



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था

The Institute of Chartered Accountants of Nepal

(Established under The Nepal Chartered Accountants Act - 1997)

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ICAN E-News

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Congratulations to newly elected President and Vice President

ICAN congratulates CA. Jagannath Upadhyay (Niraula) and CA. Krishna Prasad Acharya for being elected unanimously as the President and Vice President of first tenure of the 8th Council. CA. Jagannath Upadhyay (Niraula) is the Immediate Vice President and CA. Krishna Prasad Acharya is member of the 5th Council.

Agreement with Government of Nepal /PEFA secretariat

In continuation of the initiative of ICAN to implement NFRS, contribution in PFM sector, ICAN has been able to secure strategic role with the signing of agreement with Government of Nepal/ Public Expenditure and Financial Accountability (PEFA) Secretariat. Continuing the efforts of ICAN leadership to include ICAN as part of Government's "Strengthening Public Sector Financial Management Policy 2016-2025", this has been finally achieved on 15th July 2018 where President CA. Prakash Jung Thapa and Mr. Damodar Regmi, PEFA Coordinator on behalf of Government of Nepal have signed MoU to this effect. This project amounting to NRs. 75.50 million will be for 3 years in supporting NFRS implementation in autonomous government agencies and state-owned enterprises; strengthening training capacity of ICAN to deliver training on financial reporting standards; revising ICAN curriculum to include financial reporting aspects; entering memorandum of understanding with specialized training institutions, such as ICAN, to offer professionally accredited courses.

The Action Plan includes revision/updating NFRS, develop tools, guidance, manual on NFRS, Monitoring the implementation, effective Quality Assurance Review system and implementation, revising CA education Syllabus, monitoring of accounting practices of ICAN members, capacity building of ICAN, supporting in designing the academic curriculum of Universities and Higher Secondary School relating to public and private sector accounting and reporting system, support for PFM training and qualification, advocacy to create conducive environment to engage/recruit Chartered Accountants in Federal/Provincial/Local level Government etc.

Certificate Presented to newly elected President and Vice President

The office of the Election Officer organized certificate presentation ceremony on 13th July, 2018 at ICAN building, ICAN Marg, Satdobato. The program started with welcome remarks of election officer Mr. Bishwonath Regmi. The program was addressed by President CA. Prakash Jung Thapa and Past President CA. Prakash Lamsal. Both of them jointly felicitated newly elected President and Vice President and Election Officer distributed the certificates. The program was participated

by Council Members, newly elected Council Members, Executive Director CA. Sanjay Kumar Sinha, staffs of the Institute and members of the Institute.

Newly elected Council Members oath taking ceremony

The oath taking ceremony of President-elect CA. Jagannath Upadhyay (Niraula), along with newly elected council members has been scheduled for 17th July, 2018 at Hotel Annapurna. Honourable Auditor General of Nepal Mr. Tanka Mani Sharma (Dangal) shall administer the oath of office to the President-elect and Council Members. Similarly, oath of Vice – President Elect shall be administrated by the newly elected president.

Best Presented Annual Report to be awarded

Coinciding with the Oath taking ceremony of Newly Elected Council Members, Best Presented Annual Report Awards for fiscal year 2016/17 will be held on 17th July 2018.

Conference on the theme “Governance for National Prosperity”

Coinciding with the Oath taking ceremony of Newly Elected Council Members, conference on the theme ‘**Governance for National Prosperity**’ will be organised at Hotel Annapurna. This conference will focus on national prosperity and development, a meaningful and effective administration along with participatory, transparent and accountable management to demonstrate real governance.

Monetary Policy 2075-76 unveiled

Nepal Rastra Bank, the central regulatory and monetary authority, has unveiled the Monetary Policy 2018-19 on 11 July, 2018. Along with the assessment of policies and programs of Monetary Policy 2074/75, the current Monetary Policy 2075-76 has introduced different provisions for money management, credit management, long term interest management etc.

Monetary Policy has a set target of 8 % GDP growth rate and 6.5 % inflation rate. Cash reserve ratio has been reduced for additional investable funds in Nation’s development. Likewise, SLR has also been relaxed. This policy seems more open to private sector borrowing from overseas as well. Every commercial bank now is imposed to open its regional head office in all provinces. Lending priority in agriculture has been reduced by 15 % to 10 % as against the existing benchmark of 25 % for commercial bank.

Monetary Policy has also incorporated the suggestion provided by ICAN such as audit of large branches of commercial banks, identified based on deposit liabilities, credit lending and assets. Similarly, suggestion regarding certification of current assets and liabilities of borrower by independent third party for loan of commercial overdraft nature above NRs. 250 Million and preparation of NFRS based financial statements by development bank and finance company, has also been incorporated. This will further create new avenues to our members by widening their scope which will grow with the pace of growth in banking industry and ultimately enhance public faith in the profession. The Institute will coordinate with Nepal Rastra Bank to help preparing

detailed guidelines on Audit of Bank Branches and other provisions relating to the accounting profession.

Tripartite MoU signed for effective implementation of NFRS in Banking Sector

A tripartite MoU between the Institute, Nepal Rastra Bank and Accounting Standards Board has been signed on 16th July 2018 to effectively implement the NFRS in banking sector (Bank and Financial Institution). Such understanding has main objective to facilitate effective implementation of NFRS in Banks and Financial Institutions. The MoU has been signed by CA. Prakash Jung Thapa, President of ICAN, CA. Narendra Bhattarai, Chairman of Accounting Standards Board and Mr. Chintamani Siwakoti, Deputy Governor of Nepal Rastra Bank. On this occasion, President Elect CA Jagannath Upadhyay, NRB Director CA. (Dr.) Suvod Karn, Deputy Governor Mr. Shiva Raj Shrestha, President of Nepal Banker's Association CA. Gyanendra Dhungana, Member of Accounting Standards Board CA. Prabin Dhoj Joshi, Executive Directors of NRB CA Maheshwor Lal Shrestha and Mr. Narayan Poudel were also present.

Interaction with Regulators on Quality Assurance Held

Quality Assurance Board (QAB) of the Institute held an Interaction Program on Quality Assurance with the representatives of regulatory authorities and Government offices on Thursday, 12 July 2018 at ICAN Building, ICAN Marg, Satdobato, Lalitpur. The program was organized to disseminate information on the Quality Assurance initiatives of the Institute and to discuss on the matters relating to audit quality being observed. The program was attended by the Chairman and members of the Quality Assurance Board, President, Vice-President and Past President of the Institute, Executive Director, including the representatives from Office of Auditor General, Ministry of Finance, FCGO, Nepal Rastra Bank, Insurance Board, Securities Board of Nepal, Inland Revenue Department, Office of Company Registrar and Nepal Stock Exchange Ltd.

The program was successful in delivering the information on quality assurance review mechanisms of the Institute, its progress and work procedures, and also clarifying the impact of quality assurance review in audit quality and receiving feedbacks on how the concerns of regulatory authorities could be addressed as well.

Speaking in the program, the Chairman of the QAB, Mr. Ramesh Raj Satyal stated that the Quality Assurance Review has been gradually taking momentum. In the initial phase, priorities have been given for quality assurance of the auditors of listed entities. He also stated that the quality assurance findings are preventive rather than corrective, as a result of which they would apply to enhance quality of future audits rather than the ones under review. Likewise, President of the Institute CA. Prakash Jung Thapa emphasized that the Institute has now system in place to ensure that quality in the audit and assurance services rendered by its members through the applicability of national standards in line with international standards in audit performance and provision for review under quality assurance mechanism of the Institute.

ICAN Issues Code of Ethics 2018

The Institute's Council has revised the Code of Ethics focusing specifically on ethical issues. The Code of Ethics issued by IFAC has been adopted by ICAN on 19th June, 2016. The new Code of Ethics – Code of Ethics for Professional Accountants 2018 shall be effective from 1 Shrawan 2075.

The Institute has also issued **3 additional guidelines** as part of new Code of Ethics relating to Marketing of Professional Services by the Professional Accountants in Public Practice, Guidelines on Networking and Network Firms and Guidelines on Custody of Client Assets/Money by professional accountant in public practice and shall become effective from 01 Shrawan, 2075.

ICAN launched new Website and ICAN App

The Institute of Chartered Accountants of Nepal (ICAN) has launched its new website which contains separate portal for members and students. The website has been made more user-friendly with knowledge portal and other information. The website has introduced online payment system for renewal of Membership Certificate and Certificate of Practice. The updated website includes changes to navigation, with dropdown menus for both mobile and desktop versions to have advanced and improved structure to get more from a quick read. To have a refreshing look to the new website please use following link: <https://www.ican.org.np/new/>.

Further, for the comfort of it's members and students Institute has launched another major piece of offering: a Mobile App now available for download on android that gives you the power to manage, track, and explore about ICAN and recent activities anytime and anywhere by logging to <https://www.ican.org.np/downloads/ican.apk>.

ICAN equipped with new facilities for members and students

ATM and POS Machine Installed

As a result of continued effort of providing the best services to its members and students, ATM Machine and POS Machine have been installed at ICAN Head Office, ICAN Marg, Satdobato, Lalitpur.

Information Training Lab in Operation

Information Technology Lab has also been established at the ICAN head office to provide IT training to our students from our own premises. This IT lab will operate all working days irrespective of number of students registering for the IT training.

Library Refurbished

ICAN has also refurbished its Library with modern equipment, facilities and enhanced capacity to accommodate more students.

An inauguration program of these three facilities was organized by the Institute on 16 July, 2018 at the ICAN premises where the newly installed ATM machine was jointly inaugurated by President CA. Prakash Jung Thapa and CEO of Nepal Bangladesh Bank Limited CA. Gyanendra Prasad Dhungana who is also the president of Nepal Bankers Association in attendance of Mr.

Kiran Malla, Acting Head of Metropolitan Traffic Circle, ICAN Marg, Satdobato, Lalitpur. Other two facilities were inaugurated by President CA. Prakash Jung Thapa. The program was participated by Vice President and President Elect CA. Jagannath Upadhyay (Niraula), Council Members, Executive Director CA. Sanjay Kumar Sinha, staffs of the Institute and general public.

Student's Orientation Program held in Butwal and Pokhara

The Institute organized one day orientation program on 21 and 22 Ashad, 2075 at Butwal and Pokhara respectively, for newly enrolled CAP I students. Altogether 36 students participated on the orientation program organized at Butwal and 38 students participated in the orientation program organized at Pokhara.

President CA. Prakash Jung Thapa, Butwal Branch Advisory Committee member CA. Prem Bhurtel, CA. Pramod Panthee, CA. Rupesh Maheshori along with Deputy Director CA. Gaurav Khwaunju Shrestha and Butwal Branch in-charge Mr. Anjan Kumar Chaudary participated in the orientation program organized at Butwal.

Similarly, ICAN Council Member CA. Suresh Devkota, Pokhara Branch Advisory Committee member CA. Laxman Adhikari, CA. Amit Thapa, CA. Rabin Sapkota along with Deputy Director CA. Gaurav Khwaunju Shrestha and Pokhara Branch in-charge Mr. Sadish Tiwari participated in the orientation program organized at Pokhara.

These programs have been very much useful to the newly enrolled students. The program is designed to disseminate information relating to ICAN, facilities available to the students, CA Courses, Code of Ethics to students etc.

Monitoring Program organized in Nepalgunj

The Institute organized a Monitoring program on 22 Ashad 2075 in Nepalgunj as part of awareness program to the members on accounting practices, duties and responsibilities, current practices and codes, and actions that institute is taking on non-compliance.

President CA. Prakash Jung Thapa emphasized the codes and standards that must be followed by members to maintain and uplift the image of the profession and enhance the public trust on the profession. The initiatives taken by institute along with other Government authorities to stop malpractices in accounting profession, monitoring system and mechanism of the Institute and roles of members were discussed at the program. Members of the Monitoring Committee and Council Member – elect for 8th Council Mr. Karim Khan were present where more than 35 Members of the region attended.

Members' Interaction Program in Surkhet

An interaction program with members was held in Surkhet on 23 Ashad 2075. President CA. Prakash Jung Thapa highlighted the activities of the Institute and emphasized the codes and standards that must be followed by Members to maintain and uplift the image of the profession and enhance the public trust on the profession. The initiatives taken by institute along with other Government authorities to stop malpractices in accounting profession, monitoring system and

mechanism of the Institute and roles of members were discussed at the program. As per the request of the members to establish a branch of ICAN in Surkhet – State 6 (Karnali), President of the Institute informed the members that decision has already been made by the Council to have branch offices in each state of the nation thus very soon a branch be in Surkhet.

Capacity Development Training to Members

The Institute has organized 2 days (19-20 Ashad, 2075) training on “**Audit System**” at Dhangadi as part of capacity building programs designed to enhance the knowledge and competency of members. Altogether 25 members participated the program. The program was participated by RA. Yadav Prasad Neupane, Council Members and Member of RA. Capacity Development Committee.

National News

NRB publishes NFRS Compliant Financial Statement

Central Bank of Nepal, Nepal Rastra Bank has issued Nepal Financial Reporting Standards (NFRS) compliant financial statement format for A class banks. This is an update on circular 04 of United Directives. This format of financial statement shall be applicable from 2075 Shrawan 01. Please click [here](#) to format of financial statement based on NFRS for “A” class commercial banks. ICAN have been trying since long for effective implementation of NFRS through series of meeting with regulators and other stakeholders. It might be worth noting that NFRS has been fully implemented in all sectors under its jurisdiction expect for Small and Medium Sized Enterprises (SMEs).

Minimum Wage Increased

The Government of Nepal has fixed minimum monthly wage of laborers be NRs. 13,450, which is an increase of 39% from the previous minimum wage which was NRs. 9,700 per month. Consequently, other related benefits like festival allowance, leave allowance, maternity allowance, health and accident insurance allowance etc. will also be increased.

SEBON Introduced Securities Listing and Transactions Regulation, 2075

Securities Board of Nepal (SEBON) has introduced [Securities Listing and Transactions Regulation, 2075](#) in order to make the process of listing and transacting more simplified, techno-friendly and market friendly. This regulation has repealed the existing Securities Transactions Regulation, 2050 and will come to effect from 01 Shrawan, 2075.

With the introduction of this regulation, companies are now required to apply for listing within 7 days (30 Days as per Securities Transactions Regulation, 2050) of allotment of securities issued on public issue. Companies will be classified under category A, B, G and Z based on their paid-up capital, return, and compliance. The regulation has also introduced more stringent provisions relating to delisting of securities, surveillance system etc.

This regulation has required the stock market (Company) to conduct system audit in every two years and all monetary transactions are to be executed only through the banking channel.

Regional News

SAFA establishes Womens' Leadership Committee

87th SAFA Assembly meeting held on June 30, 2018 in Delhi, India has decided to constitute of SAFA Women Leadership Committee. The Assembly has decided that each member body shall nominate one female representative from their member body on the SAFA Women Leadership Committee. In case there is no female Council Member, the member body can nominate any other female representative from the member body.

International News

Issue 16 of the Investor Update published

The IASB Investor Update aims to make it easy for investors to keep up with changes in the world of IFRS Standards and how those changes may affect an investor's day job.

Each issue profiles recently introduced IFRS Standards or changes that are in the pipeline and how they may alter the way in which you look at companies and analyses performance. Click here to read the [latest and all other issues of the Investor Update](#).

Updated Practical Support and Guidance for Small Business Audits

Small- and medium-sized practices (SMPs) may require practical support when implementing the International Standards on Auditing (ISAs) in audits of small- and medium-sized entities (SMEs). IFAC (International Federations of Accountants) has updated the [Guide to Using ISAs in the Audits of SMEs, Fourth Edition \(the Guide\)](#) to help firms efficiently and proportionally apply ISAs on SME audits.

This fourth edition is updated to reflect recent changes to the ISAs including International Auditing and Assurance Standards Board (IAASB) projects on:

- Auditor Reporting;
- Disclosures;
- The Auditor's Responsibilities Relating to Other Information; and
- Using the Work of Internal Auditors.

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