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Informal Economy



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL
(Established under the Nepal Chartered Accountants Act, 1997)

Fundamental Principles of Professional Accountants

INTEGRITY

OBJECTIVITY

**PROFESSIONAL
COMPETENCE
AND DUE CARE**

CONFIDENTIALITY

PROFESSIONAL BEHAVIOR

Strategic Direction of ICAN





THE NEPAL CHARTERED ACCOUNTANT

(Quarterly Journal of The Institute of Chartered Accountants of Nepal)

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Integration of the Informal Economy

According to the data of Financial Comptroller General Office, out of the targeted revenue collection for fiscal year 2022/23 amounting to NPR 1,403.14 billion, only NPR 957.15 billion (68.21 percentage) revenue has been collected. Moreover, the data for four-month period of the current fiscal year is also not as promising with only 15.57 percentage of revenue collection as compared to the budget. Revenue collection is inadequate to meet even recurrent expenditure. The Government is compelled to raise internal loans for repayment of even the principal of loan and interest thereof. This has set alarm bells ringing among policymakers, regulators and academia. Domestic resource mobilization is an urgent priority for developing countries like Nepal as they seek sustainable sources of revenue to invest in their country's development and attain the Sustainable Development Goals.

One area from where revenue can be generated is regulation of informal economy which is commonly known as 'shadow economy', 'underground economy', 'hidden economy', or 'grey economy'. Even though it is described as activities that are unrecognized, unrecorded, unprotected or unregulated by governments, these business are not confined to marginal activities, but also include profitable enterprises. The National Economic Census 2018 Analytical Report on Informal Sector published by the Central Bureau of Statistics shows that out of the total of 9,23,027 business establishment in Nepal 49.90 percent or 4,60,422 firms are not registered and are counted as informal sector. Out of 4,60,422 unregistered enterprises 99.5 percent are micro-enterprise. This shows that a large sector of the economy is untaxed. The complexity of collecting income tax from this sector arises from its characteristics that include: absence of business premises, mobile nature of the operators, high tax collection cost, aggressive nature of the actors, cash operation and absence of data and information. These characteristics make it hard to tax the sector, hence posing bigger challenges for income tax revenue collection. So, it is important to formalize this sector by assisting these firms to get registered at the municipality level and bring all of them under the government's tax purview. Moreover, the digitization of mode of payment and banking system should also be enhanced which will integrate these economy with the formal sector.

The Government of Nepal has constituted a four members High Level Tax System Reform Recommendation Committee in September 2023 in order to seek out recommendation to revamp the existing tax system. This Committee is dedicated solely to taxation matters and is tasked with conducting comprehensive review and proposing improvement in the current taxation framework. It is believed that high tax rates and fees, social security contributions, and regulation cost are the drivers that result in migration from real economy to informal economy. In this context, it is believed that the high-level commission will recommend to the Government to enhance fairness, transparency, efficiency and effectiveness of our tax systems, including by broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances.

In the long run, sound social, environmental and economic policies, including countercyclical fiscal policies, adequate fiscal space, good governance at all levels, and democratic and transparent institutions responsive to the needs of the people are necessary to drive informal sector to formal sector and raise revenue. This may be augmented by domestic enabling environments, including the rule of law, and combating corruption at all levels and in all its forms. Civil society, independent media, and other non-State actors also play important roles. The Institute is always there to support government initiatives to reform and modernize the existing taxation system in Nepal.

From The President



CA. Sujan Kumar Kafle
President, ICAN

Dear Esteemed Professional Colleagues,

I extend my sincere gratitude for being unanimous election as the 27th President of our esteemed Institute on July 21, 2023. It is truly an honor to lead the Council for the 2023/24 term. Upon assuming this pivotal role, I made a commitment to enhance the professional capacity of our members and strengthen our relationships with government authorities and regulators. Together, we will tirelessly work to safeguard the public interest, and I want to assure each one of you that I am fully dedicated to fulfilling this pledge.

The challenges we face in this final year of the Council's term are significant, but I am confident that with our collective efforts, we can navigate through them successfully. As outlined in the Strategic Plan of the Institute, we have both ongoing and upcoming activities that must be diligently undertaken to achieve the targets set forth in the plan. It is crucial that we work cohesively to meet these objectives and leave a lasting impact on our Institute. I am eager to collaborate with each of you, drawing on your expertise and dedication, to ensure that our Institute continues to thrive and serve its members and the public effectively. Your support and engagement will

be invaluable as we embark on this journey together.

Let us seize the opportunities presented by the challenges ahead and make this term a testament to our collective commitment to excellence. Thank you once again for your trust and confidence in me. I look forward to a productive and successful year under our shared leadership.

Regulation and Supervision

One of our key commitments is the development of an independent and transparent regulatory mechanism, accompanied by a robust monitoring and supervision system. This initiative aims to elevate the quality of accounting and auditing practices in the country, ensuring adherence to the highest standards. In line with this commitment, the Institute has been actively conducting Quality Assurance reviews of firms. Additionally, we are currently exploring the development of mechanisms for off-site reviews, a step that would further enhance our oversight capabilities.

To ensure effective implementation of our directives, the Institute has engaged in extensive interactions with stakeholders, including representatives from the Association of Chartered Accountants of Nepal (ACAN) and the Auditors' Association of Nepal (AuDAN). These discussions have been instrumental in disseminating our guidelines, such as the Firm's Standards and Minimum Fee Guidelines 2078. Importantly, we have sought the perspectives of practicing members, valuing their insights into the ground realities of implementing these guidelines.

As part of our broader vision, the Institute is working towards creating an audit universe. This tool will not only benefit our regulatory efforts but will also support other governmental bodies in making informed policy decisions. Collaboration with other regulatory bodies is ongoing, with a particular focus on the integration of Unique Document Identification Number (UDIN). I am pleased to inform you that the UDIN application was updated on September 3, 2023, to enhance its performance and facilitate seamless implementation for end-users.



Professional Development

I am delighted to share with you the Institute's recent endeavors aimed at enhancing, promoting, and protecting the reputation of our esteemed members. Our objective remains steadfast—to establish ICAN's members as efficient and effective accounting service providers in both the government and corporate sectors.

To achieve this goal, the Institute has been actively engaged in organizing a series of conferences, training sessions, and Continuing Professional Education (CPE) programs throughout the country. These initiatives are designed to keep our members abreast of contemporary issues, foster professional development, and ensure that our services continue to meet the highest standards.

In the recent period, the Institute successfully organized one conference that provided a platform for in-depth discussions on pertinent industry topics. Additionally, we conducted two CPE programs, offering valuable opportunities for our members to enhance their skills and knowledge. Furthermore, three training sessions were held, addressing various contemporary issues relevant to our profession.

These events not only contribute to the continuous learning and growth of our members but also play a crucial role in positioning ICAN's members as leaders in the accounting service sector. The knowledge and insights gained from these conferences and programs empower our members to navigate the evolving landscape of accounting practices effectively.

I extend my gratitude to all members who actively participated in these events, contributing to their success. Your enthusiasm and commitment to professional development are key drivers in achieving our collective objectives. As we move forward, the Institute remains dedicated to provide valuable opportunities for learning, networking, and skill development. Together, we will continue to uphold the highest standards of excellence and reinforce ICAN's position as a leading authority in the accounting profession.

National Relation: Public and Government

In pursuit of our objective to actively participate in policy reform, the Institute has been conducting various programs and meetings with key stakeholders. Recently, an interaction program was organized to address the pertinent issues related to the listing of auditors for School and Cooperatives Audit at the local and provincial levels. The event brought together representatives from the Department of Cooperative, National Cooperative Federation of Nepal, Municipal Association of Nepal, National Association of Rural Municipalities in Nepal, Nepal Federation of Savings and Credit Cooperative Unions Ltd. (NEFSCUN), ACAN, and AuDAN. This collaborative effort underscores our commitment to open dialogue and constructive engagement with diverse stakeholders to address challenges and contribute to policy improvements.

Continuing our commitment to recognizing excellence, the Institute recently conducted the National BPA Award Distribution ceremony in Kathmandu. The ceremony celebrated the outstanding contributions of 15 entities across four different categories. The National BPA Awards not only acknowledge excellence but also inspire others to strive for higher standards in their respective fields. Congratulations to all the deserving recipients for their remarkable achievements.

International Relation: Global Positioning and Leadership

I am pleased to share with you the outcomes of the recent delegation led by me to the South Asian Federation of Accountants' (SAFA) International Financial Reporting Standards and International Accounting Standards Forum 2023 (SAFA IFRS and IASs Forum 2023). The event was hosted by The Institute of Chartered Accountants of Maldives and took place on 19th and 20th August 2023 at the King Salman Auditorium in Maldives. During this significant gathering, our delegation actively participated in various events, including the SAFA Board meeting and SAFA Committee meeting. These meetings provided valuable opportunities to engage with counterparts from the region, exchange insights,



and contribute to the regional discourse on financial reporting standards and accounting practices.

Our involvement extended to the 40th SAFA Foundation Day Celebration and the SAFA IFAC conference. I had the privilege of representing our Institute as a panelist in a discussion session during the conference, contributing our perspective to the broader conversation on shaping the future of the accounting profession in the South Asian region.

Additionally, in a testament to our commitment to staying at the forefront of global developments, I, along with Vice-President CA. Prabin Kumar Jha, virtually attended the first IFAC Sustainability Summit – Asia Pacific hosted by IFAC. This summit allowed us to gain insights into the latest advancements and best practices in sustainability within the accounting profession.

These international engagements not only enhance our global presence but also provide a platform for us to contribute to the shaping of accounting standards and practices on an international scale. I am confident that the knowledge and experiences gained from these events will prove valuable in advancing our profession and benefiting our members.

Institutional Development and Sustainability

To ensure the smooth functioning of various aspects of our activities, the Institute has formed Standing Committees, Boards, Non-standing Committees, and Branch Coordination Committees for the current fiscal year. These bodies play a crucial role in overseeing specific functions, promoting collaboration, and contributing to the overall success of the Institute's mission.

Recognizing the importance of a skilled and motivated workforce, the Institute has taken steps to strengthen its human resource capacity. A vacancy announcement was issued for vacant positions, attracting qualified individuals who will contribute their skills and expertise to our collective goals.

I am delighted to share that in recognition of their dedication and contributions, four members of our staff have been recently promoted. This promotion reflects not only their individual achievements but also the Institute's commitment to recognizing and nurturing talent within our organization.

These developments underscore our commitment to continuous improvement, capacity building, and the overall advancement of our Institute. I extend my congratulations to the promoted staff members and extend my appreciation to all those who have taken on new responsibilities within our committees and boards.

In conclusion, I express my heartfelt gratitude to the elders, both past and present, whose exceptional contributions have paved the way for the advancement of our noble profession and the Institute. Their dedication and leadership have set a strong foundation for us to build upon, and we honor their legacy as we move forward.

As we embark on this journey together, I am confident that, with the collective efforts of the Council, the entire membership, and our valued stakeholders, we will ensure the proper functioning of the Institute. The success of our tenure relies on the active participation and commitment of each individual, and I am optimistic that, with your support, we will achieve our shared goals.

I look forward to a period of collaboration, growth, and achievement as we work together to uphold the standards of excellence in our profession and serve the best interests of our members and the public.

Thank you for your trust, support and dedication to the Institute. Let us forge ahead with determination and unity.

CA. Sujan Kumar Kafle
27th President (2023-24)

The Institute of Chartered Accountants of Nepal

Mutual Fund Audit in Nepal



CA. Hem Kumar Kafle

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1. Introduction

The history of mutual fund in Nepal started with the establishment of “NCM Mutual Fund 2050” by Nepal Industrial Development Corporation (NIDC) Capital Market in Ashad 19, 2050 BS (1993). Citizen Unit Scheme (CUS) 2052, with a par value of Rs. 100 came into operation in the year 1995. Citizen Investment Trust (CIT) has been managing this scheme. CIT, a trust registered under Citizen Investment Trust Act 2047, also manages unit schemes; however, this scheme is not tradable in NEPSE but popular among government employees and defensive investors who want less risk but regular return. There are various mutual funds functioning having licensed by SEBON and traded in NEPSE, managed by professional fund managers, and having involvement of big corporate investors like bank and financial institutions.

The structure and operations of mutual funds are different from other industries. Thus, due to the peculiar nature of mutual fund, before initiating the statutory audit a thorough study of the industry, its compliances, and its transactions is required. This document tries to deliver key points that are essential for the audit and taxation viewpoint of the mutual fund.

Mutual Fund is covered in a wider concept of collective investment scheme under Securities Act, 2063. It defines “Collective Investment Scheme” as an investment fund, unit trust or similar other participatory fund management program as specified by the Board, from time to time as may be operated by a scheme manager in accordance with this Act in

order to distribute returns, to the participants of the concerned program proportionately, accrued from the efficient investment service on saving investment amount which has been undertaken in custody of the manager and so mobilized that various persons or bodies that have participation in it.

In simpler terms, mutual fund is the group of individuals investment schemes which create a pool of funds from general public or institutions to invest in the diverged financial instruments ranging from debt instruments, equity instruments based on the pre-defined risk profile to achieve following objectives:

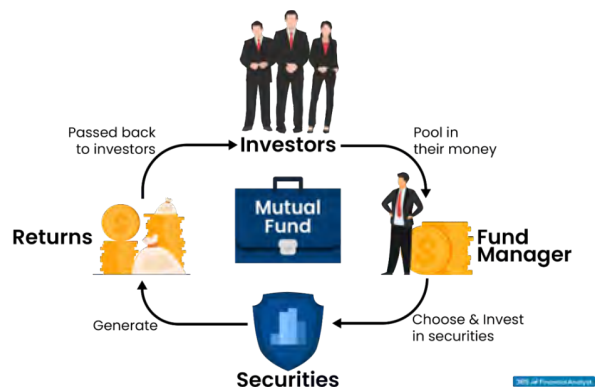
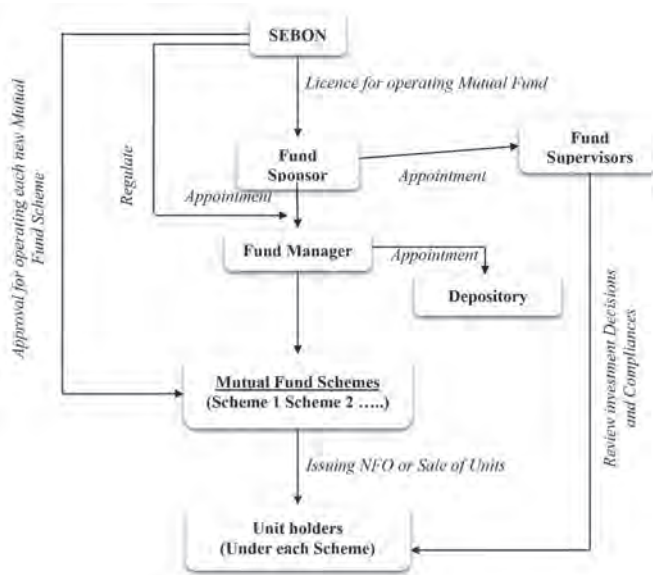


Figure 1: Working of Mutual fund (Extracted from www.365financialanalyst.com)

2. Environment of mutual fund

The environment of a Mutual Fund scheme is as follows:



3. Licenses and Appointments for Mutual Fund

The licenses to be obtained for operating Mutual Fund for operating Mutual Funds are as follows in a chronological order:

SN	Licenses/ Approval/ Appointments	Reference Mutual Fund Regulations 2069	To be Obtained by/ Appointed by
1	License for Operating Mutual Fund from SEBON	Rule 4	Fund Sponsor (BFIs or Non- BFIs under special Act)
2	Approval for Managing Fund from SEBON	Rule 13	Fund Manager (Any Entity)
3	Approval for Depository from SEBON	Rule 13	Merchant Banker
4	Depository Membership of CDS and Clearing House	As per Rule 21(4) of Central Depository Regulation Service 2067	Merchant Banker
5	Appointment of Fund Supervisors	Rule 6	Fund Sponsor
6	Appointment of Fund Manager	Rule 8	Fund Sponsor with the consent of Fund Supervisor
7	Appointment of Depository	Rule 9	Fund Manager with the consent of Fund Supervisor
8	Approval of Seed Capital Investment from SEBON	Rule 9	Fund Sponsor or Fund Manager
9	Approval of Scheme from SEBON	Rule 24	Fund Manager with the consent of Fund Supervisor

4. Types of Mutual Fund

Mutual Funds can be categorized on several basis:

Basis	Types
Structure	Open Ended, Close Ended
Asset Class	Equities/Stocks, Bonds/Fixed Income, Money Market
Risk Level	Aggressive Growth, Conservative
Investment Strategy	Index, Active, Sector/Theme Focus

5. Statutory Audit of Mutual Fund

There are certain questions regarding statutory audit and income tax:

- i) Who will appoint the statutory auditor whether it will be fund manager or participants/unit holders?
- ii) Whether the audit opinion need to be provided to Fund manager or Board of Directors of Fund Manager or participants/unit holders. If audit

opinion is provided to fund manager whether it will create conflict of interest or not since the fund manager is the trustee only.

- iii) Whether separate meeting of the participants/unitholders will be held or not unlike the shareholders meeting of the company?
- iv) Whether need to obtain separate PAN or not by the mutual fund?
- v) Whether need to file separate income tax returns for each mutual fund scheme or not?

Considering the above confusion amongst the auditors in practice, this article has tried to clarify those observations. There are different practices of providing audit opinion like audit opinion has been given to the Fund Manager, unit holders/participants and Board of Directors of Fund manager etc.

Regarding the mutual fund there are two types of

perspectives whether the mutual fund has separate legal identity or not? First Perspective is that Mutual fund is a separate legal entity licensed by Securities Board of Nepal (SEBON) and managed by Fund Manager through Board of Directors and Supervisory Committee.

Second perspective is that Mutual Fund is not a separate legal entity as the mutual fund scheme is not licensed by SEBON rather the Fund Manager is provided with approval to launch a scheme. The Rule 40 of Mutual Fund Regulations specifies the requirement of separate audit of the Fund Manager and Each Scheme in order to maintain transparency of the operating of Fund for the respective unitholders/participants. Just because it is listed in SEBON and it cannot be concluded as separate legal entity as it is just a type of security/ financial instrument that need to be registered in SEBON as it is being publicly issued/transacted.

5.1 Comparative Study of Mutual Fund Audit Practices between Nepal and India

The provisions related to statutory audit of the mutual fund scheme in Nepal and India are as follows:

S.N.	Provision	Collective Investment Scheme, 2069 (Nepal)	SEBI (Mutual Funds) Regulations, 1996 (India)	Impact of Gap
1.	Appointment of Auditor	Rule 40(1): Appointment of Statutory Auditor by Board of Directors (BODs) of Fund Manager and separate auditor for each scheme and Fund Manager.	<u>Rule 55 (1)(2)(3)</u> An auditor shall be appointed by the trustees. The auditor shall forward his report to the trustees and such report shall form part of the Annual Report of the mutual fund.	The Responsibility of preparation of books of account and Financial Statement is provided to Fund Manager/Assets Management Company (AMC). Thus, it may be principally wrong considered BODs of Fund Manager as appointing authority.
2	Communication of Reports with Investors	All the reports are required to be published in National Daily News Paper	<u>Rule 56:</u> (1) The scheme wise Annual Report of a mutual fund or an abridged summary thereof shall be provided to all unit holders. (2) The scheme wise annual report or abridged summary thereof may be sent to investors in electronic form on their registered e-mail address in the manner specified by the Board” (3) Notwithstanding anything contained in sub-regulation (1), the mutual fund shall provide physical copy of the abridged summary of the Annual Report without any cost, if a request through any mode is received from a unitholder. <u>Rule 59 A.</u> A mutual fund shall before the expiry of ten days from the close of each half year (i.e., 31st March and 30th September), send to all unitholders a complete statement of its scheme portfolio in the manner specified by the Board.	Publication of Reports in the official Website of AMC should be made mandatory, the reports should be mailed to the unit holders and further the statement of portfolio should also be mailed to make communication of the transaction of the fund more effective with the unit holders.



S.N.	Provision	Collective Investment Scheme, 2069 (Nepal)	SEBI (Mutual Funds) Regulations, 1996 (India)	Impact of Gap
3	Investment Areas	(1) The Fund Manager may make investment in the areas such as registered securities, securities called for public offering, securities that are listed at Stock Exchange, debentures, Treasury bill and other instruments of money market issued by Government of Nepal or government agencies receiving full guarantee or protection of Government of Nepal or Nepal Rastra Bank, Bank deposits, Market instruments and other areas as prescribed by the Board.	<u>Rule 43:</u> Subject to other provisions of these regulations, a mutual fund may invest moneys collected under any of its schemes only in (a) securities; (b) money market instruments; (c) privately placed debentures; (d) securitized debt instruments, which are either asset backed or mortgage backed securities; (e) gold or gold related instruments. (ea.) silver or silver related instruments; (f) real estate assets as defined in clause (a) of regulation 49A (g) infrastructure debt instrument and assets as specified in clause (1) of regulation 49L	No Investment in Gold/Digital, Silver, Real Estate which are much safer investments than equity. Further the diversification limited to financial market
4	Nomination by Unit holders	No Specific Provisions	<u>Rule 29A:</u> (1) AMC shall provide an option to the unit-holder to nominate, in the manner specified in Fourth Schedule, a person in whom the units held by him shall vest in the event of his death. (2) Where the units are held by more than one person jointly, the joint unitholders may together nominate a person in whom all the rights in the units shall vest in the event of death of all the joint unitholders.]	Provides clear provisions of the ownership of units in case of death of unitholders

5.2 Appointment of Statutory Auditor

As per Rule 40 (1) & (2) of Mutual Fund Regulation, 2069, Fund Manager shall appoint a Chartered Accountant or equivalent who has obtained Certificate of Practice (COP) from The Institute of Chartered Accountants of Nepal (ICAN) for the audit of the financial statements of the Fund Manager or Scheme of a mutual fund.

Here, the real owner i.e. unit holders/participants will not appoint the statutory auditor. Instead, statutory auditor is appointed by the Board of Directors of the Fund manager in whose financial statements, no assets and liabilities of the mutual fund will be consolidated. They are merely the fund manager not the real owner of the Fund. The real owner of the fund is participants/unit holders. In this scenario, question may be raised, how the fund manager’s BODs will appoint the statutory auditor. Fund Manager’s management is responsible for the preparation of the financial statements and also for appointing the statutory auditor and approving audited financial statements which is not appropriate. Further, Fund Manager cannot be the representative of the unitholders.

Information regarding the appointment of the Auditor should be provided to SEBON within 15 days of the appointment of the Auditor. The auditor should follow applicable auditing standards for the audit of the mutual fund scheme.

5.3 Separate financial statements of each scheme and fund manager

The applicability of the Nepal Financial Reporting Framework (NFRS) 2018 should be considered before applying for it. If the requirement is not met, NFRS for SME can be applied; however, most mutual fund in Nepal voluntarily opts for applying NFRS 2018.

Separate financial statements of each scheme should be prepared by the fund manager (Rule 39 of Collective Investment Fund Regulations). The financial statements of the scheme shall not be consolidated with the financial statements of fund manager or any other scheme managed by the fund manager. The fund manager shall only recognize the fees received and any other receivables and payables with the scheme. Besides, financial statements of all schemes managed by same fund manager shall not be



consolidated. Stand alone financial statements shall not be approved by the unitholders/participants rather that will be approved by Board of Directors (BODs) of Fund Manager and submitted to SEBON.

Here, the conflicting role is that, the financial statements of the schemes is prepared by (management of the Fund Manager) and approved (BODs of the Fund Manager) which might result in self review threat.

5.4 Matters related to audit Report

5.4.A Audit Report

The format of an audit opinion on the financial statements of the Mutual Fund shall be same as for other entities. Audit Report need to be provided based on Nepal Standards on Auditing (NAS).

5.4.B Addressee of Audit Report

As per Nepal Standard on Auditing, an audit report shall be addressed to the owner of an entity whose financial statements are being audited. Thus, in case of Mutual Fund Scheme, it can be said that, audit report shall be addressed to Unitholders/Participants who are the owners of the Scheme.

However, any prevailing Act, Regulation or Directive does not mention any provision regarding meeting of the unitholders due to which the audit report will not be directly presented or provided to the unitholders/participants for discussion. Therefore, it seems unreasonable to address the audit report to unitholders/participants.

Further, as per Collective Investment Fund Regulations, statutory auditor is appointed by the Board of Directors of the Fund manager. Since the appointing authority is BODs of the Fund Manager, it can also be understood that the audit report should be addressed to the BODs of the Fund Manager (being the appointing authority). Nevertheless, it contradicts the basic concept of audit report which is to addressed to the real owners of the reporting entity. Moreover, issuance of audit report to those who prepare the financial statements is not the practices of the audit.

Considering the above situations, the audit report should be addressed to participants/unitholders through the

appointers i.e., BODs of Fund Manager. If that has been done the audit report need to be communicated by the Fund Manager by appropriate means of communication and one of the easy means will be the publication of audit report in the website. Fund manager is the appointing authority as per the Mutual Fund Regulations, 2067. So, by addressing participants/unitholders through BODs of Fund manager will resolve the issue of the addresses of the audit report.

5.4.C Key matters to be included in Audit Report

Further, as per Mutual Fund Regulations' Rule 40 (6), the following matters to be considered in the Audit Report:

1. Operation of the Fund Manager
2. Accounting Information and
3. Financial Status

Similarly, as per Mutual Fund Regulations' Rule 40 (7 and 8), the following matters to be included in the Audit Report:

1. All the matters required by prevailing laws.
2. Additional Information.
3. Whether or not books have been maintained following applicable accounting standard.
4. If any official or an employee has done an act which is against the interest of the Mutual Fund.
5. Existence and efficiency of Internal Control.
6. If any action is found to be against the interest of the participants and securities market.
7. Details regarding effectiveness of the internal audit.
8. Suggestions, if any
9. Whether the funds are utilized as per prescribed limits.
10. Whether the operation of the scheme is carried out satisfactorily.
11. Any other which auditor considers to be informed to the particulars.

5.4.D Approval of the audited financial statements

The audited financial statements shall be approved by the BODs of the Fund Manager; however, separate



meeting of the unitholders will not be held.

The Fund Manager shall submit the audited financial statements of current fiscal year and annual report regarding job performed in that fiscal year and annual financial report regarding each scheme separately to the Fund Supervisor and BODs of the Fund Manager within three months of completion of the fiscal year as per Rule 42 of the Mutual Fund Regulations, 2067.

6. Other provisions

6.1 Submission of Auditor's Report

The Independent auditor's report shall be submitted to SEBON by the Fund Manager within 30 days from the date of completion of report by the Auditor. The Independent Auditor's Report will not be in the agendas of the discussion of the General Meeting of Fund Manager.

6.2 Complaints to ICAN

The BODs of the Fund Manager can write an application

to ICAN if it finds that audit has been carried out by the Statutory Auditor without following the prevailing and applicable law, guidelines, and regulations.

7. Tax Compliances of Mutual Fund

The mutual fund needs to comply with provisions of Income Tax Act only as its services are exempt from VAT (Financial Services). The exemptions and compliance requirements of the fund are as follows:

7.1 Withholding PAN

The Mutual Fund does not qualify as separate entity as it is not defined as a person in Income Tax and it does not have any taxable income. Thus, Mutual Fund is provided with only a withholding Permanent Account Number (PAN) for withholding the Tax Deducted at Source (TDS) on payment of services and filing E-TDS Returns. The Mutual Fund is required to withhold the TDS, make payment of the TDS and filing E-TDS returns within 25 days of from the payment or receipt of the services whichever occurs first.

7.2 TDS and Advance Tax to be withheld on payment of Returns

Transaction	Type of Security	Type of Tax	Holding Period	Rate for Individual	Rate for Resident Entity	Others	Ref.
On Returns paid by Mutual Fund	Any	TDS	Any	5%	15%	15%	Section 88(6)
Capital Gain from disposal of mutual fund units (both open and close ended)	Registered in SEBON	Advance Tax	Up to 365 Days	7.5%	10%	25%	Section 95A(2A)
	Registered in SEBON	Advance Tax	More than 365 Days	5%	10%	25%	Section 95A(2A)
	Not-Registered in SEBON	Advance Tax	Any	10%	15%	25%	Section 95A(2B)
TDS on Dividend -Final Withholding or not?				Yes	No	Yes	Section 92(1)

Note:

- Section 95A mentions that, mutual fund registered in SEBON. Both Open and close ended Mutual funds are registered in SEBON; however, there is confusion in the choice of word "Listed in SEBON", it can be interpreted as both "Registered in SEBON" or "Listed in NEPSE". Since the Advance Tax rate for listed is lower than unlisted a benefit of doubt should be provided to Taxpayer and it is better to interpret listed as registered, rather than interpreting SEBON as NEPSE. However, it is recommended to obtain Advance Ruling on this matter from IRD.
- For open-ended, the Mutual Fund is liable to withhold the advance tax & for closed-ended (listed), NEPSE is liable to withhold the advance tax.



7.3 TDS to be withheld on others

The TDS to be withheld on all other payments except for the payment of returns are same as of any other entities as prescribed in Section 87, 88, 88A, and 89 of Income Tax Act, 2058.

7.4 Exemptions

The mutual fund enjoys several Exemptions under Income Tax Act, 2058 as mentioned below:

7.4.A Exemption of income tax

Income earned by Mutual Fund shall be exempt from Taxation as per section 10 (TTHA) Income Tax Act, 2058.

7.4.B Exemption TDS to be withheld on its income.

7.4.2.1 On Interest and dividends

As per Section 88(4) of Income Tax Act, 2058, No TDS shall be withheld in the interest and dividend paid to Mutual Fund.

7.4.2.2 On Capital Gains on Disposal Investment

As per Section 95A (4) of Income Tax Act, 2058, no advance tax shall be collected in the case of disposal of interest invested through a mutual fund.

8. Conclusion

After considering the above provisions of securities Act, mutual fund practices of neighboring nations, mutual fund regulations and income tax act, following are the conclusions of this article:

- i) Need amendments in mutual fund regulations as per international practices and norms in the field of identification of separate legal entity, auditor's appointment, communications of audited financial statements and auditor's report etc.
- ii) Although mutual fund is tax exempted entity, it will be better to submit income tax returns of every income year. At least upload the stand alone financial statements of the mutual fund while submitting annual income tax returns and uploading the financial statements of the Fund Manager.
- iii) To address the differences in market practices amongst the statutory auditors of the mutual funds, it will be better to have certain guidelines on the statutory audit by The Institute of Chartered Accountants of Nepal (ICAN). ♦♦♦

संस्थाका पेशागत सदस्यहरूलाई सूचीकृत नहुनको लागि जारी गरिएको सूचना !

'नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था' नेपालमा लेखाव्यवसायको विकास, संरक्षण र सम्वर्द्धन गर्नको लागि नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ अन्तर्गत स्थापित एकमात्र स्वशासित नियमनकारी निकाय हो । नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ अन्तर्गत प्रचलित कानून अनुसार लेखाव्यवसाय गर्नको लागि यस संस्थामा दर्ता भई कायम रहेका पेशागत प्रमाण पत्र प्राप्त सदस्यहरू मात्र योग्य रहने व्यवस्था छ ।

यसै सन्दर्भमा यस संस्थाबाट पेशागत प्रमाणपत्र प्राप्त सदस्यहरू बाट सम्पादन गरिने लेखा, लेखापरीक्षण वा लेखाव्यवसायसँग सम्बन्धित कुनै पनि कार्य गर्न कुनै पनि निकायमा सूचीकरण गर्नु नपर्ने व्यवस्था रहेको छ । संस्थाका पेशागत सदस्यहरूले आफ्नो लेखाव्यवसायसँग सम्बन्धित सेवा प्रदान गर्नकै लागि शुल्क तिरी वा नतिरी कुनै निकायमा दर्ता वा सूचीकृत हुनुपर्ने भएमा लेखापरीक्षण कार्यको निष्पक्षता तथा स्वतन्त्रता माथि प्रश्नचिन्ह खडा हुन सक्ने तथा समग्र स्वतन्त्र लेखापरीक्षण व्यवसायप्रति नै अन्याय सिर्जना हुन जाने भएको र पेशागत सदस्यहरूले लेखापरीक्षण वा अन्य लेखाव्यवसाय गर्नको लागि विभिन्न निकायमा सूचीकृत हुनु पर्ने व्यवस्था व्यवहारिक समेत नहुने स्पष्ट देखिन्छ ।

यसर्थ संस्थाका पेशागत सदस्यहरूले कुनै पनि प्रकारको शुल्क वा रकम तिरी वा नतिरी 'सूचीकृत' भए गरेको पाईएमा नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन २०५३, नेपाल चार्टर्ड एकाउन्टेन्ट्स नियमावली २०६१ र लेखापरीक्षण सम्बन्धी आचार संहिताको पालना नगरेकोमा आवश्यक कारवाही हुने व्यहोरा सम्बन्धित सबैमा जानकारी गराउँदै यस्तो कार्य नगर्नुहुन पुनः यो सूचना प्रकाशित गरिएको छ । तर संस्थाका पेशागत सदस्यहरूले कुनै पनि प्रकारको शुल्क वा दस्तुर नतिरी सम्बन्धित निकायबाट लेखापरीक्षण वा अन्य लेखाव्यवसाय सम्बन्धी कार्यको लागि 'आशयपत्र' माग भएमा आफ्नो प्रस्ताव पेश गर्न सक्नेछन् ।



Green Financing: Global Perspective and Way Forward for Nepal



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Abstract

Green Finance refers to environment-oriented financial products or services, such as loans, credit cards, insurances or bonds that are issued with the primary objective of investing into projects that yield environment friendly and sustainable development outcomes. In the modern race of development, factors such as environment adaptability, sustainability and planet-friendly activities have not received due attention. As a result, the concept of Green Financing becomes more important to cater to the needs of well-rounded development that values all the following i.e. People, Planet & Prosperity.

Keywords

Green Bonds, Sustainable Development Goals (SDG), Environment and Social Risk Management (ESRM) Guidelines, Environment, Social and Governance Reporting (ESG)

1. Introduction

Green Financing is a relatively new and equally important concept in the modern world where we live. It is challenged by unprecedented threats from the perspective of climate change, global warming, unsustainable development and so on. Green financing can be understood as financing of investments that provide environmental benefits in the

broader context of environmentally sustainable development. It seeks to channelise the flow of financial investments into sustainable development projects and initiatives, environment-friendly activities, and policies that encourage the development of a more circular, green, and sustainable economy.

In the last decade, this concept seems to have gained wider acceptance from almost all developed and developing economies throughout the globe. This can be attributed to various factors including the adoption of several international agreements like the Paris Agreement in 2015, sustainable development goals (SDGs), a strong push from investors towards green investments and increase in awareness among common people regarding sustainable development.

Green finance should not be understood as a single product or activity financing, but an entire financial system that uses a variety of instruments and approaches to finance a range of activities ranging from renewable

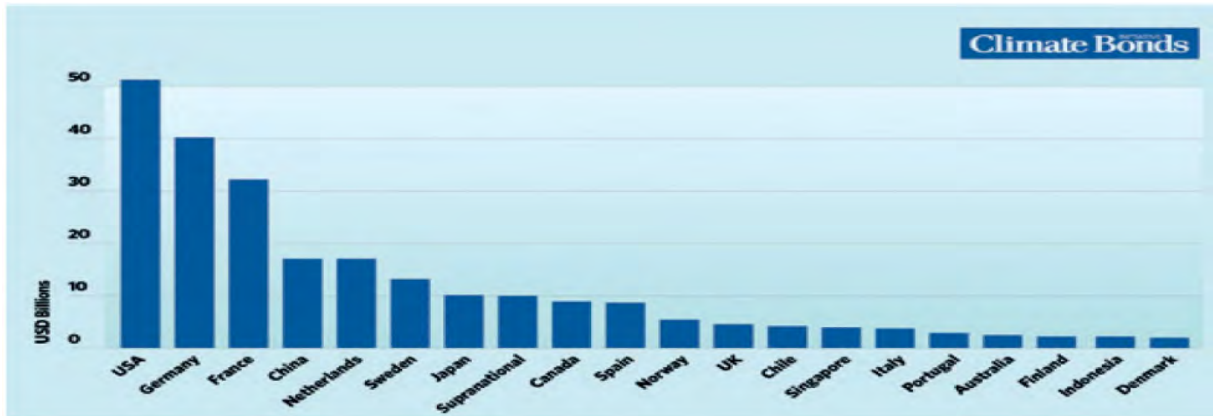
energy, forestry expansion, or transportation. The typical projects that fall under green finance are renewable energy, pollution control and prevention, sustainable use of natural resources, circular economy initiatives, biodiversity conservation, etc.

2. Global & Regional Status

As the world is getting more concerned about its future existence, countries are joining hands together to combat such threats. In pursuit of this, Green Financing concept was adopted and first green bonds were issued by the World Bank in 2008. This landmark event paved the way for the modern green finance approaches, instruments, and products as we know today. Countries with developed markets in Europe and North America were first movers in incorporating green finance into their financial systems. This trend continues to exist today and is most visible through the green bond market. In 2020, the US led the country rankings in global green bonds issuances with USD

51.1bn followed by Germany (40.2bn) and France (32.1bn). The green economy is diverse globally, but concentrated in a few countries and is bound to find new and emerging markets. Following chart shows the annual green bond issuance in 2020.

Source: Climate Bonds Initiative, 2021



Within the Asia and the Pacific, China, South Korea & Japan are regarded as the first movers in making significant joint progress in green finance. Green bond issuance is still nascent in South Asia except for India which is increasingly issuing the green bonds. As of June 2020, India has a cumulative issuance of green bonds worth a value of USD 11.8 bn, falling behind China in terms of global green bond issuance within emerging markets. Developing countries like Nepal are still in the process of setting up policies for incorporating green finance in their respective economies. Nepal Rastra Bank (NRB) is setting up the foundation for the same through its monetary policy and regulatory power.

3. Green Finance Instruments & Approaches

3.1. Green Bonds

Green Bonds are the most prevalent instrument in Green Financing. A bond is a fixed-income instrument which is an integral part of the financial system. In Nepal, the bond market remains largely underdeveloped with debt securities being issued by both the government and corporate organizations. It is critical for the Ministry of Finance to consider issuing a local currency Sovereign Green Bond in the local bond markets

in Nepal. In Nepal, the Nepal Infrastructure Bank (NIFRA) is already working towards issuing a green bond. The World Bank became first in the world to issue a labelled “green bond” in 2008. Apple became the first tech company to issue a green bond in 2016, and Poland became the first

sovereign country to issue a green bond at the end of 2016. The global green bonds market was valued at USD 436.0 billion in 2022.

3.2. Sustainability Bonds

These bonds could be alternative to Green Bond. The International Capital Market Association (ICMA) defines Sustainability Bonds as bonds whose proceeds are applied exclusively to finance or re-finance a combination of green and social projects i.e. projects with clear environmental and socio-economic benefits. For this reason, the Sustainability Bond Guidelines (SBG) has been published by the ICMA in June 2018. The major criticism faced by these bonds are malpractices of Greenwashing, a deceptive marketing practice in which a company or organization exaggerates or falsely claims to be environmentally friendly or socially responsible in order to attract environmentally conscious consumers and improve its public image, higher attention of investors to revenue generation and poor regulatory framework etc.

3.3. Green Loans

Green Loan or Green lending refers to lending of funds to projects that contribute to environment-friendly projects. Therefore, green loans follow a



similar framework as the green bond. Banks and Financial Institutions are more attracted towards such project financing that serves social and environmental purpose as well. Central Banks have been framing such regulations encouraging BFIs to lend in this direction. Nepal Rastra Bank can easily incorporate green loan concept in its monetary policy as there are a lot of climate smart investment opportunities in Nepal.

3.4. Green Sukuk/Islamic Bond

A sukuk is an Islamic financial certificate in compliance with the Sharia law. The certificates give partial ownership in the underlying nominated assets or earnings from those assets. In the case of a green sukuk, the financed assets must yield environmental benefits. An advantage of green sukuk as it has the potential to attract both green investors and those with Shariah-compliant mandates. The world's first green sukuk was issued in July 2017 by Tadau Energy. The USD 58m deal will finance solar projects in Malaysia. The Republic of Indonesia's USD1.25bn green sovereign sukuk is the first green sovereign bond from Asia. The green sukuk market has the potential for scaling up significantly. This instrument is well positioned to fund solar projects, low-carbon buildings, water and wastewater management, low carbon vehicles and public transport.

3.5. Diaspora Financing schemes

A diaspora bond is a bond issued by a country to its expatriates. These bonds allow developing countries in need of financing to look to expats in wealthy countries for support. Nepal has a huge potential in Diaspora financing. The latest census preliminary estimate states that 2.1 million Nepalese stay abroad. The concerned government body in Nepal may introduce diaspora financing scheme to attract investment in social and environment friendly projects.

3.6. Public Revenue

Public revenue provides another source of financing for green projects under the polluters-pay principle. Carbon tax, pollution fine, penalty for violating environment standards etc. could be

a way to aware people about importance of green projects. Currently, Nepal is imposing pollution tax Rs 1.50 per litre in Diesel and Petrol, which is green financing in the name of public revenue.

4. How businesses can Benefit from Green Finance

There are multiple ways through which businesses can benefit by embracing Green Finance.

- It can help them follow different environmental norms and regulations and thus avoid possible fines.
- Since climate change has gained huge attention in world stage, adopting sustainable practices by relying on green finance enhances brand value and offers a positive differentiator. Customers tend to prefer brands that adopt clear sustainable practices.
- The energy-efficient and other sustainable practices promoted by green finance also often help in saving costs in the long term thus boosting profitability of businesses.
- This can also pave the way to kick-start international financing coming into the country under green finance from the private sector.
- Innovation will be encouraged as more ideas will flow towards eco-friendly activities.

5. Nepal's Effort towards Green Financing

Green Financing is still in very nascent stage in Nepal. Nepal has 0.47 ton of per capita carbon emission in 2021 and committed to achieving net carbon zero economy by 2045, increasing the share of clean energy in the country's energy demand to 15 per cent and forest cover to 45 percent by 2030 in the 26th UN Climate Change Conference (COP26). Also, Nepal has stated its firm commitment towards the Paris Agreement entered in 2015.

The International Finance Corporation (IFC) has published a report in 2017 "Climate Investment Opportunities in South Asia", which has estimated a climate smart investment opportunity of more than USD 46 billion in Nepal from 2018 to 2030. This suggests that Nepal has an ocean of potential green



investment opportunity and it could be a leader amongst developing countries in embracing green financing.

Following are some notable action plans adopted by Nepal towards this direction.

- **Environment and Social Risk Management (ESRM) Guidelines 2018**

Nepal Rastra Bank (NRB), is a member of the Sustainable Banking and Finance Network (SBFN) since 2014 has issued “Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions (ESRM)” in 2018. This document has been the guiding framework for Nepal’s regulatory driven development of green finance. The core objective of the ESRM Guideline is to insist BFI to integrate Environmental & Social risk management into the overall credit risk management process in order to fully inform the credit authority of E&S risks prior to the financing decision regarding individual transactions.

A growing number of emerging market banking regulators have partnered with international financial institutions to pioneer the development of regulatory guidance that requires or encourages local Bank and Financial Institutions (BFIs) to adopt sustainable banking practices. The Nepal ESRM Guideline contains general and sector-specific checklists and sector-wide lists of permits and licenses to support financial institutions assessment of E&S risk. Alongside, the ESRM also contains the necessary tools, templates, and resources to support ESRM implementation in banks.

- **Laws requiring Mandatory Environment Risk Assessment**

Banks and Financial Institutions (BFIs) are required to ensure assessment of environmental risk as required by national laws before extending credit facilities to industries. Such assessment is also necessary for Industry Registration and renewal in Nepal.

As per Environment Protection Act, 2076, each project needs to conduct environment study and prepare environment management plan before

financial closure in such project.

- **Issue of few Green Financing Instruments**

A few BFIs of Nepal have issued a few green financing instruments; however, they are yet to develop integrated strategies across the investment value chain in green finance. Banks including Nepal Investment Bank, NMB Bank & Nepal Bank have introduced green finance instruments such as Green Double Fixed Deposit, Green Fixed deposits & Green Savings Account to be invested in sustainable, climate & environment friendly projects through Eco-Loans.

- **Carbon Trade Deal**

Nepal has entered into an agreement with the Forest Carbon Partnership Facility (FCPF) of the World Bank in 2021. Nepal has committed to reduce carbon emission caused by deforestation and related reasons. Nepal will be entitled to USD 5 for every ton of carbon dioxide emission successfully reduced. With a large area of land covered with forests, this can be good opportunity for Nepal to incentivise good practices.

6. Obstacles to Green Financing in Nepal

The introduction of any new concept naturally faces restraint in adaptability. Especially in developing economies, the primary challenges of basic needs (food, shelter, education, drinking water) are much more demanding that leave only a narrow space for further welfare activities. However, there is a strong consensus among all that the present generation needs to incorporate environment friendly and sustainable development activities as their primary needs. The major hinderances in the adoption of Green Financing in Nepal are as follows:

- Awareness about the concept of Green Financing, its importance, and implementation guidelines amongst the stakeholders in Nepal is lacking.
- The bureaucracy of Nepal is not well equipped with the knowhow and insights regarding its implementation and urgency. NRB has however done a bit to kickstart the journey.
- Rigid Foreign Direct Investment (FDI)



regulations hinder the flow of finance towards green investment projects. Nepal has such huge investment opportunity in renewable energy sources and related sectors that foreign investors are looking up to, however the active investment is still lagging.

- Policy Uncertainty led by political instability is also a primary reason for weak green financing. Nepal has still not been able to invite the world and provide conducive investment environment through stable policy on green investments.
- There is immaturity in the financial markets and renewable energy sectors in Nepal. Debt market is still not developed leading to hinderance in issue of Green Bonds.
- Inadequate climate-related disclosure and reporting by companies lead to poor transparency. Green financing can be successfully practiced only if related achievements and obstacles are timely disclosed/reported by the stakeholders. Practice of Environment, Social & Governance Reporting (ESG) disclosure could not be initiated yet.
- The government has not incentivised the companies and lending institutions to work in the direction of Green Finance and realise its benefits.
- There is scarcity of long-term finance in developing markets. As we all know, green investments require significant time period to realise their benefits, long term finance is a must for it. Investors are generally found to be short-term profit motive rather than choose long-run benefits. This mindset does not align with the sustainable development projects.
- Higher Initial Cost of such projects also create a barrier for entry.
- Environment protection and climate change management national council chaired by Prime Minister as provided in Environment Protection Act is not effective to manage economic resources for environment protection climate change.

7. Way Forward/Recommendations

Nepal has a long way to go forwards practicing and benefiting from Green Finance. As they say, it is never too late to begin, Nepal can kickstart on its roadmap

towards this direction. As mentioned above already, there is an ample of opportunities in Nepal to unlock the immense potential adopting suggestive steps given as follows.

- Defining and adopting a green finance definition and taxonomy with a clear distinction between “climate finance,” “green finance,” and “sustainable finance” is utmost necessary to align the national interest towards Green Finance.
- Nepal needs to draft guidelines to identify, assess, and prioritise suitable Green Projects so that local and global investors can be attracted towards it.
- Establishment of a Green Finance Task Force to draft necessary roadmap for green financing in Nepal could be a breakthrough in this direction. Various countries have begun their journey via such task force.
- Regulatory bodies may decide to require BFIs and other companies to set up a Climate Risk Fund out of their CSR budget which will be used specifically for projects that are environment-friendly.
- We may include Green Finance incentives via monetary & fiscal policy. Such policy should be stable and goals should be well defined.
- Incorporate Green Foreign Direct Investment (FDI) Guidelines in prevalent Foreign Investment and Technology Transfer Act (FITTA) so that Nepal can bring in huge green global investments.
- Nepal needs to identify and work with potential investors and investment fund willing to invest in green projects. Green Investment Summits can be conducted in international platforms to let the world know about our potentials.
- Green public procurement practices need to be promoted through the amendment in Public Procurements Act in Nepal.
- Latest trends and green progress need to be tracked and reported by the taskforce and consequent amendment in our policies need to be made. Each level of government and private institute needs to focus in achieving sustainable development goals.
- Effective implementation of Environment Protection Act, 2076 and related legislation.



8. Conclusion

Nepal needs to learn from best practices from the region as well as other emerging markets in greening the financial system in a way that works best for the country. Nepal is rich in natural resources, biodiversity, and possess immense hydroelectricity potential. Along with these, Nepal is in a state where it requires paradigm shift in development activities. Thus, Nepal should adopt the concept of Green Financing to fulfil its development aspirations. It is the right time for Nepal to formulate and implement conducive policies to utilize an integrated approach to develop a green ecosystem in the pursuit of a green and circular economy that

can deliver both climate and sustainable development impacts consistent with the targets under the UN Paris Agreement and the Sustainable Development Goals (SDGs).

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नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था नेपालमा लेखाव्यवसायको विकास, संरक्षण र सम्बर्द्धन गर्नको लागि नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ अन्तर्गत स्थापित एक स्वायत्त नियमनकारी निकाय रहेको सर्वविदितै छ । संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले लेखापरीक्षण (Audit) वा प्रमाणिकरण (Certification) लगायतका कार्यहरू गर्दा आफ्नो प्रत्येक प्रतिवेदनमा अनिवार्य रूपमा १८ अंकको एक अद्वितीय संकेत नं. (Unique Document Identification Number- UDIN) संस्थाको वेबसाइट www.ican.org.np मा रहेको UDIN Portal बाट जारी गरी सो नम्बर आफ्नो प्रतिवेदनमा उल्लेख गर्नुपर्ने व्यवस्थालाई मिति २०७६ कार्तिक ०१ गतेबाट अनिवार्य लागू गरिएको व्यहोरा सर्वविदितै छ ।

यसै सन्दर्भमा कुनै पनि व्यक्ति वा निकायको लेखापरीक्षण वा प्रमाणिकरण गरी संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले प्रदान गर्ने प्रतिवेदनहरूमा अनिवार्य रूपमा १८ अंकको अद्वितीय संकेत नम्बर (UDIN), हस्ताक्षर मिति, लेखापरीक्षण फर्मको छाप, लेखापरीक्षकको नाम तथा पेशागत प्रमाणपत्र नं. लगायतका विवरणहरू उल्लेख नभई प्राप्त भएमा सो प्रतिवेदन स्वीकार नगर्न सरोकारवाला सबैमा अनुरोध गरिन्छ । साथै संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले हस्ताक्षर गरेको लेखापरीक्षण वा प्रमाणिकरण लगायतका कार्यहरूको प्रतिवेदनमा यस्तो UDIN, हस्ताक्षर मिति, लेखापरीक्षण फर्मको छाप, लेखापरीक्षकको नाम तथा पेशागत प्रमाणपत्र नं. नभएमा सो प्रतिवेदन यस संस्थाको लागि आधिकारिक नहुने व्यहोरा जानकारी गरिईन्छ । साथै कुनै प्रतिवेदनमा उल्लेख भएको UDIN यथार्थ तथा आधिकारिक भए नभएको सम्बन्धमा नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्थाको वेबसाइट वा सिधै <https://udin.ican.org.np/verifydocument> मा गई जाँच गर्न सकिने व्यहोरा समेत जानकारी गराईन्छ ।



NFRS 16: An Overview and its Practicalities



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1. Introduction

The Institute of Chartered Accountants of Nepal has pronounced Nepal Financial Reporting Standards (NFRS) 16-Leases effective for mandatory application from 16 July 2021 onwards (ICAN Council meeting no. 244 dated 11 Ashad 2077). This came as a paradigm shift for accounting of lease by lessee with significant impact on the statement of financial position as well as in statement of profit or loss of lessee. The introduction of the new standards on lease accounting has created a massive havoc in the business circle as well as professional circle. The complexity on some of the matters guided by NFRS 16, the nature of lease in the context of Nepal and the resultant impact seems to be major setback/hurdle or dilemma in the application of the standard.

In this overview, we try to highlight the changes from previous standard NAS 17 to new standard NFRS 16, keys to unlock the new standard and its accounting impact,

purely from the perspective of lessee. In addition, we look at the recognition, initial and subsequent measurement, and presentation/disclosure requirements.

2. Significant Change from NAS 17

Massive changes has been introduced by the introduction of NFRS 16 from the previous NAS 17. For lessee, the lease was required to be categorized as operating lease or finance lease. The conditions that categorised a lease as finance lease were:

- Lease transferred the ownership of assets at the end of lease period,
- Lessee had option to purchase the assets at end of term at substantially lower price than fair value at the date such option came to effect was reasonably certain that option would be exercised,
- Lease term covered major portion of the economic life of leased assets,
- At inception of lease, present

value of minimum lease payments substantially equalled to the fair value of lease assets, and

- Lease assets could be used only by the lessee without major modification.

If the lease did not satisfy above conditions, such lease would then be classified as operating lease. The nature of accounting was straight forward for operating lease as well as finance lease.

Now, in the new standard, there is no such separation as operating lease and finance lease. All leases are now required to be accounted distinctly with booking of “Right of Use (ROU) Assets” and “Lease Liability”, except in the two conditions:

- Short term lease (such leases that are for less than a year on lease start date)
- Small value assets (like leasing of projectors, office equipment that might not have significant amount compared to the operation and assets of



the entity. However, if all office equipment are on lease, then such may not be considered as small value assets). This election of small value assets could be made on lease by lease basis, based on the significance of the assets and lease payments involved.

3. Accounting for small value assets and short-term lease

Lease payments associated with small value assets and short-term lease are accounted as lease expenses on either straight-line basis (equated amount over the period of lease) or another systematic basis. On straight line basis, periodic lease expenses is derived by computing total lease payments over lease period including increment option and dividing the total amount by total lease period). If there is no ballooning payment at either start, mid or end period of lease, then the systematic basis might be represented by the amount mentioned in lease contract and periodic increment thereafter, which is usually linked or almost equals annual general inflation.

4. Initial measurement of lease except small value assets and short-term lease

At first, we need to assess whether any contract contains lease. NFRS 16 provides a guideline for assessing the existence of lease in a contract. Contract has lease component if it satisfies the following conditions.

- a. Assets should be identified,
- b. User of assets should have all rights for deriving economic benefits from use of such assets,
- c. User should have the right to use such assets during lease period as required by user,
- d. The owner of assets do not have right to change operating instructions for the use of assets,
- e. User designs the assets in manner suitable for use throughout the contract period.

In general, all our rental contracts seem to comply with all these matters. It should be noted that even though standard states that the use of assets could be decided by user as to how to use and for what purpose, it is believed/understood that legal activities are carried out without major modification to the external structure of

the assets. After the application of NFRS 16, all leases except small value assets and short-term lease, are required to be accounted as “right of use assets (ROU)” and “lease liability”.

Initial measurement of Right of Use Assets

The value of ROU Assets at the inception of lease includes the following amounts:

- a. Initial measurement of lease liability,
- b. Advance payments of lease at or before commencement date, less incentives received, if any,
- c. Initial direct cost incurred by lessee for arranging lease,
- d. If the site is not ready for use as intended, then estimated cost for making such site ready.

At the inception of lease, ROU assets are measured at cost.

Initial measurement of lease liability

At the inception date, the total lease payments that are not paid at the commencement of lease are discounted using interest rate implicit to the lease and total present value is arrived at. Interest rate implicit to the lease is such interest rate which makes (the present value of lease payment + unguaranteed residual value) = (fair value of assets + initial direct cost of lessor).

Generally, this rate is practically difficult to compute in our economic scenario because of the absence of reliable measurement of fair value over lease term of such assets. In such cases, we can use the incremental borrowing cost of lessee. This rate could be derived from market scenario by analyzing the interest rate to be paid to banks and financial institutions for acquiring similar type of assets under similar terms with similar security, and borrowing period similar to lease period. For simplicity, we can use average lending rates of commercial banks published by Nepal Rastra Bank on specific sector loan as incremental borrowing cost of lessee.

Lease payments that are required to be included in the computation of initial lease liability includes the following:

- Fixed payments of lease,



- Variable portion of lease payments, if any,
- Amount estimated to be paid by lessee as residual value guarantee,
- If lessee has option to purchase the assets at end of lease period and lessee is reasonable certain of purchase, then such payment amount, and
- Payment of penalty for lease termination if lease term reflects lessee exercising an option to terminate the lease.

Subsequent measurement of right of use assets

Right of Use assets is generally categorized as separate component under property, plant and equipment (unless it meets definition of investment property). Thus, this assets is also subject to depreciation. Depreciation of ROU assets is also guided by NAS 16 Property, Plant and Equipment. Even though NAS 16 provides or allows different methods of depreciation, straight line method is generally used for practicability and simplicity. Impairment testing of ROU assets is also carried out on annual basis and if impairment loss exists, such is also adjusted to the carrying amount of ROU assets, in each year. Accounting entry for subsequent measurement at period end will be:

Dr. Depreciation on ROU Assets

Dr. Impairment loss on ROU Assets (if exists)

Cr. ROU Assets

Revaluation Model

There is option to measure the ROU Assets at revaluation model. ROU assets, either classified as property, plant and equipment or investment property, could be measured at revaluation model:

- If lessee has applied fair value model to its investment property, then the ROU assets meeting definition of investment property shall also be measured at fair value.
- If lessee has applied revaluation model to a class of property, plant or equipment and the ROU assets is similar to that class of assets, then ROU is also measured at revaluation model. For example, if the self-owned building of entity is under revaluation model and entity obtains another building on lease,

then such leased building shall also be measured at revaluation model.

Subsequent measurement of lease liability

Lease liability computed comprises the present value of future lease payments. Any amount that is measured at present value has financing component or interest portion. In subsequent period, we go on making lease payments also. As discussed earlier, such amount cannot be accounted as lease expenses now on, so the total amount of payment made on each period is separated to finance charge on lease and settlement of lease liability. The subsequent lease liability is computed by adjusting the initial amount of liability by:

- Increasing the lease liability by finance charge on lease liability
- Reducing the lease liability by lease payments made
- Re-measuring the carrying amount of lease liability in light of lease modification or to reflect revised lease payments

Combined accounting entry (except the impact of point iii.) will be:

Dr. Finance Charge on Lease

Dr. Lease Liability

Cr. Bank (Lease payment)

Subsequent measurement of lease liability and ROU assets will result in booking of following amounts in statement of profit or loss:

- Depreciation/impairment loss on ROU assets
- Finance Charge on lease

Requirement to reassess lease liability

There are two conditions where lease liability is required to be reassessed. One requires use of revised discount rate and another condition does not require use of revised discount rate:

- Requiring revised discount rate:** Changes in lease term or change in option to purchase the assets will require re-measurement of lease liability. In these context, revised discount rate for



the remainder of lease terms is used. Previously booked amounts on statement of profit or loss will not be restated on such scenario.

- b. **Not requiring revised discount rate:** Change in expected guaranteed residual value or changes in the lease payments due to change in index or rate used to determine such lease payments results in requirement to re-measure lease liability. In this context, original discount rate is used.

Re-measurement of lease liability is adjusted to ROU Assets. However, if value of ROU assets is reduced to zero and there is further reduction in lease liability, such remaining amount is recognized in statement of profit or loss.

NFRS 16 seems to imply that discount rate is changed in lease accounting only when there is change in lease term or change in option to purchase the underlying assets of lease.

5. Lease modification

NFRS 16 defines lease modification as a change in the scope of a lease, or the consideration for a lease, that was not the part of the original terms and condition of the lease (for example adding and terminating the right of the use one or more underlying assets, or extending or shortening the contractual lease term (*NFRS 16, Appendix A, page 697*)). The nature of modification can be:

- a. **Modification as a separate lease-** Whenever there is introduction of new scope of the lease or reduction in scope (like adding or terminating the ROU of assets) or change in lease term, such is treated as lease modification. Lease modification might give rise to need of accounting of new lease.
- b. **Modification as same lease-** If the lease modification increases the scope of lease and the lease payments are proportionately increase for such increase, then such lease modification is treated as separate lease. This means accounting of ROU assets and lease liability on such modification separately from original lease contract. New discount rate is needed for computation of new lease in such case.

If the lease modification does not satisfy the above conditions, then no new lease is recognized. The modification shall be treated as stand-alone lease, determine the lease term and re-measure the lease liability by discounting the revised lease payments using revised discount rate. Lease modification might arise from reduction of scope or from other modifications. Accounting treatment for scope reduction and other matters are slightly different:

- a. **Scope reduction:** If the scope is reduced as lease modification, then upon computation of revised lease liability, the carrying amount of ROU assets is reduced to the available extent (partial or full, based on scope reduction or lease termination). Any gain or loss on partial or full termination of lease is immediately accounted in statement of profit or loss.
- b. **Other modification:** For other lease modification, the adjustment is made in the carrying amount of ROU assets.

6. Presentation Requirement In Statement of Financial Position

As discussed earlier, leased assets could be either categorized in property, plant and equipment or investment property. If such assets falls under investment property, then leased assets are included in investment property and such information along with figure disclosed in notes.

If categorized as property, plant and equipment, then we can present the leased assets either by including such assets as separate component of assets or in same component of similar assets. If included in other components, where such assets have been included needs to be disclosed. For example, if we have vehicle as leased assets, then we can present this under vehicle component also, by disclosing this matter in notes, or separately as “Right of Use Assets” as new component.

Lease liability can be mixed with other liabilities but with appropriate disclosure of the matter. For better presentation, lease liability might be presented as separate line item in statement of financial position.



Current and non-current liability can be separated from total lease liability based on the computation table that provides information of lease liability that will be adjusted within a year and after one year.

In Statement of Profit or Loss and Other Comprehensive Income

Finance charge on lease liability can be presented under “Finance Cost”. Depreciation on ROU assets is generally included along with depreciation on assets. If the presentation of statement of profit or loss in on functional model, then appropriate segregation of depreciation on ROU assets to each function is required.

In Statement of Cash Flows

Short term lease payments (that do not require assets/liability accounting) are included in operating activities. ROU assets are non-cash assets, thus their recognition is not presented under investing activities. Lease liability settlement (principal portion of lease) are included under financing activities and finance cost on lease liability is generally included under financing activities.

First Time Application of NFRS 16

Generally, first time application of new accounting policy warrants retrospective re-statement of the financial statements. However, for ease in transition, NFRS 16 has provided an easy alternative to such application.

Suppose, we are applying the lease standard for the first time in fiscal year 2078-79, then we need to compute the lease liability as on 01 Shrawan 2078 and consider the same amount as ROU assets (with adjustment of prepaid or accrued payments) (*NFRS 16 para C8 (b) (ii)*). No any impact on equity arises on application date. In another treatment, ROU assets and lease liability as on 01 Shrawan 2078 is computed and the cumulative impact of finance cost and depreciation on ROU assets till 01 Shrawan 2078 is provided in retained earnings as adjustment to opening figures of current year (*NFRS 16 para C5 (b) and para C8 (b) (i)*). This means opening

retained earnings for the year 2078-79 is adjusted from closing retained earnings of 2077-78 by inserting a line item of restatement. Disclosure of opting any one model should be provided in notes.

Impact on Taxation

Section 22 of Income Tax Act 2058 provides that books of accounts are required to be maintained as per acceptable accounting principles (NAS, NFRS or similar standards). This means that accounting of lease done as per NFRS should be principally accepted by income tax authorities. However, due to complications of the computation and use of discount rate that will be different for different entities, income tax authorities will be reluctant to accept the expenses booked for lease as per NFRS 16. They might insist on allowing expenses as per actual payment only.

Further, Section 32 of the Act recognizes the finance lease and directs to use normal interest rate as discount rate. This section allows for finance charge to be treated as expenses. However, accounting of lease as per NFRS 16 is not finance lease now on, thus, this section might not be applicable to claim expenses as per section 32 also. Thus, accounting of deferred tax might be required in case of lease accounted by lessee as per NFRS 16.

7. Summary

The application of new standard on lease has resulted in change in how we understand and account for the lease. Previously, where we accounted for office rent expenses for operating lease and separate treatment for finance lease as a lesser, a shift in accounting has arisen. Now the leased assets will be accounted as Right of Use Assets and Lease Liability and instead of rent expenses in statement of profit or loss, depreciation on ROU assets and finance charge on lease liability will arise. Additional accounting of deferred tax accounting might be required.

Reference: NFRS 16 published by Accounting Standards Board, Nepal.

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Participation of Women in the Energy Sector of Nepal



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1. Background

Nepal is a rich country in terms of natural resources and budding opportunities. Even though a country's topography has been the biggest challenge for infrastructure development, it is also a valuable resource for various needs, including hydropower. We have huge hydropower potential. Based on the water resources availability, Nepal's technical potential for hydropower has been estimated to be 83 gigawatts (GW). Usually all the technically potential water resources will not be developed due to other constraints. Hence, about 42 GW is considered economically viable (ADB south Asia Working Paper Series No 20, June 2020). As per Nepal Electricity Authority's annual report 2023 - NEA's hydropower plants generated 2,930 GWh of electricity in the year 2022/23. The perennial nature of the rivers and the steep gradient of landscape provide ideal settings for the generation of large hydroelectric projects.

2. Nepal's Economy

Nepal is one of the least developed countries of the world that needs to come up with a well thought out plan to bring economic prosperity for poverty alleviation. Nepal is an import-reliant economy where more than 40 percent of its revenues come from import taxes (Government of Nepal, 2022). Imports have increased throughout trade history of Nepal. The over reliance on imports versus weak exports is reason for the chronically widening trade deficit, which has adversely affected development.

The reliance on imports also causes many other negative impacts ranging from slow industry growth, vacuum in human capital development, lack of innovation and entrepreneurship, ballooning trade deficits, depleting foreign currency reserves and stifling of fast paced economic growth. All these problems are evident in various proportions in Nepal. To implement import substitution the government would have to replace its most substantial revenue contributors with alternatives. At present agriculture, energy and tourism are believed to be the foundations for game changing transformation. The country has continued to prioritize energy production for export to neighboring countries.

3. Electricity in Nepal

Although hydropower is produced in 150 countries, Nepal's economically feasible hydropower generation capacity is one of the highest. Nepal's first hydropower project, Pharping (500 kw) was started in 1968 B.S.(May 1911). Based on the water resources availability, Nepal's technical potential for hydropower has been estimated to be 83 gigawatts (GW). Usually all the technically potential water resources will not be developed due to other constraints. Hence, about 42 GW is considered economically viable (ADB south Asia Working Paper Series No 20, June 2020). Nepal's total installed capacity of electricity has reached 2,532.36 MW in April 2023. (My Republica, 15 April 2023)

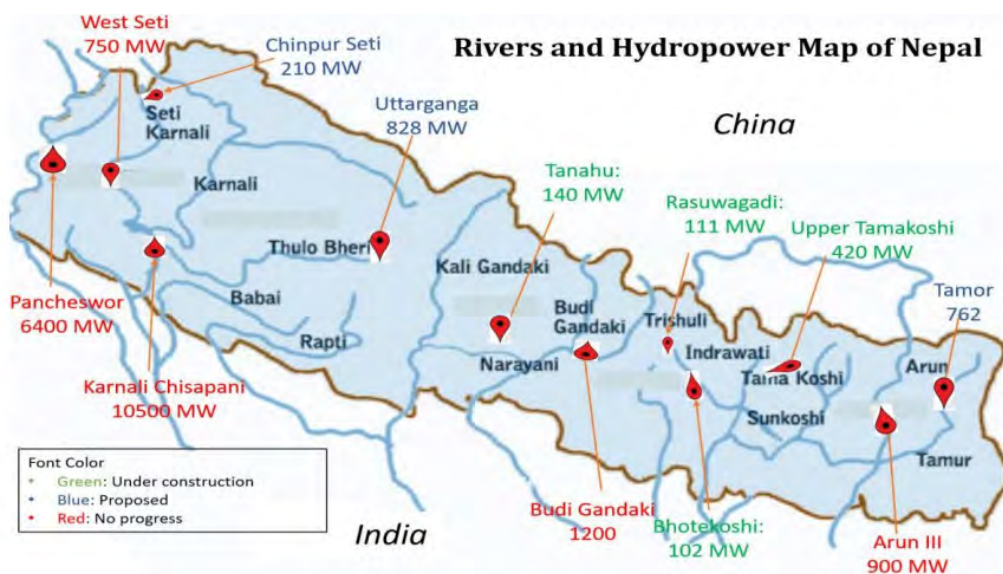
Besides, Nepal has not yet fully realized the multipurpose, secondary, and tertiary benefits from

hydro resources – drinking water, irrigation and flood management, etc. Nepal’s water resources endowments are extraordinary. It endows approximately 6,000 rivers with a total length of 45,000 kilometers (km). Average water runoff from these rivers is about 220 billion cubic meters annually. The major river basins are Sapta Koshi, Karnali, Sapta Gandaki, Mahakali, and the Southern rivers (Gurung and Oh 2011); their respective generation capacities are presented in Table 1.

Table 1: Major River Systems of Nepal and Their Hydropower Potential

Major River Basin	Theoretical Potential		Technical Potential		Economic Potential
	Megawatts	Project sites	Megawatts	Project sites	Megawatts
Sapta Koshi	22,350	53	11,400	40	10,860
Sapta Gandaki	20,650	18	6660	12	5270
Karnali and Mahakali	36,180	34	26,570	9	25,125
Southern Rivers	4110	9	980	5	878
Total	83,290	114	45,610	66	42,133

Source: K.C. Surendra et al. 2010. Current status of renewable energy in Nepal: Opportunities and challenges. Renewable and Sustainable Energy Reviews, 15 (2011).



In a situation where country is not yet fully self-sufficient in electricity, it is important to increase its energy dependency on electricity generated from hydropower projects. Having to spend substantial sums of money for importing fuel while having an immense potential for hydropower development is distressing. Developing adequate hydropower can help to change this and also towards achieving the Sustainable Development Goals (SDGs) that can contribute to protecting the environment, improving the economy, and enhancing health of children and women with increased access to energy. Therefore, it is a high time to realize the benefits from hydropower sector for addressing shortcoming associated with the social and economic sectors such as the economic growth, natural resources conservation, and increasing investment opportunities and improving the trade balance.



4. Women and their Role in Nepal

The total population of Nepal on Census Day (25 November 2021) was 29,164,578. Of this, the males population was 14,253,551 (48.87 %) and that of females, 14,911,027 (51.13 %). The sex ratio was 95.59 males per 100 females. According to the detailed census report, the literacy rate of the population aged five years and above is 76.3 percent: the male literacy rate was 83.6 percent and female literacy 69.4 percent. Owing to deeply rooted gender discrimination, the participation of women in economic affairs is limited to household work, which, however, is not accounted in the Gross Domestic Product. The life expectancy of women is comparatively lower than that of men. In addition, women face discrimination in their homes, communities, and workspaces. There are multiple intersecting forms of discrimination across women in societies such as Nepal, where caste, ethnicity, and location (urban vs. rural) influence the outcomes differently.

As per UNDP Report, September 2022, Nepal improved its ranking from 144th to 143rd position in Human Development Index. Similarly, a study by World Economic Forum ranked Nepal in the 105th position out of 149 countries on the Global Gender Gap Index 2018, indicating the critical need to focus on gender equality in different sectors.

In global scenario, a fairly large number of women are engaged in the energy sector. According to a 2019 study by the International Renewable Energy Agency (IREA) entitled “A Gender Perspective”, women comprise 32 percent of the renewable energy workforce i.e. hydro power sector. The proportion of women in wind energy was 21 percent and that is solar PV, 40 percent in global. Women’s representation and participation in politics has improved over the years due to constitutional mandates of women representation. (Article 312 of Constitution of Nepal 2015). Their participation in public services, including the security forces, has also improved. They make up about 41 percent of elected representatives in local bodies, and close to 34 and 25 percent in the provincial and federal parliaments, respectively. The ownership of assets and property by women is around 34 percent. (Table-1)

Table-1: Women’s participation in various sectors in Nepal

Women Representative in various sectors	Women Presence
Federal Parliament	33.35%
Province Parliament	34.45%
Local government	40.85%
Nepal Civil Service	26%
Ownership in Land and Property	33.93%
Security – Nepal Police	11.02%
Security – Nepal Armed Police Force	8.85%

Source: Sustainable Development Goal Achievement Report (2016-2019)

5. Legal Provisions for Women Rights

The Constitution guarantees women’s rights as a fundamental right, reaffirms the right to safe motherhood and reproductive health, education, health, employment, equal pay, social security, and property rights and guarantees inclusion of women in all state bodies on the basis of principle of proportional representation. Some of the key legislations safeguarding the rights of the women are:

- The Constitution of Nepal: Fundamental Rights - citizenship rights, women rights, social justice rights, social security rights, etc.
- The National Civil (Code) Act 2074
- Human Trafficking and Transportation (Control) Act 2064
- Civil Service Act, 2049
- The Human Rights Commission Act, 2053
- Domestic Violence Act, 2063
- Electronic Transactions Act, 2063
- The Sexual Harassment at Workplace (Elimination) Act, 2071
- The National Criminal Procedure (Code) Act, 2017
- National Women Commission Act, 2074
- National Gender Equality Policy, 2077

6. Women’s Participation in Energy Sector

Women are related to water for livelihoods in various



and now they are also involved in hydropower projects. Their engagement in the hydro sector can be discussed in three categories:

6.1. Women as Electricity Consumers, and Water Users

Women in Nepal have strong relationship with water sources in every ways possible. Among women's relationship with other natural resources, women's everyday social, economic and cultural life is associated in water and river in many ways.

More recent migration trends suggest that a majority of males in many households have traveled abroad or to urban areas for work, trade, and services. Therefore, women are faced with more responsibilities to operate and manage household affairs. Women's relation to water and hydroelectricity can be summarized as follows:

- 100% women are consumers of electricity for light, cooking, and household appliances.
- Fresh drinking water accessibility is a major challenge in many parts of the country. Women spend hours every day to collect water from nearby sources (well, swallow well, taps and rivers) for the family and cattle.
- Rivers are used for washing clothes and bathing.
- Rivers are considered holy places to worship and perform religious rituals.
- Women celebrate various festivals with holy bath in the nearby rivers. *Rishi Panchami*, *Maghe Sankranti*, etc. are some examples.
- Fishing is one economic activity on which many families depend for income.
- Boating to cross rivers for travel is one economic activity in the riverbank settlements.
- Water is used for irrigation and is crucial for the largely agriculture-based economy of Nepal.

Women are affected in different ways by electricity generation, distribution, and availability. Availability of reliable energy can benefit them from multiple ways. However, construction of energy projects in their neighborhood affects their natural resources resulting in multiple impacts on their lives. Some of

these impacts are,

- Whenever hydropower generation project is constructed near settlements, women comprise the largest population affected by the new development and construction activities.
- Whenever rivers are utilized by power producers, their routine use is compromised. For example, they might have to explore alternative sources for drinking water and water for other purposes.
- Further there is a presence of outsiders involved in construction that can have social impacts, particularly in culturally sensitive areas. Presence of male workers in the projects can also affect their privacy and safety. Taking bath in river in everyday and specific festival seasons can be difficult in presence of outside community workers and people.
- Women visit rivers every day to fetch water for family and cattle; this can be compromised because of river diversion and presence of various people in river side areas and also due to contamination of water rendering it unpotable.

To address the changes in everyday lifestyle and possible adverse effects to their lifestyle, culture, safety threats, etc. It requires regular consultations with project affected women. Existing social norms, household responsibilities, mobility, and social acceptance are some factors that hinder women's participation in public meetings. Generally, they are discouraged from participating community meetings as men are considered as household heads and own most land. As household heads, men are considered to be decision makers, which is why women are generally excluded in such consultations.

One benefit of increased access to hydroelectricity is using energy for cooking. This can benefit women in terms of reducing risks of respiratory diseases caused by use of traditional fuels. Also there will be saving of time due to faster cooking in electricity and avoidance of transit time of collecting firewood. That time can be utilized for economic activities.

6.2. Women Engaged in Energy Generation

Accessibility has been major hurdle for women.

If we compare participation of women in energy generation/ distribution using a gender lens, it is obvious that female participation is very low. Female participation as workers is limited. Since women get less opportunities to study technical subjects like engineering and project management, there is a shortage of skilled women experts. For unskilled work, there are social and geographical barriers that constrict access of women in project development. Culturally they are discouraged to get involved in economic activities and are limited to childcare and home management. As a result there are only a few women workers in construction works. Males, in contrast, can travel to places for exploring opportunities and engage in economic activities. Further, the large number of male workers in projects site is another barrier that prevents women from seeking work space in hydro-projects. Their presence as developers and in company boards and management levels is also minimal, even though there has been a tendency to register some businesses in the name of women for tax purposes.

As hydropower projects are located in rural and least developed areas, ensuring safety of women, health and wellbeing is something that remains to be studied. Gender inequality remains the biggest problem in Nepal where girls are always treated as support system to men. The situation in rural areas is worse than urban areas. As compared to men, women are also paid less for similar jobs. The gender gap in Nepal's hydropower sector is reflected in the following diagram:

been various constraints like stereotypes, gendered norms, safety issues etc.

If we analyze the existing women presence in the hydro power sector, the picture is miserable but improving. Women are least welcomed in all levels of engagement. Gender neutral workplace with merit-based selection, engagements and promotions remain a dream. Positive gender discrimination policy of the government has also not been successful in changing the energy sector.



The data above explains the minimal presence of women talent in decision making levels. Women participation in executive and board level are limited to single digit percentile.

7. Women in Policy Making and Governance

Women participation in mainstream politics is increasing in Nepal due to promulgation of constitution in 2015 AD which mandates minimum 33 % of representation in parliament of Nepal. Also, rules on corporate governance has been encouraging investors to have more women as board members. However, since the overall women participation of women is low in every government agency, policy making and leadership positions, the issues affecting them, opportunities and challenges are also least discussed. When the policy making platforms are completely composed of male members only, there will be a lack of gender sensitivity and promotion of equity. Promoting women in leadership roles and ensuring a respectful workplace environment can help in narrowing down the gender gap.

The following practices can help to bring about some positive change.

- Having more women director in company boards.



The data shows that women engineers are underrepresented in Nepal's Hydropower sector. In terms of labor force also, women employment is mostly concentrated as unskilled laborers. There have



- Increasing the representation of women in company unions to amplify the voices of women employees.
- Establishing an inclusive hiring panel with at least one woman as member for inclusive recruitment.
- Encouraging female applications in all new recruitments and disclosing the provision in advertisements.
- Revising personnel manual and policies for ensuring gender equality and include clauses for discouraging bullying and sexual harassment.
- Appointing a female employee as a Grievance Handling Officer to address and respond to gender-based violence in the workplace.
- Orienting employees on the grievance mechanism and gender-related violence prevention.
- Recruiting a female employee in a senior technical position in a non-traditional role.
- Continuing training for regular changes and improvements.

The Sustainable Development Goal five on gender equality and women's empowerment advocates women's effective participation and equal opportunity for the empowerment of women at all levels and ending all forms of discrimination. Attaining this requires elimination of all gender-based discrimination at all levels of decision-making including access to information and opportunities. A study undertaken by Asian Development Bank (ADB-2018) reports that representation and participation of women in decision-making positions, especially in energy project and institutions are very limited. Women and excluded groups are facing various structural barriers preventing them to participate in energy production and benefiting from energy sector. At Nepal Electricity Authority (NEA), a state owned organization responsible for generation, transmission and distribution of energy, the presence of women at mid and lower level of professional is limited to about 10% in against of about 89% men. In the case of Alternative Energy Promotion Center (AEPCC), another institution working for clean

energy sector, the situation seems slightly better. In the total human capital base, 72% are men and the participation of women is about 28% in mid and lower level professions. Independent Power Procedures Association of Nepal (IPPAN) – one umbrella organization of private power producers has tried to ensure participation of women in executive committee but only constant concerns raised by various stakeholders, after the amendment of its constitution in 2018.

A study undertaken with the support of the International Finance Company (IFC, 2020) pointed out gender stereotyping, lack of gender sensitive policies and practices, and remoteness of hydropower project sites as major challenges hindering the participation of women in hydro power generation/distribution projects. The participation of women and reflecting their voices in project design and its development therefore remains a critical issue. The low number of male workers available means that women are associated with everyday use and protection of natural resources. Contrary to their absence of participation in project development and implementation phase, women are the largest user groups of hydroelectricity. Due to male dominated foreign migration for employment, women have sheer number of population in rural areas where majority of project development and expansion take place. In male member's absence, women are using natural resources and such end products to support elder members, children and cattle. This is why women's participation and their engagement in hydropower projects are critical.

8. Barriers to Participation and Decision Making

Literacy is a major constraint that hinders women participation in public meetings. Men are in an advantageous position for this because they receive more exposure and opportunities in education and participation compared to women. Difficult topography is one factor that create obstacles to women's participation in consultations and decision-making process. Due to the difficult topography, there is a tendency of organizing consultations at market centers and accessible locations. Such centers are generally



far from project-affected communities in the case of hydropower projects.

The Hydropower Environment Assessment Manual, 2018 requires developers to acquire gender disaggregated data during the Environment Impact Assessment (EIA). It requires information on gender related impacts such as employment, marginalization and sexual harassment, impact due to influx of migrant workers, crime, trafficking, and loss of livelihood opportunities. The Environment Protection Act, 2076 and its Regulation 2077 has provisioned for public hearings and notification of impact assessment in national newspapers. However, it is silent on inclusive and mandatory women's participation in consultations. In case of projects financed by international financing institutions (IFIs), due to their mandatory policy for inclusive consultations some developers try to comply with the requirements. In the case of projects promoted by private developers and the electricity utility the participation of women and vulnerable communities is significantly ignored. Considering the significance and impact of infrastructure projects on women and vulnerable populations it is essential to prepare a clear policy for ensuring women's participation in such developments. However, many donors' guidelines still do not provide positive discrimination towards women in employments though in theory, they are the most vocal in gender equality and inclusion.

9. Conclusion

As in other sectors, the energy sector is largely male dominated. Therefore, it is opportune to purposively promote principles of diversity, equity, and inclusion in the hydro sector. There are laws that seek to safeguard the rights of the women but their implementation is not encouraging. Nepal needs to strengthen the capacity of women in leadership roles. Creating networking opportunities and providing them learning platforms can assist women to be confident to compete for appointment in leadership roles. Since the women make up almost over 50 percent of population, the government need to make conscious efforts to boost their contribution in infrastructure development, particularly the hydropower sector. Focusing on StEM (Science, Technology, Engineering and Math) education and providing more access and opportunities from grants/scholarships to women would lead to more participation in the future.

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Video Banking: A New and Innovative Way for Banking



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1. Background

Shifting customer demands and the broadening banking ecosystem necessitates the development of a more advanced and customer-centric banking system. The COVID-19 pandemic in 2020 has presented a valuable learning experience for various industries to adopt digital platforms for continuing operations even during the most challenging circumstances. Fortunately, certain businesses have successfully seized this opportunity and embraced digital methods, which offer both convenience and comfort. Video banking, which harnesses the opportunities offered by the advancing digital technology, has emerged as a successful business model in Nepal and neighboring economies.

As such, video banking does not have a long history of development. Even though European countries began talking about the video banking service in 2010, it was successfully launched by the Royal Bank of Scotland (RBS) in 2014 using Zoom as the video conferencing platform (*Video Banking Service | Royal Bank of Scotland, n.d.*). In addition, the bank is credited with developing the first Internet banking site and mobile banking app. The Royal Bank of Scotland launched a full internet banking interface for users in 1997. It was dependable and quickly adopted by its clients. As a result, mobile phone top-ups became available in 2004 (*World's First Mobile Banking App Was Made In The UK - LA Progressive, n.d.*). RBS implemented video banking as a way to provide customers with a more convenient and personalized banking experience, especially for those who may not be able to visit a branch in person (*Video Banking Service | Royal Bank of*

Scotland, n.d.). Following the successful launch by the RBS, banks and financial institutions worldwide have embraced video banking as an integral component of their digital banking strategies. The popularity of video banking has surged as customers have become more at ease with technology and now anticipate a banking experience that is both personalized and convenient.

The concept of video banking is not very new in neighboring economies like India. The path was paved by some financial corporations like HDFC Bank, Indusind Bank and ICICI Bank. HDFC Bank branded its service as a Video Branch service, which enabled customers to interact with bank representatives through video conferencing from the comfort of their homes or offices. Moreover, the video banking service was taken to a new level with the launch of Kotak Mahindra 811 zero-contact Video KYC saving account by Kotak Mahindra Bank of India in 2018 with popular film personality Mr. Ranveer Singh in its commercial (*Kotak 811 Digital Bank Account Variants | Zero Balance Savings Account - Kotak Mahindra Bank, n.d.*).

2. What is Video Banking

Video banking refers to the modern service that allows customers to conduct banking transactions and seek professional banking advice or consultations through a remote video connection. This innovative service enables customers to have in-branch customer conversations by utilizing video conferencing technology. With video banking, customers can interact with bank representatives remotely and communicate in real-time through video chat, audio,



and text messaging for a range of banking services such as account opening, loan applications, account management, and financial advice.

Video banking offers a convenient and secure way for customers to access banking services or to receive personalized assistance from the comfort of their homes, offices or even while travelling without the need to physically visit a bank branch. This technology enables customers to open accounts, apply for loans, check account balances, and perform other banking activities. It is typically available through a bank's website or mobile app, and customers can access it using their computer, tablet, or smartphone.

Video banking is a situation where customers talk to their financial advisor or banker from home using [live video technology](#). The video connection allows banks to offer clients personal financial advice online and customers can get in touch with a human advisor remotely, when it best suits them.

3. Basic components of video banking

Although video banking has many different forms based on their technology service provider, they all have some similar components.

Video connection

Although termed as video banking, the video is always accompanied by an audio link which ensures the customer and bank representative communicate clearly with one another. The communication link for that video and audio typically requires a high-speed data connection for applications where the communicators are not in the same physical location. The service providers of video banking employ various technologies, but recent advancement in audio and video compression make the use of these technologies much more affordable. The connection technology is the two-way or multipoint reception and transmission of [audio](#) and [video](#) signals by people in different locations for [real time](#) communication with a [video camera](#) and [video display](#), capable of simultaneous video and audio communication. This technology may be obtained from a third-party service provider or developed in-house by the bank.

Hardware and infrastructure

The hardware components of video banking include a server for hosting the video banking system, video streaming engine, and storage devices for record keeping of communication between bank's agent and customers. The size of the infrastructure system depends on the number of customers targeted by the service. If is large, the hardware and infrastructure required would need to be of one with a similar capacity. Similarly, as a part of hardware, a computer or mobile device with a camera and microphone, and potentially additional equipment such as a headset or external microphone for better sound quality is required on the customer's end.

Integration with other systems

Video banking solution cannot work in a silo but has to be integrated with various in-house or externally hosted applications like Customer Relationship Management, Loan Management System, Loyalty Management System, Business Process Management System, Document Management System and many more. As the video banking solution is nothing more than an enabler or customer authenticator for initiating various customer requests, its integration functionality with other applications is critical for successful implementation and providing a seamless experience for customers.

Regulatory compliance and security protocols

In most economies around the globe, banks and financial institutions are highly regulated because of the inherited dependency of the entire economy on this sector. Therefore, the banks must comply with relevant regulations regarding video banking, data privacy laws and remote identity verification. Overall, video banking should combine technology and human expertise to provide a convenient and secure way for customers to access banking services remotely.

Moreover, due to the sensitive nature of banking transactions, video banking must have strong security protocols in place to protect customers' personal and financial information. This may include measures such as two-factor authentication, data encryption, and secured data storage in line with standards like System & Organization Control (SOC), International

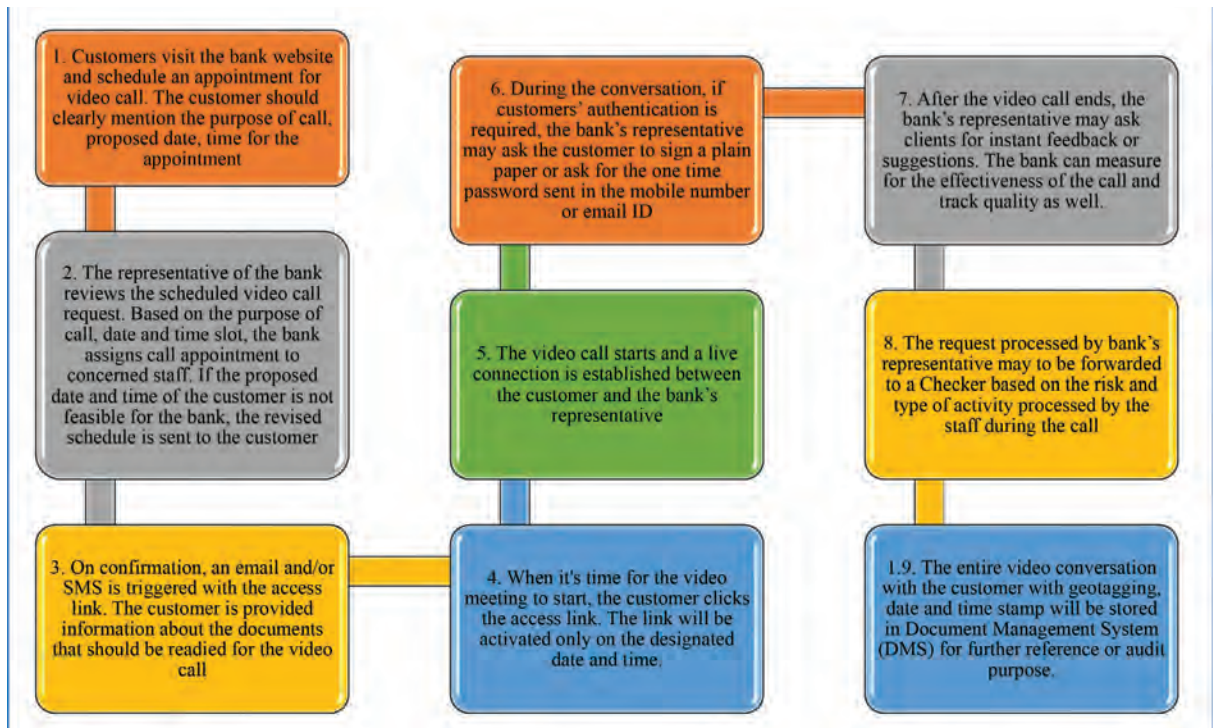


Organization for Standardization (ISO) and General Data Protection Regulation (GDPR).

4. How does video banking work?

With video banking, the bank establishes a live video connection between the customer and one of the bank’s financial advisors or agents.

The standard procedure for [video banking](#) involves the following:



5.1 How video banking benefits your customers

The ultimate benefit of video banking is that customers receive fast and efficient, yet still highly personal financial advice – also in times of social distancing and quarantine measures. The new [digital way of video banking](#) allows customers to interact with a bank agent or financial advisor from anywhere. Using any device connected to the internet, customers can start a video banking session with their bank from home, the office,

On top of scheduled video call, the Bank can also offer clients a click-to-video button to [instantly start a video call](#) on the bank’s website based on availability of bank’s representative to attend the call, or escalate to a video call from a current chat or phone conversation.

5. Benefits of video banking

Video banking allows banks to interact with customers digitally, in a secure and efficient way. It offers several benefits to both customers and banks, including increased convenience, improved access to financial services, and cost savings. It also provides an additional layer of security as banks can authenticate the identity of customers through video calls.

or on the go.

Benefit 1: Video banking is convenient and easy to use

- Customers can contact the bank from their own home or office – a safe way to interact with their bank, which also saves travel time
- Video banking works with a simple [click on a link](#), offering a smooth user experience.
- Customers can schedule and start a video call themselves with an [integrated booking form](#)

Benefit 2: Clear conversations and smooth customer service



- Video banking makes it easier for the customers to understand complex topics via extra visual support during a video call, with screen sharing or [co-browsing](#) functionalities.
- Customers get what they need faster, with less waiting time. The process for account onboarding/opening, loan application processing, and personal guarantee collection can be speeded up online. If customers have a complex question about Customer Service, they can be connected instantly to an agent via video banking for an immediate solution.

Benefit 3: Convenience

- Video banking can provide professional banking services to customers during nontraditional banking hours at convenient times, even after-hours with the service remaining open for 24 hours. This allows banks to provide customers with personal banking services even when they may be closed.

5.2 How video banking benefits bank

The most important benefit of video banking for banks is that it helps to provide the most convenient, efficient, seamless, and end-to-end online banking experience.

Benefit 1: Improve customer satisfaction

- With video banking, banks can continue to provide high-quality financial advice personally, also when physical branches are closed.
- They can build [stronger customer relationships](#) by making touch points more frequent and proactive.
- Video banking allows banks to personally advise customers on the financial impact of current affairs, like bank collapse in developed economies or global pandemics.

Benefit 2: Boost efficiency and productivity

- Video banking helps to save travel time for both clients and financial advisors
- It allows providing high-quality financial advice and enables high-value conversations with experts to more customers, regardless of their physical location by [centralizing video banking](#)

- Helps to shorten meetings.
- It helps to improve first-time fixes and reduce ticket handling time, and to provide interactive, personal support to customers even with more complex questions.

Benefit 3: Increase Revenue

- The use of video banking can speed up the sales cycle by reducing follow-up compared to telephone conversations, because visual aids like screen sharing or co-browsing make it easier to explain complex topics or requirements.
- As video banking is personal, it helps bank officials to understand customer needs better and signal opportunities for upsell or cross-sell. This way it can increase sales conversions in comparison with contact via chat or phone only.

6. Enabling services through video banking

There are numerous types of services that can be offered through video banking. In conjunction with transaction, video banking can include all of the following types of services.

- Customer onboarding or opening a new account
- Customer authentication
- Check deposits
- Cheque printing and similar account related services
- Account transfers or bill payments
- Account inquiries
- Process a new loan and collect necessary proceeding from loan client
- Address inquiries about banking services
- Customer service – lodge issues related to bank or banking services
- Remote advice on mortgages & loans
- Consultations with banking professionals
- Investments & wealth management

7. Practice in Nepal:

Video banking has potential to revolutionize the banking sector and improve financial accessibility for



the population in Nepal. This is so because country has diverse geography and remote and difficult-to-reach areas, and people living in these areas have challenges in accessing traditional banking services. Video banking can bridge this gap by offering virtual face-to-face interactions with customers, regardless of their location and eliminate the need of travel to physical bank branches.

However, the concept of video banking is still in its early stages of development. Some banks in Nepal had started exploring and implementing video banking services, but it remains to be widely adopted. Alongside the changing market dynamics caused by the pandemic and customers' preference towards digital services some banks have begun discussions on automated solutions like video banking. Some banks such as NMB, Nabil, NIC ASIA and Jyoti Bikas Bank have recently launched a form of video banking. These banks are more focused on using the solution for customer onboarding and do not provide complete customer services discussed above. This could be due to the newness of the solutions, which also requires customer confidence and training staff and associated departments in using the solution.

8. Conclusion

Video banking has emerged as a transformative technology for the banking industry with potential to revolutionize the way customers interact with financial institutions. This article has explored the various benefits and implications of video banking

and highlighted its conveniences and discussed how it can assist in personalizing service, and enhancing customer experiences. Video banking has proven to be a powerful tool for financial institutions to bridge the gap between traditional brick-and-mortar branches and digital banking platforms. By offering face-to-face interactions remotely, video banking provides customers with real-time assistance, expert advice, and the ability to conduct a wide range of banking transactions from the comfort of their homes. Further, video banking has the potential to increase financial inclusion by reaching underserved populations and geographically remote areas. However, it is crucial for banks to ensure robust security measures to protect customer data and maintain trust. As video banking continues to evolve and improve, it is expected to become an integral part of the banking landscape in the coming days.

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The Management Alchemist: Henry Fayol's Principles for Thriving in Today's Management Landscape



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***Abstract:** This article explores the enduring relevance and practical application of Henry Fayol's principles in the modern management landscape. Despite being introduced over a century ago, Fayol's principles continue to offer valuable insights for managers seeking success in today's dynamic and competitive business environment. Through an in-depth analysis and synthesis of existing literature, this article provides a comprehensive guide that demonstrates how Fayol's principles can be pragmatically applied to enhance organizational performance and thrive amidst contemporary management challenges.*

1. Background

Management's importance as a determinant of organizational success has long been supported by research dating back to the late eighteenth and early nineteenth centuries, from the classical period to the modern period, including studies conducted by Frederick Taylor, Henri Fayol, Max Weber, Elton Mayo, Abraham Maslow,

and Douglas McGregor, among others. Ricky W. Griffin describes management to be "A set of activities (including planning and decision making, organizing, leading and also controlling) directed at an organization's resources (human, financial, physical and information) with the aim of achieving organizational goals effectively and efficiently in a changing environment". Management, according to F.W. Taylor, is the art of understanding what you want to achieve and ensuring that it is done in the best and cheapest way possible. Organization provides the framework, motivation, and context for the actions of both individuals and groups in which management is the dynamic process that plans, organizes, and directs those actions in order to achieve the objectives of the organization. The relationship between management and organization is mutually beneficial since good management practices help an organization succeed and a well-organized structure fosters

good management practices.

Henry Fayol (29 July 1841 – 19 November 1925), a renowned figure in the field of management, made remarkable contributions during the early 20th century, is often called Fayolism. As a mining engineer and executive, Fayol developed a comprehensive framework of management principles to address the challenges and complexities of organizational management which is known as "14 Principles of Management" which are well-known among the numerous management principles proposed by the management forefathers and even have practical application these days. Fayol quoted "Management is the ability to forecast and plan, to organize, to command, to coordinate, along with control". Fayol's work laid the foundation for modern management theory and practices, serving as a guiding light for managers and leaders seeking success in their respective fields, which is equally important to the



present-day management landscape. With the 1949 publication of “General and industrial administration,” an English translation of Fayol’s 1916 work “Administration industrielle et générale,” Fayol’s work became more widely known.

2. Fayol’s 14 Principles of Management

The historical context in which Fayol’s principles were formulated is crucial to understanding significance of principles. At that time, industrialization was rapidly transforming the business landscape, resulting in complex organizational structures and management challenges. Fayol recognized the need for a systematic approach to management that would enable effective coordination, efficient operations, and optimal utilization of resources.

Fayol’s principles highlight the key aspects of unity of command, division of work, discipline, authority and responsibility, scalar chain, equity, and stability and order. These principles provide valuable insights into managing organizations and have stood the test of time. In today’s rapidly changing business landscape, understanding and applying these principles can help organizations navigate challenges and achieve sustainable growth. Henry Fayol’s principles of management provide a comprehensive framework for effective organizational management.

The principles are enlisted as below:

1. **Division of Work:** Work should be divided and allocated based on specialization and individual capabilities to increase efficiency and productivity. The advantages of implementing these principles are that it promotes the effectiveness of the workforce, enhances productivity and above all ensures the proper use of the workforce, keeps them focused and industrious towards the achievement of project objectives (Van-Vliet, 2009).
2. **Authority and Responsibility:** Authority is the right to issue orders as defined by Fayol, whereas responsibility involves responsibility. Managers should possess the authority to give orders and make decisions, while employees should have corresponding responsibility for their assigned tasks.
3. **Unity of Command:** Fayol believed that subordinates/employees should have only one supervisor. The concept of unity of command is violated when an employee receives commands from two supervisors at the same time. It simply says that; employees should receive orders from and report directly to one boss only to avoid confusion and conflicting instructions.
4. **Unity of Direction:** Activities within an organization should be directed towards a common goal to ensure coordination and alignment of efforts.
5. **Discipline:** Employees should demonstrate obedience, respect, and adherence to established rules and regulations.
6. **Subordination of Individual Interests to the General Interest:** Individual interests should be subordinate to the overall interests of the organization to maintain harmony and unity among employees.
7. **Remuneration:** Fair and equitable compensation should be provided to employees to motivate them and ensure satisfaction.
8. **Centralization and Decentralization:** The degree of decision-making authority should be balanced between higher management levels (centralization) and lower levels (decentralization) based on organizational needs.
9. **Scalar Chain:** A clear and formal chain of command should be established, allowing for effective communication and the flow of information within the organization.
10. **Order:** Resources and personnel should be organized and allocated in the most efficient manner to promote a smooth workflow.
11. **Equity:** Employees should be treated fairly, without discrimination, and based on a sense of justice and equality.
12. **Stability of tenure of personnel:** This principle suggests that organizations should strive to minimize unnecessary turnover and instability in employment.



13. **Initiative:** The encouragement of employee initiative and innovation should be maintained to ensure organizational growth and adaptation
14. **Espirit de' corps:** This principle encourages managers to foster a culture that promotes teamwork, mutual respect, and shared goals.

3. Application in the Contemporary Management Landscape

Although the business environment has undergone significant changes since Fayol's time, with the advent of globalization, the fundamental principles remain valuable guidelines for effective management and serve as a foundation for effective management practices in various industries and organizational contexts, irrespective of the nature of organizations whether it is a government or multinational enterprises. In the present-day management landscape, marked by globalization, technological advancements, and diverse organizational structures, the significance of adapting Fayol's principles becomes even more apparent. While the fundamental principles endure, their application requires contextual adaptation to address contemporary challenges. The organization needs to understand how these principles can be effectively implemented in today's dynamic and competitive business environments to achieve organizational success.

The principle of division of work is closely related to specialization and the concept of job roles in modern organizations. In today's businesses, tasks are often divided based on employees' skills, expertise, and specialization, enabling greater efficiency, productivity, and utilization of individual talents. While contemporary organizations may have matrix or team-based structures, the principle of unity of command remains relevant. Clear reporting relationships and defined lines of authority help avoid confusion, minimize conflicts, and maintain accountability. The clear lines of authority and responsibility ensure that decisions are made efficiently, and employees understand their roles. This aligns with Fayol's principle of authority and responsibility, which emphasizes the importance of a structured hierarchy. The principle of centralization and decentralization continues to influence the allocation of decision-making authority

within organizations. Modern businesses strike a balance between centralized decision-making for strategic matters and decentralized decision-making for operational and tactical issues, allowing for agility, innovation, and responsiveness. By focusing on employee retention and development, the company adheres to Fayol's principle of stability of tenure. This approach fosters loyalty and a skilled workforce, contributing to long-term success. By promoting employee initiative and innovation, the startup aligns with Fayol's principle of initiative. This practice leads to a culture of creativity and continuous improvement. The principle of equity resonates with the importance of fairness, inclusivity, and diversity in today's businesses. Organizations strive to create an inclusive work environment, ensuring equal opportunities, fair treatment, and diversity in their workforce. Though the principles remain consistent, their implementation varies based on cultural norms, industry specifics, and organizational goals.

Several empirical studies have examined the relationship between the application of Fayol's principles and organizational performance. These studies have explored how the principles impact factors such as productivity, profitability, employee satisfaction, and organizational effectiveness. Researchers highlight that clear reporting lines and a hierarchical structure enhance coordination, minimize role ambiguity, and facilitate faster decision-making (Lussier et al., 2020). Various studies highlight that empowering employees with appropriate authority increases their motivation, fosters initiative, and promotes a sense of ownership and responsibility for organizational goals. Research suggests that organizations that effectively communicate and promote a unified direction achieve higher levels of employee engagement, commitment, and overall organizational performance (Cascio, 2018).

A cross-cultural study investigated the application of Fayol's principles in various Asian countries, including China, Japan, and Singapore. The research revealed that while there were cultural variations in the implementation of these principles, there was overall recognition of their importance in promoting organizational efficiency, coordination, and employee satisfaction across the Asian context. Similarly,



another case study examined the application of Fayol's principles in a German multinational company. The findings revealed that the principles of division of work, authority-responsibility relationships, and unity of command played a significant role in achieving effective coordination and employee engagement in a global context.

Research conducted in Asian countries such as China, Japan, and Singapore suggests that the application of Fayol's principles has been recognized and implemented to varying degrees. These principles have demonstrated positive effects on organizational performance, including improved coordination, communication, and decision-making processes. Empirical evidence from American organizations supports the effectiveness of Fayol's principles in enhancing organizational performance. American companies have recognized the importance of these principles in streamlining operations, optimizing resource allocation, and promoting effective communication.

The applicability of these principles in Nepal extends across various sectors, including government organizations, private companies, NGOs, and educational institutions. In the public sector, the principles can contribute to efficient service delivery, effective governance, and improved public administration. In the private sector, the principles can enhance operational efficiency, strategic decision-making and overall organizational performance. Dhakal and Sharma (2016) conducted a study on the challenges faced by Nepalese businesses and found that inadequate implementation of management principles, including the principles proposed by Fayol, was one of the key challenges. The study emphasized the need for Nepalese business houses to adopt and apply management principles effectively to enhance organizational performance.

Developing countries and underdeveloped countries like Nepal can learn several valuable lessons from other countries to enhance its organizational performance and management practices, based on 14 Principles of Management such as emphasis on professionalism, innovation and technology adoption, continuous learning and development. Countries with successful

organizations emphasize specialization and clear task allocation. Nepal can learn from countries that effectively divide work among employees based on their skills and expertise. By promoting specialization and assigning tasks according to individual capabilities, Nepalese organizations can improve efficiency and productivity. Nepal can learn from countries that emphasize effective communication through a clear scalar chain. By establishing efficient communication channels and clearly defining reporting relationships, Nepalese organizations can improve coordination, information flow, and decision-making. Developed countries value fairness and equity in their organizations. Nepal can learn from countries that prioritize fairness and treat employees equitably. By ensuring fair treatment, providing equal opportunities for growth and development, and avoiding discrimination, Nepalese organizations can foster a positive work environment and enhance employee satisfaction.

4. Challenges / Limitations

Though Henry Fayol's principles of management have demonstrated their value and applicability across various regions, including Asia, there are certain challenges and limitations that need to be considered when implementing them. There are few potential barriers to implementation, such as organizational complexity, cultural diversity, technological advancements, and evolving market dynamics. Cultural variations in Asia and other regions can impact the application of Fayol's principles. Different cultural values, communication styles, and approaches to authority and decision-making may require adaptations or modifications to ensure alignment with local customs and practices.

Some countries have experienced rapid economic growth and industrialization, resulting in complex business environments. The dynamic nature of these markets may require agility and flexibility in management approaches, which may not be explicitly addressed in Fayol's principles. Many Asian countries have traditionally adopted hierarchical organizational structures, where decision-making authority is concentrated at the top. This can pose challenges in implementing principles such as unity of command



and decentralization, which advocate for a more participatory and empowered workforce. Overcoming hierarchical structures may require significant organizational changes and cultural shifts.

The digital era has brought significant advancements in technology and automation. Incorporating emerging technologies, digital transformation, and data-driven decision-making may require adaptations to Fayol's principles to leverage the potential of technology in improving efficiency and productivity. The expectations and aspirations of the modern workforce are changing. Factors such as work-life balance, employee well-being, and purpose-driven work are gaining importance. Organizations must consider these evolving expectations and align Fayol's principles with contemporary employee needs and motivations.

Developing / underdeveloped nations face several challenges in applying Henry Fayol's principles of management in comparison to other countries. These challenges arise due to various factors, including the country's socio-cultural context, economic conditions, and organizational characteristics. Such nations face challenges in terms of a skills gap and the availability of trained and competent professionals in various sectors. This can impact the effective application of principles related to division of work, authority-responsibility relationships, and coordination. The infrastructure limitations, such as inadequate transportation networks and inconsistent power supply, can hinder efficient communication, coordination, and logistics within organizations. These challenges can impact the application of principles related to communication, order, and unity of direction.

A study by Aryal and Panthi (2020) examined the challenges faced by Nepalese manufacturing firms in terms of employee discipline. The findings highlighted the need for organizations to establish clear disciplinary measures and frameworks to ensure compliance with organizational policies and enhance employee discipline, aligning with the principle of discipline.

To overcome these challenges and limitations, organizations can take a context-specific and adaptive approach when implementing Fayol's principles. This may involve tailoring the principles to suit the

cultural and organizational context, promoting cross-cultural awareness and sensitivity, fostering open communication, and embracing a continuous learning and improvement mindset.

Developing / underdeveloped nations should concentrate on recognizing and utilizing individual strengths and skills to foster specialization within businesses in light of the lessons learnt from developed nations in the framework of Henry Fayol's management principles. This can be accomplished by redesigning jobs, implementing training plans, and using recruitment techniques that pair employees' skills with relevant responsibilities. They should put an emphasis on efficient communication routes and encourage directionality. Regular team meetings, open-door policy, and the use of technology to promote communication and collaboration can all help to accomplish this. Implementation calls for a methodical strategy, leadership dedication, and ongoing review and improvement.

5. Conclusion

The principles provide a solid framework for decision-making, organizational structure, and employee management, offering practical guidelines to navigate the complexities of the modern business world enhancing the managerial practices and achieving the strategic objectives. By adapting Fayol's principles to the present-day management landscape, one can leverage his timeless wisdom to overcome challenges such as digital transformation, changing consumer behaviors, and global market complexities. It is important for Nepalese organizations to recognize the significance of these principles and actively implement them in their management practices and overcome challenges, optimize resources, and contribute to Nepal's economic development and growth.

It is unlikely that Henry Fayol's principles of management can be applied 100% in any organization or country. While these principles provide a valuable framework for effective management, their application is influenced by various contextual factors, including cultural norms, organizational structures, and external environments. The principles should be considered as guidelines rather than rigid rules, allowing flexibility



in their implementation to suit specific organizational needs and challenges. Organizations need to adapt and customize these principles to align with their unique circumstances and objectives.

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सूचना

मिति: २०८०/०५/१९

पेशागत सदस्यहरूले जारी गर्ने प्रतिवेदनहरूमा समावेश गरिने Unique Document Identification Number (UDIN) सम्बन्धमा ।

यस संस्थाका पेशागत प्रमाणपत्र प्राप्त सदस्यहरूले लेखापरीक्षण तथा प्रमाणिकरण लगायतका कार्यहरू गरी प्रतिवेदन जारी गर्दा संस्थाको UDIN Portal बाट 18 Digit को UDIN लिई सो UDIN उक्त प्रतिवेदनमा समेत उल्लेख गर्नुपर्ने व्यवस्था अनिवार्य गरिसकिएको व्यहोरा सर्वविदितै छ । यसरी UDIN समावेश नगरी जारी गरिएका प्रतिवेदनहरूलाई संस्थाले मान्यता नदिने तथा त्यस्तो प्रतिवेदन जारी गर्ने सदस्यहरू कारवाहीको भागिदार हुने व्यवस्था समेत यस अधिनै सूचीत गराईसकिएकोमा यस व्यवस्थाको प्रभावकारी कार्यान्वयनको लागि पुनः यो सूचना प्रकाशित गरिएको छ ।

यस सन्दर्भमा संस्थाका पेशागत सदस्यहरूले तल उल्लेखित लेखापरीक्षण तथा प्रमाणिकरण लगायत अन्य कार्य गर्दा प्रत्येक प्रतिवेदनको लागि छुट्टै अनुबन्धन गर्नेको साथै छुट्टा छुट्टै UDIN Generate गरी उक्त प्रतिवेदनहरूमा अनिवार्य रूपमा UDIN समोवश गर्नुपर्नेछ ।

- बाह्य लेखापरीक्षण (Statutory Audit)
- आन्तरीक लेखापरीक्षण (Internal Audit)
- कर लेखापरीक्षण (Tax Audit)
- दाता/प्रोजेक्ट लेखापरीक्षण (Donor/Project Audit)
- विशेष प्रयोजनका लागि गरिने लेखापरीक्षण (Special Purpose Audit)
- मुल्यांकन लेखापरीक्षण (Due Diligence Audit)
- संचालन लेखापरीक्षण (Operational Audit)
- शाखा लेखापरीक्षण (Branch Audit)
- समुह लेखापरीक्षण (Group Audit)
- नियमकारी निकायलाई आवश्यक पर्ने प्रतिवेदन जस्तै (Long Firm Audit Report- LFAR)
- अन्य लेखापरीक्षण (Other Audits)
- मुल्यांकन प्रतिवेदन (Valuation Report)

- कुनै पनि प्रमाणिकरण कार्य जस्तै (Working Capital Certification, Sec 78 of Company Act Certification, etc.)
- अन्य प्रमाणिकरणहरू (Other Certifications)
- समीक्षा सम्बन्धी अनुबन्ध (Review Engagement such as: Internal Control Review, Review engagement under NSRE 2400 and 2410)
- आश्वस्तता सम्बन्धी अनुबन्ध (Assurance Engagements such as: Assurance engagement under NSAE 3000, 3402, 3410 and 3420)
- सम्बद्ध सेवा सम्बन्धी अनुबन्ध (Related Service Engagements such as: Engagement under NSRS 4400 and 4410)
- पेशागत सदस्यको रूपमा जारी गर्ने अन्य प्रतिवेदनहरू (Other)

यसरी संस्थाले जारी गरेका निर्देशनहरूको विपरित UDIN उल्लेख नगरिएका प्रतिवेदन जारी गर्ने पेशागत प्रमाणपत्र प्राप्त सदस्यलाई नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ र नेपाल चार्टर्ड एकाउन्टेन्ट्स नियमावली, २०६१ बमोजिम आवश्यक कारवाहीको प्रक्या अगाडी बढाईने व्यहोरा समेत जानकारी गराईन्छ ।

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सिए संजय कुमार सिन्हा
कार्यकारी निर्देशक



Enhancing Auditing Practices: The Power of Artificial Intelligence



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1. Introduction:

Auditing refers to the systematic examination and evaluation of financial records, statements, processes, and activities of an organization. It assesses the accuracy, reliability, and compliance to the established standards, regulations, and best practices. Auditing is crucial for ensuring financial transparency, accountability, and regulatory compliance in the changing company environment.

Artificial intelligence (AI) is the theory and development of computer systems capable of performing tasks that historically required human intelligence, such as recognizing speech, making decisions, and identifying patterns. AI is an umbrella term that encompasses a range of technologies, including machine learning, deep learning, and natural language processing (NLP).

It is one of the most revolutionary technological advancements in recent year. The concept of using AI in auditing practice is growing. Auditing using AI refers to the application of artificial intelligence techniques in the auditing process. It involves utilizing AI-powered tools, algorithms, and data analytics to enhance the efficiency, effectiveness, and accuracy of audit. AI brings automation, advanced data analysis, and predictive capabilities in transforming traditional audit methodology. AI-powered auditing tools and approaches are used to improve productivity, accuracy, and insights. In today's fast-paced and dynamic business landscape, auditing practices play a crucial role to ensure financial transparency, accountability, and regulatory compliance. The emergence of artificial

intelligence (AI) has revolutionized various industries, and the field of auditing is no exception. The integration of AI into auditing procedures has brought about transformative changes, enhancing productivity, accuracy, and providing auditors with valuable insights that were previously incredible.

The traditional methods of auditing are being reshaped by AI-powered tools and approaches, leading to a significant impact on the auditing industry. Auditors now have access to advanced technologies that enable them to analyze vast amounts of data, identify patterns, detect anomalies, and make more informed decisions. This newfound power is improving the efficiency and effectiveness of audits, allowing auditors to deliver higher-quality results. In this article, we pointwise discuss how AI is enhancing auditing practices and its significant impact on audit result.

2. The Rise of AI in Auditing:

AI has significantly advanced during the last ten years, revolutionizing many industries. With its reliance on data analysis, auditing has adopted AI as a potent tool. AI systems are able to handle enormous amounts of data quickly and accurately, find trends and anomalies. This skill enables auditors to conduct audits more comprehensively and effectively, that ultimately improve the accuracy of financial reporting. There are a number of reasons why AI has been incorporated into auditing. First, in order to efficiently process and evaluate information, new technologies are required due to the exponential growth of data.



One of the primary advantages of AI in auditing lies in its ability to handle vast amounts of data promptly and accurately. As the volume of data generated by businesses continues to grow exponentially, traditional auditing methods could not perform properly. AI systems, on the other hand, excel at processing and analyzing massive datasets, allowing auditors to conduct more thorough and comprehensive audits. By leveraging AI's data analysis capabilities, auditors can identify patterns, trends, and anomalies that may have otherwise gone unnoticed, enabling them to provide more insightful and accurate audit findings.

Another driving force behind the incorporation of AI in auditing is the evolving regulatory landscape. Regulatory bodies are placing greater emphasis on risk management and uncovering financial irregularities, necessitating auditors to adopt new techniques and technologies to meet these demands. AI offers auditors the tools to effectively assess and manage risks by analyzing vast amounts of data, identifying potential areas of concern, and providing valuable insights to stakeholders. This proactive approach allows auditors to address risks more efficiently and assist in preventing fraudulent activities or errors in financial reporting.

For Example: Suppose AI analysis identifies a cluster of loans with high-risk scores due to inconsistencies in borrower income information and unusual transaction patterns. Conventional methods might have flagged only a fraction of these loans based on basic criteria such as credit scores. However, AI's ability to analyze complex relationships and detect anomalies helps auditors uncover potential instances of fraud or misrepresentation that could have gone unnoticed.

In response to the AI findings, auditors initiate a thorough review of the flagged loans, contacting borrowers and verifying income details. They uncover a pattern of borrowers who have inflated their income figures to secure larger loans. By identifying this fraudulent activity early, the bank can take appropriate actions, such as adjusting the loan terms, conducting further investigations, or even legal proceedings if necessary.

Furthermore, the rise of cloud computing and powerful computing infrastructures has provided auditors with

the necessary resources to leverage AI effectively. Cloud-based platforms offer scalable storage and computational power, enabling auditors to process large datasets and run complex AI algorithms efficiently. This accessibility to computing resources has democratized the use of AI in auditing, allowing both large and small auditing firms to harness its potential and benefit from its capabilities.

3. Automation of Routine Tasks

In the past, data input, extraction, and categorization were time-consuming, repetitive operations that auditors were required to perform. Automation solutions powered by AI have expedited these procedures, lowering the chance of human error and freeing up auditors' time. Auditor-related repetitive duties can be automated with the help of robotic process automation (RPA), freeing them up to concentrate on more intricate and analytical auditing work.

RPA has the ability to automate data extraction from a variety of sources, doing away with the need for manual data entry and lowering the possibility of transcribing errors. Auditors can gain insightful information from unstructured data, like contracts, emails, and regulatory papers. AI improves audit efficiency by automating repetitive and verifying processes, which frees up auditors' time and expertise for more strategic resource allocation.

4. Advanced Data Analytics:

An enormous amount of data must be analyzed during an audit in order to spot any hazards, inconsistencies, or fraud. AI gives auditors the enhanced data analytics tools they need to effectively manage massive data. The detection of suspicious activity that would go undetected using conventional techniques is made possible by machine learning algorithms. It enhances the ability to recognize trends and anomalies in financial transactions. The audit process is strengthened and risks are reduced by this proactive approach.

Here are two separate examples how AI algorithm detects suspicious activities that would go undetected using conventional techniques.

Example 1: Let's say a legitimate credit card holder



travels frequently for business. They usually make large transactions in different countries. Conventional rules might flag these transactions as suspicious due to the high value and cross-border nature. However, the AI algorithm, after analyzing a large dataset of transactions, notices that these types of transactions are consistently present in this user's history and are therefore part of their normal spending behavior.

Example 2: Now, consider a case where a fraudster gains access to the same credit card information and attempts to mimic the legitimate cardholder's behavior. The fraudster also makes large transactions in different countries. Conventional techniques might not flag these transactions as suspicious, as they fall within the established rules for the legitimate cardholder's behavior.

5. AI Detection:

The AI algorithm, however, is trained to identify not only the individual characteristics of a legitimate cardholder's behavior but also the subtle variations that indicate deviations from the norm. It recognizes that while the transactions look similar to the cardholder's pattern, there are certain anomalies in the timing, spending frequency, or merchant type that raise red flags. As a result, the AI system can flag these seemingly legitimate but still suspicious transactions for further investigation.

To evaluate the effects of numerous factors on financial statements, AI-powered data analytics systems may carry out intricate computations, simulations, and scenario assessments. With the use of this capabilities, auditors can learn more about how businesses operate, how their finances are doing, and how exposed they are to risk. AI algorithms can pinpoint trends, anomalies, and potential problem areas by examining past data, enabling more targeted and efficient audits. Big Audit Firms like Deloitte, has established separate units "Deloitte AI Institute" for research and Data Analytics using AI.

6. Enhancing Risk Assessment:

By examining past financial data, market patterns, and industry benchmarks from the big data, AI-enabled auditing systems may more precisely analyze risks.

Auditors can pinpoint high-risk areas and concentrate their efforts by using predictive analytics. This targeted strategy enables auditors to devote resources efficiently, lowering the possibility of missing significant risks and enhancing the audit quality.

Large databases can be analyzed by AI systems to find correlations, abnormalities, and new hazards. A company's performance in relation to its competitors can be assessed by auditors by comparing financial data against industry norms and benchmarks, which also helps them spot any potential improvement or risk areas. Some sort of risk engine supported by AI algorithms can be designed to flag out riskier transactions and categories branch offices of the audited entity as per risk. The data-driven risk assessment gives auditors the ability to organize their work into priority areas and allocate resources accordingly. Moreover, AI can be runover to whole set of data and transaction, which can eliminate the inherent limitation of audit sampling.

7. Continuous Monitoring and Real-time Insights:

Historically, audits were conducted intermittently, which allowed potential problems remain unlooked for extended periods of time. This strategy has been modified by AI-enabled continuous monitoring technologies that offer real-time insights into financial transactions and activities. Auditors can now quickly see abnormalities and risks, allowing for swift action and deliberate decision-making.

Auditors can develop continuous monitoring systems that analyze data in real-time by utilizing AI technologies. These systems can detect suspicious transactions, odd patterns, or departures from predetermined rules automatically. As a result, the effect of such anomalies is reduced and overall risk management is improved as auditors are able to address possible problems as they develop.

The ability to get real-time insights through AI-powered auditing technologies gives auditors a complete picture of a company's financial health at any given time. They can keep an eye on key performance indicators (KPIs), spot potential risks or opportunities, and offer management prompt advise. This real-time monitoring



enables auditors to address potential issues promptly, mitigating risks before they escalate and helping organizations maintain compliance with regulations and policies. The auditors add value to the organization goes beyond the typical compliance position.

8. Strengthening Compliance and Fraud Detection:

Critical components of auditing include regulatory compliance and fraud detection. AI-powered technologies can evaluate enormous volumes of data from numerous sources to spot potential fraud and non-compliance issues. AI improves the effectiveness of audits by highlighting suspect patterns or transactions and aids in the prevention of financial fraud.

Even in complicated and massive datasets, AI systems can find inconsistencies, anomalies, and patterns suggestive of fraudulent behavior. AI systems can spot possible cases of money laundering, false financial reporting, or illicit activity by examining transactional data. This greatly enhances auditors' capacity to identify and control fraud, safeguarding stakeholders' interests and promoting the credibility of financial reporting. AI can also help auditors to determine whether or not regulatory rules are being complied. AI tools can find areas of non-compliance and make suggestions for correction by assessing pertinent rules and compliance frameworks. This proactive approach lowers the possibility of fines or reputational harm while assisting firms in keeping up with regulatory developments.

For example, In the context of the stock market, such as the Nepal Stock Exchange (NEPSE), where there are thousands of transactions occurring within a single day, the application of AI in auditing becomes particularly relevant. The vast amount of trading data generated in the stock market presents a challenge for auditors to effectively monitor and detect fraudulent activities, especially those involving the use of automated bots to manipulate share prices. AI has the capability to analyze each transaction in real-time, enabling auditors to identify patterns and anomalies that may indicate fraudulent activities. By leveraging machine learning algorithms, AI systems can detect transactions made using bots and differentiate them from genuine

investor trades. These AI-powered auditing tools can identify specific characteristics or behavioral patterns associated with fraudulent transactions, such as unusual trading volumes, suspicious timing, or consistent price manipulation.

When AI identifies transactions that potentially involve manipulative practices, auditors can take appropriate actions to invalidate those transactions or alert the relevant authorities for further investigation. This proactive approach helps to maintain market integrity, protect investors' interests..

9. Predictive Analytics

AI plays a crucial role in enabling auditors to leverage predictive analytics effectively. By harnessing AI technologies, auditors can unlock the full potential of predictive analytics and enhance their ability to make accurate predictions of the results. AI algorithms possess the capability to process and analyze vast volumes of data with speed and precision. Auditors can feed historical financial data, market trends, and other relevant factors into AI systems, which can then identify patterns, correlations. This data-driven approach helps AI technologies to gain deeper insights into past trends and behaviors, allowing them to make more accurate predictions about future outcomes.

AI algorithms can automatically detect complex patterns and interdependencies within the data that human auditors may overlook. These algorithms are designed to identify subtle relationships and trends, enabling auditors to uncover valuable insights and anticipate potential financial irregularities or risks. AI's ability to process and analyze data at scale enables auditors to achieve a more comprehensive and holistic understanding of an organization's financial landscape.

Furthermore, AI-powered predictive analytics can provide auditors with real-time monitoring and alerts. By continuously analyzing incoming data, AI algorithms can identify deviations from established norms and raise alerts for auditors to investigate further. AI also contributes to enhancing the accuracy and objectivity of auditors' predictions. By removing human biases and preconceptions, AI algorithms provide auditors with unbiased insights and recommendations. This



objectivity enhances the credibility and reliability of auditors' predictions, fostering greater trust in the auditing process and its outcomes.

Moreover, AI can assist auditors in scenario analysis by simulating various "what-if" scenarios and assessing their potential impact. Auditors can adjust key variables and parameters within AI systems to evaluate the consequences of different strategies or decisions. This capability helps auditors anticipate the potential outcomes of different scenarios, enabling them to provide strategic recommendations that align with an organization's objectives and risk appetite.

10. Use of AI by the Practicing Auditors in Nepal while conducting Audit

The use of AI by practicing members in Nepal during audit processes is still in its nascent stages. However, Young Chartered Accountants are increasingly incorporating AI tools and techniques to improve the efficiency, accuracy, and effectiveness of their audit procedures. One key area where AI is being utilized in Nepal is in data analysis. CAAT tools powered by AI are being used to identify patterns and anomalies in Big Data of Banking and Cooperative Sector. Nowadays, many cooperative frauds are being discovered. So, these days Chartered Accountants do not just rely on sampled information. They consider the whole data and use AI-assisted tools to determine the accuracy and consistency in the data. Any manual or artificial manipulation of data can be isolated with the help of AI tools such as ACL Analytics, MindBridge AI Auditor, etc.

The major setbacks for Auditors in Nepal to implement these AI powered tools are lack of their commercial availability and cost. Since Nepal is a small market with few willing young Auditors to implement AI tools, the developers of these AI Assisted Auditing tools do not provide competitive offers on their products here in comparison to India and rest of the worlds. ICAN should also take steps to ensure that their members adequately armed with these AI tools and proper knowledge to implement in their Audits through Corporate Negotiations with Developers, AI Tools related CPE programs, etc.

11. Challenges:

The use of AI in auditing is expanding as we look to the future. But there are several challenges and difficulties that need to be taken into account. Some of them consist of:

1. Data Quality and Integrity: AI heavily depends on accurate and trustworthy data. The quality, complete, impartial and error-free data utilized for AI-driven audits must be ensured by the auditors. Data management and governance procedures are essential for preserving data integrity.

2. Skillset and Training: Auditors must acquire new skills and expertise to effectively use AI tools and analyze the results produced from AI technology. Auditors should have access to professional development opportunities and training programs to improve their AI skills.

3. Security and Privacy: During the auditing process, auditors must handle confidential and sensitive data. To safeguard the data and keep stakeholders' trust, it is crucial to implement strong security measures and adhere to privacy laws.

4. Collaboration between Auditors and Data Scientists: The cooperation of auditors and data scientists is necessary for the successful integration of AI in auditing. To comprehend the technical features of AI algorithms and make sure that AI models comply with auditing standards and criteria, auditors must engage closely with data scientists.

5. Regulatory Frameworks: Regulatory organizations will need to adjust as AI develops and set up procedures that control its use in auditing. To address ethical concerns, establish accountability, and guarantee adherence to auditing requirements, clear principles and standards are crucial.

12. Conclusion:

The use of AI in auditing has completely enhanced the abilities of auditors and altering conventional auditing procedures. The function of auditors will develop along with technology as it continues to advance. As AI becomes a more powerful tool, auditors will increasingly become data analysts, strategic advisers,



and risk management specialists. Auditors will be able to offer enterprises, stakeholders, and the general public better value as a result of the integration of human expertise and AI-driven insights.

At the end, using AI in audit offers effectiveness, efficiency, and quality in audit. By utilizing AI, auditors can strengthen their position as trusted consultants by putting more of an emphasis on value-added services and strategic insights than on routine work.

In conclusion, applying AI to auditing is a huge step forward for the auditing sector. Auditors can automate repetitive processes, improve data analytics, better risk assessment, and increase compliance and fraud detection by utilizing AI technologies. However, auditors must be careful in addressing ethical issues, protecting the objectivity of the auditing process, and retaining professional skepticism. Collaboration between auditors, data scientists, and regulatory agencies is essential for the effective integration of AI in auditing in order to realize its potential and address its problems.

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JUDICIAL UPDATE



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Case-I: Corruption Prevention Act, 2059

Supreme Court Decision Date:- 2077/04/19

Parties:- GoN at FIR of Commission for the Investigation of Abuse of Authority (Petitioner) V. Including Navaraj Jaishi, Campus Chief of Badamalika Campus, Bajura (Respondent)

Supreme Court Case No.:- 074-CR-1473

Link: https://supremecourt.gov.np/cp/assets/downloads/supreme_184656.pdf

While the auditor has expressed modified opinion on the basis of discrepancies observed during the audit, he cannot be stated to have been involved in corruption just on the ground separate receipts were not collected by the campus at the time of making wage payment to each worker.

CIAA FILES CHARGESHEET AGAINST AUDITOR FOR CORRUPTION

Fact:

Badamalika Campus, Bajura had received UGC Performance Grant of NPR 19,66,000 from University Grant Commission in several fiscal years. Further, it had constructed a new building for which construction material cost of NPR 10,82,489.00 and labor wages of NPR 7,23,452.00 were paid out of the campus fund.

Auditor X and Auditor Y (name changed) had been engaged as auditors of the campus during such period of UGC grant received and building construction. On the basis of discrepancies observed during the audit, the auditors had expressed modified opinion in the audit report, *inter alias*, remarking for the necessity of regulation over activities, recovery and settlement of advance.

However, in addition to other matters, the Commission for the Investigation of Abuse of Authority (CIAA) accused the Auditor X and Auditor Y for following offences:

- Auditors audited on the basis of fake financial records in coalition with Campus Chief and Accountant of the campus. The Campus Chief and Accountant had produced fake bills and receipts regarding the building construction material cost of NPR 10,82,489.00 and labor wages of NPR 7,23,452.00. The labor charges of NPR 7,23,452 was received by the Account Officer from the campus and paid by the Campus Chief to construction workers. However, separate receipt of the same from each worker had not been collected.
- The auditors did not audit the incomes and expenses of the campus in coherence with the jurisdiction of Public Procurement Act 2063, Public Procurement Rules 2064, Audit Act 2048 and Financial Administration Rules of the Campus, 2064.



- The auditor concealed the fact of financial irregularity in coalition with the Campus Chief & Accountant of the campus.

Hence, the CIAA, on the ground that the auditors committed offences under section 19(1) of the Corruption Prevention Act 2059, filed a Charge Sheet against them in addition to the Campus Chief and Accountant of the campus to the Special Court Kathmandu. In the Charge Sheet, the petitioner CIAA had demanded for the fine and imprisonment punishment against the respondent auditors on the basis of gravity of offence committed by them pursuant to the section 19(1) of *idem* Act.

Dispute:

Out of respondents of the case, the auditors defended that they audited the financial statements prepared by the management and endorsed by management committee of the campus. They did not have any mala fide intention in auditing on the basis of such financial statements, bill, receipts and vouchers. Eventually, they submitted their audit report after accomplishing the audit on the basis of receipts and documents availed by the management. They had carried out audit on the basis of standards on auditing and professional code of ethics of auditor. In addition, they expressed their modified opinion in their audit report on the basis of discrepancies observed during the audit of the campus.

On the basis of available factual evidences and statements, the Special Court Kathmandu acquitted the respondent auditors along with the Campus Chief and Accountant on 2074/09/16.

However, the petitioner CIAA being dissatisfied with such decision of the Special Court Kathmandu appealed to the Supreme Court on 2075/02/05.

Supreme Court Judgement:

The Supreme Court endorsed the decision of the Special Court Kathmandu stating that while the auditor has expressed modified opinion on the basis of discrepancies observed during the audit, he cannot be stated to have been involved in corruption just on the ground separate receipts of the same were not collected by the campus at the time of making wage payment to

each worker.

Case-II: Companies Act, 2063

Supreme Court Decision Date:- 2077/10/26

Parties:- Including Amir Pratap Rana, Chairperson of Scot & Scott's Pvt Ltd (Petitioner) V. Madhav Raj Sharma, Shareholder of Scot & Scott's Pvt Ltd (Respondent)

Supreme Court Case No.:- 069-RB-0029

Link: https://supremecourt.gov.np/cp/assets/downloads/supreme_115193.pdf

Subject to the afore stated provisions of Companies Act 2063, the legal status of unsecured loan recognized in the balance sheet of the company from F/Y 2056/57 to 2062/63 cannot be denied. Regarding the personal liability of petitioner over other liabilities of the company, the liability of company and liability of its shareholder are 2 different terms. Section 8 of the Act has clearly stated that "The liability of a shareholder of a company incorporated under this Act in respect of its transactions shall be limited to the maximum value of shares which he has subscribed or undertaken to subscribe." Hence, the petitioner cannot be made be liable over the face value of subscribed share units.

RESTATE THE BALANCE SHEET

Fact:

The respondent Madhav Raj Sharma and his wife were shareholders of a private company Scot and Scott's Pvt Ltd, Kathmandu. The company had secured liability of NPR 1,11,00,000.00 against Bank of Kathmandu Ltd and NPR 60,00,000 against National Distributors in addition to the "Unsecured Loan from Mr. Madhav Raj Sharma NPR 2,13,68,459.17". The unsecured loan was released to the company at times of inadequacy of fund during its operation by the respondent personally till 2063/02/04.

Meanwhile, the company confronted the financial difficulty. Consequently, the lender bank initiated the auction process for the recovery of the loan. Hence,



in order to relieve the company through capital restructuring mechanism, the petitioner Mr. Rana and respondent Mr. Sharma along with other shareholders concluded an agreement for share investment in the company on 2063/02/04. As per the agreement, the petitioner shall subscribe 55% share of the company at NPR 1,71,00,000 and the fund shall be used to settle the afore stated debt payable to Bank of Kathmandu Ltd and National Distributors. In addition, he will take over the management of the company. Further, the agreement clarified that the petitioner shall not be liable for any other liabilities of the company. The agreement was silent about the unsecured loan of NPR 2,13,68,459.17 released by the respondent. However, the loan was disclosed in the audited financial statements dated 2063/02/04 (i.e. agreement date) and of earlier fiscal years.

As accused by the respondent Mr. Sharma, after the takeover of management, the petitioner Mr. Rana did not notify him regarding the BoD meeting and General Meeting of the company. In addition, the petitioner did not settle afore stated loan of the bank as well. Even on demand by the respondent, the petitioner did not furnish him the financial information of the company. So, using the authority provided to shareholder by section 25 of the Companies Act 2063, the respondent applied to the Office of the Company Registrar requesting the financial statements submitted by the company. He received the financial statements from the Office of Company Registrar on 2065/02/29. However, while reviewing the financial statements of the company, he noticed an unusual financial information that his investment in the company as an unsecured loan of NPR 2,13,68,459.17 had not been carried forward in the audited financial statements of any fiscal year subsequent to the afore stated agreement date 2063/02/03.

Hence, the respondent being dissatisfied with such financial irregularity lodged a complaint to the Office of the Company Registrar (OCR), Tripureshwor requesting to restate his unsecured loan in the audited financial statements of entire fiscal years subsequent to the agreement date. However, no any decision made by the OCR. So, he lodged a complaint to the then Appellate Court Patan against the auditor, directors, officers and accountant of the company under section

139 of the Companies Act, 2063 with a claim to restate the unsecured loan amount in the balance sheet and recover the loss amount suffered by him as well as impose punishment to the auditor, directors, officers and accountant of the company involved in such misconduct under section 160 of idem Act. He had accused that they stated false information in the audited financial statements by not carrying forward the unsecured loan amount of NPR 2,13,68,459.17 with mala fide intention and malicious recklessness to harm him. He claimed that without his consent the petitioner do not have any right to write off his loan amount disclosed in audited financial statements carried forward from F/Y 2056/57 to the agreement date 2063/02/04. In addition, those audited financial statements with such unsecured loan amount were already been approved by the BoD meetings and Annual General Meetings of the company.

Dispute:

The petitioner Mr. Rana insisted: (1) the respondent Mr. Sharma did not disclose about the unsecured loan of NPR 2,13,68,459.17 at the time of concluding the agreement on 2063/02/04. If it was due at the time of agreement date, it should have been stated thereof. (2) The agreement was concluded with an essence for not bearing any additional liability other than NPR 1,71,00,000. Hence, a term & condition with the same essence had been incorporated into the agreement. (3) There is no any written agreement regarding the loan released by the respondent to the company and the financial document proving the receipt & application of such fund. So, the company is not obliged to repay the unsecured loan amount of NPR 2,13,68,459.17. Accordingly, being no actual liability existed for its repayment, the amount was written off from the books of account of the company to represent its actual financial position.

There were 2 auditors viz. Auditor A & Auditor B (name changed) engaged during the disputed period. Afore stated unsecured loan amount was written off during the tenure of Auditor A. However, he did not submit his counter claim to the court. Further, Auditor B counter claimed that he conducted audit of the company based on its books of account furnished to



him but did not notice any such status as the respondent claimed at its books of account.

The Appellate Court Patan awarded to restate the Balance Sheet of the company by writing back the unsecured loan amount of NPR 2,13,68,459.17 but rejected to award compensation for the loss amount suffered by the respondent as its ground was not precise.

Hence, the petitioner Mr. Rana being dissatisfied with decision of the High Court Patan for the restatement of the balance sheet appealed to the Supreme Court against its decision.

Supreme Court Judgement:

Based on the following legal provisions incorporated under the Companies Act 2063, the Supreme Court endorsed the decision of the High Court Patan with amendment on 2077/10/26.

- Section 34(3) states the matters relating to the terms, repayment period and interest of a loan borrowed or lent by a company shall be governed by a deed or contract concluded between the creditor and the borrower.
- Section 109(3) states the annual financial statements shall have to be approved by the board of directors and audited. In addition, it has to be presented at annual general meeting of the company as well.
- Section 80(1) states every company shall, within 30 days of holding the AGM, forward to the Office the annual financial statement of the company

- Section 105(1) has entitled a company to obtain loan after fulfilling the specified procedures.

Hence, subject to the afore stated provisions of the Companies Act 2063, the legal status of unsecured loan recognized in the balance sheet of the company from F/Y 2056/57 to 2062/63 cannot be denied.

Regarding the personal liability of petitioner Mr. Rana over other liabilities of the company, being the company and shareholders are different persons, the liability of company and liability of its shareholder are 2 different terms. In addition, section 8 of the Act has clearly stated that “The liability of a shareholder of a company incorporated under this Act in respect of its transactions shall be limited to the maximum value of shares which he has subscribed or undertaken to subscribe.” Hence, as the petitioner has subscribed a share with face value of NPR 1,71,00,000, he cannot be made be liable over the face value of subscribed share units.

Hence, the Supreme Court ordered the company to restate its balance sheet by writing back the already written off unsecured loan amount of NPR 2,13,68,459.17. It further mandated to appoint an independent auditor at mutual consent of both petitioner and respondent. If such mutual consent could not be achieved, the auditor shall be appointed by the Office of the Company Registrar under section 113 of the Companies Act, 2063. Then the respondent shall be entitled to recover the unsecured loan amount from the company only to the extent verified by such auditor.

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आर्थिक वर्ष २०८०/८१ को सि.पि.ई. कार्यक्रम तालिका

आर्थिक वर्ष २०८०/८१ मा संचालन हुने सि.पि.ई तालिमहरु निम्न मिति र स्थानमा संचालन हुने भएकोले ईच्छुक सदस्य महानुभावहरुले उपयुक्त हुने स्थान र मितिमा सम्बन्धित संस्थसंग सम्पर्क गर्नको लागि यो सूचना प्रकाशित गरिएको छ ।

क्र.सं.	मिति	तालिम संचालन हुने स्थान	तालिम संचालन गर्ने संस्था
१	२०८० भाद्र ०८, ०९ र १०	काठमाडौं र जनकपुर	ICAN/AuDAN
२	२०८० भाद्र २९, ३० र ३१	चितवन	AuDAN
३	२०८० आश्विन १२, १३ र १४	काठमाण्डौं	AuDAN
४	२०८० आश्विन १९, २० र २१	काठमाण्डौं	ICAN
५	२०८० मंसिर ०८, ०९ र १०	नेपालगन्ज, काठमाण्डौ र हेटौडा	ICAN/ICAN/AuDAN
६	२०८० मंसिर २१ र २२	काठमाण्डौ	ACAN
७	२०८० मंसिर २२, २३ र २४	महेन्द्रनगर र काठमाण्डौ	AuDAN/AuDAN
८	२०८० माघ ०५, ०६ र ०७	काठमाण्डौ र विरगंज	ICAN/ICAN
९	२०८० माघ ११ र १२	जनकपुर	ACAN
१०	२०८० माघ १२, १३ र १४	सुर्खेत	AuDAN
११	२०८० माघ २६, २७ र २८	धनगढी	AuDAN
१२	२०८० फाल्गुण ०३, ०४, र ०५	विराटनगर	ACAN
१३	२०८० फाल्गुण ११, १२ र १३	भैरहवा	AuDAN
१४	२०८० फाल्गुण १३, १४ र १५	बुटवल	ACAN
१५	२०८० फाल्गुण १८, १९ र २०	काठमाण्डौ	AuDAN
१६	२०८० चैत्र ०९, १० र ११	धनगढी र विराटनगर	ICAN/AuDAN
१७	२०८० चैत्र १६, १७ र १८	काठमाण्डौ	AuDAN
१८	२०८० चैत्र २२, २३, र २४	काठमाण्डौ र चितवन	ICAN/ACAN
१९	२०८० चैत्र २३, २४ र २५	पोखरा	AuDAN
२०	२०८१ वैशाख ७, ८ र ९	विराटनगर, विर्तामोड र बागलुङ्ग	ICAN/AuDAN/AuDAN
२१	२०८१ वैशाख १०, ११ र १२	पोखरा	ACAN
२२	२०८१ वैशाख १४, १५ र १६	विरगंज र काठमाण्डौ	AuDAN/AuDAN
२३	२०८१ वैशाख २१, २२ र २३	काठमाण्डौं	ICAN
२४	२०८१ वैशाख २८, २९ र ३०	पोखरा र पाल्पा	ICAN /ICAN
२५	२०८१ जेठ ०५, ०६ र ०७	काठमाण्डौं	ICAN
२६	२०८१ जेठ ११, १२ र १३	दाङ्ग र काठमाण्डौ	ICAN/AuDAN
२७	२०८१ जेठ २५, २६, २७	काठमाण्डौं	AuDAN
२८	२०८१ आषाढ ०७, ०८ र ०९	काठमाण्डौं	AuDAN
२९	२०८१ आषाढ १३, १४ र १५	काठमाण्डौं	ACAN
३०	२०८१ आषाढ २१, २२ र २३	काठमाण्डौं	ICAN
३१	२०८१ आषाढ २८, २९ र ३०	काठमाण्डौं	AuDAN

विस्तृत जानकारीको लागि सम्पर्क:

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पुनश्च : प्राविधिक कारणले उपरोक्त समय तालिका तथा कार्यक्रम प्रकृतिमा हेरफेर हुन सक्ने छ ।

STRATEGIC REVIEW

Regulation and Supervision

Mandating Biometric of Members for Renewal of Certificate of Practice

The Institute has mandated the requirement for providing Biometric Data of Members for renewal of Certificate of Practice for the fiscal year 2080/81 to ensure the identification of members. Members are required to provide their biometrics at the Head Office and 6 Branch Offices of the Institute.

Interaction Program with the ACAN and AuDAN

The Institute with the objective of obtaining stakeholders 'consensus on matters related to audit firm's quality control, compliance with minimum fee directives and 3prevalent unfair auditing practices in the market and to identify future course of action has organized an interaction program with the representatives of the Association of Chartered Accountants of Nepal (ACAN) and Auditor's Association of Nepal (AuDAN) at ICAN premises, Lalitpur on 7th September 2023.

The interaction program was Chaired by CA. Sujan Kumar Kafle, President, ICAN. Likewise, CA. Prabin Kumar Jha, Vice-President and other Council Members along with the Executive Director and officials of ICAN participated in the meeting. CA. Deepak Pandey, President, ACAN and RA. Kedar Nath Poudel, President, AuDAN along with the Executive Committee members of ACAN and AuDAN also participated in the interaction program.



[Glimpse of interaction program with ACAN and AuDAN at ICAN](#)

In the program, CA. Rajan Nepal, Joint Director, ICAN presented paper on statutory requirement and existing auditing practices after which the program entered into an open floor discussion whereby, representatives from ACAN and AuDAN expressed their thoughts and suggestion for systematizing the auditing practice. The program concluded with the expression of commitment and support of the ACAN and AuDAN in the initiatives of the Institute. The program was ended with vote of thanks from CA. Prabin Kumar Jha, Vice-President, ICAN. Altogether 37 members attended the interaction program.

Interaction Program with Practicing Members

The Institute organized an interaction program with the auditors of listed companies to discuss various aspects related to firm's standards and minimum fee compliance as outlined in the Firm's Standards and Minimum Fee Guidelines 2078 at ICAN premises, Lalitpur on 13th September 2023.



[Glimpse of interaction program with practicing members at ICAN](#)

The program was organized in the Chairmanship of CA. Sujan Kumar Kafle, ICAN President whereby, CA. Prabin Kumar Jha, Vice President, ICAN and Council Members also participated in the program. The program provided a platform for disseminating Institute's directives and approach for implementation of Firm's Standards and Minimum Fee Guidelines 2078 and hearing of the perspective of the practicing members about the ground realities for effective implementation of the guidelines issued by the Institute. The program concluded with the commitment to develop an action plan and mechanism for effective implementation of the guidelines. Altogether 60 practicing members conducting audits of listed companies participated in the program.

Professional Development

Conference on Corporate Governance and Audit Universe



Mr. Bhuwan Dahal, Banker presenting on “Auditors’ Role in Strengthening Corporate Governance.”

The Institute coinciding with the Oath Taking Ceremony and National Best Present Annual Report Award Distribution Ceremony 2022 organized a half day conference on 21st July 2023 in Kathmandu. The conference started with the welcome remarks of CA. Bhaskar



CA. Madan Krishna Sharma, Past President, ICAN presenting on “Resolving Increasing Complexities of Audit Universe.”

Singh Lala, President, ICAN and the conference was organized in two technical sessions. The first session was related to “Auditors’ Role in Strengthening Corporate Governance” and was facilitated by Mr. Bhuwan Dahal, Banker. Similarly, the second technical session was related to “Resolving Increasing Complexities of Audit Universe” and it was facilitated by CA. Madan Krishna Sharma, Past President, ICAN. The conference was attended by 78 participants.

Continuing Professional Education (CPE) Training

In order to enhance the capacity of members of the Institute in various contemporary issues, the Institute organized Continuing Professional Education (CPE) training at ICAN Premises, at Satdobato, Lalitpur.

S.No	CPE Training Date	Number of Members
1	13 th to 15 th July 2023	155
2	25 th to 27 th August 2023	118

Training on NFRS for SMEs

The Nepalgunj Branch Office of the Institute organized a three-day Capacity Development Training on Nepal Financial Reporting Standards for Small and Medium Sized Enterprises (NFRS for SMEs) at Nepalgunj, Banke for the members of the Institute from 11th to 13th August 2023. The aim of the program was to enhance the capacity of the members on NFRS for SMEs. The training Program was participated by 20 members. CA. Sujan Kumar Kafle, President; CA. Prabin Kumar Jha, Vice President and RA. Posh Raj Nepal, Council Member and Chairman of RA. Member Capacity Development Committee were present in the inaugural Session of the training program.

Capacity Development Training on Model Financial Statements based on NFRS for SMEs

The Biratnagar Branch of the Institute conducted three days capacity development training on Model Financial Statements based on NFRS for Small and Medium Sized Enterprises (SMEs) from 8th to 10th September 2023 at Biratnagar. The objective of this training was to enhance the capacity of Members for NFRS compliant at SMEs, as the Institute has pronounced NFRS for SMEs with mandatory application from Fiscal Year 2080/81.

The inauguration session of the training was Chaired by RA. Posh Raj Nepal, Chairman of the RA Member Capacity Development Committee and Council Member of the Institute. CA. Sujan Kumar Kafle, President and CA. Prabin Kumar Jha, Vice-President, ICAN along with Mr. Binod Prasad Neupane, Administration Director, ICAN addressed the closing session of the program. Altogether 28 members participated in the program.



Training on Regulatory Provision, UDIN, AML/CFT Reporting and Changes in Income Tax Returns

The Institute conducted half day training to members on regulatory provision including monitoring and



Glimpse of training organized by ICAN at Pokhara

disciplinary procedures, compliance with the Firm's Standard and Minimum Fee Guidelines, 2078, Unique Document Identification Number (UDIN), Anti-Money Laundering /Combating the Financing of Terrorism (AML/CFT) and changes in income tax return filing process for current fiscal year to the members at Pokhara on 30th September 2023.

The training was facilitated by CA. Rajan Nepal, Joint Director whereby, RA. Kesh Bahadur KC, Council Member and members of Pokhara Branch Coordination Committee also addressed the program. Altogether 48 members of ICAN participated in the program.

Education

Chartered Accountancy Examination, June 2023 Result Published

The Institute had published the result of Chartered Accountancy Examination, June 2023 of CAP I, CAP II and CAP III level conducted from 1st June to 10th June 2023. The result was published on 15th August 2023 as per the Rule 17 of Nepal Chartered Accountants Regulation 2061. Altogether, 38 students are qualified and eligible to apply for ICAN Membership. Details of students applied, appeared, passed (single or both group) and qualified in different level of CA Examination is presented below:

	CAP-I	CAP II			CAP III		
		Group I	Group II	Both	Group I	Group II	Both
Applicants	1,604	915	670	3,127	526	319	362
Appeared	1,481	694	527	2,944	467	267	351
Passed	551	239	251	333	24	146	8
Qualified	551	501			38		

Moreover, only 3 applicants applied and appeared for CA Membership Examination for ACCA out of which one applicant qualified in Group II.

General Management and Communication Skill (GMCS) Training

The Institute conducted the 23rd batch of General Management and Communication Skills (GMCS) training for the students who have passed or appeared both group of CAP III level examinations and pursuing Accounting Technician (AT) level. The training was conducted at ICAN Office, ICAN Marg, Satdobato, Lalitpur from 29th August 2023 to 15th September 2023.

The aim of the training program was to enhance communication, presentation, and interpersonal skills and to provide understanding of contemporary business environment and opportunities and help the newly qualified CAs to prepare for a career either in employment or in practice by adopting the changes required to be competitive in their professional life. Participation in this training is a pre-requisite for obtaining membership of the Institute. Altogether 41 students participated in the training.



Group Photo of the participants at General Management and Communication Skill (GMCS) Training along with the President, Vice- President, Council Members and Officials of the Institute



[Glimpse of closing ceremony of 23rd GMCS Batch held on 15th September 2023 at ICAN Premises](#)

Pre-Articleship Orientation Program

The Institute of Chartered Accountants of Nepal (ICAN) organized Pre-Articleship Orientation Program for the students who have passed CAP II level examination of June 2023 on 28th August 2023 at Kathmandu, Nepal. The purpose of this orientation program was to enhance



[Glimpse of 6th Batch of Pre Articleship-Orientation Program organized in Kathmandu.](#)

the skills and capabilities of students going to pursue three years articleship training by providing proper orientation and training on personality development, communication skills, professional behavior and culture at audit firms and clients' offices. The program was transmitted live in branch offices of ICAN for the students residing outside of Kathmandu Valley. Altogether 464 students participated physically while around 37 participated virtually.

Chartered Accountancy Membership Examination, September 2023

The Institute conducted CA Membership examination of September 2023 on 18th and 19th September 2023 at Kathmandu, Biratnagar, Pokhara, Birgunj, Butwal,

Chitwan, Dhangadi and Nepalgunj. Altogether, 354 applicants appeared in the examination out of 434 applicants.

Availability of Recorded Classes for the Students

The Institute, with an initiative to support students for their continuous study, has launched a platform to provide recorded classes of different subjects of CAP-I, CAP-II and CAP-III free of cost. The platform comprises of video classes of different subjects of different levels which can be accessed by student via "Student Login" portal.

Meeting with University Grand Commission (UGC) Nepal

CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President, ICAN; CA. Sanjay Kumar Sinha, Executive Director and CA. Himal Dahal, Deputy Director had a meeting with Prof. Dr. Dev Raj Adhikari, Chairman, UGC Board and Prof. Shankar Prasad Bhandari, Member, UGC Board on 27th September 2023 at premises of UGC at Bhaktapur. The meeting was to discuss on modality and process for granting academic Equivalencies to Chartered Accountancy Education by the UGC.

Meeting with the Representatives of Pokhara University

CA. Sujan Kumar Kafle, President ICAN along with CA. Prabin Kumar Jha, Vice-President, ICAN; RA. Kesh Bahadur K.C., Council Member; CA. Lakshman



[Left: CA. Suman Kumar Bohara, Joint Director; CA. Lakshman Adhikari, Coordinator, Pokhara Branch Coordination Committee; CA. Sanjay Kumar Sinha, Executive Director Asso. Prof. Dr. Rabindra Ghimire, Management Sub-Committee PU; Assoc. Prof. Dr. Daya Raj Dhakal, PhD, Dean, Faculty of Management Studies, PU; CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President, ICAN and RA. Kesh Bahadur K.C., Council Member. ICAN during meeting at premises of ICAN at Pokhara](#)

Adhikari, Coordinator, Pokhara Branch Coordination Committee; CA. Sanjay Kumar Sinha, Executive Director and CA. Suman Kumar Bohara, Joint Director had a meeting with the Associate Prof. Dr. Daya Raj Dhakal, PhD, Dean, Faculty of Management Studies, Pokhara University and Associate Prof. Dr. Rabindra Ghimire, Management Sub-Committee, Pokhara University at Pokhara on 4th September 2023.

The meeting was focused on identification of approach for mutual cooperation and implementation of Memorandum of Understanding signed by ICAN and Pokhara University on 13th July 2023.

During the visit, the delegation led by CA. Sujan Kumar Kafle, President, ICAN also had a meeting with Mr. Dhanaraj Acharya, Mayor of Pokhara Metropolitan City and discussed on issues related to listing of auditors by local authorities. The delegation also had a meeting with the representatives of Association of Chartered Accountants of Nepal (ACAN) and Auditor's Association of Nepal (AuDAN) in Pokhara to discuss the areas of professional advancement and issues related with practicing members.

Meeting with the Representatives of Purbanchal University

CA. Sujan Kumar Kafle, President ICAN along with CA. Prabin Kumar Jha, Vice-President, ICAN; RA. Posh Raj Nepal, Council Member; CA. Aswani Bansal Coordinator, Biratnagar Branch Coordination Committee and Mr. Binod Prasad Neupane, Director, ICAN had a meeting with the Vice-Chancellor of Purbanchal University, Prof. Dr. Yadhav Raj Koirala, along with Dean and Professors of Management Faculty of Purbanchal University at Biratnagar on 10th September 2023. The meeting was focused on discussion of avenues for mutual collaboration and cooperation between the University and Institute.

Meeting with the Officiating Auditor General

CA. Sujan Kumar Kafle, President; CA. Prabin Kumar Jha, Vice-President and CA. Sanjay Kumar Sinha, Executive Director had a meeting with Officiating Auditor General, Maheshwar Kaphle and officials of the Office of the Auditor General of Nepal on 26th September 2023. The meeting was focused on

exploring the ways for entry of Chartered Accountants in Government Sector for strengthening Public Financial Management in Nepal.

National Relation: Public and Government

National Best Presented Account Award (BPA) Distribution Ceremony 2022

The Institute organized the National Best Presented Annual (BPA) Report Award 2022 Distribution Ceremony coinciding with the Oath Taking Ceremony, on 21st July 2023 in Kathmandu, Nepal. The National BPA Award 2022 was organized with the objective to promote better presentation of financial and other pertinent information and disclosure in the annual report of the reporting entities.

The Institute has been organizing National BPA since 2003. The National Best Presented Annual Report Award 2022 was held under the 13 categories out of which participation was received for only under 4 categories related with Private Sector Banking, Financial Service Sector, Power and Energy Sector and Manufacturing Sector. Hon'ble Finance Minister, Dr. Prakash Sharan Mahat presented the awards to the winning entities.



CA. Bhaskar Singh Lala along with Hon'ble Finance Minister Dr. Prakash Sharan Mahat presenting Award to the representative of winner organization of National BPA Award 2022

The winners of National BPA 2022 will also get an opportunity to participate in South Asian Federation of Accountants (SAFA) BPA 2022. Altogether 15 entities received award under various categories as depicted in the table below:

Winners of National BPA 2022

Category	Name of Organization	Remarks
Private Sector Banks	Siddhartha Bank Limited	Gold
	Nabil Bank Ltd.	Silver
	Nepal SBI Bank Ltd.	Bronze
	Machhapuchhre Bank Ltd.	Certificate of Merit
Financial Service Sector	Muktinath Bikash Bank Limited	Gold
	Karja Suchana Kendra Limited	Silver
	Lumbini Bikas Bank Limited	Bronze
	Shine Reshunga Development Bank Ltd.	Certificate of Merit
	Nepal Clearing House Ltd.	Certificate of Merit
	Mahalaxmi Bikas Bank Ltd.	Certificate of Merit
Power and Energy Sector	Butwal Power Company Limited	Gold
Manufacturing Sector	Bottlers Nepal Limited	Gold
	Himalayan Distillery Limited	Silver
	Unilever Nepal Limited	Bronze
	Bottlers Nepal (Terai) Limited	Certificate of Merit

Meeting with Officials of Company Registrar

Executive Director, CA. Sanjay Kumar Sinha together with Senior Officer, Mr. Bishal Bhattarai had a meeting with Company Registrar, Mr. Mahesh Baral and Officials of the Office of Company Registrar on 25th July 2023. The purpose of the meeting was to facilitate verification of UDIN by Office of Company Registrar (OCR) by providing application interfacing between UDIN application of ICAN with online portal of OCR.

Interaction Program on Audit of Co-operative and School

The Institute organized an Interaction program on issues related to audit of Cooperative and School with the representatives of Department of Cooperative, National Cooperative Federation of Nepal, Municipal Association of Nepal, National Association of Rural Municipalities in Nepal, Nepal Federation of Savings and Credit Cooperative Unions Ltd. (NEFSCUN), Association of Chartered Accountants of Nepal (ACAN) and Auditor's Association of Nepal (AuDAN) at ICAN premises, Lalitpur on 25th September 2023.



Glimpse of interaction program with practicing members at ICAN

The aim of the program was to build up the relationship with each other and support each other for institutional development motives. Program was attended by the Registrar of Cooperative Department, Mr. Namaraj Ghimire, Chairman of National Cooperative Federation of Nepal, Mr. Min Raj Kandel, Executive Director of Municipal Association of Nepal, Mr. Kala Nidhi Devkota, Executive Director of National Association of Rural Municipalities in Nepal, Mr. Rajendra Prasad Pyakural, Vice President of ACAN, Sushil Ghimire and President of AuDAN, RA. Kedar Nath Poudel. Altogether 20 participants attended the program.

Interaction with Officials at Local and District Level

Delegation led by CA. Sujan Kumar Kafle, President, ICAN comprising of CA. Prabin Kumar Jha, Vice-President; RA. Posh Raj Nepal, Council Member; CA. Aswani Bansal Coordinator, Biratnagar Branch Coordination Committee and Mr. Binod Prasad Neupane, Director, ICAN had an interaction with head of divisions of local and district levels of Morang, Sunsari and Dhankuta Districts on various contemporary issues including listing of auditors at local level, minimum audit fees and alike on 10th September 2023. All together 12 officials including the head of Education, Youth and Sports Division, Cooperative Management and Employment Promotion Division and Finance and Administration Division participated in the program.

International Relation: Global Positioning and Leadership

Participation in SAFA IFRS and IASs Forum 2023

The delegation led by CA. Sujan Kumar Kafle, President, ICAN comprising of CA. Prabin Kumar Jha, Vice-President, ICAN; CA. Yuddha Raj Oli, Past President and Council Member ICAN along with Council Members CA. Santosh Kafle, CA. Surendra Shrestha, RA. Kesh Bahadur KC, Mr. Baburam Subedi and CA. Sanjay Kumar Sinha, Executive Director participated in the South Asian Federation of Accountant's International Financial Reporting Standards and International Accounting Standards Forum 2023 (SAFA IFRS and IASs Forum 2023) hosted by The Institute of Chartered Accountants of Maldives on 19th and 20th August 2023 held at King Salman Auditorium in Maldives.



Glimpse of delegation from Nepal participating in the SAFA IFRS and IASs Forum 2023 in Maldives

In the program, representatives from SAFA Member Bodies presented paper on various topics related to IFRS, IAS, Sustainability Reporting and ISAs followed by panel discussion. Moreover, member of International Accounting Standards Board (IASB) and Officials from International Federation of Accountants (IFAC) also addressed the conference. CA. Prabin Kumar Jha, Vice President represented the Institute as a panelist in the “Panel Discussion: Elevating Audit Quality Management: Strategies and Best Practices for Auditors” session. Likewise, CA. Surendra Shrestha, Council Member represented the Institute and presented papers on “IAS 8 : Accounting Policies, Changes in Accounting estimates and Errors and IAS 10 : Events after the Reporting Period”. The program was attended by over 300 accounting professionals along with delegation from SAFA accounting bodies representing India, Pakistan, Bangladesh, Nepal, Sri Lanka, Maldives and Bangladesh.



Participation in the 80th SAFA Board Meeting

CA. Sujan Kumar Kafle, President ICAN and Board Member, SAFA participated in the 80th SAFA Board Meeting held at Villa Nautica, Paradise Island Resort in Maldives on 21st August 2023 hosted by the Institute of Chartered Accountants of Maldives.

The SAFA Board Meeting was also attended by CA. Prabin Kumar Jha, Vice-President, CA. Yuddha Raj Oli, Past President and Council Member and CA. Sanjay Kumar Sinha, Executive Director.



CA. Prabin Kumar Jha, Vice-President, ICAN representing as a panelist during the panel discussion session in the forum. CA. Surendra Shrestha, Council Member ICAN presenting paper in the forum.

Glimpse of 80th SAFA Board Meeting held in Maldives on 21st August 2023



Participation in the SAFA Committee Meeting

Delegation from ICAN attended various SAFA Committee Meetings held on 21st August 2023 in Villa Nautica, Paradise Island Resort in Maldives. The SAFA Committee Meetings were conducted prior to the SAFA Board Meeting and delegation from ICAN attended the meetings in which they were nominated or which were relevant to them. CA. Sujan Kumar Kafle, President ICAN attended the meeting of SAFA International Relation Committee and Committee on Education, Training and CPD. Likewise, Vice President, CA. Prabin Kumar Jha, Past President and Council Member, CA. Yuddha Raj Oli, Council Members CA. Santosh Kafle, CA. Surendra Shrestha, RA. Kesh Bahadur KC and Mr. Baburam Subedi attended the meeting of Committee on Information Technology, Committee on Accounting Standards, Committee of Auditing Standards, Small and Medium Practices Committee and Committee on Anti Money Laundering.

Participation in 40th SAFA Foundation Day 2023 Celebration and SAFA IFAC Workshop

Delegation from Institute led by CA. Sujan Kumar Kafle, President ICAN participated in the 40th SAFA Foundation Day 2023 held in Maldives on 22nd August



Group photo of delegation from SAFA member bodies including Nepal, India, Sri Lanka, Bangladesh, Pakistan and Maldives during celebration of SAFA Foundation Day Celebration on 22nd August 2023

2023. The SAFA Foundation Day celebration was accompanied by an informative panel discussion on “Impact of Technology on the Accountancy Profession” and following a panel discussion, a SAFA Workshop was conducted by Adrian Lim, Senior Manager, International Federation of Accountants (IFAC) on Sustainability and Education. CA. Sujan Kumar Kafle, President, ICAN represented the Institute in a Panel

Discussion and expressed his views on the topic in line with Country perspective. Vice President, CA. Prabin Kumar Jha, Past President and Council Member, CA. Yuddha Raj Oli and Executive Director, CA. Sanjay Kumar Sinha accompanied the President in SAFA Foundation Day Celebration and IFAC Workshop.

Participation in International Conference on Insolvency Resolution- Resolve 2023

A team led by the Director of the Institute Mr. Binod Prasad Neupane comprising of CA. Suman Kumar Bohara, Joint Director; CA. Santosh Bista, Assistant Director and Mr. Surendra Paudel, Senior Officer participated in the International Convention on Insolvency Resolution- Resolve 2023 organized by Committee on Insolvency & Bankruptcy Code of The Institute of Chartered Accountants of India (ICAI) in association with Insolvency and Bankruptcy Board of India and Indian Institute of Insolvency Professionals of ICAI and hosted by The Institute of Chartered Accountants of India, Singapore Chapter. The conference was organized at Grand Copthorne Waterfront Hotel Singapore held in Singapore on 4th and 5th August 2023.



Left: CA. Santosh Bista, Assistant Director; CA. Suman Kumar Bohara, Joint Director; CA. (Dr.) Chawal Raj, Central Council Member, ICAI; Mr. Binod Prasad Neupane, Director, ICAN and Ms. Tapolabdhha Banerjee, ICAI during the Conference

Participation in The Fifth “Belt and Road” National Accounting Standards Cooperation Forum

CA. Kiran Kumar Khatri, Technical Director, as a representative of the Institute, participated in the meetings of the Fifth “Belt and Road” National Accounting Standards Cooperation Forum, and its



Group photo of participants in the Fifth "Belt and Road" National Accounting Standards Cooperation Forum

Workshop on Financial Reporting and Sustainable Development: Opportunities and Challenges of the Times, organized jointly by China Accounting Standards Committee and Xiamen National Accounting Institute from 25th to 28th July, 2023 in Xiamen, Fujian Province, China. The meetings were focused on experience sharing in implementation of accounting standards in the Belt and Road countries to facilitate the free flow of economic factors, effective allocation of resources, and stimulation of integrated markets forging a regional economic cooperation, whereas the workshop included lecture from industry leaders and famous scholars around the contemporary issues of Financial Reporting and Sustainable Development.

Participation in the First International Federation of Accountants (IFAC) Sustainability Summit – Asia Pacific

CA. Sujan Kumar Kafle, President, ICAN and CA. Prabin Kumar Jha, Vice-President, ICAN virtually participated in first IFAC Sustainability Summit – Asia Pacific hosted by IFAC in collaborative endeavor with the ASEAN Federation of Accountants, Confederation of Asian and Pacific Accountants (CAPA), South Asian Federation of Accountants (SAFA), and Jeju Group. The summit was organized with an objective to raise awareness and fuel dynamic conversations about the surging demand for assurance engagements and the evolution of sustainability reporting following the release of International Sustainability Standards Board (ISSB's) IFRS S1 and S2 and IAASB's Exposure Draft on sustainability assurance.

Institutional Development and Sustainability

Oath Taking Ceremony of Newly Elected President and Vice President of ICAN

The Oath Taking Ceremony of newly elected President, CA. Sujan Kumar Kafle and newly elected Vice-President, CA. Prabin Kumar Jha for third tenure (FY 2023/24) of the Ninth Council was held in gracious presence of Hon'ble Finance Minister, Dr. Prakash Sharan Mahat as a Chief Guest and Mr. Arjun Prasad Pokharel, Finance Secretary and Mrs. Ram Maya Kunwar, Acting Auditor General as a Special Guest of the program on 21st July 2023 in Kathmandu, Nepal.



Inauguration Session of Oath Taking Ceremony: Left: CA. Yuddha Raj Oli, Past President, ICAN; CA. Sujan Kumar Kafle, newly elected President, ICAN, Mrs. Ram Maya Kunwar, Acting Auditor General; Hon'ble Finance Minister Dr. Prakash Sharan Mahat; CA. Bhaskar Singh Lala, President, ICAN; Mr. Arjun Prasad Pokharel, Finance Secretary; CA. Prabin Kumar Jha, newly elected Vice-President, ICAN and CA. Sanjay Kumar Sinha, Executive Director, ICAN.

The program was formally inaugurated by Chief Guest, Hon'ble Finance Minister, Dr. Prakash Sharan Mahat by lightning the lamp. Thereafter, CA. Bhaskar Singh Lala, President, ICAN welcomed the Chief Guest, Special Guest. The newly elected Vice-President, Council Members, and other invitees in the program and delivered their speech and highlighted the milestone achievement and initiatives undertaken during the tenure of outgoing President.

Mrs. Ram Maya Kunwar, Acting Auditor General administered the oath to the newly elected President CA. Sujan Kumar Kafle subsequently, CA. Bhaskar Singh Lala, President ICAN handed over the President Medallion to the newly elected President. Following



Newly Elected President, CA. Sujan Kumar Kafle taking Oath of Office from Mrs. Ram Maya Kunwar, Acting Auditor General

the oath taking ceremony of newly elected President, CA. Sujan Kumar Kafle administered the oath to the newly elected Vice-President, CA. Prabin Kumar Jha. After taking the oath, newly elected President, CA. Sujan Kumar Kafle delivered his acceptance speech in



Newly Elected Vice-President, CA. Prabin Kumar Jha taking Oath of Office from President, CA. Sujan Kumar Kafle

the program and expressed his commitment to continue the legacy of the Institute.

On behalf of the Past Presidents, CA. Yuddha Raj Oli welcomed the newly elected President and Vice President. Speaking on the occasion, Special Guest, Mr. Arjun Prasad Pokharel, Finance Secretary congratulated the newly elected President and Vice President and briefed on the motive of Ministry of Finance to assist in the initiatives of the Institute. Likewise, Acting Auditor General, Mrs. Ram Maya Kunwar also congratulated newly elected President

and Vice President and expressed her good wishes for their successful tenure. She further added that Office of Auditor General of Nepal is always committed to assist and coordinate with the Institute in the matters of regulating the accounting and auditing practices in Nepal.

Moreover, the Chief Guest of the program, Hon'ble Finance Minister, Dr. Prakash Sharan Mahat congratulated to the Institute for achievements and wished the newly elected President and Vice President for their successful tenure.

Executive Director, CA. Sanjay Kumar Sinha and Mr. Sanoj Bhattarai, President of ICAN Employee Union presented Token of Love to the outgoing President, CA. Bhaskar Singh Lala. The program was ended with the concluding remarks and vote of thanks by the newly elected Vice-President CA. Prabin Kumar Jha.

Formation of Standing, Non-Standing Committees and Board for Fiscal Year 2080/81

The ICAN Council in pursuant to Section 13(1) and 13(2) of the Nepal Chartered Accountants Act, 2053 has formed following Standing, Non-Standing Committee and Board for the third tenure of the Ninth Council Fiscal Year 2080/81. The name list of the Members in the Standing, Non-Standing Committee and Board can be accessed from the link below:

Standing Committee: <https://en.ican.org.np/site/show/standing-committee>

Non-Standing Committee: <https://en.ican.org.np/site/show/non-standing-committee>

Board of Studies: <https://en.ican.org.np/site/show/board-of-studies>

Quality Assurance Board: <https://en.ican.org.np/site/show/quality-assurance-board>

Accounting Technician Board: <https://en.ican.org.np/site/show/accounting-technician-board>

Formation of Branch Coordination Committees for Fiscal Year 2080/81

The ICAN Council in pursuant to Section 13(1) and 13(2) of the Nepal Chartered Accountants Act, 2053 has formed following Standing, Non-Standing Committee for the third tenure of the Ninth Council Fiscal Year 2080/81. The name list of the Members in



the Standing, Non-Standing Committee and Board can be accessed from the link below:

<https://en.ican.org.np/site/show/branch-coordination-committee>

Nomination of Council Members in SAFA Committees and Board

The Institute has nominated the President, Vice-President and Council Members in SAFA Board and SAFA Committees for Fiscal Year 2023/24. The name list of Council Members nominated in SAFA Board and Committees can be accessed from the link below:

<https://en.ican.org.np/site/show/nomination-in-safa-board-committee>

President’s Interview in Nationwide Television

Newly elected President CA. Sujan Kumar Kafle had given a live interview in television program “Dhamala Ko Hamala” which was telecasted in nationwide television station, Prime Time HD Television. The interview can be watched through the link below:

<https://youtu.be/M0YygRivNys>



Collection of Biometric Data for National Identity Card



CA. Sujan Kumar Kafle, President, ICAN providing biometric for National Identity Card at ICAN Premises

The Institute in coordination with the Government of

Nepal has facilitated collection of Biometric Data for National Identity Card at the premises of the Institute from 27th July to 24th August 2023. During the period, altogether 512 members, students and citizens provided their Biometric for National Identity Card via ICAN.

Staffs Promotion

The Institute promoted four of its staff in accordance with the procedures of Employee Bylaws, 2066. The name of the staffs being promoted has been depicted in the table below:

S. No	Name	Promoted To
1	Ms. Samita Dongol	Sr. Officer
2	Ms. Krishna Kumari B. C	Officer
3	Mr. Umesh Regmi	Sr. Assistant
4	Ms. Kumari Jyotsna	Sr. Assistant

Meeting with the Biratnagar Branch Coordination Committee and Representative of ACAN & AuDAN at Biratnagar

CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President and Mr. Binod Prasad Neupane, Director, ICAN had meeting with the members of Biratnagar Branch Coordination Committee on 10th September 2023 at Biratnagar. Likewise, the delegation also had a meeting with the representative of ACAN and AuDAN at Biratnagar to discuss various contemporary issues.

Meeting with the Birgunj Branch Coordination Committee and Representative of ACAN & AuDAN at Birgunj and Janakpur

CA. Sujan Kumar Kafle, President, ICAN; CA. Prabin Kumar Jha, Vice-President and CA. Sanjay Kumar Sinha, Executive Director had meeting with the members of Birgunj Branch Coordination Committee on 21st September 2023 at Birgunj. Likewise, the delegation also had meeting with the representative of ACAN and AuDAN at Birgunj and Janakpur to discussion on the issues regarding the listing of auditors by local level authorities, issuance of UDIN and compliance with the Firm’s Standard and Minimum Fee Guidelines 2078 issued by ICAN.



Mission Meeting with the World Bank, Nepal Team

Team from World Bank, Nepal comprising of Ms. Timila Shrestha, Senior Financial Management Specialist; Ms. Shraddha Shah, Operations Analyst (StC); Mr. Rameshore Khanal and CA. Amrit Shrestha, Consultant, World Bank had a mission meeting with the President, CA. Sujan Kumar Kafle and he was accompanied by Vice-President, CA. Prabin Kumar Jha; Executive Director, CA. Sanjay Kumar Sinha and other officials of ICAN on 26th September 2023 at ICAN premises, Satdobato, Lalitpur. The objective of the meeting was to discuss on completion review of the Integrated Public Financial Management Reform Project (IPFMR) and to consult on scope of follow about Public Financial Management reform project. Institute had signed Memorandum of Understanding with the PEFA Secretariat for implementation of IPFMRP on 15th July 2018 which expired on 16th July 2023.

Tree Plantation

The Institute has supported tree plantation program conducted by Satdobato Youth Club at the roadside of Satdobato chowk.



Glimpse of tree plantation at wayside at Satdobato chowk, Lalitpur

ICAN NOTICES

Notice to Members Related with Listing of Auditors

The Institute has published a notice to members holding Certificate of Practice for not listing themselves in any entity for performing audit and other related services. The notice can be viewed from the link below:

<https://en.ican.org.np/uploads/downloads/files/3/46f2d89bfb5a15840824b62f1a8660b1.pdf>

Notice to Members Related with AML/CFT

The Institute has published a notice to members holding Certificate of Practice for submission of reporting requirement as specified in Annexure 1 of Guidelines on Anti-Money Laundering and Counter Financing, 2078 issued by the Institute by 2080/06/30. The notice can be viewed from the link below:

<https://en.ican.org.np/uploads/downloads/files/3/0dc6a560486fda019e599e46ef5b7e67.pdf>

CPE Calander for Fiscal Year 2080/81

The Institute has issued Continuing Professional Education (CPE) calendar for Fiscal Year 2080/81. The CPE Calander can be viewed from the link below:

<https://en.ican.org.np/uploads/downloads/files/3/0b0c69e6ac3d8cb2ced1b70d3cd43bd65.pdf>

Notice related to UDIN

The Institute has published a notice regarding requirement for generation of Unique Document Identification Number (UDIN) and verification of UDIN. The notice can be viewed from the link below:

<https://en.ican.org.np/uploads/downloads/files/3/1dc1fa9982419527cfd1cc73b45fd07e.pdf>

<https://en.ican.org.np/uploads/downloads/files/3/463471b14ca8f84713b8c8e991d6a0a3.pdf>

List of Approved and Unapproved Applicants Applying for ICAN Vacancy

The Institute has issued a list of approved and unapproved applicants applying for various job positions at ICAN vis-à-vis recruitment notice published on 14th June 2023. The list can be viewed from the link below:

<https://en.ican.org.np/site/show/career>

NATIONAL UPDATES

Issuance of Monetary Policy 2080/81

Nepal Rastra Bank has issued Monetary Policy for Fiscal Year 2080/81. The Policy can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2023/07/Monetary_policy_2080-081_final_web.pdf

Issuance of Cyber Resilience Guidelines

Nepal Rastra Bank has issued Cyber Resilience Guidelines for Licensed Bank and Financial Institutions and Payment System Management and Payment



System Provider Entities. The Guidelines along with the notice can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/08/Cyber-Resilience-Guidelines-2023.pdf>

Issuance of Second Amendment in Working Capital Guidelines 2079

Nepal Rastra Bank has issued notice regarding second amendment in the Working Capital Guidelines, 2079 (Second Amendment). The notice along with the Guidelines can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/08/WC-Guidelines-2nd-Amendment.pdf>

Issuance of First Amendment in Policy Related to Entity Performing Payment Related Transaction, 2079

Nepal Rastra Bank has issued notice regarding Policy Related to Entity Performing Payment Related Transaction, 2079 (First Amendment 2080). The notice along with the Policy can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/07/>

Amendment in Unified Directives 2079 issued to A, B and C Class Bank and Financial Institutions

Nepal Rastra Bank has issued circular regarding amendment in Unified Directives 2079 for A, B and C Class Bank and Financial Institutions. The Circular can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/08/Circular-ABC-Assets-Quality-and-WCG.pdf>

<https://www.nrb.org.np/contents/uploads/2023/07/Circular-1-2080-2081.pdf>

Amendment in Unified Directives 2079 issued to D Class Micro Finance Financial Institutions

Nepal Rastra Bank has issued circular regarding amendment in Unified Directives 2079 for D Class Micro Finance Financial Institutions. The Circular can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/08/MF-for-final-upload-in-website.pdf>

Amendment in Unified Directives 2078 issued to Infrastructure Development Bank

Nepal Rastra Bank has issued circulars regarding amendment in Unified Directives 2078 to Infrastructure

Development Bank. The Circulars can be viewed from the link below:

<https://www.nrb.org.np/contents/uploads/2023/08/Nifra-Circular-final-upload.pdf>

<https://www.nrb.org.np/contents/uploads/2023/08/NIFRA-Circular-WCG-1.pdf>

Amendment in Unified Circular 2079 issued to Licensed Foreign Exchange Management Entity

Nepal Rastra Bank has issued circular regarding amendment in Unified Circular 2079 for Licensed Foreign Exchange Management Entity. The Circular can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2023/09/FXMD_Circular-03.2080.81.pdf

Issuance of Nepal Insurance Authority Risk - Based Supervision Framework

The Nepal Insurance Authority has issued its Risk-Based Supervision Framework. The framework can be viewed from the link below:

https://nia.gov.np/wp-content/uploads/2023/08/NIA_Risk-Based-Supervision-Framework_Final_23052023.pdf

Issuance of Guide to Supervisory Intervention Framework

The Nepal Insurance Authority has issued its Supervisory Intervention Framework. The framework can be viewed from the link below:

https://nia.gov.np/wp-content/uploads/2023/08/Guide-to-Supervisory-Intervention-Framework_Final_23032023-1.pdf

Issuance of Circular to ASBA Members

The Securities Board of Nepal has issued circulars for all approved ASBA (Application Supported by Blocked Amount) Members for verification of required documents in pursuant to the Securities Issuance and Allocation Directives, 2074 and Securities Purchase (Public Issuance) Directives, 2073. The Guidelines can be viewed from the link below:

<https://sebon.gov.np/uploads/2023/08/28/lyqKDHdxkPqYyf7UV5yM/Za4SmHByIqoQArEUhcPB.pdf>



Issuance of Foreign Employment Service Fees Guidelines 2080

The Inland Revenue Department has issued Foreign Employment Service Fees Guidelines 2080. The Guidelines can be viewed from the link below:

<https://ird.gov.np/public/pdf/192045655.pdf>

Issuance of Foreign Tourism Fees Guidelines 2080

The Inland Revenue Department has issued Foreign Tourism Fees Guidelines 2080. The Guidelines can be viewed from the link below:

<https://ird.gov.np/public/pdf/820063064.pdf>

Issuance of Luxury Fees Guidelines 2080

The Inland Revenue Department has issued Luxury Fees Guidelines 2080. The Guidelines can be viewed from the link below:

<https://ird.gov.np/public/pdf/1603127360.pdf>

Issuance of Value Added Tax implementation in Shipping Service Directives, 2080

The Inland Revenue Department has issued Value Added Tax implementation in Shipping Service Directives, 2080. The Directives can be viewed from the link below:

<https://ird.gov.np/public/pdf/649558940.pdf>

Issuance of Companies Directives, 2072 (Second Amendment)

The Office of the Company Registrar has issued a second amendment to the Companies Directive, 2072. The Directives can be viewed from the link below:

https://ocr.gov.np/upload_file/files/post/1689847682_490590326_.pdf

Issuance of Company Inspector Deputation Directives, 2079

The Office of the Company Registrar has issued Company Inspector Deputation Directives, 2079. The Directives can be viewed from the link below:

https://ocr.gov.np/upload_file/files/post/1679915413_547008998_.pdf

INTERNATIONAL UPDATES

Tentative Agenda Decision and comment letters: Payments Contingent on

Continued Employment during Handover Periods (IFRS 3)

The IFRS Interpretations Committee invites comments on the tentative agenda decision on Payments Contingent on Continued Employment during Handover Periods (IFRS 3) as the committee received a request about how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period.

The deadline for commenting on the tentative agenda decision is 20 November 2023. Further details can be viewed from the link below:

<https://www.ifrs.org/projects/work-plan/payments-contingent-on-continued-employment-during-handover-periods-ifrs-3/tad-and-cls-payments-contingent-on-continued-employment/>

Exposure Draft and comment letters: Annual Improvements to IFRS Accounting Standards—Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to IFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

Link for Exposure Draft: <https://www.ifrs.org/content/dam/ifrs/project/annual-improvements-volume-11/ed-iasb-2023-4-annual-improvements.pdf>

The comment letter period is open until 11 December 2023. Further details can be viewed from the link below:

<https://www.ifrs.org/projects/work-plan/annual-improvements-vol-11/ed-annual-improvements-vol-11/>

Request for Information and comment letters: Post-implementation Review of IFRS 15 Revenue from Contracts with Customers

The International Accounting Standards Board (IASB) has published a Request for Information as part of the post-implementation review of IFRS 15 Revenue from Contracts with Customers.

A post-implementation review is an opportunity for the IASB to assess whether the effects of applying the



new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those new requirements.

Link for Request for Information: <https://www.ifrs.org/content/dam/ifrs/project/pir-ifs-15/rfi-iasb-2023-4-pir-ifs-15.pdf>

The comment letter period is open until 27 October 2023. Further details can be viewed from the link below:

<https://www.ifrs.org/projects/work-plan/post-implementation-review-of-ifs-15-revenue-from-contracts-with-customers/pir-ifs-15-rfi-cl/>

New IFAC Study Expands Insights into Sustainability Disclosure and Assurance Beyond the G20

Fresh research from the International Federation of Accountants (IFAC) expands its sustainability disclosure and assurance data to 20 additional jurisdictions beyond the G20 previously reported on. The new report, [The State of Play: Beyond the G20](#), focuses on the Global South with data from three jurisdictions from Latin America, six in Africa and Middle East, and four in the Asia-Pacific region, as well as six smaller-sized economies within the European Economic Area and Switzerland. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-09/new-ifac-study-expands-insights-sustainability-disclosure-and-assurance-beyond-g20>

IFAC Calls on G20 Leaders to Lead on Sustainable and Inclusive Growth; Highlights Enabling Role of Accountancy Profession

Reflecting on the G20's current theme of One Earth, One Family, One Future, IFAC, acting in its role as the global voice of the accountancy profession, highlights the importance of inclusivity in underpinning sustainable development in its 2023 Call to Action. IFAC calls on G20 leaders to:

1. Make Sustainability A Reality, Not Just a Goal
2. Support Public Financial Management and Fight Corruption
3. Create an Environment for SME Growth and

Innovation

4. No Inclusive Growth without Education

Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-08/ifac-calls-g20-leaders-lead-sustainable-and-inclusive-growth-highlights-enabling-role-accountancy>

IFAC Supports ISSB Focus on Implementation of IFRS S1 and S2; Sees Opportunity for IASB and ISSB to Develop Global Best Practices for “Front of the Report” Solution Connecting Financial and Sustainability Information

As the global voice of the accountancy profession, IFAC has long supported the establishment of the International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of sustainability disclosures—which are now endorsed by IOSCO and are ready to be adopted and implemented around the world. High-quality implementation of IFRS S1 and IFRS S2 is critical to the ISSB's mission. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-09/ifac-supports-issb-focus-implementation-ifs-s1-and-s2-sees-opportunity-iasb-and-issb-develop-global>

IFAC Releases Second Installment in Implementation Support Series for Small Firms on the IAASB's Quality Management Standards

The International Federation of Accountants (IFAC) released the second installment in a three-part publication series to help small- and medium-sized practices implement the International Auditing and Assurance Standards Board's (IAASB) quality management standards. [cc](#) provides a step approach to identifying your quality objectives; completing your quality risk assessment process; identifying existing, or creating new, responses to those quality risks; and implementing, documenting, and communicating your system of quality management. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-07/ifac-releases-second-installment-implementation-support-series-small-firms-iaasb-s-quality>



Broadening the Accountancy Profession's Reach in the Public Sector

In collaboration with the South African Institute of Chartered Accountants (SAICA), IFAC has published [a case study on SAICA's activities in the public sector](#), highlighting how a focus on the public sector supports its mandate to contribute to South Africa's economic and social advancement. SAICA's priorities include increasing the professionalization of the public sector through multiple pathways to attract talent and grow its membership, as well as supporting members through professional development and by advocating on their behalf.

Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-07/broadening-accountancy-profession-s-reach-public-sector>

IFAC Responds to European Sustainability Reporting Standards

IFAC has [submitted feedback in response to the European Commission's European Sustainability Reporting Standards \(ESRS\)](#). In its response, IFAC welcomes the standards while noting significant concerns regarding the need for interoperability that supports a global system for reporting. In addition to the ESRS, IFAC has also welcomed the [International Sustainability Standards Board's \(ISSB\) new standards and other important jurisdiction or regional initiatives, notably the U.S. SEC's proposed climate disclosure rule](#). However, these approaches must align key concepts, terminologies, and metrics to avoid regulatory fragmentation, especially on matters of materiality. Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-07/ifac-responds-european-sustainability-reporting-standards>

IAASB Launches Public Consultation on Landmark Proposed Global Sustainability Assurance Standard

The International Auditing and Assurance Standards Board (IAASB) has issued its proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. With its focus on assurance on sustainability reporting, ISSA 5000, when approved,

will be the most comprehensive sustainability assurance standard available to all assurance practitioners across the globe. The IAASB invites all stakeholders to comment on the proposed revisions via the IAASB website by 1 December 2023. Further details can be viewed from the link below:

<https://www.iaasb.org/news-events/2023-08/iaasb-launches-public-consultation-landmark-proposed-global-sustainability-assurance-standard>

NEW ISSA 5000 Developments: Engage, Learn, and Share Insights

The IAASB is holding a range of engaging webinars and events to enhance understanding of the newly proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements—and encourage participation in the public consultation. Further details can be viewed from the link below:

<https://www.iaasb.org/news-events/2023-08/new-issa-5000-developments-engage-learn-and-share-insights>

Now Available: IESBA Handbook 2023 Edition

The International Ethics Standards Board for Accountants (IESBA) today released the 2023 Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards). This handbook replaces the 2022 edition. Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2023-09/now-available-iesba-handbook-2023-edition>

IESBA Emphasizes the Critical Importance of Ethical Behavior for all Professional Accountants

Recent events in a number of major jurisdictions involving professional accountants have raised concerns with many stakeholders and the public about whether the accountants' conduct was straightforward and honest, free from conflicts of interest, in accordance with confidentiality requirements, or in the public interest. A number of these events have resulted in government inquiries, significant regulatory penalties or other adverse consequences for the professional accountants or their firms, and undermined public



trust in the accountancy profession. The International Ethics Standards Board for Accountants (IESBA) has emphasized the critical importance of ethical behavior for all Professional Accountants. Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2023-07/iesba-emphasizes-critical-importance-ethical-behavior-all-professional-accountants>

APESB and IESBA Staff Jointly Issue Guidance Illustrating Application of IESBA Code to Technology-Related Services Provided by Auditors

Rapid advances in technology are transforming the way professional accountants conduct their work. To assist them in ethically navigating the challenges and opportunities brought by these advances, the Staff of the Australian Accounting Professional & Ethical Standards Board (APESB) and the Staff of the International Ethics Standards Board for Accountants (IESBA) today jointly released *Applying the Code's Conceptual Framework to Independence: Practical Guidance for Auditors In Technology-related Scenarios*. The publication describes key technology-related provisions of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* and provides auditors with three practical examples involving technology-related non-assurance services to illustrate how to apply the Code's requirements with respect to independence.

Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2023-07/apesb-and-iesba-staff-jointly-issue-guidance-illustrating-application-iesba-code-technology-related>

IESBA Issues Response to Institute of Internal Auditors Exposure Draft

IESBA provided a formal response to the Institute of Internal Auditors (IIA) on the public consultation: Proposed Global Internal Audit Standards. The IESBA commended the IIA's efforts in making the proposed standards clearer and easier and agree that it is an important strategic priority and in the public interest to ensure international standards such as the IIA standards and IESBA Code remain fit-for-purpose and relevant in

addressing key issues users of the standards face.

Link for IESBA Response : https://ifacweb.blob.core.windows.net/publicfiles/2023-07/IESBA-Comment%20Letter%20to%20IIA%20ED_07132023%20%281%29.pdf

Further details can be viewed from the link below:

<https://www.ethicsboard.org/news-events/2023-07/iesba-issues-response-institute-internal-auditors-exposure-draft>

IPSASB Begins Development of Climate-Related Disclosures Standard for the Public Sector

Following a scoping and research phase, the IPSASB has decided to move forward with the development of a public sector specific Climate-Related Disclosures standard and has published a [project brief for this major new piece of work](#). Reporting on climate change is one of the most important issues in sustainability reporting, which also encompasses environmental, social and governance issues. Further details can be viewed from the link below:

<https://www.ipsasb.org/news-events/2023-06/ipsasb-begins-development-climate-related-disclosures-standard-public-sector>

Trust, Corruption and Sustainable Development Are Interconnected Issues in Public's Attitude Towards Tax

The Public Trust in Tax survey which questioned 7,700 members of the public across the globe shows that accountants have a major role to play in addressing corruption, which negatively impacts attitudes towards tax in economies across the globe. Results show that 53.8% consider corruption a major factor, however most people believe the role of professional accountants contributes to improving tax systems by making them more efficient (59%), more effective (57%), and fairer (55%). Further details can be viewed from the link below:

<https://www.ifac.org/news-events/2023-09/trust-corruption-and-sustainable-development-are-interconnected-issues-public-s-attitude-towards-tax>



MEMBERS AND FIRM UPDATE

[From July 2023 - September 2023]

Name and Membership Number of New Chartered Accountants (CA) Member

The Institute registered Chartered Accountant Members pursuant to Section 16(2) of the Nepal Chartered Accountants Act, 1997. New CA Membership issued during this quarter from July to September 2023 is presented in table below:

S.N.	Membership No.	Members Name	S.N.	Membership No.	Members Name
1.	CA-2067	Sujan Neupane	25.	CA-2091	Sandesh K. C.
2.	CA-2068	Ganesh Prasad Acharya	26.	CA-2092	Bigendra Singh Thapa
3.	CA-2069	Pradeep Lama	27.	CA-2093	Alka Das
4.	CA-2070	Bibek Sharma	28.	CA-2094	Sadip Khatri
5.	CA-2071	Aadesh Kandel	29.	CA-2095	Prakriti Dahal
6.	CA-2072	Rajesh Khatri	30.	CA-2096	Keshav Bhandari
7.	CA-2073	Suvash Acharya	31.	CA-2097	Gajendra Kumar Gupta
8.	CA-2074	Ashok Prasad Sah	32.	CA-2098	Tirtha Raj Tamang
9.	CA-2075	Shyam Thapa	33.	CA-2099	Anil Kandel
10.	CA-2076	Susan Basnet	34.	CA-2100	Rajiv K. C.
11.	CA-2077	Puja Bhandari	35.	CA-2101	Upahar Sharma
12.	CA-2078	Sweekriti Nepal	36.	CA-2102	Ujjawal Pudasainee
13.	CA-2079	Bikash Poudel	37.	CA-2103	Shambhu Budhathoki
14.	CA-2080	Rachana Ghimire	38.	CA-2104	Sagun Jung Rana
15.	CA-2081	Pradip Khanal	39.	CA-2105	Upendra Neupane
16.	CA-2082	Sushil Parajuli	40.	CA-2106	Indira Aryal
17.	CA-2083	Ashib Vaidhya	41.	CA-2107	Sanjay Prasad Sah
18.	CA-2084	Kaushar Ali Ansari	42.	CA-2108	Yam Prasad Mainali
19.	CA-2085	Saroj Lamichhane	43.	CA-2109	Neha Agrawal
20.	CA-2086	Yubraj Sharma	44.	CA-2110	Saugat Bhujel
21.	CA-2087	Shahin Diwakar	45.	CA-2111	Pratishtha Oli
22.	CA-2088	Sangita Mahato	46.	CA-2112	Sushmita Basnet
23.	CA-2089	Pratibha Gautam	47.	CA-2113	Sandip Lamichhane
24.	CA-2090	Nistha Sthapit	48.	CA-2114	Dhurba Prasad Devkota

Name and Membership Number of New Fellow Chartered Accountants (FCA) Member

The Institute registered Fellow Chartered Accountants pursuant to Section 17(b) of the Nepal Chartered Accountants Act, 1997. New Fellow Chartered Accountants Membership issued during this quarter from July to September 2023 is presented in table below:

S.N.	Membership No.	Members Name	S.N.	Membership No.	Members Name
1.	CA-309	Sudeep Khanal	10.	CA-1219	Pujan Poudel



S.N.	Membership No.	Members Name	S.N.	Membership No.	Members Name
2.	CA-491	Salik Ram Subedi	11.	CA-1245	Tikaram Karki
3.	CA-590	Raman Uprety	12.	CA-1260	Suman Shrestha
4.	CA-648	Ramhari Rauniyar	13.	CA-1279	Rabin Dahal
5.	CA-839	Munna Prasad	14.	CA-1293	Kiran Dhodari
6.	CA-975	Utsav Panthi	15.	CA-1298	Kshitiz Koirala
7.	CA-998	Sunischit Moktan	16.	CA-1307	Rohit Dhital
8.	CA-1030	Ujjwal Shahi	17.	CA-1309	Roshan Acharya
9.	CA-1170	Anil Phuyal	18.	CA-1311	Suresh Pyatha

Name and Membership Number of New Certificate of Practice (CoP) issued Member

The Institute issues Certificate of Practice to the Chartered Accountant Members pursuant to Section 28 of the Nepal Chartered Accountants Act, 1997. New CA Membership issued during this quarter from July to September 2023 is presented in table below:

S.N.	Membership No.	Members Name	S.N.	Membership No.	Members Name
1.	CA-724	Kamal Prasad Silwal	24.	CA-2024	Saugat Karki
2.	CA-845	Dipesh Aryal	25.	CA-2030	Swopnil Pandey
3.	CA-1166	Bijay Jung Rayamajhi	26.	CA-2033	Rajan Sapkota
4.	CA-1204	Bijay Sthapit	27.	CA-2034	Sujan Timalsina
5.	CA-1334	Kabindra Chalise	28.	CA-2047	Sagar Khadka
6.	CA-1418	Neeru Shrestha	29.	CA-2052	Prateek Bhandari
7.	CA-1572	Balram Pokhrel	30.	CA-2057	Basanta Lama
8.	CA-1640	Kapil Shrestha	31.	CA-2060	Shuvashis Babu Shrestha
9.	CA-1652	Suraj Kumar Singh	32.	CA-2063	Suman Nepal
10.	CA-1716	Gaurav Pokharel	33.	CA-2068	Ganesh Prasad Acharya
11.	CA-1781	Sandip Kumar Phuyal	34.	CA-2069	Pradeep Lama
12.	CA-1794	Milan Sigdel	35.	CA-2070	Bibek Sharma
13.	CA-1875	Shirjana Bashyal	36.	CA-2071	Aadesh Kandel
14.	CA-1929	Om Narayan Mahato	37.	CA-2082	Sushil Parajuli
15.	CA-1949	Alisha Shakya	38.	CA-2091	Sandesh K. C.
16.	CA-1963	Purushottam Sapkota	39.	CA-2092	Bigendra Singh Thapa
17.	CA-1968	Sandesh Sharma	40.	CA-2093	Alka Das
18.	CA-1994	Shailendra Bhusal	41.	CA-2094	Sadip Khatri
19.	CA-1995	Sitaram Tamang	42.	CA-2096	Keshav Bhandari
20.	CA-1997	Kamal Panthi	43.	CA-2097	Gajendra Kumar Gupta
21.	CA-1998	Ganesh Lal Babu Thakur	44.	CA-2099	Anil Kandel
22.	CA-2000	Moonlight Shrestha	45.	CA-2105	Upendra Neupane
23.	CA-2001	Kumar Subedi	46.	CA-2109	Neha Agrawal



Name of New Chartered Accountancy Firm

The Institute issues registration of Auditing Firms pursuant to Section 28A of the Nepal Chartered Accountants Act, 1997. New firms registration during during this quarter from July to September 2023 is presented in table below:

S.N	Firm No.	Firm Name	S.N	Firm No.	Firm Name
1.	1209	S. K. Phuyal & Associates	20.	1228	Parajuli Sushil Associates
2.	1210	Kiran K. C. & Associates	21.	1229	T. Sitaram & Associates
3.	1211	U. P. B. & Associates	22.	1230	Sadip Khatri & Associates
4.	1212	Saugat G. & Associates	23.	1231	Sthapit Rayamajhi Associates
5.	1213	Sapkota Purushottam & Associates	24.	1232	Balram Pokhrel & Associates
6.	1214	Saugat Karki & Associates	25.	1233	S. Bibek & Associates
7.	1215	G. P. Acharya & Associates	26.	1234	S. B. P. Associates
8.	1216	M. Sigdel & Associates	27.	1235	Neeru & Associates
9.	1217	K. Panthi & Associates	28.	1236	Sandesh S. & Associates
10.	1218	Suman Nepal & Associates	29.	1237	B. Lama Associates
11.	1219	Kumar Subedi & Associates	30.	1238	B. Keshav & Associates
12.	1220	P. S. G. & Associates	31.	1239	G. Gupta & Associates
13.	1221	Prateek Bhandari & Associates	32.	1240	B. S. Thapa & Associates
14.	1222	A. Y. & Associates	33.	1241	A. Das & Associates
15.	1223	Suraj Singh & Associates	34.	1242	Shirjana Bashyal & Associates
16.	1224	A. Shakya & Associates	35.	1243	Kandel A. Associates
17.	1225	Ganesh Thakur & Associates	36.	1244	Bhusal Shailendra & Associates
18.	1226	Sagar Khadka & Associates	37.	1245	Aadesh & Associates
19.	1227	K. P. Silwal & Associates	38.	1246	Neha & Associates

Name and Membership Number of Demised Member

The Institute removes name of members from the Membership Register in case of death of members pursuant to Section 22(1) of the Nepal Chartered Accountants Act, 1997. Details of demised members whose membership has been removed from list of members during this quarter from July to September 2023 is presented in table below:

S.N.	Membership No.	Member ship Name	Class
1.	RA-508	Netra Prakash Singh Karki	B Class
2.	RA-977	Daya Raj Pant	B Class
3.	RA-3615	Shovit Bahadur KC	D Class

“REQUESTING ARTICLE TO BE PUBLISHED IN ICAN JOURNAL ”

“The Nepal Chartered Accountant” is the official publication of The Institute of Chartered Accountants of Nepal and has been published since 1998. The purpose of this Journal is to disseminate accounting, auditing, financial market, innovations information for enriching the knowledge of members and stakeholders in readable and understandable manner. So, we try to feature the articles in the Journal covering various issues related to information and technology, economy, accounting and auditing, taxation, banking, insurance, management, public financial management, governance, public policies such as monetary and economic policies, transparency and accountability, ethical and professional matters, management issues etc. and make our members, students, readers aware of the contemporary changes or innovations in business and professional landscape in accounting sector and get them updated.

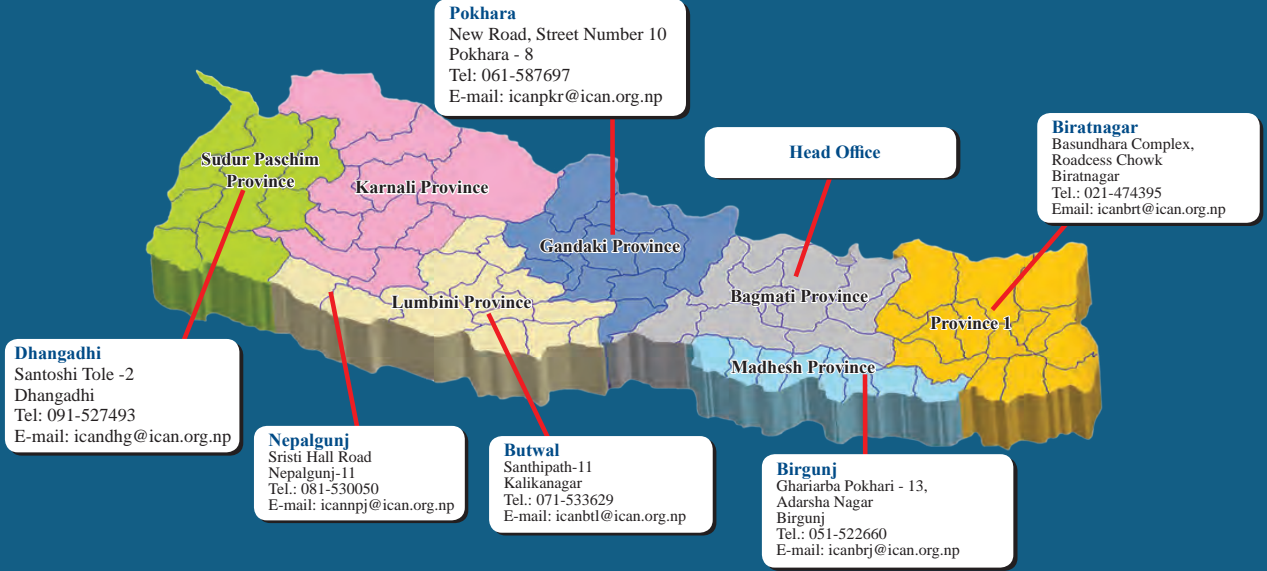
Therefore, Members of the Institute and other writer may contribute innovative articles, research material, insights on professional matters in English Language with 2,500 - 3,500 words by sending an email at editorialboard@ican.org.np for publishing it in the Journal of the Institute. Moreover, 4 CPE credit hours (to the Members of the Institute) and NPR 7,000.00/- is awarded to the writer whose article is published in the Journal. For any queries related to this, please send an email at above email ID.

The structure of Article for Journal shall be as outlined below:

1. Title- The title should be self-explanatory and capture the essence of the text and should be few words as much as possible.
2. Keywords used - Key words can be provided as per need.
3. Introduction
4. Main body
 - Heading - It must be in concise form and related to topic
 - Sub-heading – supports to heading
5. Conclusion- Article should be concluded with conclusion
 - a) References- Must be adequate and provided in case of need.

Moreover, articles should be original in nature, and it shall not have been published or submitted for publication elsewhere either in print or electronic media. Author should avoid Plagiarism of all kinds in their article. Author shall maintain at least 85% originality in their article

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