministerial Decision No. 502 of 2014. The Executive Regulations provide the criteria for granting licenses and incentives to foreign investors engaged in eligible business activities and sectors. A central focus of the criteria is on employment of Kuwaiti nationals, transfer of innovative technology, and engagement and enablement of local businesses.

Types of Entities Licensed by KDIPA

KDIPA grants approval to a foreign investor to establish one of the following

- A wholly owned subsidiary in Kuwait
- A licensed branch
- A licensed representative office

KDIPA effectively operates as a one-stop shop for review of applications and granting of licenses to investors. In addition, representatives from key stakeholders (e.g., Ministry of Commerce and Industry, Ministry of Social Affairs and Labor, Municipality of Kuwait) are present in KDIPA and assist with other registrations and commercial licenses.

Evaluation by KDIPA: Point Scoring Mechanism

KDIPA grants license to prospective investors by evaluating their business proposal and scoring them accordingly. Based on the final score KDIPA grants license with or without tax incentives.

Moreover, keeping in line with its key objectives and the Kuwait 2035 vision document, to enhance the local economy by providing an investor friendly environment, KDIPA has introduced amendments from time to time to further attract foreign investments.

The amendments are focused to enable investors with the enhanced possibility and ease to set up an entity in Kuwait by revising the key evaluation criteria to grant licenses and simplifying its scoring mechanism.

The latest Key Evaluation Criteria are mentioned below:

- **Transfer and settlement of technology**
 1. Innovative tangible technology
 2. Innovative intangible technology
 3. Research and development for enabling knowledge creation
 4. Modern management method
- **Human Capital**
 5. Job creation for nationals
 6. Certified training programs related to specialization or core activity
 7. Corporate scholarship programs

- **Market development**

8. Domestic market needs
9. Use of national products and services
10. Project accreditations and quality management system

- **Economic diversification**

11. Contribution of the non oil sector to the gross domestic product (GDP)
12. Industry innovation and infrastructure
13. Fostering competitiveness

- **Sustainable development**

14. Corporate social responsibility
15. Environmental stability

Based on the above criteria the scoring mechanism for obtaining the license is as follows:

- Less Than 30% (4 points or less): Both the applications for the investment license and the granting of incentives are not accepted;
- 30% to 55% (5 to 8 points): Only the application for the investment license is approved (without incentives);
- 60% to 80% (9 to 12 points): The investment license is granted with one selected incentive (tax or customs);
- More than 85% (13 points or more): The investment license is granted with both the incentives stipulated in the law

Categories of Tax Credit

When tax incentives are granted as part of a license, the licensee is required to submit an annual tax exemption report from an auditor. KDIPA will review the report and the underlying documents and issues a tax exemption certificate approving the tax incentive for the year.

The incentive is based on a tax credit, calculated as represented below (tax incentives calculations are subject to conditions):

Tax Incentives

Tax incentives is given for up to 10 years from the commencement of operations of the licensed entity;

Criteria	Measure	Mechanism
Technology Transfer & settlement of technology	Cost of advanced equipment	20% of value of equipment (Equally distributed over the residual exemption period.)
Human capital	Number of national hires in excess of quota	36,000 per additional employee
	Salaries to national labor in excess of quota	5 times the annual salary
	Costs of training the national Labour employees	10 times of the training expenditure
Local content	Use of local inputs	2 times the value of the contracts
	Office rent, local supplies and raw materials	At the value of the contracts
Corporate Social Responsibility	Total expenditure on CSR programs	At the value annual expenditure on CSR programs

Customs Incentives

Customs duty exemptions for the importation of materials and equipment that will be held by the investor for five years from the date of importation.

Assistance in allocation of Land License

KDIPA has issued Ministerial Resolution No. 49 of 2019 on the Rules and Procedures of Allocation of Commercial Plots from KDIPA. As per the Resolution, KDIPA can now assist investors in obtaining land to carry out activities approved through the granting of the license. The evaluation criteria to allocate land to investors would remain as summarized above (i.e., satisfaction of technology transfer & settlement of technology, human capital, market development, economic diversification and sustainable development).

COVID-19 relief package

Considering the recent COVID-19 pandemic and its effect on the economy, KDIPA on May 11, 2020 introduced major amendments to further

support the investors in this time of need. The amendments aim to support the local economy and ensure continuity of business operations in Kuwait by providing multiple incentives to the investors. These incentives are described below:

1. Extending the Tax & Customs incentives to all KDIPA registered entities

The key initiative by KDIPA to support investors, is the decision to extend the Tax and Customs incentives to its licensed and prospective investors for the fiscal year (subject to conditions):

The current amendment has reduced the threshold to claim tax and customs incentives as below:

- Investors applied/ applying for a license in 2020: KDIPA has effectively reduced the threshold for granting of both tax and customs incentives to a score of in the range of 30% to 80% (more than 4 points) for the first fiscal year.

- Investors granted license in previous years: KDIPA has also decided to extend both tax and customs incentives for the fiscal year 2020 to all its current investors subject to certain conditions.

Further, for entities granted license by KDIPA during the fiscal year 2020, a blanket extension has been given to commence the operations by January 1, 2021.

2. Reduction in service fee by 50%

KDIPA has decided to reduce fees for all its services by 50% until December 31, 2020.

3. Revised Mechanism for granting Tax Exemption

Under this amendment, KDIPA has redefined key definitions and provisions relating to tax

exemptions like National Labour, training of National Labour, transfer and indigenization of technology, social responsibility and environmental sustainability. The revised mechanism has been brought with the aim to simplify the mechanism of granting tax incentives and assist the investors.

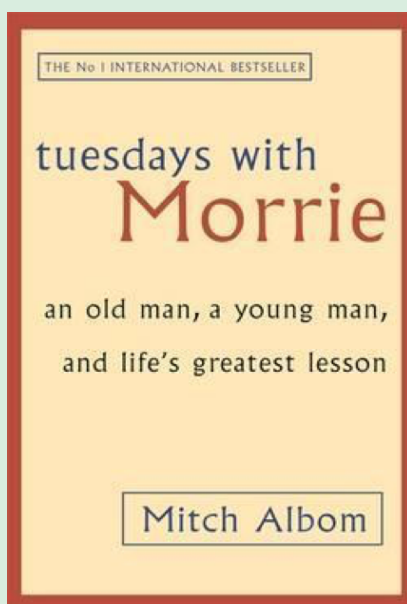
Concluding Remarks

Under the Kuwait 2035 vision KDIPA has given the investors a platform to pursue their business plans in Kuwait. As an authority, KDIPA is welcoming investors and supporting them in their business ventures. As a tax professional working in Kuwait for more than 25 years, I recommend that any foreign investor should take an in-depth look at the incentives and other benefits which KDIPA offers.

“As you grow, you learn more. If you stayed as ignorant as you were at twenty-two, you’d always be twenty-two. Aging is not just decay, you know. It’s growth. It’s more than the negative that you’re going to die, it’s the positive that you understand you’re going to die, and that you live a better life because of it.”

Tuesdays With Morrie- this isn’t a book but rather a path created to understand not just life, but also death. It’s a story about a professor, a student and their different journeys which are tied together by learnings.

It depicts the journey of Morrie- a joyful professor who finds out he is dying from Amyotrophic Lateral Sclerosis. How he and his family are shaken with the news, but more on how he embraces it and learns from the death. It asks, “Do I wither up and disappear, or do I make the best of my time left?” How his illness gives life changing lessons to his beloved student Mitch, who keeps flying every Tuesday to meet him and learn new things. They both look forward to these Tuesday’s.



“If you’re trying to show off for people at the top, forget it. They will look down on you anyhow. And if you’re trying to show off for people at the bottom, forget it. They will only envy you. Status will get you nowhere. Only an open heart will allow you to float equally between everyone.”

This book is a journey which one should definitely travel, no matter the age. I can assure you it’s so captivating that you would want to indulge into reading this again and again.

“Love wins, love always wins.”

CA. Trisha Dalmia

De-Stress Your Professional Energies



CA. Lalit Mehta

Partner – People and Culture Head / L&D Head – SaishAa Services LLP.

As we all know that the current COVID – 19 situation is quite unique in terms of changing the very fundamental ways in which people approach their personal and professional lives. These changes have only added to the existing stressors of everyday life, wherein everybody is facing some sort of Stress, some sort of Anxiety. Therefore, during the current crisis, it is highly important that we consciously work to De - stress Our Professional Energies.

I would hereby take this opportunity to share my views with the Members of ICAI - Kuwait Chapter, who are marching on, unabated and unaffected by the pandemic, in the best way they can, to explore further ways to reduce their Work Stress.

Talking about Stress, Stress has been called the Health Epidemic of the 21st Century by the

WHO, wherein Stress & Anxiety have become the biggest threat to Workplace Productivity, costing billions of dollars a year to businesses, across the Globe. As per various Studies, nearly 94% of working people report experiencing stress at their workplaces. Further, the current COVID – 19 situation has added to the existing Work Stress levels:

- The UN says the pandemic has caused widespread psychological distress worldwide;
- Various Research and Study Papers around workplaces show:
 - Nearly 7 in 10 employees indicate that the COVID-19 pandemic is the most stressful time of their entire professional career, which is aligned with stark increases in new prescriptions of antidepressant, anti-anxiety, and anti-insomnia medications;

- There has been adverse impact of COVID-19 outbreak on employees' mental health, specifically psychological distress and depression;
- The Pandemic has brought down and harmed the overall well-being and productivity, not only of the Employees but of the Employer as well.
- The current continuing work from home environment, has in a way increased the Work Stress of People in the Working World, in some form or fashion.

It's important for the employees to understand their Mental Well-being and Work - Stress levels, to come up with their Stress Management Plans, so as to be better able to Manage and Maintain their well-being and their Productivity, during these challenging times. Further, the Leaders, the Managers and the Employers need to come up with Strategies to better ENGAGE & support the Employees well-being.

Though Stress is the most natural Instinct to either Fight or Flight as a response to a Challenge or Demanding Situation, that we have inherited from our earliest ancestors, and as a good side of Stress, it's often needed before any important meeting or any important race, however living under the continuous, prolonged and chronic stress can cause severe and irreversible damages to our physical bodies, emotions, cognition and personality, with most common symptoms being Migraine headaches, Sleepless nights, Putting on weight - belly fat, Hair fall and Greying, Allergies, Inability to focus at work. As per the Research, 50% of doctor visits are due to Stress. Also, when we are going through Stress, Multiple parts of your life start breaking down simultaneously.

Therefore, it is important for us to understand our Stress, the Influencers our Stressors, the impact that this Stress is causing in our lives, and to work consciously towards modifying our Stress Response.

De – Stress Strategic Framework

I hereby share the De – Stress Strategic Framework Tips:

Mental and Physical Strategies:

In Stressful times, taking care of your Body and Mind is of utmost importance, starting from keeping yourself hydrated & healthy meals, sweating out your Stress to getting enough sleep & Meditation, go a long way to help our bodies and minds to heal, repair and prepare itself to deal with the Stressors of Life. What goes on in our bodies and minds, then also impacts our Cognition.

Cognitive Strategies:

Stress impacts our performance at work, and we need to upgrade our Cognitive Skills to deal effectively with the Stressors. Taking conscious care of our Cognitive Abilities plays a very vital and strategic role in dealing with Hostile Times. Building Positive Attitude, Focus and some sense of Control are the bottom line of De – Stress, and also determine as whether we will choose to fight or to run away from the Stressors and how good we will do that. Being there in the moment, avoiding procrastination, avoiding multitasking & distractions, vouching your productivity and reviewing your own work help in building our cognition in the Stressful times. Being more Systematic, Organized, Disciplined and Accountable to Self are the keys to De – Stress.

Work Social & Culture Strategies:

Our Work Day creates enough Stress and most of it is unavoidable, however Workplaces need to evolve in their Cultures which creates a kinder Environment for People, Builds Trust and paves a way for Effective Communication. This goes a long way in De – Stressing the Organization as a whole, especially in the current challenging times, wherein many of us are facing some sort of Job Insecurity Stressors.

Home Environment Strategies:

We all need to draw the lines for our Work Stress, and by the time we reach home our Stress Hats should be Off. Creating holistic home environments, spending quality time with family and kids, parking your work, your laptops, your phones way from the Bed at least 1 hour before sleep are the best ways to relieve Work Stress. Avoiding Stimulants like Caffeine and Modern-Day Entertainment like Video Games, also play an important role in de – stressing.

Even in the normal times, Research shows that some part of our life is always experiencing Stress. Stressors are unavoidable, they are always in the air and around us, just waiting to pounce on us - just like some viruses in the air, like current corona virus present around us. They are always going to be there, in some part of our life at some point in time. But we need to learn how to manage our stress, how to de – stress our – selves. These are the special times which demand that we pay enough wise attention to the Stress that could be affecting our daily lives.

We all need to overcome stress. De – Stress is the key to High Performance. Once we de – stress our Professional Energies, we will find ourselves more healthier, improving our overall moods and well – being, help us become more resilient at work, get more done in less time and we find ourselves more joyous, blissful and in flow at work and develop greater work positivity.

As a resolve, I want the ICAI Members to make a promise to ourselves that we will consciously introspect our Work Stress Levels and every

time we detect the instances of Stress, we will not accept them as normal and work strategically to De – Stress ourselves.

Executive Summary – Work Stress causes irreversible damages our Physical and Mental Health in a big way, affecting our daily lives & making our work performance Sub – Optimal. Therefore, learning Strategically how to manage our Stress, by deploying the above mentioned Strategic framework to De – Stress our Mental and Physical selves, Cognitive Abilities, Work Culture and Home Environments, is the Key to our Professional Performance. These Strategies though simple, go a long way in preparing People to face the growing challenges & demands of the current Businesses Environment. Removing the Stress Energy Blocks, has an Anabolic Impact on the People Performance by way of increased Productivity and Engagement, People become Pro – Active & Innovative, better Prepared & Resolved. Always remember only Happy People can have Happier Clients & Customers.

De - stressing attracts an overall Positive Note for People with a feeling of Resilience & Confidence under the Current Challenging Times.





Au! It's Gold

CA. Joel Mathew John
Advisory team



The current rally in the gold prices has everyone talking about gold and prompted several retail and institutional investors to consider gold as part of their investment portfolio. This article discusses the possible drivers and other factors one should consider with respect to the yellow metal.

Disclaimer – It has always been challenging to reconcile logic and reality when it comes to understanding certain asset classes, especially gold. So, this article is only for discussion and is not a definitive document.

Gold has been making the headlines these days, with most private investors turning to the yellow metal as an investment. As of August 21, 2020, the price per ounce is about USD 1932, representing a gain of about 30% over the last 12 months. The outlook for gold remains bullish as the list of 'exciting' investment alternatives continues to shorten.

In this article, let's address some of the questions that continue to haunt us as we read about the 'hard to believe' rally that gold has exhibited in recent times.

'What is causing this rally in the price of gold?'
'How long is this expected to continue?'
'Should I give in to my FOMO and invest in gold?'

Let's start by looking at some of the critical factors that have historically affected gold prices before we try to comprehend the current gold price trend.

1. Level of systemic risk

Risks affecting the entire market i.e., systematic risks, have historically been key drivers of gold

prices as investors flee to 'safe haven' asset classes such as gold in times of uncertain economic and geo-political conditions.

For example, post the 2008 crisis, the price of gold increased from about USD 821 per ounce in January 2009 to about USD 1,812 in September 2011 due to concerns over escalating levels of debt in the Eurozone and other developed nations such as the USA, UK, and Japan. Increasing levels of debt to GDP increase the level of risk in an economy and make government bonds riskier.

Debt to GDP		
%	2008	2011
USA	67.7	95.8
United Kingdom	34.2	69.3
Japan	183.4	222.1
Euro Zone	69.6	87.7

2. Volatile markets

Increased volatility in the markets could prompt investors to turn to gold as an investment option. Volatility in markets can be measured using the CBOE Volatility Index (also known as 'fear index') for S&P 500 stocks, Nifty VIX for the NIFTY among others.

3. The decision of central banks on interest rates and expected inflation

Lower interest rates by Central Banks across the globe and expectations of inflation make gold more attractive to investors. On the other hand, higher interest rates by Central banks make bonds more attractive, and the opportunity cost



of holding gold increases. Bear in mind that it is the real interest rates (after adjusting for inflation) that affect the price of gold.

4. Value of fiat currencies, especially the US dollar

Gold is likely to be attractive when investors are concerned about the value of fiat currencies, especially the US dollar, since gold is priced in US dollars. When the size of government deficits increases and fear of inflation rises, the value of fiat currencies tends to decrease, thereby increasing the allure of gold.

5. Gold as Jewelry

Demand for gold as jewelry significantly affects gold prices as it accounts for about 50% of the gold demand. An increase in the purchasing power of consumers boosts the demand for scarce metals such as gold.

Now that we have a broad understanding of the historical drivers of gold prices, let us try to wrap our heads around the current rally in the price of gold.

1. The COVID-19 induced economic disruption, negative GDP forecasts, uncertainty on the time required for a full recovery, and a potential second wave of infections have got investors looking to hedge risks in equity markets (after its drop early in 2020) by turning to gold. Volatility (which is a measure of risk and uncertainty) in the S&P 500 as measured by the CBOE Volatility Index shot to its highest level since 2008 in March 2020 and is still relatively higher than 2019. A similar trend can be observed in the Nifty VIX for Indian equities.

2. Rising geo-political uncertainty such as US-China, among others contributing to uncertainty in the markets.
3. The weakening of the US dollar and the lack of alternative currencies have global investors thinking of gold as the natural alternative. Also, real interest rates have dropped in major economies, especially the United States, where it fell below zero.
4. Efforts of central banks (especially the Federal Reserve) that announced massive stimulus packages (mostly debt-financed) to support economies have investors concerned over a drop in the value of fiat currencies.
5. An increased commentary and coverage of gold have made it increasingly popular among both retail and institutional traders, consequently driving demand. Gold ETFs holding has also exhibited an increasing trend.

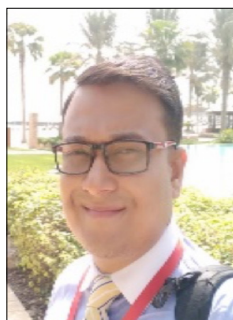
How long is this expected to continue? No one can predict how long the bull run will last as any positive movement on the US dollar (however unlikely it may be in the short term) and stability in the equity markets could reduce the attractiveness of gold as an investment alternative and trigger a sell-off.

Historically we have seen drops in the price of gold followed by a lengthy recovery period such as the crash in 1980, 1996, and 2012 (see chart below).

So, if there are gold bugs among you expressing optimism about the eternal allure of gold, do take it with a pinch of salt and manage your exposure to your investment in this yellow metal.

Happy to hear your views on the matter !!!





IPS for an Investor Indispensable Indeed!!

CA. Jinesh Sarat Sheth, ACA, CFA
Investment Director - Jezoor GTC

“Successful investing requires thoughtful attention to many separate aspects, all at the same time. Omit any one and the result is likely to be less than satisfactory.” – Howard Marks (Book - The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor by Howard Marks).

Let's begin with a story of a newly appointed Investment Advisor for a newly formed Family Office in Kuwait; he has been entrusted a mandate by the family owner to allocate the funds in the following assets - 40% in public equities, 30% in private equity, 20% in venture capital and 10% in bonds. The Investment Advisor is highly qualified and has an experience of 18 years working with family offices. Should he start deploying the funds right away based on his vast knowledge and experience or should he wait?

Wait!! Why and for what? If this is a question that is appearing in your mind, then let us delve a bit deeper to answer this question.

Many small investors, High Net worth Individuals (HNIs) and even family offices do not pay much attention to drafting an Investment Policy Statement (IPS) (some of them are not even aware of). In my opinion, that is where they go wrong. Through this article, we shall try and look at the nuances of drafting an IPS, and while doing so, you shall realize that drafting a detailed IPS is indispensable.

Investment Policy Statement known within the investment community as an IPS is a custom made detailed internal investment guide prepared for an investor, based on his unique investor circumstances. IPS is drafted after a thorough examination of an investors personal profile, likes, dislikes, goals, family needs, constraints, behavioral traits & perception. IPS is a memorandum that directs an investor on how to plan his investments after taking into consideration the following aspects (my discussions would be from the point of view of family offices):

• Type of Investor

The first step is to identify the type of investor; whether she/he is an Individual, HNI, Family Office, Insurance Company, Cooperative Society, Non Profit Seeking Institutions, Endowments, Universities, Religious Trusts etc.

• Age Factor

Knowing the age of an individual investor, HNI or key earning members of a Family office

• Dependents

The number of dependents and their spending requirements; relying solely on the income of the individual investor or HNI or on the income from the Family office

• Where are the cash-flows coming from?

Understand all non-investment sources of income and future forecasts of each stream of cash flows. Must do a careful evaluation on the sustainability of each stream of earnings.

• What are our goals?

We need to frame the Investment objectives for the investor. For, example, the objective can be preserving wealth for some family offices whereas it can be compounding wealth for some. We need to carefully devise the objective making them understand their situation.

• Liquidity needs must be captured

Knowing present and future requirements of liquidity is extremely important.

• Your Investments must be prepared for Contingencies

Understanding future contingencies and providing for it (enabling investments that can self-provide those contingencies).

• What are the relevant constraints?

Find out the constraints in achieving investment objectives.

• Restrictions placed on allocation

There can be several restrictions placed by a family office on the investment manager based on its ideology, some of the common ones prevalent with family offices are as follows:

- Restricting to sharia compliant investments only
- Blacklisting Alcohol, Gambling and Tobacco stocks/ private businesses
- Restricting to only ESG Investments (Environmental, Social, and Governance)
- Restricting some geography
- Restricting some asset categories like Venture Capital or Private Equity Funds or Bonds
- Blacklisting businesses that harm and abuse Animals (Only Vegan Investments)

• Unique circumstances

It depends on the investors personal special circumstance. For example, the investor might be facing a big litigation; where the probability of her/him winning is low.

• Where are the Cash flows?

We need to determine the distribution requirements from the Portfolio. The distributions shall include management fees, estimated spending rate, inflationary adjustment, taxes & compliance fees etc.

• Required Return

Ascertaining the required return to fulfill the investment objectives; considering all the above factors and the restrictions placed upon the investment manager.

• Risk tolerance to achieve the investment return objective (Willingness vs Ability)

It is the most important factor. Here we carefully need to understand the perception of the investor about risk tolerance; we should try to ask

questions that lead to understanding of how she/he perceives risk; what is her/his willingness to take risk. Simultaneously, through our experience and understanding of the investor situation we should evaluate her/his ability to take risk.

If there is a mismatch between willingness and ability, we must bridge this gap by psychological profiling and persuasion.

• Framework for Governance & Risk Management

The framework for governance, compliance and risk management needs to be set accordingly.

• Tax Consideration

Professional tax advisors need to be consulted for efficient tax structure.

• Estate Planning

It is extremely important, to set up a structure that ensures an efficient and smooth inheritance. Consult Professional estate planners in case the structure is not straight forward.

• Asset Allocation Policy

It is only after duly considering the above aspects, the asset allocation policy suitable for the family office should be drafted.

Conclusion

Drafting, monitoring and reevaluating an IPS is not just important; it is indispensable. It is not just about drafting; it is about bringing all your experience into the way the enquiries are made, the discussions are done, the behavioral aspects understood, the persuasion occurs and finally the negotiations are closed. The discussions with the family office principal needs to be articulated in an extremely meticulous manner; making sure that the thin line does not get violated and assuring that the owner of the family office is well convinced of the IPS. This exercise of finalizing, monitoring and complying with an IPS, may appear to be quite easy in theory, but in actual practice, if you enjoy roller coasters; then you shall definitely not feel disappointed.



NUANCES & MECHANISM OF TRADE FINANCE

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Teyseer Group, Qatar

Introduction

In the global supply chain & interdependent business scenario, trade finance plays an extremely important role and is often considered as one of the most important drivers of the economy. Trade Finance is the backbone of Manufacturing, Industrial, Engineering, Infrastructure and Retail sectors, which are regarded as 'Growth Engines' of the economy. Whether an enterprise is in infancy stage or a well-established one with a sustainable track-record, trade finance is a crucial function. With regard to size of the entity & scale of the operation, trade finance is important right from the Micro SME till large corporates. Between 80-90% of the world's international trade is reliant on trade financing.

Looking to the importance attached to trade finance, it is imperative for finance professionals to have knack over its intricacies in order to mitigate the risk, optimize the working capital cycle & liquidity and add value to the business.

Finance is considered as life blood of the enterprise and efficiency of the operations is heavily dependent on the sound financial data & decisions. Let us understand the nuances & mechanism of trade finance. Read on.

Trade Finance – an Indispensable Mechanism

Since an international trade buyer & seller are unknown to each other, there is a need for established institutions & intermediaries, which comply with internationally accepted regulations & practices. There are also macro-

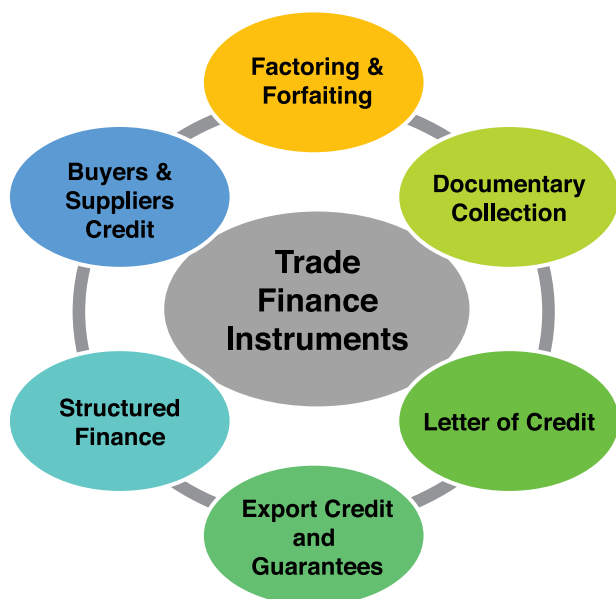
economic risks which both the parties wish to mitigate. Further, apart from buyer & seller, there are multiple parties involved at various stages. Trade laws & government policies are different in each country. These are the reasons which have given rise to the need of trade finance, aiming to mitigate all the possible risks and safeguard the interest of all the parties to the transaction. The whole mechanism revolves around four characteristics (known as Pillars of Trade Finance): -

- **Payment:** - Facilitating & completing payment cycle through formal channel
- **Risk Mitigation:** - Mitigate the risks through various types & techniques of trade finance
- **Information:** - Provision of & access to information to all the parties in a transparent manner
- **Financing:** - Offering various financing options to all the parties

Types of Trade Finance Instruments

The choice of a particular trade finance instrument depends on whether an entity is a buyer or a seller and whether it's an international or domestic trade. It also depends on the lead time required for the delivery of goods, which in turn depends on the shelf life. A buyer entity typically wants to have the goods in time, as per the agreed specification & standards and also does not want to pay more than agreed amount under contract. A seller entity wishes to safeguard its receivables. Further, both buyer &

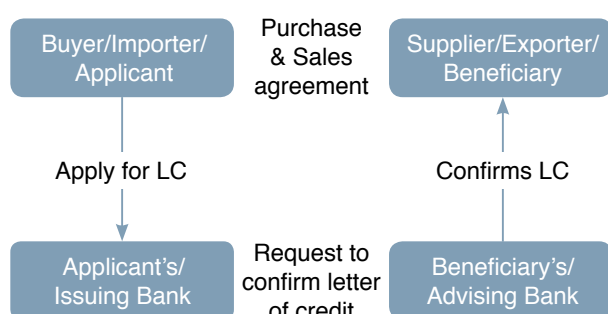
seller want to avoid any kind of currency, country or reputation risk. They may also want to avoid possible litigation or dispute.



Of all the options, letter of credit are widely chosen & accepted mode, the biggest advantage of it is that it negates the credit risk for the supplier enabling it to manage its working capital & cash flow in an efficient manner. Since the buyer's bank is providing the guarantee to the supplier bank about the payment, it is more credible & creditworthy document. It provides the additional comfort to the buyer as well, as it will receive the goods as per the agreed quality & standard. Subject to the compliance with prevalent rules, LCs are also highly customisable to meet the requirements of both buy & seller.

Process flow of Letter of Credit

The following diagram explains the basic process flow of the LC, along with all the parties & documents involved.



The transactions under Letter of Credit are governed by the set of rules issued by International Chamber of Commerce contained in Uniform Customs & Practices for Documentary Credit (UCP 600), which are accepted by nearly 175 countries. Because of globally accepted regulatory mechanism, letter of credit are widely accepted as the convenient & secure mode of payment. Also, to facilitate & accommodate the presentation of electronic records, electronic UCP (eUCP) rules were issued in 2017, as supplementary provisions to UCP 600.

In the above diagram:-

- The buyer needs to have the line of credit or collaterals with the Issuing Bank. In many cases, the buyer does not have the line of credit with the issuing bank or issuing bank is not financially sound or sometimes, the buyer or bank are exposed to the country risk. In these cases, at the insistence of advising bank, the issuing bank will specify the confirming bank.
- As per UCP 600, Confirming Bank means the bank which adds its confirmation to a credit upon issuing bank's authorisation or request.
- In this case, confirming bank guarantees the creditworthiness and is responsible to honour the payment to the advising bank, in case of a default. The seller must verify the financial soundness of confirming bank, including the country in which it operates.

It's important to note provision of Article 4 UCP 600, as per which credit is separate from the contract. Documentary Credits, by their nature, are separate transactions from the sales or other contracts on which they may be based and banks are in no way bound by such contracts. This is the principle of autonomy and relates to a documentary credit being treated as an independent transaction.

Types of Letter of Credit

Types of LCs	Brief Salient Features	Suitability
Irrevocable	<ul style="list-style-type: none"> Most Common form of LC. It cannot be altered or cancelled unless every party in the agreement approves the changes. 	<ul style="list-style-type: none"> Suitable for the seller
Confirmed	<ul style="list-style-type: none"> Another bank (apart from issuing bank) adds its guarantee to the LC and provides payment assurance to the seller. More suitable when seller is unfamiliar with buyer, dealing for the first time or when transaction is exposed to credit, country or commercial risks. 	<ul style="list-style-type: none"> Suitable for the seller. Required often in cross-boarder transactions Higher cost of LC
At sight	<ul style="list-style-type: none"> The LC payment is made immediately when the seller furnishes relevant documents to the concerned bank which comply with the terms & conditions. More suitable when delivery time for the goods is shorter or when commercial risk is low or when there is a pressure of competition. 	<ul style="list-style-type: none"> Suitable for the seller Mostly suitable for domestic transactions
Usance (Deferred Payment)	<ul style="list-style-type: none"> The buyer has grace period of payment, which is made after a fixed tenure, as against the presentation of the documents. Usually, in this case buyer is a well-established corporate or large entity. 	<ul style="list-style-type: none"> Suitable the for buyers Cost of LC is lower
Revolving LC	<ul style="list-style-type: none"> With revolving LC facility, a buyer can go for specific no. of withdrawals (or credit utilisation) till a definite period and with-in a pre-defined limit of amount. Any unutilised amount will get carried forward & can be utilised till the end of tenure. Suitable when same kind of goods needs to be bought from the same supplier at regular interval 	<ul style="list-style-type: none"> Suitable for the buyer, being more flexible Cost of LC is lower as administrative work is reduced Good product knowledge
Transferable LC	<ul style="list-style-type: none"> It is useful when middle-man is involved (first beneficiary), at whose request the payment is transferred to second beneficiary. As per Article 38 of UCP 600, in order for this practice to be effective, the credit must clearly state that it is transferable. More Prevelant in MENA region & Asia 	<ul style="list-style-type: none"> For complex products or project supplies No commercial risk for first beneficiary Second beneficiary to be well-established, large corporate

From the above, it may be noted that there is no such a thing as the best type of Letter of Credit. It depends whether an entity is buyer or seller, financial standing & soundness of the entities (buyer, seller, intermediary & end-user), underlying risk viz. currency, counter-party, country & commercial risk, collaterals & security with bank, level of competition and readiness & life-cycle of the products. As a finance in-charge, its quite important for us to know all these factors to be able to decide the most suitable LC or trade finance product.

Demand Guarantees (Bank Guarantees or Stand-by Letter of Credit)

Having seen LC mechanisms, let us understand another important feature of trade finance, commonly known as Bank Guarantees. Both the LC and Bank Guarantees relate to a bank's obligation to pay against presentation of documents or upon demand as per instruments or regulations. However, there exist some subtle differences.

- Demand/Bank Guarantees/Standby LCs, represent a secondary obligation covering default only, thus providing security against non-performance (as opposed to performance - as is the case with a typical Documentary Credit).
- In order to obtain payment, a presentation does not generally include commercial documents (Bill of Lading, Transport Document or document conforming title of goods). It often consists solely of written demand.
- The most applicable set of ICC rules for Documentary Credits is UCP 600 whereas, for Demand Guarantees, it is Uniform Rules of Demand Guarantees (URDG 758) published in 2010.
- The documentary LC is an instrument for payment in trade, whereas Demand Guarantees have wide purposes – Advance Payment, Performance, Tender, Retention, Guarantee by a parent company on behalf of subsidiary company etc.

Pitfalls of Letter of Credit

Having outlined in the Letter of Credit above, shall we assume that it is completely risk-free mode of trade finance? Answer is No. Letter of Credit, like many other mode & methods of payment, suffers from bottlenecks & pitfalls, largely independent of the type of LCs. Following are some of the demerits:

- The schedule of the shipment cannot be met, especially when it is beyond the control of seller.
- Short time limit (LC expiry date), within which seller is required to perform all its obligations.
- It is documentation based and not suitable when physical verification of goods is required
- Lack of knowledge of the goods & commercial aspects by first beneficiary (intermediary).
- Risk of Fraudulent documents or entities
- Risk of Currency fluctuation. Difference in exchange rate at the time of issuing LC and after receiving shipment will give rise to currency risk. Exchange rate fluctuation can also add to the cost of raw materials.

Impact of COVID-19 & Conclusion:

Like all the global industries and institutions, countries and capital markets, the recovery and growth of trade has also been greatly disrupted by COVID-19 pandemic. As per the World Trade Organization, world trade will fall by up to 32% in 2020 due to pandemic. Most business houses will require the cost effective trade-related credit to finance both import & export. International Chamber of Commerce estimates that a massive sum of USD 5 Trillion will be required to be infused to enable recovery of global trade and assist growth. Banks, tasked with maintaining the flow of trillions of dollars of trade finance, are now compelled to figure out how to keep routine operations running, to limit the spread of coronavirus. The long term impact on global commerce is unknown, with few experts willing to make predictions currently.



Global trade finance are largely labour intensive processes and are paper heavy, with little automation or deployment of advanced IT tools. There is no clear understanding of counterparties involved and due to multiple parties & touchpoints, there is a possibility of fraud & malpractices. Shrinking bottom-line, liquidity crunch, exchange rate volatility, disparity in compliance framework & pressure

from competitors are the crucial factors which have contributed to the complexity of trade finance. Smart Contracts & Distributed Ledgers in Blockchain technology may meet some of these challenges. Let us contribute to building resilient organizations, with efficient & effective risk management framework to withstand external challenges and ensure sustainability & growth.

Word Search

A	U	D	I	T	E	E	N	E	T	P	R	O	F	I	T	M	H	E	E
C	R	E	D	I	T	O	R	S	T	O	A	U	D	I	T	O	R	Q	E
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E	L	E	A	S	E	S	G	R	A	S	B	R	E	V	E	N	U	E	S

Accruals

Amortize

Assets

Auditor

Balance Sheet

Bank

Cash

Cash Flows

Credit

Creditors

Debit

Debts

Deferred

Depreciate

Dividend

Equity

Expenses

Gross Profit

IFRS

Income Statement

Interest

Internal Controls

Leases

Liabilities

Loan

Net Profit

Payroll

Penalty

Prepaid

Profit

Ratios

Rent

Revenue

Taxes



A glimpse of events from the past few months

We continue marching forward

As the COVID-19 pandemic spread through the world impacting jobs, economies and livelihoods, lead to heightened levels of stress and anxiety amongst the society in general. We continued to be inspired by our mottoes Ya Aeshu Suptaeshu Jagruti which literally means “a person who is awake in those that sleep”... Virtuality became the new normal and we embraced it wholeheartedly.

The ICAI Kuwait chapter organized a series of ‘COVID-19 webinars’ during this time. On July 1st we celebrated CA day. The President of the Institute of Chartered Accountants of India, CA. Atul Gupta addressed the members with an inspiring and visionary speech touching upon his strong belief of taking ICAI global. This was followed by the launching of our E- newsletter “Jagruti” by another past president of the Institute Padma Shri TN Manoharan who is currently the chairman of Canara Bank Ltd. As always, his words of wisdom were very well received.

Exactly 2 days later (on July 3rd) we organized the first ever online family quiz. The quiz was meant for the whole family and it was nice to see many quiz enthusiasts within our fraternity. (Not the usual suspects we see at the CPE’s). It was an enlightenment to see the kind of activities that can be done online instead of being trapped by the COVID-19.

If that was food for the mind, can the body be left behind? The very next day July 4th, we organized an online Yoga session by a renowned yoga teacher from Kuwait, Ms. Akila Vinod. She shared valuable insights into mind body relationship, diet and ended the session with a short meditation. This was again the first of its kind – Online Yoga session.

The next week, as the corona virus insists to stay, it was time for an inspiring talk. We thought who better than a Real WAR HERO. We had Colonel Ajai Lal talking to us on ‘Unleashing the power within’. This was very empowering and perfect for the uncertain times we live in.

Two weeks later, it was time for another webinar on a topic which few of us had heard of - “Is the Business World Becoming More Unethical? - Roles and Responsibilities of Auditors and Accountants in this Changing World.” We were fortunate to have with us Senior corporate executive Mr. Robin Banerjee who served in senior leadership roles in Corporate India. He is also an accomplished author of best-selling books ‘who cheats and how?’ and ‘who blunders and how?’ Mr. Banerjee’s session was very insightful and thought provoking.

In August, we organized another session this time encompassing the soul as well. ‘Role of Spirituality in Attaining Work Life Balance’ by Sister Aruna of Brahma Kumaris Kuwait. The radiance on her face was electric and she instantly connected with the audience even though the session was a virtual one. This only goes to show the power of spirituality and the fact that we have everything we need right within us if we only care look deep within, rather than chasing it outside.

We then ventured outside our comfort zone and organized a webinar jointly with the Oman Chapter of ICAI. This was another first in terms of collaborating with overseas chapters. The topic of the webinar was very pertinent to the current times ‘Artificial Intelligence, Machine learning for accounting and finance professionals.’ With more and more transactions and services moving digital this topic was apt. One of the many positives of COVID-19 was being the big facilitator in the digital disruption which was only a fad earlier but now a reality.

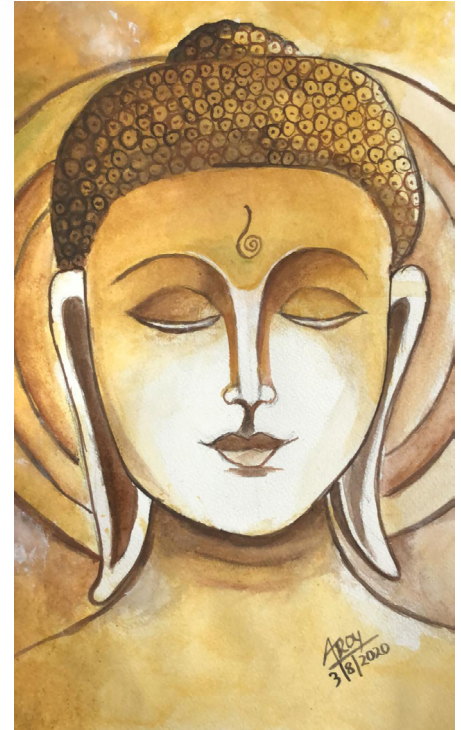
The managing committee tried its best to make the most of the situation and organized a list of holistic learning and fun activities for the benefit of its members. We would sincerely encourage our members to attend the webinars (from the comfort of your home) and give us your valuable feedback. It takes two hands to clap...



Art Works



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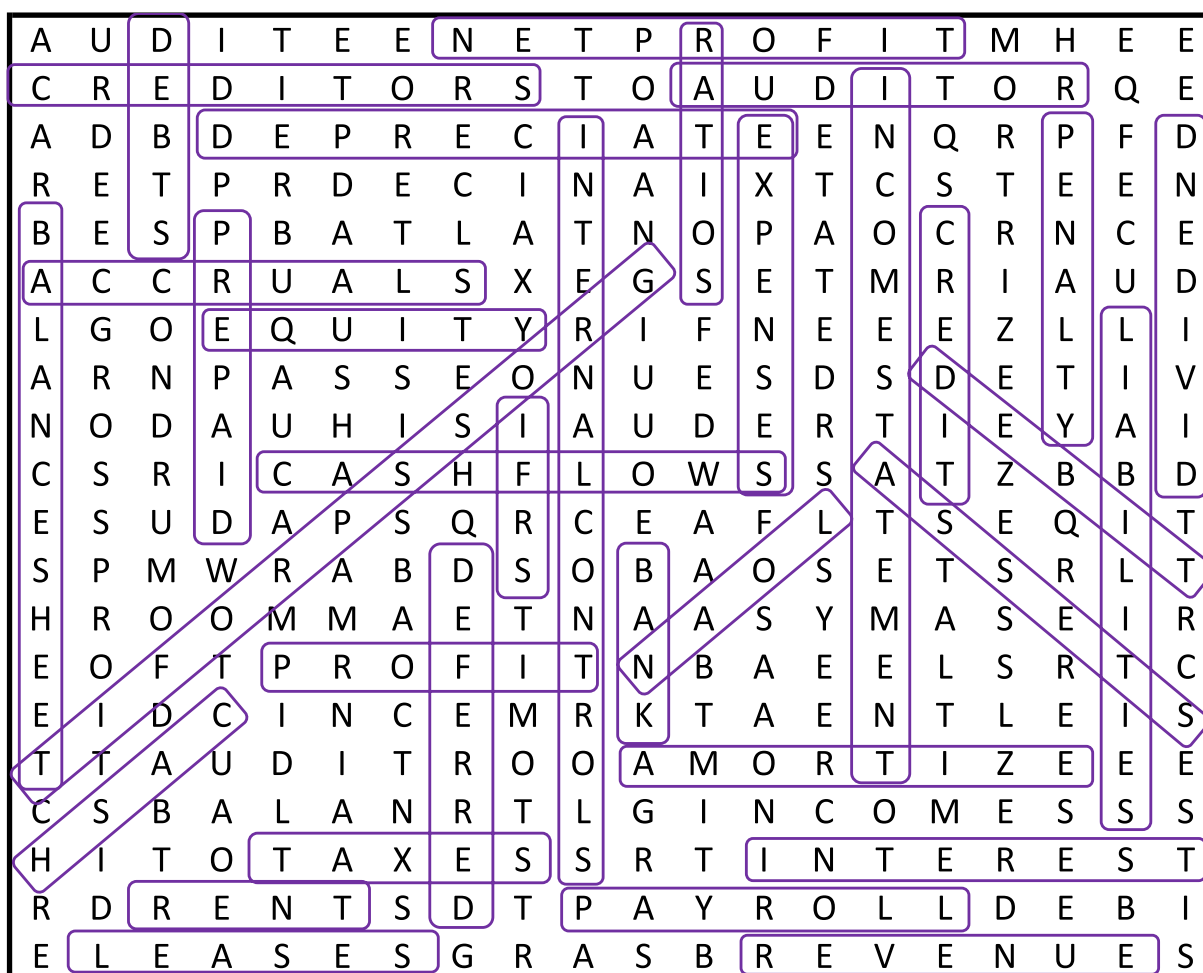


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